

# Council Agenda



**6.00 pm Thursday, 18 February 2021  
via Microsoft Teams**

**In accordance with Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held on a virtual basis. Members of the Public can view a live stream of the meeting at:**

**<https://www.darlington.gov.uk/livemeetings>**

**Members of the Public may submit questions to be asked on their behalf of the relevant Portfolio Holder. Questions should be submitted to Paul Dalton ([paul.dalton@darlington.gov.uk](mailto:paul.dalton@darlington.gov.uk)) by 6.00 pm on Wednesday, 17<sup>th</sup> February 2021.**

1. Introductions / Attendance at Meeting.
2. Declarations of Interest.
3. Announcements.
4. Questions - To answer questions where appropriate notice has been given from Members of the Public
5. Medium Term Financial Plan –  
Report of the Chief Officers Executive  
(Pages 3 - 66)
6. Darlington Capital Strategy –  
Report of the Chief Officers Executive  
(Pages 67 - 86)
7. Housing Revenue Account - MTFP 2021/22 to 2024/25 –  
Report of the Director of Economic Growth and Neighbourhood Services  
(Pages 87 - 104)
8. Prudential Indicators and Treasury Management Strategy 2021/22 –  
Report of the Managing Director  
(Pages 105 - 146)
9. Setting The Council Tax for 2021/22 –

Report of the Managing Director  
(Pages 147 - 156)

10. Police and Crime Commissioner, Tees Valley Combined Authority and By-Elections - May 2021 –  
Report of the Managing Director  
(Pages 157 - 174)



**Luke Swinhoe**  
**Assistant Director Law and Governance**

**Wednesday, 10 February 2021**

**Town Hall**  
**Darlington.**

**Membership**

The Mayor, Councillors Ali, Allen, Baldwin, Bartch, Bell, Boddy, Dr. Chou, Clarke, Cossins, Crudass, Crumbie, Mrs Culley, Curry, Donoghue, Dulston, Durham, Harker, Haszeldine, Heslop, Holroyd, Howell, C L B Hughes, L Hughes, Johnson, B Jones, Mrs D Jones, Keir, Laing, Layton, Lee, Lister, Lucas, Marshall, McCollom, Mills, Newall, K Nicholson, M Nicholson, Paley, Preston, Renton, A J Scott, Mrs H Scott, Snedker, Tait, Tostevin, Wallis and Wright

If you need this information in a different language or format or you have any other queries on this agenda please contact Paul Dalton, Elections Officer, Resources Group, during normal office hours 8.30 a.m. to 4.45 p.m. Mondays to Thursdays and 8.30 a.m. to 4.15 p.m. Fridays Email: [paul.dalton@darlington.gov.uk](mailto:paul.dalton@darlington.gov.uk) or Telephone 01325 405805

**SPECIAL COUNCIL  
18 FEBRUARY 2021**

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**MEDIUM TERM FINANCIAL PLAN**

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**Responsible Cabinet Member - Councillor Heather Scott  
Leader and all Cabinet Members**

**Responsible Director – Chief Officers Executive**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To approve a Medium Term Financial Plan (MTFP) for 2021/22 to 2024/25 including setting a budget and council tax increase for 2021/22.

**Summary**

2. The Council has faced significant challenges over the last decade following the economic downturn and reduction in public sector spending. To date, the Council has been successful in responding to these challenges but this is becoming increasingly difficult, particularly in respect of a growing elderly population; pressure in the children's social care sector and of course the major economic impact of Covid-19 which has had a direct impact on the Council's finances this year and will undoubtedly be felt for a number of years to come. We must therefore press ahead with our top priority of growing Darlington's Economy and continue to be creative and find innovative ways of working.
3. The Local Government Finance settlement delivered on the 17 December 2020 confirmed a number of funding streams announced in the spending review for 2021/22 including Social Care grant, Covid-19 support, the continuation of Revenue Support Grant and an Adult Social Care precept. This funding is welcomed and will assist the Council in its Covid-19 response and mitigate some of the pressure faced that will be faced in 2021/22 and beyond.
4. The Council undertook a significant consultation exercise in 2016 following an in-depth and detailed review of all services which resulted in the agreement of a Core Offer budget which allowed for a small fund allocated to discretionary services. Furthermore, in subsequent MTFP's Members following consultation agreed to use unallocated balances of £6.5m to invest in five areas which hold great value to our community and encourage economic growth, they were;
  - (a) Community Safety
  - (b) Maintain an attractive street scene environment
  - (c) Maintaining a vibrant town centre
  - (d) Developing an attractive visitor economy
  - (e) Neighbourhood renewal

5. The Core offer remains challenging with some significant pressures arising in social care and the ongoing impact of Covid-19. Nevertheless, through tight financial management, innovative financial investments and increased income from economic growth successes, the Council can still deliver the agreed balanced plan, finance the MTFP a further year to 2024/25 whilst retaining usable balances of £3.738m.
6. In summary, if the recommendations are agreed the Council's financial position is robust with a four-year balanced MTFP and funds available for investment which will be delegated to Cabinet.

### **Recommendation**

7. Council are requested to:
  - (a) Approve the Revenue MTFP as set out in **Appendix 7** including the following:
    - (i) Council tax increase of 1.99% plus a 3% Adult Social Care Precept to help fund social care, for 2021/22 totalling 4.99%.
    - (ii) The Schedule of Charges as set out in **Appendix 3**.
    - (iii) The Futures Fund investment into 2024/25 as set out in paragraph 62.
  - (b) Approve a delegation for Cabinet to vary the Revenue Budget for 2021/22 by up to £0.5m without further Council approval.

### **Reasons**

8. The recommendations are supported by the following reasons:
  - (a) The Council must set a budget for the next financial year.
  - (b) To enable the Council to continue to plan services and finances over the medium term.
  - (c) To ensure decisions can be made in a timely manner.

### **Chief Officers Executive**

### **Background Papers**

No background papers were used in the preparation of this report.

Elizabeth Davison: Extension 5830

S17 Crime and Disorder	The report contains proposals to continue to allocate resources in support of the Council's Crime and Disorder responsibilities
Health and Well Being	The report contains proposals to continue to allocate resources in support of the Council's Health and Well Being responsibilities
Carbon Impact and Climate Change	The proposals in the report seek to continue to support the Council's responsibilities and ambitions to reduce carbon impact in the Council and the Borough.
Diversity	There are no specific proposals that impact on diversity issues.
Wards Affected	All wards are affected
Groups Affected	All groups are affected by the Council Tax increase.
Budget and Policy Framework	The MTFP, Budget and Council Tax must all be decided by full Council
Key Decision	The MTFP, Budget and Council Tax must all be decided by full Council
Urgent Decision	The MTFP, Budget and Council Tax must all be decided by full Council
One Darlington: Perfectly Placed	Within the constraints of available resources it is necessary for the Council to make decisions involving prioritisation. The proposals contained in this report are designed to support delivery of the Sustainable Community Strategy, and the Council Plan within those constraints.
Efficiency	Efficiency savings which do not affect service levels have been included in the MTFP.
Impact on Looked After Children and Care Leavers	Children's social care continues to be resourced to provide good outcomes for Looked after Children or Care Leavers.

## MAIN REPORT

### Background and context

9. The Council has faced significant financial challenges over the last decade as the Government responded to the worldwide economic downturn by introducing public sector spending reductions. This was exacerbated by a growing demand for services, particularly in relation to social care, both Adults and Children's services. As a result, an in-depth review of all service provision was undertaken in 2016 following a need to reduce the budget by a further £12m, and a significant consultation exercise was held with the public. This resulted in the agreement of a Core Offer budget, which reduced expenditure and services to a risk based minimum level with a small investment fund of £2.5m per annum for services which the Council does not have to provide, but which add great value to Darlington and its residents.
10. Subsequently following good progress made on achieving savings, strong cost management and innovative treasury initiatives over the following years the Council was in a position to add to the futures fund and unallocated balances of £6.5m were invested in the following five areas which hold great value to our community and are consistent with the councils priorities in particular the key priority of Growing Darlington's economy:-
  - (a) Community Safety
  - (b) Maintain an attractive street scene environment
  - (c) Maintaining a vibrant town centre
  - (d) Developing an attractive visitor economy
  - (e) Neighbourhood renewal
11. The funds are being utilised as expected to make positive change, the progress of which is detailed later in the report.
12. The core offer budget plus the futures fund as noted above is the starting position for this year's MTFP.
13. This year the Coronavirus pandemic has brought further considerable challenge and Darlington is facing significant pressures on its expenditure budgets and more significantly on its income streams. The impact is across the board but being particularly felt across leisure and culture facilities that have been required to close; on car parking revenues and reductions in council tax income as housebuilding slowed in the early part of the year along with an increase in Local Council Tax support claimants, all of which are having a major effect. The Government have provided support in the form of various grants in 2020/21 which have been helpful in sustaining services and have also confirmed additional Covid-19 support in 2021/22 which is welcomed however despite this it is clear the financial and economic impact will be ongoing into future years.
14. It is therefore very challenging to predict expenditure and income levels moving forward so best estimates have been used and assumptions made on the impact of Covid-19 on budgets in 2021/22. For future years it is assumed income and expenditure levels will return to normal from 2022/23 onwards and no further Government Covid-19 funding is received.

## Updated Information and changes to the draft MTFP

15. As a result of updated information since the draft MTFP was approved for consultation, a number of changes have been made to this proposed MTFP. These changes along with the references to where they appear in the report are shown below:

No.	Change	Effect	Para	App
1	Additional Covid-19 grant (tranche 5) from Government	Improves reserves by £2.958m	36, 47, 48, 63	7
2	Settlement – New Homes Bonus for 1 additional year	Improves reserves by £0.465m	33, 47, 48, 63	7
3	Settlement – additional allocation from £300m on Adult Social Care Support Grant	Improves reserves by £0.091m	35, 47, 48, 63	7
4	Settlement – Lower Tier Services Grant	Improves reserves by £0.143m	47, 48, 63	7
5	Settlement – Inflation on RSG	Over the life of the MTFP improves reserves by £0.080m	47, 48, 63	7
6	Settlement – reduction on inflation on top up Grant	Over the life of the MTFP reduces reserves by £0.178m	47, 48, 63	7
7	Qtr 3 Revenue Budget Management	Improved position at Quarter 3 budget less the already anticipated 75% collection fund contribution increases reserves by £0.562m	59, 63	5, 7
8	Investment Return, overstatement in the draft MTFP.	Reduction in Investment return in 24/25 reduces reserves by £0.502m	16, 30, 48, 63	7
9	Pay award	Previous anticipated saving removed. Prudent measure given recent soundings on the 2021/22 Local Government Pay award. 2% pay award for Local Government in 2021/22 reduces the reserves over the life of the MTFP by £2.284m	16, 30, 48, 63	7
10	Climate Change	Creation of a Climate Change Reserve for pump priming purposes reduces general reserves by £0.100m	25, 63	7
11	Dolphin Centre	Freezing prices for junior swims creates an additional pressure of £0.016m over the life of the MTFP	26, 30, 48, 63	1, 7

12	ICT architecture reserve	Earmarked ICT Architecture Fund reduces reserves by £0.500m	27, 63	7
13	Change Fund	The creation of a Change Management Fund reduces reserves by £0.200m	29, 30, 48, 63	1, 7
14	Stronger communities fund	Reduced reserves by £0.050m	28, 63	7
15	Futures Fund	Neighbourhood renewal top up £0.150m reduced reserves	62, 63	7
16	Additional pressures	Pressures identified in Health and Safety and elections. Reduced reserves by £0.080m	16, 30, 48, 63	1, 7

## Financial Analysis

### Projected Expenditure

16. Estimates attached at **Appendix 1** have been prepared based on current service levels and include known pressures and efficiencies which are summarised below and detailed in **Appendix 2**. The most significant are however discussed in the following paragraphs. Assumptions used when preparing the estimates are set out at **Appendix 4**.

<u>Summary of Savings/Pressures</u>	<b>Estimate 2021/22</b> £m	<b>Estimate 2022/23</b> £m	<b>Estimate 2023/24</b> £m	<b>Estimate 2024/25</b> £m
Efficiencies/Savings offsetting pressures	(2.706)	(2.429)	(2.209)	(1.802)
Service Demand	1.609	1.744	1.918	2.077
Price Inflation	0.318	0.912	1.352	2.152
Reduced Income	0.034	0.018	0.019	0.020
Other	0.144	0.125	0.126	0.127
Current Savings Shortfalls	0.011	0.011	0.011	0.011
COVID-19 pressures	3.124	0.645	0.625	0.418
Total	2.534	1.026	1.842	3.003

17. **Efficiencies/Savings** – there are significant anticipated savings over the life of the MTFP of £8.6m. The largest of which comes from increased investment returns from the two new Joint Venture companies Darlington has formed with ESH construction to build houses. Along with the profits comes a positive financing return from the loans made to the companies which are provided on state aid rates.
18. Further savings continue in street lighting electricity charges following the replacement columns, from lower borrowing costs, inflation being lower than initially anticipated and there has also been reduction in Business rates on Council properties following revaluation.



19. **Service demand** – the most significant pressure in this category is an increase anticipated for adults with learning and physical disabilities. Whilst the numbers are not high the package costs per placement are significant.
20. Disabilities and the increase in children coming into the local authority has put pressures on both staffing levels and the adoption budget. This pressure is being felt across the country with most Councils' reporting overspends in this area. The Council has been awarded a £1.2m grant from the DfE to assist in transforming social care practice within Darlington and the team is working in partnership with Leeds City Council who have already been through this process. The ultimate aim is to improve outcomes for children, focus on prevention and reducing the number of children who need to come into care and ultimately reduce the budget pressure.
21. We have a number of contracts relating to care leavers, missing from home and safer families and homelessness where demand has increased and/or no inflation has been provided over the last few years. These contracts provide vital services and if they were not continued would undoubtedly increase demand in children's services and ultimately higher costs. There is pressure in School transport due to an increase in the number of children the local authority is required to transport to school.
22. **Inflation** – our domiciliary social care contracts are linked to various inflation factors, the main one being the national living wage which is anticipated to be higher than amount provided for in our expenditure budgets, additional funding is therefore required for our social care providers and direct payment clients.
23. **COVID-19** – the coronavirus pandemic has had a significant effect on the Councils expenditure and income budgets. To date the government has responded with help to offset a large proportion of these pressures. It is clear the pressures will extend into futures years, in particular the impact on our economy and the subsequent impact on Council tax and business rate income. An estimate has been made on the direct service impact in 2021/22 with the assumption it will return to normal in 2022/23.
24. The recent spending review confirmed Tranche 5 Covid funding for 2021/22 at £2.958m which will cover the vast majority of the anticipated COVID pressures shown above and that funding is included in the income projections in paragraph 47. Furthermore, an assumption has been made on the continuation of the Sales, Fees and Charges recompense grant for three months and this is detailed in paragraph 36.

### **Additional budget provisions**

25. **Climate change** – the Council recognises the threat of climate change and passed a motion committing the Council to reach net zero carbon emissions by 2050. As part of the commitment a climate change strategy has been developed and work is ongoing to identify and deliver the key actions and intervention measures required to meet this commitment. In order to facilitate the progression of the plan a £0.100m climate change fund is proposed.
26. **Junior swims** – during Scrutiny Committee consultation the proposed increase in the cost of a junior swim was debated. It was recommended this remains at current levels given that when the Dolphin Centre reopens it may help encourage parents

to bring children swimming which would improve their health and wellbeing. This would cost £0.004m per annum and has been built into this MTFP.

27. **ICT Architecture fund** – the Council responded rapidly to enable staff to work from home efficiently and effectively when the coronavirus pandemic took hold. Over 750 staff were mobilised to work at home with the roll out of Microsoft teams and appropriate ICT facilities. This has presented the Council with an opportunity to transform the way it works in the future and an Agile working project has been established to capitalise on this. One of the consequences is the need for an ICT hardware refresh to enable the teams to be as productive as possible and the ICT architecture fund needs to be replenished. £0.500m has been identified and included in the plan.
28. **Stronger Communities Fund** - To assist in grass roots projects and initiatives in each of the elected members wards it is proposed the Council makes £0.001m available to each member to utilise as they see fit in their communities. This will be explored fully in a forthcoming Cabinet report however the finance element of £0.050m has been earmarked in this report.
29. **Change fund** – as previously noted the Council will have financial challenges moving forward particularly in regard to the Covid-19 recovery. In order to aid change and the transformation of services to assist in meeting these pressures, innovation and creativity will be required. Given the Council is running at core service levels there is limited scope to resource projects and pump prime initiatives. It is therefore proposed an earmarked change fund of £0.200m is established to be used and allocated as and when required by the Director of Operations to enable the resourcing of change initiatives.

### **Total Expenditure**

30. Taking the above savings and pressures into account the projected expenditure is shown in the table below: -

	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
Children and Adult Services	61.026	63.497	65.465	67.672
Economic Growth & Neighbourhood Services	24.326	22.664	23.372	24.245
Resources	10.550	10.936	11.109	11.330
Financing costs	0.823	0.956	2.921	2.933
Investment Returns	(1.546)	(1.286)	(1.349)	(1.130)
Council Wide Pressures/(savings)	(0.499)	0.008	0.004	0.004)
Council Wide Contingencies *	0.725	0.525	1.512	1.512
<b>Total Expenditure</b>	<b>95.405</b>	<b>97.300</b>	<b>103.034</b>	<b>106.566</b>

\* Includes apprentice levy and previously agreed risk contingency for provision of ordinary residency costs in Adult services along with a provision for the Change Management Fund.

## **Projected Income**

### **Local Government Finance Settlement.**

31. The Local Government Finance Settlement was finalised and published on 4 February 2021. The settlement is for one year only given the uncertainty of Covid-19 and therefore the following three years are based on the allocations for 2021/22 along with best estimates given the most up to date information available. All assumptions are summarised in Appendix 4 and detailed in the relevant sections below, however the overriding principle is that we will receive a cash equivalent grants funding for all government funding streams unless otherwise stated.

### **Core Grant funding to Local Government**

32. **Revenue Support Grant (RSG)** has become a reducing element of the Council core funding over recent years and we were anticipating a further reduction in 2020/21 which didn't materialise. 2021/22 allocations have been confirmed and we have assumed it will continue across the life of the MTFP.
33. **New Homes Bonus (NHB)** is included in core Government funding as it is top sliced from RSG. However, in the last three Local Government Finance Settlements, there have been changes to the formula whereby a national baseline of 0.4% was set, the payment for each property was reduced from 6 years to 4 years and latterly that no new payments are made going forward with only legacy payments paid up until 2022/23. The spending review confirmed the NHB would continue for a further year without legacy payments and this has been updated in the projections.
34. **Better Care fund** - Members will recall that previous year changes to the NHB scheme along with the reduction in RSG funded the Improved Better Care Fund which was separate to the funding stream allocated direct to the NHS. This was in recognition that Councils were under significant pressure in regard to social care funding, it was initially a three-year pot but continued in 2020/21 as core funding. The spending review confirmed this will continue into 2021/22 and for estimate purposes it has been assumed this funding will continue over the life of the MTFP given it is part of the core funding settlement.
35. **Social Care funding** - In recognition of the significant pressures being faced by Councils in social care due to the growing elderly population and increases in children looked after, the Chancellor announced access for Councils to an additional £1 billion for social care for 2021/22. £300m in Social Care grant and £700m through an Adult Social Care precept. Darlington's allocation of the £300m is £0.641m and has been assumed for one year. The core grant funding has been assumed to continue into future years. It is also assumed the Winter Pressures funding received in the last two years is mainstreamed into the core baseline funding.

## COVID-19 Funding

36. **As noted above the** recent spending review confirmed tranche 5 Covid-19 funding for 2021/22 at £2.958m which will cover the vast majority of the anticipated Covid-19 pressures for 2021/22 if the pandemic doesn't continue and the assumption on reopening of services is correct. We have also been notified the Sales Fees and charges recompense scheme will be continued for the first quarter of 2021/22 and it is estimated this will be £0.616m.

## Council Tax Income

37. Due to reduction and reliance on Government funding over the last ten years, Council Tax is now by far the largest single funding stream and will increase further as a percentage over the coming years representing 61% of projected resources anticipated by 2024/25. The on-going increases reflect the Cabinet's view that income from Council Tax needs to increase to protect key services. Members will recall that a 1% increase in Council Tax equates to an annual revenue of £0.520m.

The Council Tax referendum limit has been set at 2% for 2021/22 and this MTFP assumes a council tax increase of 1.99% for 2021/22 and across the rest of the MTFP. In addition, as noted in paragraph 29, Local Authorities have been given access to additional social care funding through an adult social care precept of 3% in 2021/22, this is in recognition of the extreme pressure councils are facing, particularly in regard to demand and the increasing demographic of older people and rises in people with complex needs. Adult social care is by far our largest overall budget and the precept is required to help in funding the on-going sustainability of the service. The precept is on top of the 1.99% Council Tax so the overall increase for 2021/22 would be 4.99%.

38. The Council Tax base has been affected by Covid-19 firstly due to the increase in Local Council Tax support claimants and also a slight reduction in housebuilding in the earlier part of the year. Moving forward Planning estimates anticipate growth levels to be an average of 433 band D equivalent properties over the period of this plan which is a growth on the tax base of 1.08% per annum, lower than anticipated in the current MTFP due to the ongoing effect of Covid-19. These figures have been used to prepare the estimates; clearly should this be any different income levels will differ. The collection rate (of collectable debt) is anticipated to remain at 99% in 2021/22, but as mentioned previously other factors are impacting on the overall income levels.
39. Taking the above into account Council Tax income over the period of this plan is estimated as follows:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Total Council Tax anticipated	55.030	56.809	58.594	60.643

## National Non-Domestic Rates (NNDR)

40. The Council retains 49% of NNDR collected and can gain or lose depending on whether the net tax collected increases or decreases. The Government via the valuation office sets rateable values and the rate paid in the pound is increased each year in line with the Consumer Price Index (CPI). The business tax-base is far more volatile than the council tax base and requires very close monitoring. In addition to the potential to “lose” income due to business closures the Council also carries the risk of losing appeals by businesses against valuations. This is even more significant during and post Covid-19 and there will undoubtedly be an effect on the economy and business rates moving forward unless further support is provided to businesses.
41. For MTFP purposes a pressure has been included in the projections for 2021/22 onwards due to a reduction in CPI which at September stood at 0.5% and on which the NNDR multiplier is based and subsequently impacts on the Council’s income levels, previous assumptions had been a 2% increase in CPI in 2021/22.
42. Members will recall one of the three conditions identified to help the Council tackle the reduction of government grant and increasing service demand was to grow the economy. This is the key priority in the Council Plan and the Economic Strategy gives priority to increasing business within the borough and significant effort has been put into achieving growth. This has been rewarded with a positive net increase in current and projected NNDR collected over the MTFP. Sites such as Symmetry Park and the Horizon Centre are all contributing to the growth. Notwithstanding these major developments, attracting businesses into the Town by their very nature takes time and upfront investment, particularly in these challenging times, so this is an area which needs continued prioritisation and pump prime funding so growth can continue. It needs to be remembered that net growth in NNDR collected relies on growth outstripping revaluations and reductions which can be very challenging in the current economy.
43. The in-year collection rate target for NNDR is 98.0% and as at the end of December 2020 is 83.3% and on track to achieve the target.
44. Taking the above into account the projections of NNDR are shown below:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Business Rates retained locally	19.016	19.318	19.697	20.075

## Collection Fund

45. The Collection Fund account reflects the statutory requirements for the Council to maintain a separate Fund in relation to the operation of Council Tax and the Business Rates Retention Scheme (BRRS). The Fund records all of the transactions for billing in respect of Non-Domestic Rates (NNDR) and Council Tax, exemptions and discounts granted, provision for bad debts and appeals and payments made to the Council’s General Fund, the Police and Fire and Rescue precept authorities and Central Government. There is an identified deficit given the impact of COVID-19 noted previously and these have been taken account of in the proposed MTFP. The Chancellor has recognised the impact Covid-19 has had on

the ability to collect revenue in these areas and in the Spending Review committed to fund 75% of the 2020/21 deficit. The overall impact on 2020/21 won't be known until the new financial year, however an estimate based on current knowledge has been included and added to our reserves figure as due to the technical nature of the fund it will be paid as a grant and not directly into the collection fund.

## Other Grants

46. Set out below are the estimated specific grants which as the title suggests are for specific areas of expenditure as dictated by the government and cannot be used for other areas. The main one being the Public Health ring fenced grant. These grants are included in service estimates at Appendix 1.

	<b>2021/22</b>
	<b>£m</b>
Public Health Grant	8.401
PFI Grant	3.200
Strengthening Families Grant	0.600
Youth Justice Board	0.223
Local Reform & Community Voices	0.057
Adult & Community Learning	1.385
Staying Put	0.050
Community Engagement & Crime Grant	0.019
Heritage Action Zone	0.046
Towns Fund	0.016
Bus Service Operators Grant	0.009
Denes Restoration	0.014
	14.020

## Total Income

47. The table below summaries the Council's estimated income for the period of this plan which thanks to the increase in social care funding, continued economic growth and house building activity, and the subsequent increases in council tax and NNDR, confirms a much-needed increase in income given our expenditure pressures.

<b>Resources - Projected and assumed</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
Council Tax	55.030	56.809	58.594	60.643
Business rates retained locally	19.016	19.318	19.697	20.075
Top Up Grant	7.297	7.457	7.603	7.749
RSG	3.634	3.614	3.614	3.614
New Homes Bonus	1.182	0.425	0.000	0.000
Better Care Fund	4.356	4.356	4.356	4.356
Adult Social Care Support Grant	3.593	2.952	2.952	2.952
Covid 19 funding inc SFC	3.574	0.000	0.000	0.000
Lower Tier Services grant	0.143	0.000	0.000	0.000
<b>Total Resources</b>	<b>97.825</b>	<b>94.907</b>	<b>96.792</b>	<b>99.363</b>

## Projected MTFP

48. Set out in the table below are the projections based on the income and expenditure analysis discussed in the previous sections along with the required use of balances over the period. The projections assume additional futures funding for ongoing commitments in 2024/25 is agreed and allocated as noted in paragraph 57.

	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
Estimated Expenditure	92.871	96.274	101.192	103.563
Add Pressures / Additional savings	2.534	1.026	1.842	3.003
	95.405	97.300	103.034	106.566
Projected Total Resources	(97.825)	(94.907)	(96.792)	(99.363)
Projected budget (surplus)/deficit	(2.420)	2.393	6.242	7.203
Utilisation of balances	2.420	(2.393)	(6.242)	(7.203)
<b>Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## **Futures Fund**

49. As noted earlier the Council allocated £6.5m to the futures fund, a mix of one-off funding across five themes (£4.1m) and an ongoing revenue stream for Community Safety and Maintaining an Attractive Street Scene Environment (£2.4m).
50. The fund is being used to support the core offer budget, in particular areas which will help grow Darlington's Economy through keeping the borough clean, safe and healthy whilst valuing our heritage and culture, alongside working with communities to maximise their potential.
51. To date £3.401m has been committed to the themes with a balance of £0.699m remaining. A summary of commitments is noted below.

### **Futures Fund - Theme 1 - Community Safety (£0.950m)**

52. £0.931m of the fund has been committed, £0.866m on staffing across the six years. This is to improve resilience and robustness in the team particularly as community safety is a key priority for the Council. £0.065m was for the purchase of a mobile CCTV camera and deployment over the years.

### **Futures Fund - Theme 2 – Maintaining an Attractive Street Environment (£0.500m)**

53. £0.180m has been allocated to employ an arboriculture team leader to help address the increasing workload in regard to trees. £0.100m for a street orderly concentrating on keeping the arterial roads and areas into Darlington clean, £0.051m on a back-lane crew to help tackle fly tipping and £0.055m on trees in the town centre. The remaining funding has not been committed yet. The core funding allocation of £0.300m per annum has made a significant impact on the street environment. Grass cutting returned to a 12-15 day cycle which improved the look of the borough over the summer period and more frequent cleanses and litter picks have made a noticeable difference. Floral displays helped in achieving the Northumbria in bloom awards accolades.

### **Futures Fund - Theme 3 – Maintaining a Vibrant Town Centre (£1.5m)**

54. The Town Centre faces a number of challenges as do many towns across the country due to the increase in on-line shopping and out of town retailing. £1.170m of the funding has been committed across a number of areas including a one of grant to the House of Fraser to facilitate the store remaining open following the financial difficulties they faced and the announcement of store closures across the country. The fund is also supporting a full Town Centre events programme such as the Festival of Ingenuity, Pride and the Ice Sculpture installations all of which encourage footfall.

### **Futures Fund - Theme 4 – Developing an Attractive Visitor Economy (0.500m)**

55. £0.283m has been committed against this theme including Heritage Action zone funding and the development of live stream events and a feasibility study exhibition of early locomotives for the 2025 200th Anniversary of the opening of the Stockton and Darlington Railway. The uncommitted amount will be used to further pump prime investment and match fund initiatives on these and other culture opportunities.



## **Futures Fund - Theme 5 – Neighbourhood Renewal (0.650m)**

56. One of the Council priorities is to work with communities to maximise their potential and enjoy a good quality of life. The funding in this theme is aimed at assisting with this priority and £0.632m has been allocated to various initiatives including £0.050m to the Darlington Credit Union to enable them to continue work in addressing financial hardship and across households in Darlington; £0.187m for a skills and employability officer to understand what skills are required in the borough and take action to promote employment; £0.197m to run initiatives and part fund a programme officer for the Northgate project which is a multi-agency programme providing a range of interventions from support and advice to enforcement activities where required in order to improve outcomes for local residents; and £0.020m for the pilot In2 Programme which introduces children who wouldn't usually have access to arts and cultural experiences. There has also been an allocation of £0.016m for a holiday hunger scheme through the school holidays and £0.035m to support work to embed community wealth building across the Council and partners.

## **Futures Fund – ongoing commitments**

57. A significant proportion of the futures fund expenditure is on staffing to carry out services over and above the statutory level, for example Community Safety including enforcement officers; Street Scene activities including grass cutting, street cleaning, back lance clear ups and tree work; helping neighbourhoods with our skills and employability officer. In total there are 22.7 full time equivalent staff funded on an annual basis through this fund. Additionally, there is £0.110m allocated to the Town Centre events programme per annum to assist in maintaining a vibrant Town Centre and helping out local businesses with increased footfall.
58. The fund was set up using balances as an additional resource over and above the core offer, however it is clear these services are of real importance to the community and our Economic Growth strategy in maintaining a clean, safe and exciting town. Given the anticipated positive revenue balance position noted below it is recommended the annual commitment is extended to 2024/25.

## **Revenue Balances**

59. Taking into account the projected revenue out turn for 2020/21 detailed at **Appendix 5**, along with the assessment of required risk balances as set out in **Appendix 6** and the utilisation of balances to fund the projected budget deficit over the four year period, leaves a projected general fund balance of £4.802m by 2024/25.
60. However, the unallocated balances rely on building around 433 Band D equivalent houses per annum; no significant overspending; assumptions of a cash equivalent position materialising in the settlement and a Council Tax increase, including a 3 % Social care precept of 4.99%. We therefore need to be cautious particularly in light of future years estimated income, but we understand the need to invest into our services as much as possible to stimulate growth and tackle inequality.
61. As balancing the MTFP requires the use of reserves it is sensible that any unallocated balances should be used to:

- (a) To minimise on-going committed annual spending to assist and work towards eradicating future years funding gaps.
- (b) Continue to invest into the Futures Fund to stimulate growth and invest in our communities.

62. Given the pressure on budgets and the limited funds for discretionary services it is recommended that £1.064m of the unallocated balances are utilised to continue the Futures Fund ongoing priorities and commitments a further year into 2024/25 and to top up the diminished neighbourhood renewal fund by £0.150m. If agreed the revenue reserve closing balance position at the end of 2024/25 would be £3.738m as shown below.

63. Whilst this is a welcomed position, it needs to be noted that the MTFP is only being balanced annually by using reserves which is not a sustainable position moving forward as reserves will eventually be depleted. Given the uncertainties in regard to future funding and expenditure pressures it is recommended the balance remains unallocated to assist in future pressures or mitigation of the year 5 gap.

Revenue Balances	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Opening balance	22.306	19.576	17.183	10.941
Risk Reserve	(5.350)	0.000	0.000	0.000
Contribution from Collection Fund	1.000	0.000	0.000	0.000
Transfer to Futures Fund	(0.150)	0.000	0.000	0.000
Transfer to Stronger Communities Fund	(0.050)	0.000	0.000	0.000
ICT Architecture Fund	(0.500)	0.000	0.000	0.000
Climate Change Reserve	(0.100)	0.000	0.000	0.000
Contribution to/(from) balances	2.420	(2.393)	(6.242)	(7.203)
<b>Closing balance</b>	<b>19.576</b>	<b>17.183</b>	<b>10.941</b>	<b>3.738</b>

## Consultation

64. Consultation on the draft plan ran from the 1 December 2020 to the 26 January 2021 and was discussed at Cabinet on the 7 January and promoted on the Council's Website as well as social media.
65. Council Scrutiny Committees reviewed the MTFP and its proposals through December and January and the Economy and Resources Committee met on 19 January 2021 to consider the responses from all the Council's Scrutiny Committees. In summary there was a majority support for the Council Tax increase of 1.99%, the Adult Social Care Precept of 3% and the fees and charges levels. However, it was proposed that the junior swim prices were not increased and a provision for climate change be made, both have been reflected in the current MTFP.
66. There was also a minority view that also supported the recommended increases however, in doing so, requested that Cabinet note that this increase of nearly five percent is necessary as the Council is underfunded in Adult Social Care and not to

apply this levy would have an impact on some of the most vulnerable in our community.

