Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: 17 December 2021

Committee:
Cabinet

Date: Wednesday, 5 January 2022
Time: 10.00 am
Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

You are requested to attend the above meeting. The Agenda is attached

Members of the public will be able to access the live stream of the meeting by clicking on the link below and a recording will be made available afterwards

https://shropshire.gov.uk/CabinetMeeting5January2022

There will be some access to the meeting room for members of the press and public but this will be limited for health and safety reasons.

If you wish to attend the meeting please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

Tim Collard
Interim Assistant Director Legal and Democratic Services (Monitoring Officer)

Members of Cabinet
Lezley Picton (Leader)
Gwilym Butler
Dean Carroll
Rob Gittins
Kirstie Hurst-Knight
Simon Jones
Cecilia Motley
Ian Nellins
Ed Potter

Your Committee Officer is:
Ashley Kendrick
Tel: 01743 250893 Email: amanda.holyoak@shropshire.gov.uk

AGENDA

1 Apologies for Absence

2 Disclosable Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer <u>in advance</u> of the meeting.

3 Minutes (Pages 1 - 6)

To approve as a correct record the minutes of the previous meeting held on Wednesday 1st December 2021

4 Public Questions (Pages 7 - 10)

To receive any questions from members of the public, notice of which has been given in accordance with Procedure Rule 14. Deadline for notification is not later than 10:00 AM Thursday 23rd December 2021

5 Members Question Time (Pages 11 - 16)

To receive any questions from members of the council. Deadline for notification is not later than 5:00 PM Wednesday 22nd December 2021

6 Scrutiny Items

7 Setting the Council Tax Taxbase for 2022/23 (Pages 17 - 40)

Lead Member – Councillor Gwilym Butler– Portfolio Holder for Resources

Report of James Walton, Executive Director Resources – attached

Tel: 01743 258915

8 Mid-Year Capital and the Financial Strategy 2022/2023 - 2025/2026

Lead Member – Councillor Gwilym Butler– Portfolio Holder for Resources

Report of James Walton, Executive Director Resources – **TO FOLLOW**

Tel: 01743 258915

9 Treasury Strategy 2021/22 Mid-Year Review (Pages 41 - 68)

Lead Member – Councillor Gwilym Butler– Portfolio Holder for Resources

Report of James Walton, Executive Director Resources – attached

Tel: 01743 258915

10 Community Asset Transfer Rad Valley Scout & Guide HQ (Pages 69 - 84)

Lead Member – Dean Carroll – Portfolio Holder for Physical Infrastructure

Report of Mark Barrow, Director of Place – attached

Tel: 01743258919

11 Exclusion of Press and Public

To resolve that, in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.4 [3] of the Council's Access to Information Rules, the public and press be excluded from the meeting during consideration of the following items.

12 The Aspire Centre (Pages 85 - 96)

Lead Member – Councillor Dean Carroll– Portfolio Holder for Physical Infrastructure

Exempt report of Mark Barrow, Director of Place – attached

Tel: 01743 258919

13 Shire Services Catering Operations

Lead Member – Councillor Dean Carroll– Portfolio Holder for Physical Infrastructure

Exempt report of Mark Barrow, Director of Place – **ATTACHED**

Tel: 01743 258919

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Committee and Date
Cabinet
5 January 2022

CABINET

Minutes of the meeting held on 1 December 2021
In the Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

Responsible Officer: Amanda Holyoak
Email: amanda.holyoak@shropshire.gov.uk Tel: 01743 257714

Present
Councillors Gwilym Butler, Dean Carroll, Rob Gittins, Kirstie Hurst-Knight, Simon Jones, Cecilia Motley, Ian Nellins and Ed Potter (Deputy Leader) (Chair)

56 **Apologies for Absence**

Apologies were received from Councillor Lezley Picton.

57 **Disclosable Pecuniary Interests**

None were declared.

58 **Minutes**

RESOLVED:

That the minutes of the meeting held on 10 November 2021 be approved as a correct record.

59 **Public Questions**

Public questions were received from:

Jane Asterley Berry in relation to the ecological health of the River Severn and its tributaries.

Stephen Mulloy in relation to scrutiny by the Place Overview Committee of the planning enforcement function.

The full questions and responses provided to them are available from the webpage for the meeting: Cabinet 1 Dec 2021

60 **Members Question Time**

Member questions were received from:

Councillor David Vasmer, in relation to access to covid jabs for children aged between 12 and 15;

Councillor David Vasmer on behalf of Councillor Alex Wagner, in relation to park and ride fares.

By way of a supplementary question Councillor Vasmer asked if there were any timescales available for the implementation of the planned improvements described by the Portfolio Holder and she explained that once the outcome of the Bus Service Improvement Plan bid was known that these would be rolled out as quickly as possible, and that she would keep members updated.

Councillor Rob Wilson, in relation to LTP4 milestones and targets;

In his response to a supplementary question, the Portfolio Holder confirmed that measures would be established in order to identify progress.

Councillor David Vasmer, in relation to scrutiny of the Council's budget proposals and financial performance;

In response to a supplementary question, the Portfolio Holder pointed out that whether the Performance Management Scrutiny Committee had sight of the quarterly performance measures before or after Cabinet, it could raise any concerns or make recommendations to Cabinet at any time.

Councillor Roger Evans, in relation to the Finance Task and Finish Group and council's scrutiny function

In response to a supplementary question, the Deputy Leader answering on behalf of the Leader said there was confidence in the scrutiny chairs.

61 **Scrutiny Items**

There were no scrutiny items.

62 **Adult Social Care Winter Plan**

The Portfolio Holder for Adult Social Care and Health introduced the Adult Social Care Winter Plan highlighting how Adult Social Care, Housing and Public Health teams would work with partners to support residents to stay independent and well during the winter period. Responding to a question, Laura Tyler - Assistant Director Joint Commissioning, outlined the extensive work being undertaken by the Council alongside the care sector to address workforce pressures, emphasising the focus on reablement to reduce the need for long term care packages.

The Deputy Leader added the thanks of the Cabinet to all the highly dedicated staff working in the care sector and involved in the vaccination programme.

RESOLVED:

That Cabinet considered the plans and actions detailed in the Winter Plan and Winter Action Plan to ensure that high-quality, safe and timely care is provided to everyone who needs it, and we continue to protect people who need care, their carers and the social care workforce from COVID-19 and other respiratory viruses.

63 Children's Services Key Performance Data

The Portfolio Holder for Children and Education presented the report setting out the tracking of children's social care performance up to quarter 2 2021/22. Performance was monitored on a daily, weekly, quarterly and annual basis. Cabinet would be receiving regular future oversight updates and more information could be added into the report as necessary. She expressed heartfelt thanks to all who provided support to children in Shropshire and worked so hard to promote positive outcomes for them all.

It was suggested that the increasing level of referrals in Shropshire and lack of referrals from the health sector might be an area of interest for scrutiny. The Assistant Director Children's Social Care reported on work underway to understand referral patterns and said she would be happy to provide a report for scrutiny if required.

RESOLVED:

- to note the issues raised in the report and consider the impact of sustained increased demand on both the Council and children and young people in the county.

- To review the performance information and identify any areas for consideration in greater detail or refer to the Performance Management Scrutiny Committee.

64 Gambling Act 2005 Policy Statement

The Deputy Leader presented the report and explained that the Gambling Act 2005 required the Council to prepare and publish a statement of the principles that it proposed to apply in exercising its functions under the Act. The Council's Strategic Licensing Committee had agreed the proposed policy statement and recommended approval by Cabinet.

RESOLVED:

- That Cabinet agrees the proposed Gambling Act 2005 Policy Statement 2022 to 2025 as set out in Appendix 1 and delegates authority to the Head of Business and Consumer Protection to publish the policy statement and to advertise it in accordance with the provisions of the Gambling Act 2005.

- That Cabinet agrees that the Gambling Act 2005 Policy Statement 2022 to 2025 will be adopted with effect from 31 January 2022.

65 Procurement of Highways Professional Services Contract

The Portfolio Holder for Physical Infrastructure introduced the report and explained that the WSP contract was due for renewal in the next year. In order to establish best value it was intended to conduct a redesign and develop a new delivery model and it was proposed to extend the contract by one year to allow time for the remodel to take place.

This would allow performance information, comments from members of the council, the public, and parish and town councils to be taken on board.

It was intended to exclude highways development control and land drainage functions from the 12 month contract award to WSP and any procurement exercise and bring those functions back in house from April 2022.

The Portfolio Holder and Head of Infrastructure responded to questions related to the process of making bids and capitalisation of preparatory work and staff time for major capital projects.

RESOLVED:

That Cabinet:

- Agrees the preferred principle set out in the outline business case (appendix 1) to develop a new delivery model for procuring a Built Environment Consultancy Contract to provide built environment, placemaking, highways and transport consultancy services. The new arrangements will operate from April 2023 on a 5-year contract with a possible two 2-year extensions based upon performance.

- Award a 12month contract to WSP to allow the new delivery model to be developed whilst maintaining continuity of current consultancy services and current capital projects

- Agree to exclude the currently outsourced service elements of the Council’s Highway Development Control and Land Drainage functions from the 12month contract award to WSP and any procurement exercise in order to bring the services back ‘in-house’ with effect from April 2022

- Delegate authority to the Executive Director of Place in consultation with the Portfolio Holder for Physical Infrastructure, to initiate the TUPE process to bring relevant WSP employed staff associated with Highway Development Control and Land Drainage services back in-house, let a revised contract to WSP for a period of 12 months and agree the model, balance between in-house and outsourced services, and the tender documentation for the new delivery model for service delivery from April 2023

66 **Financial Monitoring 2021/22 Quarter 2**

The Portfolio Holder for Resources introduced the report explaining that the projected revenue outturn position remained within the control corridor identified at quarter 1 and was estimated to be £4.363m. Action across all areas of the Council had reduced the projected overspend by £2.968m since quarter 1 and further action would continue over the remainder of the year to bring the budget into balance.

The Deputy Leader confirmed that Cabinet members were lobbying hard on funding and he reported on recent meetings held with the Secretary of State for Levelling Up, Housing and Communities.

Responding to questions about reductions in the capital programme; Housing Revenue Account and commercial services, the Director of Resources explained the impact of covid on the capital programme and that spending on commercial projects was subject to market conditions. The revenue monitor reflected where there were impacts on income.

The Portfolio Holder for Physical Infrastructure referred to significant rises in costs of construction across the world which meant it was prudent to deliver some projects at a later time.

The Portfolio Holder for Resources thanked finance staff for working in such an agile way during a very difficult time.

RESOLVED:

That Cabinet:

- Noted that at the end of Quarter 2 (30th September 2021), the full year revenue forecast is a potential overspend of £4.363m;

- Considered the impact of this on the Council's General Fund balance.

- Approved a virement of £0.620m to the Capital Programme to fund the development of affordable rented dwellings in Whitchurch which will be funded from S106 Affordable Housing Developer Contributions.

67 Treasury Management Update 2021/22 Quarter 2

The Portfolio Holder for Resources reported that during quarter 2 the internal treasury team achieved a return of 0.11% on the Council's cash balances, outperforming the benchmark of -0.09% by 0.20%. This amounted to additional income of £91,850 during the quarter, a real achievement during a time when many banks had to be paid to hold temporary investments.

Responding to a question regarding the strategy for treasury investments, the Director of Resources explained that investing in institutions with high quality credentials was a requirement and that treasury returns would not be invested in local schemes. The Portfolio Holder said he would explore whether it was possible to make the report more accessible in future.

RESOLVED:

To accept the position as set out in the report.

68 Performance Monitoring Report 2021/22 Quarter 2

The Portfolio Holder for Digital, Data and Insight presented the report which had been produced during the transition phase whilst work was carried out on the new Shropshire

Plan. He provided an update on the development of the new performance framework which would underpin the Plan, and he directed members to the Performance Portal.

The Executive Director of People responded to questions on the proportion of carers receiving direct payments. She reported on the new direct payments policy which had been considered by the Health and Adult Social Care Overview and Scrutiny Committee would be review this in 6 months time.

Responding to questions about strategy and targets, the Portfolio Holder of Resources said the new Shropshire Plan would need to be user friendly and a living, agile document against a backdrop of the pandemic. It would link to a comprehensive set of performance indicators and measures. It was intended the Plan would go to the Performance Management Scrutiny Committee.

RESOLVED:

That Cabinet:

- Considered and endorsed, with appropriate comment, the performance to date Cabinet
- Considered the emerging issues in this report as set out in paragraph 8.3
- Reviewed both the appendix and performance portal to identify any performance areas that they would like to consider in greater detail or refer to the Performance Management Scrutiny Committee

Signed .... (Chairman)

Date: ....

CABINET 05/01/22
Public Questions

Question from:	Stephen Mulloy	
Subject:	Landholdings	
Portfolio Holder:	Lezley Picton	Approved

The Council's Constitution says:

"As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in your or your local authority's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute."

As Leader of the Council your role is to not only provide direction but leadership and the setting of standards and expectations for others to follow...you need to lead by example and Sect 27(1) of The Localism Act 2011 requires a relevant authority to promote and maintain high standards of conduct by members and co-opted members of the authority.

There are a number of landholdings belonging to the company, CMS JAW Ltd, that you do not seem to have declared, and I understand that the advice given to you by the Monitoring Officer is that you do not need to declare these landholdings, reliance being made on the LGA guidance below:

In general, there is no requirement to list the landholdings of companies or corporate bodies included in the register. The only requirement is to register any tenancy between such bodies and the authority (under the corporate tenancies). Obviously, you can only be expected to register those you ought reasonably to be aware of, so, for example, if you work for a large housebuilder you may not be aware of which land in the local authority's area they had options on. You do need to be mindful of your level of control in the company and the effect this may have on your benefit from the land. For example, if you and your spouse jointly owned a farming business, you would be the sole beneficiaries of any land owned by that farm and as such it is strongly advised to register land held by companies in which you have a controlling interest.
https://www.local.gov.uk/publications/guidance-local-government-association-model-councillor-code-conduct

Declarations are a matter for each individual councillor, but seeing as you and your partner apparently jointly own CMS JAW Ltd, then despite what the Monitoring Officer says, it seems from the guidance above that you are strongly advised to register all the landholdings of that company. So, my questions to you are:

1. In light of recent actions by some of the local Conservative Members of Parliament, do you not feel you should declare all the landholdings of CMS JAW Ltd located within the Council area to avoid bringing the council, and Shropshire in to further disrepute; and

I am very conscious of the need, especially as Leader of Shropshire Council, to maintain the public's confidence in the actions and behaviour of councillors. I confident that I have followed the correct procedures at all times. CMS Jaw Ltd does own some very small/insignificant pieces of land that have been left over following developments and or transfers. None of these pieces of land are developable but if any of them were to be affected or impacted upon by other developments of any sort then of course I would declare any interests in the usual manner. I believe that I have complied with both the previous Code of Conduct and the new one (from 1st December) by registering my interest in CMS Jaw Ltd.

2. Did you receive any tenants discount when CMS JAW Ltd purchased the council smallholding, Villa Farm, Condover (SL160705) from Shropshire Council, and was the sale openly marketed?

