

23 December 2020

Committee Executive

Date Wednesday, 6 January 2021

Time of Meeting 4:00 pm

This is a remote meeting in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Members of the public will be able to view this meeting whilst it is in session by clicking on the link that will be available on the [Agenda publication](#) page immediately prior to the commencement of the meeting.

Agenda

1. ANNOUNCEMENTS

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.

3. DECLARATIONS OF INTEREST

Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.

4. MINUTES

1 - 12

To approve the Minutes of the meeting held on 18 November 2020.



Item	Page(s)
5. ITEMS FROM MEMBERS OF THE PUBLIC	
To receive any questions, deputations or petitions submitted under Rule of Procedure 12.	
<i>(The deadline for public participation submissions for this meeting is 30 December 2020).</i>	
6. EXECUTIVE COMMITTEE FORWARD PLAN	13 - 17
To consider the Committee's Forward Plan.	
7. MEDIUM TERM FINANCIAL STRATEGY	18 - 41
To recommend to Council the adoption of the Medium Term Financial Strategy.	
8. NOTICE OF MOTION: SUPPORT FOR LOCAL ELECTRICITY BILL	42 - 58
To consider the recommendation of the Overview and Scrutiny Committee in respect of the Motion.	
9. COMMUNITY FUNDING SCHEME / S106 PANEL	59 - 62
To approve a new Community Funding Grants scheme as a way forward to allocate outstanding funds for future community projects and to approve the amended composition of the S106 Panel.	
10. LOCAL DEVELOPMENT SCHEME UPDATE	63 - 69
To adopt the updated Local Development Scheme for Tewkesbury Borough.	
11. SEPARATE BUSINESS	
The Chair will move the adoption of the following resolution:	
That under Section 100(A)(4) Local Government Act 1972, the public be excluded for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.	
12. SEPARATE MINUTES	70 - 73
To approve the separate Minutes of the meeting of the Committee held on 18 November 2020.	
13. EXTENSION TO THE COUNCIL'S CONTRACT WITH UBICO LTD	74 - 79
<i>(Exempt – Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person (including the authority holding that information))</i>	
To consider an extension of the current contract and make a recommendation to Council.	

DATE OF NEXT MEETING
WEDNESDAY, 3 FEBRUARY 2021

COUNCILLORS CONSTITUTING COMMITTEE

Councillors: R A Bird (Chair), G F Blackwell, M Dean, M A Gore, D J Harwood, E J MacTiernan, J R Mason (Vice-Chair), C Softley, R J Stanley, M G Sztymiak and R J E Vines

Substitution Arrangements

The Council has a substitution procedure and any substitutions will be announced at the beginning of the meeting.

Recording of Meetings

In accordance with the Openness of Local Government Bodies Regulations 2014, please be aware that the proceedings of this meeting may be recorded.

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Executive Committee held remotely on
Wednesday, 18 November 2020 commencing at 4:00 pm**

Present:

Chair
Vice Chair

Councillor R A Bird
Councillor J R Mason

and Councillors:

G F Blackwell, M Dean, M A Gore, D J Harwood, E J MacTiernan, C Softley, R J Stanley,
M G Sztymiak and R J E Vines

also present:

Councillor K J Cromwell

EX.45 ANNOUNCEMENTS

- 45.1 The Chair advised that the meeting was being held under the emergency provisions of the Coronavirus Act 2020 and, specifically, The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. The meeting was being broadcast live via the internet, it was not being recorded by the Council but, under the usual transparency rules, it may be being recorded by others.
- 45.2 The Chair welcomed the Manager of the Counter Fraud Unit, who was in attendance for Agenda Items 7 – Corporate Enforcement Policy – and 8 – Regulation of Investigatory Powers (RIPA) / Investigatory Powers Act Policies and Councillor Cromwell who, as Chair of the Overview and Scrutiny Committee, was in attendance for Agenda Item 9 – Council Plan Performance Tracker and COVID-19 Recovery Tracker – Quarter One 2020/21.

EX.46 DECLARATIONS OF INTEREST

- 46.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.

46.2 The following declarations were made:

Councillor	Application No./Item	Nature of Interest (where disclosed)	Declared Action in respect of Disclosure
M Dean	Item 12 – Wormington Village Hall Grant Update.	Had been involved in discussions about the grant but the area was not in his Ward.	Would not speak or vote and would leave the meeting for the consideration of this item.
M G Sztymiak	Item 13 – Tewkesbury Together 2021.	Was a Member of Tewkesbury Town Council, which was part of Tewkesbury Together, but he was not on the Steering Group or involved with the organisation.	Would speak and vote.

46.3 There were no further declarations made on this occasion.

EX.47 MINUTES

47.1 The Minutes of the meeting held on 21 October 2020, copies of which had been circulated, were approved as a correct record.

EX.48 ITEMS FROM MEMBERS OF THE PUBLIC

48.1 There were no items from members of the public.

EX.49 EXECUTIVE COMMITTEE FORWARD PLAN

49.1 Attention was drawn to the Committee's Forward Plan, circulated at Pages No. 6-12. Members were asked to consider the Plan.

49.2 The Head of Corporate Services advised of two amendments which had been made since the publication of the Agenda: the Quarter Two Council Plan performance tracker and COVID-19 recovery tracker would not be considered by the Overview and Scrutiny Committee until its meeting on 12 January so this would go to the February meeting of the Executive Committee and the Money Laundering Policy would not be considered by the Audit and Governance Committee until 24 March so would be considered at the Executive Committee meeting on 31 March 2021.

49.3 Accordingly, it was

RESOLVED: That the Committee's Forward Plan be **NOTED**, subject to the following amendments:

- Council Plan Performance Tracker and COVID-19 Recovery Tracker – Quarter Two 2020/21 – to be moved from 6 January 2021 to 3 February 2021 to align with consideration by the Overview and Scrutiny Committee.
- Money Laundering Policy – to be moved from 6 January 2021 to 31 March 2020 to align with consideration by the Audit and Governance Committee which would not make its recommendation until March.

EX.50 CORPORATE ENFORCEMENT POLICY

50.1 The Chair welcomed the Manager of the Counter Fraud Unit to the meeting and in presenting the report, circulated at Pages No. 13-20 which detailed the policy, she explained that it was relatively legislative but was an overarching policy that had been prepared in partnership with One Legal to deliver a prosecution policy. The policy did not go into great detail with regard to each service area as they would all retain their own specific enforcement policies, however, if a member of the public was looking at what the Council could enforce, this explanatory document would cover this and outline the areas where the Council could undertake enforcement action, how it did that and what tests it applied when taking such action.

50.2 Upon being put to the vote, it was

- RESOLVED:**
1. That the Corporate Enforcement Policy be **APPROVED**.
 2. That the Head of Corporate Services, in consultation with the Counter Fraud Unit Manager, the Borough Solicitor and the Lead Member for Corporate Governance, be authorised to approve future minor amendments.

EX.51 REGULATION OF INVESTIGATORY POWERS (RIPA) / INVESTIGATORY POWERS ACT POLICIES

51.1 The report of the Borough Solicitor, circulated at Pages No. 31-81, provided the Committee with a revised Regulation of Investigatory Powers Act 2000 Surveillance and Covert Human Intelligence Source Policy; and a new Investigatory Powers Act 2016 Acquisition of Communications Data Policy. Members were asked to approve the policies and to authorise the Borough Solicitor to approve future minor amendments in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance.

51.2 The Counter Fraud Unit Manager advised that the local authority was required to have effective policies to enable Officers to gather intelligence and conduct surveillance in line with the law and the policies appended to the report refreshed

the Council's existing policies. The polices demonstrated the authority's consideration of necessity, proportionality and public interest when deciding on surveillance activity and requests for communication data, as well as demonstrating openness and transparency for its customers. The report also provided an update in relation to the authority's existing authorisation arrangements and the outcome of the recent inspection by the Investigatory Powers Commissioner's Office. In future, the Counter Fraud Unit would be responsible for the annual update, any policy refresh, and inspections.

51.3 Accordingly, it was

RESOLVED:

1. That the Regulation of Investigatory Powers Act 2000 Surveillance and Covert Human Intelligence Source Policy be **APPROVED**.
2. That the Investigatory Powers Act 2016 Acquisition of Communications Data Policy be **APPROVED**.
3. That approval of future minor amendments be delegated to the Borough Solicitor, in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance.

EX.52 COUNCIL PLAN PERFORMANCE TRACKER AND COVID-19 RECOVERY TRACKER - QUARTER ONE 2020/21

52.1 The report of the Chair of the Overview and Scrutiny Committee, circulated at Pages No. 82-168, asked Members to review and, if appropriate, take action on the observations of the Overview and Scrutiny Committee following its review of the Quarter One 2020/21 Council Plan performance tracker and COVID-19 recovery tracker information.

52.2 Attention was drawn to the observations made by the Overview and Scrutiny Committee, attached at Appendix 1 to the report, and the Council Plan Performance Tracker, attached to the report at Appendix 2. The Overview and Scrutiny Committee Chair reminded the Executive Committee that the figures were for the first quarter of 2020/21 and, as such, had been wholly affected by the COVID-19 pandemic. This was also the first time the COVID-19 corporate recovery plan performance tracker had been considered by Members and that was attached to the report at Appendix 3. The financial information for the quarter was attached at Appendices 4-7.

52.3 Members had been provided with a summary of the key areas discussed by the Overview and Scrutiny Committee and the Chair of that Committee indicated that it had been the consensus of Members that it was difficult to scrutinise and hold to account actions that had not been progressed given the significant challenges of the COVID-19 pandemic. It had been suggested that there may be a clearer picture at quarter two, however, operationally the Council was now into quarter three and, as a result of the second national lockdown, some areas of the Council were back into response mode. The Head of Corporate Services, when presenting the report, had caveated that both the performance and recovery tracker actions could be impacted by further response work. Some key areas of discussion had included the commercial property investment portfolio in respect of which the Head of Finance and Asset Management had confirmed that, so far, the portfolio was holding up well and none of the tenants had reported any problems which was pleasing to hear; the rural housing needs assessment, during which it had been noted that the Gloucestershire Rural Partnership was being used to assist with the work and clarification would be sought to explain and justify the move in timescales from March 2020 to March 2023; the Joint Core Strategy and questions had been

asked about the implications of the government's White Paper on housing allocations and the duty to co-operate whereby the Head of Development Services had confirmed that work on the Joint Core Strategy would not be stopped because of the White Paper as the evidence work still needed to be undertaken and, whatever the eventual outcome on the reforms, this work was still necessary to inform the Council going forward. She had also stressed that, even if the duty to co-operate was abolished as proposed by the government, it did not mean the Council could stop working with its neighbours as this was actively encouraged to assess the spatial distribution of housing and employment - the message was still very much that Councils must work together and look at wider geographical areas and cross-boundary issues. Finally, in terms of sickness absence, a reduction in the number of days had been noted and it was felt could be partly due to more Officers working from home and feeling that they could continue to work in that way when, ordinarily, they would not have felt able to go into the Office – this needed to be monitored to understand if this was the case and to ensure Officers were supported and felt able to take time off to get better if it was necessary.

52.4 During the brief discussion which ensued, a Member thanked the Overview and Scrutiny Committee for its thorough questioning of the performance information and particularly for its queries regarding the Planning White Paper – she felt it was helpful to note that the Council would still need to work across boundaries to resolve issues so the duty to co-operate would never be completely abolished.

52.5 Accordingly, it was

RESOLVED: That the Overview and Scrutiny Committee's comments on the Council Plan Performance Tracker and COVID-19 Recovery Tracker for Quarter One of 2020/21 be **NOTED**.

EX.53 FINANCIAL UPDATE - QUARTER TWO 2020/21

53.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 169-194, highlighted a projected year-end deficit on the revenue budget and detailed the expenditure to date against both the capital programme and the approved reserves. Members were asked to consider the financial performance information for the second quarter of 2020/21.

53.2 Members were advised that this was the first report in the new format which forecasted to the year-end and it was hoped it would provide a more meaningful quarter end report. In addition, the Committee was advised that the report before it had been prepared prior to the latest lockdown so the information contained therein was likely to change as costs rose and income fell. The current year-end deficit was £329,000 which combined the impacts of COVID-19 with normal activities and additional grant funding from the government.

53.3 The Head of Finance and Asset Management drew particular attention to the surplus on employee costs of £642,401 which had been generated through staff vacancies across all services. COVID-19 meant there had been a delay to recruitment from the end of March, which may have left a greater number of posts open than normal, however recruitment processes were operating again with all remaining vacant posts in Development and Corporate out for recruitment. The Council had separately identified where costs had been incurred as a direct response to the COVID-19 pandemic with the aim being to demonstrate to central government the impact on the Council's revenue position and that, without additional financial support, those costs would have a significant impact on the reserves held by the Council. Those areas that had been identified included the Council's contractual requirement with Places Leisure, the purchase of 115 laptops to ensure staff could work from home effectively, the additional costs incurred by

Ubico as it responded to the COVID-19 pandemic and a significant increase in demand on services particularly supporting vulnerable people in the Borough whether that was residents who were shielding, those finding themselves homeless or those who were facing unemployment and required financial support. The deficit on income had been attributed to the COVID-19 pandemic and had resulted in planning income expected to be under budget by £276,000 including planning fees, land charges and street naming and numbering; £248,000 of lost income from car parks as all charges were suspended during the lockdown period; £69,000 of lost income from rental income since some businesses were closed during the lockdown period; £42,000 lost income on trade waste during the first half of the year as a significant number of customers businesses were closed and their accounts were suspended during the lockdown period; £33,000 budget deficit on licensing, particularly around lost renewals on vehicle and taxi licences as well as premises licences; £47,000 budget deficit on the recovery of housing benefit overpayments and, as the Courts had been closed, there had been no revenue from Council Tax summons which amounted to a £100,000 loss; and a potential £214,000 budget deficit on One Legal fees as third party clients had been focussed on response to the pandemic rather than day to day business requiring legal support – One Legal had originally anticipated significant growth during the financial year but the pandemic had not made that possible. Appendix A to the report attached a summary position for each Head of Service which showed the current variance against their budget. The government had allocated £1,247,602 of un-ringfenced additional funding in 2020/21 to support the Council's spending pressures and this had not been directly allocated to individual service areas but would be kept as additional general funding to support the Council's overall budget. The government was also providing revenue contributions to cover lost income which would help improve the revenue position. In terms of COVID-19 business grants, the local authority had been asked to administer the distribution of those grants the details of which were set out at Paragraph 2.5 of the report. Further schemes were likely to be announced if Tewkesbury Borough was moved into a higher COVID tier level so the Council would continue to inform and update Members on the COVID response, including the financial implications, on a quarterly basis. Based on the quarter two forecast, the Council was in a good position with only a relatively modest deficit forecast and it would benefit from a significant business rates collection fund surplus in the current year which could be used to meet that deficit. The balances remaining from the collection fund surplus would be allocated to reserves to meet the significant financial costs of balancing future year budgets. The capital budget position was shown at Appendix B and this currently set out an underspend against the profiled budget of £69,094. The reserves position was provided at Appendix C and showed a summary of the current usage of available reserves, and Appendix D attached the mid-year treasury management report.