67. No further feedback has been received.

## **Conclusion**

68. The MTFP as agreed by Council remains deliverable but as previously acknowledged it is not without risk and challenges. Some risks previously identified have occurred and the recommendations within this report address the associated financial implications. The proposed MTFP includes the retention of the Risk Reserve which has been increased this year given the unprecedented times we are facing to offset further unforeseen risks and the provision of a risk contingency in adult social care to cover a specific significant value risk which is already known.
69. The Council still has the financial capacity to deliver a four-year balanced MTFP which puts it in a much stronger position than many Councils, however this is based on a core offer service level with limited discretionary services. To add to this offer, available revenue balances have been utilised to create five Future Fund Investments themes which are helping to stimulate growth and assist with a key priority of growing the economy. As balances have improved it is proposed a further £1.064m is being requested to continue the ongoing commitments into 2024/25. Despite significant pressures faced by the impact of Covid-19 and in Social Care, the proactive stance taken in growing the economy and our joint venture partnerships is working and assisting in minimising on-going committed annual spending.
70. Planning beyond the current MTFP is extremely difficult given the uncertainty around Covid-19, the new Local Government Financial system (currently on hold but anticipated in 2022), and issues such as the impact of Brexit on the country's finances. Given the four-year balanced position, the proposed plan will allow Members time, post the fair funding review, to assess the impacts of the changing landscape and decide how to address the future financial position faced. Current planning suggests there will be a budget deficit of approximately £7m, however for the reason above, this will almost certainly change. At this stage it is not possible to know whether this will be a positive or negative position.
71. In summary, the Council continues to face significant financial challenges, however, the MTFP remains deliverable on the basis of what we know now and the following conditions – economic growth, house building, no further pressures, fair funding review and a fair settlement, if this changes plans will need to be adjusted.
72. As the Council's Statutory Chief Financial Officer, the Assistant Director Resources, must advise the Council on the robustness of the budget and adequacy of reserves. The budget presented to Members in this report has been based on the most accurate information available at this point in time, therefore the Assistant Director is confident that they are an accurate reflection of the Council's financial position. General Fund Reserves are adequate however the Council is carrying a financial risk over the lifetime of the plan which is difficult to forecast at present, in particular the implications and impacts of Covid-19, Brexit and the uncertainty around the fair funding review. It is essential that growing pressures in social care are addressed through transformation and implemented as the Council will be operating with minimum levels of balances to fund any future cost pressures.

**APPENDICES**

Appendix 1	Detailed Estimates
Appendix 2	Budget Pressures / Savings
Appendix 3	Fees and Income Proposals
Appendix 4	Assumptions used to prepare estimates
Appendix 5	Projected Revenue Outturn 2020/21
Appendix 6	Assessment of Risk Balances
Appendix 7	Proposed MTFP 2021 to 2025

## REVENUE ESTIMATES 2021/22 - Summary

## APPENDIX 1

	2020/21	2021/22			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
Children and Adults	60,352	116,418	(14,993)	(40,399)	61,026
Economic Growth & Neighbourhood Services	21,766	92,484	(43,623)	(24,536)	24,326
Resources	10,550	12,767	(2,217)	0	10,550
<b>Group Totals</b>	<b>92,668</b>	<b>221,669</b>	<b>(60,833)</b>	<b>(64,935)</b>	<b>95,902</b>
Financing Costs	895	823	0	0	823
Investment Returns - Joint Ventures	(1,028)	(1,546)	0	0	(1,546)
Council Wide Pressures / Savings	405	(499)	0	0	(499)
Contingencies	522	725	0	0	725
<b>Grand Total</b>	<b>93,462</b>	<b>221,172</b>	<b>(60,833)</b>	<b>(64,935)</b>	<b>95,405</b>

## Revenue Estimates 2021/22

## CHILDREN &amp; ADULT SERVICES

	2020/21	2021/22			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Director of Adults &amp; Children's Services</b>	159	188	(12)	0	176
<b>Children &amp; Adult Services</b>					
Transformation & Performance	602	742	(115)	0	627
Business Support	1,326	1,403	0	0	1,403
<b>Children's Services</b>					
Children's Services Management & Other Services	496	485	0	0	485
Assessment Care Planning & LAC	3,664	3,966	0	0	3,966
First Response & Early Help	2,295	3,383	0	(600)	2,783
Adoption & Placements	13,738	14,233	(44)	(50)	14,139
Youth Offending / ASB	263	618	(127)	(223)	268
Quality Assurance & Practice Improvement	498	732	(123)	0	609
<b>Development &amp; Commissioning</b>					
Commissioning	2,360	2,278	(51)	0	2,227
Workforce Development	281	339	0	(57)	282
Voluntary Sector	167	145	0	0	145
<b>Education</b>					
Education	961	23,770	(1,431)	(21,261)	1,078
Schools	0	8,575	0	(8,575)	0
Transport Unit	1,684	2,405	0	(534)	1,871
<b>Public Health &amp; Community Safety</b>					
Public Health	9	8,686	0	(8,401)	285
<b>Adult Social Care &amp; Health</b>					
External Purchase of Care	25,625	35,940	(10,937)	(698)	24,305
Intake & Enablement	590	2,124	(1,529)	0	595
On-going Long Term Care - Older People	1,385	1,555	(125)	0	1,430
On-going Long Term Care - Physical Disability	5	57	(52)	0	5
On-going Long Term Care - Learning Disability	1,687	1,774	(37)	0	1,737
On-going Long Term Care - Mental Health	1,122	1,548	(410)	0	1,138
On-going Long Term Care - Disabled Children's	473	500	0	0	500
Service Development & Integration	962	972	0	0	972
<b>Total Adults &amp; Children's Services</b>	<b>60,352</b>	<b>116,418</b>	<b>(14,993)</b>	<b>(40,399)</b>	<b>61,026</b>

## Revenue Estimates 2021/22

## Economic Growth &amp; Neighbourhood Services

	2020/21	2021/22			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Director of Economic Growth &amp; Neighbourhood Services</b>	167	172	0	0	172
<b>Planning, Economic Initiatives &amp; Asset Management</b>					
AD - Economic Growth	185	132	0	0	132
Building Control	138	305	(162)	0	142
Consolidated Budgets	135	146	0	0	146
Development Management	(73)	580	(642)	0	(61)
Economy	310	258	0	(16)	242
Environmental Health	291	332	(17)	0	316
Place Strategy	600	692	(30)	(65)	597
Property Management and Estates	(579)	768	(1,238)	0	(470)
<b>Capital Projects, Transport &amp; Highways Planning</b>					
AD - Transport & Capital Projects	125	129	0	0	129
Building Design Services	20	525	(505)	0	20
Capital Projects	327	567	(261)	0	306
Car Parking R&M	566	483	0	0	483
Concessionary Fares	3,439	3,434	0	0	3,434
Flood and Water Act	111	88	0	0	88
Highways	2,507	4,100	(900)	0	3,199
Highways - DLO	(514)	9,037	(9,552)	0	(515)
Investment and Funding	511	179	(182)	0	(3)
Regeneration Projects	4	0	0	0	
Sustainable Transport	264	72	(30)	0	42
<b>Community Services</b>					
AD - Community Services	125	129	0	0	129
Allotments	11	22	(11)	0	11
Building Cleaning - DLO	105	727	(588)	0	139
Cemeteries and Crematorium	(868)	666	(1,563)	0	(897)
Dolphin Centre	579	3,272	(1,479)	0	1,793
Eastbourne Complex	(16)	118	(79)	0	39
Emergency Planning	97	99	0	0	99
Head of Steam	249	321	(47)	0	275
Hippodrome	(5)	3,759	(2,904)	0	855
Indoor Bowling Centre	12	18	(6)	0	12
Libraries	790	848	(19)	0	829
Move More	29	86	(52)	0	33
Outdoor Events	403	419	(22)	0	397
School Meals - DLO	57	719	(654)	0	65
Strategic Arts	112	114	0	0	114
Street Scene	4,997	7,397	(2,016)	(14)	5,367
Transport Unit - Fleet Management	(16)	61	(70)	0	(9)
Waste Management	2,936	3,274	0	0	3,274
Winter Maintenance	420	471	(2)	0	469
<b>Community Safety</b>					
CCTV	187	602	(403)	0	199
Community Safety	577	627	(35)	0	592
General Licensing	0	155	(155)	0	(0)
Parking	(1,665)	265	(2,380)	0	(2,116)
Parking Enforcement	32	180	(176)	0	5
Private Sector Housing	72	88	(10)	0	78
Stray Dogs	43	47	(1)	0	46
Taxi Licensing	0	203	(203)	0	0
Trading Standards	224	240	(6)	0	234

**Economic Growth & Neighbourhood Services (continued)**

	2020/21	2021/22			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Building Services</b>					
Construction - DLO	(568)	10,711	(11,282)	0	(571)
Maintenance - DLO	(406)	4,424	(4,831)	0	(407)
Other - DLO	14	(0)	0	0	(0)
Corporate Landlord	3,191	3,539	(267)	0	3,272
<b>General Support Services</b>					
Works Property & Other	109	111	0	0	111
<b>Joint Levies &amp; Boards</b>					
Environment Agency Levy	112	116	0	0	116
<b>Housing</b>					
Local Taxation	457	897	(284)	(144)	469
Rent Rebates / Rent Allowances / Council Tax	(132)	23,650	(132)	(23,650)	(132)
Housing Benefits Administration	221	875	0	(648)	227
Customer Call Centre	271	487	(180)	0	307
Homelessness	297	418	(94)	0	324
Service, Strategy & Regulation and General Services	179	333	(154)	0	179
<b>Total Economic Growth &amp; Neighbourhood Services</b>	<b>21,766</b>	<b>92,484</b>	<b>(43,623)</b>	<b>(24,536)</b>	<b>24,326</b>

**Revenue Estimates 2021/22****Resources**

	2020/21	2021/22			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Managing Director</b>	163	277	(94)	0	183
<b>Darlington Partnership</b>	36	125	(85)	0	40
<b>AD Resources</b>					
Financial Services & Governance	1,508	1,787	(307)	0	1,480
Financial Assessments & Protection	244	284	(40)	0	244
Communications & Engagement	980	992	(138)	0	854
Systems	770	798	(7)	0	791
Xentrall Services (D&S Partnership)	1,693	2,354	(649)	0	1,705
Human Resources	582	763	(162)	0	601
Health & Safety	145	220	(57)	0	163
<b>AD Law &amp; Governance</b>					
Complaints & Freedom of Information	186	202	(1)	0	201
Democratic Support	1,210	1,250	(23)	0	1,227
Registrars of births, deaths and marriages	(13)	230	(254)	0	(24)
Administration	697	800	(92)	0	708
Legal & Procurement	1,397	1,740	(296)	0	1,444
Coroners	215	220	0	0	220
<b>AD ICT</b>	737	725	(12)	0	713
<b>Total Resources</b>	<b>10,550</b>	<b>12,767</b>	<b>(2,217)</b>	<b>0</b>	<b>10,550</b>

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<b><u>Pressures/Savings</u></b>	Estimate 21/22 £m	Estimate 22/23 £m	Estimate 23/24 £m	Estimate 24/25 £m
<b>Savings</b>				
Street Lighting Utility savings	(0.030)	(0.030)	(0.030)	(0.030)
NNDR Savings across the asset base	(0.098)	(0.098)	(0.098)	(0.098)
Childrens and Adults staffing savings	(0.036)	(0.030)	(0.024)	(0.025)
Adult Social care - residential inflation	(0.624)	(0.691)	(0.579)	(0.402)
Older Peoples package costs	(0.308)	(0.308)	(0.308)	(0.308)
Contracts - Financial Crisis & Community Care	0.000	(0.040)	(0.040)	(0.040)
Insurance - Saving on contract extension	(0.100)	0.000	0.000	0.000
Financing costs - lower borrowing costs	(0.273)	(0.463)	(0.275)	(0.263)
Investment Returns - extension of JV's	(0.734)	(0.769)	(0.855)	(0.636)
Troubled Families Grant - already included in Estimates	(0.503)	0.000	0.000	0.000
	<b>(2.706)</b>	<b>(2.429)</b>	<b>(2.209)</b>	<b>(1.802)</b>
<b>Increased Demand</b>				
Concessionary Fares - bulk bus pass re-issue	0.000	0.000	0.000	0.085
Public Sector Hub (DfE Building) - service charge	0.020	0.021	0.022	0.023
Waste Disposal - allowance for new builds	0.000	0.000	0.000	0.024
Street Scene Wheeled Bins - new properties.	0.040	0.040	0.040	0.040
Winter Maintenance - review of T&C's for staff	0.030	0.030	0.030	0.030
Customer Services - security guard	0.018	0.018	0.018	0.018
Children's Services - Interpreters	0.018	0.018	0.018	0.018
Social care staffing increased demand - Family Support service	0.100	0.104	0.111	0.118
Social care staffing increased demand - Leaving care service	0.000	0.119	0.232	0.234
Social care staffing increased demand - Child Protection & Review	0.016	0.016	0.052	0.077
Adoption - interagency Costs/ Adoption Tees Valley	0.127	0.136	0.149	0.160
Social Work - Lone working devices	0.006	0.006	0.006	0.006
Advocacy contract	0.004	0.004	0.004	0.004
Contracts - Childrens volunteer drivers	0.047	0.047	0.047	0.047
Contracts - Homeless Trailblazer - continuation of service	0.064	0.064	0.064	0.064
Business Support - continuation of Archivist post	0.012	0.012	0.012	0.012
Contracts - Missing from Home and Safer Families/Carers support	0.090	0.090	0.090	0.090
Safeguarding Board - Information Officer post	0.021	0.021	0.022	0.023
School Transport - Support for new and Secondary School routes	0.143	0.145	0.148	0.151
Learning Disability package costs - high cost residential placement	0.330	0.330	0.330	0.330
Learning Disability package costs - increase in domicillary hours	0.311	0.311	0.311	0.311
Physical Disability package costs	0.061	0.061	0.061	0.061
Mental Health package costs	0.090	0.090	0.090	0.090
Childrens day and home care package increases	0.041	0.041	0.041	0.041
Carers - Increase in respite provision	0.020	0.020	0.020	0.020
	<b>1.609</b>	<b>1.744</b>	<b>1.918</b>	<b>2.077</b>
<b>Current Savings Shortfall</b>				
Business Support - service demand target not met	0.011	0.011	0.011	0.011
	<b>0.011</b>	<b>0.011</b>	<b>0.011</b>	<b>0.011</b>
<b>Price Inflation</b>				
Utilities/Waste Disposal etc	0.000	0.000	0.000	0.071
Adults Homecare / Direct Payments	(0.024)	0.395	0.795	1.490
Contracts - various childrens, housing related support	0.000	0.080	0.122	0.125
NNDR - Reduction in CPI rate	0.342	0.437	0.435	0.466
	<b>0.318</b>	<b>0.912</b>	<b>1.352</b>	<b>2.152</b>

<b>Reduced Income</b>				
School Meals - service to be reviewed post 21/22	0.017	0.000	0.000	0.000
Pedestrian Training - grant not confirmed	0.017	0.018	0.019	0.020
	<u>0.034</u>	<u>0.018</u>	<u>0.019</u>	<u>0.020</u>
<b>Other</b>				
Winter Maintenance - end of red diesel usage	0.000	0.018	0.019	0.020
Council Wide auto-enrolment into pension scheme	0.051	0.049	0.050	0.050
Vulnerable pupils laptops - schools	0.023	0.000	0.000	0.000
Commissioning - staffing	0.018	0.018	0.017	0.017
Drug & Alcohol - staffing	0.012	0.000	0.000	0.000
Bank Charges - renewal of bank contract	0.020	0.020	0.020	0.020
Health & Safety - Airweb Incident Management software agreement	0.020	0.020	0.020	0.020
	<u>0.144</u>	<u>0.125</u>	<u>0.126</u>	<u>0.127</u>
<b>Covid Related</b>				
Estates - Reduced rent	0.025	0.000	0.000	0.000
Feethams House - occupancy targets pushed back 1 year	0.070	0.089	0.050	0.033
Hippodrome - assumes no shows until June + reduced patronage	0.864	0.000	0.000	0.000
Dolphin Centre - reduced patronage due to social distancing	1.160	0.000	0.000	0.000
Eastbourne Complex - reduced patronage due to social distancing	0.049	0.000	0.000	0.000
Head of Steam - reduced patronage due to social distancing	0.013	0.000	0.000	0.000
Libraries - reduced patronage due to social distancing	0.020	0.000	0.000	0.000
Waste Disposal - household waste due to working from home	0.226	0.000	0.000	0.000
Car Parking - Reduction in income due to changes in working practices	0.154	0.000	0.000	0.000
Trade Waste - cancelled contracts	0.045	0.045	0.045	0.045
Council Tax - reduction in current taxbase	0.493	0.511	0.530	0.340
Elections - additional costs due to social distancing	0.005	0.000	0.000	0.000
	<u>3.124</u>	<u>0.645</u>	<u>0.625</u>	<u>0.418</u>
<b>Total Net Pressures</b>	<b><u>2.534</u></b>	<b><u>1.026</u></b>	<b><u>1.842</u></b>	<b><u>3.003</u></b>

SCHEDULE OF CHARGES 2021/22				
Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>LEARNING SKILLS - LEARNING FOR LIFE</b>				
Fees Policy: August 2020 to July 2021 (Next Review July 2021)				
Full Fees (including enrolment and tuition fees) per hour	L	3.00	3.00	NIL
<p><b>Accredited Learning</b>  <b>Full accreditation fee (if applicable) - if the course has a qualification there will be additional fees to pay for registration and certification.</b></p> <p><b>No fees will be charged for publicly subsidised courses where:</b></p> <ol style="list-style-type: none"> <li>Learners are aged 16-18 (on 31 August 2020)</li> <li>Learners are aged 19-24 (on 31 August 2020) with a learning difficulty and/or disability as evidenced through an Education, Health and Care (EHC) Plan</li> <li>Learners are aged 19 or older where the learning aim is up to and including level 2, and the learner is studying English or Maths</li> <li>Learners are aged 19-23 (on their first day of study) and are studying their first 'full' level 2 or first 'full' level 3, excludes English for speakers of Other Languages (ESOL)</li> <li>Learners are aged 19 or older where the learning aim is up to and including level 2 (including ESOL), the skills training will help them into work, and the learner is classed as unemployed and one or more of the following apply: <ol style="list-style-type: none"> <li>They receive Job Seeker's Allowance (JSA) - this includes those receiving National Insurance credits only, or</li> <li>They receive Employment and Support Allowance (ESA), or</li> <li>They receive Universal Credit and their earned income from employment (disregarding benefits) is less than £338 a month (learner is sole adult in their benefit claim) or £541 a month (learner has a joint benefit claim with their partner)</li> <li>They are released on temporary licence, studying outside a prison environment, and not funded by the Ministry of Justice</li> </ol> </li> <li>Learners are aged 19 or older where the learning aim is up to and including level 2 (including ESOL), they are employed and eligible for co-funding but earn less than £17,004.00 gross salary, based on the assumption of a 37.5 hour contract with paid statutory holiday entitlement.  <i>Evidence required: A wage slip within 3 months of the learning start date, or a current employment contract which states gross monthly / annual wages</i></li> <li>Learners aged 19-24 who are unemployed and on a Traineeship</li> </ol> <p><b>Courses with no public subsidy</b>  For learners aged 19 or above and where the learning aim is level 3 or above (except for exclusion above), learners will need to take out an Advanced Learning Loan, subject to funding availability. Further details can be found at: <a href="http://www.gov.uk/advanced-learning-loans">www.gov.uk/advanced-learning-loans</a></p> <p>Asylum Seekers – individuals will be assessed for eligibility in conjunction with ESFA guidance  Special Fees – some courses have special fees, cost on application  FE course – NVQ etc price on application</p> <p><b>The following courses are free:</b>  Family Learning, Functional Skills, Study Programmes and courses which are funded through external projects</p> <p><b>Additional Learning Support (ALS)</b> is intended to enable disadvantaged learners to achieve their learning goal by providing funding, on top of programme funds, to help them overcome their barriers to learning. The funding is intended to be flexible and to help support learners who have a range of learning difficulties and/or disabilities</p>				

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>REGISTRATION OF BIRTHS, DEATHS, MARRIAGES AND CIVIL PARTNERSHIPS</b>				
The following fees do not incur VAT				
<b>Marriages</b>				
Entering a Notice of Marriage or Civil Partnership	N			
For a Registrar to attend a Marriage at the Register Office	N			
Civil Partnership Registration	N			
Incumbents for every Entry Contained in Quarterly Certified	N			
Copies of Entries of Marriage	N			
Registrars fee for attending a marriage at a registered building or for the housebound or detained	N			
Superintendents Registrar fee for attesting a notice of marriage away from his office for housebound or detained	N			
Superintendents Registrar fee for attending the marriage of the housebound or detained	N	These charges set nationally by Statute and will be charged at the advised rate for 2020/21	These charges set nationally by Statute and will be charged at the advised rate for 2021/22	
<b>Certification for Worship and Registration for Marriages</b>				
Place of Meeting for Religious Worship	N			
Registration of Building for Solemnisation of Marriage	N			
<b>Certificates issued from Local Offices</b>				
Standard Certificate (SR)	N			
Standard Certificate (RBD) (at time of Registration)	N			
Standard Certificate (RBD) (after Registration)	N			
Short Certificate of Birth (SR)	N			
Short Certificate of Birth (RBD)	N			
Certificates of Civil Partnership (at time of Ceremony)	N			
Certificates of Civil Partnership (at later date)	N			
General Search fee	N			
Each Verification	N			
<b>Civil Partnership Ceremony</b>				
<b>All Ceremonies – Approved Premises</b>				
Application Fee for licence as an approved venue (valid for 3 years)	N	1,700.00	1,750.00	
Fee for Attendance - All days including Bank Holidays	L	525.00	540.00	
<b>All Ceremonies – Town Hall</b>				
The Council Chamber (Monday to Saturday)	L	275.00	285.00	
The Council Chamber Foyer (Monday to Saturday)	L	125.00	130.00	
<b>REGISTER OF ELECTORS, OPEN REGISTER AND MONTHLY UPDATES - SALE</b>				
The following fees do not incur VAT.				
Register – Printed Form	N	10.00	10.00	
Per 1,000 Names – Printed	N	5.00	5.00	
Register – Data Form	N	20.00	20.00	
Per 1,000 Names – Data	N	1.50	1.50	
<b>LIST OF OVERSEAS ELECTORS – SALE</b>				
The following fees do not incur VAT.				
List – Printed Form	N	10.00	10.00	
Per 1,000 Names – Printed	N	5.00	5.00	
List – Data Form	N	20.00	20.00	
Per 1,000 Names – Data	N	1.50	1.50	
<b>MARKED COPY OF THE REGISTER OF ELECTORS AND MARKED ABSENT VOTERS LIST - SALE</b>				
The following fees do not incur VAT				
Register – Printed Form	N	10.00	10.00	
Per 1,000 Names – Printed	N	2.00	2.00	
Register – Data Form	N	10.00	10.00	
Per 1,000 Names – Data	N	1.00	1.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>TOWN HALL</b>				
Hire of Committee Rooms – all charges shown exclusive of VAT. Charges will be made plus the appropriate VAT rate. All rooms are to be charged by the hour, rather than by session				
Committee Rooms per hour	L	33.00	33.00	
				<b>Minimal</b>
<b>LAND CHARGES</b>				
<b>The following fees are inclusive of VAT</b>				
<b>Search Fees</b>				
Standard Search - Residential Property (post or DX)	L	91.80	91.80	
Standard Search – Residential Property (electronic)	L	89.80	89.80	
Standard Search – Commercial Property (post or DX)	L	139.80	139.80	
Standard Search – Commercial Property (electronic)	L	137.80	137.80	
<b>Con 29 Required</b>				
<b>Residential Property</b>				
One Parcel of Land	L	76.80	76.80	
Several Parcels of Land – Each Additional Parcel	L	24.00	24.00	
<b>Commercial Property</b>				
One Parcel of Land	L	124.80	124.80	
Several Parcels of Land – Each Additional Parcel	L	24.00	24.00	
<b>Con 29 Optional</b>				
Each Printed Enquiry	L	6.00	6.00	
Own Questions	L	6.00	6.00	
Official Search – LLCI	L	15.00	15.00	
Official Search – NLIS (National Land Information Service) or email	L	13.00	13.00	
Expedited Search (Residential)	L	165.00	165.00	
Expedited search (Commercial)	L	225.00	225.00	
Personal Search	L	No charge	No charge	
				<b>NIL</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>FINANCIAL PROTECTION SERVICES</b>				
<b>Category</b>				
I. Work up to and including the date upon which the court makes an order appointing a deputy for property and affairs	N	745.00	745.00	
II. Annual management fee where the court appoints a local authority deputy for property and affairs, payable on the anniversary of the court order:	N	775.00	775.00	
- for the first year	N	650.00	650.00	
- for the second and subsequent years				
where the net assets are below £16,000, the local authority deputy for property and affairs will take an annual management fee not exceeding 3% of the net assets on the anniversary of the court order appointing the local authority as deputy				
Where the court appoints a local authority deputy for health and welfare, the local authority will take an annual management fee not exceeding 2.5% of the net assets on the anniversary of the court order appointing the local authority as deputy for health and welfare up to a maximum of £500.				
III. Annual property management fee to include work involved in preparing property for sale, instructing agents, conveyancers, etc or the ongoing maintenance of property including management and letting of a rental property	N	300.00	300.00	
IV. Preparation and lodgement of an annual report or account to the Public Guardian	N	216.00	216.00	
V. Conveyancing Costs				
Where a deputy or other person authorised by the court is selling or purchasing a property on behalf of P, the following fixed rates will apply except where the sale or purchase is by trustees in which case, the costs should be agreed with the trustees:	N	See Description	See Description	
A value element of 0.15% of the consideration with a minimum sum of £350 and a maximum sum of £1,500, plus disbursements				
Travel Rates are allowed at a fixed rate per hour for travel costs	N	40.00	40.00	
Please note that these rates are set by The Office of Public Guardian and are the rates as of 1st April 2017, these may be amended during 2021/22				
Administration fee for arranging the care and support needs for those with capital in excess of the upper capital limit or those who have chosen not to disclose their financial information.	L	105.00	105.00	
<b>NIL</b>				
<b>DEFERRED PAYMENT FEES</b>				
Administration cost for setting up a Deferred Payment Agreement	L	315.00	321.00	
plus cost of valuation (this will be dependant on property type)	L	Actual cost of valuation	Actual cost of valuation	
<b>Minimal</b>				

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>LIBRARIES</b>				
<b>Fines On Overdue Items</b>				
Adults – per day	L	0.15	0.20	
Maximum charge per book	L	5.10	3.00	
Senior Citizens – per day	L	0.10	0.10	
Children – per day	L	No charge	No charge	
<b>Loan Charges for Audio Materials (1 week)</b>				
CD's	L	1.00	1.00	
DVD's	L	1.50	1.50	
<b>Reservation Fees for books and Audio Materials</b>				
Adults	L	0.50	0.50	
Senior Citizens	L	0.25	0.25	
Children/Unemployed	L	0.25	0.25	
<b>Reservation Fees for Books Obtained from Outside the Authority</b>				
Single charge for all books obtained from other libraries	L	6.00	6.00	
<b>Repeat Fee for Renewal of Books from Outside the Authority</b>				
Single Charge for all books obtained from other local authorities	L	6.00	6.00	
<b>Replacement Tickets</b>				
Adults	L	1.20	1.50	
Senior Citizens	L	1.20	1.50	
Children/Unemployed	L	0.60	1.50	
<b>Spoken Word</b>				
Cassettes & CDs (3 Week Loan)	L			
Adults (who are not exempt) each	L	1.50	1.50	
Children each	L	No charge	No charge	
<b>Language Courses (per element)</b>				
Subscription for whole course to be paid in advance	L	1.35	1.35	
<b>Local History Research</b>				
Look Up Service	L	5.00	5.00	
Specialist Research – per hour	L	30.00	30.00	
<b>Photocopies</b>				
A4 B&W	L	0.15	0.20	
A3 B&W	L	0.30	0.40	
<b>Printing</b>				
Text Printouts				
A4 B&W	L	0.15	0.15	
A3 B&W	L	0.30	0.30	
Test Printouts				
A4 colour	L	0.60	0.60	
<b>Reproduction of Images from Stock</b>				
Digital copies for Private/Study purposes – per photo	L	5.50	5.50	
Digital copies for small local commercial use – per photo	L	5.50 + 2 copies of publications	5.50 + 2 copies of publications	
Digital copies for local commercial use - per photo	L	10.50 + 2 copies of book	10.50 + 2 copies of book	
Digital copies for national/international commercial	L	110.00	110.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Scan and e-mail Service</b>				
First sheet	L	1.00	1.00	
Each subsequent sheet	L	0.50	0.50	
<b>Hire of Locker</b>	L	0.50	0.50	
<b>Internet Use</b>				
Library members First 60 minutes FREE , Members & Non Members £1.00 per 30 minutes hereafter	L	1.00	1.00	
<b>Lost &amp; Damaged Items</b>	L	Full current Replacement Cost (non-refundable)	Full current Replacement Cost (non-refundable)	
<b>Fax</b>				
Outgoing Transmission				
United Kingdom – per sheet	L	1.45	1.45	
Europe – per sheet	L	2.30	2.30	
USA/Canada – per sheet	L	2.80	2.80	
Rest of the World – per sheet	L	3.80	3.80	
Incoming Transmission – per sheet	L	0.45	0.45	
<b>Fax by Satellite</b>				
Atlantic Ocean/Indian Ocean/Pacific Ocean – per sheet	L	12.50	12.50	
<b>Room Hire</b>				
Not for profit organisations per hour	L	10.00	10.00	
Commercial organisations per hour	L	15.00	15.00	
				<b>Minimal</b>
<b>PLANNING FEES</b>				
Planning fees are set nationally				
<b>PLANNING – PRE APPLICATION ADVICE</b>				
All charges include VAT at 20%				
Large Major Development (200+) for a written response, including up to 2 meetings	L	1,200.00	1,200.00	
Small Major Development (10-199) for a written response, including up to 2 meetings	L	600.00	600.00	
Minor Development for a written response to include a meeting if necessary	L	400.00	400.00	
<b>Other Developments</b>				
Minerals Processing	L	Based on areas above	Based on areas above	
Change of use for a written response to include a meeting if necessary	L	50.00	50.00	
Householder developments	L	36.00	36.00	
Advertisements	L	25.00	25.00	
Listed Building consents (to alter/extend/demolish)	L	Free	Free	
Conservation area consents	L	Free	Free	
Certificates of lawful development	L	Application advice not appropriate	Application advice not appropriate	
Telecommunications Notifications	L	126.00	126.00	
<b>Other Charges</b>				
Pre-Application meeting involving Planning Committee Members	L	1,000.00	1,000.00	



Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>PLANNING – SUPPLEMENTARY ITEMS</b>				
<b>Items inclusive of VAT at 20%</b>				
A4 Photocopy (ex plans) – first page	L	1.10	1.10	
Subsequent pages	L	0.10	0.10	
A3 Photocopy (ex plans) – first page	L	1.20	1.20	
Subsequent pages	L	0.20	0.20	
A2 Photocopy (ex plans) – first page	L	1.50	1.50	
A1 Photocopy (ex plans)	L	2.00	2.00	
A0 Photocopy (ex plans)	L	3.00	3.00	
<b>Items outside the scope of VAT</b>				
Local plan	L	18.00	18.00	
Local plan – postage	L	4.00	4.00	
Local plan – alterations	L	2.00	2.00	
Invoicing	L	9.00	9.00	
				<b>NIL</b>
<b>LICENSING The following fees do not incur VAT</b>				
<b>Prosecution Costs</b>				
Hourly rate for Preparation of Case Reports	L	47.00	47.50	
<b>General Licensing</b>				
Pavement Café Licence, per person				
1-10	L	200.00	200.00	
11-25	L	240.00	240.00	
26-40	L	280.00	280.00	
41-60	L	320.00	320.00	
61-80	L	360.00	360.00	
81-99	L	400.00	400.00	
100 or over	L	450.00	450.00	
Duplicate licence fee	L	50.00	50.00	
Transfer of licence	L	50.00	50.00	
Change of detail	L	30.00	30.00	
Variation of Covers	L	100.00	100.00	
Goods on Highway Licence	L	155.00	155.00	
Sex Shop Grant of application	L	3,700.00	3,700.00	
Sex Shop Renewal	L	1,200.00	1,200.00	
Sex Shop transfer	L	1,200.00	1,200.00	
Skin Piercing (Premises) Grant	L	280.00	280.00	
Skin Piercing (Personal) Grant/Variation	L	65.00	65.00	
<b>Scrap Metal Dealers</b>				
Collectors Licence (3 years) - application	L	150.00	150.00	
Collectors Licence (3 years) – renewal	L	150.00	150.00	
Major Variation	L	50.00	50.00	
Minor Variation	L	15.00	15.00	
Site Licence (3 years) Grant	L	350.00	350.00	
Additional Sites (per site per year of licence)	L	195.00	195.00	
Site licence (3 years) – renewal	L	270.00	270.00	
Additional sites (per site per year of licence)	L	195.00	195.00	
Minor Variation Site	L	15.00	15.00	
Major Variation Site	L	50.00 + 65.00	50.00 + 65.00	
		per additional site per year	per additional site per year	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Caravan Sites</b>				
New Application for a permanent residential site licence;	L			
1-5 pitches	L	200.00	200.00	
6-20 pitches	L	225.00	225.00	
21-50 pitches	L	240.00	240.00	
Greater than 50 pitches	L	260.00	260.00	
Annual Fees associated with administration and monitoring of site licences;				
1-5 pitches	L	No charge	No charge	
6-50 pitches	L	220.00	220.00	
Greater than 50 pitches	L	260.00	260.00	
Cost of Laying Site Rules	L	25.00	25.00	
Cost of Variation/Transfer	L	100.00	100.00	
<b>Zoo Licensing Act</b>				
New Application (4 years) or renewal (6 years) for a Zoo Licence (excluding the inspection costs of appointed inspector)	L	450.00	450.00	
<b>Animal Welfare</b>				
Breeding of Dogs - Grant of Licence				
1 Year Licence	L	245.00	245.00	
2 Year Licence	L	290.00	290.00	
3 Year Licence	L	335.00	335.00	
Breeding of Dogs - Renewal of Licence				
1 Year Licence	L	215.00	215.00	
2 Year Licence	L	260.00	260.00	
3 Year Licence	L	305.00	305.00	
Pet Vending Commercial - Grant of Licence				
1 Year Licence	L	252.00	252.00	
2 Year Licence	L	297.00	297.00	
3 Year Licence	L	342.00	342.00	
Pet Vending Commercial - Renewal of Licence				
1 Year Licence	L	222.00	222.00	
2 Year Licence	L	267.00	267.00	
3 Year Licence	L	312.00	312.00	
Pet Vending Home - Grant of Licence				
1 Year Licence	L	245.00	245.00	
2 Year Licence	L	290.00	290.00	
3 Year Licence	L	335.00	335.00	
Pet Vending Home - Renewal of Licence				
1 Year Licence	L	215.00	215.00	
2 Year Licence	L	260.00	260.00	
3 Year Licence	L	305.00	305.00	
Keeping or Training Animals for Exhibition - Grant of Licence				
3 Year Licence	L	235.00	235.00	
Keeping or Training Animals for Exhibition - Renewal of Licence				
3 Year Licence	L	215.00	215.00	
Hiring Out of Horses - Grant of Licence				
1 Year Licence	L	265.00	265.00	
2 Year Licence	L	310.00	310.00	
3 Year Licence	L	355.00	355.00	
Hiring Out of Horses - Renewal of Licence				
1 Year Licence	L	235.00	235.00	
2 Year Licence	L	280.00	280.00	
3 Year Licence	L	325.00	325.00	
Boarding of Dogs and Cats Commercial - Grant of Licence				
1 Year Licence	L	305.00	305.00	
2 Year Licence	L	350.00	350.00	
3 Year Licence	L	395.00	395.00	
Boarding of Dogs and Cats Commercial - Renewal of Licence				
1 Year Licence	L	275.00	275.00	
2 Year Licence	L	320.00	320.00	
3 Year Licence	L	365.00	365.00	
Boarding of Dogs and Cats Home - Grant of Licence				
1 Year Licence	L	245.00	245.00	
2 Year Licence	L	290.00	290.00	
3 Year Licence	L	335.00	335.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
Boarding of Dogs and Cats Home - Renewal of Licence				
1 Year Licence	L	215.00	215.00	
2 Year Licence	L	260.00	260.00	
3 Year Licence	L	305.00	305.00	
Boarding of Dogs Day Care Up to 7 Dogs - Grant of Licence				
1 Year Licence	L	245.00	245.00	
2 Year Licence	L	290.00	290.00	
3 Year Licence	L	335.00	335.00	
Boarding of Dogs Day Care Up to 7 Dogs - Renewal of Licence				
1 Year Licence	L	215.00	215.00	
2 Year Licence	L	260.00	260.00	
3 Year Licence	L	305.00	305.00	
Boarding of Dogs Day Care 8+ Dogs - Grant of Licence				
1 Year Licence	L	305.00	305.00	
2 Year Licence	L	350.00	350.00	
3 Year Licence	L	395.00	395.00	
Boarding of Dogs Day Care 8+ Dogs - Renewal of Licence				
1 Year Licence	L	275.00	275.00	
2 Year Licence	L	320.00	320.00	
3 Year Licence	L	365.00	365.00	
		130.00 + 10.00 per host +	130.00 + 10.00 per host +	
Dog Boarding Franchise in Darlington - Grant of Licence	L	65.00 per host inspection fee + 45.00 annual enforcement fee per year	65.00 per host inspection fee + 45.00 annual enforcement fee per year	
		100.00 + 10.00 per host +	100.00 + 10.00 per host +	
Dog Boarding Franchise in Darlington - Renewal of Licence	L	60.00 per host inspection fee + 45.00 annual enforcement fee per year	60.00 per host inspection fee + 45.00 annual enforcement fee per year	
Dog Boarding Franchise out of Darlington - Grant of Licence	L	60.00 + 65.00 per host	60.00 + 65.00 per host	
Dog Boarding Franchise out of Darlington - Renewal of Licence	L	55.00 + 60.00 per host	55.00 + 60.00 per host	
Additional Fees				
Cost per additional licensable activity - Grant and Renewal (each)	L	65.00	65.00	
Mandatory mid licence inspection fee - Grant and Renewal (each)	L	30.00	30.00	
Variation of licence where no inspection is required (each)	L	35.00	35.00	
Variation of licence where inspection is required (each)	L	90.00	90.00	
Application for Re-Rating (each)	L	70.00	70.00	
Copy Licence	L	15.00	15.00	
Administration Fee	L	35.00	35.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Street Trading</b>				
November / December - Full Calendar Month	L	975.00	975.00	
- Week	L	385.00	385.00	
- Day	L	85.00	85.00	
January / October - Full Calendar Month	L	660.00	660.00	
- Week	L	270.00	270.00	
- Day	L	60.00	60.00	
Note- The above to apply to Itinerant traders. For regular all year round traders - fees as follows				
Annual Consent	L	7,000.00	7,000.00	
If Paying Monthly	L	620.00	620.00	
If Paying Weekly	L	170.00	170.00	
Buskers selling CD's – Half Day	L	25.00	25.00	
Full Day	L	45.00	45.00	
Mobile vehicles (moving or lay-by)	L	260.00	260.00	
New Vendor Permits	L	35.00	35.00	
Duplicate licenses	L	15.00	15.00	
<b>Skip Hire Licence</b>				
More than 3 days' notice	L	15.00	15.00	
Less than 3 days' notice	L	30.00	30.00	
Hoarding/Scaffold Licence	L	50.00	50.00	
Administration Charge (per hour or part thereof)	L	35.00	35.00	
<b>Statutory Fees</b>				
<b>Petroleum Licences</b>				
Less than 2,500 litres	L	44.00	44.00	
2,500 – 50,000 litres	L	60.00	60.00	
More than 50,000 litres	L	125.00	125.00	
Transfer/variation	L	8.00	8.00	
<b>Gambling Act</b>				
<b>Statutory Fees- The following gambling fees are set within statutory bands and will be revised as changed nationally.</b>				
Adult Gaming Centres – Annual Fee	N	600.00	600.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	1,200.00	1,200.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	1,200.00	1,200.00	
Betting Shops - Annual Fee	N	550.00	550.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	1,200.00	1,200.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	1,300.00	1,300.00	
Bingo Halls - Annual Fee	N	600.00	600.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	1,200.00	1,200.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	1,200.00	1,200.00	
Family Entertainment Centres – Annual Fee	N	550.00	550.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	950.00	950.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	950.00	950.00	
Betting (tracks) – Annual Fee	N	550.00	550.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	950.00	950.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	950.00	950.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<i>Permit Type – The following fees are set by statute and will be revised as changed nationally</i>				
Small Society Lottery Registration	N	40.00	40.00	
Small Society Annual Fee	N	20.00	20.00	
FEC gaming machine – Renewal fee	N	300.00	300.00	
FEC gaming machine – Change of name	N	25.00	25.00	
Prize gaming – Application fee	N	300.00	300.00	
Prize gaming – Renewal fee	N	300.00	300.00	
Prize gaming – Change of name	N	25.00	25.00	
Prize gaming – Copy permit	N	15.00	15.00	
Gaming machines (3 or more) - application Fee	N	100.00	100.00	
Gaming machines (3 or more) - variation Fee	N	100.00	100.00	
Gaming machines (3 or more) - transfer Fee	N	25.00	25.00	
Gaming machines (3 or more) - annual Fee	N	50.00	50.00	
Change of name	N	25.00	25.00	
Copy Permit	N	15.00	15.00	
Notice of intent 2 or less gaming machines available	N	50.00	50.00	
Club Premises cert (S 72f Licencing Act 2003) application fee	N	100.00	100.00	
Club Premises cert (S 72f Licencing Act 2003) renewal fee	N	100.00	100.00	
Other applicants - application fee	N	200.00	200.00	
Other applicants - renewal fee	N	200.00	200.00	
Variation fee	N	100.00	100.00	
Annual fee	N	50.00	50.00	
Copy permit	N	15.00	15.00	
Initial fee	N	40.00	40.00	
Annual fee	N	20.00	20.00	
Temporary use notice	N	500.00	500.00	
Copy/replacement/endorsed copy of notice	N	25.00	25.00	
<b>Licensing Act Fees</b>				
<b>Statutory Fees- The following gambling fees are set within statutory bands and will be revised as changed nationally.</b>				
<b>Premises Licences</b>				
Band A (RV £0 - £4,300) - Initial fee	N	100.00	100.00	
- Annual fee	N	70.00	70.00	
Band B (RV £4,301 - £33,000) - Initial fee	N	190.00	190.00	
- Annual fee	N	180.00	180.00	
Band C (RV £33,001 - £87,000) - Initial fee	N	315.00	315.00	
- Annual fee	N	295.00	295.00	
Band D (RV £87,001 - £125,000) - Initial fee	N	450.00	450.00	
- Annual fee	N	320.00	320.00	
Band E (RV > £125,001) - Initial fee	N	635.00	635.00	
- Annual fee	N	350.00	350.00	
Band D with Multiplier - Initial fee	N	900.00	900.00	
- Annual fee	N	640.00	640.00	
Band E with Multiplier - Initial fee	N	1,905.00	1,905.00	
- Annual fee	N	1,050.00	1,050.00	
<b>Club Premises Certificates</b>				
Band A (RV £0 - £4,300) - Initial fee	N	100.00	100.00	
- Annual fee	N	70.00	70.00	
Band B (RV £4,301 - £33,000) - Initial fee	N	190.00	190.00	
- Annual fee	N	180.00	180.00	
Band C (RV £33,001 - £87,000) - Initial fee	N	315.00	315.00	
- Annual fee	N	295.00	295.00	
Band D (RV £87,001 - £125,000) - Initial fee	N	450.00	450.00	
- Annual fee	N	320.00	320.00	
Band E (RV > £125,001) - Initial fee	N	635.00	635.00	
- Annual fee	N	350.00	350.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Large Scale Events</b>				
5,000 to 9,999 - Initial fee	N	1,000.00	1,000.00	
- Annual fee	N	500.00	500.00	
10,000 to 14,999 - Initial fee	N	2,000.00	2,000.00	
- Annual fee	N	1,000.00	1,000.00	
15,000 to 19,999 - Initial fee	N	4,000.00	4,000.00	
- Annual fee	N	2,000.00	2,000.00	
20,000 to 29,999 - Initial fee	N	8,000.00	8,000.00	
- Annual fee	N	4,000.00	4,000.00	
30,000 to 39,999 - Initial fee	N	16,000.00	16,000.00	
- Annual fee	N	8,000.00	8,000.00	
40,000 to 49,999 - Initial fee	N	24,000.00	24,000.00	
- Annual fee	N	12,000.00	12,000.00	
50,000 to 59,999 - Initial fee	N	32,000.00	32,000.00	
- Annual fee	N	16,000.00	16,000.00	
60,000 to 69,999 - Initial fee	N	40,000.00	40,000.00	
- Annual fee	N	20,000.00	20,000.00	
70,000 to 79,999 - Initial fee	N	48,000.00	48,000.00	
- Annual fee	N	24,000.00	24,000.00	
80,000 to 89,999 - Initial fee	N	56,000.00	56,000.00	
- Annual fee	N	28,000.00	28,000.00	
> 90,000 - Initial fee	N	64,000.00	64,000.00	
- Annual fee	N	32,000.00	32,000.00	
<b>Other Licensing Act 2003 Fees &amp; Charges</b>				
Minor Variations	N	89.00	89.00	
Personal Licence	N	37.00	37.00	
Provisional Statement	N	315.00	315.00	
Temporary Event Notice (TEN)	N	21.00	21.00	
Theft / Loss of Licence / Notice	N	10.50	10.50	
Variation of DPS	N	23.00	23.00	
Transfer of Premises Licence	N	23.00	23.00	
Change of Name / Address	N	10.50	10.50	
Notification of Interest	N	21.00	21.00	
Notification of Alteration of Club Rules	N	10.50	10.50	
Interim Authority Notice	N	23.00	23.00	
Explosives Act/Fireworks Annual Registration	N	52.00	52.00	
				NIL

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>HACKNEY CARRIAGES</b>				
<b>Taxi Licencing</b>				
Taxi licensing fees are agreed annually by licensing committee normally in March and will be published separately as part of this process. Existing licence holders will be notified accordingly.				
<b>ENVIRONMENTAL HEALTH</b>				
Pest Treatment Charges – All charges shown exclusive of VAT. Charges will be made plus the appropriate VAT rate				
Insects – per Treatment	L	58.50	58.50	
Rodents in Private Premises	L	8.33	8.33	
Re-rating Food Hygiene Inspections	L	150.00	150.00	
<b>Prosecution Costs</b>				
Hourly Rate for preparation of case reports and carrying out works in default of legal notices	L	47.00	47.50	
<b>Environmental Searches</b>				
Environmental search 1 or 2 report includes environmental information held by the Council on a site (additional charges apply for sites larger than 10,000m2 and distance buffer greater than 250m radius)	L	65.00	65.00	
Additional photocopying for example copies of site investigation reports;				
A4 B&W	L	0.10	0.10	
A3 B&W	L	0.20	0.20	
A4 Colour	L	1.00	1.00	
A3 Colour	L	2.00	2.00	
Scanned Copy	L	Free	Free	
<b>LAPPC and LAIPPC Permits</b>				
Charges are annually set by Defra in March and are subject to change. Current charges as known are;				
<b>LAPPC Charges</b>				
Application Fee;				
Standard process (includes solvent emission activities)	N	1,650.00	1,650.00	
Additional fee for operating without a permit	N	1,188.00	1,188.00	
PVRI, SWOBs and Dry Cleaners	N	155.00	155.00	
PVR I & II combined	N	257.00	257.00	
VRs and other Reduced Fee Activities	N	362.00	362.00	
Reduced fee activities: additional fee for operating without a permit	N	71.00	71.00	
Mobile plant**	N	1,650.00	1,650.00	
for the third to seventh applications	N	985.00	985.00	
for the eighth and subsequent applications	N	498.00	498.00	
Where an application for any of the above is for a combined Part B and waste application add an extra to the above amounts	N	310.00	310.00	
Annual Subsistence Charge;				
Standard process Low*	N	772.00	772.00	
		(+104.00)	(+104.00)	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
Standard process Medium*	N	1,161.00 (+156.00)	1,161.00 (+156.00)	
Standard process High*	N	1,747.00 (+207.00)	1,747.00 (+207.00)	
*the additional amounts must be charged where a permit is for a combined Part B and waste installation				
PVRI, SWOBs and Dry Cleaners Low	N	79.00	79.00	
PVRI, SWOBs and Dry Cleaners Medium	N	158.00	158.00	
PVRI, SWOBs and Dry Cleaners High	N	237.00	237.00	
PVR I & II combined Low	N	113.00	113.00	
PVR I & II combined Medium	N	226.00	226.00	
PVR I & II combined High	N	341.00	341.00	
VRs and other Reduced Fees Low	N	228.00	228.00	
VRs and other Reduced Fees Medium	N	365.00	365.00	
VRs and other Reduced Fees High	N	548.00	548.00	
Mobile plant, for the first and second permits Low**	N	626.00	626.00	
for the third to seventh permits Low	N	385.00	385.00	
eighth and subsequent permits Low	N	198.00	198.00	
Mobile plant, for the first and second permits Medium**	N	1,034.00	1,034.00	
for the third to seventh permits Medium	N	617.00	617.00	
eighth and subsequent permits Medium	N	316.00	316.00	
Mobile plant, for the first and second permits High**	N	1,551.00	1,551.00	
for the third to seventh permits High	N	924.00	924.00	
eighth and subsequent permits High	N	473.00	473.00	
Late payment fee	N	52.00	52.00	
Where a Part B installation is subject to reporting under the E-PRTR Regulation add an extra to the above amounts	N	104.00	104.00	
Transfer and Surrender;				
Standard process transfer	N	169.00	169.00	
Standard process partial transfer	N	497.00	497.00	
New operator at low risk reduced fee activity	N	78.00	78.00	
Surrender: all Part b activities	N	0.00	0.00	
Reduced fee activities: transfer	N	0.00	0.00	
Reduced fee activities: partial transfer	N	47.00	47.00	
Temporary transfer for mobiles;				
First transfer	N	53.00	53.00	
Repeat following enforcement or warning	N	53.00	53.00	
Substantial change;				
Standard process	N	1,050.00	1,050.00	
Standard process where the substantial change results in a new PPC activity	N	1,650.00	1,650.00	
Reduced fee activities	N	102.00	102.00	
**Not using simplified permits				
<b>LAPPC mobile plant charges (not using simplified permits)</b>				
Number of permits 1 to 2;				
Application fee	N	1,650.00	1,650.00	
Subsistence fee Low	N	646.00	646.00	
Subsistence fee Medium	N	1,034.00	1,034.00	
Subsistence fee High	N	1,506.00	1,506.00	
Number of permits 3 to 7;				
Application fee	N	985.00	985.00	
Subsistence fee Low	N	385.00	385.00	
Subsistence fee Medium	N	617.00	617.00	
Subsistence fee High	N	924.00	924.00	
Number of permits 8 and over;				
Application fee	N	498.00	498.00	
Subsistence fee Low	N	198.00	198.00	
Subsistence fee Medium	N	316.00	316.00	
Subsistence fee High	N	473.00	473.00	



Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>LA-IPPC charges</b>				
Every subsistence charge below includes the additional £104 charge to cover LA extra costs in dealing with reporting under the E-PRTR Regulation				
Application	N	3,363.00	3,363.00	
Additional fee for operating without a permit	N	1,188.00	1,188.00	
Annual Subsistence Low	N	1,447.00	1,447.00	
Annual Subsistence Medium	N	1,611.00	1,611.00	
Annual Subsistence High	N	2,334.00	2,334.00	
Late Payment Fee	N	52.00	52.00	
Variation	N	1,368.00	1,368.00	
Transfer	N	235.00	235.00	
Partial Transfer	N	698.00	698.00	
Surrender	N	698.00	698.00	
Subsistence charges can be paid in four equal quarterly instalments paid on 1st April, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £38.00				
Newspaper adverts may be required under EPR at the discretion of the LA as part of the consultation process when considering an application. This will be undertaken and paid for by the LA and the charging scheme contains a provision for the LA to recoup its costs				
				<b>Minimal</b>
<b>TRADING STANDARDS</b>				
Please note that VAT may be added to some charges. Check with the service before the work is agreed.				
<b>Prosecution Costs</b>				
Hourly rate for Preparation of Case Reports	L	47.00	47.50	
<b>Measures</b>				
Linear measures not exceeding 3m each scale	L	14.50	15.00	
Not exceeding 15kg	L	40.00	40.50	
Exceeding 15kg but not exceeding 100kg	L	60.50	70.50	
Exceeding 100kg but not exceeding 250kg	L	83.50	84.50	
Exceeding 250kg but not exceeding 1 tonne	L	145.50	147.00	
Exceeding 1 tonne but not exceeding 10 tonnes	L	233.00	235.50	
Exceeding 10 tonnes but not exceeding 30 tonnes	L	488.50	494.00	
Exceeding 30 tonnes but not exceeding 60 tonnes	L	726.00	734.00	
Charge to cover any additional costs involved in testing incorporating remote display or printing facilities based on the above fee plus a charge per hour (minimum charge of 2 hours)	L	63.77 per hour	65.00 per hour	
<b>Measuring Instruments for Intoxicating Liquor</b>				
Not exceeding 150ml	L	23.00	23.50	
Other	L	26.50	27.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Measuring Instruments for Liquid Fuels and Lubricants</b>				
Container Type (un-subdivided)				
Multi-grade (with price computing device):	L	100.50	102.00	
Single Outlets	L	138.00	139.50	
Solely Price Adjustment	L	252.50	255.00	
Otherwise				
Other Types – Single Outlets				
Solely Price Adjustment	L	110.50	112.00	
Otherwise	L	150.50	152.00	
Other Types – Multi Outlets:				
1 Meter Tested	L	161.00	162.50	
2 Meters Tested	L	264.00	267.00	
3 Meters Tested	L	360.50	365.00	
4 Meters Tested	L	459.50	465.00	
5 Meters Tested	L	556.00	562.00	
6 Meters Tested	L	652.50	660.00	
7 Meters Tested	L	737.00	746.00	
8 Meters Tested	L	852.00	861.00	
Charge to cover any additional costs involved in testing ancillary equipment such as payment acceptors based on the above fee plus a charge per hour (minimum of 2 hours)	L	63.77 per hour	65.00 per hour	
<b>Special Weighing and Measuring Equipment</b>				
For all specialist work undertaken by the service which is not included above a charge per hour on site (minimum charge of 2 hours) plus cost of provision of testing equipment applies	L	63.77 per hour	65.00 per hour	
Discounts				
Fees from Measures to Certification Calibration will be discounted as follows :-				
a) Where more than a single item is submitted on one occasion the second and subsequent fees will be reduced by 20%				
b) Where tests are undertaken using appropriately certified weights and equipment not supplied by the Borough Council the fees will be reduced by 20%				
c) Special rates can be negotiated for multiple submissions or where assistance with equipment or labour is provided				
NB – Where different fees are involved the highest fee will be charged in full and any discounts calculated from the remaining lesser fees				
<b>Licensing – VAT not applicable</b>				
<b>Explosives and Fireworks Licences (Statutory Fee)</b>				
Licence for the storage of explosives	N	**See Note	**See Note	
Licence for the sale of fireworks all year round	N	**See Note	**See Note	
**These are statutory rates that are set centrally in April				
				<b>Minimal</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>PARKING – all off-street charges are inclusive of VAT at 20%</b>				
The below pricing reflects the parking offers to be funded by the Tees Valley Combined Authority (TVCA)				
<b>Off Street Car Parks - Town Centre within Inner Ring Road included in the Parking Offer</b>				
Car Parks - Abbots Yard, Commercial Street East & West, Winston Street North & South, Town Hall & Feethams MSCP				
Monday to Sunday 8am to 6pm (including bank holidays)				
First 2 hours	L	Free	Free	
Each subsequent hour	L	1.00	1.00	
Car Parks - East Street				
Monday to Saturday 8am to 6pm (including bank holidays)				
First 2 hours	L	Free	Free	
Per day	L	2.00	2.00	
Sunday 8am to 6pm				
First 2 hours	L	Free	Free	
Per day	L	1.00	1.00	
<b>Off Street Car Parks - Town Centre outside Inner Ring Road excluded from the Parking Offer</b>				
Car Parks - Archer Street, Kendrew Street East & West, Park Place East & West				
Monday to Saturday 8am to 6pm (including bank holidays)				
Per hour (up to 3 hours)	L	1.00	1.00	
Per day	L	4.00	4.00	
Per week	L	16.00	16.00	
Sunday 8am to 6pm				
Per day	L	1.00	1.00	
Car Parks - Garden Street, Hird Street, St Hilda's Tannery Yard Parkgate				
Monday to Saturday 8am to 6pm (including bank holidays)				
First 2 hours	L	Free	Free	
3 hours	L	1.00	1.00	
Per day	L	4.00	4.00	
Car Parks - Chestnut Street				
Monday to Saturday 8am to 6pm (including bank holidays)				
Cars per day	L	2.00	2.00	
Cars per week	L	8.00	8.00	
HGV and coaches per day	L	Free	Free	
HGV and coaches per night (6pm to 8am)	L	4.00	4.00	
Sunday 8am to 6pm				
Cars per day	L	1.00	1.00	
HGV and coaches per day	L	Free	Free	
Car Parks - Park Lane (Station)				
Monday to Saturday 8am to 6pm (including bank holidays)				
Per day	L	5.00	5.00	
Sunday 8am to 6pm				
Per day	L	1.00	1.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Areas included in the Parking Offer</b>				
East Row Horsemarket, Barnard Street, Back Street, Beaumont Street, Duke Street, South Arden Street, Winston Street, East Raby Street, Larchfield Street, Napier Street, Powlett Street, Primrose Street, Raby Street, West Powlett Street (Max stay of 2 hours)				
Monday to Sunday 8am to 6pm (including bank holidays) First 2 hours	L	Free	Free	
Grange Road, Town Centre, Northumberland Street (Max stay of 3 hours)				
Monday to Sunday 8am to 6pm (including bank holidays) First 2 hours	L	Free	Free	
Subsequent 1/2 hour	L	0.50	0.50	
<b>Areas excluded from the Parking Offer</b>				
Gladstone Street, Kendrew Street, North Lodge Terrace, Victoria Road, Hargreave Terrace, Park Place, Swan Street, Victoria Embankment (Max stay of 2 hours)				
Monday to Sunday 8am to 6pm (including bank holidays) Per 30 minutes	L	0.50	0.50	
<b>Car Parks – Contract Parking – all charges are inclusive of VAT at 20%</b>				
Parking locations as determined by the Director of Economic Growth and Neighbourhood Services.				
Per year one space	L	950.00	950.00	
Per year two spaces	L	900.00	900.00	
Per year three spaces	L	860.00	860.00	
Per year four spaces	L	830.00	830.00	
Per year five to nine spaces	L	800.00	800.00	
Per year ten or more spaces	L	700.00	700.00	
Four Riggs				
Per calendar month	L	64.00	64.00	
Winston Street West				
Per space per year	L	1,100.00	1,100.00	
<b>Car Parks – Staff &amp; Members per year</b>	L	173.04	173.04	
<b>Residents Parking Permits</b>				
3 month temporary permit	L	12.00	12.00	
6 month permit	L	24.00	24.00	
12 month permit	L	40.00	40.00	
<b>Tradesmen Parking Permits</b>				
Daily Waiver	L	5.00	5.00	
3 month permit	L	50.00	50.00	
6 month permit	L	90.00	90.00	
12 month permit	L	150.00	150.00	
				<b>Offers funded by TVCA</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>BUILDING CONTROL</b> Items inclusive of VAT at 20%				
Letter confirming exemption	L	Free	Free	
Letter confirming enforcement action will not be taken	L	Free	Free	
<b>Decision/Approval Notice (Building Control)</b>				
Responding to request for historical information from electronic databases (email response)	L	Free	Free	
Responding to request for historical information from electronic databases (letter response)	L	1.00	1.00	
Responding to request for historical information from manually recorded data (email response)	L	Free	Free	
Personal searches (email response)	L	Free	Free	
<b>The Building (Local Authority Charges) Regulations 2010 Plus VAT at 20%</b>				
Work charged on individual job basis	L	As agreed with client	As agreed with client	
				<b>NIL</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>DOLPHIN CENTRE</b>				
Pricing based on the introduction of a leisure card.				
<b>Swimming</b>				
Adult swim				
Card holder	L	3.85	3.90	
Non card holder	L	4.45	4.50	
Concession	L	2.95	3.00	
Junior Swim	L	2.65	2.65	
Concession	L	2.00	2.00	
Family swim junior rate discount (up to 4 children accompanying 1 adult)				
Per card holder	L	2.00	2.10	
Per non card holder	L	2.30	2.40	
Under 5 years	L	1.20	3.00	
Under 12 months	L	Free	Free	
Lessons	L	47.50	50.00	
<b>Fitness Areas</b>				
The Gym				
Card holder	L	4.65	4.90	
Non card holder	L	5.35	5.65	
Concession	L	3.50	3.70	
Junior Gym	L	3.80	4.00	
Concession	L	2.90	3.05	
<b>Health &amp; Fitness Classes</b>				
Health & Fitness Classes				
Card holder	L	4.05	4.15	
Non card holder	L	4.65	4.75	
Concession	L	3.05	3.15	
<b>Multi Activity Sessions</b>				
Badminton Daytime Session				
Card holder	L	2.80	2.95	
Non card holder	L	3.20	3.35	
<b>Half Main Hall</b>				
Adult				
Card holder	L	43.50	43.50	
Non card holder	L	50.00	50.00	
Junior (1 hour courts only)	L	30.00	30.00	
Weekday lunchtime				
Card holder	L	38.00	38.00	
Non card holder	L	42.00	42.00	
<b>Badminton</b>				
Adult				
Card holder	L	8.10	8.25	
Non card holder	L	9.30	9.50	
Concession	L	6.10	6.30	
Junior (1 hour courts only)	L	4.45	4.55	
Concession (1 hour courts only)	L	3.35	3.45	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Equipment Hire</b>				
Footballs	L	Free	Free	
Footballs – Deposit (FOC for card holders)	L	5.00	5.00	
Badminton	L	2.00	2.00	
Badminton – Deposit (FOC for card holders)	L	5.00	5.00	
Squash Racquets	L	2.00	2.00	
Squash Racquets – Deposit (FOC for card holders)	L	5.00	5.00	
Table Tennis Bats	L	1.40	1.40	
Table Tennis Bats – Deposit (FOC for card holders)	L	5.00	5.00	
Pram Lock	L	Free	Free	
Pram Lock – Deposit (FOC for card holders)	L	5.00	5.00	
<b>Children's Activities</b>				
Crèche	L	3.55	3.75	
Soft play admissions	L	3.85	4.75	
Sensory Room	L	3.85	4.75	
Parent/toddler (Soft play)	L	3.85	4.75	
<b>Other Activities</b>				
Showers				
Card holders	L	1.95	2.05	
Non card holders	L	2.25	2.35	
<b>Fit 4 Life Packages</b>				
12 month Full Membership	L	299.40	299.40	
12 month Seniors	L	228.00	228.00	
12 month Student	L	180.00	180.00	
6 Month Full	L	195.00	195.00	
12 Month Upfront	L	275.00	275.00	
<b>Swimming Pools</b>				
Main Pool - per hour	L	92.00	97.00	
Diving Pool - per hour	L	52.00	55.00	
Teaching Pool - per hour	L	52.00	55.00	
<b>Gala - per hour</b>				
Swimming Galas - whole complex				
Normal opening hours - per hour	L	293.00	308.00	
Outside normal opening hours - per hour	L	155.00	163.00	
<b>Swimming Galas - Schools, Junior Clubs and Organisations</b>				
Main Pool - Peak	L	206.00	217.00	
Main Pool - Off Peak	L	145.00	153.00	
Main Pool and Teaching Pool - Peak	L	172.00	181.00	
Main Pool and Teaching Pool - Off Peak	L	177.00	187.00	
Electronic Timing	L	86.00	91.00	
<b>Dry Sports Hall</b>				
Main Sports Hall - per hour	L	97.00	102.00	
Special Events - per hour Weekends	L	318.00	335.00	
Preparation - per hour Weekends	L	166.00	175.00	
Special Events - Schools - per hour off peak	L	44.50	47.00	
Meeting Room	L	33.00	34.50	
Seminar Room/Stephenson Suite	L	33.00	34.50	
<b>Central Hall</b>				
All Events (except commercial, exhibitions and local societies)	L	101.00	106.00	
Exhibitions - commercial - per hour	L	132.00	139.00	
Local Societies event - per hour	L	69.00	73.00	
				<b>21,000</b>
<b>PARKS</b>				
Football - Hire of Hundens Park Pitch Seniors' Match	L	37.00	37.00	
Juniors Match	L	21.00	21.00	
				<b>NIL</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>EASTBOURNE SPORTS COMPLEX</b>				
<b>3G Pitch</b>				
Non Charter Standard Pay and Play (No VAT)				
3G 1/3 per hour – Adult	L	46.00	46.00	
3G 1/3 per hour – Junior	L	29.00	29.00	
3G Full pitch per hour – Adult	L	77.00	77.00	
3G Full pitch per hour – Junior	L	50.00	50.00	
Charter Standard and Partner Clubs (No VAT)				
3G 1/3 hour	L	36.00	36.00	
3G Full pitch hour	L	52.00	52.00	
Partner Club Rate Fridays 3G Full pitch hour	L	31.00	31.00	
Off Peak Summer Prices (May to August) Charter Standard and Partner Clubs				
3G 1/3 hour	L	15.50	15.50	
3G Full pitch hour	L	26.00	26.00	
<b>Grass Pitch</b>				
Adult per match	L	37.00	38.00	
Junior per match	L	19.00	20.00	
<b>Athletics Track</b>				
Non club rate				
Adult	L	3.70	3.80	
Junior	L	3.30	3.40	
Full track per hour	L	33.00	34.00	
Club rate				
Adult	L	3.10	3.10	
Junior	L	3.10	3.10	
<b>Gym</b>				
Adult	L	4.30	4.40	
Cardiac Concession	L	2.30	2.40	
Junior	L	2.10	2.20	
Adult induction	L	10.80	11.00	
Junior Induction	L	8.20	8.40	
Personal training per hour	L	20.60	21.00	
3 months membership	L	60.00	60.00	
12 month full upfront membership	L	150.00	150.00	
12 month direct debit membership per month	L	15.00	15.00	
<b>Other</b>				
Shower	L	1.90	2.00	
Function room and pavilion hire per hour	L	20.60	21.00	
				<b>Minimal</b>



Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>HIPPODROME &amp; HULLABALOO</b>				
Hire & Conferencing (all pricing exclusive of VAT)				
John Wade Group Lounge - max capacity 40 (theatre style) - per hour	L	44.00	35.00	
John Wade Group Lounge - max capacity 40 (theatre style) - day hire**	L	265.00	210.00	
Living Water Tower Room - max capacity 18 - per hour	L	33.00	30.00	
Living Water Tower Room - max capacity 18 - day hire**	L	220.50	180.00	
Hippo Lounge - max capacity 70 - per hour	L	44.00	42.00	
Hippo Lounge - max capacity 70 - day hire**	L	265.00	252.00	
Hippo Education Space - max capacity 40 (workshop of approx. 25) - per hour	L	44.00	35.00	
Hippo Education Space - max capacity 40 (workshop of approx. 25) - day hire**	L	265.00	252.00	
Hullabaloo Rehearsal Space - max capacity 35 - per hour	L	44.00	35.00	
Hullabaloo Rehearsal Space - max capacity 35 - day hire**	L	265.00	210.00	
Hullabaloo Café - max capacity 70 - per hour	L	44.00	42.00	
Hullabaloo Café - max capacity 70 - day hire**	L	265.00	252.00	
Hippodrome Theatre Hire - max capacity 1,000 - w/end full day	L	1,654.00	1,900.00	
Hippodrome Theatre Hire - max capacity 1,000 - w/end half day	L	827.00	950.00	
Hippodrome Theatre Hire - max capacity 1,000 - w/day full day	L	1,378.00	1,750.00	
Hippodrome Theatre Hire - max capacity 1,000 - w/day half day	L	717.00	875.00	
Hullabaloo Theatre Hire - max capacity 150 - per hour	L	66.00	62.00	
Hullabaloo Theatre Hire - max capacity 150 - day hire**	L	397.00	450.00	
**day hire - 9am to 6pm				
Community Rate may be applicable for charities, NHS, children's groups and local artists if qualifying criteria met. This equates to 30% reduction on the above charges.				
				<b>Minimal</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>HEAD OF STEAM</b>				
<b>Admission</b>				
Adult	L	4.95	4.95	
Concession	L	3.75	3.75	
Children (6-16 years old)	L	3.00	3.00	
Children (under 6)	L	No charge	No charge	
Single annual pass	L	10.00	10.00	
Family day pass (2 adults & 4 children)	L	10.00	10.00	
Family annual pass (2 adults & 4 children)	L	15.00	15.00	
School Visit	L	No charge	No charge	
<b>Research</b>				
Research	L	£30.00 (min 1 hour & max 3 hours)	£30.00 (min 1 hour & max 3 hours)	
Research by Curator	L	£30.00 (min 1 hour & max 3 hours)	£30.00 (min 1 hour & max 3 hours)	
Short research (up to 10 mins)	L	Free except for £5.00 minimum handling fee for scans, photocopies and postage	Free except for £5.00 minimum handling fee for scans, photocopies and postage	
<b>Photocopying</b>				
A4 (B&W)	L	0.20	0.20	
A3 (B&W)	L	0.40	0.40	
A4 (B&W)	L	0.50	0.50	
A3 (Colour)	L	1.00	1.00	
A0 plan copies (B&W)	L	6.50	6.50	
<b>Digital Copies (personal) per image</b>				
Scan of document (max A3)	L	Free except for £5.00 minimum handling fee for scans	Free except for £5.00 minimum handling fee for scans	
Scan of photograph (max A3)	L	6.50	6.50	
Day photo pass	L	10.00	10.00	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Digital Copies (commercial) per image</b>				
Small local charitable, educational including websites	L	6.50	6.50	
Local commercial including websites	L	15.00	15.00	
Books, specialist magazines, journals & newspapers including websites	L	30.00	30.00	
Regional TV/Video/Film/DVD	L	50.00	50.00	
National/international TV/Video/Film/DVD	L	100.00	100.00	
Discount for 10 images or more	L	0.10	0.10	
<b>Postage and Packing</b>				
Up to A4 (in UK only)	L	Free except for 5.00 minimum handling fee	Free except for 5.00 minimum handling fee	
'Package' size and/or outside UK delivery	L	Dependant on size and weight	Dependant on size and weight	
<b>Filming Fees</b>				
Student Production (during opening hours)	L	Free but donation welcome	Free but donation welcome	
Small Productions (per day)	L	350.00	350.00	
Large Productions (per day)	L	700.00	700.00	
<b>Conference Facilities</b>				
During opening hours (per hour)	L	25.00	25.00	
Outside opening hours (per hour)	L	32.50	32.50	
Use by Museum partners (during opening hours)	L	Free	Free	
<b>Hire of Museum Field</b>				
Educational Use	L	No charge	No charge	
Corporate Events	L	Negotiated on an individual basis	Negotiated on an individual basis	
				<b>NIL</b>
<b>REFUSE COLLECTION AND DISPOSAL</b>				
Refuse sacks (per 25) (Exclusive of VAT)	L	102.35	105.45	
Bulky Household Collection up to 6 items	L	18.25	18.80	
Cost of replacement (inclusive of 20% VAT)				
360L Wheeled Bin	L	51.80	53.35	
240L Wheeled Bin	L	20.40	21.00	
Caddie	L	5.25	5.40	
Glass Box	L	3.35	3.45	
55L Box	L	1.65	1.70	
Lid for recycling box	L	1.40	1.45	
Lid for 240 bin	L	5.10	5.25	
				<b>2,500</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>CEMETERIES</b>				
Burial fees without exclusive right of burial (these fees will be tripled where the deceased is a non-resident of Darlington at time of death)				
Individual foetal remains	N	No Charge	No Charge	
Stillborn or child not exceeding 12 months	N	No Charge	No Charge	
Person over 12 months up to 18 years	N	No Charge	No Charge	
Person over 18 years	L	900.00	930.00	
Burial fees with exclusive right of burial (these fees will be doubled where the deceased is a non-resident of Darlington at time of death)				
Individual foetal remains	N	No Charge	No Charge	
Child not exceeding 12 months	N	No Charge	No Charge	
Person over 12 months up to 18 years	N	No Charge	No Charge	
Person over 18 years	L	900.00	930.00	
Cremated remains	L	200.00	200.00	
Exclusive rights of burial (these fees will be doubled if the purchaser is a non-resident of Darlington if not purchased at time of first interment).				
Exclusive burial rights (50 years)	L	900.00	950.00	
Exclusive burial rights for a bricked grave	L	1,800.00	1,900.00	
<b>Other charges</b>				
Scattering of cremated remains	L	45.00	45.00	
Indemnity form (to produce duplicate grant)	L	45.00	45.00	
Use of Cemetery Chapel	L	100.00	100.00	
After post mortem remains	L	200.00	200.00	
Evergreens (including grass mats)	L	65.00	65.00	
Exhumation of a body (excl. re-interment)	L	2,000.00	2,000.00	
Exhumation of cremated remains (excl. re-interment)	L	500.00	500.00	
<b>Grave Maintenance (inclusive of 20% VAT)</b>				
Initial payment	L	50.00	50.00	
Annual Maintenance	L	36.00	37.00	
<b>Memorials (fees will be doubled where the deceased to whom the memorial/inscription refers was non-resident of Darlington at time of death)</b>				
Memorial rights including first inscription (30 years)	L	220.00	220.00	
Provision of kerbs – traditional sites only	L	100.00	100.00	
Vases not exceeding 300mm	L	80.00	80.00	
Additional inscription	L	80.00	80.00	
<b>Total financial effect for Cemeteries</b>				<b>8,000</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>CREMATORIUM</b>				
Crematorium fees (inclusive of certificate of cremation, use of organ and scattering of remains in Gardens of Remembrance at an unreserved time)				
Individual foetal remains	N	No charge	No charge	
Hospital arrangement – foetal remains	L	200.00	200.00	
Stillborn or child not exceeding 12 months	N	No charge	No charge	
Person over 12 months up to 18 years	N	No charge	No charge	
Person over 18 years	L	825.00	850.00	
After post mortem remains	L	200.00	200.00	
<b>Other charges</b>				
Medical Referee Fee	N	20.00	22.00	
Environmental Surcharge (set by CAMEO)	N	56.00	58.00	
Postal Carton	L	20.00	20.00	
Metal Urn	L	40.00	40.00	
Wooden Casket	L	50.00	50.00	
Baby Urn	L	10.00	10.00	
Crematorium Chapel	L	100.00	100.00	
Scattering of remains at reserved time	L	45.00	45.00	
<b>Book of Remembrance (inclusive of 20% VAT)</b>				
Single Entry (2 lines)	L	70.00	70.00	
Double Entry (3 or 4 lines)	L	110.00	110.00	
Additional lines	L	25.00	25.00	
Crest or floral emblem	L	115.00	115.00	
<b>Memorial Cards (inclusive of 20% VAT)</b>				
Single entry card (2 lines)	L	25.00	25.00	
Double entry card (3 or 4 lines)	L	30.00	30.00	
Additional lines	L	5.00	5.00	
Crest of floral emblem	L	70.00	70.00	
Personal photographs – set up	L	50.00	50.00	
Additional photographs – after set up	L	10.00	10.00	
<b>Memorial Books (inclusive of 20% VAT)</b>				
Single entry book (2 lines)	L	80.00	80.00	
Double entry card (3 or 4 lines)	L	85.00	85.00	
Additional lines	L	5.00	5.00	
Crest of floral emblem	L	70.00	70.00	
Personal photographs – set up	L	50.00	50.00	
Additional photographs – after set up	L	10.00	10.00	
<b>Triptych (inclusive of 20% VAT)</b>				
Single entry card (2 lines)	L	67.00	67.00	
Double entry (3 or 4 lines)	L	72.00	72.00	
Additional lines	L	5.00	5.00	
Crest or floral emblem	L	70.00	70.00	
Personal Photographs – set up	L	50.00	50.00	
Additional Photographs – after set up	L	10.00	10.00	
<b>Other Memorial Schemes</b>				
Replacement kerb vase plaque	L	300.00	300.00	
Replacement flower holder	L	5.00	5.00	
Wall plaques	L	245.00	245.00	
Planter plaques	L	365.00	365.00	
Lease of space for memorial plaques (per annum)	L	25.00	25.00	
<b>Total financial effect for Crematorium</b>				<b>38,000</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>ALLOTMENTS &amp; STABLES</b>				
Rent per year	L	175.00	180.20	
				<b>Minimal</b>
<b>HIGHWAYS</b>				
Private apparatus in the Highway (Section 50 Licence, new installations)	L	550.00	550.00	
Private Road Openings (repair existing)	L	225.00	225.00	
Vehicle Crossings – estimate fee (taken as part of payment if go ahead with the works)	L	25.00	25.00	
Vehicle Crossings (plus actual construction costs)	L	100.00	100.00	
Vehicle Crossings if planning permission required on a classified road (plus actual construction costs)	L	150.00	150.00	
Temporary Road Closure Notices	L	130.00	130.00	
Temporary Road Closure Orders (plus advertising)	L	275.00	275.00	
Emergency Road Closures	L	130.00	130.00	
Street Naming Royal Mail Income (per address, Nationally agreed price LGIH)	L	1.00	1.00	
Street Naming & Numbering of Properties:				
- Per road name (developer suggests)	L	165.00	165.00	
- Per road name (council names)	L	200.00	200.00	
- Per plot	L	15.00	15.00	
Street Naming & Numbering of Properties:				
- Per plot or renaming of a property	L	35.00	35.00	
Rechargeable Works	L	Actual cost + 10%	Actual cost + 10%	
Temporary Traffic Light Applications	L	No Charge Individually priced based on requirements	No Charge Individually priced based on requirements	
Section 50 Licence associated bond costs	L	No charge	No charge	
Access protection markings	L	£75.00 + VAT	£75.00 + VAT	
Tourist Sign (plus actual cost of sign)	L	£75.00 + VAT	£75.00 + VAT	
Accident Data Requests	L	75.00	75.00	
Traffic Count Data	L	Individually priced based on charge out rate	Individually priced based on charge out rate	
Street Lighting Design Service	L	No charge	No charge	
Oversailing Licence	L	No charge	No charge	
Banner Licence	L	No charge	No charge	
Placing Goods on the Highway	L	155.00	155.00	
Deposits upon the Highway	L	No charge	No charge	
Temporary Development Signs – Admin Fee	L	200.00	200.00	
Temporary Development Signs – DBC undertake work on behalf of developer	L	Actual costs	Actual costs	
Switch off / on traffic signal / pelican crossings – per visit	L	150.00	150.00	
Unauthorised marks or affixing of signs to street furniture	L	No charge	No charge	

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
Section 278 Highway works agreement	N	6% of works + legal if delivered by developer	6% of works + legal if delivered by developer	
Section 116 Stopping Up of the Highway	N	Actual Costs	Actual Costs	
Section 38 Road Adoption agreement	N	6% of works + legal if delivered by developer	6% of works + legal if delivered by developer	
NRSWA Defect Charges	N	Nationally set scale of charges	Nationally set scale of charges	
NRSWA Road Opening Inspection Charges (sample)	N	Nationally set scale of charges	Nationally set scale of charges	
Section 74 – charges for overstays	N	Nationally set scale of charges	Nationally set scale of charges	
				<b>NIL</b>
<b>PUBLIC RIGHTS OF WAY</b>				
Public Path Orders (HA 80 S 118 and 119, TCPA 90 s247, 257) Actual cost based on charge out rate plus advertising and legal costs				
PROW Temporary Closures – as Highways fees and charges				
Landowner Rights of Way Statement and Declaration s31.6				
One parcel of land, includes 2 notices	L	250.00	250.00	
Additional parcel	L	50.00	50.00	
Additional notice	L	50.00	50.00	
Authorisation for installing a new gate or stile (HA 80 s147)	L	100.00	100.00	
Path Orders under Deregulation Act Actual cost based on charge out rate plus advertising and legal costs, to include but not restricted to pre-application advice, processing the application, resolving objections, making the order, confirmation of the order, and any subsequent Public Inquiry or Hearing				
				<b>NIL</b>
<b>SUSTAINABLE TRANSPORT</b>				
Charges for Concessionary Travel (ENCTS);				
Replacement pass for lost/stolen without a CRN	L	10.00	10.00	
Learn to Ride per session (child)	L	3.00	3.00	
Production, placement and retrieval of notices when bus stops are temporarily per bus stop	L	60.00	60.00	
Production and placement of bus timetable information when bus services have to be re-registered due to road closures – up to 6 timetables	L	84.00	84.00	
				<b>NIL</b>
<b>TRANSPORT SERVICES</b>				
Charges for Taxi Licensing;				
Taxi Vehicle Test	L	50.00	50.00	
Taxi Vehicle Test and MOT	L	60.00	60.00	
Failure to attend (less than 48 hours' notice)	L	50.00	50.00	
Re-test	L	25.00	25.00	
Re-test including emissions	L	35.00	35.00	
Re-test emissions only	L	10.00	10.00	
Charges for General Public;				
MOT for Motorbike Class I & II	L	25.00	25.00	
MOT for Standard Car Class IV	L	35.00	35.00	
MOT for Class V Vehicles	L	40.00	40.00	
MOT for Class VII Vehicles	L	40.00	40.00	
				<b>NIL</b>

Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>PRIVATE SECTOR HOUSING</b>				
Works in default & statutory activities per hour	L	47.00	47.00	
Housing inspections & consultancy per hour (inclusive of VAT)	L	56.00	56.00	
Charge for the service relevant Housing Act 2004 legal notice	L	421.00	421.00	
Securing empty homes (addition of VAT by agreement)	L	280.00	280.00	
Houses in Multiple Occupation Activities;				
HMO licence fee per letting/let/tenancy	L	187.00	187.00	
Other relevant HMO activities per hour	L	47.00	47.00	
Housing Immigration Inspections;				
Within 10 working days (including VAT)	L	141.00	141.00	
Fast Track within 5 working days (including VAT)	L	188.00	188.00	
General Enforcement Activities:				
Hourly rate for preparation of case reports/prosecutions	L	47.00	47.00	
Additional copies of legal notices via post	L	10.00	10.00	
Smoke and Carbon Monoxide Alarms (England) Regulation 2015;				
Fines for failing to provide a working smoke or carbon monoxide alarm. Offence by the same individual or organisation;				
First	N	500.00	500.00	
Second	N	1,000.00	1,000.00	
Third	N	2,000.00	2,000.00	
Fourth	N	3,000.00	3,000.00	
Fifth or more	N	5,000.00	5,000.00	
The Redress Schemes for Letting Agency Work and Property Management Work (England) Order 2014;				
Fines for failing to join an approved letting and management redress scheme;				
Businesses that have been served with a notice of intent and failed to join an approved scheme	N	5,000.00	5,000.00	
Businesses that have joined an approved scheme following the service of the notice of intent	N	4,000.00	4,000.00	
Businesses that have joined an approved scheme prior to enforcement action being taken, after the 1st October 2014	N	3,000.00	3,000.00	
<b>**The Redress Scheme is currently undergoing a national review and may be replaced prior to April 2021 by a new civil penalty policy</b>				



Description	Type**	Existing Charge £	New Charge £	Financial Effect £
<b>**KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Energy Efficiency (Private Rented Property) (England and Wales) Regulations</b>				
Penalty (less than 3 months in breach) renting a non-compliant property	N	Up to 2,000.00 and/or publication penalty	Up to 2,000.00 and/or publication penalty	
Penalty (3 months or more in breach) renting out a non-compliant property	N	Up to 4,000.00 and/or publication penalty	Up to 4,000.00 and/or publication penalty	
Providing false or misleading information on the PRS Exemptions Register	N	Up to 1,000.00 and/or publication penalty	Up to 1,000.00 and/or publication penalty	
Failing to comply with a compliance notice	N	Up to 2,000.00 and/or publication penalty	Up to 2,000.00 and/or publication penalty	
<b>Housing and Planning Act 2016</b>				
Failure to comply with an Improvement Notice (under section 30 of the Housing Act 2004)	N	Civil penalties of up to 30,000 per offence as an alternative to prosecution	Civil penalties of up to 30,000 per offence as an alternative to prosecution	
Failure to comply with a Prohibition Order (under section 32 of the Housing Act 2004)				
Breach of a banning order made under section 21 of the Housing and Planning Act 2016 (due to be enacted in November 2017);				
Using violence to secure entry to a property (under section 6 of the Criminal Law Act 1977)				
Illegal eviction or harassment of the occupiers of a property (under section 1 of the Protection from Eviction Act 1977)				
				<b>NIL</b>
<b>COST OF REVENUE COLLECTION</b>				
<b>Council Tax – All Charges do not incur VAT</b>				
Issue of Summons for Liability Order	L	33.50	33.50	
Issue of Liability Order	L	44.00	44.00	
Issue of Summons for Committal Hearing	L	90.00	90.00	
Issue of Statutory Demand	L	157.50	157.50	
				<b>NIL</b>
<b>Business Rates (NNDR) – All Charges do not incur VAT</b>				
Issue of Summons for Liability Order	L	33.50	33.50	
Issue of Liability Order	L	44.00	44.00	
Issue of Summons for Committal Hearing	L	90.00	90.00	
Issue of Statutory Demand	L	157.50	157.50	
				<b>NIL</b>

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## APPENDIX 4

**KEY ASSUMPTIONS USED IN PROJECTED  
RESOURCES, EXPENDITURE AND INCOME 2021/22-2024/25**

<b>Factor</b>	<b>Assumption</b>
<b>Resources</b>	
Council Tax base	Variable depending on projected additional properties.
Council Tax	4.99% increase in 2021/22 year (including 3% for the Adult Social Care precepts) and then a 1.99% increase in 2022/23, 2023/24 & 2024/25.
Council Tax collection	99% collected
Government Grants	Government grants for 2021/22 as indicated in 2020 spending review and indicative figures for 2022/23 – 2024/25.
	Increase in Business Rates Scheme Top Up Grant of 0.5% in 2021/22, 1.59% in 2022/23, 1.96% in 2023/24 & 1.92% in 2024/25 (projected CPI).
	Revenue Support Grant 2021/22 flat lined to 2024/25.
	Continuation of Improved Better Care Fund (iBCF) at 2020/21 rates.
	Continuation of 2020/21 Social Care Support Grant of £2.952m in total and assumed to continue to 2024/25. And a further £0.641m in additional grant for 2021/22 as per the spending review.
	New Homes Bonus (NHB) legacy payments will continue but no new ones assumed after 2021/22, any funding beyond this subject to 2020 Spending Review so assumed to discontinue in 2023/24.
<b>Expenditure</b>	
Pay inflation	2021-22 2% and thereafter 2% in line with national scheme.
Price inflation	Only contractual inflation on running costs
Local Government Pension Scheme	Contribution rate of 18.4% for 2021/22 – 2023/24 plus past service deficit contributions of £0.271m in 2021/22, £0.280m in 2022/23, amounts set aside in Contingencies for potential increase post 2022/23 Triennial review.
<b>Financing Costs</b>	
Interest rates payable	Average rate on existing debt 2021/22 of 2.48%; 2022/23 of 2.39%; 2023/24 of 2.35% & 2024/25 of 2.35%.
Interest rates payable on new debt – 10 year rate	2021/22 of 2.15%; 2022/23 of 2.28%; 2023/24 of 2.35% & 2024/25 of 2.40%.
Interest rates receivable	0.10% in 2021/22 & 2022/23; 0.25% in 2023/24 & 0.75% in 2024/25.
<b>Income</b>	
Inflationary increases	Various based on individual service considerations

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**REVENUE BUDGET MANAGEMENT 2020/21**

<b><u>Projected General Fund Reserve at 31st March 2021</u></b>	
	2020-24 MTFP (Feb 2020) £000
<b>Medium Term Financial Plan (MTFP) :-</b>	
MTFP Planned Opening Balance 01/04/2020	18,092
Approved net contribution from balances	1,271
<b>Planned Closing Balance 31/03/2021</b>	<b>19,363</b>
Increase in opening balance from 2019-20 results	274
Projected corporate underspends / (overspends) :-	
Adult Social Care re-based savings	525
Economic Growth re-based savings	372
Council Wide	28
Troubled Families grant not required	503
Pay Award	(388)
Financing Costs	248
Financing costs - Covid 19	(141)
Joint Venture - Investment Return - Covid 19	(108)
Projected Collection Fund deficit - Covid 19	(1,595)
Government Grant - Covid -19	8,682
Government Grant - SFC	2,681
Government Grant - Collection fund Contribution	1,196
Transfer to earmarked reserve - Covid	(1,654)
<b>Projected General Fund Reserve (excluding Departmental) at 31st March 2021</b>	<b>29,986</b>
<b>Planned Balance at 31st March 2021 Improvement</b>	<b>19,363</b> <b>10,623</b>

<b><u>Departmental projected year-end balances</u></b>	
	Improvement / (decline) compared with 2019-23 MTFP £000
Children & Adults Services	(1,257)
Economic Growth & Neighbourhood Services Resources	(6,068) (355)
<b>TOTAL</b>	<b>(7,680)</b>

<b><u>Summary Comparison with :-</u></b>	
	2019-23 MTFP £000
Corporate Resources - increase in opening balance from 19/20 results	274
Corporate Resources - additional in-year Improvement/(Decline)	11,047
Projected Collection Fund deficit	(1,595)
Quarter 1 budget claw back	897
Departmental - Improvement / (Decline)	(7,680)
Improvement / (Decline) compared with MTFP	<b>2,943</b>
<b>Projected General Fund Reserve at 31st March 2021</b>	<b>22,306</b>

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## RISK RESERVE

	Risk	Consequence	Scale	Financial Loss £m	Likelihood %	Annual Risk £m	Period (Years)	Reserve Required £m
ECONOMIC Page 63	Economic Downturn	Reduced Revenue Income – Leisure, Culture, Planning, Property & Parking	£15m @ £0.150m per 1% - assess risk of 10%	1.500	25%	0.375	2	0.750
		Reduction in Business Rate Income	£19m @ 5% risk	0.950	10%	0.095	2	0.190
		Increase in LCTS claimants	Taxbase increase of 1% @ average Council Tax (less 20% contribution)	0.450	10%	0.045	2	0.090
		Failure of significant service provider contractors	£36m pa corporately – assess risk of 10% cost increase	3.600	10%	0.360	2	0.720
	Energy Costs Significant Increases	Higher Annual Revenue Costs		0.200	20%	0.040	2	0.080
	General Price Inflation	Higher Annual Revenue Costs	£70m – assess risk of 2%	1.400	20%	0.280	2	0.560
	Slow down in housing growth	Not achieving house growth as anticipated	100 Band D equivalents @ circa £1,600 per property	0.160	25%	0.040	4	0.160
	Adverse Changes in Interest Rates	Higher Financing costs	Net Debt £120m @ 1% = £1.2m	1.200	10%	0.120	1	0.120
	Brexit	Increased demand and reduced income	£93m net revenue budget @1%	0.900	25%	0.225	2	0.450
	Pandemic or Similar Event	Increased employee absence requiring cover at extra cost	£0.5M per 1% of employee costs	0.500	10%	0.050	1	0.050
SERVICES	New Children's Care Packages	Higher Costs	Average £0.200m per Case – 5 cases	1.000	30%	0.300	4	1.200
			Average £0.040m per case – 10 cases	0.400	30%	0.120	4	0.480
	Social Care Increasing Demand	Higher annual Revenue Costs		0.500	30%	0.150	2	0.300
Capital Overspends	Fund from Revenue (no Capital Resources available)	One-off £5M funded over 10 years	0.500	10%	0.050	2	0.100	
GENERAL	Corporate Manslaughter	Unlimited Fine	Assess risk of £10M fine	10.000	1%	0.100	1	0.100
<b>TOTAL GENERAL FUND RESERVE REQUIREMENT</b>								<b>5.350</b>

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**MEDIUM TERM FINANCIAL TERM 2020 TO 2024**

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children and Adults Services	61.026	63.497	65.465	67.672
Economic Growth & Neighbourhood Services	24.326	22.664	23.372	24.245
Resources	10.550	10.936	11.109	11.330
Financing costs	0.823	0.956	2.921	2.933
Investment Returns - Joint Ventures	(1.546)	(1.286)	(1.349)	(1.130)
Council Wide (Savings)/Pressures	(0.499)	0.008	0.004	0.004
Council Wide Contingencies	0.725	0.525	1.512	1.512
Contribution to/(from) revenue balances	2.420	(2.393)	(6.242)	(7.203)
<b>Total Net Expenditure</b>	<b>97.825</b>	<b>94.907</b>	<b>96.792</b>	<b>99.363</b>
<b><u>Resources - Projected and assumed</u></b>				
Council Tax	55.030	56.809	58.594	60.643
Business rates retained locally	19.016	19.318	19.697	20.075
Top Up Grant	7.297	7.413	7.558	7.703
Revenue Support Grant (RSG)	3.634	3.634	3.634	3.634
New Homes Bonus (NHB)	1.182	0.425	(0.000)	0.000
Better Care Fund (BCF)	4.356	4.356	4.356	4.356
Adult Social Care Support Grant	3.593	2.952	2.952	2.952
Additional Covid 19 Government funding	3.574	0.000	0.000	0.000
Lower Tier Services Grant	0.143	0.000	0.000	0.000
<b>Total Resources</b>	<b>97.825</b>	<b>94.907</b>	<b>96.792</b>	<b>99.363</b>
<b><u>Balances</u></b>				
<b>Opening balance</b>	22.306	19.576	17.183	10.941
<b>Risk Reserve</b>	(5.350)	0.000	0.000	0.000
<b>Contribution from Collection Fund</b>	1.000	0.000	0.000	0.000
<b>ICT Architecture Reserve</b>	(0.500)	0.000	0.000	0.000
<b>Climate Change Reserve</b>	(0.100)	0.000	0.000	0.000
<b>Transfer to Futures Fund</b>	(0.150)	0.000	0.000	0.000
<b>Transfer to Stronger Communities Fund</b>	(0.050)	0.000	0.000	0.000
<b>Contribution to/(from) balances</b>	2.420	(2.393)	(6.242)	(7.203)
<b>Closing balance</b>	<b>19.576</b>	<b>17.183</b>	<b>10.941</b>	<b>3.738</b>

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**SPECIAL COUNCIL  
18 FEBRUARY 2021**

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**DARLINGTON CAPITAL STRATEGY**

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**Responsible Cabinet Member – Heather Scott,  
Leader of the Council and all Cabinet Members**

**Responsible Director – Chief Officers Executive**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To approve the Councils Capital Strategy for 2021/22 which incorporates the capital programme priorities for approval.

**Summary**

2. The revised Prudential Code for Capital Finance in Local Authorities 2017 requires every Council to publish a Capital Strategy and review on an annual basis. In accordance with the regulations the Council published its first strategy in 2019/20 and attached in **Appendix 1** is the 2021/22 update. The Strategy is an evolving document and incorporates the Capital Programme at **Appendix 2** for approval.
3. The Strategy provides an overview of how capital expenditure and financing plans are decided upon and provides the framework for the development, management and monitoring of the council capital investment plans. It focuses on core principles that underpin the Council's four-year capital programme and the governance framework which is in place.
4. The Strategy also highlights the resource streams available in terms of funding to the Council and the risk management approach taken.
5. The Strategy maintains a strong and current link to the Council's priorities and to its key strategy documents such as the Treasury Management Strategy, Medium Term Financial Plan and the Council Plan.
6. The Capital programme at Appendix 2 sets out the current agreed programme and proposes priorities for investment along with the funding streams which are summarised in Annex A.

**Recommendation**

7. Council are requested to approve:-
  - (a) The Capital Strategy for 2021/22 – 2024/25 at Appendix 1;
  - (b) The Capital programme Appendix 2 with priorities summarised in Annex A.

- (c) A delegation for Cabinet to vary the capital programme for 2021/22 by up to £0.5m without further Council approval.

## Reasons

- 8. The recommendation is supported by the following reasons:-
  - (a) To ensure the Council adopts the Prudential Code for Capital Finance 2017.
  - (b) To enable the Council to invest in its assets.
  - (c) The Strategy is approved by Council.

**Paul Wildsmith**  
**Managing Director**

## Background Papers

No background papers were used in the preparation of this report.

Elizabeth Davison: extension 5830

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	This report has no implications for the Council's Health and wellbeing Programme
Carbon Impact and Climate Change	The proposals in the report seek to continue to support the Council's responsibilities and ambitions to reduce carbon impact in the Council and the Borough.
Diversity	There are no specific implications on the Council's diversity agenda.
Wards Affected	All wards
Groups Affected	All groups
Budget and Policy Framework	The Capital strategy and capital programme must be approved by full Council
Key Decision	The Capital strategy and capital programme must be approved by full Council
Urgent Decision	The Capital strategy and capital programme must be approved by full Council
One Darlington: Perfectly Placed	There are no issues adversely affecting the Community Strategy
Efficiency	Having a clear view on Capital investments and financing plans ensures value for money and subsequent efficiencies.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers



# DARLINGTON BOROUGH COUNCIL CAPITAL STRATEGY 2021/22

# Darlington Borough Council

## Capital Strategy

### Introduction

1. The Capital Strategy has been developed in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017. The Capital Strategy is intended to give a high level overview of how capital expenditure and financing plans are decided upon and provides the framework for the development, management and monitoring of the Council's capital investment plans.
2. The Strategy aligns with the priorities in the Corporate Plan and focuses on core principles that underpin the Council's approach to capital investments; the governance framework required to ensure the capital programme is delivered and provides value for money for the residents of Darlington.
3. The Strategy incorporates the Capital Programme at **Appendix 2** and is integrated with the Medium Term Financial Plan (MTFP), Asset Management Plan and Treasury Management Strategy and will be reviewed as such on an annual basis.

### The Key objective of Darlington's Capital Strategy

4. The Capital Programme is the Council's plan of capital works for future years and includes details on the funding of schemes. The programme includes projects such as the purchase of land and buildings, construction of new buildings or roads, and the enhancement of existing assets. The capital strategy defines and outlines the approach to capital investments and is fundamental to the Council's financial planning process. The key objective of the capital strategy is to deliver a capital programme that;
  - (a) Ensures capital expenditure and investment decisions are used to support the delivery of the services according to the priorities within the corporate plan and supporting strategies.
  - (b) Is affordable, financially prudent and sustainable
  - (c) The most cost effective use is made of existing assets and new capital investment.
  - (d) Provides Value for Money
  - (e) Encourages Invest to Save initiatives to make efficiencies within the Council's revenue budget.
  - (f) Ensures the appraisal and prioritisation process for new schemes is robust and captures risks and mitigating factors.

## **The Council's Vision and Key priorities**

5. Capital expenditure should support the Council's continuing commitment to the goals and ambitions set out within the Council Plan, which articulates the Council's vision of **Darlington being a place where people want to live and businesses want to locate, where the economy continues to grow, where people are happy and proud of the borough and where everyone has the opportunity to maximise their potential.** All capital expenditure proposals should be considered alongside the following priorities which the Council is committed to in order to achieve the vision;
  - (a) Growing Darlington's economy to create conditions and opportunity for growth to attract new businesses; help our indigenous businesses to develop and expand; maximise employment opportunities for Darlington residents and deliver quality homes.
  - (b) Supporting the most vulnerable in the borough by providing care and support when needed and build on their strengths to maximising their potential and independence.
  - (c) Maximising the potential of our young people to ensure they can grow and flourish and when needed have the targeted support they require.
  - (d) Working with communities to maximise their potential by building strong communities that are resilient, sustainable and safe and working with partners to help our communities maximise their potential by investing in the social infrastructure of Darlington.
6. Overarching all of the above is the focus on the Council being financial stable and being run as effectively and efficiently as possible, ensuring value for money and good governance which this strategy is part of.
7. Meeting these conditions will allow the Council to achieve the following desired outcomes;
  - (a) More people healthy and independent
  - (b) A safe and caring community
  - (c) More businesses and more jobs
  - (d) Enough support for people when needed
  - (e) Children with the best start in life
  - (f) More people active and involved
  - (g) More people caring for our environment; and
  - (h) A place designed to thrive.

## **Governance Arrangements**

8. The Capital Programme is the Council's plan of capital works for future years, including details on the funding of the schemes.

9. The programme is determined by the need to incur capital expenditure, capital resources available; and the revenue implications flowing from the capital expenditure.
10. The Council's Constitution and financial regulations govern the capital programme process and require Full Council to agree the programme annually. The reports of the Chief Finance Officer will consider the compliance of the proposed schemes in the programme with the medium term financial plan, the capital resources available, the revenue implications of the proposed capital expenditure and any other relevant information.
11. All schemes are formally approved into the capital programme by following a process as set out in the financial regulations and approved by Council. The inclusion of a scheme in the programme does not constitute authority to incur expenditure. Each capital scheme shall be the subject of a written report by the responsible Director to Cabinet and this report shall include the need for the proposed expenditure, its place in the Council's strategic plans, the estimated capital cost analysed as appropriate, the estimated revenue implications (if applicable) and the methods of financing.
12. Reports for all proposed schemes with a value of more than £1 million shall also contain whole-life-cost evaluations, setting out the cost of the proposed scheme over its expected life, including any cost implications at the expiry of the life of the proposed scheme.
13. Cabinet receive regular capital monitoring reports and approve variations to the programme within Cabinets delegated authority limits.
14. Cabinet also considers new bids that fall outside the annual budget process.
15. Schemes with a final outturn level over £1m are reported to Cabinet comparing actual cost, timeliness and quality with the original and amended approvals.
16. Scrutiny Committees can call in Cabinet reports, receive and scrutinise reports.
17. All projects progressing to the capital programme follow the constitution and financial regulations and the capital programme is subject to internal and external audit.

### **Investment evaluation and prioritisation**

18. As part of the budget planning process services are required to submit capital proposals for consideration to the Asset Management Group (AMG) for investment decisions. The capital investment appraisal process focuses on:
  - (a) Policy and strategic fit
  - (b) Affordability and resources



- (c) VFM, cost/benefit
- (d) Options appraisal
- (e) Risk assessment and
- (f) Capability and capacity within the Council to manage and deliver the project

19. Where capital expenditure requirements exceed external funding availability, bids for internal resources are prepared and assessed by the AMG using a scoring model which has regard to the capital strategy, asset management plan, sustainable community strategy and the corporate plan. AMG submit to Chief Officers Executive (COE) a list of assessed bids. COE then develop proposals for inclusion in the Capital Programme, Cabinet consider these proposals and make recommendations to Council for final approval.
20. The AMG, chaired by the Managing Director and including representation from all departments, maintain a continuous review of capital planning, management and reporting, with regard to best practice, experience and opportunities for improving the Council's capital and asset management.
21. The AMG oversee implementation of standards and procedures and make recommendations by other parties (Chief Officers Executive, Cabinet, Council) as appropriate. In developing their proposals, AMG shall, in addition to departmental capital expenditure plans, have due regard to:
- (a) the various funding streams available from government and other grants
  - (b) developer contributions towards capital expenditure under section 106 agreements and any other similar arrangements
  - (c) internal resources available from capital receipts, non-supported borrowing and revenue contributions to capital expenditure.

