

**Open**

# **Overview & Scrutiny Committee**

## **Agenda**

**6pm**  
**Thursday, 4 November 2021**  
**Council Chamber**  
**Wyre Forest House**  
**Finepoint Way**  
**Kidderminster**



## Overview & Scrutiny Committee

### Members of Committee:

**Chairman: Councillor M J Hart**  
**Vice-Chairman: Councillor S E N Rook**

**Councillor S J Chambers**  
**Councillor N J Desmond**  
**Councillor C Edginton-White**  
**Councillor S Miah**  
**Councillor D R Sheppard**

**Councillor A Coleman**  
**Councillor P Dyke**  
**Councillor A L L'Huillier**  
**Councillor T L Onslow**

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

### Information for Members of the Public:

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

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

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

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

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

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

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

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

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

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

### **Co-opted Members**

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

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

The following will apply:

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

**For Further information:**

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

Wyre Forest District Council  
Overview & Scrutiny Committee

Thursday, 4 November 2021

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	<b>Apologies for Absence</b>	
2.	<b>Appointment of Substitute Members</b>  To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	<b>Declarations of Interests by Members</b>  In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered.  Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	<b>Minutes</b>  To confirm as a correct record the Minutes of the meeting held on the 7 October 2021.	6
5.	<b>How are we doing? Performance update</b>  To consider a report from the HR & Organisational Development Manager which updates members on the performance of the Council for quarter 2 from 1 July to 30 September 2021.	9
6.	<b>Quarter 3 Capital Portfolio Fund Performance Report</b>  To receive a summary of the Q3 Capital Portfolio Fund Performance report which will be presented at the meeting by the Council's Asset and Portfolio Fund Managers, Jones Valerio.	51
7.	<b>Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2021-22</b>  To consider a report from the Corporate Director: Resources which provides Members with a mid-year review of the Council's treasury management policies, practices and activities in accordance with the CIPFA Treasury Management Code of Practice.  To also consider the recommendations from the Treasury Management Review Panel from its meeting on 1 November 2021.	53  To follow

8.	<b>Work Programme</b>  To review the work programme for the current municipal year with regard to the Corporate Plan Priority, Annual Priorities and the Forward Plan.	81
9.	<b>Business case for the use of Electric Vehicle Chargepoints on Council owned car parks</b>  To consider a draft of a Cabinet report from the Head of Strategic Growth which outlines the final business case for Electric Vehicle Chargepoints (EVC) on Council owned car parks including detailed financial modelling undertaken by the Financial Services Manager.	83
10.	<b>Press Involvement</b>  To consider any future items for scrutiny that might require publicity.	
11.	<b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
12.	<b>Exclusion of the Press and Public</b>  To consider passing the following resolution:  “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”.	

Part 2 - Not open to the Press and Public

13.	<b>Agenda Item 9: Business case for the use of Electric Vehicle Chargepoints on Council owned car parks</b>  Appendix One: Business case on the installation of EVC on council owned car parks Appendix Two: Wyre Forest EV Infrastructure Planning Appendix Three: EVC financial modelling Appendix Four: Business case tables Appendix Five: Wyre Forest EV Infrastructure Planning, Addendum v1  Appendices two – five have been circulated electronically	
14.	<b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	

**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW & SCRUTINY COMMITTEE**

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER**

**THURSDAY, 7 OCTOBER 2021 (6PM)**

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**Present:**

Councillors: M J Hart (Chairman), S E N Rook (Vice-Chairman), S J Chambers, R H Coleman, P Dyke, A L L'Huillier, S Miah, T L Onslow, C Rogers, D R Sheppard and P W M Young.

**Observers**

Councillor: G W Ballinger, H E Dyke, P Harrison, F M Oborski MBE and M Rayner.

**OS.46      Apologies for Absence**

Apologies for absence were received from Councillor N J Desmond, Councillor C Edginton-White and Councillor S Griffiths.

**OS.47      Appointment of Substitutes**

Councillor C Rogers was a substitute for Councillor N J Desmond, Councillor R H Coleman was a substitute for Councillor C Edginton-White and Councillor P W M Young was a substitute for Councillor S Griffiths.

**OS.48      Declarations of Interests by Members**

There were no declarations of interest.

**OS.49      Minutes**

**Decision: The minutes of the meeting held on 2 September 2021 and the special meeting of the 9 September 2021 be confirmed as a correct record and signed by the Chairman.**

Councillor Tracey Onslow arrived at this point (6:04pm).

**OS.50      Treasury Management Strategy Statement and Annual Investment Strategy Backward Look 2020/21**

The Committee considered a report from the Corporate Director: Resources which provided a review of the treasury management activities for 2020-21, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Committee also considered the recommendations from the Treasury Management Review panel meeting on the 20th September 2021.

The Corporate Director: Resources took Members through the report and informed Members that the Treasury Management training provided by Link Asset Services had been well attended by Members and the Review Panel meeting offered Panel Members the opportunity to consider the report in great detail. She answered Member questions giving further detail on external debt and income generated from interest on investments.

**Decision:**

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

**1.1 Approve the actual 2020-21 prudential and treasury indicators in this report;**

**1.2 Approve the actual 2020-21 non-treasury prudential indicators for Capital Portfolio Fund properties;**

**1.3 Note the annual treasury management report for 2020-21, including information on the non-treasury prudential indicators for Capital Portfolio Fund properties.**

**OS.51 Wyre Forest Local Plan (2016-2036)**

The Committee considered a draft of a Cabinet report from the Corporate Director: Economic Prosperity and Place which informed Members of the progress with the examination of the new Local Plan and sought approval to conduct a public consultation upon the Inspector's Schedule of Proposed Main Modifications to the Plan and documentation produced under delegated authority. The Committee also considered the recommendations from the Local Plans Review Panel meeting of the 6<sup>th</sup> October 2021. The Development Manager provided Members with a presentation explaining the progress of the Local Plan so far and the next steps to be completed.

A detailed discussion ensued on the possible options available for public consultation with the Development Manager clarifying the parameters for the consultation. Following the discussion, the recommendations were passed by a majority of the Committee

**Decision:**

**Recommend that Cabinet AGREE the following:**

**1.1 To approve the Inspector's Schedule of Proposed Main Modifications to the Wyre Forest District Local Plan (2016-2036) (ED57) and the subsequent changes to the Policies Map (ED59) (together with the associated supporting documents, including the Sustainability Appraisal (ED58)) (all documents listed in Appendix 1) for the purposes of the statutory consultation.**

**1.2 That the Corporate Director: Economic Prosperity & Place be authorised to conduct a public consultation including 4-6 public roadshows/events in a**

variety of locations across the District on the Inspector's Schedule of Proposed Main Modifications and the relevant supporting documents, including the Sustainability Appraisal.

**1.3 To delegate authority to the Corporate Director: Economic Prosperity & Place in consultation with the Cabinet Member for Economic Regeneration, Planning and Localism to make any such necessary arrangements for that consultation including final review of any detailed modifications issued by the Inspector.**

7:13pm - Councillor P Dyke, Councillor P Harrison and Councillor S Miah left the meeting at this point. Councillor S Miah returned at 7:15pm.

**OS.52 Work Programme**

The committee reviewed and noted the work programme for the remainder of the municipal year.

**OS.53 Press Involvement**

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

**OS.54 Exempt Information**

**Decision: 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 items of business on the grounds that they involve the likely disclosure of "Exempt Information" as defined in paragraphs 2, 6 and 7 of Part I of Schedule 12A of the Act.**

**OS.55 Redevelopment of land, Market Street, Kidderminster**

The Committee considered a draft of a confidential Cabinet report from the Corporate Director: Economic Prosperity and Place to apprise Cabinet of the current position and dialogue with the landowners regarding the proposed exchange of land assets and acquisition of land, Market Street, Kidderminster.

The Corporate Director: Economic Prosperity and Place answered several Members questions on the report and gave further explanation and background information as required.

**Decision: The Overview & Scrutiny Committee supported the Cabinet recommendations as set out in the confidential report.**

There being no further business, the meeting ended at 7.40pm.



# Overview & Scrutiny Committee

## Briefing Paper

Report of: Rachael Simpson  
Date: Thursday 4 November 2021  
Open

### How Are We Doing? Performance Update

#### 1. Summary

- 1.1 To update Members on the performance of the Council for Quarter 2 (from 1 July to 30 September 2021).

#### 2. Background

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

#### 3. Progress

- 3.1 **Appendix 1** is the Wyre Forest Forward Actions report which details the progress against Wyre Forest Forward actions that are not directly associated with a Corporate Plan Priority.
- 3.2 **Appendix 2** details the progress made against the Corporate Plan Priority of a 'safe, clean and green living environment'.
- 3.3 **Appendix 3** details the progress made against the Corporate Plan Priority of 'supporting a successful local economy'.
- 3.4 **Appendix 4** is the Capital Projects report.
- 3.5 **Appendix 5** is the Exception report for all Wyre Forest Forward and Risk Actions

**4. Key Achievements/Issues**

- 4.1 On this occasion there are no particular issues with the measures or actions to highlight.

**5. Options**

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

**6. Consultation**

- 6.1 Leader of the Council  
6.2 Corporate Leadership Team

**7. Related Decisions**

- 7.1 None.

**8. Relevant Council Policies/Strategies**

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

**9. Implications**

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

**10. Equality Impact Needs Assessment**

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

**11. Wards affected**

- 11.1 None.

**12. Appendices**

- 12.1 Appendix 1 – Wyre Forest Forward Actions report  
12.2 Appendix 2 – Corporate Plan Priority: A safe, clean and green living environment report  
12.3 Appendix 3 – Corporate Plan Priority: Supporting a successful local economy report  
12.4 Appendix 4 – Capital Projects report  
12.5 Appendix 5 – Exception report

**13. Background Papers**

Corporate Plan action information is available on the Council's Performance Management System, Pentana Performance. Alternatively, reports can be provided on request.

**Officer Contact Details:**

Name:	Rachael Simpson
Title:	HR & Organisational Development Manager
Contact Number:	Ext. 2701
Email:	<a href="mailto:rachael.simpson@wyreforestdc.gov.uk">rachael.simpson@wyreforestdc.gov.uk</a>

## Wyre Forest Forward Actions

This report details the progress against Wyre Forest Forward actions that are not directly associated with a Corporate Plan Priority



### Chief Executive's Unit

WFF 21/22 55	We support our people and enable them to work well	<div><div>50%</div></div>	
<b>Due Date</b>	<b>Managed By</b>	<b>Latest Note</b>	<b>Latest Note Date</b>
31-Mar-2022	Corporate Leadership Team; Rachael Simpson	Ongoing	21-Oct-2021
WFF 21/22 88	COVID-19 Recovery Plan	<div><div>70%</div></div>	
<b>Due Date</b>	<b>Managed By</b>	<b>Latest Note</b>	<b>Latest Note Date</b>
31-Jul-2021	Corporate Leadership Team	The hybrid working model was introduced on 1st September 2021. Risk assessments and action plans were updated to enable safe return to building. The review of the Council administration footprint continues parallel to that work and discussions are continuing with Cabinet on final proposals for the longer term work environment and the implications for surplus floor space.	25-Oct-2021
WFF 21/22 91	Service Transformation Reviews	<div><div>15%</div></div>	
<b>Due Date</b>	<b>Managed By</b>	<b>Latest Note</b>	<b>Latest Note Date</b>
30-Apr-2023	Corporate Leadership Team	Consultation paper on proposals for revenues, benefits and customer services was launched on 23 September	21-Oct-2021

with potential savings of £250K and early work on other transformation work is progressing

WFF 21/22 92	Management Review	<div><div>70%</div></div>	
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Due Date	Managed By	Latest Note	Latest Note Date
31-Dec-2021	Corporate Leadership Team	Council on the 12th May 2021 approved a revised Management Restructure to be implemented by 31st December 2021.	21-Oct-2021

## Community and Environment

WFF 21/22 95	Reopening of Wyre Forest Leisure Centre	<div><div>100%</div></div>	
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Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2022	Steve Brant	Leisure Centre reopened following various lockdowns due to global COVID-19 pandemic	11-Aug-2021

## Economic Prosperity & Place

WFF 21/22 37	Review Local Development Framework including provision for significant housing growth	<div><div>85%</div></div>	
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Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2022	Mike Parker	Proposed Main Modifications to be considered by the Local Plans Review Panel on 6th October 2021, to recommend to Overview and Scrutiny on 7th October 2021 with view to Cabinet sign off for 6 weeks consultation at meeting on 13th October 2021: consultation to run from 14th October for 6 weeks.  Still aiming for final adoption of Local Plan in Spring 2022	13-Oct-2021

WFF 21/22 59

Apprenticeships Programme (Year 9)

0%



Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2022	Mike Parker	For the financial year 2021/22 there has been 1 grant paid for an AAT Level 3 - £1500. There have been 3 grants approved but not yet claimed: ICT Professional Level 3 (£1500), Advanced Apprenticeship in Accountancy (£1500) and a Level 3 Infrastructure Technician (£1500)	13-Oct-2021

WFF 21/22 70

Investment in income generation through asset development

0%



Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2022	Mike Parker	Council continues to consider any opportunity that may arise in District, but the current policy limits opportunities, and at present none are in progress.	13-Oct-2021

WFF 21/22 94

Review of operational floor space requirements at Wyre Forest House and Green Street

25%



Due Date	Managed By	Latest Note	Latest Note Date
30-Sep-2021	Mike Parker	Following Government advice and guidelines the Council has welcomed back its staff and tenants to Wyre Forest House and Green Street in accordance with its new flexible approach to hybrid working enabling staff to work flexibly between home and office environment where the service area allows, such working to take place. The consequential impact of the Council's administration footprint is still under discussion with Cabinet.	13-Oct-2021

## Resources

RA21/22 62

Fraud Work

40%



Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2022	Cheryl Ellerton; Tracey Southall	<p>To raise awareness and demonstrate the commitment of the Council to tackling fraud and protecting the public purse. A formal report on the counter fraud arrangements within the Council for an annual report is presented to the Audit Committee {2020/21~in October 2020} with a position statement on 2021/22 arrangements scheduled for September 2021. The Councils commitment to a zero tolerance of fraud continues with current fraud and cyber scams published within the Wyred Weekly e-magazine. With heightened fraud risks and cyber scams following the lockdowns and tier restrictions during the Covid19 pandemic regular monitoring of new threats continues with weekly updates from the National Anti-Fraud Network reviewed and shared with service managers as appropriate.</p> <p>The mandatory National Fraud Initiative has been commenced. The required mandatory sets for Payroll, Trade Creditors, Taxi Driver Licences, Council Tax Single Person Discounts, Electoral Register, Housing Benefits and Council Tax Reduction Scheme have been provided to the Cabinet Office for the 2020/21 national data matching exercise, along with details of the recipients of the Covid-19 Business Grants. All data matches are currently being reviewed and the outcomes will be reported to the Audit Committee during 2021. In addition, the Compliance Officers within the Revenues &amp; Benefits Team are undertaking a further review of Single Person Discounts through the Cabinet Office, National Fraud Initiative portal. This service aims to assist local authorities identify incorrectly claimed discounts quickly and efficiently making use of additional intelligence resources to include confirmation of residency and</p>	21-Oct-2021

financial footprints.

WFF 21/22 57 Delivery of the ICT Strategy 2018-2023  

Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2023	Dave Johnson	See detailed update re sub actions	16-Feb-2021

WFF 21/22 57.11 Digital by Default including supporting the Commercial Angenda  

Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2023	Dave Johnson	Continue to support depot re MCS and project plan for roll out of next stage. Contract due to be signed shortly for new income management system and new Allpay contract for payment services	25-Oct-2021

WFF 21/22 57.13 Application Software  

Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2023		Contract due to be signed for Income Management system. Investigation into cemetery management systems at an early stage. Major upgrades over Oct / Nov to Land Charges and Planning's Idox system	25-Oct-2021

WFF 21/22 57.14 ICT Infrastructure  

Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2023		Continue to roll out equipment as required. At early stages re review of Telephone System / Universal commons and also network switches.	25-Oct-2021



WFF 21/22 57.8      Review and Update Security Systems      

78%



Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2023		Updating Office 365 security and Mobile device security using O365 intune instead of Blackberry and checkpoint, for roll out later in the year	25-Oct-2021

WFF 21/22 58      Business Rates Retention Scheme      

25%



Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2022	Tracey Southall	At the end of September 2021, collection rates for NNDR are 3.60% above the same time last year. Bills have been issued to businesses who qualify for Expanded Retail Discount to grant them 100% relief for the period 01.04.2021 - 30.06.2021 and 66% relief for the period 01.07.2021 - 31.03.2022. They will have to pay 34% of the annual bill for the year.	21-Oct-2021

WFF 21/22 78      Universal Credit      

50%



Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2022	Lucy Wright	<p>The current pandemic has seen a sharp rise in UC claimants. The impact for WFDC is that more people are claiming CTRS.</p> <p>Our working age caseload was 4,396 on 1st April 2020 rising to 4,937 on 1st Sept 2021. However CTRS expenditure has remained fairly static due to less pension age claimants (3,359 on 1st Sept 21 compared to 3,568 on 1st Apr 2020. In Sept 2020, CTRS expenditure was £7.516m and in Sept 2021 CTRS expenditure was £7.479m. This cost is shared across all</p>	27-Sep-2021

preceptors

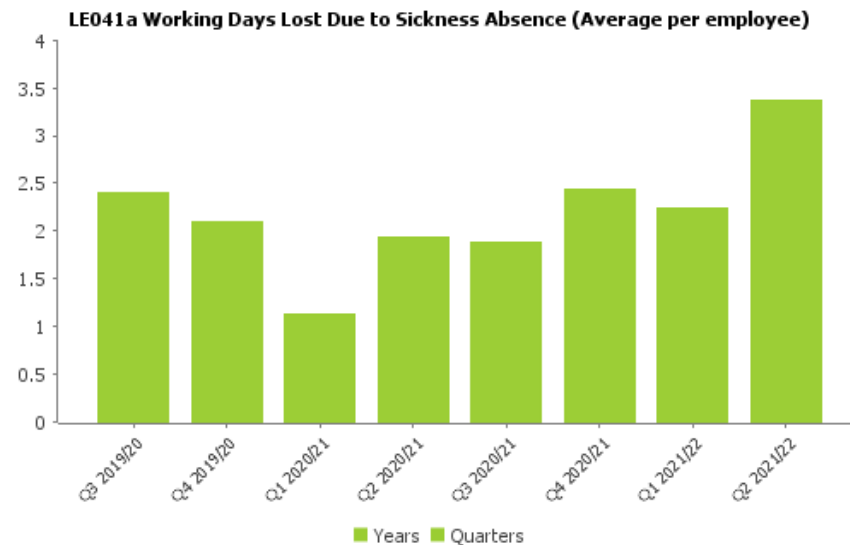
## Measures

This report details the latest date for our measures that are not directly associated with a Corporate Plan Priority