53.4 Accordingly, it was

RESOLVED: That the financial performance information for the second quarter of 2020/21 be **NOTED**.

EX.54 CORPORATE PEER CHALLENGE - FINAL REPORT AND ACTION PLAN

54.1 The report of the Chief Executive, circulated at Pages No. 195-218, attached the final report and action plan following the Council's corporate peer challenge. The Committee was asked to recommend to Council that the peer review action plan be approved and that the monitoring of the action plan be undertaken by the Overview and Scrutiny Committee on a six-monthly basis.

54.2 The Head of Corporate Services explained that the results of the corporate peer challenge had been somewhat overshadowed by the COVID-19 pandemic. However, it was a significant piece of work for the Council so needed to be considered by Members. The report from the review team had been very positive about the Council and gave much for it to be proud of. A summary of the feedback could be found in the executive summary of the report and, as would be expected, there were some areas identified for improvement with five key recommendations that were summarised within Page No. 2 of the final report. The internal action plan comprised those recommendations and associated action points, as well as other less implicit recommendations, and that could be found at Appendix 2 to the report. The final report would be published on the Council's website and promoted by the Communications Team via a press release and social media messages and, in addition, all stakeholders who had participated during the challenge would receive a link to the report.

54.3 A Member indicated that some of the recommendations referred to the Garden Town and she felt it was helpful to note that this was a transforming programme which had moved on significantly since the corporate review. The Chair agreed and advised that the recommendations which had been made had largely not been a surprise but the small number of them had been great news following such an extensive and intensive exercise. He offered thanks on behalf of all Members to everyone who had been involved in the review process the outcome of which he thought was well deserved and a great reflection on the way Tewkesbury Borough Council worked as an authority, as well as its effort and professionalism. A Member questioned how much work the action plan would create for Officers at a time when they were already stretched with the response to the COVID-19 pandemic. In response, the Head of Corporate Services advised that no Officers had indicated they would not be able to address the actions, many of which were already being worked on. In addition, a Member noted that one of the things mentioned was the need for a succession plan for the Chief Executive and she queried whether this was being addressed; particularly as the current Deputy Chief Executive was about to leave the authority. The Chief Executive confirmed that, when the time came, he was sure the Council would be able to find a fantastic replacement, but he undertook to begin informal discussions with Members about this issue.

54.4 Accordingly, it was

RESOLVED:

That it be **RECOMMENDED TO COUNCIL:**

1. That the peer review action plan be **APPROVED**.
2. That monitoring of the action plan be undertaken by the Overview and Scrutiny Committee on a six-monthly basis.

EX.55 WORMINGTON VILLAGE HALL GRANT UPDATE

55.1 The report of the Head of Finance and Asset Management, circulated separately at Pages No. 1-4, set out discussions with both Wormington Village Society and the Chair of Dumbleton Parish Council and recommended the withdrawal of the offer of a community grant to Wormington Village Society. The Executive Committee was asked to approve the withdrawal of the £57,700 offer to the Society.

- 55.2 The Head of Finance and Asset Management explained that in January 2020, Members had received an annual update on capital grant schemes which remained outstanding and one of the updates presented was a grant offer to Wormington Village Society to support the development of a village hall in Wormington. The grant had been awarded in March 2013 and, since the offer had been made, the Wormington Village Society had been in discussion with Dumbleton Parish Council regarding the use of land where it was intended to build the new village hall. The land identified was in the ownership of Dumbleton Parish Council and, following the receipt of independent legal advice, a number of constraints had been identified by the Parish Council in relation to the use of the land for the proposed village hall which meant the scheme had been unable to proceed. Several meetings and exchanges of correspondence had taken place between the two parties, but no agreement had been reached. At the meeting in January, Members had agreed to a six-month extension to the grant to allow the Deputy Chief Executive to engage with the parties concerned to try and move the project forward; however, it had become clear from the outcome of those discussions that Dumbleton Parish Council had a firm position, supported by independent legal advice, and would not deviate from the advice given. With that in mind, the Deputy Chief Executive could not see how the proposed village hall project could progress.
- 55.3 During the discussion which ensued, Members agreed that seven years was plenty of time for the grant to have been available and the project to move forward so it seemed fair to withdraw it at this stage given no agreement could be reached. A Member questioned whether the money would be available for other community groups to bid for and, in response, the Head of Finance and Asset Management confirmed that the money was capital funding and as such could not be used for strengthening the COVID-19 community funding. The funding would sit in the capital programme unless the Council made a decision to remove it and it could remain there for as long as required. The Council's Community Funding Officer would be able to understand if there were any projects out there that could benefit from the money and Members would be able to direct appropriate projects to it.
- 55.4 Upon being proposed and seconded, it was

RESOLVED: That the grant offer of £57,700 previously made to Wormington Village Society be **WITHDRAWN**.

EX.56 TEWKESBURY TOGETHER 2021

- 56.1 The report of the Head of Development Services, circulated at Pages No. 219-221, outlined the aims for Tewkesbury Together, plus a proposal for potential funding from the Council. Members were asked to allocate £25,000 from reserves to support Tewkesbury Together 2021 and to delegate authorisation of the spend to the Head of Development Services and the Head of Finance and Asset Management, in consultation with the Lead Members for Finance and Asset Management and Economic Development/Promotion.
- 56.2 The Economic and Community Development Manager explained that 2021 was a momentous year for Tewkesbury as it would be 900 years since the consecration of the Abbey and 550 years since the Battle of Tewkesbury, and a Steering Group had been formed in the town to represent various organisations with the aim of putting together a programme of events to celebrate the significant date.

Unfortunately the planning had been somewhat hampered by COVID-19 and the uncertainty of what would and would not go ahead over the coming months, so there was not currently an agreed schedule of events in place; notwithstanding this, it had been requested that the Borough Council allocate a sum of £25,000 towards the 2021 celebrations. It was recommended that the Steering Group could then submit proposals for the funds which would be delegated to the relevant Heads of Service and Lead Members to approve.

56.3 During the discussion which ensued, a Member questioned what kind of events were planned and, in response, the Economic and Community Development Manager confirmed there were ideas for improving existing events as well as adding new ones such as light shows, school activities, public art, and sport and art events – unfortunately this was all dependent upon the situation with the pandemic. It was hoped that by next summer the world would be in a much better position and events could take place across the whole Borough to commemorate the occasions. In terms of the COVID-19 pandemic, a Member questioned what would happen to the funding if the Steering Group could not hold any events and she was advised that the proposals would come to the relevant Officers and Members for endorsement, so if no events took place, none of the money would be spent. The figure of £25,000 was considered to be a sensible figure but if the Steering Group submitted a proposal which cost slightly more than that would be considered under the delegation. A suggestion was made that the recommendation be amended to include a need for events to draw in the rest of the Borough but, in response, the Chief Executive confirmed that he was certain the organisers would want to engage people from across the whole Borough, as well as those further afield, given the significance of the celebration.

56.4 Accordingly, it was

RESOLVED:

1. That £25,000 be allocated from reserves to support Tewkesbury Together 2021.
2. That the Head of Development Services and Head of Finance and Asset Management, in consultation with the Lead Member for Finance and Asset Management and the Lead Member for Economic Development/Promotion, be authorised to spend the allocation.

EX.57 INFRASTRUCTURE FUNDING STATEMENT

57.1 The report of the Community Infrastructure Levy Manager for the Joint Core Strategy Authorities, circulated at Pages No. 222-249, updated the Committee on the preparation of the Infrastructure Funding Statement for 2020 including the required Infrastructure List. Members were asked to recommend to Council that the publication of the Infrastructure Funding Statement for 2020 be approved and to note that the annual Community Infrastructure Levy Rates Summary Statement would be published alongside the Infrastructure Funding Statement.

57.2 The Head of Development Services explained that the Infrastructure Funding Statement was a requirement of the Community Infrastructure Levy Regulations 2010 (as amended) because the Council had a Community Infrastructure Levy Charging Schedule. The Infrastructure Funding Statement consisted of four parts: Community Infrastructure Levy report; S106 report; Infrastructure List; and the Annual Community Infrastructure Levy Rates Summary Statement. It also included a list of infrastructure projects which were appended to the report. All figures within the Statement were factual and the contents were prescribed by the Regulations, so the Council did not have discretion to change them.

57.3 Members thanked the Officers for the very thorough report, and it was

RESOLVED:

That it be **RECOMMENDED TO COUNCIL:**

1. That the publication of the Infrastructure Funding Statement (IFS) for 2020 be **APPROVED**.
2. That it be **NOTED** that the Annual Community Infrastructure Levy (CIL) Rates Summary Statement will be published alongside the Infrastructure Funding Statement.

EX.58 REPLACEMENT PAY AND DISPLAY PARKING MACHINES

- 58.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 250-254, outlined a request for a capital budget of £117,000 to replace the ageing parking pay and display machines within the Borough Council's car parks. The Committee was asked to recommend to Council that the capital funding requested be approved and that authority be delegated to the Head of Finance and Asset Management to procure suitable parking pay and display machines that offered cash and card payment options with a remote back office function.
- 58.2 The Head of Finance and Asset Management explained that the Borough Council managed 10 car parks across Tewkesbury and Winchcombe towns which currently had an ageing stock of pay and display machines that had not been replaced for more than 13 years. The age of the machines was causing a lot of problems in terms of frequent breakdowns and difficulty in sourcing parts as well as the issue of not holding data centrally and offering a lack of functionality for payments etc. Replacing the machines would give an opportunity to offer card payment for users and remote access for Officers via a back-office portal which would receive live data of car park usage and any machine faults, as well as reducing the ongoing maintenance costs of the machines. The popularity of the Council's cashless system via 'Ringo' had been helpful and that, along with better machines, meant the current provision of 18 machines could be reduced to 12 as there would not be the requirement for more than one machine in the smaller car parks as a back up in case of breakdowns. The costs within the report were for the most expensive machines and the highest number that could be required; this was likely to be reduced considerably through the procurement process and as the number of machines was agreed. Any money that was not required would go back into balances.
- 58.3 Members agreed that the current machines were at the end of their life and needed replacing but some questioned whether they needed to have a cash option at all now people were much more used to contactless payments, it was felt this would also reduce the likelihood of vandalism of, and theft from, the machines. In response, the Head of Development Services agreed that the Council had seen a great uplift in the past few months of people using the payment app and the added functionality of contactless in the new machines would benefit many more people but there were still those that wanted to pay cash and it was felt that, particularly in the short to medium term, that ability should still be offered. Certainly, in the longer term it may be a consideration to move away from cash payments entirely. In terms of the security of the machines, this had improved significantly in recent years meaning they were far less likely to be broken into and, in addition, they were concreted into the ground so it was also difficult to steal the whole machine. In

terms of the funding, the Head of Finance and Asset Management agreed that it was a difficult balance given the Council did not have very much money to spend at the moment; however, the current machines were coming to the end of their useful life and the Council did have capital reserves to fund smaller projects such as this which should reduce the resources needed to ensure they were operational. In response to a query regarding the costs of collecting cash from the machines, the Head of Finance and Asset Management explained that the charge to the Council was made on the cash collected rather than physically having to go to empty the machines.

58.4 In terms of the costs of the machines, the Head of Finance and Asset Management confirmed that Officers had spoken to all of the main providers and from those three, the highest price had been used in the report so he was confident the procurement process would bring the project in at a lower cost. Back office costs would be included in the overall price so it was not just about the cost of the machinery and obviously the tenders would have to be assessed on a like for like basis to ensure the Council was achieving the best value for money. He was happy to provide Members with the informal quote received to date, but that information was liable to change as the Council went through the procurement process. He was of the view that there would be some savings in Officer time as well as direct cashable savings; although there was not very many hours of a post associated with the role so there would not be cashable savings on man hours as such.

58.5 Accordingly, it was

RESOLVED: That it be **RECOMMENDED TO COUNCIL:**

1. That capital funding of £117,000 be allocated from the Capital Receipts Reserve for the replacement of car park pay and display machines across all authority-owned and charged car parks.
2. That authority be delegated to the Head of Finance and Asset Management to procure suitable parking pay and display machines that offer cash and card payment options with a remote back office function.

EX.59 SEPARATE BUSINESS

59.1 The Chair proposed, and it was

RESOLVED That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely discussion of exempt information as defined in Part 1 of Schedule 12A of the Act.

EX.60 SEPARATE MINUTES

60.1 The separate Minutes of the meeting held on 21 October 2020, copies of which had been circulated, were approved as a correct record.

EX.61 RECYCLING MATTERS

(Exempt –Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 –Information relating to the financial or business affairs of any particular person (including the authority holding that information))

- 61.1 The Committee considered emerging issues affecting the Council's recycling service and agreed a delegated authority for the procurement, and contract award, of the Haulage, Sorting and Sale of Dry Mixed Recycling at a Materials Recovery Facility.

EX.62 MANAGEMENT ARRANGEMENTS FOLLOWING THE DEPARTURE OF THE DEPUTY CHIEF EXECUTIVE

(Exempt –Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972 – Information relating to any individual)

- 62.1 The Committee made a recommendation to Council regarding the management arrangements to be put into place following the departure of the Deputy Chief Executive.

The meeting closed at 6:40 pm

EXECUTIVE COMMITTEE FORWARD PLAN 2020/21

REGULAR ITEM:

- **Forward Plan – To note the forthcoming items.**

<p><u>Additions to 6 January 2021</u></p> <ul style="list-style-type: none"> • Local Electricity Bill Motion. • Community Funding Scheme / S106 Panel. • Local Development Scheme Update. • Confidential Item: Ubico Contract Review. <p><u>Deletions from 6 January 2021</u></p> <ul style="list-style-type: none"> •

Committee Date: 3 February 2021			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Budget 2021/22 (Annual).	To recommend a budget for 2021/22 to the Council.	Head of Finance and Asset Management.	No.
Financial Update - Quarter Three 2020/21.	To consider the quarterly budget position.	Head of Finance and Asset Management.	No.
Council Tax Discount for Care Leavers.	To consider and make a recommendation to Council.	Revenues and Benefits Manager.	No.
Treasury and Capital Management (Annual)	To approve and recommend approval to Council, a range of statutorily required policies and strategies relating to treasury and capital management.	Head of Finance and Asset Management.	Yes – from January 2021 meeting.
Housing Strategy Refresh	To approve the Housing Strategy Refresh.	Housing Services Manager.	Yes – originally scheduled for 6 January meeting.