I was not involved with CMS Jaw Ltd when Villa Farm was purchased and the sale, which took place in March 2004, was pre-Shropshire Council.

Question from:	Emma Bullard	
Subject:	MWRR	
Portfolio Holder:	Ed Potter	Approved

Has a date been set for the Northern Planning Committee to make a decision on the North West Relief Road? If so when will that be? In July 2019 the council expected the planning committee decision to be made in spring 2020. By December 2019 the date was expected to be in the summer 2020. Since the planning application was submitted in March 2021, committee dates have been suggested in summer 2021 and then in late autumn. The previous portfolio holder for Highways appeared to expect a planning decision by the end of 2021. The current portfolio holder for physical Infrastructure has been quoted in the press recently as saying that the North West Relief Road is settled and that attention can now turn to other infrastructure projects. Saying that the road is settled suggests that the case is ready to go to the planning committee. If it is not ready, what are the issues that still need attention? How close are they to being resolved? Is there a deadline for claiming the funding allocated by the Department of Transport from the Large Local Majors fund?

It was anticipated that the report would be considered at planning committee in December 2021. However, as the report was being prepared for December, there were still some outstanding matters requiring further attention by statutory consultees before they could finalise their formal responses, ie. Environment Agency, Archaeology, and others. It was considered necessary to give more time for the matters to be concluded and it is therefore anticipated that the application will go to committee in Spring 2022.

In terms of the deadline for claiming DfT funding, officers have been working closely with DfT who are fully aware of the project timelines and there is no concern.

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CABINET 05/01/22
Member Questions

Question from:	Rob Wilson	
Subject:	Pavements	
Portfolio Holder:	Dean Carroll	Approved

Please can you provide the cost of repairing damage to pavements in Shropshire for the financial years 2017/18, 2018/19, 2019/20, 2020/21? Please can you provide an estimate of the proportion of the damage that was caused by pavement parking? Also for these financial years can you provide the amount paid in compensation claims for trips and falls on the footway.

It is not possible to disaggregate the cost of damage caused by pavement parking alone, from other factors that impact footway condition such as vegetation root damage, failing pavement structure, utility equipment failure or indeed legitimate crossing of the footway by vehicles.

The cost information associated with footway works are as follows:

	2017/18	**£20,667.47**	**2018/19**	**£19,714.34**	**2019/20**	**£17,959.39**	**2020/21**	**£183,227.82**
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
North	11.64	4,766.54		2,986.58		5,824.92		7,042.89
Central	4,693.82	2,139.63	6,070.00	8,446.98		1,337.27		21,095.67
South	179.71	8,876.13		2,210.78		10,797.20		12,152.35
County							142,936.91	
Total	*4,885.17*	*15,782.30*	*6,070.00*	*13,644.34*	*0.00*	*17,959.39*	*142,936.91*	*40,290.91*

Below is the amount of compensation paid for trips and falls on pavements per the years requested.

2017/2018 £14,981.00
2018/2019 £27,946.06
2019/2020 £ 8,978.00
2020/2021 £ 6,294.00

Question from:	Alex Wagner	
Subject:	Racecourse Lane	
Portfolio Holder:	Dean Carroll	Approved

Residents and users of Racecourse Lane in Bicton Heath have been being promised a crossing just south of Oxon Primary School since 2019, linked to the Shropshire Homes development at Leighton Park. This would be in the best interests of safety for parents, children, and residents alike if installed properly.

Since my election earlier this year, I have sought to push this forward. In May, a highways officer informed me that Shropshire Homes and Shropshire Council Streetworks team were aiming to programme works as soon as possible. In June, they informed us there was no start date. A later request I made as local member for an update in late September did not receive a response, and as of date neither has a late November message.

Would the Portfolio Holder/Committee be able to provide me with an update on what is going on, and when we can expect the long-promised improvements?

The works along Racecourse Lane formed part of a planning obligation attached to planning permission 14/02402/FUL which required the Developer of the Former Shelton Hospital to provide a pedestrian access and associated raised table crossing on Racecourse Lane. Works commenced onsite to create the pedestrian access however, works to install the proposed raised table crossing were subsequently put on hold due to objections received from neighbouring properties. Regrettably we do not currently have a start date for the works to commence onsite but Shropshire Council officers have written to the Developer, Shropshire Homes, to establish their formal position with regard to this matter. In view of the concerns raised by the local community, officers will continue to work closely with the Developer to assist with the programming and delivery of the works and are currently looking into various options to ensure works are delivered at the earliest opportunity.

Question from:	Nigel Hartin	
Subject:	Council Tax Empty Properties	
Portfolio Holder:	Gwilym Butler	Approved

Council Tax policy, as it currently stands, on long term empty properties, levies an additional charge of up to 300% extra on long term empty properties until the properties are again lived in. This applies not only to owners of such properties who have kept them empty for many years but also to new owners purchasing such properties should they be sold on.

I have become aware that this policy is having, what I assume to be, unintended consequences. I have two such properties in my Division which have been purchased by two young people to bring back into use as first homes. The condition of the properties when purchased, being uninhabitablej withou significnat updating, made them affordable for htme to purchase in what would otherwise be a housing market out of their financial reach. They were therefore very pleased to be able to acquire these two small linked terraced homes and looking forward to being able to bring them back into habitable ocndition with the help of family members in the building trade. What they did not know until after purchase was that they would be hit by punitive Council Tax Levies, amounting in one case to more than the mortgage payments, which they could not possibly afford to pay.

On my advice both submitted Section 13A appeals to the Head of Finance, which have been subsequently rejected by the Council. This may result in the properties having to be sold on (probably to a developer with large pockets who could afford the short term financial hit whilst the properties were brought back into a liveable condition).

1. Is the Portfolio holder for Finance aware that Council policy, as currently set out, actively discourages long term properties being brought back into use other than by large scale developers or the very rich.
2. Will the portfolio holder bring forward proposals to full Council to stop this happening in the future so that other young people's dreams of home ownership are not trashed in this way in the future?

Since 2013 the Government have enabled Billing Authorities to levy a Council Tax premium in relation to any dwelling that, for a continuous two year period, has been unoccupied or substantially unfurnished. The regulations were inserted as 11B of the Local Government Finance Act 1992.

Up until 2019 the premium was levied at 50% and since 1 April 2019 the Government have enabled Billing Authorities to increase the level of premium charge incrementally, with effect from...

- **1 April 2019 the premium can be charged at 100% for properties unoccupied and substantially unfurnished for more than two years;**
- **1 April 2020 the premium can be charged at 200% in relation to dwellings unoccupied and substantially unfurnished for more than five years, and**
- **From 1 April 2021 the premium can be charged at 300% for properties unoccupied and substantially unfurnished for more than ten years.**

The regulations are clear that the decision to levy the premium is based on the condition of the dwelling, and this means that any changes in ownership which would change liability for council tax, have no impact on levying the premium, which must be charged once the Council has agreed the charging policy for the year. The regulations provide for the Government to prescribe classes of dwelling where the premium will not apply. They do not enable Billing Authorities to make their own determinations for exceptions to their policy to levy the premium.

A fundamental principle in Council Tax regulations is the 'six week' rule. This stipulates that initial discounts that can be awarded when a property first becomes unoccupied and unfurnished cannot be rewarded in respect of a property unless it has been either occupied, or substantially furnished, for a continuous six week period. That means that unless a property subject to the premium is occupied or substantially furnished for a continuous six week period then the premium will continue to apply. This information is clearly referenced on the Councils website.

Shropshire Council did not levy the premium until 1 April 2014, and have increased the level of premium charged incrementally as allowed by subsequent legislation. The decision to levy the premium is agreed by full Council each December when the Council agrees the taxbase for the forthcoming financial year. The six week rule is explained as part of this determination.

A number of appeals from other Billing Authorities against the Council Tax Premium were heard by the Valuation Tribunal in 2014 after the premium had been introduced. The then president of the Tribunal Service, Professor Zellick, concluded in 2014 that there were three avenues open to taxpayers that wished to appeal against the imposition of the premium. They were:-

i. **Apply for judicial review in High Court**
ii. **Apply to the billing authority for discretionary relief**
iii. **Complain to the Local Government Ombudsman (although recent ombudsman cases have concluded they have no jurisdiction in this matter)**

Discretionary Discount has been considered, and refused in the case referenced by Cllr Hartin

Question from:	David Vasmer	
Subject:	School Streets	
Portfolio Holder:	Dean Carroll	Approved

Council adopted a Schools Streets motion in July 2020. Since then just one school has benefited from this policy – Coleham in Shrewsbury. Both myself and other councillors have raised concerns about the lack of progress on implementing this policy. At Council in September 2020 Cllr Ed Potter said that consideration of School Streets would be rolled into the review of 20mph limits outside schools but that doesn not appear to have happened.

1. When will the Coleham Streets Scheme be reviewed and when can we expect other schools to be considered for such a policy.
2. When will the review of 20mph limits outside school be published?

In response to Cllr Vasmer's question. Council approved a motion of implementing a School Speed reduction policy outside of all Shropshire Schools where appropriate. This project encompassed state funded maintained schools and academies that do not currently have a mandatory 20mph speed limit (127 schools). In total 179 sites have been reviewed as some schools have multiple sites. All Local Members, Town & Parish Councils and schools were informed of surveys in their area and asked to let us know of any potential influencing factors.

The approved Cabinet and Full Council report provided a timeline of research, investigation and the development of a programme for implementation during the financial year of 2020/2021 with interventions outside of schools to begin in the financial year of 2022 / 2023. This was explicit within the approved report and this timetable is on track with key milestones achieved. The investigation and assesment work has been completed, school leaders will begin to be engaged and briefed as will local Members and town & parish councils in the new year. As the first tranches of work are consulted upon, local consultations are programmed and then work is due to be implemented during the new financial year as per the agreed timetable. It is worth remembering that the COVID pandemic and "lockdowns" rendered any data capture outside of schools meaningless until traffic levels returned to a more "normal volume".

Data that has been captured is: -

- Existing speed limits
- Road characteristics
- Pedestrian provision
- Environmental conditions
- Existing parking provision/restrictions
- Reported personal injury accidents
- Modal split data
- Planned future maintenance
- Potential for CIL
- Other programmed schemes

A process of supporting work was undertaken to identify any other factors that could be reasonably addressed alongside a 20mph scheme. One of these options may be school streets and the pilot scheme at Coleham Primary school has been recently extended, further consultations across Shropshire will take place starting in January and February as the detail for the county wide Local Cycling and Walking and Implementation Plan is developed across key towns, this work will be complimentary and support this initiative.

The Portfolio Holder for Education and I have recently been briefed on progress, and a request for this subject to be placed on an appropriate Scrutiny Agenda has been received. Work to liaise and engage with schools is set to begin imminently.

Hence the programme is progressing to the timetable and is on budget.

Question from:	David Vasmer	
Subject:	Acton Scott Museum	
Portfolio Holder:	Cecilia Motley	Approved

In a recent press statement on December 6th the Council made claims about visitors to the Farm and its annual deficits. Please supply me with the following information?

1. annual visitor numbers since 2014
2. annual deficits since 2014
3. whether the farm has been considered for COVID grants?

1) Annual visitor numbers since 2014

In answer to point 1 on visitor numbers to Acton Scott Working Farm since 2014, the available figures are as follows:

Year	***Visitor Numbers***
2014	**18,623**
2015	**20,652**
2016	**20,443**

2017	20,711
2018	19,502
2019	21,169
2020	4,326
2021	6,312

Note that the 2020 visitor numbers were reduced by the lockdown and restrictions imposed by the Covid 19 pandemic regulations. Figures for 2021 reflect the closure of the farm from 23 June following an E-Coli outbreak and the ongoing review of the facility and its operation.

2) Annual deficits since 2014

In answer to point 2 on the annual deficits for the Acton Scott Working Farm since 2014, the figures are as follows:

Budget Year	***Deficit***
2014/15	£160,846
2015/16	£197,001
2016/17	£170,695
2017/18	£215,132
2018/19	£184,811
2019/20	£178,904
2020/21	£227,857

3) In answer to point 3 on whether the Acton Scott Working farm was considered for COVID grants, I can confirm that it was.

The 2020/21 budget included Covid grant support of £15,173 for Acton Scott, and the 2021/22 budget included Covid grant support of £30,000.

Committee and Date	Item
Cabinet 5th January 2022	Public

Setting the Council Tax Taxbase for 2022/23

Responsible Officer James Walton
e-mail: james.walton@shropshire.gov.uk Tel: 01743 258915

1. Synopsis

The Council Tax Taxbase is a representation of the number of properties in Shropshire. As well as Shropshire Council this report is essential for Town and Parish Councils, the Police and Fire and Rescue Service to enable them to set their precept for 2022/23.

2. Executive Summary

2.1. In order to determine the appropriate Council Tax levels for Shropshire Council, it is necessary to determine the Council Tax taxbase for the area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D Council Tax. To determine the taxbase, properties are grouped into bands A-G, based on their estimated value and aggregated as Band D equivalents to produce a calculation of the Taxbase.

2.2. This report sets out the Council Tax taxbase for 2022/23 and outlines the policies used to determine the taxbase including the Council Tax discount policies, Council Tax Support Scheme and the Collection Rate.

2.3. For 2022/23 the Council Tax taxbase will be 115,485.33 Band D equivalents, this is an increase of 1.58% from 2021/22.

2.4. The policies and assumptions used in determining the taxbase are:

A. The minor amendments to the Council Tax Support scheme have no impact on the taxbase determination.

B. Continuation of the Council Tax discount policy of 0% in respect of second homes (other than those that retain a 50% discount through regulation as a result of job related protection)

C. Continuation of the discretionary Council Tax discount policy to not award a discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties

D. Continuation of the discretionary Council Tax discount policy in respect of vacant dwellings, i.e. former Class C exempt properties, of 100% for one month

E. Continuation of the "six week rule" in respect of vacant dwellings, i.e. former Class C exempt properties.

F. Continuation of the discretionary Council Tax discount policies in respect of properties which have been unoccupied and substantially unfurnished for more than two years

G. Estimated Collection rate of 97.9% for 2022/23

3. Recommendations

Cabinet members are asked to agree and recommend to full Council:

3.1. To approve, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Shropshire Council as it's Council Tax taxbase for the year 2022/23, as detailed in Appendix A, totalling 115,485.33 Band D equivalents.

3.2. To note the changes to the Council's localised Council Tax Support (CTS) scheme in 2022/23. The scheme is attached at Appendix B.

3.3. To note the Council Tax Support Scheme amendments detailed in Appendix B have no impact on the taxbase determination.

3.4. To note the exclusion of 8,780.28 Band D equivalents from the taxbase as a result of localised Council Tax Support.

3.5. To note continuation of the discretionary Council Tax discount policy of 0% in respect of second homes (other than those that retain a 50% discount through regulation as a result of job related protection) and note the inclusion of 705.17 Band D equivalents in the Council Tax taxbase as a result of this discount policy.

3.6. To note continuation of the discretionary Council Tax discount policy to not award a discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.

3.7. To note continuation of the discretionary Council Tax discount policy in respect of vacant dwellings, i.e. former Class C exempt properties, of 100% for one month i.e. effectively reinstating the exemption and the resulting exclusion of 160.66 band D equivalents from the taxbase.