### **Invest to save projects**

22. Departments are encouraged to consider innovation in service provision that can drive efficiency and deliver cashable savings. Invest to save bids will be considered on the same basis as other capital proposals, and need to demonstrate what savings and benefits will be achieved as a result of the proposed initiative. However, as the benefits of these schemes should outweigh the costs it is likely these bids will be prioritised.

### **Approvals outside the normal budget setting process**

23. Any additional capital proposals required within year and outside the annual budget process must be submitted to the AMG for consideration. The group will then appraise the scheme and it will be reported to Cabinet for approval.

### **Capital or Treasury Management Investments**

24. Treasury Management investment activity covers those investments which arise from the Council's cash flows and debt management activity, and ultimately

represent balances which need to be invested until the cash is required for use in the general course of business.

25. For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Strategy and the Annual Investment Strategy.

### **Service and Commercial Investments**

26. These are investments for policy reasons outside of normal treasury management activity. This may include:

#### **Service Investments**

27. These are investments held clearly and explicitly in the course of the provision, and for the purposes, of operational services, including economic regeneration. Any potential Service Investment would be presented to Cabinet for approval prior to commencement.

#### **Commercial investments**

28. These are investments taken mainly for financial reasons and may include investments taken with the aim of making a financial surplus for the Council.
29. Commercial investments also include fixed assets which are held primarily for financial benefit, such as investment properties. Any commercial Investment would be presented to Cabinet for approval prior to commencement.

#### **Due Diligence**

30. For all capital investments, the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.
31. Due diligence process and procedures will include:
- (a) Effective scrutiny of proposed investments;
  - (b) Identification of the risk to both the capital sums invested and the returns;
  - (c) Understanding the extent and nature of any external underwriting of those risks;
  - (d) The potential impact on the financial sustainability of the Council if those risks come to fruition;
  - (e) Identification of the assets being held for security against debt and any prior charges on those assets;
  - (f) Where necessary independent and expert advice will be sought.

## **Loans to External Bodies or Organisations**

32. The Council's capital programme also includes provision to provide loan facilities to external bodies or organisations for activities that are aligned to, and support, Council service objectives and/or corporate priorities. Examples may include, supporting economic growth such as housebuilding and improving the health and wellbeing of local communities.
33. Under statutory regulations these loans are treated as capital expenditure.
34. In making such loans the Council is exposing itself to the risk of the borrower defaulting on loan repayments. The Council, in making these loans must therefore ensure they are prudent and have fully considered the risk implications. The loans for these purposes will be subject to a financial appraisal and a series of due diligence checks, and only be provided if the Council is fully satisfied of the borrower's ability to meet their obligations. Wherever possible, the Council will aim to mitigate its risks and exposure to default by seeking appropriate additional security from the borrower. This may often be in the form of a legal charge over the borrower's property or assets.
35. All loans are agreed by Cabinet. All loans will be subject to close, regular monitoring.
36. The rate of interest charged on these facilities will be dependent on the nature and structure of the individual loan and the assessed risks to the Council. However, loans would usually only be provided on the basis that there is no net cost to the Council. In addition all loans will need to be State Aid compliant.

## **Funding Sources**

37. The Council's capital programme is funded from a mix of sources including:
  - (a) Prudential Borrowing – The introduction of the Prudential code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This funding can also be used as an option to front fund development to stimulate growth. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated. This type of borrowing has revenue implications for the Council in the form of financing costs.
  - (b) External Grants – A proportion of our capital funding comes through as external grant allocations from central government departments such as the Department for Transport and Department of Education. There is also external funding from the European Regional Development Fund which we have been successful in bidding on over the last few years. In addition direct funding is received from the Tees Valley Combined Authority (TVCA) under

the new devolved arrangements. The TVCA has an approved investment plan of £588.2m over a ten year period and Darlington has been successful securing funding for a number of growth projects including £10m for the Town Centre and £25m for Darlington Railway Station which is in development.

- (c) A significant element of the capital investment programme is funded from the Housing Revenue Account. Funding towards the Council's New Build programme is also received from Homes England (HE). All Housing Capital schemes are funded this way and are prioritised through the Housing Business Plan.
- (d) Section 106 and external contributions – elements of the capital programme are funded by contributions from private sector developers and partners.
- (e) Revenue Funding – The Council can use revenue resources to fund capital projects on a direct basis, however, the impact of austerity on the Council's revenue budget has reduced options in this area and the preference is for Invest to Save projects where feasible.
- (f) Capital Receipts – A capital receipt is an amount of money exceeding £10,000, which is generated from the sale of an asset. The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.

### **Capital Investment Fund**

- 38. At its meeting of 24 November 2016 the Council established a Capital Investment Fund of £10m which due to its success has subsequently been increased to £50m.
- 39. Council approved the principle and establishment of the Capital Investment Fund to be used for innovative investment opportunities beyond the traditional Treasury Management Strategy in order to achieve greater returns given the low returns on investment due to the current economic climate.
- 40. The Council is utilising the fund to achieve greater returns by exploring more innovative approaches whilst at the same time being willing to take on a greater level of risk. Such approaches include loans to other organisations, joint venture house building, property investment or developing sites for sale.
- 41. The Investment fund also provides for wider benefits which extend further than direct reward and assist with economic regeneration and job opportunities.
- 42. Since the establishment of the fund and at the time of writing Cabinet have agreed to nine uses of the fund for schemes such as housing joint ventures,

office development, and pump priming with a commitment of £39.713m leaving a balance of £10.287m. All projects are detailed and reported to Cabinet for approval.

### **Economic Growth Investment Fund (EGIF)**

43. The EGIF was set up in 2017/18 as Growing the Economy is a priority for the Council and the Economic Growth Investment plan sets out what needs to be done in order for the Borough to accelerate sustainable, managed and planned economic growth. It also provides the structured framework required to ensure that a programme of investments is created that can deliver the strategic ambitions and goals of the Council.
44. The majority of the Plan is and will be completed in conjunction with the Tees Valley Combined Authority, however the Council needs to pump prime and match fund some of the schemes. The EGIF of £4.234m was established in 2017/18 and included in the capital programme.
45. Any proceeds from sites which subsequently become operational and sold will be reinvested in the fund for future developments.
46. Specific scheme approvals will be subject to detailed reports to Cabinet to release each scheme as and when they are required.
47. At the time of writing the fund has a balance of 0.999m uncommitted.

### **Risk Management**

48. Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully.
49. Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and responding to them. It is both a means of minimising the costs and disruption to the Council caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all of their activities.
50. The aim is to reduce the frequency of adverse risk events occurring, minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.
51. To manage risk effectively, an assessment of risk should be taken on every capital project, mitigated where possible and monitored.
52. It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as

investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.

### **Knowledge and skills**

53. The Council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
54. The Council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.
55. Internal and external training is offered to Members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the Assistant Director Resources.

## Darlington Borough Council

### Capital Programme

1. The Council has an extensive capital programme with significant resources invested to purchase, improve, protect and maintain our assets, to enable the council to deliver its priorities for example purchasing land to enable road improvements or investing in modernising school buildings and housing. The Council continues to deliver a significant capital investment programme in the main funded from the Housing Revenue Account (HRA) and grant or other external funding which is targeted at specific schemes and programmes such as Transport and Schools. Furthermore investment from the Tees Valley Combined Authority (TVCA) along with European and other external funding sources are being used for economic growth initiatives.
2. The Council can also supplement these funding sources with its own resources such as capital receipts or prudential borrowing where there is a need, however as capital receipts are limited and prudential borrowing comes with future revenue implications there must be a strong business case for doing so.
3. In recent years there has been significant investment in economic growth either funded or pump primed by the Council, schemes such as Central Park including the National Biologics Centre and Business Central along with the Development of Feethams House which is Grade A Office accommodation, and recent Town Centre purchases are helping to make Darlington a more vibrant place to be. The Council's Investment Fund and Economic Growth Investment Fund are both being utilised to invest in these areas which ultimately increases business rates and the finances of the Council helping vital services to be funded.
4. The current capital programme stands at £262m as summarised in Table 1 below. The programme is monitored on a monthly basis and reported to Cabinet on a quarterly basis, the latest available monitoring report for the 2020/21 was presented to Cabinet on 9 February 2021 and noted the programme was within budget with the majority of schemes on target.

Table 1

Area	Construction				Non construction	Capital investment fund	Housing New Build not yet allocated	Total
	Live Schemes 75k & Over	Annualised Schemes	Completed Schemes awaiting review	Live Schemes under 75k				
	£m	£m	£m	£m	£m	£m	£m	£m
Housing	20.491	0.360	6.801	0.151	0.392	0.000	26.930	55.125
Economic Growth	87.106	0.000	11.623	0.610	10.837	39.713	0.907	150.796
Highways/Transport	6.953	15.985	4.136	0.849	0.025	0.000	0.000	27.948
Leisure & Culture	19.607	0.000	0.000	0.140	0.160	0.000	0.000	19.907
Education	4.155	0.000	0.358	0.068	0.052	0.000	0.000	4.634
Adult Social Care	0.000	0.000	0.000	0.000	0.993	0.000	0.000	0.993
Other	0.000	0.000	0.000	0.000	2.611	0.000	0.000	2.611
<b>Total</b>	<b>138.313</b>	<b>16.345</b>	<b>22.918</b>	<b>1.818</b>	<b>15.071</b>	<b>39.713</b>	<b>27.836</b>	<b>262.014</b>

- In addition to the current agreed programme the Council looks ahead to future capital requirements based on the principles of the capital strategy. A four year timeframe has been adopted to fall in line with the revenue Medium Term Financial Plan. Attached at **Annex A** are the priority proposals for addition to the plan along with the funding methods. The majority of schemes are focused on Housing and Transport, funded via the HRA and grants respectively, there are however a number of Council funded corporate schemes that have already been approved.
- The following paragraphs describe the major elements of the capital programme priorities for approval. Specific scheme funding release will be subject to detailed reports to Cabinet.

### Corporate schemes – funding required

- Capitalised repairs – £0.250m is required for repairs on the council building stock in 2024/25 to ensure it is fit for purpose. This is a rolling programme and funding has already been agreed for 2021/22 – 2023/24. Details on specific areas of spend will be brought to Cabinet for consideration.
- Advanced design fees - £0.150m per annum is requested for 2024/25 to ensure that resources are available to work up any new schemes brought forward in relation to economic growth including site investigations on development sites, industrial and housing land. This is a rolling programme and funding has already been agreed for 2021/22 – 2023/24. This funding has been invaluable in the past in enabling the Council to be site ready.

### Corporate Schemes – funding secured

- Railway Heritage quarter – Funding of £20m has been secured from the Tees Valley Combined Authority for the Head of Steam site. A master plan has been developed for the Site, the vision being a Rail Heritage Quarter, which will turn



the site into a world class attraction, working closely with on-site partners and others ahead of the 2025 celebrations. The work will include the refurbishment and restoration of the existing buildings and will also have the potential for new build. The project will be delivered in phases with phase 1 happening before 2025.

## Government Funding

10. Set out below are details of the levels of Government funding available for investment by the Council in 2021/22 and an outline of the proposed use of these funds.

	<b>2021/22 £m</b>
<b>Children's Services</b>	
School Condition Allocation	0.142
<b>Transport</b>	
Local Transport Plan	2.575
Pothole Action fund	0.095
<b>Other</b>	
Disabled Facilities Grant	0.937
<b>Total Capital Grant Available</b>	<b>3.749</b>

## School Condition Allocations

11. The Local Authority now only receives school condition funding for Community Maintained Schools. Maintenance funding for Academies is available through other routes. This funding received by the Local Authority will be spent in line with key priorities identified with each maintained school through the locally agreed asset management planning (LAMP) process, carried out each January. There are no strict spend deadlines for these small scale condition related projects which are prioritised and completed as funding becomes available.

## Transport and Highways

12. A new Local Transport Plan for the Tees Valley has been consulted upon and was endorsed by the Tees Valley Cabinet in 2020. This will help set the spending plans for the funding allocations from the Department for Transport and from the Devolution deal. The Integrated Transport Programme (ITP) of TVCAs Investment plan identifies £256.7m of investment over the next 10 years. There will be projects and initiatives delivered in Darlington from this fund. However, these will be subject to separate business cases and approval processes as they are developed.

13. The new Tees Valley Local Transport Plan has a number of accompanying documents that set the strategy and vision for different modes of transport. Each Local Authority is required to produce a Local Improvement Plan, which will effectively replace the local authority Local Transport Plan. These plans will cover local priorities and maintenance requirements. The Department for Transport (DfT) releases capital funding to the Tees Valley Combined Authority (TVCA) to implement these plans based on a needs formula and this is transferred annually to the Local Authority. In 2021/22 the indicative amounts for Darlington are £0.886m allocated for the Integrated Block and £1.689m for the Highways Maintenance Block (comprising £1.398m maintenance and £0.291m incentive funding, which is performance related payments, Darlington receive the maximum amount of funding based on assessments of our process and asset management ).
14. In addition to the above there is opportunistic funding announcements from the Department for Transport. For example in recent years Local Authorities have been allocated additional funding to deal with road repairs from the Pothole Action fund (see below). Whilst, not confirmed it is anticipated a further amount could be received.
15. Pothole Action Fund – The Pothole Action Fund was announced in April 2016 by the government and gave local authorities in England £50 million a year, for 5 years, to help them tackle more than 4 million potholes. Funding is calculated according to the size of the local road network in the area. The Council's current allocation is circa £0.095m per year and this is expected to continue beyond the initial 5 year period.

### **Disabled Facility Grants**

16. These grants are available if you are disabled and need to make changes to your home with examples being:
- (a) Widen doors and install ramps,
  - (b) Improve access to rooms and facilities – e.g. stair lifts or a downstairs bathroom,
  - (c) Provide a heating system suitable for your needs, and
  - (d) Adapt heating or lighting controls to make them easier to use.

### **Housing**

17. All Housing Capital schemes are funded fully from the Housing Revenue Account. The priorities identified through the Housing Business Plan to be funded from the estimated capital resources for 2021/22 include:-
- (a) Adaptations and lifts - £0.200m budget is to deliver adaptations within the Council's housing stock to enable tenants with a disability to remain in their own home and live independently across the Borough and to complete any unplanned major works to passenger lifts within sheltered and extra care

schemes.

- (b) Heating Replacement - £1.015m to fund new condensing boiler and central heating upgrades in approximately 290 properties. This work will predominantly be completed in the Haughton and Bank Top areas. There will also be some miscellaneous properties which will be included in the programme and we will be running a “just in time” programme of replacement for those boilers that fail before their due replacement date within the financial year.
- (c) Structural Repairs - £0.400m has been set aside to address any structural issues that may be identified within the year.
- (d) Lifeline Services - £0.050m is set aside to continue to provide upgrades to Lifeline equipment.
- (e) Repairs before Painting - £0.060m will be invested in joinery repair works in anticipation of the cyclical external painting programme. This will predominantly be in the Branksome, Cockerton, Bank Top and Red Hall areas.
- (f) Roofing & Repointing work - £1.000m for the replacement of flat and pitched roofs, fascia's, soffits and rainwater goods alongside the top-up of loft insulation where appropriate. The programme will primarily be in the Haughton area.
- (g) Garages - £0.075m will be invested in improvements to the Council's garage blocks which will predominantly be in the Lascelles Park area.
- (h) External Works - £0.200m will be used to provide new rear dividing fences and new footpaths to Council properties across areas in the Haughton area.
- (i) Smoke Detectors - £0.025m is required to replace existing hard wired smoke and heat detectors where systems are now 10 years old and reaching the end of their recommended lifespan.
- (j) Pavement Crossings - £0.032m has been identified to fund pavement crossings across the Borough.
- (k) Replacement Door Programme - £0.450m will be used to replace external doors with energy efficient composite doors in the Lascelles Park and Firthmoor area.
- (l) Window Replacement - £0.500m has been identified to replace windows with double glazed UPVC in the Lascelles Park area.
- (m) Internal planned maintenance - £1.690m for the replacement of around 220 kitchens and bathrooms predominantly in the Lascelles Park area and miscellaneous properties.

- (n) Energy Efficiency Improvements - £1.000m has been set aside to support Energy Efficiency improvements and contribute towards any match funding required as part of future potential Energy Grant bids.
- (o) Communal Works - £0.100m is required to replace communal doors and screens
- (p) New Build/Property acquisitions - £13.385m will be spent predominantly on the new build programme.

<b>Capital Medium Term Financial Plan 2021/22 - 2024/25</b>					<b>Annex A</b>
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Spending Priorities</u></b>					
<b>Children, Families &amp; Learning</b>					
School Condition Allocations	142	142	142	142	568
	142	142	142	142	568
<b>Housing</b>					
Adaptations / Lifts	200	200	200	200	800
Heating replacement programme	1,015	1,015	1,015	1,015	4,060
Structural works	400	400	500	400	1,700
Lifeline Services	50	50	50	50	200
Repairs before painting	60	60	60	60	240
Roofing	1,000	1,000	500	500	3,000
Garages	75	50	50	50	225
External Works (footpaths, fencing, etc.)	200	200	200	200	800
Smoke detection	25	25	25	25	100
Pavement Crossing	32	32	32	32	128
Replacement Door Programme	450	450	450	450	1,800
Window Replacement	500	500	500	500	2,000
IPM works	1,690	1,690	1,690	1,690	6,760
Energy Efficiency	1,000	250	250	250	1,750
Comunal Works	100	100	100	100	400
New build (net of HE grant)/regeneration	13,385	15,415	15,082	15,082	58,964
Fees	267	267	267	267	1,068
	20,449	21,704	20,971	20,871	83,995
<b>Transport</b>					
Highway Maintenance	1,689	1,689	1,689	1,689	6,756
Integrated Transport	886	886	886	886	3,544
Pothole Action fund	95	95	95	95	380
	2,670	2,670	2,670	2,670	10,680
<b>Other Capital Programmes</b>					
Disabled Facility Grants	937	937	937	937	3,748
	937	937	937	937	3,748
<b>Council funded Schemes</b>					
Capitalised Repairs	250	250	250	250	1,000
Advanced Design Fees	150	150	150	150	600
Total Council Funded Schemes	400	400	400	400	1,600
<b>Self Financing schemes</b>					
Railway Heritage Quarter	-	10,000	10,000	-	20,000
Total Council Self Financing Schemes	-	10,000	10,000	-	20,000
<b>Total Spending Plans</b>	<b>24,598</b>	<b>35,853</b>	<b>35,120</b>	<b>25,020</b>	<b>120,591</b>
<b>Funded By:</b>					
Capital Grants	3,749	3,749	3,749	3,749	14,996
HRA Revenue Contributions	6,761	5,986	5,586	5,486	23,819
HRA Investment Fund	4,982	4,982	4,982	4,982	19,928
HRA Capital Receipts	303	303	303	303	1,212
Borrowing	8,403	10,433	10,100	10,100	39,036
Corporate Resources	400	400	400	400	1,600
Self Financing		10,000	10,000	-	20,000
<b>Total Resources</b>	<b>24,598</b>	<b>35,853</b>	<b>35,120</b>	<b>25,020</b>	<b>120,591</b>

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**SPECIAL COUNCIL  
18 FEBRUARY 2021**

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**HOUSING REVENUE ACCOUNT – MTFP 2021/22 TO 2024/25**

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**Responsible Cabinet Member - Councillor Kevin Nicholson,  
Health and Housing Portfolio**

**Responsible Director – Ian Williams  
Director of Economic Growth and Neighbourhood Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To consider and approve proposals for the revenue budget, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2021/22 in the context of the HRA Medium Term Financial Plan to 2024/25 and the 30-year Investment Plan.

**Summary**

2. The key decision regarding the HRA is the balance between rent and service charge levels and investment in the housing stock. Local Authorities have discretion to inflate rents by CPI plus 1%, which means an average £1.46 increase in weekly rents. Similarly, it is recommended that where appropriate service charges also have an inflationary increase. However, members may opt for a rent reduction or a rent increase of a lesser amount than CPI plus 1% if they wish. Clearly the less income we receive the less we can invest in the management and maintenance of our tenant's homes and the number of new properties we are able to provide would also be reduced. It is worth noting that 73% of tenants will have their rent and most service charges covered by benefit payments. Our rent and service charges also tend to be much lower than other Social Landlords operating in Darlington due to historical differences in government guidance on what Housing Associations and Local Authorities could charge.
3. Since Central Government lifted the borrowing cap on the HRA we have been using this additional capacity to invest in building much needed new homes. In 2021/22 we plan to borrow an extra £8m to fund our new build programme. This can be supplemented with Homes England grant and we plan to build 100 affordable homes per annum over the next 10 years. We also have over 50% of households with one or more person with a disability and we are therefore committed to providing good quality homes with generous space standards and lifetime homes principles to support people to live independently and have a good quality of life. All properties are designed to meet a good standard of thermal efficiency. Over 237 households have already benefitted from our current new build programme which has taken place at various locations around the town and

demand continues to be exceptionally high.

## **Recommendations**

4. It is proposed that the following recommendations are considered and approved :-
  - (a) An average weekly rent increase of 1.7% for 2021/22 be implemented giving an average social rent of £73.11 and affordable rent of £83.62.
  - (b) Garage rents and service charges are increased as shown in Table 3.
  - (c) The budget at **Appendix 1** is approved.
  - (d) The Housing Investment Plan **Appendix 2** is agreed.
  - (e) That the Director of Economic Growth and Neighbourhood Services be given delegated powers to proceed with new build schemes for affordable rent using the funding as identified at paragraph 16.
  - (f) That the Director of Economic Growth and Neighbourhood Services be given delegated powers to acquire dwellings in the private sector as opportunities arise, particularly as part of regeneration initiatives as discussed at paragraph 17 of this report.

## **Reason**

5. To enable the Council to deliver an appropriate level of service to tenants to meet housing need and to support the economic growth of the Borough through housing development.

**Ian Williams**  
**Director of Economic Growth and Neighbourhood Services**

## **Background Papers** MHCLG Rent Guidance

Pauline Mitchell: Ext 5831



S17 Crime and Disorder	The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.
Health and Well Being	By ensuring our housing stock is in good condition we are making a positive contribution to the Health and well- being of our Council tenants
Carbon Impact and Climate Change	There are a range of energy efficiency measures included in the investment plan which will have a positive carbon impact
Diversity	There are no diversity issues
Wards Affected	This will have an effect on all Wards in the Borough with Council owned Housing.
Groups Affected	All Council Tenants and Lifeline Service Users
Budget and Policy Framework	The issues contained within this report require Council approval and the report will be presented to Council in February 2021.
Key Decision	This is a key decision because agreement to the recommendations will result in the Local Authority incurring expenditure which is significant. There will also be a significant effect on the communities living or working in an area comprising two or more wards within the area of the local authority.
Urgent Decision	This is not an urgent decision for Cabinet, as the approval of Council on February 2021 will be required.
One Darlington: Perfectly Placed	Improving the existing housing stock and external environment, as well as, the new build programme will all contribute towards the sustainability agenda.
Efficiency	As the HRA is a ring-fenced budget every effort is made to maximise income and identify savings in order to maintain a high-quality service.
Impact on Looked After Children and Care Leavers	No impact

## MAIN REPORT

### Setting the MTFP for the HRA

6. Councils have the flexibility to decide the balance between the levels of service provided to tenants and the levels of rent charged provided they are no higher than the maximum level determined by the DWP. This is known as the limit rent. In Darlington for 2021/22 the maximum average increase allowed will be 1.7%. It is recommended therefore that we increase all rents to the maximum allowed. Similarly, it is recommended that where appropriate service charges also have an inflationary increase. However, members may opt for a rent reduction or a rent increase of a lesser amount than the government guidance of CPI plus 1% if they wish. Clearly the less income we receive the less we can invest in the management and maintenance of our tenant's homes and the number of new properties we can provide would also be reduced. It is worth noting that 73% of tenants will have their rent and most service charges covered by benefit payments. Our rent and service charges also tend to be much lower than other Social Landlords operating in Darlington due to historical differences in government guidance on what Housing Associations and Local Authorities could charge.
7. Since Central Government lifted the borrowing cap on the HRA we have been using this additional capacity to invest in building much needed new homes. In 2021/22 we plan borrow an extra £8m to fund our housing capital programme. This can be supplemented with Homes England grant to provide more than 1000 much needed new Council homes at affordable rents over the next 10 years. Around 237 households have already benefitted from our current new build programme which has taken place across the Borough with sites at Branksome, Red Hall, Skerne Park, Lingfield and Lascelles Park. Overall demand has been exceptionally high.
8. **Analysis of Expenditure within the HRA**
  - (a) **Management £2.948m**

This includes all staffing costs associated with the provision of a housing management service, central support service and other associated support costs such as ICT and insurance.
  - (b) **Service Charges and other contributions to expenditure £3.285m**

This covers services charges to tenants such as grounds maintenance and Lifeline Services charges to a range of clients. All service charges are fully recoverable. It also includes recharges that will be recovered through additional income including court costs and recharges to the General Fund for grounds maintenance.
  - (c) **Maintenance - Revenue Repairs - £4.157m**

This covers the on-going general repairs to the Council's 5,293 properties at a rate of approximately £606 per property per year. This level represents an average spend and reflects the overall good condition of the stock due to sustained capital investment. The continued investment in a good repairs service is essential to maintaining our stock at a good level for current and future tenants.

- (d) **Capital Financing Costs - £3.623m**  
This is the cost of paying for borrowing undertaken to fund capital expenditure.
- (e) **Bad Debts Provision - £0.350m**  
This is a provision to cover rents that are deemed unrecoverable.
- (f) **Revenue Contributions to Capital Programme - £11.743m**  
This represents the amount by which the HRA can fund major capital works. In addition to this the Council continues to be successful in bidding for grant funding from Homes England towards the building of new homes.

## **Borrowing**

- 9. Since the abolition of the HRA borrowing cap we have been able to prudentially borrow and have included additional borrowing of £8m in 2021/22 to build new affordable houses.
- 10. Members will appreciate that expenditure items (a) to (d) are relatively fixed and the main variable is the type and location of capital investment. The proposed Investment Plan is discussed in the following section and this explains where future capital investment is planned.

## **Housing Investment Plan**

- 11. All Housing Capital schemes are funded fully from the Housing Revenue Account. The priorities identified through the Housing Investment Plan to be funded from the estimated capital resources for 2021/22 include:-
  - (a) Adaptations and lifts - £0.200m budget is to deliver adaptations within the Council's housing stock to enable tenants with a disability to remain in their own home and live independently across the Borough. This work is based on individual assessments by our in-house Occupational Therapy Team. Passenger lifts within sheltered and extra care schemes are regularly services and any unplanned major works identified will be funded from this budget also.
  - (b) Heating Replacement - £1.015m to fund new condensing boiler and central heating upgrades in approximately 290 properties. This work will predominantly be completed in Haughton and Bank Top where boilers are around 15 years old and starting to fail, in addition to some miscellaneous properties as part of a "just in time" programme of replacement for those boilers that fail before their due replacement date.
  - (c) Structural Works - £0.400m has been set aside to address structural issues predominantly in the Hundens area. This work was highlighted in the five yearly stock condition survey and a recent comprehensive survey has identified the full extent of the works required.
  - (d) Lifeline Services - £0.050m is set aside to continue to provide upgrades to Lifeline equipment.
  - (e) Repairs before Painting - £0.060m will be invested in joinery repair works in anticipation of the five yearly cyclical external painting programme. This will predominantly be in the Branksome, Cockerton, Bank Top and Red Hall areas.

- (f) Roofing & Repointing work – £1m for the replacement of flat and pitched roofs and the replacement of fascia's, soffits and rainwater goods together with the top-up of loft insulation where appropriate. The programme will primarily be in the Haughton area. This work was highlighted in the five yearly stock condition survey and a recent comprehensive survey has identified the full extent of the works required.
  - (g) Garages - £0.075m will be invested predominantly in the demolition and making good of stand-alone garages at Lascelles Park where they are beyond economical repair. Further details are provided at paragraph 23.
  - (h) External Works - £0.200m will be used to provide new rear dividing fences and new footpaths to Council properties across areas in the Haughton area. This work was highlighted in the five yearly stock condition survey and a recent comprehensive survey has identified the full extent of the works required.
  - (i) Smoke Detectors - £0.025m is required to replace existing hard-wired smoke and heat detectors where systems are now 10 years old and reaching the end of their recommended lifespan.
  - (j) Pavement Crossings - £0.032m has been identified to fund pavement crossings across the Borough based on tenant's requests and where practicable.
  - (k) Replacement Door Programme - £0.450m will be used to replace external doors in the Lascelles Park and Firthmoor. This work was highlighted in the five yearly stock condition survey and a recent comprehensive survey has identified the full extent of the works required.
  - (l) Window Replacement - £0.500m will be used to replace windows across at Lascelles Park. This work was highlighted in the five yearly stock condition survey and a recent comprehensive survey has identified the full extent of the works required.
  - (m) Internal planned maintenance – £1.690m to fund around 220 kitchen and bathroom replacements predominantly at Lascelles Park in accordance with our 20 year replacement programme and miscellaneous properties as necessary.
  - (n) Communal Works - £0.100m is required to replace communal doors in poor condition in the Town Centre and North Road area.
  - (o) Energy Efficiency Improvements - £1.000m has been set aside to support Energy Efficiency improvements and contribute towards any match funding required as part of future potential Energy Grant bids.
  - (p) New Build - £13.385m will be spent completing the current new build programme.
12. The purpose of the Housing Investment Plan is to ensure that the Housing Service has a financial plan which is sustainable and focuses investment towards strategic priorities. During the development of the Investment Plan it has become clear that there are several strategic investment priorities that are particularly pressing and

have significant financial implications for both the Housing Revenue Account and the Council's General Fund.

13. The following proposals will outline these strategic priorities, the resources available to deliver on these priorities (subject to final decisions on rent levels) and how resources will be aligned against the priorities.

### **New Build**

14. The Strategic Housing Market Assessment completed for Darlington in 2015 identified that there is a need for 160 affordable dwellings for rent across the Borough of Darlington each year and housing associations provide relatively low numbers of affordable housing units on average.
15. Not only is there a need to build affordable dwellings to meet local need, it is also a Plan need for the Housing Service. The Investment Plan is underpinned by the rents received from Council owned properties and the loss of rents as a result of previous regeneration works and ongoing right to buy sales would significantly reduce income for the Housing Service if these properties were not replaced. Similarly, the impact for New Homes Bonus of overall reductions in property numbers needs to be considered.
16. Now that the HRA borrowing cap has been abolished we are able to prudentially borrow an additional £8m in the current year to build new affordable houses. This is in addition to £5m available from revenue contributions to capital giving us a total of £13m available for the development of new affordable homes for rent or other property acquisitions. We have also assumed that we will be successful in grant applications to the Homes England's Affordable Housing Programme. It is difficult to predict grant funding levels as funding is now available based on a rolling programme, but we have received up to 40% of the overall costs for previous schemes. Several new build sites have been identified and are currently being worked up in more detail to enable planning permission to be sought. Meanwhile delegated powers are being requested for the Director of Economic Growth and Neighbourhood Services to enable new build schemes to be progressed in a timely manner subject to planning permission. **Appendix 3** shows we are anticipating spending around £74m on new build in total going forward and with projected Homes England grant of £23m.
17. There may also be a strategic need in the future to acquire a small number of properties in the private sector to either address a specific housing need or as part of the regeneration of an area of older housing. Included in the Council's refreshed Corporate Plan there is a commitment to addressing poor quality private housing and bringing empty homes back into use. This will include buying up empty properties where appropriate. Delegated powers are therefore being requested for the Director of Economic Growth and Neighbourhood Services to purchase private sector properties where appropriate.

## **Housing for Vulnerable People**

18. Each year Housing Services complete a range of minor and major adaptations to individual Council properties where a need has been identified by an Occupational Therapist. Works range from the provision of lever taps and grab rails to semi-permanent ramps, stair lifts, hoists and ground floor extensions.
19. The HRA adaptations budget reflects the fundamental role adaptations play in supporting households to continue to live independently, reduce the need for expensive care packages and prevent a premature move into a more supported form of accommodation. These high levels of need have therefore been considered in developing our new build housing programme. The properties provided as part of our ongoing new build programme have been built in accordance with Lifetime Homes standards. Inexpensive features include flush door entrances at front and rear for wheelchair access, and raised sockets, as well as, low level windowsills and openings. Increased space standards allow for hallways wide enough for 360° wheelchair turning circles, wider doors, and ground floor toilets. Occupational Therapists and Housing Officers also work closely with individuals to meet their needs where appropriate, providing bespoke lowered kitchens, specific bathing requirements etc. before they move in wherever possible.
20. This approach has significantly reduced the demands on the adaptations budget. However, going forward we will need to balance the additional costs of providing properties to this standard with anticipated future increased Building Regulation requirements in response to the Climate Change agenda.

## **Existing Stock Investment and Responsive Repairs**

21. In accordance with good practice, the housing stock is surveyed by an independent specialist organisation every five years and detailed analysis of the data takes place to help inform our priorities. Overall, our properties have been assessed as being in good condition, reflecting our significant annual investment as part of a structured programme for both on-going capital improvements and maintenance. All properties reached the government's Decent Homes standard in 2006. Average SAP rating are over 70 across the Council's housing stock indicating an above average level of thermal comfort. This can be largely attributed to a central heating programme providing A-rated combi-boilers and a planned maintenance programme which ensures all properties suitable benefit from cavity wall insulation and 300mm of loft insulation. A significant number of properties with previously poor SAP ratings have also been targeted in recent years for a more comprehensive package of energy efficiency
22. Various grant funding opportunities are emerging to enable social landlords to improve the thermal efficiency of their stock and a provisional one off sum has been included of £1m in 2021/22 to enable match funding where appropriate. An additional £250k has also been included each year throughout the 30 year Investment Plan. Appendix 2 shows that in total over the next 10 years we are anticipating spending £12.650m on energy efficiency measures including double glazed UPVC windows, composite doors and in some cases insulation such as external cladding. This is in addition to £11.417m to upgrade heating systems and provide energy efficient 'A' rated boilers.