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Agenda Item 6

Committee Date: 3 February 2021

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Council Plan Performance Tracker and COVID-19 Recovery Tracker – Quarter One 2020/21. (Previously Performance Management Report)	To receive and respond to the findings of the Overview and Scrutiny Committee’s review of the quarter one performance management and recovery information.	Head of Corporate Services.	Yes – moved from 6 January to accommodate consideration by the Overview and Scrutiny Committee.
Tewkesbury Garden Town Programme Governance Arrangements	To consider the governance arrangements.	Tewkesbury Garden Town Programme Manager.	No.
Confidential Item: Irrecoverable Debts Write-Off Report (Quarterly).	To consider the write-off of irrecoverable debts.	Head of Corporate Services.	No.
(To be considered in private because of the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)).			

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Committee Date: 3 March 2021

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required

Committee Date: 31 March 2021			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Council Plan Performance Tracker and COVID-19 Recovery Tracker – Quarter Three 2020/21. (Previously Performance Management Information)	To receive and respond to the findings of the Overview and Scrutiny Committee’s review of the quarter three performance management and recovery information.	Head of Corporate Services.	No.
Council Plan 2020/24 Refresh (Annual).	To consider the Council Plan and make a recommendation to Council.	Head of Corporate Services.	No.
High Level Service Plan Summaries (Annual).	To consider the key activities of each service grouping during 2019/20.	Head of Corporate Services.	No.
COVID-19 Corporate Recovery Plan Refresh	To consider the COVID-19 Corporate Recovery Plan.	Deputy Chief Executive.	No.
Trade Waste Service Business Case	To receive a recommendation from the Overview and Scrutiny Committee.	Head of Community Services	No.
Proceeds of Crime and Anti-Money Laundering Policy.	To approve the Money Laundering Policy following a recommendation from the Audit and Governance Committee.	Head of Corporate Services.	Yes – Moved from November meeting to enable consideration by the Audit and Governance Committee in March.

PENDING ITEMS

Agenda Item	Overview of Agenda Item
Shopfronts Supplementary Planning Document (SPD).	To agree the document for the purposes of consultation.
Spring Gardens Regeneration Phase 1a report.	To agree the recommendation of the preferred option for the regeneration of Spring Gardens.
Parking Strategy Review.	To consider the recommendations from the Overview and Scrutiny Committee.
Parking Strategy Review.	To consider the statutory responses to the Parking Strategy Review.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	6 January 2021
Subject:	Medium Term Financial Strategy 2021/22 – 2025/26
Report of:	Head of Finance and Asset Management
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	One

Executive Summary:

The Medium Term Financial Strategy (MTFS), attached at Appendix A, provides the financial plan for the Council for the period 2021/22 – 2025/26. It sets out the Council’s estimates of its commitment expenditure, identifies the spending pressures it faces and the budget savings needed to achieve the recommended council tax levels for each of the three years of the plan.

Recommendation:

The Committee is asked to RECOMMEND TO COUNCIL that the Medium Term Financial Strategy 2021/22 – 2025/26 be ADOPTED.

Reasons for Recommendation:

The agreement of a medium term financial plan is crucial to the Council in ensuring sufficient resources are allocated to priority areas and that the Council remains financially sustainable.

Resource Implications:

The Council could face a deficit in its base budget of over £7.4million in the next 5 years. The assumptions that have been made in reaching this estimate are included in summary, within this report. The MTFS sets out some of the strategies that will need to be considered to deal with the deficit.

The Council must set a balanced budget on an annual basis – it cannot run deficits and cannot borrow to fund day-to-day service delivery. In the event that it does not have sufficient resource to meet its expenditure needs, a s114 notice will need to be issued and a balanced budget re-established within the financial envelope available to the Council.

Legal Implications:

None.

Risk Management Implications:

Set out in in MTFS.

Performance Management Follow-up:

The MTFS will be kept under continual review and amended in line with significant policy changes, and performance will be monitored against the plan by Members through the quarterly performance monitoring reports.

Environmental Implications:

None directly associated with this report

1.0 INTRODUCTION/BACKGROUND

1.1 Financial planning is fundamental to good financial management and the Medium Term Financial Strategy sets out resource availability within recommended Council tax levels.

2.0 MEDIUM TERM FINANCIAL STRATEGY

2.1 The Medium Term Financial Strategy (MTFS) is a key element within the Council's overall strategic planning framework. The Strategy takes a medium term perspective and is reviewed, updated and rolled forward annually to set a framework for how budget pressures and priorities will be managed within the best estimates of available capital and revenue resources.

2.2 The MTFS outlines the budget that will be delivered over the medium to long-term. A further report, specifically on the 2021/22 detailed budget, will be presented to both Executive Committee and Council in February 2021 for Member approval.

2.3 It is important to understand that the MTFS does not constitute a formal budget in respect of the period 2021/22 to 2025/26 and as such the indicative annual assumptions included both within the projected spending pressures and the potential funding detailed, will be subject to a full review and decision making process as part of each of the annual revenue budget and Council tax setting decisions.

2.4 Instead, the MTFS is intended to outline, in broad terms, the specific service and funding issues over the period and how the Council will, within its financial constraints, fund its priorities and achieve major service change and savings.

2.5 The position of local government finance has been uncertain for long period of time and successive MTFS's have tried to outline a medium term plan against this uncertain backdrop. In producing this year's strategy, there is continued and even increased uncertainty. Some of the issues contributing towards this include:

- The impact of Coronavirus on local and national public spending.
- Potential economic impacts resulting from the country's decision to leave the European Union.
- A one year only Spending Review Period resulting in uncertainty to the level of funding available to local government as a whole beyond 2022.
- A one year delay to the introduction of the Fair Funding Review giving uncertainty to how needs will be calculated and funding distributed in the future.
- A one year delay to the introduction of a scheme for the 75% retention of business rates.
- The future of business rates as a tax raising scheme and the value within the scheme.

- Clarity that the New Homes Bonus scheme will be withdrawn but lack of detail on any replacement scheme.

2.6 In addition to the national uncertainty the Council faces with regards to its financial plans, both corporate and service related financial pressures continue to have a significant impact on the Council's forwards projections of its financial position. These include:

- Salary growth pressure of 2% per annum.
- The growing cost of waste collection.
- Increasing demand for additional resources to meet a range of service requirements and pressures.
- Growth within our services and our council plan ambitions.

2.7 The MTFS also contains important strategic planning in a number of areas in order that the Council can plan for the changes it will need to make in the medium term to ensure it is able to meet its statutory duty of producing a balanced budget on an annual basis.

2.8 Best estimates have been made of the future financial position of the Council within the attached MTFS based on current assumptions of both government and local policy. Clearly the projections within the MTFS are subject to potentially significant change as a result of government policy on local government finance, either positively or negatively, and therefore strategic financial management of this authority will need to be flexible to be able to respond to the rapidly moving agenda.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 Statutory consultation will be carried out with businesses and a public consultation is carried out through the Autumn.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 MTFS sets out the level of resource availability to meet the Council priorities and pledges which form the Council Plan.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Council tax levels must be set within government limits to avoid the need to hold a referendum on 'excessive' increases.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 Some of the savings streams identified may have implications on staffing levels and the asset portfolio. These will be set out specifically within the detailed reports surrounding proposed saving actions.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 These will be set out specifically within the detailed reports surrounding proposed saving actions.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 These will be set out specifically within the detailed reports surrounding proposed saving actions.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

Contact Officer: Head of Finance and Asset Management
Tel: 01684 272005.

Appendices: A - Medium Term Financial Strategy 2021/22 – 2025/26.

Appendix A

Tewkesbury Borough Council

Medium Term Financial Strategy

2021/22 to 2025/26

Tewkesbury Borough Council

January 2021

Contents

- 1.0 Background
- 2.0 The Council Plan 2020-2024
- 3.0 National context
- 4.0 Local Government Finance settlement
- 5.0 New Homes Bonus
- 6.0 Retained Business Rates
- 7.0 Growth pressures
- 8.0 Capital programme
- 9.0 Treasury strategy including Minimum Revenue Provision
- 10.0 Medium term financial projection
- 11.0 Council tax
- 12.0 Deficit reduction programme
- 13.0 Revenue Reserves

1.0 BACKGROUND

- 1.1 The Medium Term Financial Strategy (MTFS) provides a financial framework for the council's strategic planning and decision making. The MTFS 2021-26 incorporates key factors such as the changes in Government funding, our spending plans and the level of savings and increased income that are likely to be needed. By anticipating financial pressures now, we can plan ahead early to meet the significant challenges in a way that ensures financial resources are targeted to the council's highest priorities and have the minimum impact on services.
- 1.2 These are unprecedented times for local government as it responds to the coronavirus pandemic and looks forward to a post Brexit future and a significant impact on the likely level of resources available for public spending in the long term. Locally, the pandemic has had a considerable impact on our income and expenditure levels whilst nationally the pandemic has added to the uncertainty around public finances and in particular how local government will be funded in the future. This issue, which will be closely followed by the country's exit from the European Union, follows on from 10 years of austerity in local government and leaves many Council's dangerously close to the cliff edge. Given the impact of coronavirus on the country as a whole, the Government, understandably, has taken the decision to only conclude a one year Spending Review for local government meaning that yet again we are forecasting our medium term financial future with only one year of certainty. The MTFS this year contains more uncertainty in its assumptions and projections than in any previous year.
- 1.3 Whilst the overall financial envelop for public spending in the medium term is uncertain, Local government as a sector awaits clarification from Central Government on a number of specific and critical issues which affect our medium term planning. These include:
- Spending Review – a multi year spending review has not been possible given the current financial climate and a further review will take place in 2021. Whether this settlement will provide a multi year position or just reflect another one year deal given the ongoing financial turmoil remains to be seen
 - Fair Funding Review – this has now been delayed for a further year until at least 2022 and possibly later. It is not clear whether the work undertaken to date will be built upon or whether the process will need to start again given the current financial crisis facing local government
 - Business rates retention – as with the Fair Funding Review, the move to 75% retention of business rates has been pushed back until 2022. Question marks remain over whether this is a suitable method of funding local government given the impact on business from Coronavirus and whether it is suitable way of taxing business in the future.
 - New Homes Bonus – the Government has again outlined its intention to withdraw New Homes Bonus by 23/24 and to replace it with an alternative scheme. A consultation paper on options for the replacement scheme is expected in the New Year.

It is therefore essential that the council takes action within its MTFS to provide sufficient contingency to meet the risks that could be associated with these scenarios materialising.

- 1.4 Once again, financial planning has to be made without a stable footing and core assumptions are made on the basis of what is actually known at the current time and best estimates of the future direction of financing the council. It is therefore essential that we continue to set our annual budget within the context of a rolling five year resource strategy. A longer term strategic view must be taken when decisions are made that have a financial

impact beyond the annual budget as it enables us to assess the sustainability of such decisions.

- 1.5 The 2020-2021 approved budget provides the base position for the financial strategy from which projections can be made to give an overall forecast of expenditure and income levels for the coming years. It is also necessary to maintain a minimum level of reserves to provide working capital and act as a contingency to meet any unforeseen needs particularly with the unknown consequences of changes to the makeup of local government funding.
- 1.6 In order to progress towards our aims and objectives, as contained within The Council Plan 2020 – 2024, we need to prioritise our spending plans. This involves not only considering the financial pressures identified, but also undertaking a strategic review of existing services; identifying new ways of working and areas where reduced levels of activity or discontinuation should be pursued. Transforming our services by maximising the impact of technology, digital channels and modern working practices will also need to play a key part in the Council's future.
- 1.7 Whilst effectively managing spending will help to reduce the deficit over the medium term, it will not address the financial challenge in its totality. The council will need to consider how it can increase income, both within its core services and from its financing streams, and therefore grow its way towards financial sustainability.
- 1.8 To meet this challenge, the council will need to think differently, have a strong risk appetite and be prepared to venture into new and innovative ways of tackling the funding gap.

2.0 THE COUNCIL PLAN 2020-2024

- 2.1 In January 2020, the new Council Plan for 2020 – 2024 was approved. The document is a statement of intent to drive forward our vision:

"Tewkesbury Borough, a place where a good quality of life is open to all."

- 2.2 To deliver this vision and provide focus we have established six priorities and a number of objectives within each priority. We will:

Finance & Resources:

- Maintain a low council tax.
- Maintain our assets to provide maximum financial return.
- To ensure the council remains financially secure in the long term
- Deliver the council's commercial strategy

Economic growth:

- Deliver our strategic and economic development plans
- Deliver employment land and infrastructure to facilitate economic growth
- Deliver borough regeneration schemes
- Promote the borough as an attractive place to live and visit

Housing and Communities:

- Deliver the housing needs of our communities
- Ensure development plans provide for the five year land supply requirement
- Support infrastructure and facilities delivery to enable
- sustainable communities

Customer first:

- Maintain our culture of continuous service improvement
- Develop online services to achieve 'digital by preference, access for all'

Garden Communities:

- Delivery of Tewkesbury Garden Town
- Delivery of Cyber Central Garden Community

Sustainable Environment:

- Deliver the climate emergency action plan
- Promote a healthy and flourishing environment in the borough
- Promote responsible recycling across the borough
- Preserve and enhance the natural assets and built heritage of our borough

3.0 NATIONAL ECONOMIC CONTEXT

- 3.1 The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22.
- 3.2 The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.
- 3.3 UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In August, the headline 3-month average annual growth rate for wages were 0% for total pay and 0.8% for regular pay. In real terms, after adjusting for inflation, total pay growth fell by -0.8% while regular pay was up 0.1%.
- 3.4 GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

- 3.5 GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.
- 3.6 The US economy contracted at an annualised rate of 31.7% in Q2 2020 and then rebounded by 33.1% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.
- 3.7 The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.
- 3.8 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 3.9 Table 1 details the forecast of the Bank of England base rate based on the MPC maintaining its position of a slow rise in interest rates.