### Chief Executive's Unit

**LE041** Working Days Lost Due to  
**a** Sickness Absence (Average per  
employee)

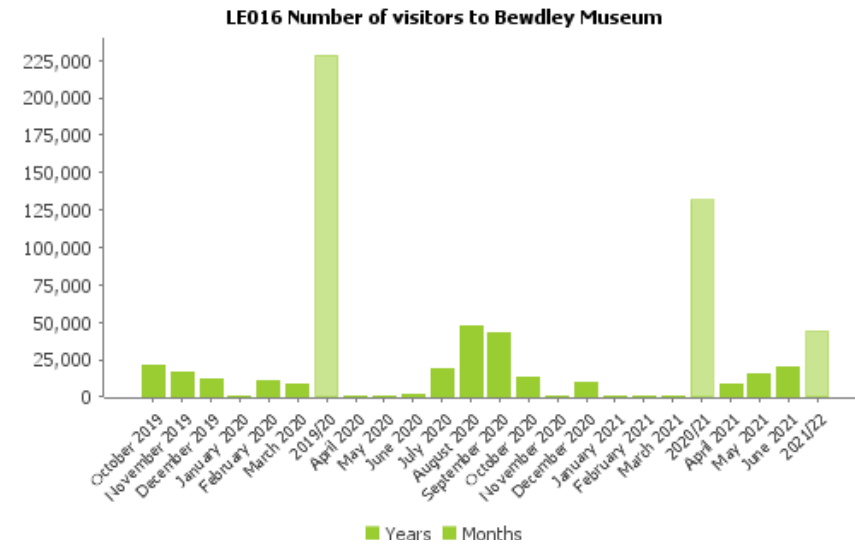


Current Value 3.37

Managed By Rachael  
Simpson

### Community and Environment

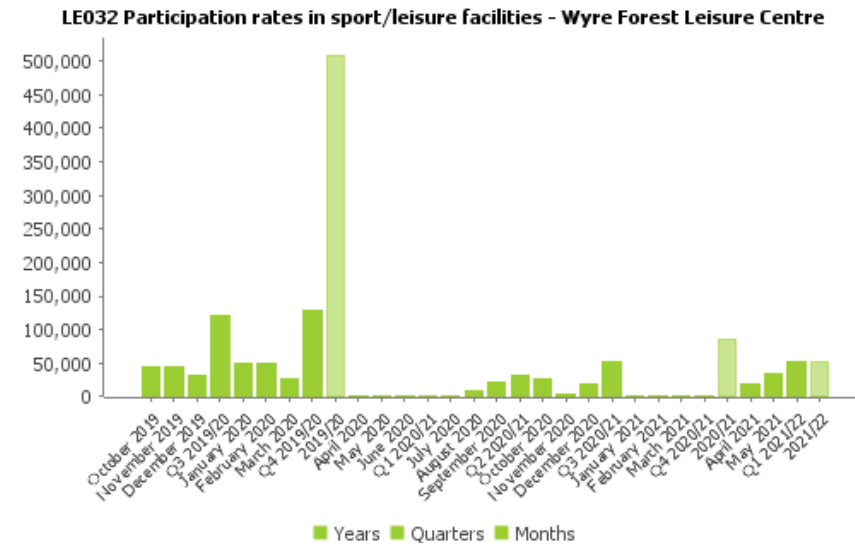
**LE016** Number of visitors to Bewdley Museum



Current Value 19,531

Managed By Alison Bakr

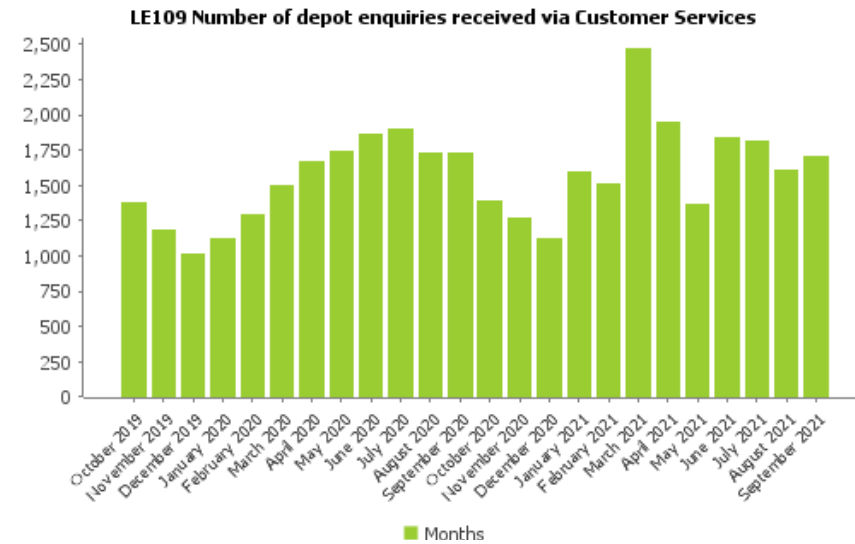
**LE032** Participation rates in sport/leisure facilities – Wyre Forest Leisure Centre



Current Value 34,266

Managed By Steve Brant

**LE109** Number of depot enquiries received via Customer Services

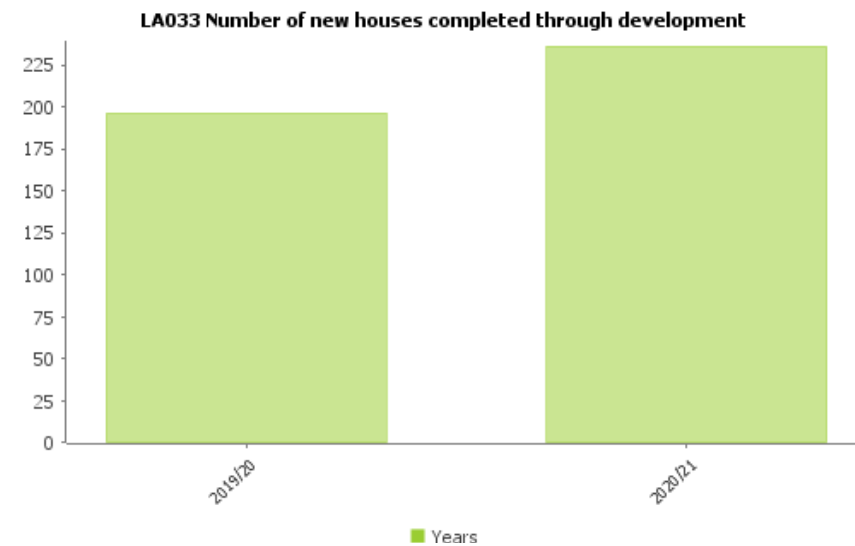


Current Value 1,705

Managed By Steve Brant

## Economic Prosperity & Place

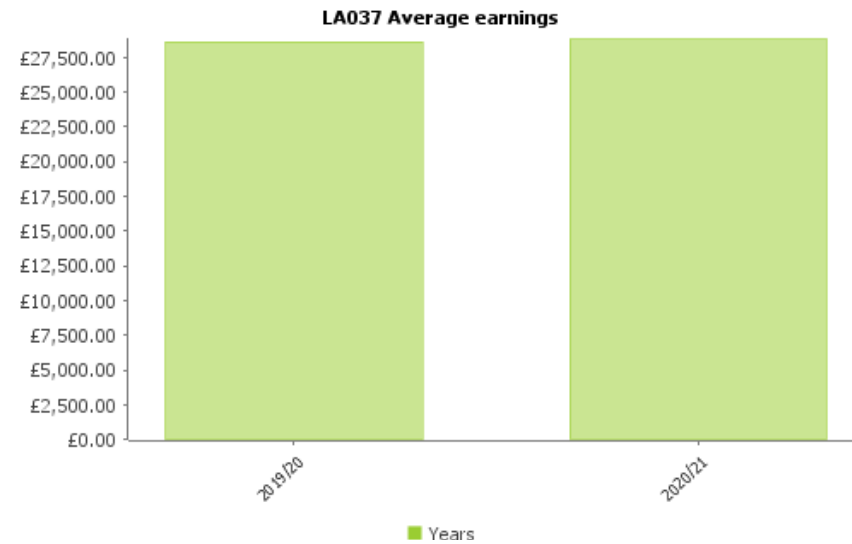
**LA033** Number of new houses completed through development



Current Value 236

Managed By Kate Bailey

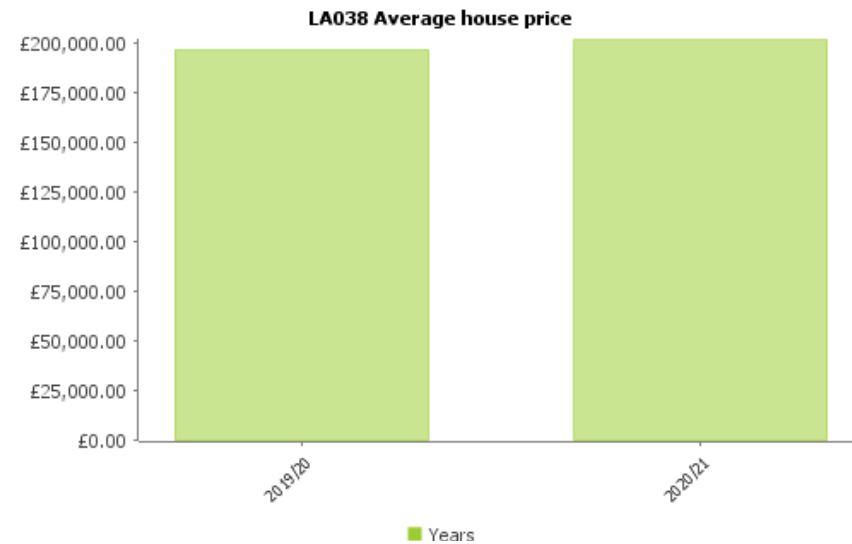
LA037 Average earnings



Current Value £28,828.80

Managed By Kate Bailey

LA038 Average house price



Current Value £201,362.18

Managed By Kate Bailey

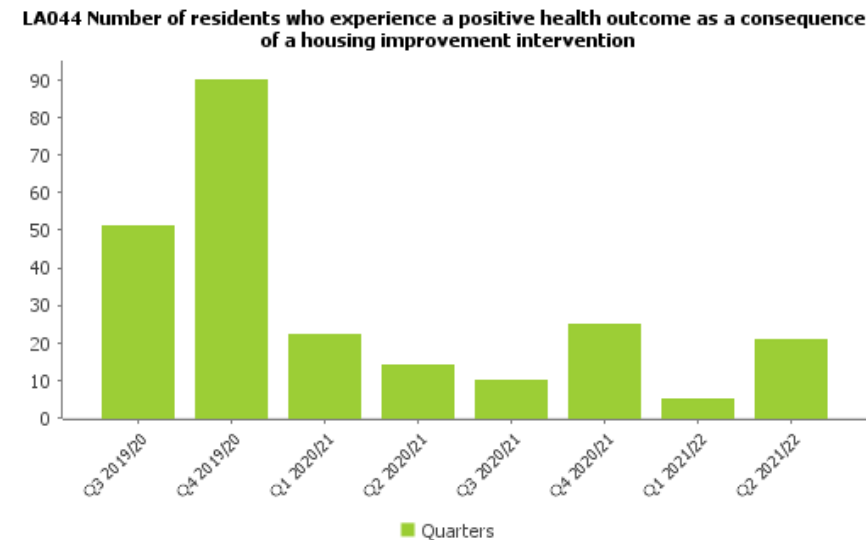
**LA039** Number of affordable new homes completed



Current Value 4

Managed By Kate Bailey

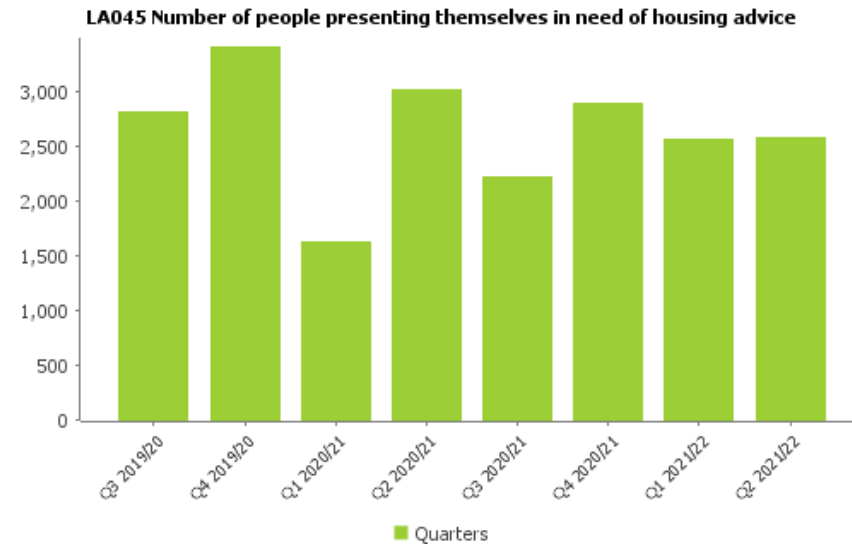
**LA044** Number of residents who experience a positive health outcome as a consequence of a housing improvement intervention



Current Value 21

Managed By Kate Bailey

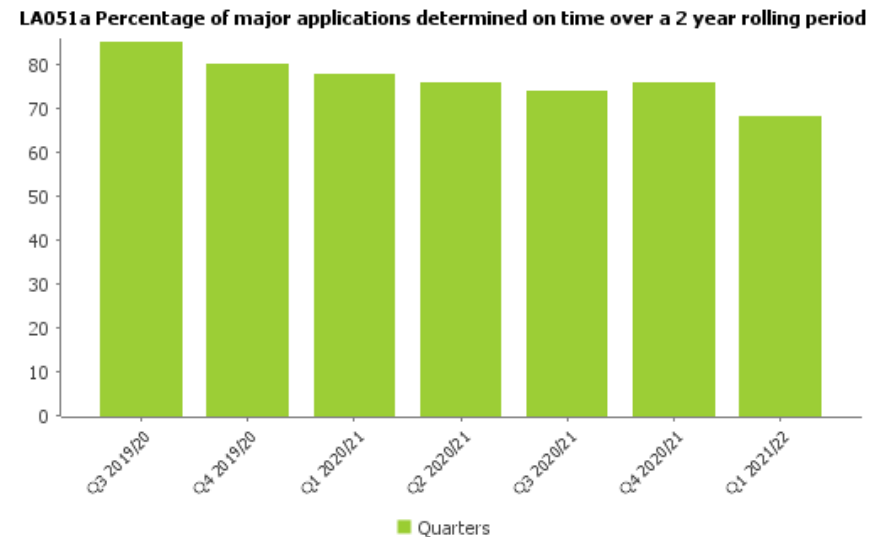
**LA045** Number of people presenting themselves in need of housing advice



Current Value 2,582

Managed By Kate Bailey

**LA051 a** Percentage of major applications determined on time over a 2 year rolling period

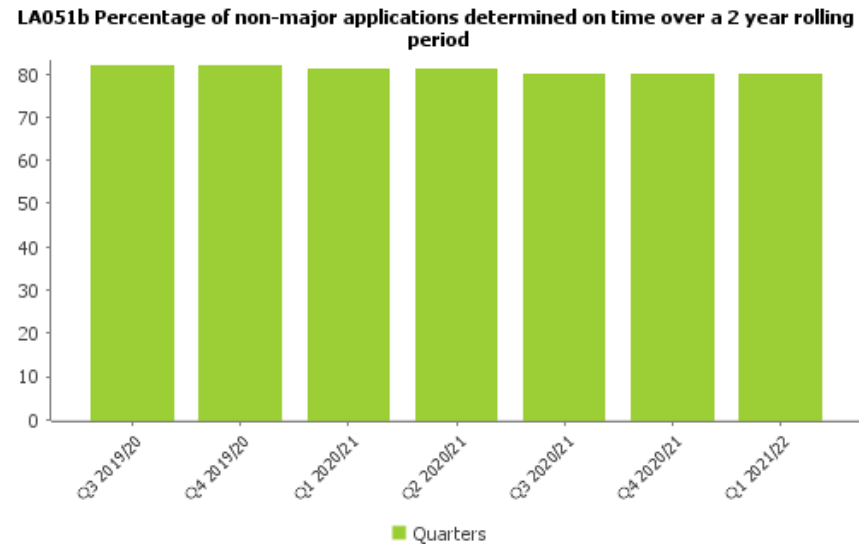


Current Value 68

Managed By Paul Round



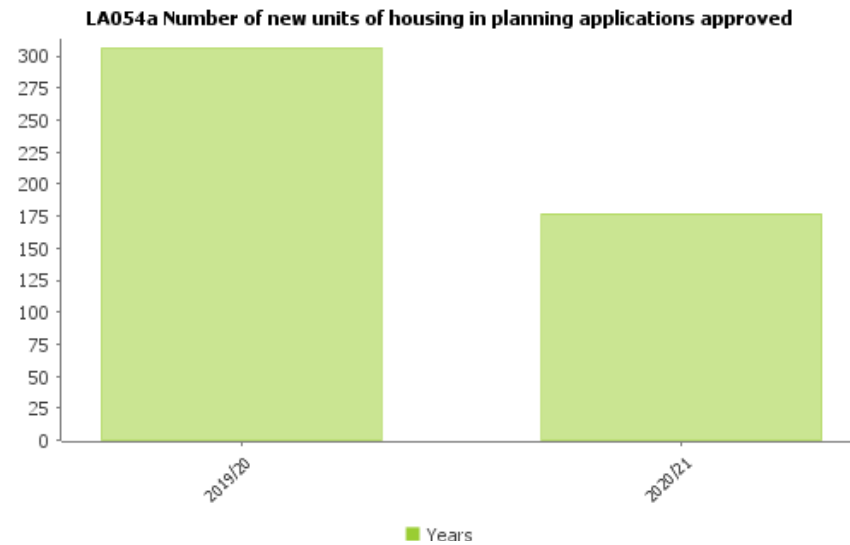
**LA051** Percentage of non-major applications determined on time over a 2 year rolling period  
**b**