23. A particular issue has been identified with the structural condition of 47 individual garages in the gardens of properties at Lascelles Park. These concrete garages with integral sheds are around 50 years old and have become too brittle to continue to repair. It is not possible to obtain replacement parts and they now need to be demolished. In total 39 garages are currently occupied and only 19 are rented by tenants who live in the adjoining properties. Due to an over-supply of garages in this area there are 39 alternative vacant garages at various locations throughout the estate. Full consultation will take place with all affected tenants but the proposed works include the provision of a timber shed, as well as side and rear fencing to allow off street parking.
24. The Investment Plan identifies a capital works budget of around £110m over the next five years and £255m budget for capital works over the next 30 years, including the New Build Programme. This budget will ensure all works identified within the stock condition survey can be completed alongside additional works to maintain properties to the appropriate standard.
25. The Investment Plan anticipates responsive repairs will remain at historical levels and so allocates a budget of £28m for responsive and cyclical repairs within the five-year investment plan and £186m within the 30-year investment plan.

### **Rent Level Options**

26. The main objective of the Government's policy on rent restructuring is that rents should be fair and affordable for tenants in the social rented sector. The policy sets out a common basis on which all rents in the social sector should be set. This means that the rent for a house or flat (known as the formula rent) is linked to its capital value, size, location, condition and local earnings so that tenants can make a proper choice between how much they pay and the size and quality of the property they live in. As set out in paragraph 6 of this report Councils now have the flexibility to decide the balance between the levels of rent charged provided, they are no higher than the maximum level determined by the DWP.

### **Garage Rents and Service Charges**

27. The budget at Appendix 1 includes the financial effect of the proposed increases. The proposed service charges shown below at Table 3 provide for achieving full recovery of costs from those tenants who directly benefit from the services provided. In most instances this means a small inflationary increase is necessary but in some instances no increase is needed to maintain current levels of service.
28. Any additional costs will be covered by Housing Benefit or Universal Credit for the 73% of tenants who are eligible. The HRA funds a Money Advice Service and Income Management Team to address the financial challenges facing a significant number of Council tenants and referrals are also made to CAB for independent financial advice as well as to food banks and furniture recycling schemes. Those tenants, particularly first- time tenants who require more sustained intensive support will be referred to the Housing Plus Team.

**Table 3: Garage Rents and Service Charges**

Description	Current Weekly Charge (20/21)	Proposed Weekly Charge (21/22)
	£	£
Garage Rents	8.01	8.07
Building Cleaning – Flats	1.85	1.88
Building Cleaning – Sheltered Schemes	3.81	3.84
Building Cleaning – Extra Care	12.02	12.25
Grounds Maintenance – General Housing	1.76	1.80
Grounds Maintenance – Blocks of Flats	1.76	1.80
Heating – Comprehensive schemes	11.46	11.46
Heating – Blocks of flats	1.50	1.53
Administration – Leaseholders	1.74	1.75
Furnishings and Fittings – Comprehensive Schemes	2.01	2.03
Furnishings and Fittings – Good Neighbour Schemes	0.92	0.93
Lifeline Response	5.78	5.98
Lifeline – Sheltered and Extra Care Housing	17.92	18.35
Pavement Crossings and Hard standings	4.32	4.35
Mid-day Meal – Extra Care (Residents only)	34.21	35.24
Mid-day Meal – Extra Care (Non-Residents only)	41.11	42.34
Guest Rooms in Sheltered Schemes	85.60	87.31
Door Entry Systems	0.72	0.72
TV Aerials	0.19	0.19
Housing Plus Service	19.01	19.39

## Consultation

29. A consultation exercise was carried out with the Tenants Board in January 2021. The Board support the proposed increase of 1.7% on the annual rent charge and believe the increase is value for money and a fair reflection of services provided. They agreed that the proposed increase would continue to help Housing Services to progress with their promise on delivering good, quality affordable social housing in the Borough. They further support the spending priorities in that the focus should be on building new Council homes and making existing homes as energy efficient as possible through window, door and boiler programmes. The Board particularly backed the plans by Housing Services to continue to support the more vulnerable residents to remain in their homes through adaptations.
30. An online and postal survey of current tenants was carried out in December 2020 and January 2021. Results as follows:
- 84.5% of respondents confirmed that they believed that Council rents are value for money;
  - 60% support the proposed rent increase;
  - 84% of respondents support the proposals to make current homes more energy efficient and agree with the proposed spending on climate change measures as this is a key priority along with reducing the cost of bills for



residents; and

(d) 84% of customers also agreed that Housing Services should spend more on making homes efficient to look after the planet, but this should be balanced with assisting vulnerable residents to remain in their homes and improving existing homes.

31. In general respondents confirmed they thought rents were comparatively low, that the Council provide good accommodation for a good rent and properties tend to be larger and better maintained than private rented properties.

### **Financial Implications**

32. The estimates included in this report represent a fair view of ongoing plans and commitments although Members will appreciate some budgets are subject to volatility and will continue to be monitored closely.

33. The level of revenue balances projected in this report represent an adequate level given the level of risk.

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**HRA Investment Plan – Draft 5 Year Investment Plan**

Appendix 1

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
<b><u>Income</u></b>					
Rents Of Dwellings (Gross)	(20,602)	(20,899)	(21,828)	(22,193)	(22,416)
Sundry Rents (Including Garages & Shops)	(490)	(493)	(497)	(500)	(459)
Charges For Services & Facilities	(3,024)	(2,953)	(2,990)	(3,025)	(2,959)
Contribution towards expenditure	(262)	(262)	(262)	(262)	(262)
Interest Receivable	(6)	(25)	(25)	(25)	(25)
<b>Total Income</b>	<b>(24,384)</b>	<b>(24,632)</b>	<b>(25,601)</b>	<b>(26,004)</b>	<b>(26,121)</b>
<b><u>Expenditure</u></b>					
Management	5,950	5,869	5,929	6,012	6,134
Capital Financing Costs	3,623	3,991	4,428	4,918	5,399
Increase in Bad Debt Provision	350	350	350	350	350
HRA Revenue Repairs	4,157	4,240	4,325	4,411	4,499
Revenue Contribution to Capital (R.C.C.O.)	11,743	10,968	10,568	10,468	10,468
Contribution to/(from) balance	(1,438)	(786)	2	(154)	(729)
<b>Total Expenditure</b>	<b>24,384</b>	<b>24,632</b>	<b>25,601</b>	<b>26,004</b>	<b>26,121</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening balance</b>	<b>11,222</b>	<b>9,784</b>	<b>8,998</b>	<b>9,000</b>	<b>8,846</b>
<b>Contribution to/(from) balance</b>	<b>(1,438)</b>	<b>(786)</b>	<b>2</b>	<b>(154)</b>	<b>(729)</b>
<b>Closing balance</b>	<b>9,784</b>	<b>8,998</b>	<b>9,000</b>	<b>8,846</b>	<b>8,116</b>
<i>of which: Capital Investment Fund</i>	4,982	4,982	4,982	4,982	4,982
<i>HRA Working Balance</i>	4,802	4,016	4,018	3,864	3,134
<b>Estimated closing dwelling numbers</b>	<b>5,340</b>	<b>5,437</b>	<b>5,473</b>	<b>5,489</b>	<b>5,539</b>
<b>Closing balance per dwelling</b>	<b>£1,832.14</b>	<b>£1,654.97</b>	<b>£1,644.45</b>	<b>£1,611.54</b>	<b>£1,465.31</b>

## HRA Investment Plan – Draft 5 Year Investment Plan

## Appendix 2

	Years 1-10 (£000)	Years 11-20 (£000)	Years 21-30 (£000)	Total Spend (£000)
Adaptations / Lifts	2,000	2,000	2,000	6,000
Communal Works	1,000	1,000	1,000	3,000
Decoration following IPM	208	454	430	1,092
External works (footpaths, fencing, etc.)	2,100	2,000	2,000	6,100
Garage Improvements	525	500	500	1,525
Heating Replacements	11,417	12,866	12,189	36,472
Internal Planned Maintenance	18,857	22,682	21,488	63,027
Repairs before painting	600	600	600	1,800
Roof work	6,000	5,000	5,000	16,000
Structural Repairs	4,100	4,000	4,000	12,100
Lifeline & Sheltered Housing	500	500	500	1,500
Energy Efficiency	12,650	12,000	12,000	36,650
Professional Fees	2,670	2,670	2,670	8,010
Smoke / Fire Alarms	250	250	250	750
Pavement Crossing	320	320	320	960
New build and regeneration capital investment	74,046	0	0	74,046
<b>Total expenditure</b>	<b>137,243</b>	<b>66,842</b>	<b>64,947</b>	<b>269,032</b>

<b>HRA Investment Plan – Draft 5 Year Investment Plan</b>					
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	£000's	£000's	£000's	£000's	£000's
<b>Scheme / Project</b>					
Adaptations / Lifts	200	200	200	200	200
Heating replacement programme	1,015	1,015	1,015	1,015	1,015
Structural works	400	400	500	400	400
Lifeline Services*	50	50	50	50	50
Repairs before painting	60	60	60	60	60
Roofing	1,000	1,000	500	500	500
Garages	75	50	50	50	50
External Works (footpaths, fencing, fabric etc.)	200	200	200	200	200
Smoke detection	25	25	25	25	25
Pavement Crossing	32	32	32	32	32
Replacement Door Programme	450	450	450	450	450
Window Replacement	500	500	500	500	500
IPM works	1,690	1,690	1,690	1,690	1,690
Energy Efficiency	1,000	250	250	250	250
Communal Works	100	100	100	100	100
New build (net of HE grant)/regeneration	13,385	15,415	15,082	15,082	15,082
Fees	267	267	267	267	267
<b>Total spend</b>	<b>20,449</b>	<b>21,704</b>	<b>20,971</b>	<b>20,871</b>	<b>20,871</b>
<b>Resourced by:</b>					
Capital Receipts	303	303	303	303	303
RCCO	6,761	5,986	5,586	5,486	5,486
Additional Borrowing	8,403	10,433	10,100	10,100	10,100
Investment Fund	4,982	4,982	4,982	4,982	4,982

## A Investment Plan – Draft 5 Year Investment Examples of Weekly Rent Changes for 2021/22

## Appendix 4

Area		Property Type	Approved Rent 2019/20	Proposed Rent 2020/21	Increase between 19/20 & 20/21	Increase between 19/20 & 20/21
					£	%
<u>Middleton St George</u>						
	Mount Pleasant Close	1 Bedroom Bungalow	81.57	82.96	1.39	1.7% *
	Pounteys Close	2 Bedroom House	76.68	77.98	1.30	1.7%
	Thorntree Gardens	3 Bedroom House	87.47	88.96	1.49	1.7%
<u>Cockerton</u>						
	Newton Court	1 Bedroom Flat	63.33	64.41	1.08	1.7%
	Elvet Place	2 Bedroom House	74.16	75.42	1.26	1.7%
	Minors Crescent	3 Bedroom House	79.90	81.26	1.36	1.7%
<u>Haughton</u>						
	Ted Fletcher Court	1 Bedroom Flat	63.86	64.95	1.09	1.7%
	Lyonette Road	2 Bedroom Flat	72.33	73.56	1.23	1.7%
	Nightingale Avenue	1 Bedroom Bungalow	76.85	78.16	1.31	1.7% *
	Rockwell Avenue	2 Bedroom House	76.10	77.39	1.29	1.7%
	Dunelm Walk	3 Bedroom House	85.08	86.52	1.45	1.7%
<u>Branksome</u>						
	Branksome Hall	1 Bedroom Flat	63.42	64.50	1.08	1.7%
	Whitby Way	1 Bedroom Bungalow	70.15	71.34	1.19	1.7%
	Malvern Crescent	2 Bedroom House	72.75	73.98	1.24	1.7%
	Rosedale Crescent	3 Bedroom House	82.70	84.11	1.41	1.7%
	Sherborne Clsoe	2 Bedroom Flat	87.64	89.13	1.49	1.7% *
<u>Lascelles</u>						
	Coxwold House	1 Bedroom Flat	62.69	63.75	1.07	1.7%
	Gilling Crescent	2 Bedroom Flat	69.91	71.10	1.19	1.7%
	Aldbrough Walk	2 Bedroom House	82.30	83.70	1.40	1.7% *
	Caldwell Green	3 Bedroom House	79.43	80.78	1.35	1.7%
	Fenby Avenue	3 Bedroom House	99.08	100.77	1.68	1.7% *

<u>Bank Top</u>						
	Graham Court	1 Bedroom Flat	63.83	64.91	1.09	1.7%
	Graham Court	3 Bedroom House	90.88	92.42	1.54	1.7% *
<u>Redhall</u>						
	Bramall House	1 Bedroom Flat	76.23	77.53	1.30	1.7% *
	Aviemore Court	2 Bedroom Flat	67.34	68.49	1.14	1.7%
	Murrayfield Way	1 Bedroom Bungalow	64.93	66.03	1.10	1.7%
	Aintree Court	2 Bedroom House	68.83	70.00	1.17	1.7%
	Aintree Court	3 Bedroom House	90.43	91.96	1.54	1.7% *
<u>Eastbourne</u>						
	West Moor Road	1 Bedroom Flat	60.15	61.17	1.02	1.7%
	Tansley Gardens	2 Bedroom Flat	66.99	68.13	1.14	1.7%
	Firthmoor Crescent	2 Bedroom House	69.77	70.95	1.19	1.7%
	Brignall Moor Crescent	3 Bedroom House	75.52	76.80	1.28	1.7%
<u>Stygne Park</u>						
	Trent Place	2 Bed House	70.55	71.75	1.20	1.7%
	Humber Place	3 Bed House	76.23	77.53	1.30	1.7%
<u>Parkside</u>						
	Wordsworth Road	1 Bedroom Flat	63.91	65.00	1.09	1.7%
	Shakespeare Road	2 Bedroom House	79.95195	81.31	1.36	1.7% *
	Ruskin Road	3 Bedroom House	83.49	84.91	1.42	1.7%

\* Affordable rent properties - these rents include applicable service charges.

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**COUNCIL  
18 FEBRUARY 2021**

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**PRUDENTIAL INDICATORS AND  
TREASURY MANAGEMENT STRATEGY 2021/22**

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**Responsible Cabinet Member –  
Councillor Charles Johnson, Resources Portfolio**

**Responsible Director –  
Paul Wildsmith, Managing Director**

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report requests Council to approve and adopt the following:-
  - (a) The Prudential Indicators and Limits for 2021/22 to 2023/24 relating to capital expenditure and Treasury Management activity.
  - (a) A policy statement relating to the Minimum Revenue Provision.
  - (b) The Treasury Management Strategy 2021/22, which includes the Annual Investment Strategy for 2021/22
2. The report outlines the Council's prudential indicators for 2021/22 – 2023/24 and sets out the expected treasury operations for this period. It fulfils key legislative and guidance requirements:
  - (a) The reporting of the **prudential indicators** setting out the expected capital activities and treasury management prudential indicators included as treasury indicators in the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice
  - (b) The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year.
  - (c) The **treasury management strategy** statement which sets out how the Council's treasury service will support capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators.
  - (d) The key indicator is the **authorised limit**, the maximum amount of debt the Council could afford in the short term, but which is not sustainable in the longer term.

- (e) The **investment strategy** which sets out the Council's criteria for choosing the investment counterparties and limiting exposures to the risk of loss.
3. The information contained in the report regarding the Councils expenditure plans, Treasury Management and Prudential Borrowing activities indicate that they are:
- (a) Within the statutory framework and consistent with the relevant codes of practice.
  - (b) Prudent, affordable and sustainable.
  - (c) An integral part of the Council's Revenue and Capital Medium Term Financial Plans.

### **Recommendation**

4. It is recommended that Council approve and adopt the following:
- (a) The Prudential Indicators and limits for 2021/22 to 2023/24 summarised in Tables 1 and 2.
  - (b) The Minimum Revenue Provision (MRP) statement (paragraphs 33 - 37).
  - (c) The Treasury Management Strategy 2021/22 to 2023/24 as summarised in paragraphs 41 to 69.
  - (d) The Annual Investment Strategy 2021/22 contained in paragraphs 70 to 107.

### **Reasons**

5. The recommendations are supported by the following reasons:
- (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities and the Ministry of Housing, Communities & Local Government (MHCLG) guidance on investments.
  - (b) To comply with the requirements of the Local Government Act 2003.
  - (c) To approve a framework for officers to work within when making investment decisions.

**Paul Wildsmith**  
**Managing Director**

### **Background Papers**

- (i) Annual Statement of Account 2019/20
- (ii) Draft Capital Strategy (incl Capital MTFP 2021/22 to 2024/25)
- (iii) Link Asset Services Economic Report Dec 2020

Peter Carrick: Extension 5401

S17 Crime and Disorder	This report has no implications for S 17 Crime and Disorder.
Health and Well Being	This report has no implications for the Council's Health and Well being agenda.
Carbon Impact and Climate Change	This report has no implications for the Council's Carbon Emissions.
Diversity	This report has no implications for the Council's Diversity agenda.
Wards Affected	All Wards
Groups Affected	All Groups
Budget and Policy Framework	This report must be considered by Council.
Key Decision	This is not an executive decision
Urgent Decision	For the purposes of call in this report is not an urgent decision.
One Darlington: Perfectly Placed	This report has no particular implications for the sustainable Community Strategy.
Efficiency	The report refers to actions taken to reduce costs and manage risks.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers.

## MAIN REPORT

### Information and Analysis

#### Background

6. CIPFA defines treasury management as:

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

7. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council’s risk appetite, providing adequate liquidity initially before considering investment return
8. The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
9. The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
10. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

#### Reporting requirements

#### Capital Strategy

11. The 2017 CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:
  - (a) a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
  - (b) an overview of how the associated risk is managed;

(c) the implications for future financial sustainability.

12. The aim of the capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy is reported separately to Cabinet and Council on an annual basis.

### **Treasury Management Reporting**

13. The Council is required by legislation to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

### **Prudential and Treasury Indicators and Treasury Strategy (this report)**

14. The first, and most important report is forward looking and covers:

- (a) The capital plans (including prudential indicators);
- (b) A minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- (c) The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- (d) An investment strategy, (the parameters on how investments are to be managed).

### **A Mid-Year Treasury Management Report**

15. This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether the treasury function is meeting the strategy or whether any policies require revision.

### **An Annual Treasury Report**

16. This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Treasury Management Strategy for 2021/22**

17. The strategy for 2021/22 covers two main areas:

(a) Capital Issues:

- (i) the capital expenditure plans and the prudential indicators;
- (ii) the minimum revenue provision (MRP) policy.

(b) Treasury Management Issues:

- (i) the current treasury position;
- (ii) treasury indicators which will limit the treasury risk and activities of the Council;
- (iii) prospects for interest rates;
- (iv) the borrowing strategy;

- (v) policy on borrowing in advance of need;
- (vi) debt rescheduling;
- (vii) the investment strategy;
- (viii) creditworthiness policy; and
- (ix) policy on use of external service providers.

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

19. A summary of the key prudential indicators and limits are contained in Tables 1 and 2 and further details are contained further on in this report.

**Table 1 – Capital Expenditure and Borrowing**

	2020/21 Revised	2021/22 Estimated	2022/23 Estimated	2023/24 Estimated
Capital Expenditure Tables 3 and 4	£28.793m	£43.326m	£38.271m	£36.237m
Capital financing requirement - Table 5	£218.318m	£229.504m	£242.402m	£253.543m
Ratio of financing costs to net revenue stream – General Fund See paragraph 39 - Table 6	2.76%	2.58%	2.65%	4.56%
Ratio of financing costs to net revenue stream – HRA See paragraph 39 - Table 6	13.21%	14.86%	16.20%	17.30%
Operational boundary for external debt - Table 9	£187.957m	£201.831m	£215.716m	£229.610m
Authorised limit for external debt - Table 10	£229.233m	£240.979m	£254.522m	£266.220m

**Table 2 – Treasury Management**

	2021/22 Upper Limit	2022/23 Upper Limit	2023/24 Upper Limit
<b>Limits on fixed interest rates</b>	100%	100%	100%
<b>Limits on variable interest rates</b>	40%	40%	40%
<b>Maximum principal sums invested &gt; 364 days</b>	£50m	£50m	£50m
<b>Maturity Structure of fixed interest rate borrowing 2021/22</b>			
	<b>Lower Limit</b>	<b>Upper Limit</b>	
Under 12 months	0%	40%	
12 months to 2 years	0%	50%	
2 years to 5 years	0%	60%	
5 years to 10 years	0%	80%	
10 years and above	0%	100%	

## Training

20. The CIPFA code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Training was undertaken by a number of Members during a session held in December 2020 and further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

## Treasury Management Consultants

21. The Council uses Link Group, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service provider. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors.
22. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The officers of the Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subject to regular review.

## The Capital Prudential Indicators 2021/22– 2023/24

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

## Capital Expenditure

24. This Prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

**Table 3 Capital Expenditure**

	<b>2020/21 Revised £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>	<b>2023/24 Estimate £m</b>
General Fund	22.520	22.395	14.149	14.149
HRA	7.590	20.449	21.704	20.971
<b>Estimated Capital Expenditure</b>	<b>30.110</b>	<b>42.844</b>	<b>35.853</b>	<b>35.120</b>
Loans to Joint Ventures	(1.317)	0.482	2.418	1.117
<b>Total</b>	<b>28.793</b>	<b>43.326</b>	<b>38.271</b>	<b>36.237</b>

25. The financing need above excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

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

**Table 4 Financing of the Capital Programme**

	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
General Fund	22.520	22.395	14.149	14.149
HRA	7.590	20.449	21.704	20.971
Loans to Joint Ventures	(1.317)	0.482	2.418	1.117
<b>Total Capital</b>	<b>28.793</b>	<b>43.326</b>	<b>38.271</b>	<b>36.237</b>
<b>Financed by:</b>				
Capital receipts -General Fund	1.357	1.150	0.400	0.400
Capital receipts - Housing	0.303	0.303	0.303	0.303
Capital grants	16.876	12.171	3.749	3.749
Self financing - GF	0.250	0.250	10.000	10.000
Revenue Contributions (Housing)	7.288	6.761	5.986	5.586
HRA Investment Fund	0.000	4.982	4.982	4.982
<b>Total excluding borrowing</b>	<b>26.074</b>	<b>25.617</b>	<b>25.420</b>	<b>25.020</b>
<b>Borrowing need</b>	<b>2.719</b>	<b>17.709</b>	<b>12.851</b>	<b>11.217</b>

### The Council's Borrowing Need (the Capital Financing Requirement)

27. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
28. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets' life, and so charges the economic consumption of capital assets as they are used.
29. The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases) brought onto the balance sheet. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI or lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £10.358m of such schemes within the CFR.
30. Under a new accounting standard (IFRS 16) the Council will be required to add any finance leases to its balance sheet and therefore increase its CFR accordingly, this standard was due to be introduced from 1 April 2021 but has been deferred to 1 April 2022 when the Council will include any identified elements on its balance sheet and hence increase its CFR.
31. Council is asked to recommend for approval the CFR projections below:



**Table 5 – CFR Projections**

	<b>2020/21 Revised £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>	<b>2023/24 Estimate £m</b>
CFR – General Fund	126.994	129.802	132.401	134.658
CFR – PFI and Finance leases	10.358	9.232	8.117	7.011
CFR - housing	68.168	77.189	86.185	95.058
CFR - Loans to JV's	12.798	13.281	15.699	16.816
<b>Total CFR</b>	<b>218.318</b>	<b>229.504</b>	<b>242.402</b>	<b>253.543</b>
<b>Movement in CFR</b>		<b>11.186</b>	<b>12.898</b>	<b>11.141</b>

**MRP Policy Statement**

32. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP). It is also allowed to undertake additional voluntary payments if desired (voluntary revenue provision - VRP).
33. MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.
34. It is proposed that Darlington Borough Council's MRP policy statement for 2021/22 will be:
- (a) For Capital expenditure incurred before 1 April 2008 and expenditure which was granted through credit approvals since that date MRP will be calculated on an annuity basis (2%) over 50 years or the useful life of the asset.
  - (b) Capital Expenditure from 1 April 2008 for all unsupported borrowing MRP will be based on the estimated life of the assets, repayments will be on an annuity basis (2%)
  - (c) Repayments relating to the PFI scheme will be based on the life of the asset of 60 years from 1<sup>st</sup> April 2008 on an annuity basis (2%).
  - (d) Where MRP has been overcharged in previous years, the recovery of the overcharge will be affected by reducing the MRP charges, due in full or in part for 2021/22 and in future years, which would otherwise have been made. The MRP adjustment for 2021/22 and in future years charge will be done in such a way as to ensure that:-
    - (i) the total MRP after applying the adjustment will not be less than zero in any financial year,
    - (ii) the cumulative amount adjusted for will never exceed the amount over-charged,
    - (iii) the extent of the adjustment will be reviewed on an annual basis.

35. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
36. Repayments included in annual PFI or finance leases are applied as MRP.

### **Affordability Prudential Indicators**

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

### **Estimates of the ratio of financing costs to net revenue stream.**

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

**Table 6 - Ratio of financing costs to net revenue stream**

	<b>2020/21 Revised</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
General Fund	2.76%	2.58%	2.65%	4.56%
HRA	13.21%	14.86%	16.20%	17.30%

39. The estimates of financing costs include current commitments and the proposals in this year's MTFP report.

### **Treasury Management Strategy**

#### **Borrowing**

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

#### **Under Borrowing position**

41. Over the last ten years the Council had maintained an underborrowed position i.e. the amount of our gross external borrowing has been less than our balance sheet Capital Financing Requirement. This strategy has served the Council well in a period where returns on investment have been low and borrowing costs have been relatively high. This has also meant that we have had less in the form of investments and so reduced counterparty risk. To support the MTFP it was agreed that longer term investments would be pursued as these would give a return over and above the cost of any additional borrowing that would be taken. Following due diligence the Council has 3 Property Funds with £10 million in each fund and these

are expected to bring a net return of around 1.5% over the life of the MTFP. Additional borrowing of £25m was undertaken which resulted in the underborrowed position being reduced.

### Current Portfolio Position

42. The overall treasury management portfolio as at 31 March 2020 and for the position as at 5 January 2021 are shown below for both borrowings and investments.

**Table 7 – Treasury Portfolio**

TREASURY PORTFOLIO				
	Actual	Actual	Current	Current
	31/03/2020	31/03/2020	31/12/2020	31/12/2020
	£m's	%	£m's	%
<b>Treasury Investments</b>				
banks	6.500	11.4	8.000	14.0
local authorities	10.000	17.6	10.000	17.5
money market funds	10.300	18.2	9.300	16.2
<b>Total managed in house</b>	<b>26.800</b>	<b>47.2</b>	<b>27.300</b>	<b>47.7</b>
property funds	29.999	52.8	29.999	52.3
<b>Total managed externally</b>	<b>29.999</b>	<b>52.8</b>	<b>29.999</b>	<b>52.3</b>
<b>Total treasury investments</b>	<b>56.799</b>	<b>100.0</b>	<b>57.299</b>	<b>100.0</b>
<b>Treasury external borrowing</b>				
local authorities	40.000	22.0	25.000	15.0
PWLB	129.061	71.1	129.061	77.4
LOBO's	12.600	6.9	12.600	7.6
<b>Total external borrowing</b>	<b>181.661</b>	<b>100.0</b>	<b>166.661</b>	<b>100.0</b>
<b>Net treasury borrowing</b>	<b>124.862</b>		<b>109.362</b>	

43. The Council's expected treasury portfolio position at 31 March 2021, with forward projections is summarised below at Table 8. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

**Table 8 - Gross Borrowing to CFR**

	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Debt at 31 March	162.801	177.318	189.900	203.783
Loans to Joint Ventures	12.798	13.281	15.699	16.816
Other long-term liabilities (OLTL)	10.358	9.232	8.117	7.011
<b>Gross Actual debt at 31 March</b>	<b>185.957</b>	<b>199.831</b>	<b>213.716</b>	<b>227.610</b>
<b>The Capital Financing Requirement from Table 5</b>	<b>218.318</b>	<b>229.504</b>	<b>242.402</b>	<b>253.543</b>
<b>Under / (over) borrowing</b>	<b>32.361</b>	<b>29.673</b>	<b>28.686</b>	<b>25.933</b>

44. Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that the borrowing is not undertaken for revenue or speculative purposes.
45. The Assistant Director Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This takes into account current commitments, existing plans, and proposals within this budget report.

### Treasury Indicators: Limits to Borrowing Activity

#### The Operational Boundary

46. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

**Table 9 - Operational Boundary**

	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Debt from Table 8 (incl JV's)	175.599	190.599	205.599	220.599
Other long-term liabilities	10.358	9.232	8.117	7.011
Prudential Borrowing for leasable assets	1.000	1.000	1.000	1.000
Prudential Borrowing under Directors Delegated Powers	1.000	1.000	1.000	1.000
<b>Operational Boundary</b>	<b>187.957</b>	<b>201.831</b>	<b>215.716</b>	<b>229.610</b>

## The Authorised Limit for external debt

47. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term:
48. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
49. The Council's Authorised Limit is as follows:

**Table 10 – Authorised Limit**

	2020/21 Revised £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
CFR	218.318	229.504	242.402	253.543
Additional Headroom @ 5%	10.915	11.475	12.120	12.677
<b>Authorised Limit</b>	<b>229.233</b>	<b>240.979</b>	<b>254.522</b>	<b>266.220</b>

50. It is proposed that the additional headroom for years 2021/22 to 2023/24 is 5% above the CFR, this would allow for any additional cashflow needs throughout the years.

## Prospects for Interest Rates

51. The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link Asset Services's central view for future interest rates and the economic background to that view is shown at Appendix 1.

**Table 11 – Interest rates**

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including *certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar 2021	0.10	0.80	1.10	1.50	1.30
Jun 2021	0.10	0.80	1.10	1.60	1.40
Sep 2021	0.10	0.80	1.10	1.60	1.40
Dec 2021	0.10	0.80	1.10	1.60	1.40
Mar 2022	0.10	0.90	1.20	1.60	1.40
Jun 2022	0.10	0.90	1.20	1.70	1.50
Sep 2022	0.10	0.90	1.20	1.70	1.50
Dec 2022	0.10	0.90	1.20	1.70	1.50
Mar 2023	0.10	0.90	1.20	1.70	1.50
Jun 2023	0.10	1.00	1.30	1.80	1.60

Sep 2023	0.10	1.00	1.30	1.80	1.60
Dec 2023	0.10	1.00	1.30	1.80	1.60
Mar 2024	0.10	1.00	1.30	1.80	1.60

*\* The certainty rate adjustment is a reduced rate by 0.20% for those councils like Darlington Borough Council who have submitted more detail on future borrowing requirement to the Treasury*

52. The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5<sup>th</sup> November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by 31.12.20; as this has now occurred, these forecasts do not need to be revised
53. As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9<sup>th</sup> November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

### **Investment and borrowing rates**

54. Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following 2 years.
55. Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
56. While the Council will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry (the difference between higher borrowing costs and lower investment returns), so any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### **Borrowing Strategy**

57. The Council is currently maintaining an under-borrowed position although this has reduced from previous years. This means that the capital borrowing need (the

Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue to be considered.

58. Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Assistant Director Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- (a) If it was felt that there was a significant risk of a sharp FALL in borrowing rates (eg due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
  - (b) If it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
59. Any decisions would be reported to the appropriate Committee at the next available opportunity.

### **Treasury Management Limits on Activity**

60. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs/improve performance. The indicators are:
- (a) Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
  - (b) Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
  - (c) Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits. The Council is asked to approve the following treasury indicators and limits:

**Table 12 Interest Rate Exposure**

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	100%	100%	100%
<b>Limits on variable interest rates based on net debt</b>	40%	40%	40%
<b>Maturity Structure of fixed interest rate borrowing 2021/22</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	40%	
12 months to 2 years	0%	50%	
2 years to 5 years	0%	60%	
5 years to 10 years	0%	80%	
10 years and above	0%	100%	

**Policy on Borrowing in Advance of Need**

61. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance of need will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds through its investment strategy.
62. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

**Debt Rescheduling**

63. Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100bps reduction in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.
64. If there was a possibility the reasons for any rescheduling to take place will include:
  - (a) the generation of cash savings and / or discounted cash flow savings;
  - (b) helping to fulfil the treasury strategy;
  - (c) enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
65. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.



66. If rescheduling was done it will be reported to Committee at the earliest meeting following its action.

### **New Financial Institutions as a source of borrowing**

67. Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and Non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following:
- (a) Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate);
  - (b) Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a ‘cost of carry’ or to achieve refinancing certainty over the next few years);
  - (c) Municipal Bond Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).
68. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

### **Annual Investment Strategy**

#### **Investment and Creditworthiness Policy**

69. The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
70. The Council’s investment policy has regard to the following:
- (a) MHCLG’s Guidance on Local Government Investments (“the Guidance”)
  - (b) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
  - (c) CIPFA Treasury Management Guidance Notes 2018
71. The Council’s investment priorities will be security first, liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council’s risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.
72. The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- (a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- (b) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as 'credit default swaps' and overlay that information on top of the credit ratings.
- (c) Other information sources used will include the financial press, share prices and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- (d) This Council has defined the list of types of investment instruments that the treasury management team are authorised to use. There are 2 lists in **Appendix 2** under the categories of 'specified' and 'non-specified' investments.
  - (i) Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
  - (ii) Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
- (e) Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in Table 13.
- (f) Transaction limits are set for each type of investment in Table 13.
- (g) This Council will set a limit for the amount of its investments which are invested for longer than 365 days.
- (h) Investments will be placed with counterparties from countries with a specified minimum sovereign rating.
- (i) This Council has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
- (j) All investments will be denominated in sterling.
- (k) As a result of the change in accounting standards for 2020/21 under International Financial Reporting Standard (IFRS) 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end

of the year to the General Fund. (In November 2018 the Ministry of Housing, Communities and Local Government [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for 5 years ending 31 March 2023).

73. However, this Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

## **Investment Counterparty Selection Criteria**

### **Creditworthiness policy**

74. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure that:
- (a) It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
  - (b) It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
75. The Assistant Director Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified (see appendix 2 for definitions) as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
76. Credit rating information is supplied by the Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating Outlooks (notification of a longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
77. Any investment in Property Funds/ Corporate Bond Funds/ Asset Backed Investment Products will be subject to due diligence for each and every fund considered. The maximum amount invested in any one fund will be £20million with a maximum of £50million total for all funds.