Table 1 – Base rate forecast

Official Bank Rate	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30
Arlingclose central forecast	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

4.0 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 4.1 The Local Government Finance Settlement confirms the forthcoming position with regards to needs based funding as well as some of the performance led funding streams. Needs based grant funding comes in the shape of both the Revenue Support Grant and the Business Rates Baseline. This is supplemented in some authorities with the Rural Services Delivery Grant. Since the beginning of the austerity period, this council has seen its needs based funding reduce by over £3.7m in cash terms. If inflation were to be added in, this reduction would be closer to £4.5m.
- 4.2 Having previously put in place a one year settlement, it had been hoped that central government would give the sector some certainty upon which it could build its financial plans by providing a multi year settlement for 2021-22 onwards. However, in light of the financial turmoil caused by Coronavirus, the Government has put forward a one year only Spending Review covering the financial year 2021-22. This leaves the Council in exactly the same position as 12 months previous with certainty only being provided for one year. It is extremely difficult for a Council to develop and deliver medium and long term plans when it does not know what it's funding will be beyond 12 months.
- 4.3 It is hoped that the next Spending Review will prioritise delivering a new multi-year settlement to provide some of the certainty required by the sector, but another one year settlement is a distinct possibility. Regardless of the timeframe covered by the Spending Review, it is likely that local government, as an unprotected department, will see little if any real terms growth in its funding envelope given the commitments being made to other parts of the public sector including the NHS, Defence and the Police. It is also likely that any new money for local government will be directed towards upper tier authorities and in particular social care provision.
- 4.4 In addition to the delay in committing to a multi-year settlement, the Government has also confirmed a one year delay to the outcome of the Fair Funding Review (FFR). This will review the model currently in place for distributing funding to individual authorities based on assessed need less an assumed level of local resource. Assessing need has become a very complex area with a number of funding streams being assessed on certain metrics which culminates in an overall funding level for each authority. Much work had been undertaken pre-pandemic to review the allocation methodology but it is unclear what the impact of the pandemic has been to this review and the ability of local government to withstand the changes that would flow from a change in methodology. It is not yet clear how the FFR will progress in 2021.
- 4.5 As with any change in allocation process, there are likely to be winners and losers and it remains to be seen which category Tewkesbury will fall into. Looking at the discussions held and the general direction of travel for the review, it is clear that District councils are in danger of losing funding under the review. Whilst there is a myriad of potential outcomes from the review, our MTFs has followed a mid point of the potential outcomes and modelled a fall in needs based funding of nearly £250,000 in the year the FFR comes into effect.
- 4.6 Table 2 highlights this reduction in funding. It also shows the expected elimination of Revenue Support Grant and Rural Services Delivery Grant from 22-23 onwards. The final element of our needs based funding assumes a 1% annual increase in the business rates baseline funding level driven by the increasing business rates multiplier, although this is equalised out through the FFR reductions. Overall, it is forecast that our needs based funding will see a significant reduction upon the implementation of the FFR and then

remain cash flat thereafter – a real terms funding reduction.

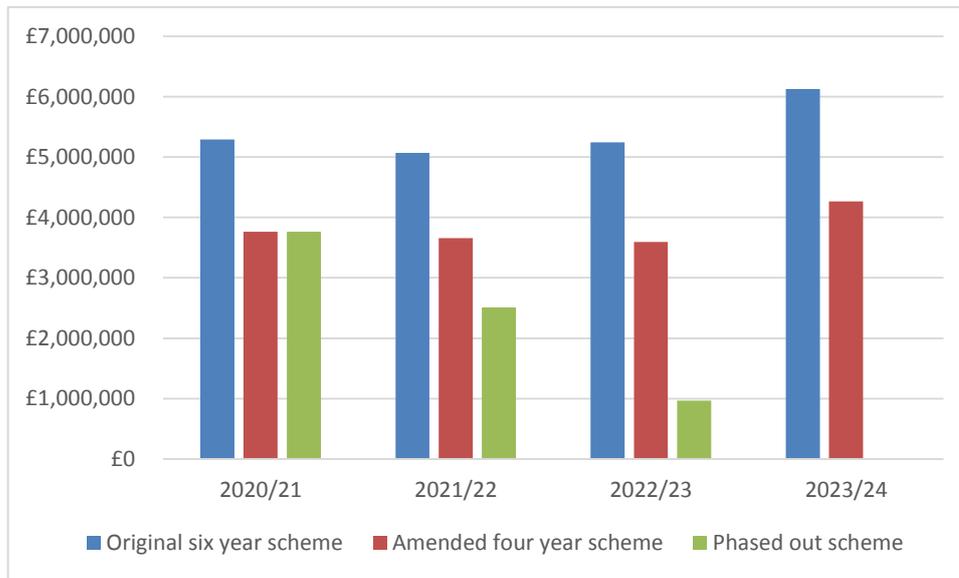
Table 2 – Core Government support 2020 – 2026

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'001
Revenue Support Grant	23	23	0	0	0	0
Business Rates baseline	1,848	1,848	1,866	1,885	1,904	1,923
Rural Services Delivery Grant	14	14	0	0	0	0
Fair Funding Review adjustments	0	0	-242	-261	-280	-299
Total	1,885	1,885	1,624	1,624	1,624	1,624
Change	32	0	-261	0	0	0
Change %	1.7%	0.0%	-13.8%	0.0%	0.0%	0.0%

5.0 NEW HOMES BONUS

- 5.1 New Homes Bonus (NHB) was introduced in 2011 and provides funding of a sum equivalent to the average annual council tax for every new home built, once occupied. The Borough Council retains 80% of the funding with the County Council receiving 20%. This sum was payable for six years with an additional bonus of £350 for every affordable home occupied. The final scheme design included the principles of the funding being both permanent and flexible. There was no ring-fencing of the funding and no specific requirements for its use.
- 5.2 The introduction of NHB alongside retained business rates demonstrates the Governments objectives of moving away from needs based funding to a system that rewards performance and delivery of certain objectives. Tewkesbury is in a very fortunate position in that it has been able to benefit from relatively large amounts of NHB accumulating during the operation of the scheme and effectively offsetting some of the reductions seen in needs based funding.
- 5.3 The Government has already amended the scheme to reduce the bonus down from six years to four years and introduce a deadweight threshold of 0.4% of growth. These changes reduced the potential benefit to Tewkesbury by over a third. Over the last eighteen months the Government has made it clear that it wishes to withdraw the NHB and potentially replace it with a different scheme that rewards housing growth. To aid that withdrawal, the Government only provided one year of funding for the new 20-21 reward year rather than the usual four.
- 5.4 The Provisional Settlement for 2021/22 confirmed the direction of travel and makes clear that NHB will be phased out over the following two years. The following chart illustrates this phasing out of the scheme and compares it to the current four year scheme and the previous six year scheme.

Chart 1 – Value of NHB scheme



5.5 As can be seen from the chart, there is a steep reduction in the value of NHB over the next three years. Table 3 highlights the monetary forecast of this change in government policy.

Table 3 – Forecast New Homes Bonus

	2020/21	2021/22 Projection	2022/23 Projection	2023/24 Projection
Year 6	£0	£0	£0	£0
Year 7	£750,088	£0	£0	£0
Year 8	£898,713	£898,713	£0	£0
Year 9	£965,166	£965,166	£965,166	£0
Year 10	£1,148,789	£0	£0	£0
Year 11	£0	£644,982	£0	£0
Year 12	£0	£0	£0	£0
Year 13	£0	£0	£0	£0
	£3,762,756	£2,508,861	£965,166	£0

5.6 This withdrawal of NHB will have a substantial and significant impact on the Council's funding of its core services which could result in major structural change of the Council and the reduction of its service offering. The council currently utilises £2.8m of NHB to fund its core services with the balance being used to fund a range of one-off needs and ambitions. Table 4 illustrates this and forecasts how this will be affected by the withdrawal of the NHB scheme.

Table 4 – impact of withdrawal of NHB

	2021/22 Projection	2022/23 Projection	2023/24 Projection
Reduction in NHB	£1,253,895	£1,543,695	£965,166
Impact on one-off use	-£952,000	0	0
Impact on base budget support	-£301,895	-£1,543,695	-£965,166

- 5.7 As the Government reduces the benefit from NHB, a surplus within the £900m national is derived. The scheme governance suggests that any surplus should be returned to local government in line with national funding shares. However, the Government has chosen to use the 2021/22 surplus to fund one off grants to support social care and lower tier services. Therefore, no returned NHB surplus is forecast within the MTFS.
- 5.8 The Provisional Settlement also makes clear that a consultation on a replacement scheme will take place early in 2021. As an area that continues to deliver residential growth and has plans in place to see that continue over the next decade, we would support the development of a new scheme that would provide at least some reward for the housing being delivered.

6.0 RETAINED BUSINESS RATES

- 6.1 The current Business Rates Retention Scheme (BRRS) was introduced in 2013 and is intended to provide incentives for local authorities to drive economic growth, as the authorities will be able to retain a share of the growth generated in business rates revenue in their areas.
- 6.2 In recent years, Tewkesbury has at last begun to see the benefits of the retention scheme rather than just the substantial losses it suffered in the early years. The current year budget saw the inclusion of a growth target of circa £740,000 in relation to its position as an individual authority within the 50% scheme.
- 6.3 The Government had previously suggested that it would look to move local government as a sector to 100% retention but without primary legislation this will not be possible. As a compromise the Government announced a move to 75% retention from 2020 as this could be achieved within the current regulations. However, as with other forms of government funding, this has been delayed for a second year with a new implementation date of April 2022, as has the planned reset of the system which would see accumulated growth in business rates redistributed across the country.
- 6.4 In addition to the forecast changes to the scheme, there will undoubtedly be a severe impact on the value of business rates as an income stream as a result of coronavirus. Many businesses will cease to exist in the near future and many more will be looking at re-valuations of their business rates liability in view of the impact of the pandemic. There is a question as to what income can be produced locally and nationally from business rates in the short to medium term given the impact of coronavirus. It is extremely difficult to project this impact at the current time given the ongoing situation and so MTFS forecasts have focussed on the proposed changes to the system only. It is entirely feasible that annual retention from business rates could disappear in its totality from the Council's income streams.
- 6.5 Table 5 highlights our current best estimates in relation to future business rates retention.

Table 5 – Business rate retention estimate

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Business rates retained	£738,836	£542,000	£448,000	£181,000	£207,000	£305,000
Total	£738,836	£542,000	£448,000	£181,000	£207,000	£305,000

6.6 The table above does not include any significant growth that the Borough may expect in the coming years. Sites such as the proposed retail outlet at junction 9 of the M5 are included within the high level deficit reduction programme and as their likely development timescale and rates valuation are firmed up, they can be migrated across to the expected level of rates retention.

7.0 GROWTH PRESSURES

7.1 In addition to the pressures on the Council's finances already mentioned, the Council continues to face rising costs to enable the continued delivery of its core services and to progress the ambitions of the Council. Growth can take a number of forms including both simple inflationary assumptions around existing costs and the expanding resource requirement to deliver services to a growing Borough and deliver major projects outside of the core service arena.

7.2 Employees is the area of single greatest spend with around £10.4m per annum being consumed by employee related expenditure. Of this total, around £8.6m is spent directly on employee salaries and associated on-costs and as a result the annual pay award can have a significant impact upon the council finances. A one percent award has an annual impact of circa £80,000 on the Council's budget.

7.3 The MTF5 has a 2% pay award assumption built into each year of the forecast. This is based on the Government's target for the rate of inflation and adds around £160,000 to the cost of the Council each year. Within the Spending Review, the Chancellor has called for 'public sector pay restraint' and whilst the detailed 2021/22 budget is likely to reflect this call, the MTF5 continues with forecasts at 2%.

7.4 The Council has in place a number of contracts to deliver specified services, the largest of which is the contract with Ubico for the delivery of waste and recycling, street cleansing and grounds maintenance. The cost of delivering these contracts at the same output levels will continue to increase with inflation and an assumption of the relevant level of inflation to apply for each contract has been made. With regards to Ubico, their contract sum is affected by a number of factors including the cost of maintaining vehicles and the costs of the corporate core as well as the ongoing operational costs. As a result, even before other changes impact the cost of the contract, it is estimated that the contract cost will increase by circa £840,000 over the course of the MTF5.

In addition to the Ubico contract, the waste and recycling service is likely to see a significant increase in the cost of disposing of recyclate. A new MRF contract will come into place in March 2021 and together with an increase in the tonnages collected is likely to cost the council an additional £150,000 per annum.

7.5 A detailed exercise has been carried out with services in 2020 to establish the potential need for additional resources for the first half of the next decade. The exercise looked at a

variety of potential additional costs including those arising from:

- The withdrawal of new homes bonus, previously used to fund items on a one off basis
- Increasing demand from a growing Borough
- The cost of delivering the council's priorities and ambitions
- The revenue cost of additional borrowing to support an expanded capital programme

7.6 This exercise was invaluable in establishing the likely true cost of Council activity over the next five years. Potential additional annual costs of circa £3.1m were captured during this exercise and the next few paragraphs highlight some of those areas that are generating this potential additional requirement.

7.7 A number of lines have expenditure have been funded directly from NHB over an extended period. It is clear that the Government will withdraw NHB in the coming years and so consideration must be given to the re-inclusion in the base budget of these items. Areas that have been funded from the 'one-off' NHB allocation include:

- Borough elections
- Asset Management Plan
- IT replacement programme
- Planning appeals
- Community grants

7.8 The Borough has experienced significant growth in recent years with this trend expected to continue across the next decade. Whilst investment in technology and more efficient working practices can offset this cost to an extent, there will inevitably come a time when further investment is required in a number of service areas. Some of those areas likely to require investment are highlighted below:

- Waste and recycling rounds
- Revenues
- Environmental health
- Licensing

7.9 Many of the Council's ambitions will require additional finance to ensure delivery. This may be in the form of external costs or additional internal resource requirements. Examples of the potential costs within this area include:

- Tewkesbury Town centre regeneration
- Carbon neutrality
- West Cheltenham development

7.10 Associated with some of the Council's ambitions and needs is the potential for significant capital expenditure. Having expended all but the last few pounds of the Council's own capital receipts, any future capital expenditure is likely to be funded from borrowing. This will have a revenue impact in the form of both interest costs and the Minimum Revenue Provision as well as other pre-development costs. Examples of areas which may require capital funding include:

- Tewkesbury Town Centre regeneration

- The Garden Town
- New depot facility

7.11 The above paragraphs are not exhaustive and there are many more calls for funding not listed. At £3.1m, the requests for funding total 35% of the current total base budget and, even in stronger financial times, may not have been affordable. Given the financial challenges faced by the Council, it is clear that this level of growth cannot be afforded and growth will need to be prioritised within the resource envelope available.

8.0 CAPITAL PROGRAMME

8.1 The capital expenditure of the Council has an impact on the revenue budget and is part of the overall preparation of the revenue proposals for the coming year.

8.2 It is estimated that just over £24m will be spent on Capital Programme schemes during 2020/2021 which are to be funded by a combination of usable capital receipts reserve (£0.175m), capital grants (£3.266m), revenue resources (£0.612m), internal borrowing (£10m) and external borrowing (£10m). The programme includes the acquisition of a further commercial property to the Council's portfolio, the purchase of vehicles for the grounds maintenance operation, the delivery of Disabled Facilities Grants and the early phases of the Ashchurch Bridge.