Current Value 80

Managed By Paul Round

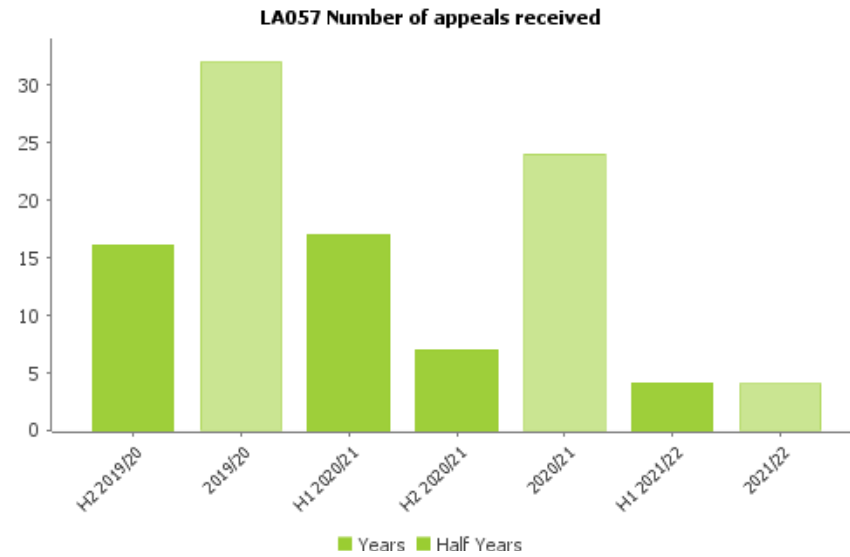
**LA054** Number of new units of housing in planning applications approved  
**a**



Current Value 177

Managed By Kate Bailey

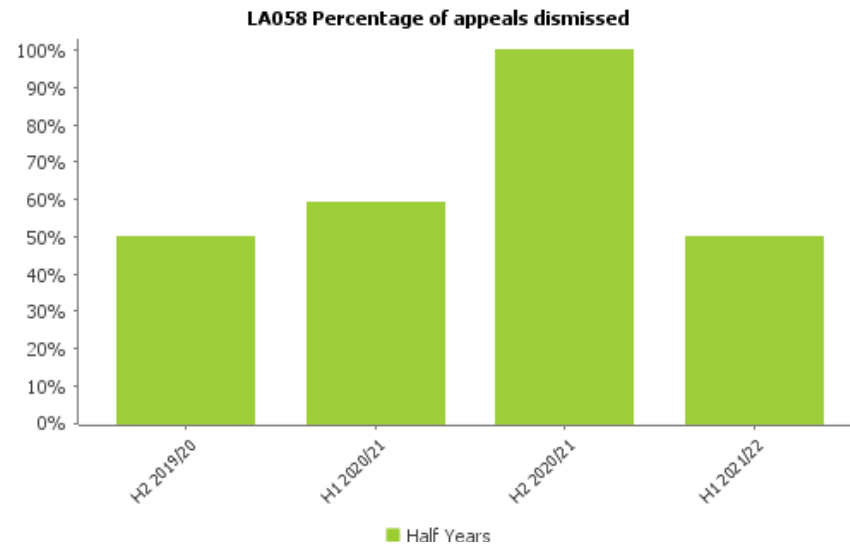
**LA057** Number of appeals received



Current Value 4

Managed By Paul Round

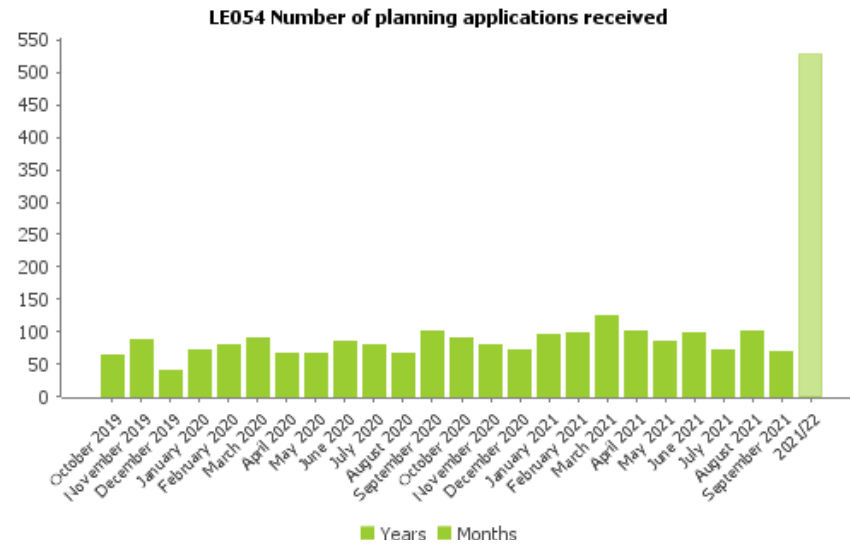
**LA058** Percentage of appeals dismissed



Current Value 50%

Managed By Paul Round

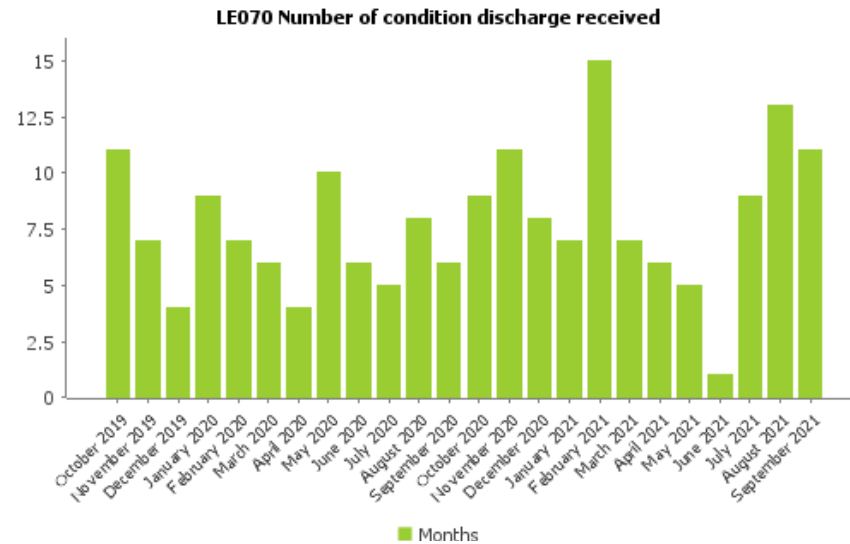
**LE054** Number of planning applications received



Current Value 69

Managed By Paul Round

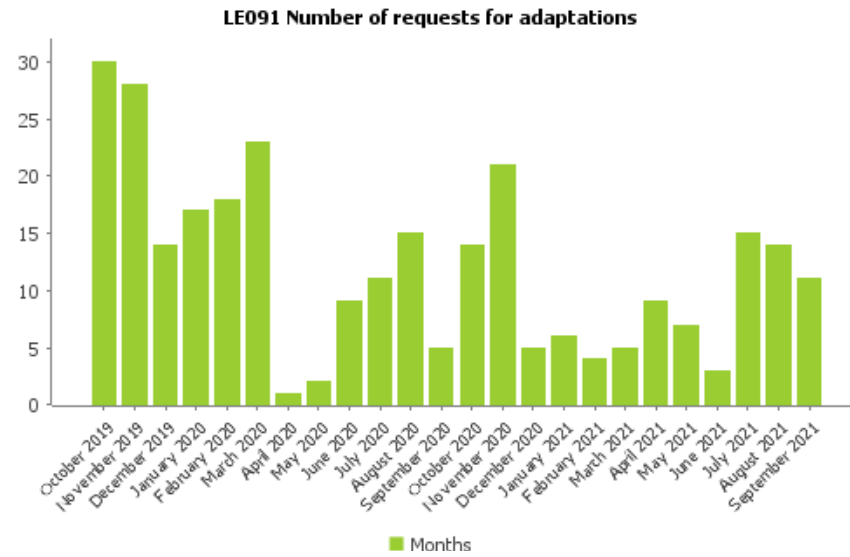
**LE070** Number of condition discharge received



Current Value 11

Managed By Paul Round

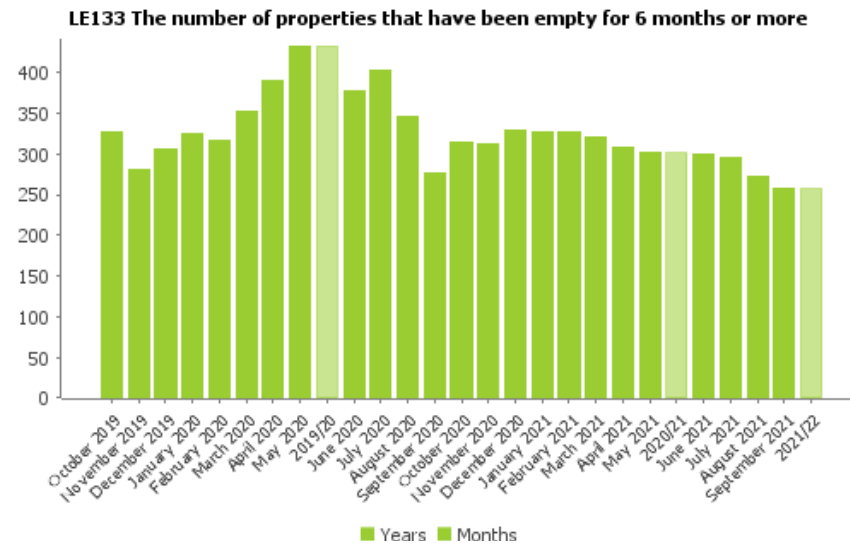
**LE091** Number of requests for adaptations



Current Value 11

Managed By Kate Bailey

**LE133** The number of properties that have been empty for 6 months or more

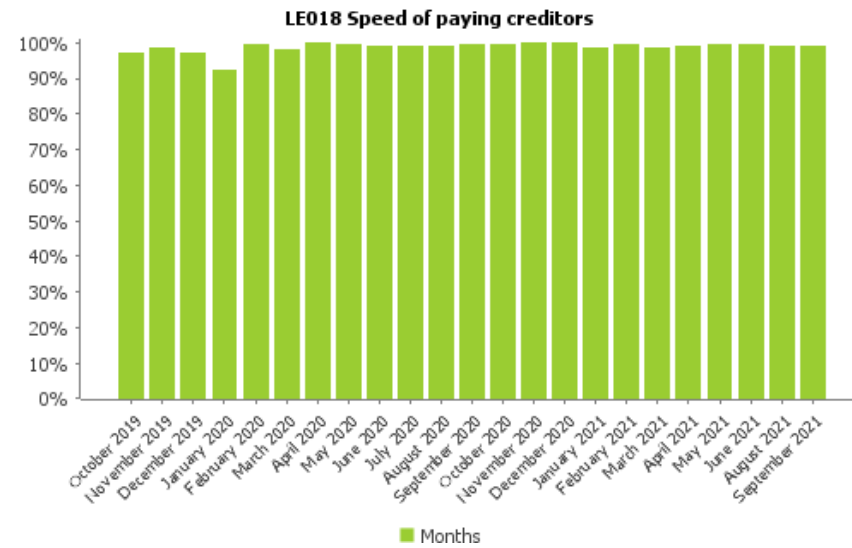


Current Value 257

Managed By Kate Bailey;  
Mike Parker

## Resources

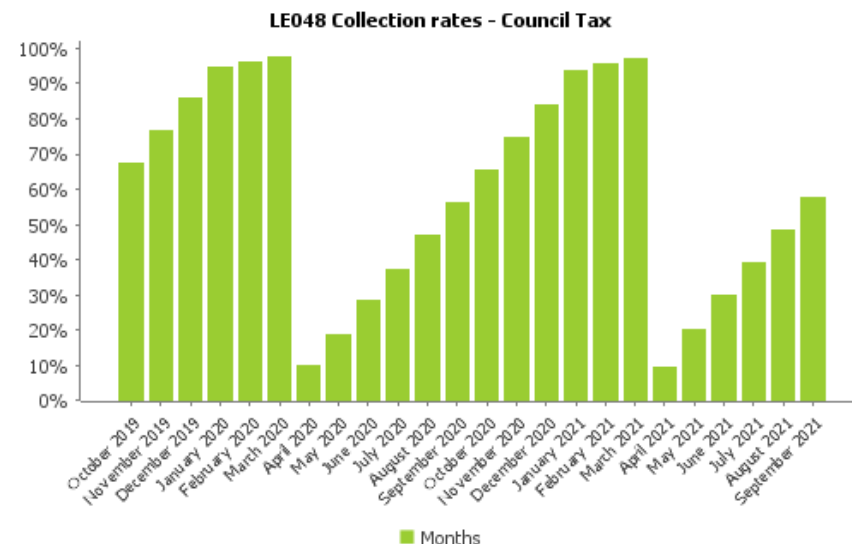
LE018 Speed of paying creditors



Current Value 98.87%

Managed By Tracey Southall

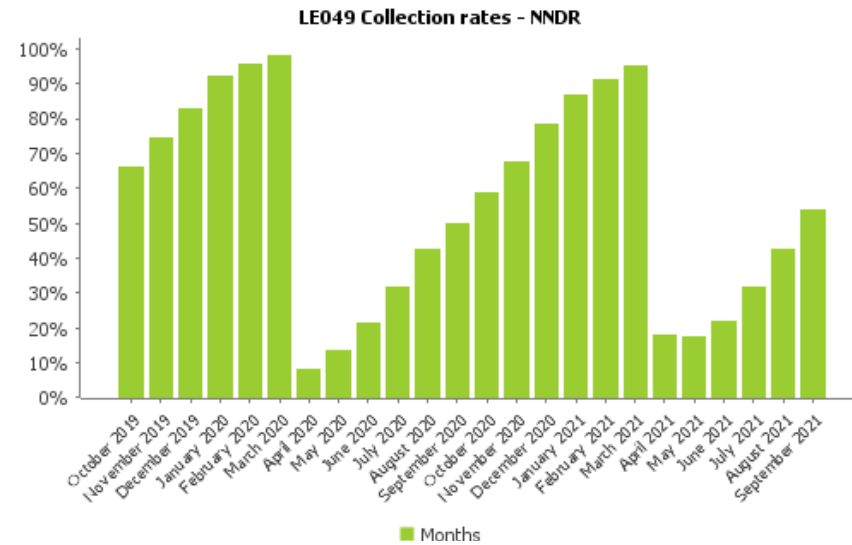
LE048 Collection rates – Council Tax



Current Value 57.79%

Managed By Lucy Wright

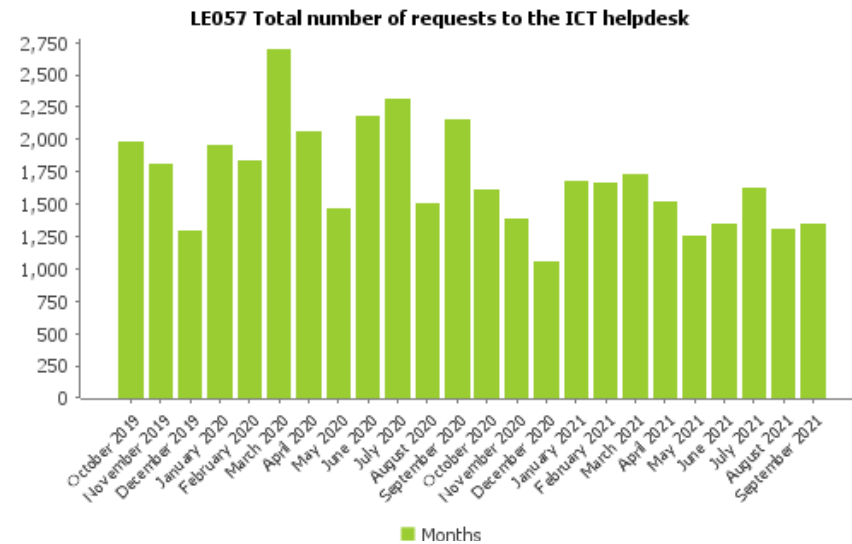
LE049 Collection rates – NNDR



Current Value 53.57%

Managed By Lucy Wright

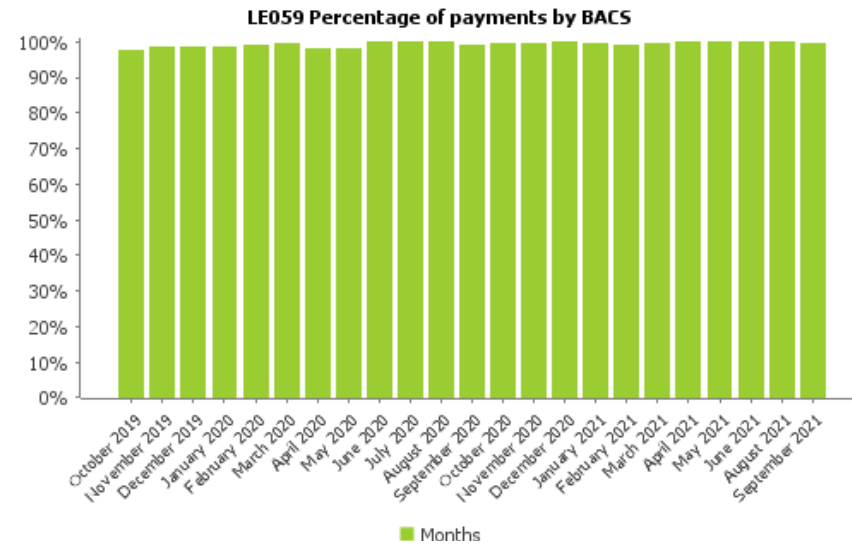
LE057 Total number of requests to the ICT helpdesk