3.8. To note continuation of the "six week rule" in respect of vacant dwellings, i.e. former Class C exempt properties.

3.9. To note continuation of the discretionary Council Tax discount policy to levy a Council Tax premium of 100% in relation to dwellings which have been unoccupied and substantially unfurnished for more than two years (but less than five years) and the resulting inclusion of an additional 328.10 Band D equivalents in the taxbase.

3.10. To note continuation of the discretionary Council Tax discount policy to levy a Council Tax premium of 200% in relation to dwellings which have been unoccupied and substantially unfurnished for more than five years (but less than ten years) and the resulting inclusion of an additional 175.56 Band D equivalents in the taxbase.

3.11. To note continuation of the discretionary Council Tax discount policy to levy a Council Tax premium of 300% in relation to dwellings which have been unoccupied and substantially unfurnished for more than ten years and the resulting inclusion of an additional 224.67 Band D equivalents in the taxbase.

3.12. To approve a collection rate for the year 2022/23 of 97.9%.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. Expression of Council Tax Support in terms of Band D equivalents results in a higher potential for inaccuracies in the determination process as Council Tax Support is a significantly more volatile discount element.

4.2. Details of the potential risk in relation to establishing a collection rate allowance is detailed within this report in Section 8.

5. Financial Implications

5.1. The Council Tax taxbase figure impacts on the Council Tax that will be levied by the Council for 2022/23.

5.2. The implication of the Council's localised Council Tax Support scheme are detailed in Appendix B. The Council Tax Support Scheme results in the exclusion of 8,780.28 Band D equivalents from the taxbase.

5.3. The financial implications of the discounts and premiums to be applied in 2022/23 are detailed in Appendix C and are summarised below:

- Maintaining the discount in respect of second homes at 0% results in the inclusion of 705.17 Band D equivalents in the taxbase.
- Maintaining the discount in respect of vacant dwellings results in the exclusion of 160.66 Band D equivalents from the taxbase.
- Maintaining the premium of 100% in respect of properties which have been unoccupied and substantially unfurnished for more than two years, maintaining the premium of 200% in respect of properties which have been unoccupied and substantially unfurnished for more than five years and maintaining the premium of 300% in respect of properties which have been unoccupied and substantially unfurnished for more than ten years results in the inclusion of 328.10, 175.56 and 224.67 Band D equivalents respectively in the taxbase.

5.4. The implications regarding the determined collection rate are detailed in Section 8.

6. Climate Change Appraisal

6.1. The Setting the Council Tax Taxbase 2022/23 report and recommendations have no direct effect on climate change.

7. Background

7.1. Shropshire Council has responsibility for determining the Council Tax taxbase for the Council's geographical area.

7.2. The taxbase for Council Tax must be set between 1 December 2021 and 31 January 2022 in relation to 2022/23 as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012.

7.3. The Council is also required to inform the major precepting authorities, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, of the taxbase in order to enable the calculation of Council Tax for the following year. Each town and parish council is also notified of its own Council Tax taxbase. A detailed build of the taxbase analysed by both parish and town council and Environment Agency region is shown in Appendix A.

7.4. The purpose of this report, therefore, is to determine and approve the Council Tax taxbase for Shropshire Council for 2022/23.

8. Additional Information

8.1. **Taxbase Calculation**

8.2. Based on the valuation list, the Council Tax taxbase is the number of properties in the area falling within each council tax property valuation band, modified to take account of the adjustments set out below. Taxbase is expressed as a Band D equivalent.

8.3. An analysis of Council Tax bands within Shropshire Council is detailed below:

Property Band	House Value	Ratio to Band D	Analysis of Dwellings on the Valuation List (%) (as at 13 September 2021)	% Increase / (Decrease) over 2020/21
A	Under £40,000	6/9	18.3	0.2
B	40,001 - 52,000	7/9	25.6	1.0
C	52,001 - 68,000	8/9	20.8	0.9
D	68,001 - 88,000	9/9	14.4	1.3
E	88,001 - 120,000	11/9	11.4	1.7
F	120,001 - 160,000	13/9	6.1	2.0
G	160,001 - 320,000	15/9	3.2	0.7
H	Over 320,000	18/9	0.2	(0.6)

8.4. There are 147,414 properties in the valuation list for the Shropshire Council area. This compares with a figure of 145,953 in the list at the same time last year. There has been an increase of 1,461 properties overall, which equates to 1.00%.

8.5. The methodology followed for calculating the taxbase is as follows:

- Ascertain the number of properties in each Council Tax band (A to H) shown in the valuation list as at 13 September 2021.
- Adjust for estimated changes in the number of properties through new build, demolitions and exemptions.
- The number of discounts and disabled relief allowances which apply as at 4 October 2021.
- Convert the number of properties in each Council Tax band to Band D equivalents by using the ratio of each band to Band D and so arrive at the total number of Band D equivalents for the Council.
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year

8.6. These calculations are undertaken for each property band in each parish.

8.7. **Collection Rate**

8.8. In determining the taxbase, an allowance has to be made to provide for changes to the taxbase during the year (e.g. due to new properties, appeals against banding, additional discounts, Council Tax Support award changes, etc.) as well as losses on collection arising from non-payment. This is achieved by estimating a Council Tax collection rate for the year and must be common for the whole of Shropshire.

8.9. A collection rate of 97.7% was assumed for the 2021/22 financial year and it is recommended that a collection rate of 97.9% should be assumed for the purpose of determining the Council Tax taxbase in 2022/23.

8.10. Actual in year collection rates in 2018/19, 2019/20 and 2020/21 were 98.2%, 98.2% and 97.7% respectively. The reduction in the Collection Rate for 2020/21 and 2021/22 compared to previous years is due to the impact of Covid-19. It is expected that the collection rate will improve however not to pre Covid-19 levels.

8.11. If the actual rate exceeds 97.9% a surplus is generated, which is shared between the Unitary Council, West Mercia Police & Crime Commissioner and Shropshire & Wrekin Fire Authority, pro rata to their demand on the Collection Fund for the relevant year. Conversely, any shortfall in the collection rate results in a deficit, which is shared in a similar manner. The surplus or deficit is taken into account in setting the Council Tax in the following year.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Cabinet Member (Portfolio Holder) Gwilym Butler
Local Member
Appendices

Appendix A: 2022/23 Parish and Town Council Tax Taxbase Summary for Shropshire Council.

Appendix B: Shropshire Council's Localised Council Tax Support Scheme

Appendix C: Discretionary Discount Policies

2022/23 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	**Council Tax Taxbase**
	(Band D Equivalents)
Abdon & Heath	109.15
Acton Burnell, Frodesley, Pitchford, Ruckley & Langley	255.90
Acton Scott	43.36
Adderley	207.39
Alberbury with Cardeston	403.91
Albrighton	1,622.73
All Stretton, Smethcott & Woolstaston	178.14
Alveley & Romsley	849.32
Ashford Bowdler	39.28
Ashford Carbonel	182.73
Astley	209.02
Astley Abbotts	249.80
Aston Bottrell, Burwarton & Cleobury North	112.72
Atcham	224.72
Badger	55.43
Barrow	263.08
Baschurch	1,143.98
Bayston Hill	1,802.77
Beckbury	149.88
Bedstone & Bucknell	313.89
Berrington	457.14
Bettws-Y-Crwyn	93.27
Bicton	451.38
Billingsley, Deuxhill, Glazeley & Middleton Scriven	164.51
Bishops Castle Town	661.11
Bitterley	353.46
Bomere Heath & District	888.89
Boningale	142.07
Boraston	76.04
Bridgnorth Town	4,572.09
Bromfield	123.67
Broseley Town	1,552.31
Buildwas	104.75
Burford	427.88
Cardington	206.81
Caynham	529.98
Chelmarsh	232.30
Cheswardine	393.56
Chetton	161.96
Childs Ercall	301.09
Chirbury with Brompton	335.33
Church Preen, Hughley & Kenley	127.78
Church Pulverbatch	165.42
Church Stretton & Little Stretton Town	2,174.01
Claverley	889.66
Clee St. Margaret	69.14
Cleobury Mortimer	1,212.97
Clive	250.21
Clun Town with Chapel Lawn	516.72
Clunbury	253.22

2022/23 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	**APPENDIX A**
Parish / Town Council	**Council Tax Taxbase (Band D Equivalents)**
Clungunford	152.15
Cockshutt-cum-Petton	320.15
Condover	890.08
Coreley	139.21
Cound	208.68
Craven Arms Town	813.51
Cressage, Harley & Sheinton	414.70
Culmington	169.34
Diddlebury	280.20
Ditton Priors	348.29
Donington & Boscobel	601.08
Eardington	244.54
Easthope, Shipton & Stanton Long	203.65
Eaton-Under-Heywood & Hope Bowdler	182.32
Edgton	47.18
Ellesmere Rural	979.56
Ellesmere Town	1,484.09
Farlow	185.19
Ford	323.10
Great Hanwood	424.10
Great Ness & Little Ness	550.57
Greete	47.89
Grinshill	114.75
Hadnall	373.77
Highley	1,111.37
Hinstock	545.50
Hodnet	589.89
Hope Bagot	28.59
Hopesay	243.63
Hopton Cangeford & Stoke St. Milborough	162.71
Hopton Castle	40.80
Hopton Wafers	301.60
Hordley	104.70
Ightfield	199.00
Kemberton	116.58
Kinlet	415.40
Kinnerley	511.14
Knockin	139.73
Leebotwood & Longnor	201.65
Leighton & Eaton Constantine	204.46
Llanfairwaterdine	105.72
Llanyblodwel	262.07
Llanymynech & Pant	684.15
Longden	543.12
Loppington	284.61
Ludford	260.11
Ludlow Town	3,576.56
Lydbury North	226.17
Lydham & More	130.49
Mainstone & Colebatch	86.76

2022/23 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	**Council Tax Taxbase (Band D Equivalents)**
Market Drayton Town	4,040.41
Melverley	52.64
Milson & Neen Sollars	121.80
Minsterley	601.10
Montford	257.47
Moreton Corbett & Lee Brockhurst	133.95
Moreton Say	208.20
Morville, Acton Round, Aston Eyre, Monkhopton & Upton Cressett	373.17
Much Wenlock Town	1,211.06
Munslow	174.57
Myddle & Broughton	634.90
Myndtown, Norbury, Ratlinghope & Wentnor	267.45
Nash	138.52
Neen Savage	157.00
Neenton	62.70
Newcastle	131.04
Norton-In-Hales	330.77
Onibury	131.27
Oswestry Rural	1,656.65
Oswestry Town	5,355.53
Pontesbury	1,353.88
Prees	1,145.81
Quatt Malvern	100.50
Richards Castle	141.70
Rushbury	271.55
Ruyton-XI-Towns	452.46
Ryton & Grindle	78.43
Selattyn & Gobowen	1,275.47
Shawbury	906.28
Sheriffhales	326.50
Shifnal Town	3,486.44
Shrewsbury Town	25,752.47
Sibdon Carwood	47.01
St. Martins	947.75
Stanton Lacy	169.89
Stanton-Upon-Hine Heath	248.92
Stockton	130.43
Stoke-Upon-Tern	488.33
Stottesdon & Sidbury	334.88
Stowe	47.32
Sutton Maddock	109.49
Sutton-Upon-Tern	395.68
Tasley	407.74
Tong	123.74
Uffington	123.95
Upton Magna	154.21
Welshampton & Lyneal	383.04
Wem Rural	687.15
Wem Town	1,993.78
West Felton	571.78

2022/23 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	**Council Tax Taxbase**
	(Band D Equivalents)
Westbury	520.89
Weston Rhyn	902.90
Weston-Under-Redcastle	119.48
Wheathill	73.62
Whitchurch Rural	619.81
Whitchurch Town	3,381.73
Whittington	947.06
Whitton	61.97
Whixall	338.01
Wistanstow	333.45
Withington	105.79
Woore	607.95
Worfield & Rudge	927.46
Worthen with Shelve	808.15
Wroxeter & Uppington	159.74
Shropshire Council Total	**115,485.33**
Environment Agency - Severn Trent Region	108,461.62
Environment Agency - Welsh Region	4,449.54
Environment Agency - North West Region	2,574.17
Shropshire Council Total	**115,485.33**

APPENDIX B

Council Tax Support

1.1. The 2010 Spending Review announced the localisation of council tax support and The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 and required that Local Government created a localised Council Tax Support (CTS) scheme effective from 1 April 2013, accommodating a reduction in funding of 10%.

1.2. Shropshire Council's localised CTS scheme was approved in December 2018. Two small amendments have been made to the main Council Tax Support Scheme to take effect from 1st April 2022 in order to align the scheme with Housing Benefit changes and Universal Credit. These amendments are detailed in the scheme summary included in section 1.7 below.

1.3. From 2013, therefore, council tax support has taken the form of reductions within the council tax system, replacing national council tax benefit. Making reductions as part of the council tax system reduces a billing authority's Council Tax taxbase. Billing and major precepting authorities receive funding (Council Tax Support Grant) which reduce their council tax requirement and, depending on the design of the local council tax scheme, can help offset the council tax revenue foregone through reductions.

1.4. An estimate of the effect of the local Council Tax Support Scheme on the Council Tax taxbase has been determined for Shropshire. It is estimated that the Council Tax Support Scheme will reduce the Council Tax taxbase by 8,780.28 Band D equivalents.

1.5. As Council Tax Support entitlement will vary throughout the year and this will affect the taxbase it is more likely that the amount of Council Tax collected in 2022/23 will vary from the estimate.

1.6. A link to the full scheme for 2021/22 is below.

https://www.shropshire.gov.uk/media/19448/ctrs-scheme-2021-22.pdf

1.7 The CTS scheme summary is provided on the following pages.

SHROPSHIRE COUNCIL – BENEFITS SERVICE

COUNCIL TAX SUPPORT (CTS)

Introduction

The current Council Tax Benefit scheme is a means tested benefit that helps people with a low income to pay their Council Tax.

From April 2013 this will be abolished and all local authorities will provide a new scheme called 'Council Tax Support'. The funding that is provided for this scheme will be reduced by 10% and therefore it is likely that some people will have to pay more towards their Council Tax bill.

The changes will not affect pensioners even though they will move into the new scheme. The Government have confirmed that all pensioners will be protected and receive the same amount of benefit they do now under the current Council Tax Benefit Scheme.

Each local authority will be able to provide Council Tax support in a different way depending on local needs, funding available and how it can be administered. Each Council is expected to devise a new scheme and then put this to public consultation by the end of 2012.

Our new scheme was devised and published on the Shropshire Council website for customers, stakeholders and other agencies to comment on. Public consultation closed on the 14th December and the new scheme was formally adopted by the Council on 16th January 2013.

Anyone of working age will now be subject to the new scheme from April 2013. The differences that you will see in the new Council Tax Support Scheme are: -

- Removal of second adult rebate
- Reduction of the capital limit from £16,000 to £10,0000
- Removal of earnings disregards
- Removal of child benefit disregard
- Increase in non-dependant deductions

Please note the following amendments are for the calculation of Council Tax Support only and do not affect Housing Benefit calculations.