8.3 Looking ahead, the total value of the currently approved Capital Programme over the following five years is much reduced at approximately £11.7m and is primarily focussed on the completion of the Ashchurch Bridge and the replacement of the waste and recycling vehicle fleet as well as the ongoing delivery of Disabled Facilities Grants. Table 5 summarises the planned capital expenditure for future years, together with information on the funding of that expenditure.

Table 6 – Capital programme

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000
Capital expenditure	24,053	5,966	650	600	3,962	500	35,731
Funded by:							
Capital receipts reserve	175	100	100	100	100	0	575
Capital Grants	3,266	5,866	500	500	500	500	11,132
External Borrowing	10,000	0	0	0	0	0	10,000
Internal Borrowing	10,000	0	0	0	0	0	10,000
Revenue Reserves	612	0	50	0	3,362	0	4,024
Total	24,053	5,966	650	600	3,962	500	35,731

8.4 As highlighted in the previous section on growth, there is a potential for the capital programme to see further increases in planned expenditure in future years as new investment plans, such as land acquisition and a new depot facility are brought forward. The capital programme will be updated with these plans as and when they receive

approval from full Council.

9.0 TREASURY STRATEGY AND MINIMUM REVENUE PROVISION (MRP)

- 9.1 The Treasury and Capital Management Strategies will be presented to Council annually in February and provide detail on the Councils plans for managing those aspects of its business.
- 9.2 The Council is likely to have a borrowing requirement of circa £37m based on the current capital programme and has taken a balanced approach to financing this requirement. The MTFs assumes continuation of this approach with a proportion of debt secured against long term borrowing, potentially from the Public Works Loan Board, and a proportion secured on short term borrowing. This balances the long term cost to the council with the gains that are made on current short term market rates and current medium term projections of interest rates suggest that this is a sustainable strategy in the medium term. The Council has also taken the opportunity to borrow internally given the level of balances held and the low return on investments.
- 9.3 The Council has elected to use an annuity calculation for its Minimum Revenue Provision (MRP). This approach sees an initial low cost for MRP, but with increasing amounts year-on-year to ensure the principal borrowed can be repaid. This increase in MRP should be matched by increases to the rental value of the properties purchased. It is estimated that this cost together with interest costs will total around £1.4m per annum in the medium term.
- 9.4 Whilst capital balances have been expended, the Council holds significant revenue balances and amounts of cash flow which it invests with various financial institutions. Market predictions of likely interest rates were highlighted at 3.9 and show a medium term outlook of very low rates with potential for those rates to become negative. The Councils investments returns are boosted by holdings in property, equity and multi-asset funds which are forecast to deliver higher returns than traditional treasury activities. These investments are held for long term income benefit and whilst capital values of these investments have fallen in the short term, it is expected that they will recover in the medium term.

10.0 MEDIUM TERM FINANCIAL PROJECTION

- 10.1 The council's Medium Term Financial Projection includes the impact of all known capital and revenue commitments between 2021/22 and 2025/26 and includes the assumptions on financing streams previously highlighted. This is summarised in table 7.

Table 7 – Medium Term Financial Projection

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000

Total (Base budget)	8,956	8,324	8,538	8,855	9,229	9,602
Other expenditure	1,903	1,487	1,510	1,534	1,558	1,583
Growth	0	1,775	2,523	2,898	3,046	3,146
Net budget	10,859	11,586	12,571	13,287	13,833	14,331
Financed by:						
Settlement Funding	-1,883	-1,883	-1,624	-1,624	-1,624	-1,624
Retained Business Rates	-738	-542	-448	-181	-207	-305
Collection Fund Surplus	-82	0	-25	-50	-50	-50
New Homes Bonus	-3,762	-2,501	-965	0	0	0
Council tax income	-4,394	-4,402	-4,502	-4,656	-4,811	-4,953
Total financing	-10,859	-9,328	-7,564	-6,511	-6,692	-6,932
Deficit (cumulative)	0	2,258	5,007	6,776	7,141	7,399
Deficit (annual)	0	2,258	2,749	1,769	365	258

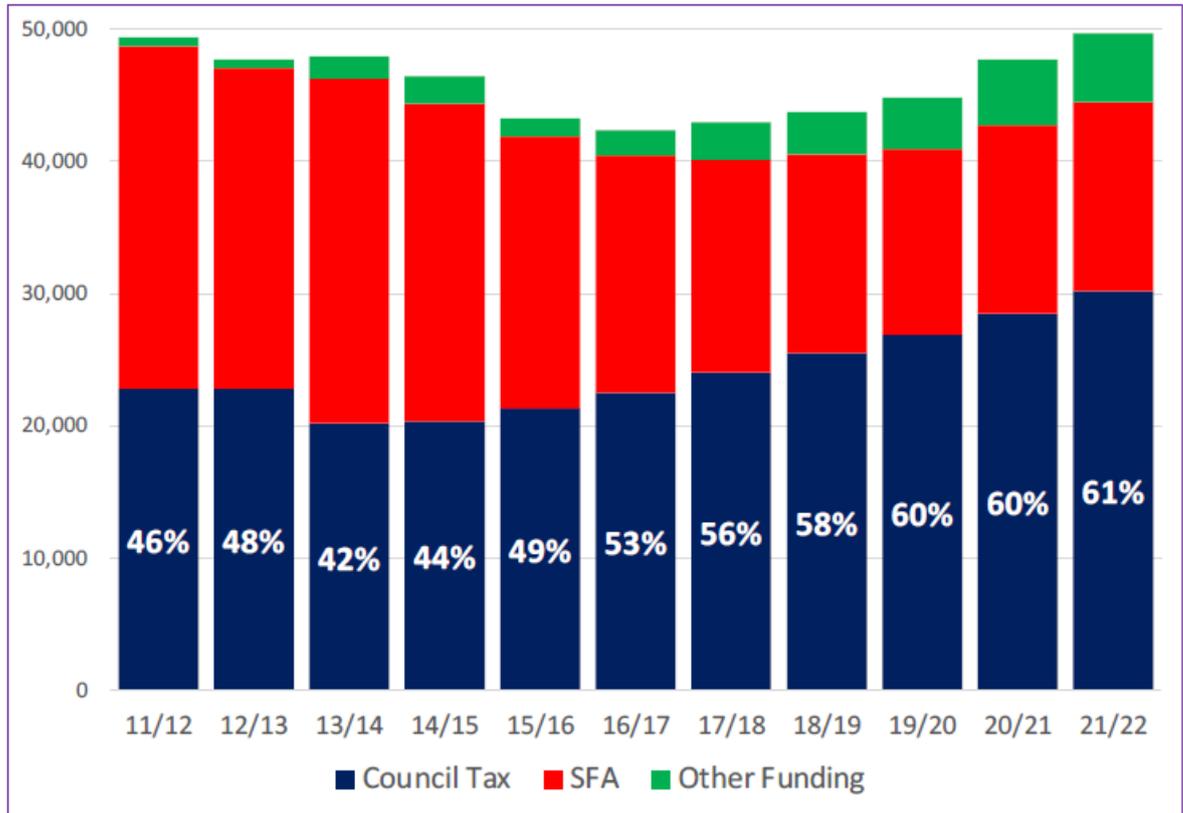
- 10.2 The table illustrates a funding gap of £7.4m over the five year life of the MTFs. It must be noted however that this is subject to significant change, both positive and negative, in regard to the Government's position on funding local government and the acceptance or rejection of growth bids.

11.0 COUNCIL TAX

- 11.1 The current Band D Council Tax for the authority is £124.36 per annum and is the fifth lowest in England for a District Council. The current year charge was an increase of £5 or 4.2% over the previous year, the largest increase allowed by the Government before the increase is deemed excessive and would be subject to a local referendum. This was the fifth year that the council has decided to increase its council tax by the maximum available following on from a period of six years of frozen Council Tax.
- 11.2 The Government has again put forward an excessive council tax threshold of £5 or 2%, whichever is higher, for a District Council in 21/22. This is a continuation of the Governments policy and allows Tewkesbury to once again make an increased charge of up to £5. It is unlikely that there will be any further changes for local government when the Local Government Settlement is finalised in the new year and it is assumed that this level of threshold continues into the medium term.

It is interesting to note that of the extra £2.2bn (4.5%) available for local government according to the current Spending Review, around 87% of this is expected to be raised by council tax increases. The Government assumes that Council's will continue to increase council tax by the maximum permissible and, given the funding settlements awarded to local government, it makes this assumption almost inevitable. An analysis of the funding of local government shows the increasing dependency on council tax over the last eleven years.

Chart 2 – Spending Power analysis



11.3 The Borough continues to develop with significant growth expected to be delivered in the next 5 years. Growth in properties usually translates into significant increases in the council tax base with average increases being in excess of 2% in recent years. However, once again the impact of the pandemic is likely to be felt with a slow down in growth in the short term and a significant increase in the number of working age claimants for the Local Council Tax Reduction Scheme. This upsurge will see an increase in the amount of council tax discount awarded and in turn will reduce the Council tax base at least in the short term.

Table 8 forecasts the growth in the tax base.

Table 8 – Council Tax base

	2020-21	2021-22	2022-23	2023-24	2024-25	2024-26	Total
Tax base	35,341	35,403	36,208	37,437	38,961	39,829	
Increase	756	62	805	1,229	1,524	868	5,244
Increase	2.19%	0.18%	2.27%	3.39%	4.07%	2.23%	14.84%

11.4 The Council Plan 2020-2024 makes a commitment to ‘maintain a low Council Tax’ and this is expected to continue into the new Plan. The Council Plan also sets out objectives to develop alternative revenue streams, and rebase the revenue structure, to become less dependent on government core grants, and collections from taxpayers. Increasing Council Tax to fund any deficit outcome should be a last resort. The previous Medium Term Financial Strategy recognises the likely need for further increases in council tax in future years in order to provide the flexibility to deal with the anticipated deficit faced. Given the changes proposed by Government to funding streams, there may continue to be a need to resort to some measure of further Council Tax increase each year over the Strategy period. The Council will maintain this previous financial strategy, accepting the likely need for

future increases, but seeking to maintain the Council Tax to the lowest possible levels.

Table 9 – Potential Council Tax strategy

Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Band D Council Tax	£129.36	£134.36	£139.36	£144.36	£149.36	
Increase (£)	£5.00	£5.00	£5.00	£5.00	£5.00	
Increase (%)	4.02%	3.87%	3.72%	3.59%	3.46%	
Additional council tax income generated	£177,015	£181,040	£187,185	£194,805	£199,145	£939,190

- 11.5 The next table extrapolates table 9 and shows the proposed charge against all bandings for each of the five years.

Table 10 – Impact of potential charges per Council Tax band

Year	Number of properties	% of total	2021/22	2022/23	2023/24	2024/25	2025/26
Band A charge	6,613	15.53%	£86.24	£89.57	£92.91	£96.24	£99.57
Band B charge	6,716	15.77%	£100.61	£104.50	£108.39	£112.28	£116.17
Band C charge	11,926	28.01%	£114.99	£119.43	£123.88	£128.32	£132.76
Band D charge	6,209	14.58%	£129.36	£134.36	£139.36	£144.36	£149.36
Band E charge	5,458	12.82%	£158.11	£164.22	£170.33	£176.44	£182.55
Band F charge	3,475	8.16%	£186.85	£194.08	£201.30	£208.52	£215.74
Band G charge	1,988	4.67%	£215.60	£223.93	£232.27	£240.60	£248.93
Band H charge	200	0.47%	£258.72	£268.72	£278.72	£288.72	£298.72

- 11.6 The proposed Council Tax for the next financial year of £129.36 is still likely to be approximately £43 below the bottom quartile threshold and £66 below the national average for a District Council. Should excessive council tax thresholds remain in place over the medium term, Tewkesbury will, by default, continue to remain in the bottom quartile for council tax charged unless there are some dramatic changes in the levels charged by other authorities.
- 11.7 For a number of years, this Council has retained the default scheme as its preferred position for the Local Council Tax Scheme. By adopting this position, the council continues to provide council tax discount at an equivalent level to the previous council tax benefit scheme that was in place until 2013 and as a result continues to bare the cost. Tewkesbury is one of a few authorities to still retain this default position due to the reduced funding levels associated with the new scheme. A full review of the Council's position has been postponed in the current year and will now be undertaken early in 2021 so that any potential change can be fed into the budget cycle for the year after.

12.0 DEFICIT REDUCTION PROGRAMME

- 12.1 If increases to Council tax were approved in line with the example set out within table 9 this would still leave over £6.4m to be found in order to set balanced budgets over the life of the MTFS.
- 12.2 It is important to note that whilst some of the suggested actions and strategies are already being progressed, in order to balance the 2021-22 budget, some of those suggested are yet to be established and will require many months or even years to develop viable business cases. It is of equal importance to note that the suggested deficit reduction programme is based on our current assumptions around the likely deficit. Should the actual position be more favourable in the coming years then not all of the programme will be required. Equally other ideas to meet the deficit could emerge which may replace some of the suggestions made in the following paragraphs. The key message though is that preparatory work must start now in order to deliver some of our longer term requirements. We cannot wait until final confirmation of actual budgets is in place before we embark on some of this programme, even if the actions are ultimately not required.
- 12.3 Whilst the following paragraphs describe some of the initiatives that will need to be followed to reduce the deficit, it is clear, with the size of the deficit faced by the Council, that a significant proportion of the savings required will need to come from the staffing resource. Direct staffing costs total £8.6m and equate to 44% of ongoing expenditure excluding housing benefits. Reductions to staffing can be delivered in many ways including internal restructures, service cessation, shared service etc but the Council will need to be careful that the overall resilience of the Council is not compromised by proposed staff savings. Assessment of the options will need to begin in early 2021 in order to progress and start to have some impact in the 22/23 financial year.
- 12.4 The introduction of the car pool has already saved the Council approximately £86,000 in business travel. The Council can further benefit from reduced business travel as the adopted working practices from the Coronavirus pandemic become accepted ongoing working practices resulting in less travel for Council business. For the travel that is necessary, the Council will need to look at the provision of an electric fleet of pool cars and establish whether it can generate its own electricity to meet needs.
- 12.5 The carbon neutrality strategy and action plan were established in 2020 and contains a number of actions that could result in either cost reduction or increased income. Business cases will need to be established for a number of options to see if the headline figures can be delivered and a programme of activity will be established to deliver both financial savings as well as CO2 savings.
- 12.6 The Council has aspirations of being more commercial in its approach and this is an existing strand of the Business Transformation Strategy. As part of this drive, the Council is currently considering its existing commercial services such as trade waste and bulky waste and should ensure that those services do not operate at a deficit. It will also need to explore potential additional commercial activities and inter authority trading but these will need to be supported by thorough business cases which explore the cost of the provision, the market being entered, any competitive advantage, the sustainability of the service, the profitability of the proposal and any impact on core services.
- 12.7 One specific area where the Council would hope to see some returns from increased commercial activity would be from Ubico Ltd. The company was established as a teckal company in order to benefit from the trading of its services to other private or public sector entities. The Council will hope to see the development of business plans to deliver this and exploit the teckal exemption. In addition, it is hoped that some cross boundary working or shared arrangements can be developed within Ubico to reduce the direct cost of service

provision and again the Council will hope to see proposals for this in the near future and to the benefit of the Council during the life of the current MTFs. In addition, given the financial pressures it is facing, the Council may need to consider the level of provision in its waste collection service and undertake a review of the viability of moving towards a three weekly or even a monthly collection of residual waste.