Current Value 1,340

Managed By Dave Johnson

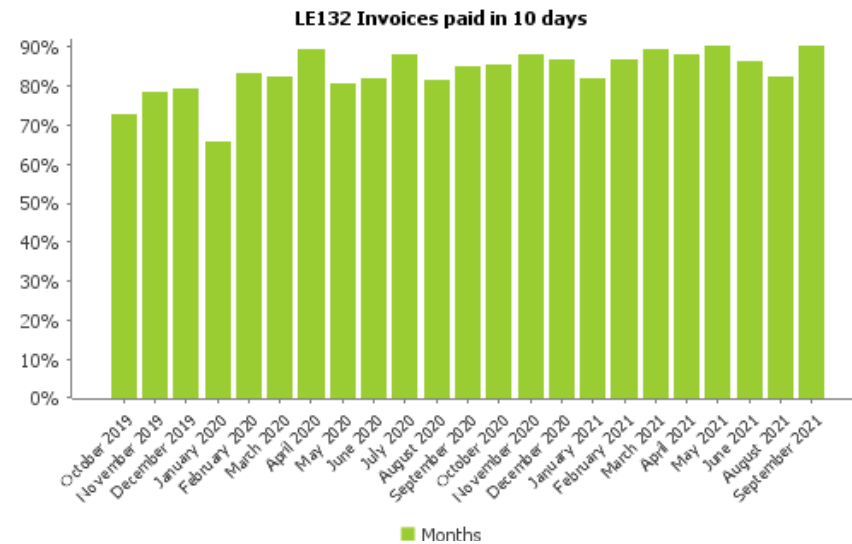
LE059 Percentage of payments by BACS



Current Value 99.55%

Managed By Tracey Southall

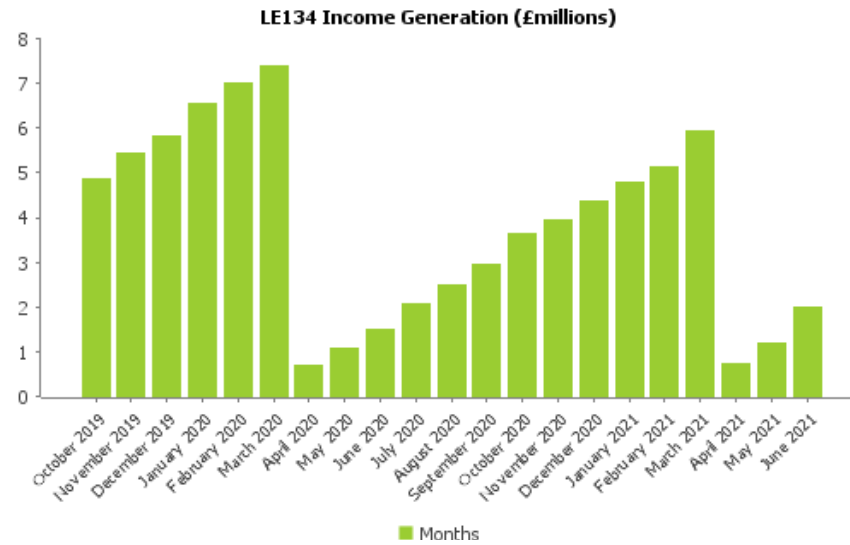
LE132 Invoices paid in 10 days



Current Value 90.02%

Managed By Tracey Southall

LE134 Income Generation (£millions)



Current Value 2

Managed By Tracey Southall



## Corporate Plan Priority: A safe, clean and green living environment

This report details the progress we have made against the Corporate Plan Priority of 'a safe, clean and green living environment'.



WFF 21/22 30

Stourport Canal Basins

25%



Due Date	Managed By	Latest Note	Latest Note Date
31-Oct-2021	Mike Parker	Awaiting any firm proposals from Stourport Town Council or Stourport Forward.	13-Oct-2021

WFF 21/22 69

Stourport Riverside

80%



Due Date	Managed By	Latest Note	Latest Note Date
31-Dec-2021	Steve Brant; Alan Breen	Play equipment and works completed. Grant application submitted for wildlife area	26-Oct-2021

WFF 21/22 87

To monitor the potential impact of the government's waste strategy as this could reduce current commercial income streams

35%

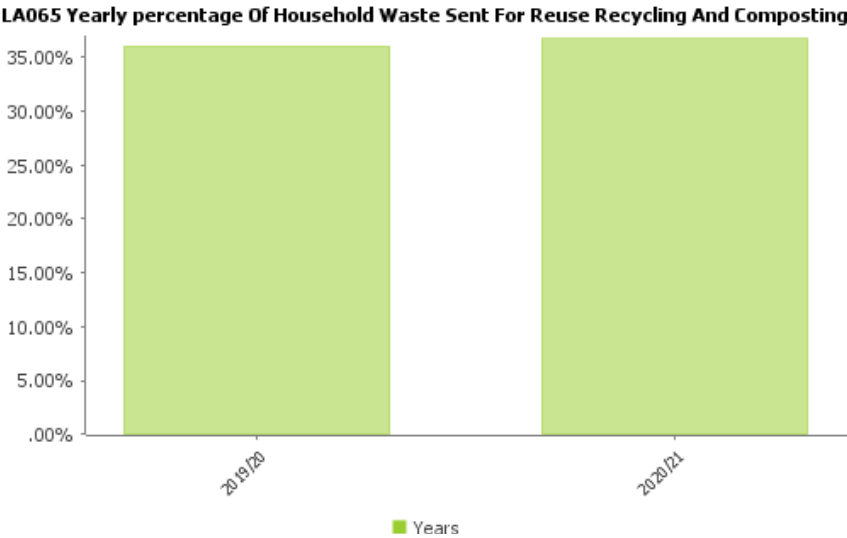


Due Date	Managed By	Latest Note	Latest Note Date
23-Mar-2023	Steve Brant; Ian Miller	<p>The national Resources and Waste Strategy for England 2018 (RWS) will drive a range of changes and measures to achieve a more Circular Economy, moving from an inefficient take, make, use, &amp; throw away culture to keeping resources in use for as long as possible. The government's clear direction is for the increased segregation and treatment of waste streams and a new target of 65% recycling. The Environment Bill will provide landmark primary legislation for delivery of the policies and approaches set out in RWS. It has passed through the detailed committee stage in the House of Commons and on 26th January a delay was announced with Royal Assent originally expected in Spring now put back to Autumn 2021. The Bill will require the separate collection of food waste every week from all households</p> <p>The Bill awaits 3rd reading in the House of Lords.</p> <p>Three formal consultations undertaken by the Government: EPR, DRS &amp; Consistency.</p>	21-Oct-2021

## Measures

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

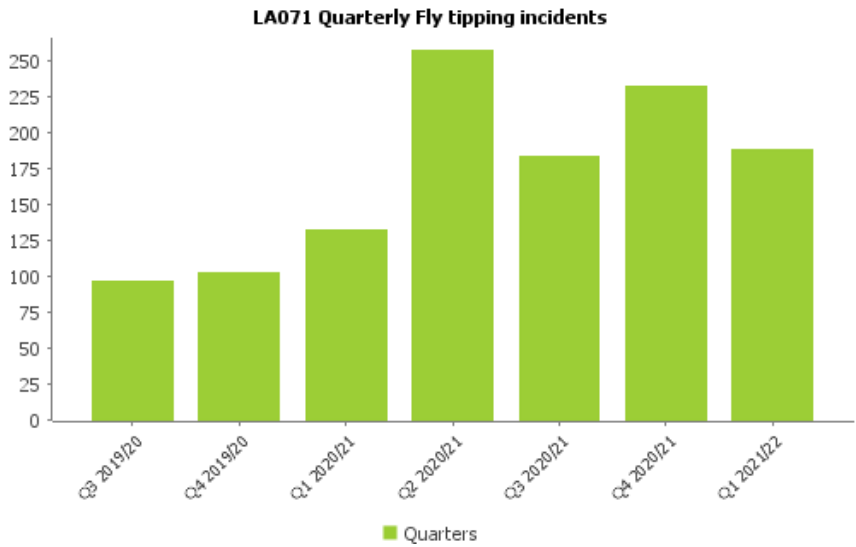
**LA065** Yearly percentage Of Household Waste Sent For Reuse Recycling And Composting



Current Value 36.74%

Managed By Steve Brant

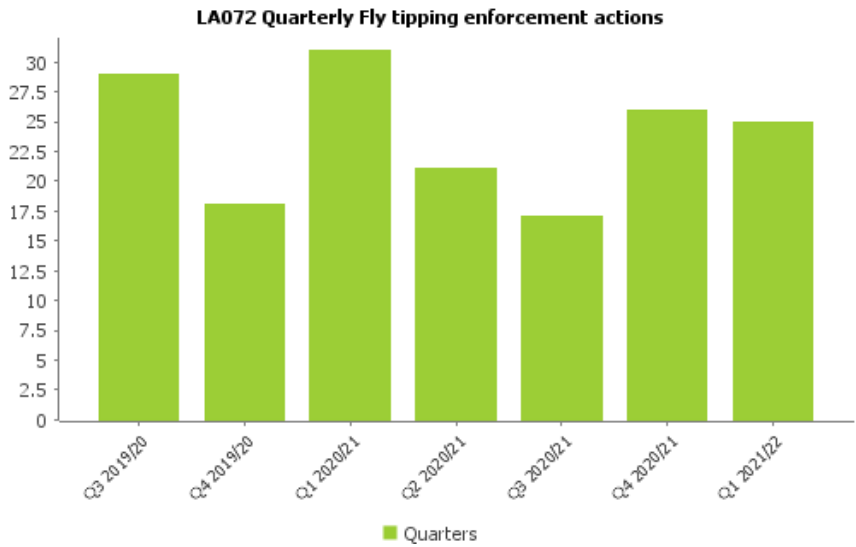
LA071 Quarterly Fly tipping incidents



Current Value 188

Managed By Steve Brant

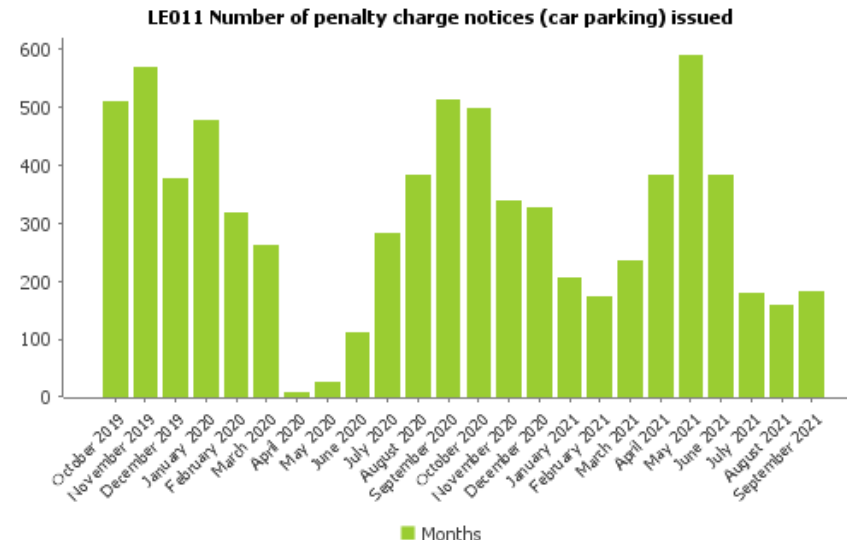
LA072 Quarterly Fly tipping enforcement actions



Current Value 25

Managed By Steve Brant

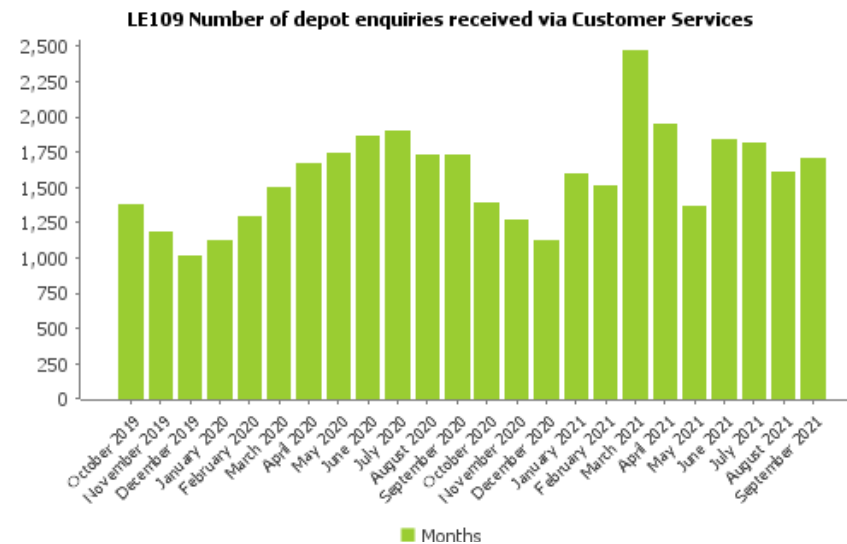
**LE011** Number of penalty charge notices (car parking) issued



Current Value 182

Managed By Steve Brant

**LE109** Number of depot enquiries received via Customer Services

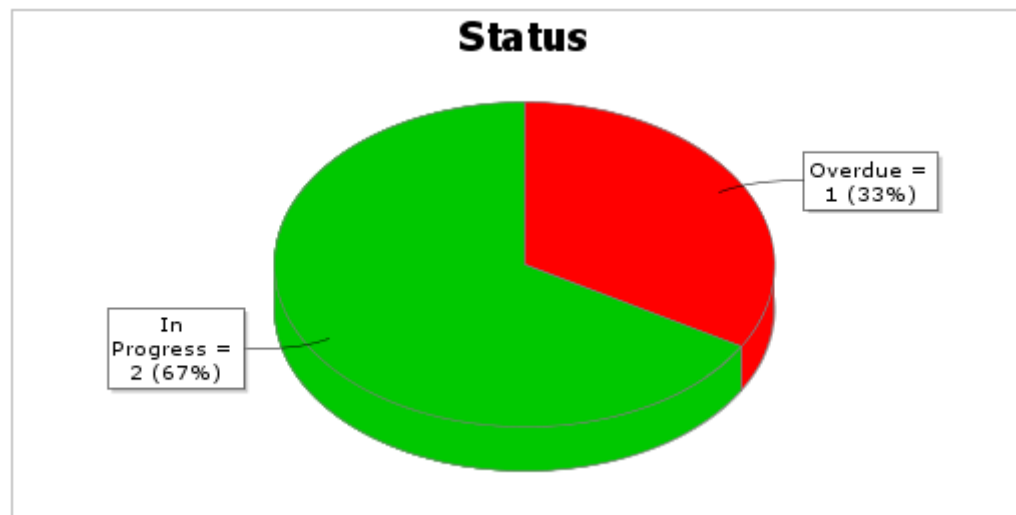


Current Value 1,705

Managed By Steve Brant

## Corporate Plan Priority: Supporting a successful local economy

This report details the progress we have made against the Corporate Plan Priority of 'supporting a successful local economy'.



WFF 21/22 82



Erection of industrial units former Frenco site

80%



Due Date	Managed By	Latest Note	Latest Note Date
31-Aug-2020	Mike Parker	Following Council decision in July 2021, a further tendering process has been undertaken and is due to be reported to a special meeting of the Council 2 November 2021. Currently anticipated, if Council agree to appoint preferred contractor, works to complete units will not be	13-Oct-2021

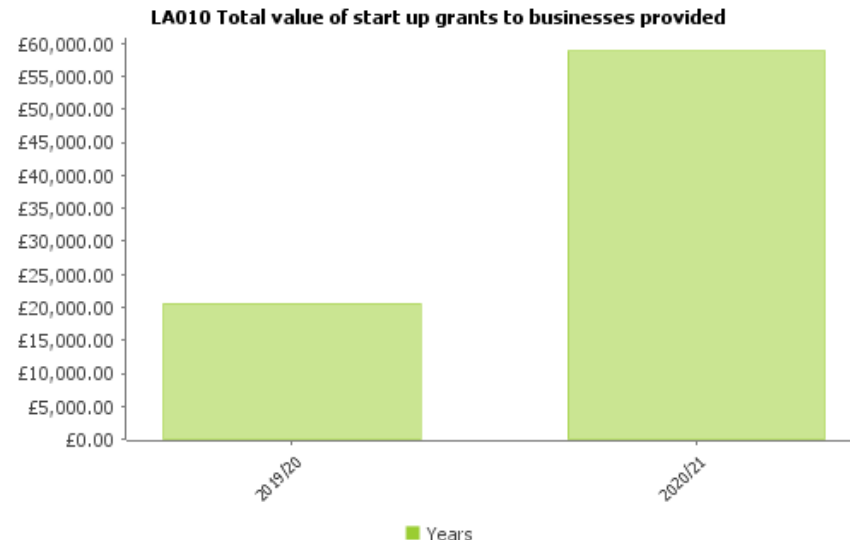
finalised until the end of February 2022.