Removal of Second Adult Rebate

Second Adult Rebate (2AR) is awarded to a customer based on the circumstances of a second adult living in the property. Under the new scheme this has been abolished and will no longer be effective from 01.04.13.

Reduction of the capital limit

For working age people the capital limit will reduce to £10,000 from 01.04.13. This will mean that if a customer's savings amounts to more than £10,000 they will not be entitled to CTS. The lower capital limit of £6,000 remains the same.

Tariff income calculations remain as is i.e. from the total amount if capital £6,000 is deducted, the remainder is then dived by 250 if the result is not an exact multiple of £1 the result is rounded up to the next whole £1

All other capital rules including static savings, land and property, shares, etc remain the same.

Removal of Earnings disregards

All income disregards for working age people will cease from the 01.04.13.

Removal of Child Benefit disregards

Child benefit will no longer be disregarded from the calculation of CTS from the 01.04.03.

Increase in non-dependant earned income deductions (working age only)

From 01.04.13 non dep deductions will increase to the following: -

£5 for anyone earning under £100,
£10 for anyone earning between £100 and £150
£20 for anyone earning over £150 per week

This deduction will only be made from their earned income. It won't affect any other income they receive.

Non-dependant earned income deductions (pension age only)

Gross income less than £186.00	=	£3.65
Gross income £186.00 to £321.99	=	£7.25
Gross income £322.00 to £400.99	=	£9.15
Gross income £401.00 or above	=	£10.95

Unearned income will attract the following disregards (working age and pension age):

Others aged 18 or over incl. JSAC & ESAC	=	£3.65
In receipt of Pension Credit, IS, JSA (IB), ESA(IR)	=	nil

(This disregard will be up-rated annually in line with figures provided annually by DCLG)

A new minimum earnings threshold will be introduced with effect from 01/04/15 to reflect the current arrangements in the Housing Benefit scheme.

This minimum earnings threshold will help to determine whether a European Economic Area (EEA) national's previous or current work can be treated as genuine and effective for the purposes of deciding whether they have a right to reside in the UK as a worker or self-employed person.

The minimum earnings threshold has been set at the level at which workers start to pay National Insurance Contributions (NICs), currently £153 a week in the 2014/15 tax year. If an EEA national can prove that they have been earning at least this amount for a period of 3 months immediately before they claim CTS their work can be treated as genuine and effective and they will have a right to reside as a worker or self-employed person.

If they do not satisfy the minimum earnings threshold criteria, a further assessment will be undertaken against a broader range of criteria (such as hours worked, pattern of work, nature of employment contract etc.) to determine whether their employment is genuine and effective.

Ultimately, if an EEA national's income does not meet the minimum earnings threshold or the additional criteria to be classified as genuine and effective employment they will not be eligible for CTS.

Special Educations Needs Allowance – to be disregarded in full with effect from 01/09/14

War Pensions / Armed Forces Compensation Scheme Guaranteed Income Payments – to be disregarded in full with effect from 01/04/13 (and to be consistent with Housing Benefit)

From 01/04/15 the CTR scheme will include changes to the habitual residency test to reflect changes to the Housing Benefit (HB) regulations.

The amendments to the CTS scheme removes access to CTS for EEA jobseekers who make a new claim for CTS on or after 1 April 2015. EEA nationals who are self-employed, are workers or who are unemployed but retain their worker status have the same rights to CTS as a UK national and their situation remains unchanged.

EEA jobseekers who are entitled to CTS and JSA(IB) on 31 March 2015 will be protected until they have a break in their claim for CTS or JSA. If their JSA ends because they have started work, then as long as we can be satisfied that their employment is genuine and effective they will be able to access in-work CTS as either a worker or a self-employed person. Claimants receiving in-work CTS beyond 1 April will continue to be able to access CTS, if they become entitled to JSA(IB) on or after that date, but only if they retain their worker status. If they are a jobseeker then their CTS entitlement ends from the Monday following the cessation of work.

Changes with effect from 1 April 2018 to bring the scheme in line with Housing Benefit changes

- **2 child cap**
  The Government has announced that they will limit benefit support by only taking into account a maximum of two dependent children per family. It affects all claims where new children are born after April 2017. This will applies in Housing Benefit to families that make a new claim from April 2017

- **Loss of the family premium**
  The Government removed the family premium for new claims within the assessment of Housing Benefit with effect from May 2016

- **Bereavement Support Payments to be disregarded in full**
  This was introduced into Housing Benefit with effect from April 2017

- **Any payments from the 'We love Manchester Fund' and the 'London Emergency Trust' to be disregarded in full**

- **Maximum backdate period of 1 month**

- **Absence from home limited to 4 weeks when outside GB**
  The temporary absence rules for Housing Benefit were amended in 2015 reducing the allowable period of temporary absence outside Great Britain from 13 weeks to 4 weeks.

  The limit applies to new periods of absence only. Exceptions are when an absence is in relation to
  - Death of a partner, child or close relative
  - Receiving medical treatment
  - A person who has fled their home due to fear of violence
  - A member of Her Majesty's forces posted overseas

- **Beneficial changes in circumstances to be reported within one month of the change in order for the claim to be updated from the date of change, otherwise changes will take effect from the Monday following date notified.**

- **All working aged claimants who receive Council Tax Support (unless they are a pensioner or classed as vulnerable) will pay 20% of their council tax liability, (after appropriate discounts have been awarded)**

  An example of this change is as follows:
  1) Current scheme (which allows for 100% reduction)
     The customer's liability is £20.00 per week. As they are in receipt of Jobseekers Allowance they are entitled to full Council tax reduction making their council tax balance for the year £0.00
  2) Proposed new scheme (20% minimum payment)
     The customer liability is £20.00. Before any calculation takes place 20% of this amount is reduced from the liability to be used. This

means that any calculation will be carried out on a figure of £16.00. Again the customer is on Jobseekers Allowance and so they are entitled to a full award. This will mean their council tax balance for the year will be £208.00 (£4.00 x 52).

- **De Minimis change amount of £10.00 per week for claimants in receipt of Universal Credit**
- **Apply a minimum award of £1.50**
- **Claimant or partner who meet the specific criteria of severe disablement contained within the policy will be protected from any percentage reduction in council tax support. Claimant or partner in receipt of Employment and Support Allowance will be protected from any percentage reduction in council tax support. This will also apply to customers who meet the criteria for receiving a war compensation related benefit or pension. Specifically this includes**

Criteria to be awarded for the severe disability premium:

- The customer has to be in receipt of
  1) Attendance allowance or
  2) Higher or middle rate care component of disability living allowance or
  3) The daily living allowance rate of personal independence payments
- They must not have a resident non-dependant
- No person is entitled to, and in receipt of, carers allowance in respect of caring for the customer and;
- If the customer has a partner they must also meet all above criteria

Criteria to be awarded the support component of employment and support allowance

It is accepted that some people's difficulties or disabilities are such that not only is the person not expected to look for work but are also not expected to undertake an work related activities or plan for starting work due to the severity of their difficulties

Criteria to qualify for the war pension's exemption

The customer and/or partner has to be in receipt of either:

- War pension
- War disablement pension
- War service attributable pension
- War widows pension
- War mobility supplement

Changes with effect from 1 April 2019

Severe Disability Premium does not exist in Universal Credit. From 1 April 2019 claimants or couples that have moved into Universal Credit but meet the above criteria for the severe disablement premium will be exempt from the percentage reduction.

Employment and support allowance does not form part of Universal Credit. Instead there is a limited capability for work and limited capability for work related activity element in Universal Credit which is similar to that used for identifying the work related activity group and support group of Employment Support Allowance. From 1 April 2019 claimants or partners in receipt of the limited capability for work related activity element in Universal Credit that is the equivalent to the support element of employment and support allowance will be exempt from the percentage reduction.

Changes with effect from 1 April 2020

- We have defined a council tax reversal as an amount of Council Tax Support to which the claimant was not entitled, and we have clarified what action the Council will take depending on whether the reversal is caused by claimant error, or official error.
- We have clarified that where a reversal is due to claimant error the total sum of the reversal shall be fully chargeable and recoverable as part of the claimant's council tax liability
- We have clarified that where the reversal arose due to official error, that where the claimant or their representative could reasonably have been expected at the time to realise that the assessment had been made in error, the total sum of the reversal shall be fully chargeable and recoverable as part of the claimant's council tax liability. Otherwise, the amount of the reversal will not be chargeable and recoverable as part of the claimant's council tax liability
- In the event of a council tax reversal, the Council will consider any underlying award that the claimant should have been entitled to provided evidence is received from the claimant within 1 month of the claimant being notified of the reversal, or where an appeal against a recoverable reversal is made
- We have clarified the definition of pensioner in accordance with new benefit rules for mixed age couples and eligibility for Local Council Tax Reduction Schemes
- Any payment made by the Home Office under the Windrush Compensation Scheme or the Windrush Exceptional Payment Scheme will be disregarded as capital

Changes with effect from 1 April 2022

CTRS scheme reg 74 (a)

Insert

(aa) who is a person on universal credit, except where the award of universal credit to that person includes an amount in respect of a liability to make payments in respect of the accommodation they occupy as their home, in accordance with section 11 of the Welfare Reform Act 2012 (housing costs);

Note: This is to align the CTRS scheme with a statutory amendment to the qualifying criteria for Housing Benefit, this amendment should prevent circumstances where an applicant is excluded from CTRS whilst being eligible for HB or UCHE

CTRS scheme part 13 (106)

Insert

(14) Where there is a change of circumstances which results in a change to the maximum council tax reduction for the purposes of calculating eligibility for a reduction under PART 7 (28), from the first day of the benefit week after the date on which the change first occurred.

Note: This will insert an 80%/100% cap on maximum council tax reduction and aligns the circumstances of claimants in receipt of UC with those in receipt of Passported Benefits to ensure that a claimant's maximum CTRS is calculated appropriate to their status and that vulnerable households are not disadvantaged.

SUMMARY OF CHANGES FROM 01.04.13

Current Council Tax Benefit Scheme (CTB)	Council Tax Support (CTS)
Second Adult Rebate - Awarded to the customer based on the circumstances of 'second adult'. Can be awarded due to a 'better buy' comparison	No award due for second person. On 'better buy' calculation customer will only be awarded any CTS due.
Reduction of the capital limit - Upper capital limit of £16,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit	Upper capital limit of £10,000. Above this limit the person would not qualify for CTB. Lower capital of £6,000. Below this figure amount is ignored. Amounts above £6,000 attract tariff income at £1 for every £250 or part of above the lower capital limit
Removal of earnings disregards – Permitted work - £97.50 Lone parents - £25.00 Disabled, carers or special occupations - £20.00 Couples - £10 Single £5	Permitted work - £0 Lone parents - £0 Disabled, carers or special occupations - £0 Couples - £0 Single £0
Removal of Child Benefit disregard – Child Benefit is fully disregarded for the calculation of CTB	Child benefit is fully included for the calculation of CTS
Increase in non-dependant deductions (using current figures) On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Income more than £394.00 per week – £9.90 £316.00 to £393.99 per week – £8.25 £238.00 to £315.99 per week - £6.55 £183.00 to £237.00 per week - £3.30 £124.00 to £182.99 per week – £3.30 Under £124.00 – £3.30	On pass ported benefit - £0.00 On JSA C/ESAC - £3.30 Works less than 16 hours on maternity, paternity, adoption or sick leave - £3.30 Earnings less than £100 - £5.00 Earnings between £100 and £150 - £10.00 Earnings above £150 - £20.00

APPEALS

There will be no joint HB/CTR appeals – they will be heard separately by different bodies. First Tier Tribunals will hear the Housing Benefit appeals (as now) and the Valuation Tribunals Service will hear Council Tax Support appeals.

The legislation is contained within the Local Government Finance Act. Appeals against the local Council Tax Support Scheme will be covered by Regulation 16(b).

Process:

- The customer firstly needs to write to the Council saying they disagree with the decision. There is no time limit to do this. They can request this at any time.
- If we do not alter our original decision the customer has the right to appeal to the Valuation Tribunal.
- To appeal to the Valuation Tribunal the customer will need to do this on line at www.valuationtribunal.gov.uk
- The customer must complete the on line appeal application within two months of the date of the decision notice sent by ourselves upholding the original decision

As local schemes are not legislation, but are locally defined schemes, the Valuation Tribunal will not consider an appeal against a billing authority's actual scheme, as that is beyond their jurisdiction. However, the Valuation Tribunal will advise dissatisfied claimants of their right to apply to the billing authority for a discretionary discount under section 13 (1) (c) of the Local Government Finance Act 1992. They will also hear appeals where the authority refuses to exercise this discretion.

APPENDIX C

Discretionary Discount Policies

1. Second Homes

1.1. Second homes are defined as furnished properties which are not occupied as a person's main residence and include furnished properties that are unoccupied between tenancies.

1.2. The Local Government Act 2003 gave councils new discretionary powers to reduce the 50% Council Tax discount previously awarded in respect of second homes to between 10% and 50% with effect from 1st April 2004. Councils retain the additional income raised by reducing the second homes Council Tax discount.

1.3. The Local Government Act 2012 further extended billing authorities' discretion over the second homes discount to between 0% and 50%. On 17 October 2012 Cabinet approved the reduction of the second homes Council Tax discount from 10% to 0%.

1.4. The figures used for the 2022/23 Council Tax taxbase incorporate a 0% Council Tax discount in respect of second homes (other than those that retain a 50% discount through regulation as a result of job-related protection). Implementation of this policy results in the inclusion of 705.17 Band D equivalents in the taxbase.

2. Vacant Properties – Former Class A & Class C Exempt Properties

2.1. The Local Government Act 2012 abolished both Class A and Class C exemptions and gave billing authorities' discretion to give discounts of between 0% and 100%. Class A exemptions were previously available for up to 12 months in respect of a vacant property which required, was undergoing, or had recently undergone major repair work to render it habitable, or a structural alteration. Class C exemptions were previously available for up to six months after a dwelling became vacant.

2.2. On 14 December 2017 Council approved the removal of a 50% Council Tax discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.

2.3. In respect of former Class A exempt properties the figures used for the 2022/23 Council Tax taxbase allow for the continuation of the decision previously approved by Council, i.e. to award no discount.

2.4. On 17 October 2012 Cabinet approved the award of a 25% Council Tax discount in respect of vacant dwellings, i.e. former Class C exempt properties.

2.5. Implementation of this policy resulted in a large number of low value Council Tax demands being raised primarily in relation to landlords whose properties are between tenants. A significant number of landlord complaints were received in relation to these Council Tax demands and these small amounts proved to be very difficult to collect. It was, therefore, proposed and approved that a 100% discount be awarded for one month, i.e. effectively reinstating the exemption, and then a 25% discount be awarded for the remaining five months.

2.6. In order to avoid fraudulent 100% claims in respect of these types of properties it was also proposed and approved that the "six week rule" be applied, i.e. if a dwelling which is unoccupied and unfurnished is either exempt or entitled to a discount, becomes occupied or substantially furnished for a period of less than six weeks, after which it falls empty again, it will only resume exemption or discount for any of the original exemption or discount period which remains.