- 12.8 It is anticipated that the Borough will see some significant business development in the next five years, particularly in relation to land around junction 9 of the M5 and Brockworth business park. This could see a major increase in the level of retained rates in the Borough but it is also acknowledged that there is great uncertainty around the future of business rates and the retention system.
- 12.9 A number of the potential capital based actions could result in increased income or cost reduction for the council. All are at the embryonic stage of business case development and further work is needed to establish the financial case for these projects.
- 12.10 A major element of the increased deficit reported in this MTFs is as a result of the removal of the NHB scheme over the next couple of years. In moving towards this, the Government has restated its intention to consult on a replacement scheme that will continue to incentivise housing growth. Given this intention, it is right to assume a new scheme would have some financial benefit for an authority like Tewkesbury, where growth is actively planned and promoted. Whilst it is highly unlikely that the replacement scheme will result in the same level of bonus being awarded, a scheme generating around 50% of the value could be envisaged. If this is the case, Tewkesbury could generate around £2m towards the stated deficit.
- 12.11 As previously stated within the growth section, £3.1m of new growth cannot be afforded and decisions will need to be made on how to programme the growth requirement and indeed which elements may not be possible in the current financial climate.
- 12.12 The Council faces a mighty task in eliminating a £7.4m projected deficit and work will begin in the early part of 2021 to assess the actions required to be delivered that will have the greatest impact on reducing the deficit, ensuring the Council remains financially sustainable and avoiding the threat of issuing a s114 notice.

13.0 REVENUE RESERVES

- 13.1 The General Fund 'working balance' and the earmarked reserves are a significant element of the Council's financial resources, and as such it is important that they are aligned to priority areas as well as mitigating against potential financial risks to the authority.
- 13.2 The Council's 'Working Balance' is the revenue reserve that is set aside to cover any significant business risks and emergencies that might arise outside of the normal set budget. In recognition of the very low levels of reserve held in the working balance, and highlighted in CIPFA's Financial Resilience Index, this reserve had been increased from £450,000 to £800,000 over the last two years which now equates to approximately 9.1% of net revenue budget for the year 2020/21.
- 13.3 Given the increasing risk associated with a political and economic uncertainty and the specific threat to local government funding streams, it may be prudent to increase both the general fund reserve and other specific earmarked reserves in order to manage risk and insulate the Council as much as possible from any impacts associated with these risks as we head into the next decade. The ability to increase reserves will of course be dependent on the overall funding available to the Council but this is a course of action that will need to

be given a priority status in the MTFS.

- 13.4 As at the 31 March 2020, the Council had £7.33m in useable earmarked reserves, although it should be noted that a large proportion of this money is grant funding from external sources for specific projects. It is anticipated that these reserves will be boosted at the year for 20/21 with a substantial collection fund surplus on the Council's business rates position. An additional £3m is forecast to be set aside to re-establish the Council's MTFS reserve which can support future budget requirements and assist the Council to manage change within the organisation.
- 13.5 It is suggested that the level of these reserves are adequate to cover medium levels of risk. Further expansion of the risk management reserves should be considered at the earliest opportunity in order to provide enhanced levels of confidence and reassurance in the financial affairs of the council.
- 13.6 Given the deficit faced by the Council in the next five years it will be necessary to use a substantial amount of reserves to help smooth the deficit. In addition, one-off funding could be required to make significant changes to the council structure and operating model as it adjusts to lower levels of funding.
- 13.7 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report to the council, as part of the budget and tax setting report, their view on the robustness of estimates and the adequacy of reserves. This view will be given in the report to council in February 2021.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	6 January 2021
Subject:	Notice of Motion: Support for Local Electricity Bill
Report of:	Chair of Overview and Scrutiny Committee
Lead Member:	Lead Member for Clean and Green
Number of Appendices:	Three

Executive Summary:

At the Council meeting on 29 September 2020, a Motion was presented to Members seeking support for the Local Electricity Bill. In considering the Motion, it was determined that it be referred to the Council's Overview and Scrutiny Committee for consideration and recommendation to the Executive Committee for decision.

The Overview and Scrutiny Committee considered the Motion at its meeting on 24 November 2020 and the Committee's decision was as follows:

'While we are appreciative that the motion recognises this Council's climate change work, and we also recognise the important role locally produced electricity can provide if properly integrated, we do find the motion, at this current time, lacking in information on how it could work and it raises serious concerns over the infrastructure to deliver it, security of power supply delivery, cost and the potential financial and reputational damage implications for this Council. Consequently, this Committee recommends that the motion be rejected'.

Recommendation:

In accordance with the Council's decision, the Executive Committee is asked to consider the Motion and the recommendation of the Overview and Scrutiny Committee and determine this matter.

Reasons for Recommendation:

The matter was referred by the Council at its meeting on 29 September 2020, for consideration by the Overview and Scrutiny Committee and back to the Executive Committee for a final decision.

Resource Implications:

None directly arising from this report.

Legal Implications:

None directly arising from this report.

Risk Management Implications:

None directly arising from this report.

Performance Management Follow-up:

None directly arising from this report.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 At the meeting of the Council on 29 September 2020, a motion seeking support for the Local Electricity Bill was presented and the Council resolved:

That the Motion be referred to the Overview and Scrutiny Committee for consideration and recommendation to the Executive Committee for decision.

1.2 In accordance with that decision, the proposer of the Motion presented it to the Overview and Scrutiny Committee at its meeting on 24 November 2020. Appendix 1 sets out the full wording of the Motion and Appendix 2 details the Local Electricity Bill for which the Council's support was sought.

1.3 A report was provided to the Overview and Scrutiny Committee setting out some of the background to the Bill, together with areas for consideration by the Committee. This report is attached at Appendix 3.

1.4 The Overview and Scrutiny Committee considered all of this information and after a detailed debate recommended to the Executive Committee as set out below:

'While we are appreciative that the motion recognises this Council's climate change work, and we also recognise the important role locally produced electricity can provide if properly integrated, we do find the motion, at this current time, lacking in information on how it could work and it raises serious concerns over the infrastructure to deliver it, security of power supply delivery, cost and the potential financial and reputational damage implications for this Council. Consequently, this Committee recommends that the motion be rejected'.

1.5 The Committee is asked to consider the Motion and the recommendation of the Overview and Scrutiny Committee and determine the outcome of this matter.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not applicable.

3.0 CONSULTATION

3.1 None.

4.0 RELEVANT COUNCIL POLICIES/STRATEGIES

4.1 Workforce Development Strategy.

5.0 RELEVANT GOVERNMENT POLICIES

5.1 None.

6.0 RESOURCE IMPLICATIONS (Human/Property)

6.1 None.

7.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

7.1 The Committee considered these implications when making its recommendations.

8.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

8.1 The Committee considered these implications when making its recommendations.

9.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

9.1 Council meeting on 29 September 2020.

Overview and Scrutiny Committee on 24 November 2020.

Background Papers: None.

Contact Officer: Head of Democratic Services Tel: 01684 272020
Email: democraticservices@teWKesbury.gov.uk

Appendices:

1. Original Motion presented to Council on 29 September 2020.
2. Local Electricity Bill.
3. Overview and Scrutiny Report – presented on 24 November 2020.

Motion put to council on 28 July 2020

Power for People is a campaign for more local, clean energy generation that would benefit local communities.

They are a not-for-profit organisation campaigning for the Local Electricity Bill – that they authored – to become law. The Bill is currently supported by a cross-party group of over 200 MPs including Tewkesbury’s own MP Laurence Robertson.

The Bill aims to solve the current problem whereby local renewable energy generators, such as community energy groups, are unable to sell energy that they generate to local people. This is because of the huge setup and running costs involved in doing so.

The Bill would overcome this problem by establishing a Right to Local Supply that would make the costs of selling locally generated clean energy proportionate to the scale of the operation. This would benefit the existing community energy groups across the country and, even more excitingly, create the opportunity for huge growth in such groups and other local clean energy providers.

If the Bill became law it would be excellent news for public authorities that wished to set up their own energy companies to sell locally generated renewable energy to local people, as the set up and running costs involved would be proportionate and thus a fraction of what they are now. The revenues received by such authorities could be ploughed back into local emissions reduction schemes and other local services and facilities.

A full copy of the Bill and the names of the 200+ MPs supporting it can be viewed via the following link

<https://powerforpeople.org.uk/wp-content/uploads/2020/09/Local-Electricity-Bill.pdf>

A copy has also been emailed to all Members of the Council

In light of the above, the Council is asked to:

1. sign up to the campaign www.powerforpeople.org.uk/sign-up and
2. adopt the resolution set out below:

Tewkesbury Borough Council:

- (i) acknowledges that it has made efforts to reduce greenhouse gas emissions and promote renewable energy;
- (ii) recognises that Councils can play a central role in creating sustainable communities, particularly through the provision of locally generated renewable electricity;

- (iii) further recognises that:
- a) very large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being impossible for local renewable electricity generators to do so,
 - b) making these financial costs proportionate to the scale of a renewable electricity supplier's operation would create significant opportunities for Councils and Community Groups to be providers of locally generated renewable electricity directly to local people, businesses and organisations, and
 - c) revenues received by Councils that became local renewable electricity providers could be used to help fund local greenhouse gas emissions reduction measures and to help improve local services and facilities;
- (iv) in view of the above, the Council supports the Local Electricity Bill, currently supported by a cross-party group of more than 200 MPs, and which, if made law, would make the setup and running costs of selling renewable electricity to local customers proportionate by establishing a Right to Local Supply and will: inform the local media of this decision,
- write to local MPs, asking them to support the Bill, and
 - write to the organisers of the campaign for the Bill, Power for People, (at 8 Delancey Passage, Camden, London NW1 7NN or info@powerforpeople.org.uk) expressing its support.

Local Electricity Bill

CONTENTS

- 1 Purpose
- 2 Local electricity suppliers
- 3 Amendment of the Electricity Act 1989
- 4 Short title, commencement and extent

A
B I L L

TO

Enable electricity generators to become local electricity suppliers; and for connected purposes.

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Purpose

The purpose of this Act is to encourage and enable the local supply of electricity.

2 Local electricity suppliers

- (1) An electricity generator may be a local electricity supplier. 5
- (2) In this section “electricity generator” has the same meaning as in section 6 of the Electricity Act 1989.
- (3) A local electricity supplier must—
 - (a) hold a local electricity supply licence, and
 - (b) adhere to the conditions of that local electricity supply licence. 10

3 Amendment of the Electricity Act 1989

- (1) The Electricity Act 1989 is amended as follows.
- (2) In section 6 (licences authorising supply, etc.), after subsection (1)(d), insert—

“(da) a licence authorising a person to supply electricity to premises within a designated local area (“a local electricity supply licence”);” 15

- (3) After section 6 insert—

“6ZA Local electricity supply licences

- (1) Subject to it exercising its other functions under this Act the Gas and Electricity Markets Authority (“the Authority”) may grant a local 20

- electricity supply licence to a person who meets local electricity supply licence conditions.
- (2) The Authority must set local electricity supply licence conditions.
 - (3) The Authority must specify the designated local area for each local electricity supply licence. 5
 - (4) Before making any specification under subsection (3) the Authority must consult –
 - (a) any relevant local authority;
 - (b) any existing local electricity suppliers;
 - (c) any persons who have, to the knowledge of the Authority, expressed an interest in becoming local electricity suppliers; 10
 - (d) any other person who, in its opinion, has an interest in that matter.
 - (5) The Authority may specify different designated local areas and different local electricity supply licence conditions for different local supply licences. 15
 - (6) It is a duty of the Authority to ensure that –
 - (a) any fees or other costs of an application for a local electricity supply licence are in its view proportionate to the size of the applicant’s business, and 20
 - (b) the conditions of the local supply licence are as simple and straightforward as is consistent with the Authority fulfilling its principal objective and general duties under section 3A.”
- 4 Short title, commencement and extent**
- (1) This Act may be cited as the Local Electricity Act 2020. 25
 - (2) This Act (other than this section) comes into force on such day as the Secretary of State may by regulations appoint.
 - (3) The power to make regulations under this section is exercisable by statutory instrument.
 - (4) The Secretary of State may not make regulations under this section which apply to Scotland without first consulting the Scottish Ministers. 30
 - (5) The Secretary of State may not make regulations under this section which apply to Wales without first consulting the Welsh Government.
 - (6) This Act extends to England and Wales, and Scotland.

Local Electricity Bill

A

B I L L

To enable electricity generators to become local electricity suppliers; and for connected purposes.

*Presented by Peter Aldous
supported by Sir Graham Brady, Rosie Duffield,
Wera Hobhouse, Dame Diana Johnson,
David Johnston, Ben Lake,
Caroline Lucas, John McNally,
John Penrose, Selaine Saxby
and Mr Barry Sheerman.*

*Ordered, by The House of Commons,
to be Printed, 10 June 2020*

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PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS

Report to:	Overview and Scrutiny Committee
Date of Meeting:	24 November 2020
Subject:	Council Motion – Support for Local Electricity Bill
Report of:	Deputy Chief Executive
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Clean and Green Environment
Number of Appendices:	Two

Executive Summary:

At the Council meeting on 28 July 2020 a motion was presented seeking support for the Local Electricity Bill. A full copy of the motion is attached at Appendix 1 and the Bill is attached at Appendix 2. In essence, the Council was requested to:

1. sign up to the campaign www.powerforpeople.org.uk/sign-up ; and
2. adopt the resolution set out below:

Tewkesbury Borough Council:

- (i) Acknowledges that it has made efforts to reduce greenhouse gas emissions and promote renewable energy:
- (ii) Recognises that the Councils can play a central role in creating sustainable communities, particularly through the provision of locally generated renewable electricity:
- (iii) Further recognises that:
 - a) very large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being impossible for local renewable electricity generators to do so,
 - b) making these financial costs proportionate to the scale of a renewable electricity supplier's operation would create significant opportunities for Councils and Community Groups to be providers of locally generated renewable electricity directly to local people, businesses and organisations, and
 - c) revenues received by Councils that became local renewable electricity providers could be used to help fund local greenhouse gas emissions reduction measures and to help improve local services and facilities;
- (iv) In view of the above, the Council supports the Local Electricity Bill, currently supported by a cross-party group of more than 200 MPs, and which, if made law, would make the setup and running costs of selling renewable electricity to local customers proportionate by establishing a Right to Local Supply.