WFF 21/22 83	Erection of industrial units on Silverwoods Way	95%	
Due Date	Managed By	Latest Note	Latest Note Date
31-Dec-2021	Mike Parker	Erection of units has progressed well, due to be completed and handed over mid-late October 2021. Promotion by DLS Dillon has been successful with some units to be let and occupied immediately. Interest in remaining units due to be positive with a view of full letting of site in 3-6 months.	13-Oct-2021
WFF 21/22 89	Future High Streets Fund Programme	10%	
Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2024	Mike Parker		

## Measures

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

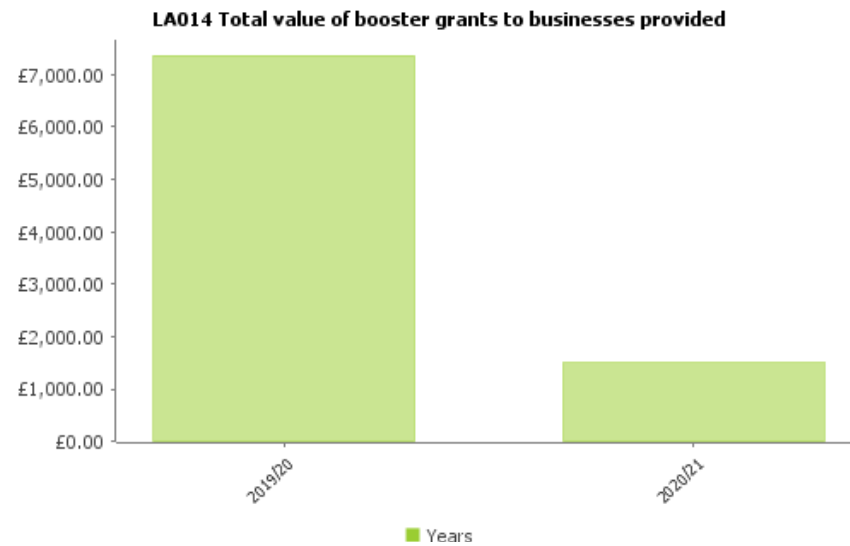
**LA010** Total value of start up grants to businesses provided



Current Value £58,859.48

Managed By Jonathan Elmer

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

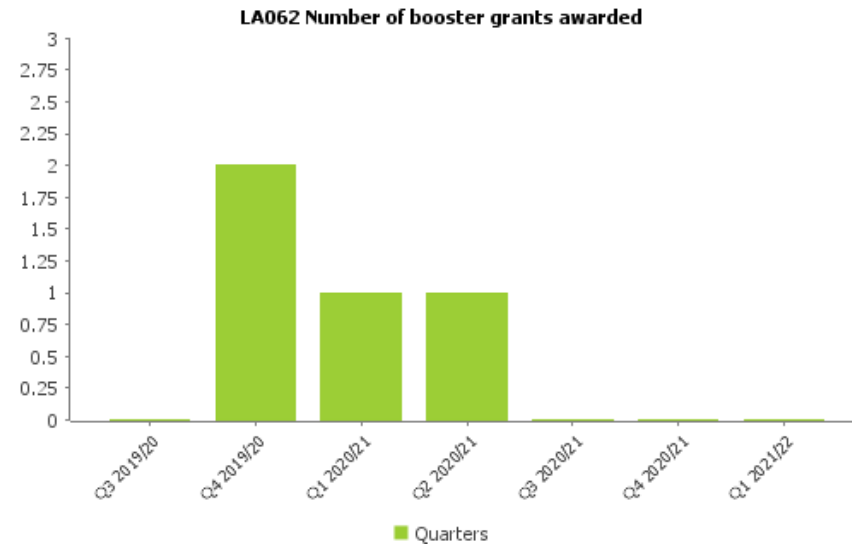


Current Value £1,497.50

Managed By Jonathan Elmer



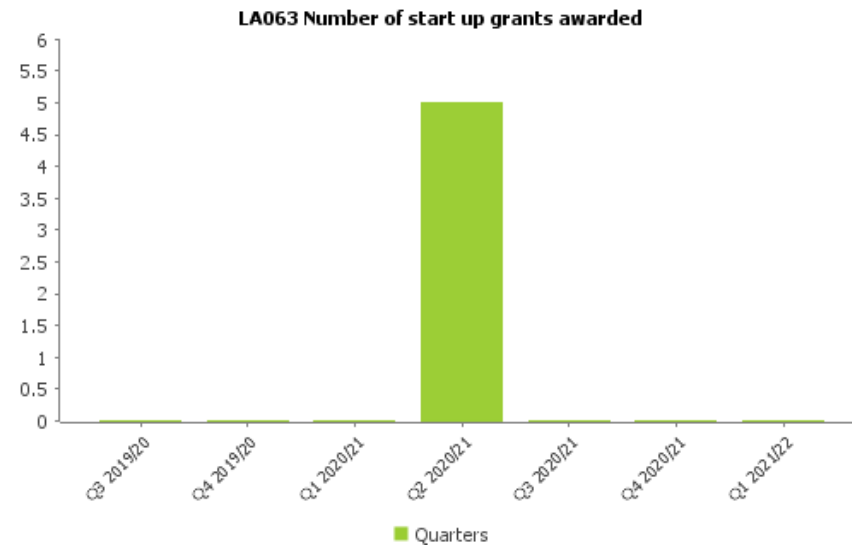
**LA062** Number of booster grants awarded



Current Value 0

Managed By Jonathan Elmer

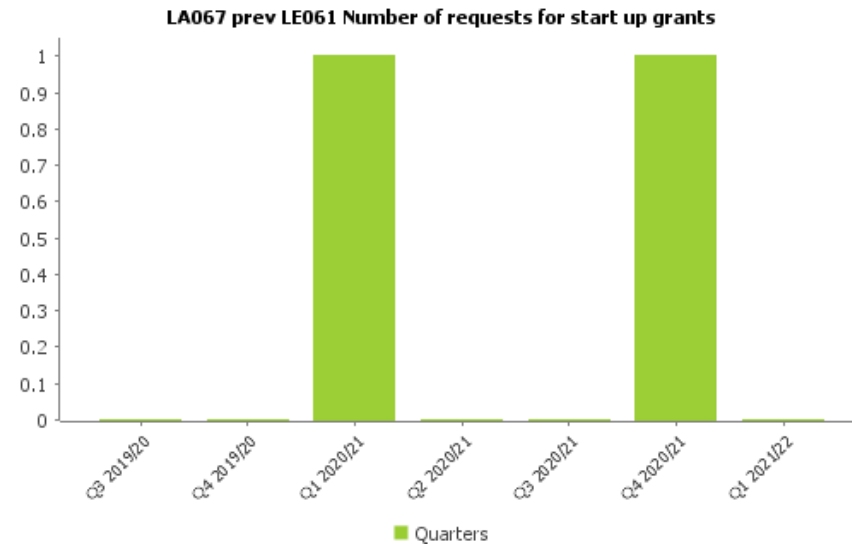
**LA063** Number of start up grants awarded



Current Value 0

Managed By Jonathan Elmer

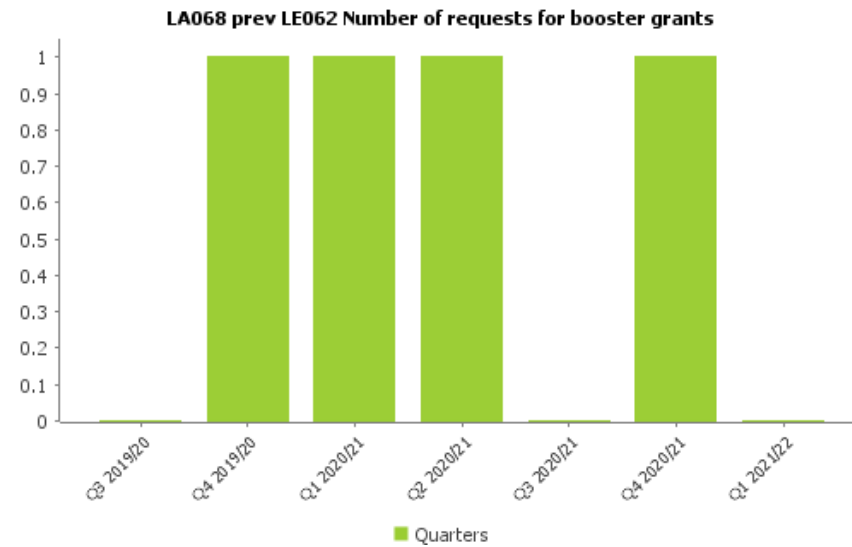
**LA067** Number of requests for start up  
prev grants  
LE061



Current Value 0

Managed By Jonathan  
Elmer

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



Current Value 0

Managed By Jonathan  
Elmer

**LA100** Number of businesses benefiting from information, advice and guidance

**LA100 Number of businesses benefiting from information, advice and guidance**



■ Quarters

Current Value

Managed By Jonathan Elmer

**LA101** Number of businesses benefitting from business support programmes

**LA101 Number of businesses benefitting from business support programmes**

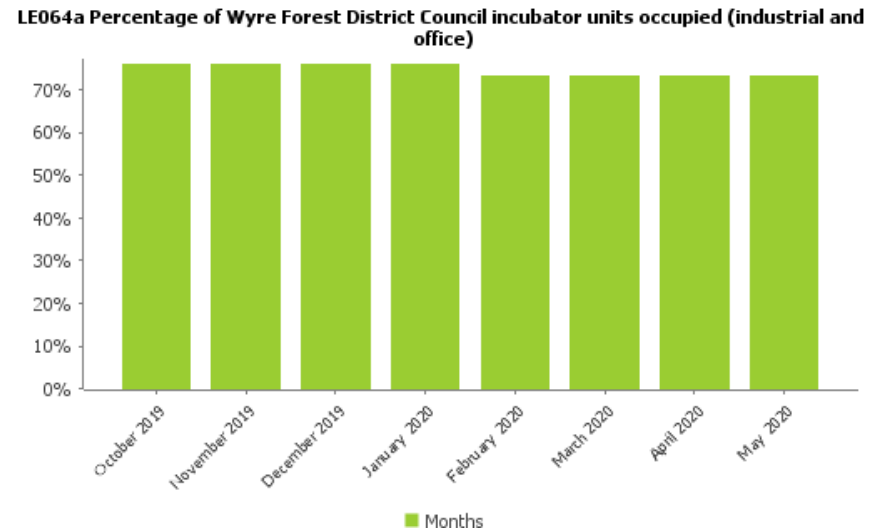


■ Quarters

Current Value

Managed By Jonathan Elmer

**LE064** Percentage of Wyre Forest District Council incubator units occupied (industrial and office)



Current Value 73%

Managed By Jonathan Elmer

## Risks

The below risk(s) has been identified as part of our Corporate Risk Register. All of the actions and measures detailed in this report aim to mitigate this risk(s) as well as drive forward our priority of 'supporting a successful local economy'.

CORPRISK02	<p><b>Unable to improve the economic prosperity of the district.</b> Lack of vitality in the local economy – although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy. The Council is now in its eleventh year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council continues to host of the North Worcestershire Economic Development and</p>	Current Risk Matrix	<p>Likelihood</p> <p>Impact</p>	<p>Impact Marginal Likelihood Significant</p>		Target Risk Matrix	<p>Likelihood</p> <p>Impact</p>	<p>Impact Marginal Likelihood Very Low</p>	
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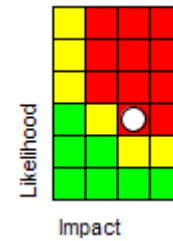
Regeneration Service (having adopted a new North Worcestershire Economic Strategy in 2019 and new Strategic Asset Management and Business Growth and Enterprise Strategies in 2021) and maintains its membership of two Local Enterprise Partnerships and continues to maximise the benefit of that position, although it is recognised that this may change as the Government seeks to eliminate dual LEP membership from a future date that is as yet unknown. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council if we are unable to sustain the baseline level of the business rates reflected in government projections. The detail in relation to reform of the Business Rates System has been delayed yet again so we will continue to review our position as more information is released. Ongoing membership of the Worcestershire Business Rates Pool has only mitigated this risk to a certain extent and economic growth is key to the future financial sustainability of the Council, this may change following Business Rates Reform. The Council has successfully bid for funding through the Future High Streets Fund initiative and begins its £20.5m programme in earnest to ensure delivery by end of March 2024. The announcement of the Levelling Up Fund and Community Renewal Fund offer additional opportunities to secure further funding for projects in the district. The impact of Brexit influences this risk and COVID-19 presents a significant challenge and increase in this key risk, but the Council has been

proactive in distributing Covid related funding to businesses.

Risk that the three-year programme to end of March 2024 delivering £20.5million programme of interventions across Kidderminster Town Centre will not be delivered on time and within budget. Governance arrangements established with board overseeing programme delivery and individual project boards to oversee each specific intervention. Additional capacity to be added to NWEDR to oversee programme and project delivery. Regular liaison with MHCLG to ensure delivery in accordance with programme and specifically focussing on monitoring and evaluation. Provision made in capital programme at February 2021 Council.

CORPRISK16

Current  
Risk  
Matrix

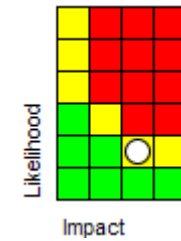


Impact Critical

Likelihood Low



Target  
Risk  
Matrix



Impact Critical

Likelihood Very Low



## Capital Projects

This report details the progress of all of our capital projects



WFF 21/22 89.1	Bullring gateway to Kidderminster Town Centre	10%	
----------------	---	-----	--

Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2024		Further report on progress went to Cabinet in September 2021 and agreed next stages of appointments for Future High Street Fund (FHSF). Design works ongoing; and appointment of Public Sector Plc (PSP Facilitating Ltd T/A PSP) also agreed to bring forward in parallel with FHSF to develop site opportunity.	13-Oct-2021

WFF 21/22 89.2	Refurbishment and redevelopment of former Magistrates Court, Worcester Street	15%	
----------------	---	-----	--

Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2024		Planning application submitted and currently with Development management Team for determination. Publicity has been undertaken, including an on-site drop-in session which was well attended; and contributions towards design will be discussed as part of determination of Planning application. September meeting of Cabinet considered update report on interest from prospective tenants of completed project together with the option of future management of building once work is complete and tenants take occupation. Difficult at this stage to identify tenants and operating modes as too early for commitment on project not due for completion	13-Oct-2021

until mid 2024.

WFF 21/22 89.3	Town Centre connectivity infrastructure	5%	
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Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2024		As with Bullring project Cabinet considered update at September meeting and agreed approval of design team to bring forward FHSF public reach of the project; together with appointment of Public Sector Plc (PSP Facilitating Ltd T/A PSP) to bring forward development of site element parallel with FHSF project. There has been a slight delay caused with acquisition of remaining properties due to presence of live electrical sub station basement of one of the properties which has needed engagement with Western Power in order to agree suitable course of action to remove sub station to allow current plans to take place.	13-Oct-2021

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

WFF 21/22 90	Former Glades Leisure Centre
WFF 21/22 93	Redevelopment of Castle Road car park
WFF 21/22 96	Redevelopment of land at Radford Avenue



## Exception report for all Wyre Forest Forward and Risk Actions

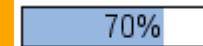
Those actions that are approaching their due date or are overdue



### Enabling others to do what they need to do

WFF 21/22 88

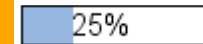
COVID-19 Recovery Plan



Due Date	Managed By	Latest Note	Latest Note Date
31-Jul-2021	Corporate Leadership Team	The hybrid working model was introduced on 1st September 2021. Risk assessments and action plans were updated to enable safe return to building. The review of the Council administration footprint continues parallel to that work and discussions are continuing with Cabinet on final proposals for the longer term work environment and the implications for surplus floor space.	25-Oct-2021

WFF 21/22 94

Review of operational floor space requirements at Wyre Forest House and Green Street



Due Date	Managed By	Latest Note	Latest Note Date
30-Sep-2021	Mike Parker	Following Government advice and guidelines the Council has welcomed back its staff and tenants to Wyre Forest House and Green Street in accordance with its new flexible approach to hybrid working enabling staff to work flexibly between home and office environment where the service area allows, such working to take place. The consequential impact of the Council's administration footprint is still under discussion with Cabinet.	13-Oct-2021

Support me to run a successful business

WFF 21/22 82

Erection of industrial units former Frencos site

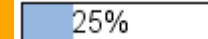


Due Date	Managed By	Latest Note	Latest Note Date
31-Aug-2020	Mike Parker	Following Council decision in July 2021, a further tendering process has been undertaken and is due to be reported to a special meeting of the Council 2 November 2021. Currently anticipated, if Council agree to appoint preferred contractor, works to complete units will not be finalised until the end of February 2022.	13-Oct-2021

Cannot group these rows by Council's Purpose

RA21/22 65

Corporate Cyber Attack Response/Service Business Continuity Plans



Due Date	Managed By	Latest Note	Latest Note Date
30-Sep-2021	Corporate Leadership Team; Rebecca Pritchett	<p>Cyber attack plan briefing paper tabled at CLT on 19th October 2021.</p> <p>The overall plan for completion and adoption of the cyber-attack plan is :-</p> <ul style="list-style-type: none"> <li>• End December 2021 Draft Attack Plan complete</li> <li>• Jan 2022 – End March 2022 Test plan and awareness campaign</li> <li>• April 2022 – Adoption of plan</li> </ul>	26-Oct-2021



## Overview & Scrutiny Committee

Report of: Corporate Director: Economic Prosperity & Place

Date: 4 November 2021

Open

### Quarter 3 Capital Portfolio Fund Performance Report

#### Summary

Attached is a summary of the Q3 Capital Portfolio Fund Performance report which will be presented at the meeting by the Council's Asset and Portfolio Fund Managers, Jones Valerio.

The Overview and Scrutiny Committee is invited to note the summary report.