2.7. On 14 December 2017 Council approved the continuation of the policy to award one month exemption when a property becomes unoccupied and substantially unfurnished (subject to the six week rule) and approved a revised policy to remove the 25% for the following five months. This means that when a property becomes unoccupied and substantially unfurnished it would attract one month exemption, then pay full charge for the following twenty three months, then attract an additional 100% council tax premium after two years.

2.8. In respect of former Class C exempt properties the figures used for the 2022/23 Council Tax taxbase incorporate a discount of 100% for one month. Continuation of this policy to award the one month exemption results in the exclusion of 160.66 Band D equivalents from the taxbase.

3. Vacant Properties – Empty Homes Premium

3.1. The Local Government Act 2012 amended the Local Government Finance Act 1992 and also gave billing authorities' discretion to levy an empty homes premium of 50% after a dwelling has been empty and substantially unfurnished for at least two years. In December 2013 Shropshire Council chose to enact this discretionary power with effect from April 2014.

3.2. On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 was passed which further amended the Local Government Finance Act 1992. This gave billing authorities' discretion to levy an empty homes premium of 100% from 1 April 2019 after a dwelling has been unoccupied and substantially unfurnished for at least two years, a 200% premium from 1 April 2020 for properties unoccupied and substantially unfurnished for at least 5 years and a 300% premium from 1 April 2021 for properties unoccupied and substantially unfurnished for at least 10 years.

3.3. The figures used for the 2022/23 Council Tax taxbase incorporate a 100% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than two years, a 200% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than five years and a 300% Council Tax premium in respect of dwellings which have been unoccupied and substantially unfurnished for more than ten years. Implementation of this policy results in the inclusion of 328.10 Band D equivalents in the taxbase in relation to properties unoccupied and substantially unfurnished for more than two years, 175.56 Band D equivalents in the taxbase in relation to properties unoccupied and substantially unfurnished for more than five years and 224.67 Band D equivalents in the taxbase in relation to properties unoccupied and substantially unfurnished for more than ten years.

Committee and Date	Item
Audit Committee 9 December 2021 Cabinet 5 January 2022 Council 13 January 2022	Public

TREASURY STRATEGY 2021/22 – MID YEAR REVIEW

Responsible Officer James Walton
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1. Synopsis

The report provides an economic update for the first six months of 2021 and includes a review of the investment portfolio and borrowing strategy for 2021/22 and confirms compliance with Treasury and Prudential limits. The report has been prepared in accordance with the CIPFA Code of Practice on Treasury Management. As at 30 September 2021, the Council held £175m in investments and had £292m of borrowing.

2. Executive Summary

2.1. This mid-year Treasury Strategy report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management 2017 and covers the following:-

- An economic update for the first six months of 2021/22
- A review of the Treasury Strategy 2021/22 and Annual Investment Strategy
- A review of the Council's investment portfolio for 2021/22
- A review of the Council's borrowing strategy for 2021/22
- A review of any debt rescheduling taken
- A review of compliance with Treasury and Prudential limits for 2021/22

2.2. The key points to note are:-

- The internal treasury team achieved a return of 0.14% on the Council's cash balances outperforming the benchmark by 0.22%. This amounts to additional income of £198,180 for the first six months of the year which is included within the Council's projected outturn position in the quarterly financial monitoring report
- In the first six months all treasury management activities have been in accordance with the approved limits and

prudential indicators set out in the Council's Treasury Strategy

- Cornovii Development Ltd (CDL) and Shropshire Council have agreed to renegotiate the existing finance and borrowing arrangements for the company, subject to the appropriate approvals. Currently CDL have loan facilities of £14m, £35m and £250k available from Shropshire Council for investment in new housing within Shropshire. To ensure CDL have the capacity to deliver a number of key developments which have been recently identified, CDL and Shropshire Council are proposing to collapse the three facilities in to a single £49.25m funding arrangement.

3. Recommendations

3.1. Members are asked to accept the position as set out in the report.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

4.2. There are no direct environmental, equalities or climate change consequences arising from this report.

4.3. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

4.4. The Council's Audit Committee is the committee responsible for ensuring effective consideration of the Council's Treasury Management Strategy and policies.

5. Financial Implications

5.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the

Council.

5.2. The 2021/22 six-month performance is above benchmark and has delivered additional income of £198,180.

6. Climate Change Appraisal

6.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council in order to achieve this. There are no climate change impacts arising from this report. Shropshire Council's investment portfolio has no level 1, 2 or 3 emissions. It comprises of straightforward cash deposits with financial institutions and other Local Authorities.

7. Background

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

7.2. The second main function of the Treasury Management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

7.3. The Council defines its treasury management activities as "the management of the authority's borrowing, investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with the activities, and the pursuit of optimum performance consistent with those risks". The report informs Members of the treasury activities of the Council for the first six months of the financial year.

7.4. In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities are required to prepare a Capital Strategy which is intended to provide the following: -

- A high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services

- An overview of how associated risk is managed
- The implications for future financial sustainability

A report setting out the Council's Capital Strategy was taken to full Council in February 2021

7.5. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2017.

8. Economic Update and Forecast

8.1. A detailed commentary can be found in Appendix D.

8.2. The Council receives its treasury advice from Link Asset Services. Their latest interest rate forecasts were updated 8 November and are shown below:

Link Group Interest Rate View												
	Now	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Bank Rate	0.10%	0.25%	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
5yr PWLB Rate	1.45%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.90%
10yr PWLB Rate	1.74%	1.80%	1.90%	1.90%	2.00%	2.00%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%
25yr PWLB Rate	1.96%	2.10%	2.20%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.60%
50yr PWLB Rate	1.67%	1.90%	2.00%	2.10%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.40%

9. Treasury Strategy update

9.1. The Treasury Management Strategy (TMS) for 2021/22 was approved by Full Council on 25 February 2021. This Treasury Strategy does not require updating as there are no policy changes or any changes required to the prudential and treasury indicators previously approved. The details in this report update the position in the light of the updated economic position.

10. Annual Investment Strategy

10.1. The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital. As shown by forecasts in section 8.1, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.10% bank rate. However, with the potential increase of bank rate on the horizon, we expect to see some improvement in interest earned going forward.

10.2. The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (up to 1 year), and only invest with highly credit rated financial institutions using Link's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Link. The Treasury Team continue to take a prudent approach keeping investments short term and with the most highly credit rated organisations.

10.3. In the first six months of 2021/22, the internal treasury team outperformed its benchmark by 0.22%. The investment return was 0.14% compared to the benchmark of -0.08%. This amounts to additional income of £198,180 during the first six months which is included within the Council's projected outturn position in the quarterly financial monitoring report.

10.4. A full list of investments held as at 30 September 2021, compared to Link's counterparty list, and changes to Fitch, Moody's and Standard & Poor's credit ratings are shown in **Appendix A**. None of the approved limits within the Annual Investment Strategy were breached during the first six months of 2021/22 and have not been previously breached. Officers continue to monitor the credit ratings of institutions on a daily basis. Delegated authority has been put in place to make any amendments to the approved lending list.

10.5. As illustrated in the economic background section above, investment rates available in the market have decreased significantly due to the bank rate decrease to 0.10% in March 2020. The average level of funds available for investment purposes in the first six months of 2021/22 was £180 million.

10.6. The Council's interest receivable/payable budgets are currently projecting a surplus of £1.87 million as reported in the monthly revenue monitoring reports due to no long-term borrowing being undertaken, changes to the Minimum Revenue Provision (MRP) calculation previously approved by Council and minor changes in borrowing requirements.

11. Borrowing

11.1 Details of the Council's borrowing activity can be found within Appendix D.

12. Cornovii Development Ltd

12.1 Cornovii Development Ltd (CDL) and Shropshire Council have agreed to renegotiate the existing finance and borrowing arrangements for the company, subject to the appropriate approvals. Currently CDL have loan facilities of £14m, £35m and £250k available from Shropshire Council for investment in new housing within Shropshire. To ensure CDL have the capacity to deliver a number of key developments which have been recently identified, CDL and Shropshire Council are proposing to collapse the three facilities in to a single £49.25m funding arrangement. A further update will be provided in the Treasury Strategy 2022/23 that goes to full Council in February 2022.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Council, 25 February 2021, Treasury Strategy 2021/22. Council, 25 February 2021, Capital Strategy 21/22 – 25/26 Council, 20 September 2018, Revised Minimum Revenue Provision Statement 2018/19
Cabinet Member: Gwilym Butler, Portfolio Holder for Resources
Local Member N/A
Appendices A. Investment Report as at 30 September 2021 B. Prudential Limits C. Prudential Borrowing Schedule D. Economic Update, Forecast and Borrowing

LINK Group

Shropshire Council

Monthly Investment Analysis Review

September 2021

Monthly Economic Summary

General Economy

The Flash (i.e. provisional) UK Manufacturing PMI dropped to 56.3 in September from 60.3 in August, somewhat lower than market forecasts of 59.0. Although it signalled the weakest pace of expansion in the sector since February, due to supply chain delays, slower new order growth and rising material and labour shortages, the survey remained at levels historically consistent with robust economic growth. Similarly, the Flash Services PMI eased to 54.6 in September from 55.0 in August, also pointing to the slowest growth in the services sector in seven months. Notably, respondents reported that input price inflation accelerated amid reports of higher wage costs, product shortages and increased transportation costs - and that companies raised their own charges at the fastest pace since the series began in 1996. As a result of the falls in both indices, the Flash Composite PMI (which incorporates both sectors), eased to 54.1 in September, from 54.8 in August. Mirroring these developments, the Construction PMI (which is released one month behind), also fell to 55.2 in August from 58.7 in July and below market expectations of 56.9 as a restricted supply of materials, labour and transport began to weigh on overall activity. Input cost inflation, meanwhile, accelerated to the second-fastest rate in the 24-year history of the survey.

The combination of supply chain delays, slower order growth and rising material and labour shortages noted in the PMI surveys may also have weighed on GDP, which expanded by just 0.1% m/m in July compared to forecasts of a 0.7% rise. However, upward revisions to previous releases meant that the economic output was now forecast to be around 1% less than prior to the pandemic compared to 2% previously. Product and labour shortages may also have contributed to the 0.1% m/m decline in exports in July, which caused the UK trade deficit to widen to £3.1 billion compared to £2.5 billion in June.

Unemployment data, meanwhile, also confirmed the tightening of the labour market reported in the PMI surveys. Employment rose by 183,000 in the three months to July, which was the largest rise since January 2020 – and occurred despite firms having to start paying 10% of the wages of their furloughed workers. A fall of 86,000 in unemployed workers, meanwhile, allowed the unemployment rate to ease to 4.6% in July from 4.7% in June. More timely data revealed that PAYE employment increased by a further 241,000 during August, suggesting that labour market strength may continue – although the end of the furlough scheme in September represents a future source of uncertainty. The rise in vacancies to a record 1,034,000, 249,000 above their pre-pandemic level, suggests that labour shortages intensified during August. Against this backdrop, average earnings growth (excluding bonuses) eased to 6.8% y/y in the three months to July compared to 7.3% y/y in the three months to June as compositional and base effects began to fade. However, the Monetary Policy Committee (MPC) noted this month private sector regular pay growth had been around 4%, after accounting for these factors.

UK inflation, as measured by the Consumer Price Index, increased to 3.2% y/y in August from 2% in July and above market forecasts of 2.9%. However, base effects – including last year's Eat Out to Help Out scheme (which artificially depressed prices) - accounted for the majority of the rise. That said, the MPC noted at this month's policy meeting that the scheduled rise in utility prices and further base effects will likely contribute to inflation rising to slightly above 4% later in the year. Against this backdrop, the Committee judged that its existing monetary policy remained appropriate. However, the MPC also noted that some developments since the August Monetary Policy Report appeared to have strengthened the case for a modest tightening of monetary policy. As a result, Gilt yields rose as month-end approached and investors increased the probability attached to Bank Rate being raised in 2022.

Judging by the 0.9% m/m fall in August retail sales, the stalling of the UK's economic recovery in July highlighted by the GDP data has likely continued. However, some of the fall may also be explained by households changing their spending patterns following the expiration of lockdown. As a result, retail sales are now unchanged compared to a year ago. The prospect of looming energy price rises, food costs and tax rises, meanwhile, saw the GfK Consumer Confidence index decline to -13 in September from -8 in August.
The UK's public sector net borrowing (excluding public sector banks) was estimated to have been £20.5 billion in August - the second-highest August borrowing since monthly records began in 1993 - but £5.5 billion less than in August 2020. Although public sector net borrowing was estimated to have been £93.8 billion in the financial year-to-August 2021, this is £88.9 billion less than in the same period last year and £31.9 billion below that forecast by the OBR.
In the US, non-farm payrolls rose 235,000 in August, the lowest in 7 months and well below forecasts of 750,000 as a surge in COVID-19 infections may have discouraged companies from hiring and workers from actively looking for a job. Nevertheless, the gain saw the unemployment rate fall to 5.2% from 5.4% in July. The US economy, meanwhile, was confirmed to have grown at a 6.7% annualised rate in Q2 compared to the first estimate of 6.3%. Against this backdrop, the Federal Reserve forecast at its September policy meeting that core inflation would remain above 2% until 2023. As a result, the central bank judged that "a moderation in the pace of asset purchases may soon be warranted" and increased their median interest rate projections to 0.3% in 2022 (from 0.1% previously) and 1% in 2023 (from 0.6%).
As in the US, Q2 growth in the Eurozone was also revised higher during the month, to 2.2% q/q from 2% previously. Inflation, meanwhile, was confirmed at 3% y/y in August compared to 2.2% in July and its highest since November 2011. However, the ECB judged at its policy meeting that most of this year's increase in inflation will prove temporary. As expected, the central bank left rates unchanged and, in light of the bloc's recovery, elected to plan PEPP purchases at a "moderately lower pace…than in the previous two quarters."

Housing

Nationwide reported that house price growth eased to 10% y/y this month compared to 11% y/y in August. On the month, prices rose 0.1%. The Halifax survey, meanwhile, confirmed that prices rose 7.1% y/y and 0.7% m/m in August. According to the Nationwide, house prices are now around 13% higher than when the pandemic began.

Currency

The prospect of above target inflation and anaemic economic growth saw Sterling fall against both the US Dollar and the Euro this month.

September	Start	End	High	Low
GBP/USD	$1.3786	$1.3484	$1.3872	$1.3425
GBP/EUR	€1.1630	€1.1635	€1.1727	€1.1558

Forecast

In light of the hawkish nature of the minutes from September's MPC meeting, Link Group has revised its forecast for Bank Rate to bring forward its first rate rise to June 2022.