78. The criteria for providing a pool of high-quality investment counterparties (both specified and non-specified investments) is:

(a) Banks 1 - good credit quality – the Council will only use banks which:

- (i) are UK banks; and/or;
- (ii) are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA-.

and have, as a minimum, the following Fitch, Moody's and Standard & Poors credit ratings (where rated):

- (i) Short Term – F1
- (ii) Long Term – A-

(b) Banks 2 – Part nationalised UK banks – Royal Bank of Scotland ring-fenced operations. These banks can be included provided they continue to be part nationalised or meet the ratings in Banks 1 above.

(c) Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.

(d) Building societies -The Council will use all societies which meet the ratings for the banks outlined above and have assets in excess of £1,000m.

- (i) Money Market Funds (MMFs) CNAV – AAA.
- (ii) Money Market Funds (MMF's) LNVAV – AAA.
- (iii) Money Market Funds (MMF's) VNAV – AAA.
- (iv) Ultra-Short Dated Bond Funds – AAA.
- (v) UK Government (including gilts, Treasury Bills and the DMADF).
- (vi) Local authorities, parish councils etc.
- (vii) Supranational institutions.
- (viii) Housing associations.
- (ix) Property Funds, Corporate Bond Funds and Asset Backed Investment Products.

79. A limit of £50m will be applied to the use of non-specified investments.

### **Use of additional information other than credit ratings**

80. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

## **Time and monetary limits applying to investments.**

81. In order to determine time limits for investments the Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard & Poors. The credit ratings of counterparties are supplemented with the following overlays:

- (a) credit watches and credit outlooks from credit rating agencies;
- (b) Credit Default Swap price spreads to give early warning of likely changes in credit ratings;
- (c) sovereign ratings to select counterparties from only the most creditworthy countries.

82. The Council will therefore use the following durational bands when applying time limits to investments

- (a) Yellow            Maximum 2 years \*This only relates to AAA rated government debt or its equivalent;
- (b) Purple            Maximum 2 years;
- (c) Blue              1 year (only applies to nationalised or semi nationalised UK Banks);
- (d) Orange          1 year;
- (e) Red                6 months;
- (f) Green             3 months.

83. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified Investments)

**Table 13 – Time and monetary limits applying to investments**

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks 1 high quality	AA-	£5m	Maximum of 2 years Suggested duration using Link Group colour coding (CDS adjusted with manual override)
Banks 1 medium quality	A	£4m	Maximum of 1 year Suggested duration using Link Group colour coding (CDS adjusted with manual override)
Banks 1 lower quality	A-	£3m	Maximum of 1 year Suggested duration using Link Group colour coding (CDS adjusted with manual override)
Banks 2 category – part nationalised	N/A	£5m	Maximum of 1 years
Banks 3 category – Council's banker (not meeting Banks 1)		£3m	1 day
DMADF (Debt Management Office)	AAA	unlimited	6 months
UK Government Treasury Bills	UK sovereign rating	unlimited	Maximum of 1 year
Local authorities	N/A	£5m per Local Authority	Up to 2 years
Money market Funds (CNAV, LVNAV & VNAV) and Ultra Short Dated Bond Funds	AAA	£5m per Fund	liquid
Property Funds, Corporate Bond Funds and other Asset backed Investment products	Non Rated Due Diligence required	£20m per Fund	10 years

84. In addition to sterling deposits either on a fixed term call or notice basis deposits in banks or Building Societies which meet our criteria, may be made via certificates of deposits where appropriate.
85. The proposed criteria for Specified and Non-Specified investments are shown in Appendix 2 for approval.
86. All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group creditworthiness service.
- (a) if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will

be withdrawn immediately.

- (b) in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

87. Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

## **Investment Strategy**

### **In-house funds**

88. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- (a) If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping the most investments as being short term or variable.
- (b) Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

### **Investment returns expectations**

89. Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

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

- (a) 2020/21 0.10%
- (b) 2021/22 0.10%
- (c) 2022/23 0.10%
- (d) 2023/24 0.25%
- (e) 2024/25 0.75%
- (f) Later years 2.00%

91. The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus. It may also be affected by what deal the UK agrees as part of Brexit.

92. There is relatively little UK domestic risk of increases or decreases in Bank Rate and shorter term PWLB rates until 2023/24 at the earliest.

### Negative Investment Rates

93. While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.
94. As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted 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 surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.
95. Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

### Investment treasury indicator and limit

96. Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.
97. Cabinet is asked to approve the treasury indicator and limit: -

**Table 14 – Maximum Principal sums invested**

	2021/22	2022/23	2023/24
Principal sums invested greater than 365 days	£50m	£50m	£50m

98. For its cash flow generated balances, the Council will seek to utilise its instant access accounts, 30+ day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.



## Investment Risk Benchmarking

99. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. They relate to Investments that are not Property Funds. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

100. Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

0.077% historic risk of default when compared to the whole portfolio.

101. Liquidity – in respect of this area the Council seeks to maintain:

- (a) Bank overdraft - £0.100m;
- (b) Liquid short-term deposits of at least £3.000m available with a week's notice;
- (c) Weighted Average Life benchmark is expected to be 1 year.

102. Yield - local measures of yield benchmarks are:

- (a) Investments – internal returns above the 7-day LIBID rate;
- (b) Investments – Longer term – capital investment rates returned against comparative average rates.

103. In addition that the security benchmark for each individual year is:

**Table 15 - Security Benchmark**

	1 year	2 years
<b>Maximum</b>	0.077%	0.077%

Note: This benchmark is an average risk of default measure and would not constitute an expectation of loss against a particular investment.

The Council is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.

104. The above reported benchmarks for Security Liquidity and Yield all relate to Deposits with Banks and Money Market Funds but would not relate to Property Funds.

105. It is proposed that property funds will be benchmarked for performance against the IPD All Balanced Fund index which is the universe of all property funds, data for this can be provided by our Treasury Management advisors Link Group.

**End of year investment report**

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

## Economic Background provided by Link Group

1. UK. The key quarterly meeting of the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 5<sup>th</sup> November. However, it revised its economic forecasts to take account of a second national lockdown from 5<sup>th</sup> November to 2<sup>nd</sup> December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of quantitative easing (QE) of £150bn, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
  - (a) Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
    - (i) The economy would recover to reach its pre-pandemic level in Q1 2022;
    - (ii) The Bank also expected there to be excess demand in the economy by Q4 2022.
    - (iii) CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".
2. Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
3. One key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years due as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. Inflation is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.
4. However, the minutes did contain several references to downside risks. The MPC reiterated that the "recovery would take time, and the risks around the GDP

projection were judged to be skewed to the downside”. It also said “the risk of a more persistent period of elevated unemployment remained material”. Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. Upside risks included the early roll out of effective vaccines.

5. COVID-19 vaccines. We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70C that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).
6. These announcements, plus expected further announcements that other vaccines will be approved soon, have enormously boosted confidence that life could largely return to normal during the second half of 2021, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could begin to be eased, beginning possibly in Q2 2021, once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%. Public borrowing was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

7. Public borrowing is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
8. Overall, the pace of recovery was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5<sup>th</sup> November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.
9. December 2020 / January 2021. Since then, there has been a rapid back tracking on easing restrictions due to the spread of a new mutation of the virus by the imposition of severe restrictions across all four nations. These restrictions were changed on January 5<sup>th</sup> to national lockdowns of various initial lengths in each of the four nations as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under severe restrictions for some months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is that another mutation of COVID-19 does not appear that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.
10. This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

11. There will be some painful longer term adjustments as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.
12. Brexit. While the UK has been gripped by the long running saga of whether or not a deal would be made by 31st December, the final agreement on December 24th, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.
13. Monetary Policy Committee meeting of 17 December. All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy it had highlighted in November. But this was caveated by it saying “Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case.” So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding Scheme with additional incentives for small and medium size enterprises for six months from 30th April until 31st October 2021. (The MPC had assumed that a Brexit deal would be agreed).
  - (a) **Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -
    - (i) An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
    - (ii) The furlough scheme was lengthened from the end of March to the end of April.
    - (iii) The Budget on 3rd March 2021 will lay out the “next phase of the plan to tackle the virus and protect jobs”. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).
14. The **Financial Policy Committee** (FPC) report on 6<sup>th</sup> August revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

15. US - The result of the November elections means that while the Democrats gained the presidency and a majority in the House of Representatives, it looks as if the Republicans could retain their slim majority in the Senate provided they keep hold of two key seats in Georgia in elections in early January. If those two seats do swing to the Democrats, they will then control both Houses and President Biden will consequently have a free hand to determine policy and to implement his election manifesto.
16. The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the third wave in the Midwest looks as if it is now abating. However, it looks as if the virus is rising again in the rest of the country. The latest upturn poses a threat that the recovery in the economy could stall. This is the single biggest downside risk to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.
17. The restrictions imposed to control its spread are once again weighing on the economy with employment growth slowing sharply in November and retail sales dropping back. The economy is set for further weakness in December and into the spring. However, a \$900bn fiscal stimulus deal passed by Congress in late December will limit the downside through measures which included a second round of direct payments to households worth \$600 per person and a three-month extension of enhanced unemployment insurance (including a \$300 weekly top-up payment for all claimants). GDP growth is expected to rebound markedly from the second quarter of 2021 onwards, as vaccines are rolled out on a widespread basis and restrictions are loosened.
18. After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China

is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

19. The Fed's meeting on 5 November was unremarkable - but at a politically sensitive time around the elections. At its 16 December meeting the Fed tweaked the guidance for its asset purchases in the statement issued after the conclusion of today's FOMC meeting, with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that inflation will only get back to 2.0% in 2023, the vast majority expect the fed funds rate to be still at near-zero until 2024 or later. Furthermore, the new rate forecast tables reveal that officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.
20. **EU.** In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by “only” 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4, and in Q1 of 2021, as a second wave of the virus has affected many countries: it is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the worst affected countries.
21. With inflation expected to be unlikely to get much above 1% over the next two years, the ECB has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities until December 2023. Three additional tranches of TLTRO (cheap loans to banks) were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022.
22. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support.
23. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before quarter 2 of 2021.
24. **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus



and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies.

25. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
26. **Japan.** A third round of stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal arrow should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.
27. **World growth.** World growth will have been in recession in 2020. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus.
28. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, 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. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

## Summary

29. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this is likely to result in**

**more quantitative easing and keeping rates very low for longer. It will also put pressure on governments to provide more fiscal support for their economies.**

30. **If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.**

## **INTEREST RATE FORECASTS**

31. **Brexit.** The interest rate forecasts provided by Link in the main report were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. There is therefore no need to revise these forecasts now that a trade deal has been agreed.
32. Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

## **The balance of risks to the UK**

33. The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
34. There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

35. UK government takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
36. UK - Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
37. A resurgence of the Eurozone sovereign debt crisis. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its

already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.

38. Weak capitalisation of some European banks, which could be undermined further depending on extent of credit losses resultant of the pandemic.
39. German minority government & general election in 2021. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
40. Other minority EU governments. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
41. Austria, the Czech Republic, Poland and Hungary now form a strongly anti-immigration bloc within the EU. In November, Hungary and Poland threatened to veto the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
42. Geopolitical risks, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

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

43. UK - a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
44. The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

## APPENDIX 2

### **Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management**

1. The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.
2. The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 21<sup>st</sup> March 2002 and will apply its principles to all investment activity. In accordance with the Code, the Assistant Director Resources has produced its Treasury Management Practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

### **Annual Investment Strategy**

3. The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:
  - (a) The strategy guidelines for choosing and placing investments, particularly non-specified investments.
  - (b) The principles to be used to determine the maximum periods for which funds can be committed.
  - (c) Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
  - (d) Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.
4. The investment policy proposed for the Council is:

### **Strategy Guidelines**

5. The main strategy guidelines are contained in the body of the treasury strategy statement.

## All Investments

6. The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:
  - (a) Banks 1 - good credit quality – the Council will only use banks which:
    - (i) are UK banks; and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
      1. Fitch Short Term equivalent – F1;
      2. Fitch Long term equivalent – A-.
  - (b) Banks 2 Non UK banks based on the following very high quality criteria using a lowest common denominator approach and only where sovereign ratings are AAA.
    - (i) Fitch Short Term equivalent – F1+;
    - (ii) Fitch Long Term equivalent – AA-.
  - (c) Banks 3 – Part nationalised UK banks – Lloyds Bank Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
  - (d) Banks 4 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
  - (e) Building societies The Council will use all societies which:
    - (i) meet the ratings for banks outlined above and have assets in excess of £1,000m.
  - (f) Money Market Funds (CNAV, LVNAV & VNAV) AAA.
  - (g) Ultra Short Dated Bond Funds AAA.
  - (h) UK Government (including gilts Treasury Bills and the Debt Management Office).
  - (i) Local authorities, parish councils etc.
  - (j) Supranational institutions.
  - (k) Property Funds ,Corporate Bond Funds and Asset Backed Investment Products.
7. A limit of £50M will be applied to the use of Non-Specified investments.

## **Specified Investments**

8. These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:
  - (a) The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
  - (b) Supranational bonds of less than one year's duration.
  - (c) A local authority, housing association, parish council or community council.
  - (d) Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category f. above, this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and/or Fitch rating agencies.
  - (e) A body that is considered of a high credit quality (such as a bank or building society). For category a and b this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and/or Fitch rating agencies.
9. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are:

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
<b>Banks 1 category high quality</b>	<b>AA-</b>	<b>£5M</b>	<b>Maximum of 2 years Suggested duration using Link Asset Services colour coding (CDS adjusted with manual override)</b>
<b>Banks 1 category medium quality</b>	<b>A</b>	<b>£4M</b>	<b>Maximum of 1 year Suggested duration using Link Asset Services colour coding (CDS adjusted with manual override)</b>
<b>Banks 1 category lower quality</b>	<b>A-</b>	<b>£3M</b>	<b>Maximum of 1 year Suggested duration using Link Asset Services colour coding (CDS adjusted with manual override)</b>
<b>Banks 2 Non UK (only where sovereign ratings are AAA)</b>	<b>AA-</b>	<b>£3M</b>	<b>Maximum of 1 year Suggested duration using Link Asset Services colour coding (CDS adjusted with manual override)</b>
<b>Banks 3 category – part nationalised</b>	<b>N/A</b>	<b>£5M</b>	<b>Maximum of 1 year</b>
<b>Banks 4 category – Council's banker (not meeting Banks 1,2 and3)</b>		<b>£3M</b>	<b>1 day</b>
<b>DMADF (Debt Management Office)</b>	<b>AAA</b>	<b>unlimited</b>	<b>6 months</b>
<b>Local authorities</b>	<b>N/A</b>	<b>£5M per Local Authority</b>	<b>Up to 1 years</b>
<b>Money market Funds (CNAV, LVNAV &amp; VNAV) and Ultra Short Dated Bond Funds</b>	<b>AAA</b>	<b>£5M per Fund</b>	<b>liquid</b>

10. The Council will therefore use the following durational bands supplied by Link Asset Service's creditworthiness service when applying time limits to investments:

- (a) Yellow      Maximum 2 years \*This only relates to AAA rated government debt or its equivalent;
- (b) Purple      Maximum 2 years.
- (c) Blue        1 year (only applies to nationalised or semi nationalised UK Banks).
- (d) Orange     1 year.
- (e) Red         6 months.
- (f) Green      3 months.

## Non-Specified Investments

11. Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	<b>Non Specified Investment Category</b>	<b>Limit (£ or %)</b>
a.	<p><b>Supranational Bonds greater than 1 year to maturity</b></p> <p><b>(a) Multilateral development bank bonds</b> - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p><b>(b) A financial institution that is guaranteed by the United Kingdom Government</b> (e.g. National Rail, The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	AAA long term ratings
b.	<p><b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	
c.	<p><b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	£3m
d.	<p><b>Building societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.</p>	£5m
e.	<p>Any <b>bank or building society</b> that has a minimum long term credit rating of AA-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£5m
f.	<p><b>Local Authorities</b></p>	£5m per authority
g.	<p><b>Property Funds, Corporate Bond Funds and Other Asset backed Investment products</b></p> <p>The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using</p>	£20m per Fund

12. Within categories c and d, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be



invested in these bodies. Time limits will be applied to banks using the creditworthiness service provided by Link Asset Services. And for part-nationalised banks will be up to 2 years.

13. Time limits for Property Funds, Corporate Bond Funds and Asset Backed Investment Products will be up to 10 Years, Local Authorities up to 2 years.

### **The Monitoring of Investment Counterparties**

14. The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Assistant Director Resources, and if required new counterparties which meet the criteria will be added to the list.

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**SPECIAL COUNCIL  
18 FEBRUARY 2021**

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**SETTING THE COUNCIL TAX FOR 2021/22**

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**Responsible Cabinet Member – Councillor Charles Johnson,  
Resources Portfolio**

**Responsible Director – Paul Wildsmith, Managing Director**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The Local Government Finance Act 1992, as amended (referred to as “the Act” in this report) requires the Council to calculate and set its council tax for 2021/22 before 11 March 2021.

**Summary**

2. The Localism Act 2011 made significant changes to the Act and requires the billing authority to calculate a Council Tax requirement for the year.
3. The budget recommended to Council by Cabinet on 09 February 2021 will result in Band D council tax of £1,643.69, if approved by Council. The Office of the Durham Police, Crime and Victims’ Commissioner has set its Band D council tax for 2021/22 at £230.24. County Durham and Darlington Fire and Rescue Service is expected to set its Band D council tax for 2021/22 at £107.55. Therefore the recommended council tax for a Band D property will be £1,981.48 which is an overall increase of 5.05%. There will also be an additional council tax in any parish where a precept has been issued.
4. The Council has calculated that the Council Tax requirement is £55,213,072 which includes Parish Precepts of £183,072. The Council Tax requirement for the Council’s own purposes for 2021/22 (excluding Parish Precepts) is therefore £55,030,000.

**Recommendation**

5. It is recommended that
  - (a) the following amounts be calculated by the Council for 2021/22 in accordance with sections 31 to 36 of the Act and relevant regulations:-

(i)	the aggregate of the amount which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils, which is its expenditure	£221,356,072
(ii)	the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act, which is its income	£166,143,000
(iii)	the amount by which (i) exceeds (ii) calculated by the Council for the year in accordance with Section 31A(4) of the Act as its Council Tax Requirement	£55,213,072
(iv)	The amount at item 5(iii) above, divided by the council tax base in paragraph 13 below, calculated by the Council in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including Parish Precepts)	£1.649.16
(v)	the aggregate of all special items (Parish Precepts) referred to in Section 34(1) of the Act as in the attached <b>Appendix 1</b>	£183,072
(vi)	the amount at 5(iv) above less the result given by dividing the amount at 5(v) above by the amount at paragraph 13 below, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates	£1,643.69
(vii)	That the basic council tax for 2021/22 calculated for dwellings in those areas that have parish precepts be as set out in <b>Appendix 1</b> , column 5	
(viii)	That the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the aggregate amounts shown in <b>Appendix 2</b> as the amount of Council Tax for 2021/22 for each part of its area and for each of the categories of dwellings	

- (b) It be noted that for the year 2021/22 The Office of the Durham Police, Crime and Victims' Commissioner has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown : -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	153.49	179.08	204.66	230.24	281.40	332.57	383.73	460.48

- (c) It be noted that for the year 2021/22 County Durham and Darlington Fire and Rescue Service has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown: -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	71.70	83.65	95.60	107.55	131.45	155.35	179.25	215.10

- (d) The Council, in accordance with Section 30(2) of the Act hereby sets the amounts set out in **Appendix 3** as the amounts of council tax for 2021/22 for each of the categories of dwellings.

## Reasons

6. The recommendations are supported to set the Council Tax for the Council's area in accordance with statutory requirements.

**Paul Wildsmith**  
**Managing Director**

## Background Papers

- (i) Local Government Finance Settlement 2021/22
- (ii) Police Authority Precept notification.
- (iii) Fire Authority Precept notification.
- (iv) Parish Council Precept notifications.

Elizabeth Davison: Extension 5830

S17 Crime and Disorder	The report does not contain any Crime and Disorder implications
Health and Well Being	The report does not contain any proposals relating to the health and wellbeing of residents
Carbon Impact and Climate Change	There are no carbon impact or climate change implications in this report
Diversity	There are no diversity implications in this report
Wards Affected	All Wards are affected equally
Groups Affected	All Groups are affected equally
Budget and Policy Framework	This report must be considered by Council
Key Decision	This report must be considered by Council
Urgent Decision	The Council's Medium Term Financial Plan, Budget and Council Tax require approval by full Council
One Darlington: Perfectly Placed	This report follows from the Corporate Plan and Financial Plan and budget reports, which specifically addresses key issues involved in the Council's contribution to delivering the Sustainable Community Strategy vision.
Efficiency	There are no efficiency implications in this report
Impact on Looked After Children and Care Leavers	This report does not affect Looked After Children and Care Leavers

## MAIN REPORT

### Information and Analysis

7. The Act, as amended by the Localism Act 2011, requires authorities to calculate their Council Tax requirement for the year. The Council tax requirement is equal to the Council's net budget requirement less Settlement Funding Assessment (Revenue Support Grant, Top Up Grant and General Government Grants) less any contribution to the Collection Fund in respect of any prior year's deficit or plus any contribution from the Collection Fund in respect of any prior year's surplus. The details of these calculations are set out in paragraph 5(i) to (iii) above.
8. The recommended basic council tax including Fire and Police Precepts for a Band D property is £1,981.48. There will also be an additional council tax in any parish where a precept has been issued.
9. Cabinet considered the draft Medium Term Financial Plan (MTFP) on 8 December 2020 and approved it for consultation. After public consultation and review by the relevant Scrutiny Committees, Cabinet considered the MTFP again on 09 February 2021.
10. The Council also has to determine the estimated surplus or deficit on its Collection Fund at 31st March 2021. The estimated surplus/deficit for the council tax is shared between this Council, the Police Authority and the Fire Authority in

proportion to the 2020/21 demands/precepts. It is estimated that there will be a deficit on the Collection Fund at 31st March 2021 of which Darlington's share is £593,000. The deficit can be spread over the next 3 years and the MHCLG have made a commitment to fund 75% of the deficit by way of a Section 31 Grant.

11. The Council has determined that its basic amount of Council Tax for 2021/22, excluding Parish Precepts, is not excessive in accordance with principles approved under Section 52ZB of the Act.
12. The Council's Council Tax Requirement (including Parish Precepts) for council tax purposes for 2021/22, as calculated in accordance with Section 31A(4) of the Act, is £55,213,072.

## The Council Tax Calculations

### Basic Council Tax

13. The Council set its tax base at 33,479.6 at the meeting on 28 January 2021 along with the tax bases for various parish councils. These are shown in **Appendix 1** (column 2).
14. The basic council tax must first be calculated by dividing the Council Tax requirement by the approved tax base as follows:-

$$\frac{£55,213,072}{33,479.6} = £1,649.16$$

15. From this figure parish precepts, which the Act refers to as special items, are deducted as follows:-

$$\frac{£183,072}{33,479.6} = £5.47$$

16. The basic council tax for those areas of the Borough Council where there are no special items is, therefore, £1,643.69 (£1,649.16 - £5.47). This also excludes the Police Authority and Fire Service precepts. It represents a 4.99% increase compared with the council tax in 2020/21. It was announced in the 2021/22 provisional local government finance settlement on 17 December 2020 and confirmed in the final Local Government Finance Report 2021/22 on 04 February 2021 that councils could increase their core council tax charge by up to 5% without the need for a referendum, inclusive of 3% for adult social care expenditure.

### Parish Council Taxes

17. The calculation of the additional tax for areas where special items apply, i.e. parish precepts, is based on the precepts submitted by each parish council and parish meeting divided by the tax base approved at the Council meeting on 28 January 2021. The Parish Council Precepts for 2021/22 are detailed in Appendix 1 and total £183,072.

18. The council tax in relation to the parish precepts is shown in **Appendix 1** (column 3). When added to the basic council tax, as calculated in paragraph 14, this provides the Billing Authority's basic council tax for each parish area (**Appendix 1**, column 5).

### Billing Authority Council Tax

19. Section 30(1) of the Act requires a council tax to be set for each category of dwelling for its area. This is the Billing Authority's council tax for each parish area and the basic council tax for the rest of the authority's area, multiplied by the ratio of each band using the following: -

Band	A	B	C	D	E	F	G	H
Proportion	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

20. The council tax set will relate to band D which is 9/9 or 1. For other bands the above proportions will apply. For example, Band A properties will be charged 6/9 or two thirds of the Band D tax whilst band H will be charged double the Band D tax.
21. The Billing Authority's council taxes for each band of property are shown in **Appendix 2**.

### Police and Fire Authority Council Taxes

22. The Office of the Durham Police, Crime and Victims' Commissioner is a separate body responsible for its own financial affairs. The Authority met on 04 February 2021 and set their precept at £7,708,343. This results in a Band D Council Tax of £230.24, a 6.97% increase from 2020/21 as shown below:-

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	153.49	179.08	204.66	230.24	281.40	332.57	383.73	460.48

23. County Durham and Darlington Fire and Rescue Service will meet on 19 February 2021 and are expected to set their precept at £3,600,730.98. This will result in a Band D Council Tax of £107.55, a 1.96% increase from 2020/21.

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	71.70	83.65	95.60	107.55	131.45	155.35	179.25	215.10



## Overall Council Tax

24. The total council tax for each of the parish areas and the remaining area of the Borough is calculated by adding the charges for the Billing Authority to those of the Police Authority and the Fire and Rescue Service. The overall council tax for each category of dwelling in each parish area and the remaining areas of the Borough where there are no parish precepts is set out in **Appendix 3**. There is a 4.99% increase in the Billing Authority Council Tax next year, with changes in the amounts of some parish precepts. The Office of the Durham Police, Crime and Victims' Commissioner has increased its Council tax by 6.97% and the Fire and Rescue Service is expected to increase its Council Tax by 1.96%.

## Consultation

25. The content of this report was not subject to consultation. Consultation has, however, taken place with a range of stakeholders, during which all households in the Borough have had the opportunity to comment in preparing the Medium Term Financial Plan. The outcomes of consultation are included in that plan.

## COUNCIL TAX FOR PARISH AUTHORITIES 2021/22

	Precept payable to Parish Council (1) £	Parish Tax Base (2)	Parish Council Tax (3) £ p	Basic Council Tax (4) £ p	Billing Authority's Council Tax (5) £ p
Bishopton	9,206	170.70	53.93	1,643.69	1,697.62
Heighington	20,700	1,034.60	20.01	1,643.69	1,663.70
High Coniscliffe	6,000	108.10	55.50	1,643.69	1,699.19
Hurworth	59,000	1,306.60	45.16	1,643.69	1,688.85
Low Coniscliffe / Merrybent	10,080	301.90	33.39	1,643.69	1,677.08
Middleton St. George	48,390	1,955.30	24.75	1,643.69	1,668.44
Neasham	8,034	247.50	32.46	1,643.69	1,676.15
Piercebridge	1,512	63.40	23.85	1,643.69	1,667.54
Sadberge	14,500	292.60	49.56	1,643.69	1,693.25
Whessoe	5,650	535.60	10.55	1,643.69	1,654.24
	<b>183,072</b>	<b>6,016.30</b>			

## APPENDIX 2

## BILLING AUTHORITY'S COUNCIL TAXES FOR EACH PROPERTY BAND 2021/22

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bishopton	1,131.74	1,320.38	1,509.00	1,697.62	2,074.86	2,452.12	2,829.36	3,395.24
Heighington	1,109.13	1,293.99	1,478.85	1,663.70	2,033.41	2,403.12	2,772.83	3,327.40
High Coniscliffe	1,132.79	1,321.60	1,510.39	1,699.19	2,076.78	2,454.39	2,831.98	3,398.38
Hurworth	1,125.90	1,313.55	1,501.20	1,688.85	2,064.15	2,439.45	2,814.75	3,377.70
Low Coniscliffe /								
Merrybent	1,118.05	1,304.40	1,490.74	1,677.08	2,049.76	2,422.45	2,795.13	3,354.16
Middleton St. George	1,112.29	1,297.68	1,483.06	1,668.44	2,039.20	2,409.97	2,780.73	3,336.88
Neasham	1,117.43	1,303.68	1,489.91	1,676.15	2,048.62	2,421.11	2,793.58	3,352.30
Piercebridge	1,111.69	1,296.98	1,482.26	1,667.54	2,038.10	2,408.67	2,779.23	3,335.08
Sadberge	1,128.83	1,316.98	1,505.11	1,693.25	2,069.52	2,445.81	2,822.08	3,386.50
Whessoe	1,102.82	1,286.64	1,470.44	1,654.24	2,021.84	2,389.46	2,757.06	3,308.48
All other parts of the Council's area	1,095.79	1,278.43	1,461.06	1,643.69	2,008.95	2,374.22	2,739.48	3,287.38

## APPENDIX 3

## OVERALL COUNCIL TAX FOR EACH PROPERTY BAND 2021/22

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bishopton	1,356.93	1,583.11	1,809.26	2,035.41	2,487.71	2,940.04	3,392.34	4,070.82
Heighington	1,334.32	1,556.72	1,779.11	2,001.49	2,446.26	2,891.04	3,335.81	4,002.98
High Coniscliffe	1,357.98	1,584.33	1,810.65	2,036.98	2,489.63	2,942.31	3,394.96	4,073.96
Hurworth	1,351.09	1,576.28	1,801.46	2,026.64	2,477.00	2,927.37	3,377.73	4,053.28
Low Coniscliffe / Merrybent	1,343.24	1,567.13	1,791.00	2,014.87	2,462.61	2,910.37	3,358.11	4,029.74
Middleton St. George	1,337.48	1,560.41	1,783.32	2,006.23	2,452.05	2,897.89	3,343.71	4,012.46
Neasham	1,342.62	1,566.41	1,790.17	2,013.94	2,461.47	2,909.03	3,356.56	4,027.88
Piercebridge	1,336.88	1,559.71	1,782.52	2,005.33	2,450.95	2,896.59	3,342.21	4,010.66
Sadberge	1,354.02	1,579.71	1,805.37	2,031.04	2,482.37	2,933.73	3,385.06	4,062.08
Whessoe	1,328.01	1,549.37	1,770.70	1,992.03	2,434.69	2,877.38	3,320.04	3,984.06
All other parts of the Council's area	1,320.98	1,541.16	1,761.32	1,981.48	2,421.80	2,862.14	3,302.46	3,962.96

**SPECIAL COUNCIL  
18 FEBRUARY 2021**

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**POLICE AND CRIME COMMISSIONER, TEES VALLEY COMBINED  
AUTHORITY MAYORAL AND BY-ELECTIONS – MAY 2021**

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**Councillor Johnson, Cabinet Member with the Resources Portfolio**

**Responsible Director - Paul Wildsmith, Managing Director**

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## **SUMMARY REPORT**

### **Purpose of the Report**

1. To request that consideration be given to:-
  - (a) changes to a number of polling places (commonly known as polling stations) to be used at the Police and Crime Commissioner (PCC) and the Tees Valley Combined Authority Mayoral (TVCAM) Elections, and any by elections scheduled to be held on Thursday 6 May 2021; and
  - (b) delegating to the Assistant Director Law and Governance (the Returning Officer), the power to change the location of polling places in the event that a designated polling place is no longer available or suitable.

### **Summary**

2. The Representation of the People Act 1983, as amended by the Electoral Registration and Administration Act 2013, places a duty on all local authorities in England and Wales to undertake and complete a review of all of the polling districts, polling places and polling stations in its area every four years. The last Polling District, Polling Place and Polling Station Review was held in 2018 at which the attached list of Polling Places was approved (**Appendix 1**).
3. When booking the polling places for the elections scheduled to be held in May 2021 Officers were made aware that a number of the polling places were unavailable on polling day for various reasons.
4. As a result of the requests received and the unavailability of a number of polling places, work has been undertaken to find alternative polling places in the affected polling districts / wards.

## Recommendation

5. That Council be requested to:-

- (a) note and approve the following changes to polling places, commonly known as polling stations, for all elections scheduled to take place on 6 May 2021, namely:-
  - (i) College Ward (Polling Districts COA, COB and COC) to vote at the Queen Elizabeth Sixth Form College Sports Pavilion, Abbey Road Playing Field, Abbey Road, Darlington, in place of the classrooms in the main Queen Elizabeth Sixth Form College building;
  - (ii) Hummersknott Ward (Polling Districts HKA and HKB) to vote at Salutation Hall, Salutation Road, Darlington, in place of Carmel College;
  - (iii) North Road Ward (Polling District NRA) to vote at Darlington Elim Pentecostal Church, Bowman Street, Darlington, in place of St. Thomas Aquinas Church Hall;
  - (iv) Park East Ward (Polling Districts PEA) to vote at the Friends Meeting House, Skinnergate, Darlington, in place of St. Augustine's Parish Centre;
  - (v) Park West Ward (Polling District PWC) to vote at Darlington Baptist Church, Grange Road, Darlington, in place of St. Augustine's Parish Centre; and
  - (vi) Sadberge and Middleton St George Ward (Polling Districts SMA and SMC) to vote at Bishopton Village Hall, Bishopton, in place of Great Stainton Church Hall.
- (b) delegate to the Assistant Director Law and Governance (the Returning Officer), in consultation with Cabinet Member with the Resources Portfolio, Group Leaders and relevant Ward Members, the power to change the location of polling places in the event that a designated polling place is no longer available or suitable.

## Reasons

6. The recommendations are supported for the following reasons, namely to:-

- (a) comply with the requests received from Carmel College and Queen Elizabeth Sixth Form College to use alternative premises and to find alternative venue(s) for those polling places that are unavailable; and

- (b) allow further changes to be made to the approved list of polling places should they be unavailable or unsuitable.

**Paul Wildsmith  
Managing Director**

**Background Papers**

No background papers were used in the preparation of this report.

Lynne Wood: Extension 5803

S17 Crime and Disorder	This report has no implications for crime and disorder.
Health and Well Being	There are no issues relating to health and wellbeing which this report needs to address.
Carbon Impact and Climate Change	There are no issues relating to carbon impact.
Diversity	All polling places have been assessed to ensure that they are accessible for voters who have a disability.
Wards Affected	The proposals have implications on the College, Harrowgate Hill, Hummerksnott, North Road, Park East and Park West Wards.
Groups Affected	The proposals do not affect any specific group.
Budget and Policy Framework	The report does not change the Council's budget or Policy framework but needs to be considered by Council
Key Decision	This is not a key decision.
Urgent Decision	This is not an executive decision.
One Darlington: Perfectly Placed	There are no links.
Efficiency	There are no efficiency proposals identified as part of this review.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers.