#### Officer Contact Details:

Name **Mike Parker**

Title **Corporate Director: Economic Prosperity & Place**

Contact Number **01562732500**



# Wyre Forest District Council - Capital Portfolio Fund

Q3 2021 - Executive Summary - Dated 20th October 2021

This Executive Summary seeks to summarise on a single page the most relevant Challenges and Opportunities facing the Capital Portfolio Fund during Q3 2021 alongside the Solutions being delivered to reduce risk and deliver opportunity. This is the Asset Managers summary of the larger and more comprehensive Quarterly Fund Report of the same date and the summary does not necessarily comment upon all areas of the report.

	Challenges	Opportunities	Solutions
<b>Strategic Report</b>			
Investment & AM Strategy	Acquisitions limited to within District.	IAMS to be reviewed in Q4 2021.	Review of IAMS to revisit out of district investments.
Property Market Commentary	Lower yields in some sectors means it is increasingly more challenging to resource opportunities that meet the minimum returns of the CPF.	Capitalise on the low industrial vacancy rates in district. Capitalise on town centre opportunities that are set to benefit from FHSF initiatives.	
Investment Valuation Summary		Unchanged: Use of valuation data and change as indicators to shape asset management, acquisition and disposal activity.	Jones Valerio requires a copy of the most recently submitted Valuations from Avison Young for the Y/E 2021.
Diversification and Sector Performance	CPF underweight to Industrial. CPF missing out on gains the market is experiencing in the industrial sector.	Repurposing of High Street / Worcester Street asset. Right-sizing of vacant first floor Bromsgrove.	Unchanged: Implementation of risk reduction and value-add initiatives on all assets in CPF, with acquisition activity to be focussed towards industrial sector.
Acquisitions & Disposals	Unchanged: Limited availability of suitable acquisition opportunities in District.	Acquisition and development of land for industrial / warehouse schemes.	Consider Disposal of assets once value-add initiatives are completed. Reinvest proceeds.
<b>Measuring Performance</b>			
Total Property Return	High retail content of portfolio will be impacted upon by decreasing demand.	Repurposing of the retail content into alternative uses and keeping tenants.	High Street & Worcester Street residential repurposing opportunity and renewals.
5 Year Reversionary Profile	Decreasing Estimated Rental Values on retail content of portfolio.	Industrial and office content of portfolio continues with reversionary potential.	Maximise the opportunities to increase rent at Rent Review and Lease Expiry.
Rent Collection Statistics	We have not been provided with information from the Managing Agent.	Opportunity to engage with tenants positively for future gain.	Bounce Back Plan proposed, solution recommended by Asset Manager.
Service Charge Performance	Delayed reconciliations and budgets impacts negatively on portfolio.	Potential to reduce the service charge budget at Bromsgrove.	AM has provided detailed information to the Property Manager to assist.
Tenant Covenant Strength Record	Changing tenant covenants are not identified until it is too late.	Tracking enables identification and actions to be taken to reduce risk.	We now have a tracking system in place within this section of the report.
Average Weighted Unexpired Lease Term		Three lease renewals agreed and documented in the quarter.	Quarterly reporting and business plans ensuring activity covered in advance.
Void Management		Terms agreed for small suite at Solihull and improving market in Bromsgrove.	Continue to offer best product and be Ready to Let.
Energy Performance	Rising costs raises the importance even higher.	Various current and future physical changes that could be made by WFDC.	Jones Valerio Ltd produced Policy, Opportunity and Action Plan for WFDC.
The Principle Risks	O/S reconciliations, high costs, electricity recharging and lack of tenants repairs.		AM advised solutions to resolve issues and provided Managing Agent with summaries.
<b>Asset Management</b>			
Income Projections & Risk	Maintaining tenants at Break and lease Expiry whilst also increasing rent.	Early conversations with tenants and understanding any issues is vital.	Maintain a collaborate dialogue with all occupiers with critical dates.
18 Month Rent Review Schedule	Limited increase in the main.	Colart Rent Review should provide increased income. RPI uplift in October 2021 at Building 3 Solihull.	Document Nil Uplifts and ensure Colart review achieves expectations.
18 Month Break Options	Building 3 at Stratford Court, Solihull has requested incentive to stay.	Opportunity to extend lease terms and avoid vacant premises.	Building 3 did not break their lease.
18 Month Lease Expiry Schedule	Large premises at Solihull with forthcoming lease expiry July 2021.	Tenants indecisiveness in terms of future space requirements.	Strategy delivered and tenant maintained for further 3 years now completed. Two further lease renewals at High Street also completed.
<b>Business Plans</b>			
Stratford Court, Solihull	High Service charge and future electricity charging creates risk.	Potential relocations and right sizing opportunities with existing tenants.	Conclude existing deals and then engage with tenants during Q4 2021.
High Street, Kidderminster	Short term nature of leases requires careful consideration at renewal due to redevelopment potential.	Residential and retail repurposing proposal to create apartments above retail.	Development Appraisal being reviewed by WFDC in terms of financial viability.
The Courtyard, Bromsgrove	First floor tenant vacated in June 2021, and high Service Charge impacts on letting.	Quality product in improving market assists successful re-letting opportunity.	Unit requires right sizing (splitting) and refurbishing to reduce void period.

**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW & SCRUTINY COMMITTEE**

**4<sup>TH</sup> NOVEMBER 2021**

**Treasury Management Strategy Statement and  
Annual Investment Strategy Mid-year Review Report 2021-22**

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

**1. PURPOSE OF REPORT**

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

**2. RECOMMENDATION**

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

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

**3. BACKGROUND**

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



## Agenda Item No. 7

- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3.3 Accordingly, treasury management is defined as:
- “The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 3.4 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
- 3.5 The primary requirements of the Code are as follows:
1. Creation and maintenance of a Treasury Management Policy Statement that sets out the policies and objectives of the Council's treasury management activities.
  2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
  3. Receipt by the Full Council of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
  4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
  5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Treasury Management Review Panel who considered and endorsed this report on 1<sup>st</sup> November 2021, and made recommendations to this Committee. Council approval will then be sought.

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

- An economic update for the first half of the 2021-22 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2021-22;
- A review of the Council's borrowing strategy for 2021-22;
- A review of any debt rescheduling undertaken during 2021-22
- A review of compliance with Treasury and Prudential Limits for 2021-22.

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

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

A report setting out the revised Capital Strategy will be considered by Cabinet in December 2021 and recommended to full Council, in February 2022.

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

4.1 Economic performance to date and outlook

4.1.1 United Kingdom (UK)

At their meeting on 24<sup>th</sup> September 2021 the Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.

There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August 2021 which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring

closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures.” In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, Consumer Price Inflation (CPI) would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, the MPC had been prepared to look through a temporary spike in inflation.

So, in August 2021 the country was just put on alert. However, this time the MPC’s words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October 2021 and due again next April, are, indeed, likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement; this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was ‘sustainably over 2%’. Indeed, whereas in August the MPC’s focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.

Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September 2021. At the MPC’s meeting in February it will only have available the employment figures for November 2021: to get a clearer picture of employment trends, it would need to wait until the May 2022 meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.



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The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows:

1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

COVID-19 vaccines. These have been the game changer which have enormously boosted confidence that life in the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

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

During the first part of the year, US President Biden's, and the Democratic party's determination to push through a \$1.9trn (equivalent to 8.8% of Gross Domestic Product (GDP) fiscal boost for the US economy as a recovery package from the COVID pandemic was what unsettled financial markets. However, this was in addition to the \$900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when:

1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy had already been growing strongly during 2021.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
4. And the Fed was still providing monetary stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Federal Reserve (Fed) to take much earlier action to start tapering monthly quantitative easing (QE) purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of “substantial further progress towards the goal of reaching full employment”. However, the weak growth in August 2021, (announced 03/09/21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK.

#### 4.1.3 Eurozone (EZ)

The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.

German general election. With the CDU/CSU and SPD both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SPD-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

**4.1.4 China and Japan**

In China, after a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

In Japan, 2021 has been a patchy year in combating COVID. However, after a slow start, nearly 50% of the population are now vaccinated and COVID case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July 2021. New Prime Minister Kishida has promised a large fiscal stimulus package after the November 2021 general election – which his party is likely to win.

**4.1.5 World Growth**

World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

**4.1.6 Supply shortages**

The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be

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gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

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

4.2.1 The Council's treasury advisor, Link Group (Link), provided the following forecast as at 29<sup>th</sup> September 2021 (the forecasts are for Public Works Loan Board (PWLB) certainty rates; ie, 20 basis points below the standard PWLB rates):

Link Group Interest Rate View 29.9.21										
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

*Additional notes by Link on this forecast table:*

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*

4.2.2 The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings. As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022-23, a second increase to 0.50% in quarter 2 of 2023-24 and a third one to 0.75% in quarter 4 of 2023-24.

### 4.2.3 Bond yields / PWLB rates

As an average since 2011, there has been a 75% correlation between movements in 10-year treasury yields and 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

There are also possible DOWNSIDE RISKS from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

#### 4.2.4 A new era – a fundamental shift in central bank monetary policy

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

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' and the ECB now has a similar policy.
- **For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.**
- Labour market liberalisation since the 1970's has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

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

- 5.1 The Treasury Management Strategy Statement (TMSS) for 2021-22 was approved by this Council on 24<sup>th</sup> February 2021.
- 5.2 There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.
- 5.3 The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:
- Security of Capital
  - Liquidity
- 5.4 The Council will also aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate, it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions, using Link's suggested creditworthiness approach and credit default swap (CDS) overlay information provided by Link. However, consideration is given to special tranche rates that are occasionally offered by those banks that are part-nationalised.
- 5.5 A breakdown of the Council's current investment portfolio as at 30<sup>th</sup> September 2021 is shown in Section 7 of this report.
- 5.6 As shown by the interest rate forecasts in section 4.2.1, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%. Given this risk environment investment returns are expected to remain low.
- 5.7 The Corporate Director: Resources/S151 Officer will continue to monitor interest rates very closely. Should negative interest rates be imposed then prudent steps will be taken to safeguard the Council's investments. The current approved investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury function. In these circumstances this would enable the Council to hold 50% of investments with the Council's own bank, Lloyds, and the remaining 50% may be placed with the DMO as a fall-back position. However, it may be necessary for a temporary breach in the Policy to be made until a possible further update could be brought to Council for approval. Any such breach would be reported to Members.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have suggested that they might resort to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented

times, has meant there is a glut of money swilling around at the very short end of the market. This has seen a number of market operators offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions.

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

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

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

The table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed for the Budget. The change in the totals is a result of slippage between years of the programme following a review of expected cash outflows and any amendments to the Capital Programme approved by Council in the first half of 2021-22. The 2021-22 capital programme and associated prudential indicators will be amended for slippage during the revised budget process.

<b>Capital Expenditure by Service Directorate/ Major Schemes</b>	<b>2021-22 Original Estimate</b>	<b>2021-22 Mid Year Position</b>	<b>2021-22 Latest Revised Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive	414	-	-
Community and Environmental Services	1,674	14	1,945
Economic Prosperity and Place	4,054	607	7,354
Future High Streets Investment Fund	21,761	1,857	4,572
Capital Portfolio Fund/Development Loans Fund	11,175	1,733	19,176
Resources	488	26	756
Vehicle, Equipment and Systems Renewals	1,004	141	1,267
<b>Total</b>	<b>40,570</b>	<b>4,378</b>	<b>35,070</b>



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The latest revised estimates contain slippage from 2020-21 and take into account any currently estimated re-profiling of capital schemes to future years.

### 6.3 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The capital programme will be re-profiled as part of the revised budget process.

The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

<b>Capital Expenditure</b>	<b>2021-22 Original Estimate</b>	<b>2021-22 Mid Year Position</b>	<b>2021-22 Latest Revised Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total capital expenditure</b>	<b>40,570</b>	<b>4,378</b>	<b>35,070</b>
Financed by:			
Capital receipts	1,609	19	1,792
Capital grants	23,132	2,448	9,938
Revenue	50	-	194
<b>Total financing</b>	<b>24,791</b>	<b>2,467</b>	<b>27,627</b>
<b>Borrowing need</b>	<b>15,779</b>	<b>1,911</b>	<b>23,146</b>

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

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

#### Prudential Indicator – Capital Financing Requirement

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



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### Prudential Indicator – External Debt / the Operational Boundary

	<b>2021-22 Original Estimate</b>	<b>2021-22 Latest Revised Estimate</b>
	<b>£'000</b>	<b>£'000</b>
<b>CFR</b>	62,338	62,019
<b>External Debt/Operational Boundary</b>	65,000	65,000

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

#### 6.5 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, gross borrowing will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021-22 and next two financial years. This allows some flexibility for limited borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent (TMSS Section 8.5).

<b>Limits to Borrowing Activity</b>	<b>2021-22 Original Estimate</b>	<b>2021-22 Latest Revised Estimate</b>
	<b>£'000</b>	<b>£'000</b>
Gross Borrowing	62,000	62,000
Less Investments	(18,000)	(20,000)
Net Borrowing	44,000	42,000
CFR (year end position)	62,338	62,019

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

- 6.6 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with headroom for unexpected

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movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

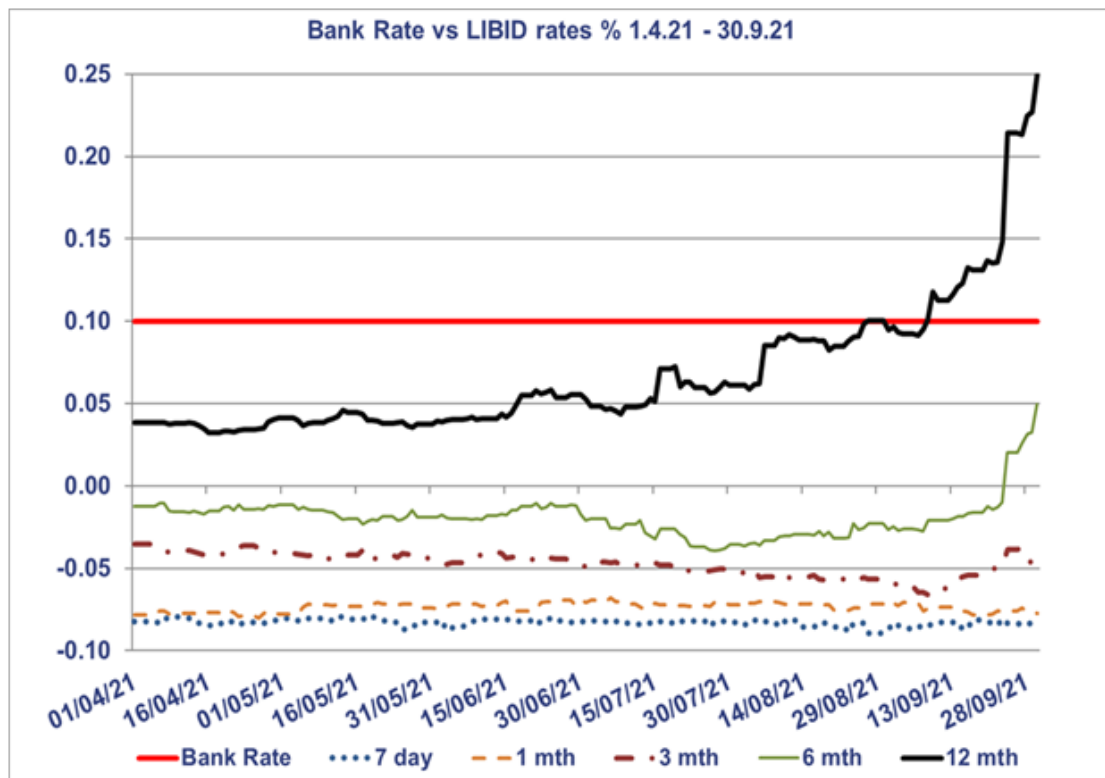
Authorised Limit for External Debt	2021-22 Original Indicator £'000	2021-22 Revised Indicator £'000
Borrowing	75,000	75,000

### 7. **INVESTMENT PORTFOLIO 2021-22**

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

Benchmark	Benchmark Return	Council Performance to 30/09/2021	Investment Interest Earned to 30/09/2021
7 day LIBID	-0.083%	0.074%	£13,200

As illustrated above, the authority out-performed the benchmark by approximately 15 bank basis points (bps). The Council's original budgeted investment return for 2021-22 was £20,000. The original budget assumed an average rate of return of 0.1% on estimated average investments of £20m. Whilst the percentage achieved on our investments exceeds the benchmark indicator, the actual interest received continues to be significantly reduced due to the impact of the COVID-19 pandemic on interest rates.



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

- 7.3 The tables below show investments held at 1<sup>st</sup> April 2021 compared to investments held at 30<sup>th</sup> September 2021.