Bank Rate	Now	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.75%
Capital Economics	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	-

Shropshire Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
Handelsbanken Plc	20,000,000	0.01%		Call	AA-	0.000%
Santander UK PLC	15,000,000	0.40%		Call	A	0.000%
MMF Aberdeen Standard Investments	15,000,000	0.01%		MMF	AAAm	
Dover District Council	6,000,000	0.03%	06/07/2021	06/10/2021	AA-	0.000%
DMO	4,000,000	0.01%	30/09/2021	08/10/2021	AA-	0.001%
Highland Council	5,000,000	0.30%	11/11/2020	11/10/2021	AA-	0.001%
DMO	3,000,000	0.01%	15/09/2021	18/10/2021	AA-	0.001%
Barclays Bank Plc (NRFB)	1,000,000	0.03%	15/07/2021	22/10/2021	A	0.003%
DMO	1,500,000	0.01%	10/09/2021	22/10/2021	AA-	0.001%
Lloyds Bank Plc (RFB)	3,000,000	0.01%	15/09/2021	22/10/2021	A+	0.003%
Goldman Sachs International Bank	5,000,000	0.23%	04/05/2021	27/10/2021	A+	0.003%
Telford & Wrekin Council	3,000,000	0.33%	29/10/2020	27/10/2021	AA-	0.002%
DMO	2,000,000	0.01%	22/09/2021	29/10/2021	AA-	0.002%
Lloyds Bank Plc (RFB)	3,000,000	0.01%	15/09/2021	29/10/2021	A+	0.004%
Goldman Sachs International Bank	5,000,000	0.20%	18/05/2021	18/11/2021	A+	0.006%
Kingston Upon Hull City Council	5,000,000	0.06%	20/05/2021	22/11/2021	AA-	0.003%
Highland Council	5,000,000	0.28%	15/01/2021	23/11/2021	AA-	0.003%
Barclays Bank Plc (NRFB)	4,000,000	0.08%	30/06/2021	30/11/2021	A	0.008%
Nationwide Building Society	5,000,000	0.07%	09/06/2021	08/12/2021	A	0.009%
Nationwide Building Society	5,000,000	0.07%	15/06/2021	13/12/2021	A	0.010%
Barclays Bank Plc (NRFB)	5,000,000	0.07%	01/07/2021	20/12/2021	A	0.010%
Lloyds Bank Plc (RFB)	2,000,000	0.02%	06/07/2021	05/01/2022	A+	0.013%
Lloyds Bank Plc (RFB)	5,000,000	0.02%	15/07/2021	14/01/2022	A+	0.014%
Lloyds Bank Plc (RFB)	2,000,000	0.02%	03/08/2021	17/01/2022	A+	0.014%
Lloyds Bank Plc (RFB)	5,000,000	0.02%	23/07/2021	21/01/2022	A+	0.015%
Plymouth City Council	5,000,000	0.11%	26/02/2021	26/01/2022	AA-	0.008%
Plymouth City Council	5,000,000	0.10%	14/07/2021	29/01/2022	AA-	0.008%
National Westminster Bank Plc (RFB)	5,000,000	0.09%	05/02/2021	04/02/2022	A	0.016%
National Westminster Bank Plc (RFB)	2,000,000	0.13%	18/05/2021	18/02/2022	A	0.018%
Coventry Building Society	5,000,000	0.05%	31/08/2021	28/02/2022	A-	0.020%
Slough Borough Council	3,000,000	0.20%	12/04/2021	23/03/2022	AA-	0.011%
Cheltenham Borough Council	1,000,000	0.05%	05/08/2021	20/04/2022	AA-	0.013%
National Westminster Bank Plc (RFB)	5,000,000	0.16%	01/06/2021	31/05/2022	A	0.031%
Kingston Upon Hull City Council	2,000,000	0.08%	17/09/2021	22/08/2022	AA-	0.021%
National Westminster Bank Plc (RFB)	5,000,000	0.20%	24/08/2021	23/08/2022	A	0.042%
National Westminster Bank Plc (RFB)	2,000,000	0.22%	20/09/2021	19/09/2022	A	0.046%
Total Investments	**£174,500,000**	**0.11%**				0.008%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies

Shropshire Council

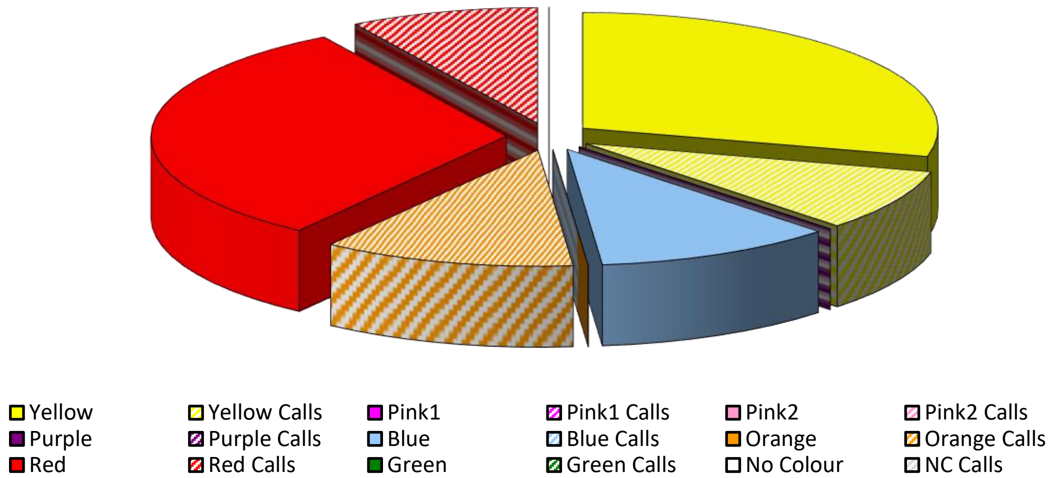
Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default

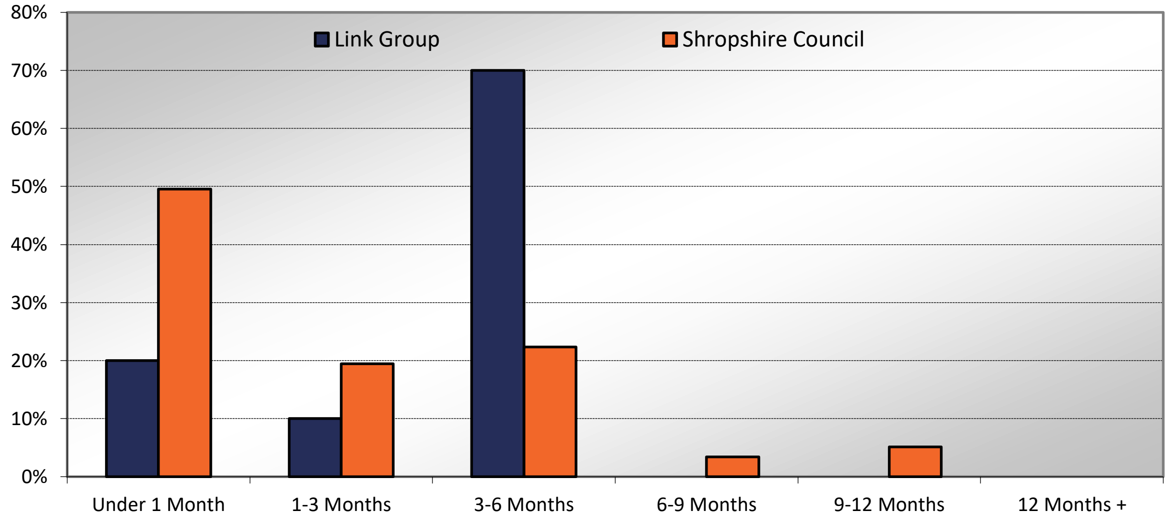
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Shropshire Council

Portfolio Composition by Link Group's Suggested Lending Criteria



Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour



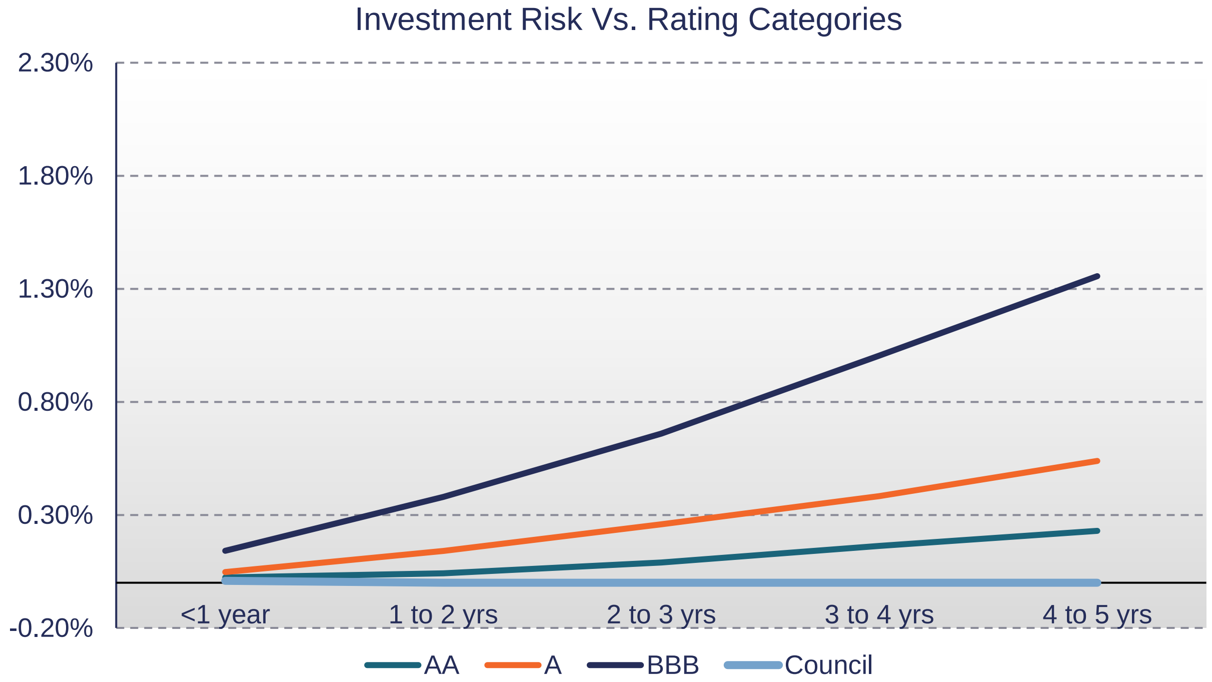
Portfolios weighted average risk number = 3.17

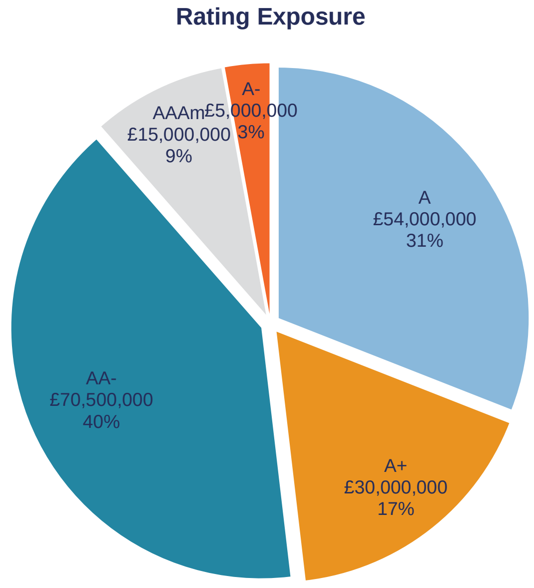
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs WAM	Excluding Calls/MMFs/USDBFs WAM at Execution
Yellow	37.54%	£65,500,000	22.90%	£15,000,000	8.60%	0.10%	53	163	68	212
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	10.89%	£19,000,000	0.00%	£0	0.00%	0.16%	236	355	236	355
Orange	11.46%	£20,000,000	100.00%	£20,000,000	11.46%	0.01%	0	0	0	0
Red	40.11%	£70,000,000	21.43%	£15,000,000	8.60%	0.14%	60	127	76	161
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£174,500,000**	**28.65%**	**£50,000,000**	**28.65%**	**0.11%**	**69**	**151**	**97**	**211**

Shropshire Council

Investment Risk and Rating Exposure





Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.16%	0.23%
A	0.05%	0.14%	0.26%	0.38%	0.54%
BBB	0.14%	0.38%	0.66%	1.01%	1.36%
Council	0.01%	0.00%	0.00%	0.00%	0.00%

Historic Risk of Default
This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk
This is the authority's risk weightings compared to the average % risk of default for “AA”, “A” and “BBB” rated investments.

Rating Exposures
This pie chart provides a clear view of your investment exposures to particular ratings.

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio’s historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Shropshire Council

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
24/09/2021	1844	Deutsche Bank AG	Germany	The Long Term Rating was upgraded to 'BBB+' from 'BBB'. At the same time, the Viabiiity Rating was upgraded to 'bbb+' from 'bbb'
24/09/2021	1845	BNP Paribas	France	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/09/2021	1846	Belgium Sovereign Rating	Belgium	The Outlook on the Sovereign Rating was changed to Stable from Negative.

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
				There were no rating changes to report.

Shropshire Council

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
				There were no rating changes to report.

Appendix B

Prudential Indicators – Quarter 2 2021/22

Prudential Indicator	2021/22 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	419*	402	402		
HRA CFR	95	95	95		
Gross borrowing	366	304	292		
Investments	150	170	175		
Net borrowing	216	134	117		
Authorised limit for external debt	615	304	292		
Operational boundary for external debt	500	304	292		
Limit of fixed interest rates (borrowing)	615	304	292		
Limit of variable interest rates (borrowing)	308	0	0		
Internal Team Principal sums invested > 364 days	70	0	0		
Maturity structure of borrowing limits	%	%	%	%	%
Under 12 months	15	4	0		
12 months to 2 years	15	0	2		
2 years to 5 years	45	2	1		
5 years to 10 years	75	10	10		
10 years to 20 years	100	33	34		
20 years to 30 years	100	22	23		
30 years to 40 years	100	18	19		
40 years to 50 years	100	2	2		
50 years and above	100	9	9		

* Based on period 6 Capital Monitoring report including Shrewsbury Shopping Centres.