In considering the motion, it was resolved by Council, that the motion be referred to the Council's Overview and Scrutiny Committee for consideration.

When referring motions to other Committees, the Council has the option to ask that Committee determine the matter or send it elsewhere for determination. In this case, Council resolved that the matter should be ultimately determined by Executive Committee.

This report sets out some of the considerations for the Committee in terms of assisting and aiding the discussion and debate.

Recommendation:

To consider the information set out in this report and determine the Overview and Scrutiny Committee's response to the Local Electricity Bill Motion.

Reasons for Recommendation:

The matter has been referred by the Council for consideration by the Overview and Scrutiny Committee.

Resource Implications:

Should there be sign up to the motion, and the implications of the Local Electricity Bill, there could be resource implications. Currently, the Council has a relatively small budget associated with its carbon reduction and climate change programme (approximately £40,000) Executive Committee has previously agreed that the most cost-effective way to utilise this budget, in light of the absence of any internal expertise, was through the commissioning of a consultant and his authoring of a detailed carbon reduction action plan, together with ongoing support equating to 2.5 days per week. Should there be a need to divert some of this resource to exploring and understanding the implications associated with the Local Electricity Bill, it is likely that this would have to be at the expense of existing identified workstreams contained within the action plan. The Bill appears to be strongly advocating the role of local authorities as a supplier of local electricity. The Council does not currently have the infrastructure nor the mechanisms or resources in place to undertake what would be a significant variation in its current business.

Legal Implications:

Part of the motion to Council required it to 'sign up to the campaign.' If it wishes to do so the Council can sign up to the campaign (according to the Power for People website a number of local authorities have already signed up), however the Council, if minded to sign up, would need to be very careful to not inadvertently sign up to something that is/could be seen as a more binding agreement/procurement policy for the authority.

If the Local Electricity Bill (whether in its current form or an amended form) becomes law further legal advice may need to be provided. This would also be the case if the authority wished to take action following the introduction of a Local Electricity Act.

Risk Management Implications:

Should there be sign up to the Local Electricity Bill, the authority would need to review and manage any risks associated with signing up to the Bill.

Performance Management Follow-up:

None directly arising from this report.

Environmental Implications:

Should there be sign up to the Local Electricity Bill, there may be positive environmental benefits in terms of the provision of locally produced electricity directly to local communities. This appears to be one of the key drivers associated with the Bill. However, detail in terms of managing capacity, supply, resilience and the breadth/radius of any local communities who may be able to benefit from local electricity is not clearly defined at this stage. It would also require the input of third-party regulators such as the Office for Gas and Electricity Markets (Ofgem) in ways that as yet are unclear.

1.0 INTRODUCTION

1.1 At the Council meeting on 28 July 2020 a motion was presented seeking support to sign up to the Local Electricity Bill. A full copy of the motion is attached at Appendix 1 and summarised below. A copy of the Bill as it currently stands, is provided for information at Appendix 2.

1. sign up to the campaign www.powerforpeople.org.uk/sign-up .
2. support the Local Electricity Bill.
3. recognise that Councils can play a central role in creating sustainable communities, particularly through the provision of locally generated renewable electricity.
4. recognise that:
 - a) very large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being impossible for local renewable electricity generators to do so.
 - b) making these financial costs proportionate to the scale of a renewable electricity supplier's operation would create significant opportunities for Councils and Community Groups to be providers of locally generated renewable electricity directly to local people, businesses and organisations.
 - c) revenues received by Councils that became local renewable electricity providers could be used to help fund local greenhouse gas emissions reduction measures and to help improve local services and facilities.

2.0 BACKGROUND

2.1 According to their website, "Power for People is a not-for-profit organisation, campaigning for the UK to rapidly transition to 100% clean energy and for this to benefit local economies. They run grass roots mobilisation campaigns, engaging and involving citizens and local communities and calling on them to lobby their elected representatives for changes in the law or in government policy."

3.0 SIGNATORIES SUPPORTING THE LOCAL ELECTRICITY BILL CAMPAIGN

3.1 According to the Power for people website, as of 20 October 2020:

“56 county and local authorities and over 300 community groups have signed up to support the Bill along with a coalition of 55 national organisations including the Energy Savings Trust, Good Energy, Forum for the Future, the New Economics Foundation, ResPublica, the Solar Trade Association, the British Hydro Power Association, Triodos Bank, the Transition Network, Community Matters, Locality, UK Community Works, Possible, RSPB, Friends of the Earth, WWF, Greenpeace, ClientEarth, Tearfund and 350.org. One of the members of this coalition is (the Distribution Network Operator) Electricity North West who own and operate one of the UK’s regional electricity grid networks.”

3.2 The Power for People website makes it clear that:

“these organisations support the Local Electricity Bill in principle and not necessarily its exact current wording. The wording of the Bill may change as our campaign for it progresses.”

4.0 POINTS TO CONSIDER IN RESPECT OF THE MOTION

4.1 In considering the motion, it was determined that it be referred to the Council’s Overview and Scrutiny Committee for consideration. When referring motions to other Committees, the Council has the option to ask that Committee to determine the matter or send it back to the Council for determination. In this case, the matter was referred to the Overview and Scrutiny Committee for consideration and to make a recommendation to the Executive Committee for decision.

4.2 The Local Electricity Bill is a short Private Members Bill, originally envisaged to be heard under the ‘Ten Minute Rule’ (Ten Minute Rule Bills are a type of Private Members’ Bill that are introduced in the House of Commons under Standing Order No 23).

4.3 The ten-minute rule allows a backbench MP to make his or her case for a new Bill in a speech lasting up to ten minutes. An opposing speech may also be made before the House decides whether or not the Bill should be introduced. If the MP is successful, the Bill is taken to have had its first reading.

4.4 The Bill is scheduled for a second reading in January 2021. The Second Reading is normally the first opportunity for a Bill to be debated in either House and is the stage where the overall principles of the Bill are considered. If the Bill passes Second Reading it moves on to the Committee Stage. It is a short Bill at four clauses long.

4.5 Clause 1

states the purpose of the Act is to encourage and enable the local supply of electricity. The Clause does not mention the need for this electricity to be from renewable sources. There is no reference to a direct link to local provision.

Clause 2

introduces local generation and that a local supplier may set prices for the power. It accepts that a licence will be required for this and creates the new concept of a ‘local supply licence.’ Ofgem would remain as the regulator.

Clause 3

provides a duty on the Office for Gas and Electricity Markets (Ofgem) to issue a local supply licence to any generator. The cost of any licence should be proportionate to the size of the business and the regulations must be ‘as simple and straightforward as possible’

Ofgem would also stipulate the radius that would apply to a local supply licence and this would be a matter for their own discretion.

Clause 4

defines relevant businesses as including individuals and not for profit organisations.

- 4.6** The Bill, if made law, would intend to make the setup and running costs of selling electricity to local customers proportionate by establishing a ‘right to local supply’. No further detail is given in terms of the implications of introducing a right to local supply or how the process would operate. In considering the implications of a right to local supply, the Committee would be advised to consider the implications of this at a local level. Local considerations could include the benefits and disbenefits of the Council becoming a local energy supplier; (resource, financial outlay and risk assessment) supply resilience and supporting and managing customer base. The Council is often seen as the ‘fourth emergency service’ by businesses and communities. As such the implications of managing and responding to power outages to communities served by local suppliers, due for example to adverse weather events, changes in regulation or incomplete due diligence on behalf of the local supplier etc. should be considered.
- 4.7** The key parts of the motion are summarised below (in italics) together with the relevant items for consideration by the committee.
- 4.7.1** The Council is asked to:
1. Sign up to the campaign www.powerforpeople.org.uk/sign-up
Signing up via the Power for People sign up link on the website does not appear to be ‘campaign specific’. As such if the Council was minded to sign up, the Council would need to consider the implications, benefits and disbenefits and risk of being associated with other campaigns by default that may not have been the intention of the motion put to Council.

The Power for People website makes it clear that in relation to many of the organisations that have signed up, including the local and county authorities, that “these organisations support the Local Electricity Bill in principle and not necessarily its exact current wording. The wording of the Bill may change as our campaign for it progresses.”

The Committee will need to consider the implications of signing up to a Bill that is likely to be subject to changes in wording and the benefits/disbenefits of signing up to a Bill that is clearly still a work in progress.
- 4.7.2** Tewkesbury Borough Council:
- (i) acknowledges that it has made efforts to reduce greenhouse gas emissions and promote renewable energy.

- 4.7.3** The Council offices have, for several years, had solar panels in operation to be able to generate electricity and offset the Council's energy demands. Since declaring a climate emergency in October 2019, the Council commissioned an independent audit report and action plan setting out how the Council's buildings will become carbon neutral by 2030 together with a broad range of measures that will seek to further reduce the carbon footprint associated with scope 1, 2 and 3 emissions as defined in the Greenhouse Gas Protocol. Together with other measures, such as the introduction of low emission and plug in electric vehicles for staff use, the Council is already implementing measures to reduce greenhouse gas emissions and promote renewable energy.
- 4.7.4** Through the work being led by the consultant and the Asset team, the Council is also in the process of applying for substantial decarbonisation capital and project management grants (approximately £180,000) from the Department of Business Energy and Industrial Strategy (BEIS). These grants will support the capital and project programme for the replacement of the public service centre heating system with the latest carbon friendly technology. It is believed the Council is one of the first and few authorities in the country, to embrace this grant programme and make substantial bids to BEIS. This approach further demonstrates the Council's commitment and drive to support carbon reduction and climate change management
- 4.7.5** It is important to emphasise that becoming a 'local energy supplier', as advocated in the Bill, is entirely different from an organisation looking to manage its own energy demand and consumption. The Council's carbon reduction action plan includes reference to a 'demand reduction energy survey' and the potential to offset the Council's energy costs further through the inclusion of additional solar photovoltaic (PV) panels.
- 4.7.6** (ii) Recognises that the Councils can play a central role in creating sustainable communities, particularly through the provision of locally generated renewable electricity.
- 4.7.7** The Committee will need to consider the fact that the process of how the electricity sector works, and how costs will be created and imposed on consumers through the system is complex. Local authorities may not be best placed in terms of having the expertise and knowledge needed in order to objectively assess the proposals suggested as part of the Power for People Bill. Consideration should be given, as referenced in Paragraph 4.4 above, to the implications of supporting communities if locally generated supplies fail, be this supplied by the Council or other community supplier.
- 4.7.8** The Committee may be aware via the national press, of examples of Councils that have ventured into the energy market, with less than favourable outcomes.
- The two obvious ones are Bristol City and Nottingham City who have both now sold the companies after losses of £30 million and £34 million respectively.
- Furthermore, a rapid non-statutory review will be conducted into Nottingham/Robin Hood Energy will be undertaken, according to a recent announcement by the Local Government Secretary Robert Jenrick (2 November 2020).
- "The review will look into the serious governance and risk management issues associated with the Council's private energy company Robin Hood Energy.
- The Council has agreed to this short, informal review to identify the issues it is facing and make recommendations for action that should be taken. The decision to carry out the review was taken following a number of issues raised in a public interest report published in August by Grant Thornton.

The report highlighted the serious failure of the governance at the Council since Robin Hood Energy was set up in 2015, including lack of effective risk management, plus failure to take on advice or pass on accurate and timely information.”

Whilst there will of course be a variation on the ‘scale’ to which local authorities may seek to explore the energy market, it is clearly a marketplace where entry can have serious ramifications if not properly governed, risk assessed and assessed.

- 4.7.9** There may be multiple ways of promoting greater community-owned, distribution network-embedded renewable generation rather than the solely the proposal as set out in the Bill of small generators becoming ‘suppliers’ in their own right. The Committee will need to consider whether there is sufficient information within the Bill at this, or future points in time and a sufficient knowledge base within the Council to objectively consider the merits or otherwise of the specific approaches proposed in the Bill.
- 4.7.10** (iii) further recognises that:
- a) very large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being impossible for local renewable electricity generators to do so;
 - b) making these financial costs proportionate to the scale of a renewable electricity supplier’s operation would create significant opportunities for Councils and Community Groups to be providers of locally generated renewable electricity directly to local people, businesses and organisations; and
 - c) revenues received by Councils that became local renewable electricity providers could be used to help fund local greenhouse gas emissions reduction measures and to help improve local services and facilities.
- 4.7.11** (iv) in view of the above, the Council supports the Local Electricity Bill, currently supported by a cross-party group of more than 200 MPs, and which, if made law, would make the setup and running costs of selling renewable electricity to local customers proportionate by establishing a Right to Local Supply and will: inform the local media of this decision,
- write to local MPs, asking them to support the Bill, and
 - write to the organisers of the campaign for the Bill, Power for People, (at 8 Delancey Passage, Camden, London NW1 7NN or info@powerforpeople.org.uk) expressing its support.
- 4.7.12** The Bill refers to the setup and running costs involved in selling locally generated renewable electricity to local customers being prohibitive and thus making it impossible for local renewable electricity generators to do so. The Bill also suggests that making these financial costs proportionate to the scale of a renewable electricity supplier’s operation would create significant opportunities for Councils and community groups to be providers of locally generated renewable electricity.
- 4.7.13** Cost is likely to be just one of several complex factors that would need to be considered by any Council or community group, as part of a detailed risk assessment and business case. The implications of Clauses 1 – 4 of the Bill would need to be carefully considered. The Bill refers to the role of Ofgem (Office of Gas and Electricity Markets) in determining the relevant licence, licence conditions and radius of sale of any locally produced electricity.

4.7.14 There are several examples of local Councils entering the energy supply market and ending up losing substantial sums, rather than the returns that were envisaged, indicating that this is by no means a risk-free investment market.

5.0 CONCLUSION

5.1 In essence, the requests contained in the motion are dealt with in this report and, after considering the information provided above, the Committee is asked to recommend to Executive Committee whether or not to sign up to the Local Electricity Bill.

