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Northumberland County Council

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Date: Tuesday, 2 February 2021

Dear Sir or Madam,

Your attendance is requested at a virtual meeting of the **CABINET** to be held on **TUESDAY, 9 FEBRUARY 2021** at **10.00 AM**.

Please note this will be a “virtual meeting” that will be streamed live on our Youtube channel at [youtube.com/NorthumberlandTV](https://www.youtube.com/NorthumberlandTV)

Yours faithfully

Daljit Lally
Chief Executive

To Cabinet members as follows:-

G Renner-Thompson, R Dodd (Vice-Chair), B Flux, V Jones, N Oliver, W Pattison, J Riddle, G Sanderson (Chair), Stewart, J Watson and R Wearmouth

Any member of the press or public may view the proceedings of this virtual meeting live on our YouTube channel at <https://www.youtube.com/NorthumberlandTV>. Members of the press and public may tweet, blog etc during the live broadcast as they would be able to during a regular Committee meeting. However, the only participants in the virtual meeting will be the Councillors concerned and the officers advising the Committee.



Daljit Lally, Chief Executive
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AGENDA

PART I

It is expected that the matters included in this part of the agenda will be dealt with in public.

1. APOLOGIES FOR ABSENCE

2. MINUTES

(Pages 1
- 8)

Minutes of the meeting of Cabinet held on 12 January 2021, as circulated, to be confirmed as a true record and signed by the Chair.

3. DISCLOSURE OF MEMBERS' INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required to disclose any personal interest (which includes any disclosable pecuniary interest) they may have in any of the items included on the agenda for the meeting in accordance with the Code of Conduct adopted by the Council on 4 July 2012, and are reminded that if they have any personal interests of a prejudicial nature (as defined under paragraph 17 of the Code Conduct) they must not participate in any discussion or vote on the matter and must leave the room. NB Any member needing clarification must contact Legal Services, on 01670 623324. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. BUDGET 2021-22 AND MTFP 2021-24

(Pages 9
- 346)

The purpose of this report is to enable the Cabinet to make formal budget recommendations to the County Council.

The report provides the Revenue Budget for 2021-22 and Revenue Medium-Term Financial Plan (MTFP) 2021-24 and the Capital Budget for 2021-22 and Capital MTFP to 2021-24, following the Government's Spending Round Announcement 2020 (SR 2020), on 25 November 2020, and the publication of the provisional Local Government Finance Settlement on 17 December 2020.

It is important to note that there may need to be some revisions to the figures following receipt of the Government's February 2021 Final Local Government Finance Settlement figures. It is proposed that any changes to the figures as a result of this announcement, which impact on the Budget 2021-22 and MTFP 2021-24 are delegated to the Council's Section 151 Officer in consultation with the Portfolio Holder for Corporate Services.

5. SCHOOL ADMISSION ARRANGEMENTS FOR COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR THE 2022/2023 ACADEMIC YEAR

(Pages
347 -
390)

This report informs Cabinet of the outcomes of the consultation on School Admission Arrangements for Community and Voluntary Controlled Schools for the 2022/23 Academic Year as required by the School Admissions Code 2014. Approval (determination) of these admission arrangements is also sought (Appendix A).

The report of the FACS OSC on this matter will be circulated when the Committee has met.

6. NORTHUMBERLAND CLIMATE CHANGE ACTION PLAN 2021-23

(Pages
391 -
474)

The Green Economy and Climate Change have never been more important for Northumberland. The Climate Change Action Plan sets out the actions that the Council will take to create a net-zero Northumberland by 2030, whilst also seeking to attract green investment into the county and generate more green jobs.

The Action Plan focuses on the priorities for the next two years (2021/22, 2022/23) alongside the work required to develop the strategies and deliver the projects needed from 2023. Fundamental to the delivery of this Action Plan will be a county wide change in mindset and behaviours, which will only be possible through effective and far reaching engagement and partnerships with residents, communities, businesses, visitors and central government. The Action Plan builds on and supersedes the previous Climate Commitment Action Plan 2020-21 (Appendix B).

The report of the CSEG OSC on this matter will be circulated when the Committee has met.

7. SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP

(Pages
475 -
484)

The report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group on 6 January 2021 (Appendix C).

8. URGENT BUSINESS

PART II

It is expected that matters included in this part of the Agenda will be dealt with in private. Reports referred to are enclosed for members and officers only, coloured pink and marked "Not for Publication".

9. EXCLUSION OF PRESS AND PUBLIC

The Committee is invited to consider passing the following resolution:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the Agenda as it involves the likely disclosure

of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and

- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item	Paragraph of Part I of Schedule 12A
10	3 Information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining this exemption outweighs the public interest in disclosure because the negotiations with Government to secure external funding would be prejudiced.