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Capital Financing Summary

Prudential Borrowing Approvals	Date Approved	Amount Approved £	Applied (Spent) 2006/07 £	Applied (Spent) 2007/08 £	Applied Outturn 08/09 2008/09 £	Applied Outturn 09/10 2009/10 £	Applied Outturn 10/11 2010/11 £	Applied Outturn 11/12 2011/12 £	Applied Outturn 12/13 2012/13 £	Applied Outturn 13/14 2013/14 £	Applied Outturn 14/15 2014/15 £	Applied Outturn 15/16 2015/16 £	Applied Outturn 16/17 2016/17 £	Applied Outturn 17/18 2017/18 £	Applied Outturn 18/19 2018/19 £	Applied Outturn 19/20 2019/20 £	Applied Outturn 20/21 2020/21 £	Budgeted 2021/22 £	Budgeted 2022/23 £	Budgeted 2023/24 £	First year MRP Charged	Asset Life	Final year MRP Charged
Monkmoor Campus	24/02/06	3,580,000																					
Capital Receipts Shortfall -Cashflow	24/02/06	5,000,000																					
Applied:																							
Monkmoor Campus			3,000,000		0																2007/08	25	2031/32
William Brooks					0		3,580,000														2011/12	25	2035/36
Tern Valley					2,000,000																2010/11	35	2044/45
		8,580,000	**3,000,000**	**0**	**2,000,000**	**0**	**3,580,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**			
Highways	24/02/06	2,000,000	2,000,000																		2007/08	20	2026/27
Accommodation Changes	24/02/06	650,000	410,200	39,800																	2007/08	6	2012/13
Accommodation Changes - Saving	31/03/07	(200,000)																					
		450,000	**410,200**	**39,800**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**			
The Ptarmigan Building	05/11/09	3,744,000				3,744,000															2010/11	25	2034/35
The Mount McKinley Building	05/11/09	2,782,000				2,782,000															2011/12	25	2035/36
The Mount McKinley Building	05/11/09	0					-														2011/12	5	2015/16
Capital Strategy Schemes - Potential Capital Receipts shortfall	25/02/10	187,600					-	-	-	0	-	-	-	-	0.00	-						25	
- Desktop Virtualisation						187,600	-														2010/11	5	2014/15
Carbon Efficiency Schemes/Self Financing	25/02/10	1,512,442					115,656	1,312,810	83,976	-	-	-	-	-	0.00	-					2011/12	5	2017/18
Transformation schemes		92,635						92,635	-	-											2012/13	3	2014/15
Renewables - Biomass - Self Financing	14/09/11	92,996						82,408	98,258	(87,670)	-										2014/15	25	2038/39
Solar PV Council Buildings - Self Financing	11/05/11	56,342						1,283,959	124,584	(1,352,202)	-										2013/14	25	2038/39
Depot Redevelopment - Self Financing	23/02/12	0							-	-	-										2014/15	10	2023/24
Oswestry Leisure Centre Equipment - Self Financing	04/04/12	124,521						124,521													2012/13	5	2016/17
Leisure Services - Self Financing	01/08/12	711,197							711,197												2013/14	5	2016/17
Mardol House Acqusition	26/02/15	4,160,000									4,160,000	-									2015/16	25	2039/40
Mardol House Adaptation and Refit	26/02/15	3,340,000									167,640.84	3,172,358.86	-	-	0.00	-					2016/17	25	2041/42
Oswestry Leisure Centre Equipment - Self Financing	01/08/12	290,274												274,239		16,035					2018/19	5	2022/23
Car Parking Strategy Implementation		590,021													588,497.06	1,524					2020/21	5	2024/25
JPUT - Investment in Units re Shrewsbury Shopping Centres		55,108,080												52,204,603	-208,569.18	2,791,967	320,079				2018/19	45	2042/43
JPUT - SSC No 1 Ltd		527,319												527,319									
CDL Shareholding																	1						
Children's Residental Care		2,000,000														1,381,539	230,765	387,697			2020/21	25	2044/45
Pride Hill Shopping Centre Reconfiguration		10,860,807															434,027	7,184,669	3,242,111		AUC	25	
Greenacres Supported Living Development		3,125,000																1,812,500	1,312,500		AUC	25	
Bishops Castle Business Park	19/09/19	3,108,999															2,900	1,175,442	1,132,205	798,452	2023/24	25	2044/45
Whitchurch Medical Practice (Pauls Moss Development)	26/07/18	3,778,000																	3,778,000		2023/24	25	2047/48
Oswestry Castleview - Site Acquisition	19/12/19	3,256,241														3,256,241					2020/21	25	2044/45
DVSA Site Acquisition		1,200,000																1,200,000			2022/23	25	2045/46
NCP Car Park, Wyle Cop, Shrewsbury		3,983,620																3,983,620			2022/23	25	2045/46
Former Morrisons Site, Oswestry	19/09/19	3,390,145															3,390,145				2021/22	25	2045/46
Commercial Investment Fund	Fin Strat 19/20	21,946,806																6,946,806	10,000,000	5,000,000	2021/22	25	2045/46
The Tannery Development - Student Block		7,445,188													3,677,843.83	3,456,019	311,325				2019/20	25	2045/46
Previous NSDC Borrowing		955,595			821,138	134,457															2009/10	5/25	2065/66
		149,399,827	**5,410,200**	**39,800**	**2,821,138**	**6,848,057**	**3,695,656**	**2,896,333**	**1,018,015**	**(1,439,872)**	**4,327,641**	**3,172,359**	**0**	**53,006,161**	**4,057,772**	**10,903,325**	**4,689,242.81**	**22,690,734**	**19,464,816**	**5,798,452**	(1)		
				-	-			()	()	()	()	()	()	-	0.00	(1)			-	-			

£80m investment fund - reduced to £45m 2021/22 budget setting 45,000,000

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Appendix D

Economic Update

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

There was a major shift in the tone of the MPC's minutes at the September meeting from the previous meeting in August which had indicated that some tightening in monetary policy was now on the horizon, however, they did not want to stifle economic recovery by increasing the Bank Rate too soon. In his press conference after the August MPC meeting, Governor Andrew Bailey said, the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs and that the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment. In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, in other words, the MPC had been prepared to look through a temporary spike in inflation.

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

Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in December 2021. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.

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

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

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

In the US, during the first part of the year, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020. Financial markets were alarmed that all this stimulus was happening at a time when: -

1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy has been growing strongly during 2021.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash strong inflationary pressures. This could then force the Federal Reserve Bank (Fed) to take much earlier action to start increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that in the September Fed meeting, Fed members again moved forward their expectation of when the first increases in the Fed rate will occur. In addition, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of stronger jobs growth figures could be enough to meet the threshold set by the Fed of substantial further progress towards maximum employment for a first increase in the Fed rate.

A further concern in financial markets is when will the Fed end QE purchases of treasuries and how will they gradually wind them down. These purchases are currently acting as a downward pressure on treasury yields. In his late August speech at the Jackson Hole conference, Fed Chair Powell implied that the central bank plans to start tapering its asset purchases before the end of this year. But the plan is conditional on continued improvement in the labour market, which the August employment report suggests is proceeding more slowly than the Fed anticipated. That may mean that any announcement of tapering is pushed back, possibly even into early 2022.

As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Inflationary pressures and erosion of surplus economic capacity look much stronger in the US compared to those in the UK, which would suggest that Fed rate increases are likely to be faster and stronger than Bank Rate increases in the UK. Nonetheless, any upward pressure on treasury yields could put upward pressure on UK gilt yields too.

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

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

Economic Forecast

The Council receives its treasury advice from Link Asset Services. Their latest interest rate forecasts are shown below:

Link Group Interest Rate View												
	Now	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Bank Rate	0.10%	0.25%	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
5yr PWLB Rate	1.45%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.90%
10yr PWLB Rate	1.74%	1.80%	1.90%	1.90%	2.00%	2.00%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%
25yr PWLB Rate	1.96%	2.10%	2.20%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.60%
50yr PWLB Rate	1.67%	1.90%	2.00%	2.10%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.40%

Bank coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.
As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 4 of 2021/22, a second increase to 0.50% in quarter 2 of 22/23 and a third one to 0.75% in quarter 4 of 22/23.

Significant risks to the forecasts

- COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.
- The pandemic causes major long-term scarring of the economy.
- The Government implements an austerity programme that supresses GDP growth.
- The MPC tightens monetary policy too early – by raising Bank Rate or unwinding QE.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.

- Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market sell-offs on the general economy.
- Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.

The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Borrowing

It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy. A list of the approved limits is shown in Appendix B. The Prudential Indicators were not breached during the second quarter of 2021/22 and have not been previously breached. The schedule at Appendix C details the Prudential Borrowing approved and utilised to date.

No new external borrowing has currently been undertaken to date in 2021/22, although discussions are currently being held at the Capital Investment Board where outline business cases are being considered. The schemes being considered are already within the current authorised borrowing limits in place. In the event the authorised borrowing limits need to be amended, this will be reported to Council for approval. The table below illustrates the low and high points across different maturity bands for borrowing rates for the first six months of the financial year

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

Debt Rescheduling

Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. During the first six months of the year no debt rescheduling was undertaken.

Committee and Date	Item
Cabinet 5 January 2022	

Community Asset Transfer
Rad Valley Scout & Guide HQ

Responsible Officer: Mark Barrow, Director of Place
Email: mark.barrow@shropshire.gov.uk **Tel:** 01743 258919

1. Synopsis

Copthorne Scout & Guide Management Committee have requested a 99-year lease in the form of a Community Asset Transfer of the Rad Valley Community Centre, Copthorne, Shrewsbury. The transfer will enable them to access grant funding to repair the roof.

2. Executive Summary

2.1. Through the Community Asset Transfer (CAT) policy the Asset Management team work with the voluntary sector to enable the transfer of suitable land and buildings to community groups and organisations. The policy enables the release of non-core assets - through freehold transfer or leasehold transfer - to communities; reducing revenue and maintenance burdens, and enabling assets to be developed and enhanced by and for the local community.

2.2. An application from The Copthorne Scout & Guide HQ Management Committee ("the Organisation") has been made in respect of the Rad Valley Scout & Guide HQ, Rad Valley Road, Copthorne Shrewsbury, for a CAT in excess of 25 years.

2.3. The application has been reviewed by the Director of Place who has determined that the application meets the CAT policy and thus contributes to the Council's aims and objectives.

2.4. The recommendation is therefore to transfer the asset to the organisation by way of an appropriate transfer.

3. Recommendation

3.1. **That the Organisation is granted a 99-year lease as a Community Asset Transfer with delegated authority to the Head of Property & Development to agree the terms of the transfer and complete the lease to ensure compliance with State Aid/Subsidy Control Rules and the Council's legislative obligations.**

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. A CAT panel comprising of Shropshire Council Property and Development officers assessed the Organisation's application. Reviewed with reference to, and in accordance with, the CAT policy, the panel determined that the application meets the requirements of the policy and contributes to the Council's aims and objectives. A summary of the panel's findings and recommendations to the Director of Place is in Appendix A.

4.2. The Organisation erected the building on former SABC land. It has provided Scouting and community services from the building since 1974. The Organisation has public support and has demonstrated ongoing demand for local scout and guide membership in the local area.

4.3. The Scouting movement has a proven record of helping young people develop and improve key life skills. The organisation is inclusive and community focused; membership is available to all children and young adults aged between 6 and 18, as well as adults.

4.4. The Organisation has a clear management structure, and a range of experiences and professions are represented on the management team. The Organisation has managed their current HQ for over 40 years; they have the skills and experience to manage the asset.

4.5. The asset transferred to Shropshire Council as part of the 2009 Local Government reorganisation. The lease agreed between the Organisation and SABC cannot be traced, but is likely to have several years unexpired. Any transfer would be on the basis of existing agreements being terminated thus protecting the Council's position for the future.

4.6. The building requires investment. The flat roof is in particularly poor state of repair due to age. But without security of tenure, external funding opportunities for the Organisation are limited. A long leasehold transfer of 99 years will give that security to the Organisation. Better access to funding will enable the Organisation to better meet community need by increasing quality and quantity of provision, through refurbishing and upgrading the building.

4.7. The freehold ownership will remain with the Council to ensure long-term community use and benefit.

4.8. As the Organisation is likely to have a protected tenancy, if the CAT is not progressed, the Council will need to negotiate another form of lease to clarify responsibilities.

5. Financial Implications

5.1. The organisation already operates and maintains the building, therefore a transfer of the asset has no revenue cost or saving financial impact to the Council.

5.2. The transfer will increase opportunities for the Organisation to access external funds (some of which are unavailable to Shropshire Council) to improve the asset.

5.3. The Planning Authority have confirmed the site could be suitable for alternative uses, including residential or commercial use. The Council would be foregoing a potential capital receipt in allowing the transfer to take place, but if located, the current lease may preclude a capital receipt for several years in any event. A capital receipt would only be possible by evicting the Organisation who have provided a valuable community service since 1974.

5.4. The proposed grant of the lease for a peppercorn is a sum that is less than market value for a lease of the building. The disposal by way of the grant of the lease at a peppercorn rent is covered by the Circular 6/03 Local Government Act 1972 General Disposal Consent 2003. This consent allows for the disposal of a property at less than best consideration where the disposal contributes to the promotion or improvement of one or more of economic, social and environmental wellbeing in the Council's area and where the difference in value is less than £2 million.

5.5. The proposed transfer will be structured so it complies with State Aid/Subsidy Control rules under an appropriate exemption as a sport and multi-functional recreational development

6. Climate Change Appraisal

6.1. Government grants may be available to upgrade the heating, lighting and insulation of the building to reduce carbon emissions and energy costs and to fit solar panels to help further reduce energy costs. The purchaser will be encouraged to work with the Energy Savings Trust, the Shropshire Climate Action Partnership or other sources of trusted advice to identify potential improvements and explore potential funding opportunities.

7. Background

7.1. Contributing to the Council priority of *sustainable places and communities,* The CAT policy meets the following Asset Management Strategy objectives:

- Treating all assets strategically and corporately
- Empowering communities to thrive

7.2 The policy aligns with the following organisational principles:

- Put Shropshire back into the community
- Focus on outcomes for customers
- Make decisions based on current data and intelligence
- Provide value for money
- Continuously improve performance
- Empower effective collaborations for positive change

8. Additional Information

8.1. None.

9. Conclusions

9.1. A lease needs to be put in place to reflect the Organisation's occupation.

9.2. A Community Asset Transfer is considered an appropriate leasing arrangement given the nature of the Organisation and its alignment with CAT policy and corporate aims and objectives.

9.3. The CAT policy provides a framework and guidance to assess which transfers are viable and implement their transfer. The proposed transfer has been determined as viable.