Investments Held With	1 <sup>st</sup> April 2021 £	Average Rate of Return	Duration
Santander	1,000,000	0.08%	Instant Access
Lloyds	1,345,000	0.01%	Instant Access
Aberdeen Money Market Fund	2,975,000	Variable (indicative rate at 01/04/21 0.01%)	Instant Access
Aviva Money Market Fund	2,690,000	Variable (indicative rate at 01/04/21 0.01%)	Instant Access
Federated Money Market Fund	435,000	Variable (indicative rate at 01/04/21 0.01%)	Instant Access
Federated Enhanced Money Market Fund	2,000,000	Variable (indicative rate at 01/04/21 0.04%)	Trade plus one day
Handelsbanken	1,000,000	0.01%	35 Day Notice
Santander	2,000,000	0.30%	35 Day Notice
Lloyds	2,000,000	0.05%	95 Day Notice

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NatWest	1,555,000	0.15%	95 Day Notice
Barclays	1,000,000	0.15%	95 Day Notice
Santander	1,000,000	0.40%	95 Day Notice
Santander	1,000,000	0.58%	180 Day Notice
Lloyds	1,000,000	0.30%	Fixed to 02/07/2021
Goldman Sachs	1,000,000	0.29%	Fixed to 16/09/2021
Coventry Building Society	1,675,000	0.05%	Fixed to 15/04/2021
Coventry Building Society	3,000,000	0.05%	Fixed to 07/04/2021
Nat West CD	1,000,000	0.21%	Fixed to 19/08/2021
<b>Total</b>	<b>27,675,000</b>		

<b>Investments Held With</b>	<b>30<sup>th</sup> September 2021 £</b>	<b>Average Rate of Return</b>	<b>Duration</b>
Lloyds	3,080,000	0.01%	Instant Access
Aberdeen Money Market Fund	4,000,000	Variable (indicative rate at 30/09/21 0.01%)	Instant Access
Aviva Money Market Fund	3,895,000	Variable (indicative rate at 30/09/21 0.01%)	Instant Access
BlackRock Money Market Fund	890,000	Variable (indicative rate at 30/09/21 0.01%)	Instant Access
Federated Money Market Fund	2,000,000	Variable (indicative rate at 30/09/21 0.01%)	Instant Access
Federated Enhanced Money Market Fund	2,000,000	Variable (indicative rate at 30/09/21 0.04%)	Trade plus one day
NatWest	1,555,000	0.05%	35 Day Notice
Santander	2,000,000	0.30%	35 Day Notice
Lloyds	2,000,000	0.05%	95 Day Notice
Barclays	1,000,000	0.15%	95 Day Notice
Santander	1,000,000	0.40%	95 Day Notice
Santander	2,000,000	0.58%	180 Day Notice
Standard Chartered	1,000,000	0.10%	Fixed to 01/10/2021
Standard Chartered	2,000,000	0.13%	Fixed to 04/01/2022
National Bank of Kuwait	2,000,000	0.09%	Fixed to 01/10/2021
Goldman Sachs	1,000,000	0.22%	Fixed to 08/11/2021
Goldman Sachs	1,000,000	0.145%	Fixed to 08/03/2022
Goldman Sachs	1,000,000	0.135%	Fixed to 16/03/2022

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Coventry Building Society	4,675,000	0.05%	Fixed to 19/10/2021
Nat West CD	1,000,000	0.13%	Fixed to 11/06/2022
<b>Total</b>	<b>39,095,000</b>		

- 7.4 As illustrated in the economic background section above, investment rates available in the market remain at historically low levels. The average level of funds available for investment purposes in the first six months of 2021-22 was £35,764,016. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of COVID-19 business support grants, precept payments, receipt of grants and progress on the Capital Programme, including the timing of prudential borrowing.

7.5 Investment Counterparty criteria

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

The investment counterparty criteria continue to be very sensitive to any changes in the banking sector; this is particularly true for changes in the Credit Default Swap (CDS) overlay. Although CDS prices (these are market indicators of credit risk) for banks (including those from the UK) spiked at the outset of the pandemic in 2020, they have subsequently returned to near pre-pandemic levels. However, sentiment can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

## 8. EXTERNAL BORROWING

- 8.1 The Council's capital financing requirement (CFR) – as at 1<sup>st</sup> April 2021 was £40.319m, currently projected to rise to £62.019m by 31<sup>st</sup> March 2022 if all 2021-22 capital schemes are completed. Whilst it is highly unlikely the full increase in the CFR will be required, this is planned for in the Capital programme, as in-year rescheduling would require Council approval that could cause delays. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council's external borrowing totalled £37m at 1<sup>st</sup> April 2021.

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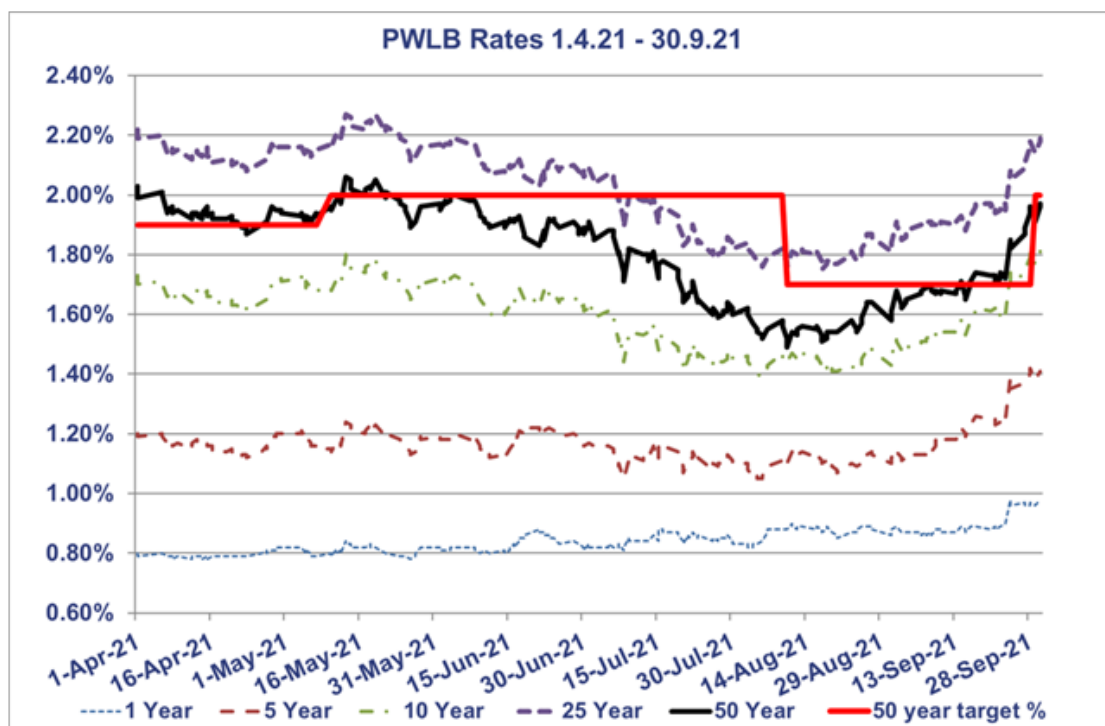
8.2 The table below shows the Council's external borrowing as at 30<sup>th</sup> September 2021, totalling £37m.

Lender	Date	Principal	Type	Interest Rate	Maturity
PWLB	15/03/13	£1m	Fixed interest rate	2.62%	15/03/22 (9 years)
PWLB	29/07/14	£1m	Fixed interest rate	3.99%	29/07/33 (19 years)
PWLB	20/10/14	£1m	Fixed interest rate	3.54%	20/10/56 (42 years)
PWLB	02/12/14	£1m	Fixed interest rate	3.44%	02/12/39 (25 years)
PWLB	20/01/15	£1m	Fixed interest rate	2.99%	20/01/39 (24 years)
PWLB	04/02/15	£1m	Fixed interest rate	2.87%	04/02/41 (26 years)
PWLB	04/02/15	£1m	Fixed interest rate	2.80%	04/02/37 (22 years)
PWLB	08/04/15	£1m	Fixed interest rate	2.96%	08/04/35 (20 years)
PWLB	02/07/15	£1m	Fixed interest rate	3.35%	02/07/32 (17 years)
PWLB	20/07/15	£1m	Fixed interest rate	3.40%	20/07/31 (16 years)
PWLB	29/07/15	£1m	Fixed interest rate	3.13%	29/07/30 (15 years)
PWLB	06/08/15	£1m	Fixed interest rate	2.96%	06/08/28 (13 years)
PWLB	02/02/16	£1m	Fixed interest rate	2.99%	02/02/63 (48 years)
PWLB	24/06/16	£1m	Fixed interest rate	2.21%	24/06/26 (10 years)
PWLB	03/03/17	£1m	Fixed interest rate	2.42%	03/03/62 (45 years)
PWLB	26/03/18	£1m	Fixed interest rate	2.28%	26/03/64 (46 years)
PWLB	14/09/18	£1m	Fixed interest rate	2.53%	14/09/60 (42 years)

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<b>Lender</b>	<b>Date</b>	<b>Principal</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Maturity</b>
PWLB	14/09/18	£1m	Fixed interest rate	2.49%	14/09/68 (50 years)
PWLB	25/09/18	£1m	Fixed interest rate	2.59%	25/03/62 (43.5 years)
PWLB	03/12/18	£1m	Fixed interest rate	1.79%	03/12/24 (6 years)
PWLB	12/12/18	£1m	Fixed interest rate	2.47%	12/12/68 (50 years)
PWLB	17/12/18	£1m	Fixed interest rate	2.46%	17/12/66 (48 years)
PWLB	11/02/19	£1m	Fixed interest rate	2.38%	11/02/65 (46 years)
PWLB	12/03/19	£1m	Fixed interest rate	2.36%	12/03/66 (47 years)
PWLB	25/03/19	£1m	Fixed interest rate	1.82%	25/09/27 (8.5 years)
PWLB	25/03/19	£1m	Fixed interest rate	2.29%	25/09/59 (40.5 years)
PWLB	26/03/19	£1m	Fixed interest rate	2.20%	26/09/67 (48.5 years)
PWLB	01/04/19	£1m	Fixed interest rate	1.80%	01/04/29 (10 years)
PWLB	04/06/19	£1m	Fixed interest rate	1.74%	04/11/29 (10.4 years)
PWLB	04/06/19	£1m	Fixed interest rate	2.17%	04/06/69 (50 years)
PWLB	26/06/19	£1m	Fixed interest rate	2.13%	26/01/61 (41.6 years)
PWLB	08/07/19	£1m	Fixed interest rate	1.86%	08/07/34 (15 years)
PWLB	20/08/19	£1m	Fixed interest rate	1.67%	20/08/69 (50 years)
Crawley Borough Council	10/12/19	£2m	Fixed interest rate	1.40%	10/12/21 (2 years)
Portsmouth City Council	30/06/20	£2m	Fixed interest rate	1.00%	30/06/22 (2 years)
<b>Total</b>		<b>£37m</b>			

- 8.3 Further borrowing may be scheduled in 2021-22 if the Council acquires any further properties utilising the Capital Portfolio Fund. Borrowing will be secured at the most appropriate time relating to the Council's cash flow and the borrowing rates. The Corporate Director: Resources/S151 is monitoring the rates closely, along with our treasury advisors, Link, to seek the most advantageous rates when the cash flow is required, although internal borrowing may well also be utilised.
- 8.4 The graph below shows the movement in PWLB certainty rates for the first six months of the year.



	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	0.78%	1.05%	1.39%	1.75%	1.49%
<b>Date</b>	08/04/2021	08/07/2021	05/08/2021	17/08/2021	10/08/2021
<b>High</b>	0.98%	1.42%	1.81%	2.27%	2.06%
<b>Date</b>	24/09/2021	28/09/2021	28/09/2021	13/05/2021	13/05/2021
<b>Average</b>	0.84%	1.16%	1.60%	2.02%	1.81%
<b>Spread</b>	0.20%	0.37%	0.42%	0.52%	0.57%



**9. DEBT RESCHEDULING**

- 9.1 Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates. No debt rescheduling has therefore been undertaken to date in the current financial year.

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

- 10.1 It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. Council’s approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Policy and Strategy Report.
- 10.2 During the financial year to date the Corporate Director: Resources confirms that the Council has operated within the treasury limits and Prudential Indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury Management Practices.
- 10.3 The Prudential and Treasury Indicators are shown in Appendix 1. These have been updated for the slippage in the Capital Programme and the associated requirements to undertake external borrowing.
- 10.4 The original prudential indicators in respect of the Capital Portfolio Fund are reported in Appendix 2; these will be updated during the revised budget process. More information on the performance of the Capital Portfolio Fund will be reported separately in future property focussed reports.

**11. LOCAL ISSUES**

- 11.1 As the capital programme expenditure progresses and balances of reserves that contribute to the make-up of the cash reserves available for investment reduce, further external borrowing may be sourced within affordability limits to fund approved projects. The Corporate Director: Resources currently considers that cash balances should be held at no less than £5m for a Council of our size (including the Council’s Working Balance of £1.2m).
- 11.2 This Council has fully complied with the requirements of DLUHC (formerly MHCLG) additional guidance regarding non-treasury investments. Whilst, in accordance with approved policies and strategies, these property acquisitions are not investments a new suite of prudential indicators is included in this report for full transparency.
- 11.3 The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of

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investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports. There are no such changes to treasury risk management to report at this mid-year stage.

- 11.4 The successful award and scheme progression of the £20.5m Future High Streets Funding is extremely positive and should boost regeneration of the district. This is the largest funding award ever made to this Council and the cashflows are being carefully planned as part of the detailed project management. There is liaison between the project team and the treasury management team so these exceptional expenditure and income flows can be factored into treasury management projections.
- 11.5 The Financial Strategy for 2017-20 approved in February 2017 included significant proposals for two Council Policies closely allied to the Treasury Management Service Strategy. The first of these policies was in relation to Loans to Third Parties (now renamed Development Loans Fund) for which an allocation of £10m was allocated in the 2017-18 Capital Programme. The second was to create a £25m Capital Portfolio Fund, subsequently increased to £26.5m; both policies support our corporate priority of regeneration and economic development. Expenditure is subject to specific approval and due diligence evidenced by each business case. No Capital Portfolio acquisitions have been made as at mid year 2021-22 and a single Development Loan for £1.9m has been made for the Silverwoods Suma Development. This loan was repaid in full, with interest on the 19<sup>th</sup> October 2021. The Fund Management agreement for the Development Loans Fund ended on the 29<sup>th</sup> October 2021 and the future of this regeneration initiative will be considered as part of the MTFS process.

## **12. KEY ISSUES**

- 12.1 The Key issues are contained in sections 3 to 11 of this report.
- 12.2 As reported previously, the returns the Council is currently receiving from investments are significantly lower than those achieved during the years up to 2007-08. Rates have subsequently plummeted since the outbreak of COVID-19 and funds available for investment are forecast to decrease significantly due to the effects of the pandemic on the Council's cash reserves.

## **13. FINANCIAL IMPLICATIONS**

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

**14. LEGAL AND POLICY IMPLICATIONS**

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

**15. RISK MANAGEMENT**

- 15.1 The Council is aware of the risks of passive management of the treasury portfolio. With the support of its external consultants we continue to proactively manage our investments. Link Group are the Council's advisors.
- 15.2 Shorter-term rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.
- 15.3 The future financial position for the Council continues to be extremely challenging. Whilst work has commenced on the ambitious Transformation Programme there is a risk that progress will be slower than currently scheduled. This together with reduced income and increased costs as a result of the ongoing impact of COVID as the country continues on the roadmap to recovery represents a significant risk.

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- 15.4 The Council holds a reasonable level of reserves and balances and these increased following the 2020-21 Final Accounts, so this mitigates financial risk in the short to medium term. However, relying on reserves to get us through until 2024 depends on further savings being implemented and the rate of drawing on reserves not increasing significantly.
- 15.5 The historically low interest rates on investments is a further drain on the Council's financial resources and comes at a time when treasury management cash flows are higher than normal due to the high level of COVID related funding being passported through districts. However, speculation that we could suffer from negative interest rates has not materialised and the economy does seem to be bouncing back to an extent, as lockdown unwinds. The volatility in the US and potential impact on global economic indicators is however of concern, Whilst PWLB borrowing rates, are still at historically low rates, no further PWLB borrowing has been taken so far in 2021-22 as the cost of internal borrowing has been much lower. There remains the potential to make savings in respect of future borrowing that will be taken into account at Revised Budget but this must be carefully timed.
- 15.6 There are however, major external risks that could undermine the position. The delayed reforms to local government finance represent significant uncertainty. More should be known once the Comprehensive Spending Review is published on the 27<sup>th</sup> October (not available at the time of writing). It is impossible to predict how and when they will affect Wyre Forest. New homes bonus might not survive (it is not funding distributed on the basis of needs), although alternative incentive mechanisms to encourage housing growth or other actions might be introduced. This ongoing uncertainty around future funding across the public sector remains a key risk making projections of future treasury cash flows very difficult.
- 15.7 The risks associated with property acquisitions that the DLUHC (formerly MHCLG) Guidance allies to treasury management are well documented in the approved Capital Strategy 2021-31 report:

[http://www.wyreforest.gov.uk/council/docs/doc56260\\_20201222\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc56260_20201222_cabinet_agenda.pdf)

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

## **16. EQUALITY IMPACT ASSESSMENT**

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

**17. CONCLUSION**

- 17.1 See Recommendations.

**18. CONSULTEES**

- 18.1 Link Group (Treasury Advisors).  
18.2 Cabinet Member for Finance and Capital Portfolio  
18.3 Corporate Leadership Team

**19. BACKGROUND PAPERS**

- 19.1 Local Government Act 2003.  
19.2 CIPFA's Revised Prudential Code for Capital Finance in Local Authorities, 2017.  
19.3 CIPFA's Revised Code of Practice on Treasury Management in the Public Services, 2017.  
19.4 Local Government and Housing Act 1989.  
19.5 Council 24/02/21 – Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and updated Prudential Indicators 2021-22  
19.6 Council 01/03/21 – Capital Strategy 2021-31  
19.7 Council 01/03/21 – Asset Management Plan 2021 onwards  
19.8 Council 22/09/21 - Annual Report on Treasury Management Service and Actual Prudential Indicators 2020-21

**APPENDIX 1 Prudential and Treasury Indicators**

PRUDENTIAL INDICATORS	2020-21	2021-22	2022-23	2023-24	2024-25
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
<b>Capital Expenditure</b>	4,904	35,070	19,678	1,806	1,363
<b>Ratio of financing costs to net revenue stream</b>	13.60%	19.72%	23.86%	23.28%	23.28%
<b>Local Indicator - Ratio of financing costs to net revenue stream including Capital Portfolio Income</b>	5.83%	6.36%	7.70%	7.51%	7.51%
<b>Gross Borrowing</b>					
brought forward 1 April	37,426	37,469	62,000	62,000	60,000
carried forward 31 March	37,469	62,000	62,000	60,000	58,000
<b>Capital Financing Requirement as at 31 March</b>	40,319	62,019	62,204	60,798	58,660
<b>Annual change in Capital Financing Requirement</b>	(247)	21,700	185	(1,406)	(2,138)
<b>Incremental impact of capital investment decisions</b>		£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum		-	-	-	-

The Prudential Indicators for 2021-22 onwards will be updated during the revised budget process.