6.0 OTHER OPTIONS CONSIDERED

6.1 None.

7.0 CONSULTATION

7.1 None.

8.0 RELEVANT COUNCIL POLICIES/STRATEGIES

8.1 Workforce Development Strategy.

9.0 RELEVANT GOVERNMENT POLICIES

9.1 None.

10.0 RESOURCE IMPLICATIONS (Human/Property)

10.1 None.

11.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

11.1 The Committee will consider these implications when undertaking reviews and in making its recommendations.

12.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

12.1 The Committee will consider these implications when undertaking reviews and in making its recommendations.

13.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

13.1 Council 28 July 2020 – Minute No. 20.2.

Background Papers: None.

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Appendices: 1 – Motion to Council.
2 – Local Electricity Bill.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	6 January 2021
Subject:	Community Funding Grant Scheme / Section 106 Panel
Report of:	Head of Development Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Community
Number of Appendices:	None

Executive Summary:

At the Executive Committee on 18 November 2020, the Committee approved the withdrawal of the £57,700 grant offer to Wormington Village Society.

This report outlines a new Community Funding Grants scheme as a way forward to allocate these funds for future community projects and proposes refining the composition of the S106 Panel.

Recommendation:

- 1. To approve the creation of a Community Grants Scheme.**
- 2. To delegate the development of the scheme to the Head of Development Services and the Head of Finance and Asset Management, including the formation of criteria and the consultation process to be undertaken to allocate the grants.**
- 3. To approve an amendment to the composition of the S106 Panel and consultation process as set out in Paragraph 3.2 of the report.**

Reasons for Recommendation:

To enable the residual community funding sum to be allocated appropriately in the local community and ensure the process involving the S106 Panel provides an effective mechanism for distribution of both funding streams.

Resource Implications:

The £57,700 is funded from capital reserves and sits within the capital programme as committed to supporting Community Schemes.

Legal Implications:

The Head of Development Services should ensure that appropriate terms and conditions are attached to the award of grant monies under the Community Grants Scheme.

Risk Management Implications:

None at this stage.

Performance Management Follow-up:

Outcomes will be reported through the Council's performance tracker.

Environmental Implications:

None at this stage.

1.0 INTRODUCTION/BACKGROUND

- 1.1** At the November 2020 Executive Committee, the Members approved the withdrawal of the £57,700 grant that was awarded to Wormington Village Society in 2013. The Grant was awarded by the Community Grants Working Group, which has since been disbanded.

2.0 COMMUNITY GRANTS

- 2.1** There is no clear procedure in place regarding the spend of £57,700 towards community projects. Therefore, to enable the money to be spent effectively, the Council would benefit from a transparent process to assist Members in allocating the funds. This report recommends creating a time limited Community Grants scheme, that would enable the £57,700 to be allocated to appropriate community projects. The funds available are for capital schemes only.
- 2.2** If the Committee decides that a community grants scheme is the correct way forward, relevant criteria needs to be in place by which decisions will be made. Scheme criteria would be developed along the similar lines to the Council's previous Community Funding programme. This would focus on community benefit and maximising the impact on the Borough's residents. This would also include supporting the voluntary and community sector and ensuring projects complement the Council's corporate priorities, supporting activities and projects that contribute to the health, wellbeing and social interaction of the wider community. The funding scheme would be managed and co-ordinated through the Council's Community Funding Officer.
- 2.3** To enable the funds to be spent efficiently and promptly, it is envisaged that projects would be eligible if they are in the latter stages of development and have a high likelihood of delivery.
- 2.4** Once a criteria is developed, it would be promoted through Members and the community. To enable the grants to be awarded, a Member consultation process would need to be in place which could be via the S106 Panel.
- 2.5** Within the Constitution, the authority to allocate community grants rests with the Head of Development Services but that delegation could be exercised in consultation with the S106 Panel as is the case with the allocation of S106 funds for community groups.

3.0 COMPOSITION OF THE S106 PANEL

- 3.1** In July 2018 the Executive Committee agreed the composition of the Panel as follows:
- Lead Member for Community.
 - Lead Member for Built Environment.
 - Lead Member for Finance and Asset Management.
 - Lead Member for Health and Wellbeing.
 - Local Member(s).

3.2 To date, only the local Members in whose area the S106 monies were generated have been invited to the Panel but this has caused some concern amongst those Members in whose area the applications for the funding have been generated. Clearly it is important that the views of all Members involved are considered without it becoming an unwieldy process, particularly bearing in mind that this could also include Members from other authorities as applications are made from groups based in other local authority areas but operate within the Borough, and the Panel acts in a consultative role only as the delegation to make the decision rests with the Head of Development Services. It is therefore suggested that the composition of the Panel be amended to include the Leader of the Council but rather than inviting local Members to attend the Panel, all Members (to include those Members in whose area the S106 monies were generated and those where the applications for the funding have come from) will be asked for their views which will be provided to the Panel as part of the consideration process. This will ensure the membership of the Panel is kept at an effective level but the views of all interested parties are considered.

4.0 OTHER OPTIONS CONSIDERED

4.1 The funding could remain in capital reserves and the Council wait for proposals for the funding to be submitted. However, this would mean there would not be a clear criteria by which to judge proposals effectively.

5.0 CONSULTATION

5.1 None.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 The Council Plan.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 Staff resources will be required to set up, co-ordinate and administer the funding scheme.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 The impact of the funding would positively influence community projects and initiatives, and therefore benefit residents.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 None at this stage.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 Executive Committee 18 November 2020.

Background Papers: Executive Committee 18 November 2020.

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Appendices: None.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	6 January 2021
Subject:	Local Development Scheme
Report of:	Planning Policy Manager
Corporate Lead:	Head of Development Services
Lead Member:	Lead Member for Built Environment.
Number of Appendices:	One

Executive Summary:

The Tewkesbury Borough Local Development Scheme (LDS) outlines the timetable for preparing statutory development plan documents in the Borough. The published version (adopted by the Council in October 2017) requires revision as the timetable is now out of date and an up to date Local Development Scheme is required as part of the Local Plan Examination for the Tewkesbury Borough Plan.

Recommendation:

That it be RESOLVED that the updated Local Development Scheme for Tewkesbury Borough, attached to the report at Appendix 1, be ADOPTED and take effect immediately.

Reasons for Recommendation:

In order to fulfil the Council's statutory duty to set out to prepare and maintain a Local Development Scheme setting out the project timetable for preparing and revising development plan documents ('Local Plan').

Resource Implications:

Resource implications for preparing the statutory development plan documents are not affected by updating the Local Development Scheme.

Legal Implications:

The preparation and maintaining of a Local Development Scheme is required under section 15 of the Planning and Compulsory Purchase Act 2004. This must specify (among other matters) the documents which, when prepared, will comprise the Local Plan for the area and the timetable for the preparation and revision of those documents. The Local Plan, together with Neighbourhood Plans making the Development Plan for the Borough.

Risk Management Implications:

The main risk associated with the Local Development Scheme relates to the failure to reach key milestones in the time specified and the not updating these causing delay to the progression of the development plan documents identified, as such development plan documents when examined need to be prepared in accordance with the Local Development Scheme.

Performance Management Follow-up:

Outcomes will be reported through the Council's performance tracker.

Environmental Implications:

The Local Development Scheme provides organisations and individuals with responsibilities/interests in environmental issues with information as to when they can get involved with planning policy processes in the Borough and kept track of progress of the same.

1.0 INTRODUCTION/BACKGROUND

- 1.1 Local Planning Authorities are required by law to prepare, publish and maintain a Local Development Scheme setting out the timetable for preparing statutory development plan documents, which form the Local Plan.
- 1.2 The Council's first Local Development Scheme was prepared in March 2005 and was subsequently revised in November 2009, April 2013 and October 2017 (2017 LDS). It had been anticipated in the 2017 Local Development Scheme, on information available at that time and looking for the shortest timescales possible, that the Local Plan would be adopted in Spring/Summer 2019.

2.0 LOCAL DEVELOPMENT SCHEME PURPOSE

- 2.1 The purpose of the Local Development Scheme is to set out the documents that will comprise the Local Plan and which will be prepared by Tewkesbury Borough Council. It also needs to give details as to what they will contain and their production schedule. It is important that plans for the future of the Borough are produced in a timely and efficient manner. If they are not, development which is necessary for the Borough's continued growth and prosperity may be delayed or abandoned, the coordination of housing development and infrastructure provision may be difficult to achieve and there is the potential for development to be approved on appeal in locations that the Council does not consider suitable.
- 2.2 The Development Plan Documents that will make up Tewkesbury Borough Council's Local Plan (as already set out in the current LDS) are:
- the Joint Core Strategy (strategic level document allocating large scale housing and employment sites – covers matters relating to Gloucester, Cheltenham and Tewkesbury areas); and
 - the Tewkesbury Borough Plan (Borough level document looking at issues specific to Tewkesbury Borough, for example non-strategic development/site allocations, rural housing and economic strategies).

2.3 Neighbourhood Development Plans also form part of the Development Plan for Tewkesbury Brough and a number of plans have been 'made' or are currently in production. Although eventually adopted by the Borough Council, Neighbourhood Development plans are developed by local communities. Therefore, these plans are not directly progressed by the Borough Council and the timescales for their development is largely dependent on local communities. As such, the Local Development Scheme does not contain detail on the timetables for any emerging plans.

3.0 DEVELOPMENT PLAN PREPARATION STAGES

3.1 An updated Local Development Scheme is presented at Appendix 1 to this report. It contains the latest timetable for the production of the Joint Core Strategy and the Tewkesbury Borough Plan. The key milestones for each are provided below:

The key stages for the **Joint Core Strategy** are:

- Examination Summer 2023.
- Adoption – Winter 2023.

The key stages for the **Tewkesbury Borough Plan** are:

- Examination – Spring 2021.
- Adoption – Autumn/Winter 2021.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 The preparation and maintaining of an Local Development Scheme does not require public consultation as it is effectively the Council's work plan.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Emerging Joint Core Strategy.
Emerging Tewkesbury Borough Plan.
Tewkesbury Borough Local Plan to 2011.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 Planning and Compulsory Purchase Act 2004.
Localism Act 2011.
National Planning Policy Framework (2019).
Town and Country Planning (Local Planning) (England) Regulations 2012.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 The Local Development Scheme is based upon adequate resources being available to satisfactorily complete each stage of the work. This includes: Planning Policy Team and other staff input; evidence base; assessments/appraisals; communications/materials/publicity; and community involvement.

- 9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 9.1** None directly related to this report, although a development plan led approach to development will help ensure that new development is supported by the necessary facilities and infrastructure. The adoption of the Joint Core Strategy and the Tewkesbury Borough Plan will remain matters to be decided by the Council.
- 10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 10.1** The timetables set out in the Local Development Scheme need to reflect the statutory and democratic processes that govern plan preparation combined with the resources available to undertake the work.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1** April 2013 – approval of Local Development Scheme by Council.
- 11.2** October 2017 – approval of Local Development Scheme by Council.

Background Papers: None

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Appendices: 1 – Tewkesbury Borough Local Development Scheme January 2021.

Tewkesbury Borough Local Development Scheme

January 2021



1. Introduction

- 1.1. The Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011) introduced the requirement for local planning authorities to prepare and maintain a Local Development Scheme (LDS). This LDS was adopted by the Council with immediate effect on 6 January 2021.
- 1.2. The LDS for Tewkesbury Borough identifies the timetable for the preparation of Development Plan Documents (DPDs) which together constitute the 'Local Plan' for the area. For Tewkesbury this includes the Cheltenham, Gloucester and Tewkesbury Joint Core Strategy (JCS) and the Tewkesbury Borough Plan. This LDS sets out the work programme for their production over the next 2 years up to 2023.
- 1.3. The Development Plan is also made up of any Neighbourhood Development Plans (NDP) that are 'made'. NDPs are developed by local communities (with assistance from the Borough Council). Therefore, these plans are not directly progressed by the Borough Council and the timescales for their development are largely dependent on local communities. As such, the LDS does not contain detail on the timetables for any emerging neighbourhood development plans.
- 1.4. The Local Plan also consists of the Waste Core Strategy and the Minerals Local Plan which are also DPDs. However, these are the responsibility of Gloucestershire County Council and subject to a separate LDS and are not dealt with in this document.
- 1.5. Tewkesbury Borough Council currently has four Supplementary Planning Documents (SPD): Flood and Water Management SPD, the Tewkesbury Town Regeneration SPD, the Affordable Housing SPD and a joint West Cheltenham 'Central Cyber Garden Community' SPD. The Council may decide to update these SPDs or develop additional SPDs to provide guidance to support the Local Plan. However, these are not DPDs and therefore their production is not subject of the LDS.

2. Cheltenham, Gloucester and Tewkesbury Joint Core Strategy

- 2.1. Tewkesbury Borough Council, along with Cheltenham Borough Council and Gloucester City Council, adopted the Joint Core Strategy (JCS) in December 2017. The JCS provides the overarching strategic plan for the wider area covered by the three councils from 2011-2031.
- 2.2. The adopted JCS contained a commitment to undertake an immediate review on the issues of housing supply for Gloucester and Tewkesbury and the retail/town centre policies for the whole area. However, due to the plan making requirements set out in the revised National Planning Policy Framework, there has been a need to expand the scope of the project to provide a comprehensive review of the plan.
- 2.3. The authorities undertook an Issues and Options consultation between November 2018 and January 2019, and are now working towards a Regulation 18 Consultation which is planned for Summer 2021.
- 2.4. The estimated timetable for the JCS Review to adoption is as follows
 - Issues & Options Consultation – Winter 2018/19
 - Preferred Options Consultation – Summer 2021
 - Pre-Submission Consultation – Winter 2022
 - Submission to the Secretary of State – Spring 2023

- Examination – Summer 2023
- Adoption – Winter 2023

3. Tewkesbury Borough Plan

- 3.1. The Tewkesbury Borough Plan (TBP) sits underneath the strategic-level JCS and provides the local-level growth strategy for the Borough. The TBP will help to meet the level of growth set out in the JCS by providing specific policy guidance for new development in the area and make smaller-scale site allocations. The policies established through the TBP will set out specific requirements for new development and provide more detail than the policies in the JCS. This will allow the Council to respond to any particular challenges and issues in the Borough. The TBP allocations specifically focus on housing sites at Tewkesbury town, Rural Service Centres and Service Villages as well as sites for employment growth around the Borough.
- 3.2. Following scoping and draft options consultation, a TBP Preferred Options document was published for consultation between October and November 2018. The Pre-Submission Plan consultation was carried out October 2019 and the plan submitted to the Secretary of State on 18 May 2020.

The estimated timetable for the TBP to adoption is therefore:

- Examination in Public –Spring 2021
- Adoption – Winter 2021

Document is Restricted

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