## MAIN REPORT

### Information and Analysis

#### Polling District, Polling Place and Polling Station Review

7. The Representation of the People Act 1983, as amended by the Electoral Registration and Administration Act 2013, places a duty on all local authorities in England and Wales to undertake and complete a compulsory review of all of the polling districts, polling places and polling stations in its area within a prescribed period. The last review was completed in 2018, approved by full Council at its meeting held in November 2018 and implemented at the Local Elections held in May 2019. The list of Polling Places approved as part of that review is attached at **Appendix 1**.
8. Local authorities must designate a polling place for each polling district, unless the size or other circumstances of a polling district are such that the situation of the polling place does not materially affect the convenience of the electors. A polling place must be within the polling district unless special circumstances make it desirable to designate somewhere outside of the polling district, for example, if no accessible polling place can be identified.
9. Local authorities must also comply with certain access requirements, and they must seek to ensure that all electors have such reasonable facilities for voting as are practicable in the circumstances, and ensure that so far as is reasonable and practicable, every polling place is accessible to electors who are disabled. .

#### 2021 Elections

10. The Coronavirus Act 2020 and the Local Government and Police and Crime Commissioner (Coronavirus) (Postponement of Elections and Referendums) (England and Wales) Regulations 2020 postponed all elections scheduled to be held between 16 March 2020 and 5 May 2021 (including casual vacancies) to 6 May 2021.
11. The Elections scheduled to take place in May 2020 were the Police and Crime Commissioner (PCC) and the Tees Valley Combined Authority Mayoral (TVCAM) Elections and these elections will now take place on 6 May 2021. There is currently one casual vacancy in the Red Hall and Lingfield Ward, following the resignation of Councillor Sam Howarth, which will also take place on 6 May 2021 together with any further by-elections that may be called by 29 March 2021.



12. Polling places were informed of the revised date of the election when the original bookings were cancelled in April 2020, however, a number of polling places have subsequently informed Officers that they are unavailable on 6 May 2021, for various reasons (stated below). As a result, alternative polling places need to be identified for use at the elections taking place on 6 May 2021.
13. As part of the preparations for the elections taking place on 6 May 2021, further guidance may be received regarding the use of polling places or polling places may subsequently become unavailable. As a result of the timescales involved with the elections it may not be possible to consider changes at a meeting of full Council and as such, it is requested that the Assistant Director Law and Governance (the Returning Officer), be given delegated authority, in consultation with the relevant Cabinet Member and Ward Members, to approve any further changes to polling places.
14. The polling places that Officers are aware of that currently require to be changed, together with the alternative options available, are detailed below.

#### **College Ward - Queen Elizabeth Sixth Form College (QESFC)**

15. The Principal of Queen Elizabeth Sixth Form College (QESFC) has raised concerns in respect of using the usual classrooms in the main College building as polling stations, on this occasion, due to Covid-19, and the systems that have been put in place to keep students and staff safe while they are in the College. Following discussions with Officers, an alternative to using the usual classrooms has been identified and proposed – that being the use of the QESFC Sports Pavilion, Abbey Sports Field, Abbey Road, Darlington.
16. The access to the usual polling places which are located within the main College building, is via Abbey Road. The Sports Pavilion is not part of the main College building but is still situated on Abbey Road (as shown on the plan attached at **Appendix 2**). The Pavilion has level access, has on site and on road parking nearby and is deemed a suitable alternative to using the classrooms in the QESFC main building. A map is attached at **Appendix 2** showing the current and alternative polling places.
17. All the polling districts for the College Ward (COA, COB and COC) currently vote at the QESFC.

#### **Hummersknott Ward - Carmel College**

18. The Principal of Carmel College has requested that the College be no longer used as a polling place. The whole ward currently votes at this polling place (Polling Districts HKA and HKB).
19. The polling station is usually located in John Caden Hall, which is separate from the rest of the College, and as such, has always previously allowed the College to remain open during polling day. The Principal has raised a number of safeguarding concerns, in respect of the continued use of the hall as a polling station. In addition to those concerns, the hall is currently being used for

teaching, as a result of Covid-19, and should the hall be used as a polling station, it would likely meant that the College would have to close for the day.

20. During the last review in 2018 no objections were raised by the College in respect of its continued use as a polling station, and as such, no alternative venues were sought, however, in response to the concerns raised two possible alternatives have been identified in the ward, namely Hummersknott Academy and Salutation Hall. As Hummersknott Academy would likely have the same concerns / issues as Carmel College and may have to close, this alternative has been discounted.
21. Salutation Hall, Salutation Road is at the southern end of the ward in terms of the residential area. The Hall has been inspected, has level access and is suitable to be used as a polling place. There is no designated parking at the venue but there is adequate on-street parking nearby. A map is attached at **Appendix 3** showing the current and proposed alternative polling places.

#### **North Road Ward (Polling District NRA) - St Thomas Aquinas Church Hall**

22. Officers have been informed that St Thomas Aquinas Church Hall will be unavailable on Polling Day. An alternative Polling Place has been identified in Polling District NRA, namely Elim Pentecostal Church, Bowman Street, Darlington. The church has been inspected and is suitable to be used as a polling place and although there are steps to the front of the property, there is level access to the side of the building. A map is attached at **Appendix 4** showing the current and proposed alternative polling places.

#### **Park East Ward (Polling District PEA) - St. Augustine's Parish Centre**

23. Officers have also been informed that St. Augustine's Parish Centre will be unavailable on Polling Day as building work is scheduled to take place at that time. Currently Polling Districts PEA (Park East Ward) and PWC (Park West Ward) vote at the Parish Centre.
24. A number of potential alternatives have been identified and considered which are located in Polling District PEA, as detailed below and shown on **Appendix 5**, namely:-
  - (a) Bondgate Methodist Church Hall – the hall was considered however it is currently closed and unavailable;
  - (b) Crown Street Library – this is a Council building, has level access, however, it has limited on-street parking and it is located at the eastern edge of the Polling District, away from the main residential area.;
  - (c) Dolphin Centre –the Pease Suite could be used as a polling place, however, it is currently being used as a welfare room as part of the Community Testing facility;

- (d) Friends Meeting House, Skinnergate – this would be a suitable alternative polling place and it is located close to the main residential area of the polling district. The building has been inspected and although there are steps up to the main entrance, there is level access to the side / rear of the building. There is limited parking to the rear of the premises and has on-street parking available before 10.00 a.m. and after 4.00 p.m.;
- (e) St. Cuthbert's Church Hall – there is no direct access from the street to the hall - access is either through the church yard or via the lane which has had issues with anti-social behaviour in the past and is not well lit; or
- (f) Town Hall – although space could be provided in the Civic Reception of the Town Hall, this may cause disruption to staff, both Council and Department for Education, entering the Town Hall. There is very little on-street parking and it is situated at the eastern edge of the of the polling district, away from the main residential area.

25. The Friends Meeting House on Skinnergate (Option D) is the preferred option for Polling District PEC, due to its proximity to the main residential area of the polling district. A map is attached at **Appendix 5** showing the current polling place and Options A to F as detailed in paragraph 24 above.

#### **Park West Ward (Polling District PWC) - St. Augustine's Parish Centre**

26. Polling District PWC (Park West Ward) currently votes at the same Polling Place as Polling District PEA, and as detailed in paragraph 23 above, St. Augustine's Parish Centre (as shown on **Appendix 5**) is unavailable on polling day. There are a number of alternatives available in the polling district as detailed below. St. Augustine's RC Primary School is in the polling district and has been used as a polling place in the past, and as they are likely to have to close, and may have concerns around Covid-19, the use of the school has been discounted.

27. The other options available for Polling District PWC are:-

- (a) to move it to the same polling place as Polling District PEA (Friends Meeting House, Skinnergate) (as shown as Option D on **Appendix 5**);
- (b) Darlington Baptist Church, Grange Road – the Church is in Polling District (PWC) and it has been inspected. It has level access, off road parking and is a suitable alternative polling place (as shown as Option B on **Appendix 6**); or
- (c) to move the polling district to the All Saint's Millennium Centre, Ravensdale Road where the other two Park West Polling Districts (PWA and PWB) currently vote (as shown as Option C on **Appendix 6**).

28. The preferred option for Polling District PWC is the Darlington Baptist Church, as it is located in the polling district and is the closest to the main residential area of the polling district. Maps are attached at **Appendices 5 and 6** showing the current and proposed alternative polling places.

### **Sadberge and Middleton St. George Ward (Polling District SMA and SMC) – Great Stainton Church Hall**

29. Officers were informed prior to the postponed elections in 2020 that Great Stainton Church Hall had been sold and would be unavailable for future elections. As there are no suitable alternative venues in Great Stainton for a Polling Place it is proposed, to move Polling Districts SMA and SMC to Bishopton Village Hall. Bishopton Village Hall is already being used as a polling place and can accommodate the additional polling districts.

### **Financial Implications**

30. There are no financial implications for the Council in the proposed changes to the polling places as any costs incurred can be claimed back from the Government.

### **Equality Considerations**

31. Equality considerations have been taken into consideration when proposing alternative polling places to ensure that there is a level access to the property and that no voter will be disadvantaged. Should that level access be via an alternative access appropriate signage will be in place to direct voters accordingly.

### **Consultation and Communications**

32. The Leader, Deputy Leader, Group Leaders and Ward Memberes have been consulted on the proposals.
33. Electors will be notified of any changes to their polling stations on their polling cards and information will be included on the Council's Website, One Darlington Magazine and social media on the run-up to polling day.

## Appendix 1

## Proposed Polling Districts, Polling Places and Polling Stations

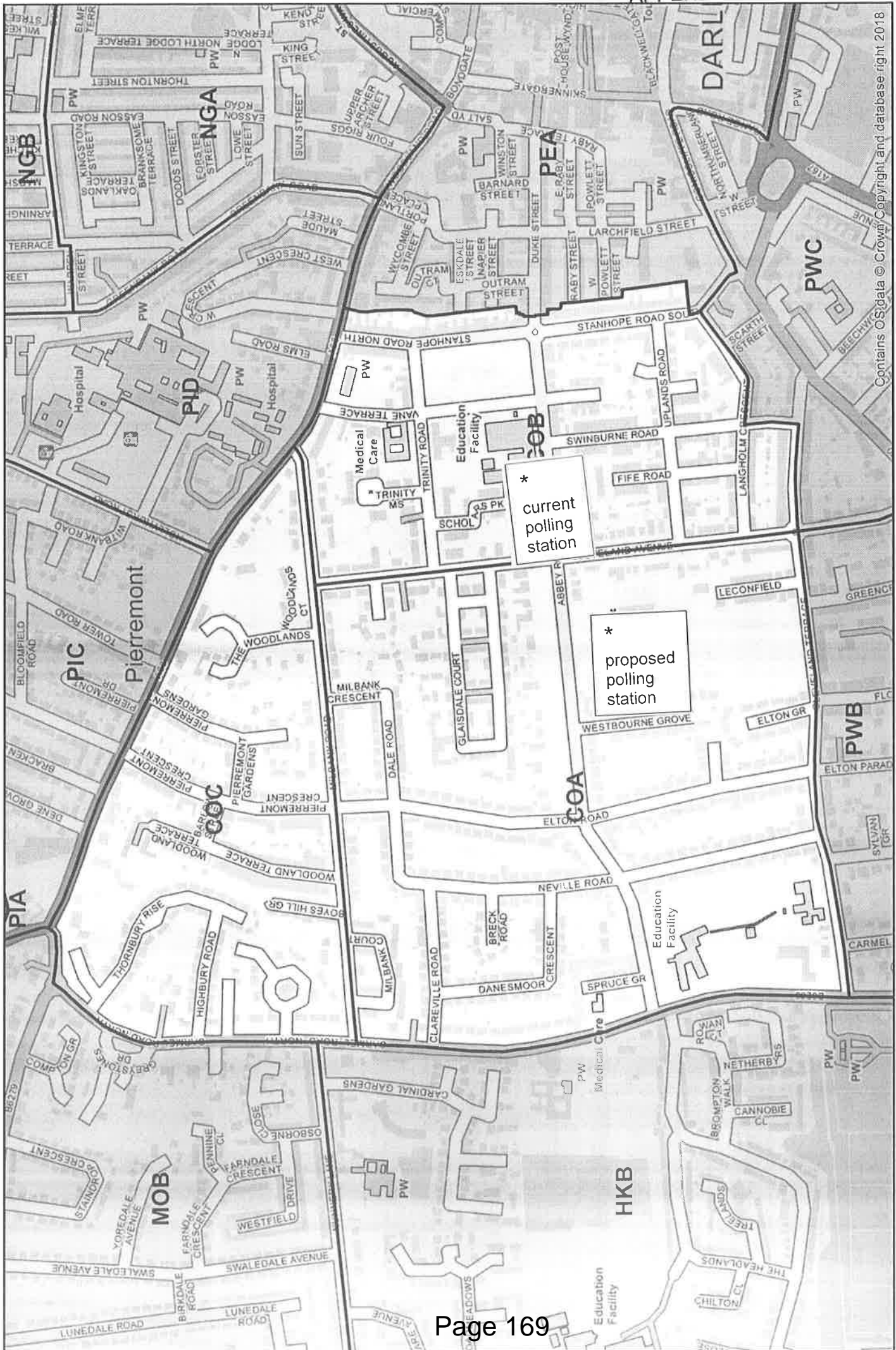
<b>Polling District</b>	<b>Polling Place Address</b>	<b>Post Code</b>
BFA (D)	West Park Academy, Alderman Leach Drive, Darlington*	DL2 2GF
BFA (S)	West Park Academy, Alderman Leach Drive, Darlington*	DL2 2GF
BFB	West Park Academy, Alderman Leach Drive, Darlington	DL2 2GF
BFC	Darlington Railway Athletic Club (Snooker Room), Brinkburn Road, Darlington	DL3 9LF
BLA	King William Street Community Centre, King William Street, Darlington	DL1 4YS
BLB	Rydal Academy, Rydal Road, Darlington	DL1 4BH
BLC	Rydal Academy, Rydal Road, Darlington	DL1 4BH
BLD	St. John's Church of England Academy, Fenby Avenue, Darlington	DL1 4UB
CKA	Holy Family R. C. Primary School, Prior Street, Darlington	DL3 9EN
CKB	'Little Learners', Mount Pleasant Primary School, Newton Lane, Darlington	DL3 9HE
CKC	The Redeemed Christian Church of God, Eggleston View, Darlington	DL3 9SH
COA	Queen Elizabeth Sixth Form College, Vane Terrace, Darlington	DL3 7AU
COB, COC	Queen Elizabeth Sixth Form College, Vane Terrace, Darlington	DL3 7AU
EAA	Geneva Road Evangelical Baptist Church, Geneva Road Darlington	DL1 4HS
EAB	Firthmoor Community Centre, Burnside Road, Darlington	DL1 4SU

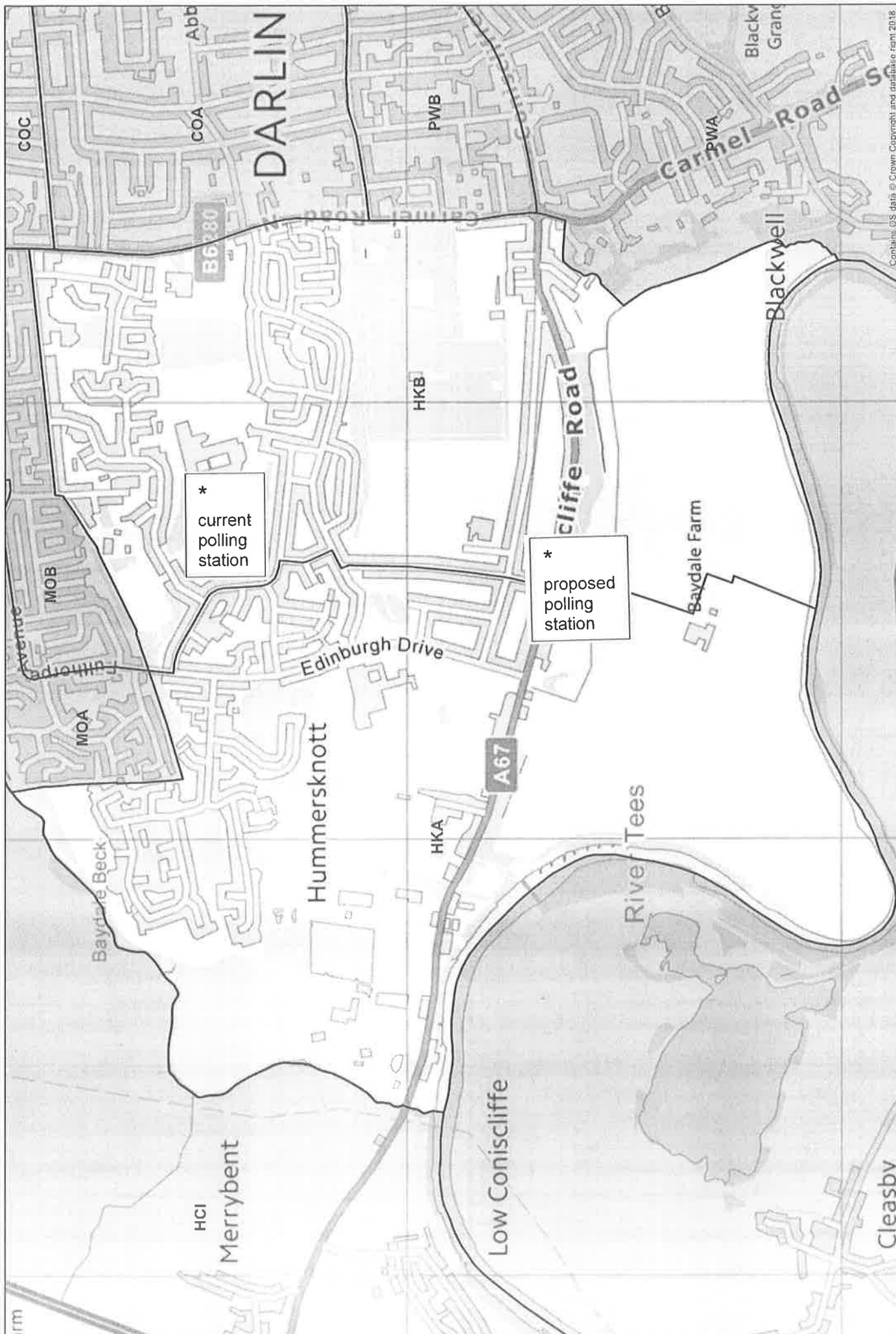
EAC	Pilmoor Green Community Centre, West Moor Road, Darlington	DL1 4LN
HCA	Heighington Village Hall, Heighington	DL5 6QX
HCB, HCE, HCF	Walworth Castle Hotel, Walworth	DL2 2LY
HCC, HCD	Summerhouse Village Hall, Summerhouse	DL2 3UD
HCG	St. Mary's Church, The Green, Piercebridge	DL2 3SH
HCH, HCI	High Coniscliffe Church Hall, The Green, High Coniscliffe	DL2 2LR
HCJ, HCK	Whessoe Village Hall, Harrowgate Village, Darlington	DL1 3AA
HCL	Brafferton Village Hall, Brafferton	DL1 3LB
HHA	Whessoe Village Hall, Harrowgate Village, Darlington	DL1 3AA
HHB	Harrowgate Hill Working Men's Club, Salters Lane North, Darlington	DL1 3DT
HHC	D.S.R.M. Social Club, Longfield Road, Darlington	DL3 0HX
HKA	Carmel College, The Headlands, Darlington	DL3 8RW
HKB	Carmel College, The Headlands, Darlington	DL3 8RW
HSA	Haughton Children's Centre, Salters Lane South, Darlington	DL1 2AN
HSB	Haughton Children's Centre, Salters Lane South, Darlington	DL1 2AN
HSC	St. Anne's Church Hall, Welbeck Avenue, Darlington	DL1 2DR
HUA	Linden Court, Linden Drive, Hurworth Place	DL2 2DL
HUB	Hurworth Primary School, Westfield Drive, Hurworth	DL2 2ET
HUC, HUD, HUE	The Reading Room, Neasham, Darlington	DL2 1PH
MOA	Mowden Junior School (Staff Room), Federation of Mowden Schools, Conyers Avenue, Darlington	DL3 9QG
MOB	Mowden Junior School (Staff Room), Federation of Mowden Schools, Conyers Avenue, Darlington	DL3 9QG

NGA, NGB	Corporation Road Community Primary School, Corporation Road, Darlington	DL3 6AR
NGC	Borough Road Nursery School, Borough Road, Darlington	DL1 1SG
NRA	St. Thomas Aquinas Church Hall, North Road, Darlington	DL1 2PU
NRB	Rise Carr College, Eldon Street, Darlington	DL3 0NS
NRC, NRD	Northwood Primary School, Pendleton Road South, Darlington	DL1 2HF
PEA	St. Augustine's Parish Centre, Larchfield Street, Darlington	DL3 7TF
PEB	Borough Road Nursery School, Borough Road, Darlington	DL1 1SG
PEC	St. Columba's Church and the Clifton Centre, Clifton Avenue, Darlington	DL1 5EE
PED	The Coleridge Centre, Coleridge Gardens, Darlington	DL1 5AJ
PEE	Skerne Park Youth and Community Centre, Coleridge Gardens, Darlington**	DL1 5AP
PIA	Willow Road Community Centre, Willow Road, Darlington	DL3 6PZ
PIB	Willow Road Community Centre, Willow Road, Darlington	DL3 6PZ
PIC, PID	Reid Street Primary School, Reid Street, Darlington	DL3 6EX
PWA, PWB	All Saint's Millennium Centre, Ravensdale Road, Darlington	DL3 8DT
PWC	St. Augustine's Parish Centre, Larchfield Street, Darlington	DL3 7TF
RLA	Red Hall Community Centre, Headingley Crescent, Darlington	DL1 2ST
RLB	St. Herbert's Church Hall, Yarm Road, Darlington	DL1 1BD
SMA, SMC	Great Stainton Church Hall, Glebe Road, Great Stainton	TS21 1NB
SMB	Bishopton Village Hall, Church View, Bishopton	TS21 1HB

SMD, SMF	Sadberge Village Hall, Sadberge	DL2 1SB
SME, SMG, SMH	St. Anne's Church Hall, Welbeck Avenue, Darlington	DL1 2DR
SMI	Middleton St. George Women's Institute Hall, Neasham Road, Middleton St. George, Darlington	DL2 1LD
SMJ	Middleton St. George Women's Institute Hall, Neasham Road, Middleton St. George, Darlington	DL2 1LD
STA	St. James the Great Church Hall, Barton Street, Darlington, (Entrance on Grey Street)	DL1 2LD
STB	Eastbourne Sports Complex, Bourne Avenue (off Hundens Lane), Darlington	DL1 1LJ
WHA	Whinfield Primary School, Augusta Close, Darlington	DL1 3HT
WHB	Whinfield Primary School, Augusta Close, Darlington	DL1 3HT



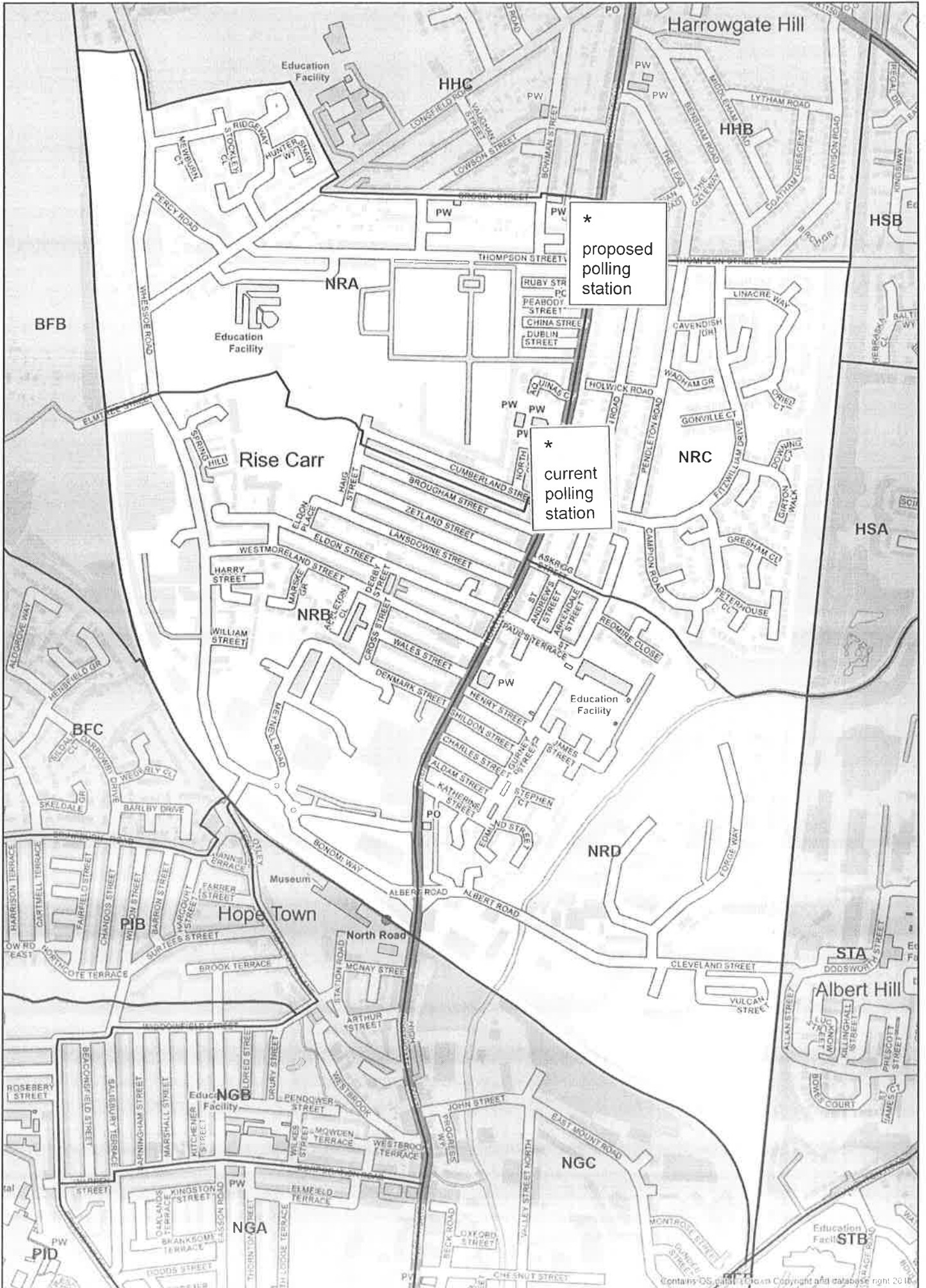




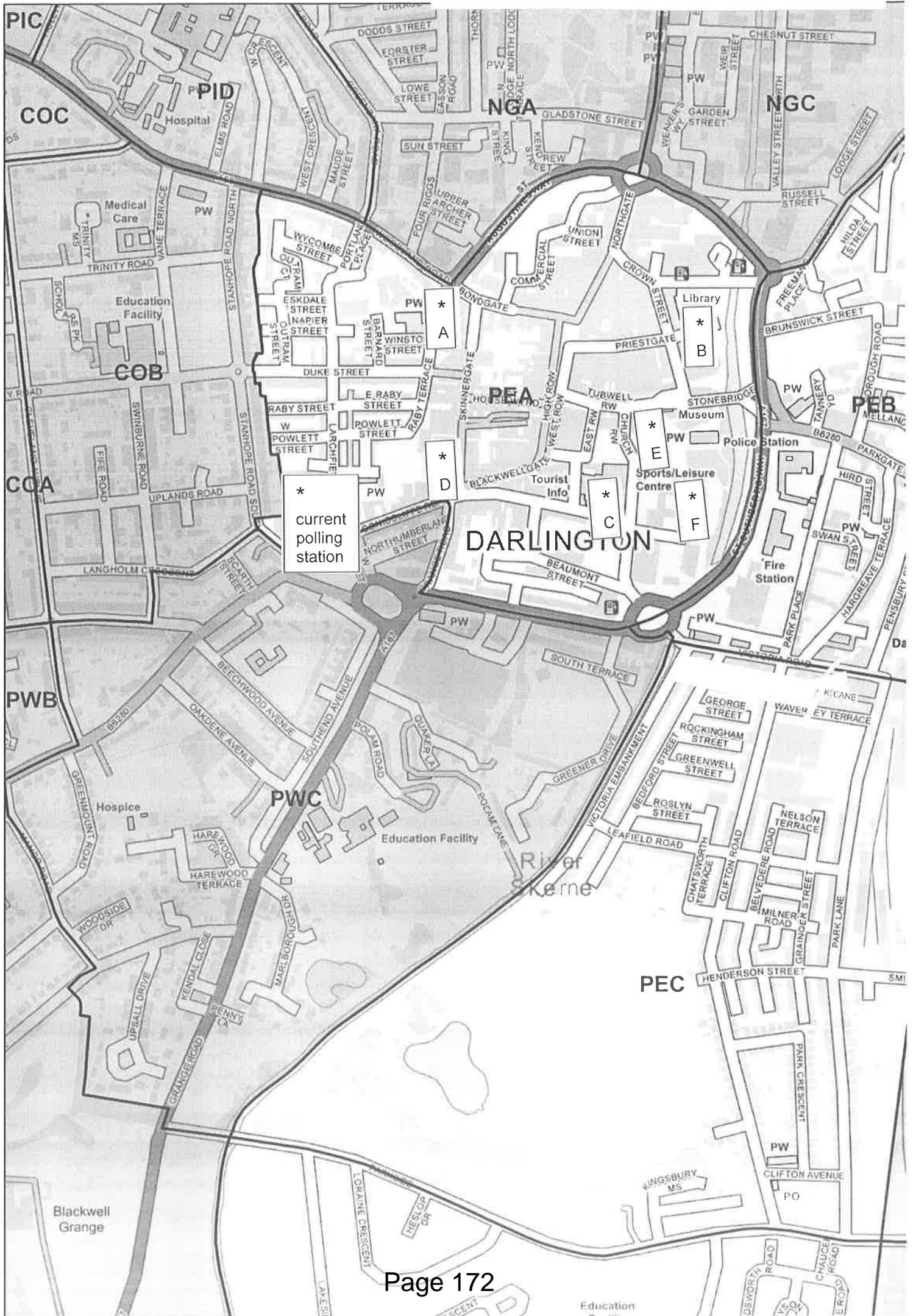
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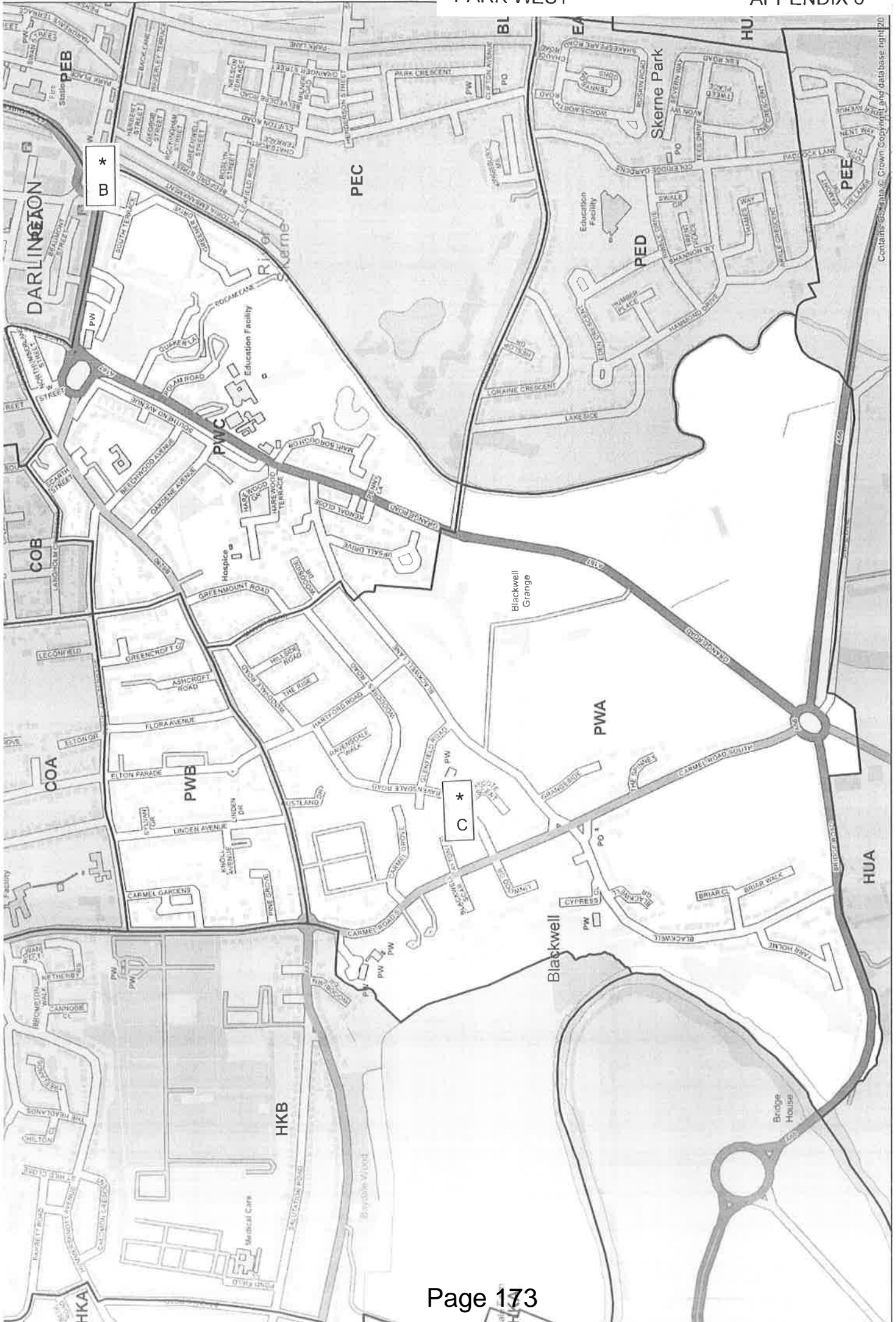
Hummersknott Ward and Polling Districts



North Road Ward and Polling Districts



\*  
current  
polling  
station



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Park West Ward and Polling Districts

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