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TREASURY MANAGEMENT INDICATORS	2020-21	2021-22	2022-23	2023-24	2024-25
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
<b>Authorised Limit for external debt -</b>					
borrowing	75,000	75,000	75,000	75,000	75,000
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Operational Boundary for external debt -</b>					
borrowing	65,000	65,000	65,000	65,000	65,000
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>
<b>Actual/Forecast external debt</b>	<b>37,469</b>	<b>62,000</b>	<b>62,000</b>	<b>60,000</b>	<b>58,000</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net principal re fixed rate investments	100%	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b>					
Net principal re variable rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for total principal sums invested for over 364 days</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
(per maturity date)	2m	2m	2m	2m	2m

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

The Treasury Management Indicators for 2021-22 onwards will be updated during the revised budget process.

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

These ratios will be updated during revised budget process.

Capital Portfolio Fund as at 30th September 2021		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 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.</i>	53.94%	53.22%	51.27%
<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 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.</i>	192.56%	203.91%	189.56%
<b>LOAN TO VALUE RATIOS</b>				
Loan to PPE value ratio (property)	<i>The amount of non treasury property debt compared to the total asset value (Long term assets - PPE).</i>	33.88%	33.18%	32.48%
Loan to value ratio (property only)	<i>The amount of property debt compared to the total property asset value (property portfolio only).</i>	108.41%	106.17%	103.93%
<b>CFR RATIOS</b>				
CFR - Property	<i>Property CFR as a proportion of the gross CFR</i>	42.98%	43.11%	43.25%
<b>FINANCING COSTS TO NET SERVICE EXPENDITURE RATIOS</b>				
Property investments financing costs to net service expenditure (NSE) ratio	<i>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.</i>	8.49%	10.22%	9.71%
<b>INCOME/INVESTMENT COVER RATIOS</b>				
Property investment cover ratio	<i>The total net income from property acquisitions, compared to the interest expense.</i>	6.43%	27.26%	32.28%
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>	4.96%	6.16%	6.32%
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>	0.19%	0.84%	1.00%
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>	4.11%	3.95%	3.98%
<b>TRENDS</b>				
Gross income	<i>The income received from the property portfolio at a gross level over time.</i>	(£1,883,220)	(£2,429,240)	(£2,461,450)
Operating costs	<i>The trend in operating costs of the non-financial investment portfolio over time, as the portfolio expands.</i>	£593,510	£531,580	£526,540
Financing costs	<i>The trend in financing costs of the non-financial property portfolio over time, as the portfolio</i>	£1,246,530	£1,702,190	£1,703,490
Net income	<i>The income received from the property portfolio at a net level (less costs) over time.</i>	(£43,180)	(£195,470)	(£231,420)

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



**Overview & Scrutiny Committee  
Work Programme 2021-2022**

**May 2021**

“How are we doing?” Q4 update (Housing and Planning)  
Update from the Environment Agency – Flooding Outcomes  
Wyre Forest Health and Wellbeing Plan Update (Recs to Cabinet)  
Kidderminster 2040 - A Town Centre Vision

**June 2021**

Kidderminster Future High Street Fund – Update  
Kidderminster Property Acquisitions – EXEMPT

Information Items:

Recommendation Tracking 2020-2021  
Feedback from Cabinet 19-05-2021

**July 2021**

Update from the WCC – Flooding Outcomes  
Climate Change Action Plan (Recs to Cabinet)  
Flood Mitigation Schemes  
Review of Kidderminster Town Centre Public Space Protection Order  
Nominations for Treasury Management Review Panel (Chair to be appointed)

**2 September 2021**

“How are we doing?” Q1 update  
Future High Streets Fund  
Local Lettings Plans and Rural Housing Policy 2021  
Worcestershire Homelessness and Rough Sleeping Strategy 2019-2022

**9 September 2021 (Special)**

Capital Portfolio Fund – Development Funding Proposal (EXEMPT)

**October 2021**

Treasury Management Strategy Statement and Annual Investment Strategy  
Backward Look 2020/21 & recs from the TMRP 20-09-2021  
Wyre Forest District Local Plan (2016-2036)  
Redevelopment of land, Market Street, Kidderminster (EXEMPT)

**November 2021**

“How are we doing?” Q2 update  
Quarter 3 Capital Portfolio Fund Performance Report  
Treasury Management Strategy Statement and Annual Investment Strategy Mid-year  
Review Report 2021-22 & recs from the TMRP 01-11-2021  
Business case for the use of Electric Vehicle Chargepoints on Council owned car  
parks

**December 2021**

Update on Future High Streets Programme delivery

**February 2022**

“How are we doing?” Q3 update

Treasury Management Strategy 2022-23 & recs from the TMRP 31-01-2022

Worcestershire Housing Strategy (Recs to February Cabinet)



## Overview & Scrutiny Committee

Report of: Kate Bailey

Date: 4 November 2021

Open  
(Please note the appendices are Exempt)

### **Business case for the use of Electric Vehicle Chargepoints on Council owned car parks**

#### **Summary**

Attached is a draft of a Cabinet report on this subject, which Cabinet is expected to consider on 9 November 2021.

The Overview and Scrutiny Committee is invited to consider the report and provide recommendations to Cabinet.

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

Kate Bailey  
Head of Strategic Growth  
Ext 2560

**WYRE FOREST DISTRICT COUNCIL**

**CABINET**  
**9 NOVEMBER 2021**

**Business case for the use of Electric Vehicle Chargepoints (EVC) on Council owned car parks**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Cllr Nicky Martin, Cabinet Member for Housing, Health, Wellbeing and Democratic services
<b>RESPONSIBLE OFFICER:</b>	Corporate Director: Economic Prosperity & Place.
<b>CONTACT OFFICER:</b>	Kate Bailey, Head of Strategic Growth
<b>APPENDICES:</b> <b>EXEMPT</b> - as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information).  Appendices two – five have been circulated electronically	Appendix One: Business case on the installation of EVC on council owned car parks. Appendix Two: Wyre Forest Electric Vehicle (EV) Infrastructure Planning Appendix Three: EVC financial modelling Appendix Four: Business case tables Appendix Five: Wyre Forest EV Infrastructure Planning, Addendum v1

**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to agree the final business case for Electric Vehicle Chargepoints (EVC) on Council owned car parks including detailed financial modelling undertaken by the Financial Services Manager and to proceed to implementation.

**2. RECOMMENDATION**

**The Cabinet is asked to:**

- 2.1 approve the business case at Appendix One;
- 2.2 support the need for procurement exercises (a) to select a suitable contractor for the installation of the electric vehicle chargepoints and the contestable elements of the grid connection work (b) to select a suitable contractor for operating the installed electric vehicle charge points, including in both cases soft market testing to help inform likely costs and the specification if required;
- 2.3 delegate authority to the Head of Community and Environment Services:
- 2.3.1 to advertise the amendment to the Wyre Forest District Council's Parking Places (Off-Street Parking Places) Order 2020 ("Parking Places Order") to reflect the

introduction of charging points in suitable parking spaces within car parks already included in the Parking Places Order; to incorporate its car parks at Green Street and Wyre Forest House in the Order (including use of suitable spaces for electric vehicle charging points); and, in consultation with the Cabinet Member for Operational Services, to consider operational requirements for the usage of the electric vehicle charging spaces, including duration of stay and car parking charges which will form part of the proposed amendments to the Parking Places Order;

2.3.2 in consultation with the Cabinet Member for Operational Services to consider any objections made as a result of the advertisement and, following such consideration, to decide whether the Parking Places Order should be amended; and

- 2.4 delegate to the Solicitor to the Council authority to make all of the agreed changes to the Parking Places Order.

**That Cabinet is asked to RECOMMEND to Council that:**

- 2.5 The Capital Programme is amended accordingly to accommodate the purchase and installation of Electric Vehicle Charging points together with the requisite revisions to the revenue budget as set out in Appendix 3 of this report.

**3. BACKGROUND**

- 3.1 The Council has acknowledged that global warming is an international crisis and declared a Climate Emergency in May 2019. In addition, the Council's Corporate Plan 2021-23 includes a "Safe, Clean and Green Living Environment as one of its two priorities.
- 3.2 A Green Advisory Panel was established in 20 May 2020 and have identified a "top ten" list of actions for the group to consider and make recommendations to the Council regarding. This includes reviewing the case for EVC in the district. As part of this work the Council has commissioned Cenex, a research and consultancy organisation that focuses on low emission transport & associated energy infrastructure, to review the scope for installation of EVC on car parks in Wyre Forest.
- 3.3 Cenex were commissioned to produce three principle studies; the first report, "Electric Vehicle Charging Infrastructure Planning (9 April 2020)" (Appendix Two), undertook research to consider the most appropriate locations for EVC both in public and private ownership; the second (Appendix Four) then considered the business case for the Council owned sites along with updated costs on grid connection after carrying out further work along with Western Power Distribution and the third and final report (Appendix Five) was "Electric Vehicle Charging Infrastructure Planning – an addendum" looking specifically at Raven Street in Stourport and completed in September 2021.
- 3.4 These reports have been considered by the Green Advisory Panel over the past eighteen months along with the business case, culminating in October 2021 when the Business Case and Financial Modelling (shown in Appendix One and Three) was presented.
- 3.5 In total the Cenex work proposes 30 EVC across eight council owned car parks. Please see table one in the Business Case for further information on the number, type and location of the EVC. Please note some of the chargepoints service two cars and therefore require two car parking spaces adjacent to one another.

#### 4. KEY ISSUES

- 4.1 The Cenex work undertaken on the Council owned car park sites has identified likely demand up to 2030 based on three different take up scenarios and considering four different types of delivery models. The detail around the models are outlined in Appendices two and five and included in Appendix One (the Business Case) in section 6 The Management Case. The details around the three take-up scenarios; low, mid and high are in Appendix Two, Table four; *Plug-in vehicle adoption by 2030 based on UK Government Industrial Strategy* and run throughout the report in a series of tables showing the different operating models and take up scenarios against expenditure and income.
- 4.2 The tables showing different take up scenarios against the different models are repeated in Appendix Five for Raven Street. However, in this report the modelling was updated to reflect the government announcement (December 2020) to end the sale of new petrol and diesel vehicles by 2030. The previous work undertaken and shown in Appendix Four identifies grid capacity and potential costs in relation to installation of EVC on the car parks.
- 4.3 The report to the Green Advisory Panel, in April 2021, recommended the appropriate delivery model, the “external operator model” and identified further work to be undertaken by the Finance team around the costs of borrowing and the financial viability of proceeding to instal the EVC before Cabinet could make a final decision about moving forward with the project. In the external operator model, the Council owns the EVC and so provides the capital to undertake the works but the operation of the chargepoint is agreed with an external supplier. The external supplier then provides the back-office system at no direct cost, in return for a share of net revenue gathered by the chargepoint. This share is assumed to be 10% of the toral revenue received. In addition, in April 2021 the GAP members asked officers to commission further work from Cenex around an appropriate location for EVC in Stourport.
- 4.4 The proposal costs are shown in the Business Case in Appendix One and will require Council approval for a supplementary capital estimate. It is proposed that the scheme is funded from Public Works Loan Board (PWLb) borrowing and the officer recommendation is that it goes before Council in December 2021 as an approval for a supplementary capital estimate (see Financial Implications below).
- 4.5 The EVC proposal is expected to generate a revenue stream over the life of the equipment and income will exceed the capital investment after debt charges and operating expenditure is considered based on the middle case scenario income projections prepared by Cenex. The total surplus generated over the life of the equipment is shown in the financial modelling in Appendix three.
- 4.6 The revenue impact analysis is an estimate and is based on soft market testing undertaken by Cenex. These figures, covering items such as maintenance, call out charges, annual electrical checks and operator costs won’t be finalised until a full procurement exercise has been undertaken. Costs will vary depending on the length of warranty the Council opt for and the costs from the potential suppliers.
- 4.7 Costs for installation of the EVC have been based on an average from three industry providers. Costs for the connection to the grid have been obtained from Western Power Distribution (WPD). These are split into contestable works, that the council could competitively procure and non-contestable works that have to be undertaken by WPD. It is likely that the contestable works costs would reduce through the competitive procurement.

- 4.8 Officers have undertaken the modelling based on the full capital costs being incurred at the start of the project rather than undertaking the works incrementally and adding to the EVC over time. This will lead to an over provision of EVC in the short-term but by 2030 would be meeting the estimated demand based on the mid-range scenario.
- 4.9 In addition to funding the chargepoints, the Council will need to fund the capital works to connect up to the grid. Further details around the costs are included in Business Case, section 5 The Financial Case in Appendix One.
- 4.10 Officers will need to undertake consultation and make amendments to the car parking order to enable the spaces to be utilised for EVC.
- 4.11 Revenue from the proposal is expected to cover all revenue costs, including the costs of borrowing, over the 10 year life of the equipment and this results in a deficit in years 1-4, so approval is also required for this. It is not expected that the scheme will generate a surplus until year 7. The average impact over the Medium Term (years 1 to 4) is circa. £25,980 per annum.
- 4.12 There may be an opportunity to offset some of the costs of installation of the EVC through the “On-street Residential Chargepoint Scheme” which provides grant funding for local authorities to install residential chargepoints. Although the Council’s car parks are not ‘on-street’ this funding may be applicable on some of the car parks close to residential areas where off-street parking is not available. By installing chargepoints in public car parks, residents without off-street parking can enjoy the convenience and value of charging their electric vehicles at home. This funding is available through the Energy Saving Trust and can cover up to 75% of the capital costs in relation to procurement and installation.
- 4.13 Once the soft market has been completed, officers will come back to Cabinet with a further report to seek approval on the precise procurement route and evaluation criteria to be followed and a further delegation for officers to award the contracts.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The financial case for the External Operator model of ownership is considered in the Business Case. The proposal will be capital expenditure so will require Council approval for a supplementary capital estimate. It is proposed that the scheme is funded from PWLB borrowing.
- 5.2 Revenue from the proposal is expected to cover all revenue costs, including the costs of borrowing, over the 10 year life of the equipment but there is a deficit in years 1-4 so approval is also required for this. It is not expected that the scheme will generate a surplus until year 7.
- 5.3 Detailed analysis of the estimated revenue impact is provided at Appendix 3. These estimates are based on soft market testing undertaken by Cenex and will not be finalised until a full procurement exercise has been undertaken. Sensitivity analysis has been undertaken and the results are summarised in the table below:

Table One - metrics summary for each of 3 income scenarios

<b>Annuity MRP, bullet repayment</b>	<b>Low uptake scenario</b>	<b>Mid point scenario</b>	<b>High uptake scenario</b>
Accounting Rate of Return	-3.37%	2.93%	9.31%
Average Revenue Impact (10 Year)	9,146	(7,945)	(25,224)
Impact on MTFS years 1-4	106,476	95,676	84,362
Simple Pay Back	9	8	7
NPV Pay Back	Exceeds Life	Exceeds Life	9
Internal Rate of Return	-0.72%	7.35%	11.09%
Gross Yield	16.19%	23.20%	30.28%

- 5.4 Officers will liaise with the Energy Savings Trust to identify any funding opportunities that may be offered by grants such as the “on-street residential scheme” to reduce the capital requirement.

## **6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 The Local Government Act 2003 provides a local authority with a discretion to borrow and invest provided it is doing so for a purpose within its functions, as part of the prudent management of its financial affairs and within its affordable borrowing limit. In addition a local authority has the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or right) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions under the Local Government Act 1972 s 111(1) and has a general power of competence under the Localism Act 2011.
- 6.2 The Council has acknowledged that global warming is an international crisis and declared a Climate Emergency in May 2019.
- 6.3 Officers will need to undertake consultation and make amendments to the Parking Places Order to enable the spaces to be utilised for EVC. This will be required once the full costs of installing EVC have been identified through the procurement exercise.
- 6.4 The way the car parking spaces with charging points are managed will need to be changed and so the Parking Places Order will need to be amended. This may mean changes to periods of stay and charging, in some cases where there are currently no charges to park, and the inclusion of spaces in the order to ensure that parking can be managed. This will all need to be the subject of consultation before amendments can be made.

## **7. EQUALITY IMPACT NEEDS ASSESSMENT**

- 7.1 An Equalities Impact Screening Assessment has been undertaken. The policy gives consideration to and has a positive impact for some older people and those with a disability who may be more reliant on private vehicles as a means of transport. There are no negative implications identified for other groups with a protected characteristic.

## **8. RISK MANAGEMENT**

- 8.1 As highlighted in the report and business case, the Green Advisory Panel's preference was for the “External Operator” model. This model reduces the risk to the Council as the chargepoints will remain broadly in the control of the Council,



whilst the service is provided by an experienced operator and the Council will retain land and chargepoint ownership.

- 8.2 If the business case is approved by Cabinet, officers will work closely with procurement to identify the most appropriate route to undertake this work including identifying any appropriate frameworks for procuring contractors quickly and efficiently. This will manage the risks around not identifying suitable service providers / contractors and the level of costs.
- 8.3 The risks for delivering this project are explored in more detail in Table six of the Business Case, at Appendix One.

## **9. CONCLUSION**

- 9.1 Installing EVC into Council owned car parks and other Council owned sites will support the council's wider objectives around reducing carbon emissions and demonstrate the Council's commitment to tackling climate change.
- 9.2 The capital investment is required to deliver 30 EVC by 2030 across eight council owned car parks. This will generate an estimated overall surplus by 2030 based on the mid-range scenario for demand. However, the project won't be profitable until after year seven based on the income projections and so there will be an impact on the Council's Medium Term Financial Strategy.
- 9.3 If the proposal is supported then the officers will need to undertake soft market testing to help information a specification and then carry out a procurement exercise to identify an appropriate contractor for the installation and contestable works and also for the external operator, if that is the model pursued. The precise nature of the procurement including evaluation criteria will be the subject of a further report to Cabinet.

## **10. CONSULTEES**

- 10.1 CLT
- 10.2 Green Advisory Panel

## **11. BACKGROUND PAPERS**

- 11.1 Not applicable