9.4. The policy requires that before implementation, viable asset transfers of more than 12 years are approved by Cabinet.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Shropshire Council Community Asset Transfer Policy

CAT Director Approval Report

Cabinet Member (Portfolio Holder)
Cllr Dean Carroll – Portfolio Holder for Corporate and Commercial Support

Local Member

Appendices
Appendix A – Indicative location plan of site

Appendix B – Director Report

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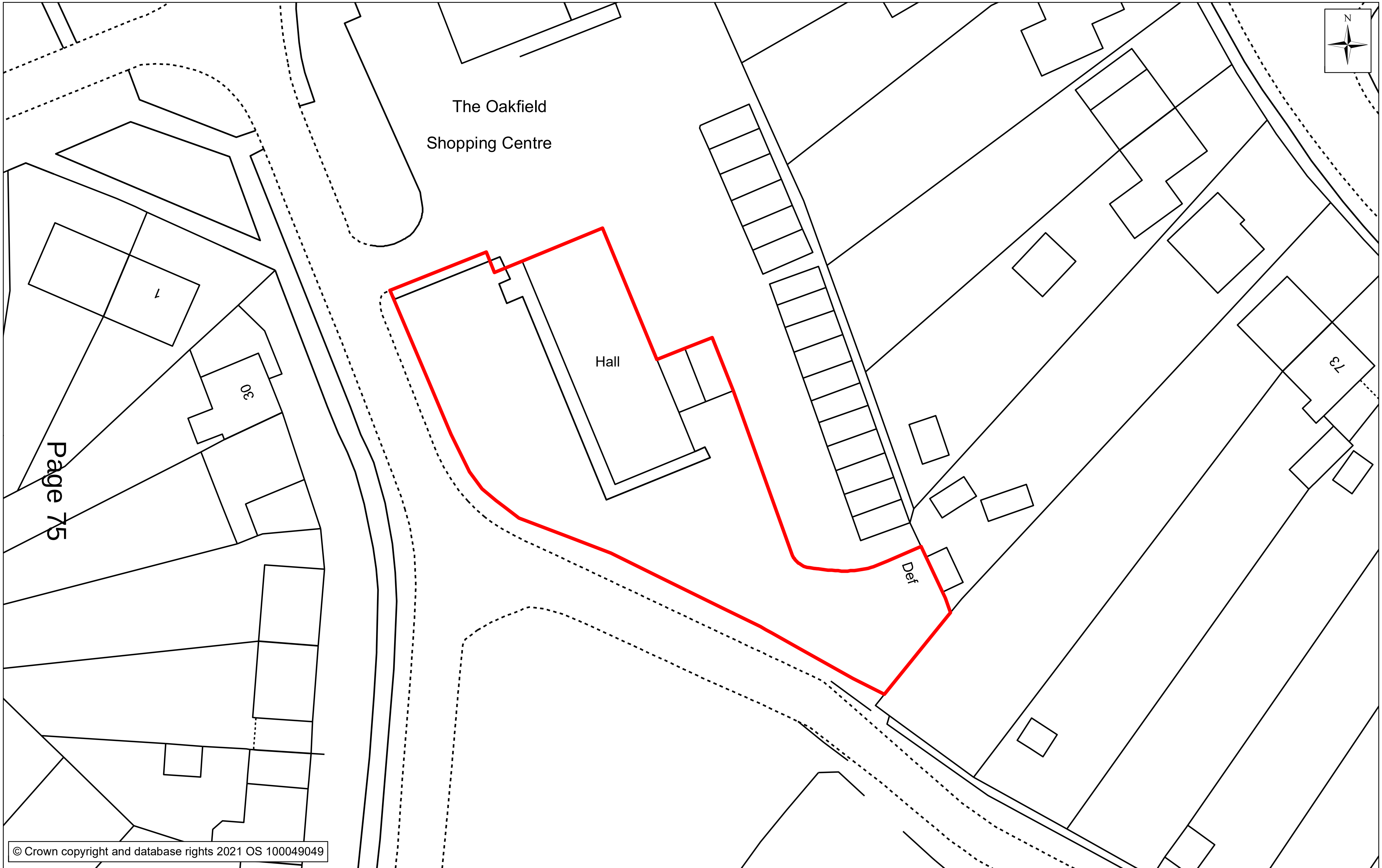

Shropshire Council

Property and Development
Shirehall, Abbey Foregate
SHREWSBURY
SY2 6ND

Title: Community Hall on Rad Valley Road, Copthorne

Drawing No:	
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Date:	13.08.21
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COMMUNITY ASSET TRANSFER: RECOMMENDATION TO DIRECTORS

SHROPHIRE COUNCIL – Property & Development Asset Management

Asset:	**Rad Valley Scout & Guide HQ**
Applying organisation:	**Copthorne Scout & Guide HQ Management Committee**
Proposed use:	**Scout and Guide Hut**
Proposed transfer duration:	**99 year lease**
Estimated annual saving to Council:	**£0, The Council currently incurs no expense in relation to this property**
Report author and date:	**Leela Cottey, 03 November 2021**
Reporting to:	**Mark Barrow, Director of Place**

Panel

Chair	Leela Cottey	Strategic Asset Manger
Assets and Estates	Keith Parry	Senior Estates Surveyor
Finance Officer	Jim Evans	Finance Officer
Administration	Carol Mills	Assets Officer CRTB & CAT

1.0 Purpose of the Report

1.1 As part of the Council's core objective to strengthen our local towns and villages, the Strategic Asset Management team are working with the voluntary sector, to enable the transfer of suitable land and buildings to community groups and organisations. The Community Asset Transfer (CAT) policy provides a framework and guidance to assess which transfers are viable and implement their transfer.

1.2 The Community Asset Transfer (CAT) policy provides a framework and guidance to assess which transfers are viable and implement their transfer. The policy contributes to the Council's objectives as set out in the Asset Management Strategy Section 5: *Commission and work in partnership to empower communities. Release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets.*

1.3 This report summarises the assessment of the application made by the Copthorne Scout & Guide HQ Management Committee in respect of the Rad Valley Scout & Guide HQ, Rad Valley Road, Copthorne, Shrewsbury. Following consideration of the report and the supporting information it is requested that the responsible officer determines whether the CAT is approved to go the appropriate formal decision making.

1.4 Whilst the facility is not on the Council's Community Asset Transfer list, it was determined by the Head of Property and Development that the appropriate route for progression was via the CAT policy.

1.5 This report represents an internal briefing for the Director of Place in order for the transfer to be approved to move to the final decision making. Due to the potential transfer being longer than 10 years, the formal decision making will be taken to Cabinet, subject to the approval of this report.

2.0 Recommendations and Further Action Required

2.1 The panel has determined that the application meets the requirements of the Council's CAT policy. The recommendation is for the Director of Place to approve the transfer to proceed to Cabinet approval, noting that in doing so a potential capital receipt may be forfeited.

2.2 If approved it is requested that the Director of Place instructs the relevant officers to undertake the monitoring as specified in section 7, and to permit the panel to terminate the CAT should they determine that the policy requirements are no longer being met.

3.0 Qualifying Organisation

3.1 The panel assessed if the organisation meets the qualifying criteria as set out in the Policy:

Criteria	Panel Assessment	Related Documents
A qualifying organisation	The Rad Valley Scouts and Guides are a part of bigger national associations in the form of (i) The Scouts Association (Charity ref. 306101) and (ii) The Guides Association (Charity ref. 306016). Both organisations are aware of and support the actions of the Rad Valley Scouts and Guides.	Formal Expression of Interest, Business Plan
Aims to deliver social, economic or environmental benefits	The organisation meets the requirements. The Scouting movement was founded in 1908 and has a proven record of helping young people develop and improve key life skills. The organisation has been providing Scouting in the building since 1974.	Formal Expression of Interest, Business Plan
Directly benefits the people of Shropshire	The organisation meets the requirements. Membership is available to all children aged between 6 and 18, as well as adults.	Formal Expression of Interest, Business Plan
Benefits as wide a range of local people as possible within the community in which the asset is located	The organisation meets the requirements. The building is currently used for Scout, Cubs Beavers, Rangers, Guides, two Brownie units and a Rainbow group. Plus a toddler group, dance group, craft group, polling station and many private hires by local people. The transfer will allow the organisation to secure funding to refurbish and upgrade the facility, to further improve capacity and quality of provision.	Formal Expression of Interest, Business Plan
The proposed use of the asset will not adversely impact on activities of facilities already provided in the community	The organisation already operates in the building. There would be no overall change to the local situation.	

4.0 Assessment against CAT criteria

4.1 The panel assessed the organisation's business plan against the criteria set out in the Policy:

Criteria	Panel Assessment	Related Documents
A clear community/social demand for the proposed CAT	The organisation has operated in the area for over 40 years. The property requires a substantial expenditure on a replacement roof covering to bring it up to an acceptable standard. The organisation have been managing the building since 1974, a lease was agreed with the former SABC but a copy cannot be found, a formal lease will enable the organisation to apply for and attract grant funding that is currently inaccessible.	Business Plan

The capacity to manage the asset and have directors or management	The organisation erected and maintain the building. The organisation has a clear management structure. A range of experiences and professions are represented on the management team. The organisation has managed the current HQ for over 40 years.	Formal Expression of Interest, Business Plan
Good governance arrangements, robust financial systems	The organisation has a management committee, with a named chairperson, secretary and treasurer. Termly meetings are held, although no formal minutes are kept. The organisation is governed by the Scout Association, who endorse the CAT application. The wider organisation has policies on equal opportunities, health and safety, and volunteers. The organisation has a financial management policy in place. Accounts are not audited, but given the governance in place the panel determine that for this application this is acceptable.	Formal Expression of Interest, Business Plan
The ability of the VCO to contribute towards the Council's objectives	In accordance with the Council's Asset Management Strategy Section 5: The Council's Principles and Priorities: Commission and work in partnership to empower communities. To release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets.	Asset Management Strategy

4.2 The panel identified the following issues which required further discussion and resolution:

Issue	Resolution
The building was built in the early 1970's. It is constructed of a single skin concrete block outer wall and a gently sloping felted roof with skylights installed. The Management Committee has spent a substantial amount of money over the years in maintaining the building through ongoing actions such as painting the exterior to replacing the windows with double glazed units, reinforcing the skylights etc but the roof of the building is in a poor state of repair and requires urgent work	A formal lease will enable the organisation to apply for and attract funding currently inaccessible.
The Planning Authority have said the land may be suitable for alternative uses including residential or commercial development therefore in agreeing to the transfer the council would be foregoing a potential capital receipt	The CAT panel has identified and is confident there is significant community benefit from the continued use of the building on this land and the existing lease, if it could be found, may well prevent or defer any possibility of a capital receipt in any event. The panel's view is that the community benefit of the application outweighs the potential for a capital receipt.

5.0 Proposed Lease Agreement

5.1 Proposed lease agreement is as follows:

Item	Detail	Reason
Lease type/duration	99 year ground lease	To enable the organisation to secure funding and realise long-term plans for the building and its use.

£ per annum	£1	The organisation does not run on a commercial basis. Any profit is invested back into the building and for the development of Scout activities in/from it.
Repairs, maintenance and insurance responsibilities transferred to organisation	Yes	Organisation are already responsible for these items
Associated Service Agreement	N/A	

5.2 Rent is proposed below market value, because the organisation does not run on a commercial basis. Any profit is invested back into the building and Scouting activities. The proposed transfer complies with State Aid rules.

5.3 The terms proposed in this lease are follows:

Item	Detail	Reason
1	The premises are the land and building at Rad Valley Road, Copthorne SY3 8AL as shown for the purpose of identification only edged red on the attached plan.	To give clarification
2	Any existing leases, licences or other agreements relating to the current occupation of these premises by the tenant will be surrendered simultaneously upon the grant of the new lease.	To give clarification
3	The new lease shall be for a period of 99 years and will commence on completion of the formal agreement.	To enable the organisation to secure funding and realise long-term plans for the building and its use
4	The rent shall be £1 per annum, if demanded.	The organisation does not run on a commercial basis. Any profit is invested back into the building and for the development of Scout activities in/from it.
5	The premises shall be used for the provision of a base for the Copthorne Scouts and Guides and any associated groups. The premises can also be hired out to other not for profit organisations (which for the avoidance of doubt includes local councils) offering other activities that benefit the local community at hiring charges that cover but do not exceed the tenant's commensurate costs in running the building and providing the permitted services.	To ensure that the facility continues to benefit the local community, whilst enabling the organisation to work with other local groups and obtain an income to aid ongoing building maintenance.
6	The tenant can terminate the lease at any time by giving 12 months written notice. In the event that the lease is terminated, the premises are to be handed back in good repair and condition.	To ensure that the facility continues to benefit the local community
7	The lease can be terminated by Shropshire Council by written notice following a breach by the tenant of any of the tenant's covenants provided that the tenant has first been given written notice of the breach and given reasonable time to rectify the breach.	To ensure that the facility continues to benefit the local community
8	The lease can be terminated by Shropshire Council by six months written notice at any time if at least 75% the premises are no longer mostly or entirely used on a regular and frequent basis for some or all of the following :- a base	To ensure that the facility continues to benefit the local community

	for the Copthorne Scouts and Guides (and associated groups) or other not for profit activities that benefit the local community.	
9	Assignment and sub-letting are prohibited but in the event that the premises are not fully required for the permitted uses in 5 above, the tenant will be permitted to hire the premises to commercial users provided that the hiring charges for such use is set at a commercial rate and all income generated is reinvested in the building.	To ensure that the facility continues to benefit the local community
10	The tenant will keep detailed records of all users of the facilities including dates, times, numbers attending and hiring charges and these records are to be made available to the landlord upon request.	To ensure that the facility continues to benefit the local community
11	The Tenant is to be responsible for all repairs maintenance and decoration of the building, both internal and external and to replace any fixtures & fittings which may become beyond repair during the period of the tenancy.	Standard clause
12	The Tenant is to keep all machinery, equipment and sanitary apparatus upon the demised premises properly maintained in good working order.	Standard clause
13	Any structural alterations will be subject to Landlord's prior written consent (which shall not be unreasonably withheld) and the Tenant complying with any reasonable conditions imposed by the Landlord.	Standard clause
14	The tenant will be responsible for insuring the building and also for arranging public liability insurance to a minimum of £5 million and will provide the landlord with an annual copy of the insurance certificates.	Standard clause
15	The Tenant is to indemnify the Landlord against any claims, proceedings or demands and the cost of expenses incurred thereby which may be brought against the Landlord by any employees, agents or visitors of the Tenant in respect of any accident, loss or damage whatsoever to persons or property howsoever caused or occurring in or upon the property.	Standard clause
16	The Tenant to be responsible for paying all existing & future taxes, rates, assessments, duties, charges, impositions & outgoings (including electricity, gas, water & other services consumed or used at or in relation to the Premises) of every kind payable by law, charged, assessed or imposed upon the Demised Premises or upon the owner or occupier.	Standard clause
17	The Tenant is to be responsible for the statutory testing of all plant & equipment including, if appropriate, legionella, asbestos, gas & electrical checks & statutory engineering insurance inspections and will provide the landlord with an annual copy of the resulting certificates.	Standard clause
19	The tenant will arrange for a fire risk assessment to be carried out and updated as appropriate by a suitably	Standard clause

	qualified person and will forward a copy of any such assessment and associated action plan to the Landlord.	
20	The Tenant is not to use on the premises any electrical equipment which has not been tested by an approved NICEIC electrical contractor and confirmed as being safe to use.	Standard clause
21	The lease is to be subject to any rights of way which may already exist across the premises.	To ensure rights of way are maintained for adjacent users/owners

6.0 Service Agreement

6.1 A Service Agreement is not required.

7.0 Monitoring

7.1 The Panel have considered the monitoring requirements of the asset transfer to ensure that the organisation meets its obligations and that the community benefit is realised. The following monitoring is recommended:

Item	Monitoring Method	Owner	Monitoring Schedule/Frequency	Output / Reporting / Recording Method
Ensure stated community benefit is being realised	Contact with organisation and local community	Finance Officer	Annually	Report issued to CAT panel and Strategic Asset Manager
Check rent level is appropriate to organisation's (non)commercial standing	Review yearly financial accounts	Finance Officer in consultation with Estates	Annually	Community Enablement Officer writes to panel to confirm assessment; adjustment of rent levels as required.
Ensure building is being satisfactorily maintained	Inspection by Council Building Surveyor	Strategic Asset Manager	5-yearly	Report issued to Strategic Asset Manager

8.0 Appendices

Ref.	Document Name
8.1	Community Asset Transfer Policy and Guidance for Applicants
8.2	Initial Expression of Interest Application
8.3	Formal Expression of Interest Application
8.4	Outline Business Plan
8.5	Site plan

9.0 Director Response

9.1 Approved

Signed Date 4 November 2021

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Agenda Item 12

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