10. Borderland Inclusive Growth Deal

3
To outline the content of the negotiated Borderlands Inclusive Growth Deal and the role of the County Council in subsequent delivery (Appendix D). The report of the CSEG OSC on this matter will be circulated when the Committee has met.

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

- Declare it and give details of its nature before the matter is discussion or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

Name (please print):
Meeting:
Date:
Item to which your interest relates:
Nature of Registerable Personal Interest i.e either disclosable pecuniary interest (as defined by Annex 2 to Code of Conduct or other interest (as defined by Annex 3 to Code of Conduct) (please give details):
Nature of Non-registerable Personal Interest (please give details):
Are you intending to withdraw from the meeting?

1. Registerable Personal Interests – You may have a Registerable Personal Interest if the issue being discussed in the meeting:

a) relates to any Disclosable Pecuniary Interest (as defined by Annex 1 to the Code of Conduct); or

b) any other interest (as defined by Annex 2 to the Code of Conduct)

The following interests are Disclosable Pecuniary Interests if they are an interest of either you or your spouse or civil partner:

(1) Employment, Office, Companies, Profession or vocation; (2) Sponsorship; (3) Contracts with the Council; (4) Land in the County; (5) Licences in the County; (6) Corporate Tenancies with the Council; or (7) Securities - interests in Companies trading with the Council.

The following are other Registerable Personal Interests:

(1) any body of which you are a member (or in a position of general control or management) to which you are appointed or nominated by the Council; (2) any body which (i) exercises functions of a public nature or (ii) has charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management); or (3) any person from whom you have received within the previous three years a gift or hospitality with an estimated value of more than £50 which is attributable to your position as an elected or co-opted member of the Council.

2. Non-registerable personal interests - You may have a non-registerable personal interest when you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are, or ought reasonably to be, aware that a decision in relation to an item of business which is to be transacted might reasonably be regarded as affecting your well being or financial position, or the well being or financial position of a person described below to a greater extent than most inhabitants of the area affected by the decision.

The persons referred to above are: (a) a member of your family; (b) any person with whom you have a close association; or (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or company of which they are a director or shareholder.

3. Non-participation in Council Business

When you attend a meeting of the Council or Cabinet, or one of their committees or sub-committees, and you are aware that the criteria set out below are satisfied in relation to any matter to be considered, or being considered at that meeting, you must : (a) Declare that fact to the meeting; (b) Not participate (or further participate) in any discussion of the matter at the meeting; (c) Not participate in any vote (or further vote) taken on the matter at the meeting; and (d) Leave the room whilst the matter is being discussed.

The criteria for the purposes of the above paragraph are that: (a) You have a registerable or non-registerable personal interest in the matter which is such that a member of the public knowing the relevant facts would reasonably think it so significant that it is likely to prejudice your judgement of the public interest; **and either** (b) the matter will affect the financial position of yourself or one of the persons or bodies referred to above or in any of your register entries; **or** (c) the matter concerns a request for any permission, licence, consent or registration sought by yourself or any of the persons referred to above or in any of your register entries.

This guidance is not a complete statement of the rules on declaration of interests which are contained in the Members' Code of Conduct. If in any doubt, please consult the Monitoring Officer or relevant Democratic Services Officer before the meeting.

Agenda Item 2

NORTHUMBERLAND COUNTY COUNCIL

CABINET

At a remote meeting of the **Cabinet** held on Tuesday 12 January 2021 at 10.00 am.

PRESENT

Councillor G. Sanderson
(Leader of the Council, in the Chair)

CABINET MEMBERS

Dodd, R.	Riddle, J.R.
Jones, V.	Watson, J.G.
Oliver, N.	Wearmouth, R.
Renner-Thompson, G.	

OTHER MEMBERS

Crosby, B.	Stewart, G.
Flux, B.	Wallace, R.
Pattison, W.	

OFFICERS IN ATTENDANCE

Angus, K.	Executive Director of HR/OD and Deputy Chief Executive
Aviston, S.	Head of School Organisation and Resources
Bradley, N.	Service Director – Strategic Commissioning and Finance
Hadfield, K.	Democratic and Electoral Services Manager
Hand, C.	Executive Director of Finance
Lally, D.	Chief Executive
Masson, N.	Principal Solicitor
McLoughlin, J.	Executive Director: Regeneration, Commercial and Economy
McEvoy-Carr, C.	Executive Director of Adult Social Care and Children's Services
O'Farrell, R.	Interim Executive Director: Place
Roll, J.	Head of Democratic and Electoral

Ch.'s Initials.....

144. MINUTES

RESOLVED that the minutes of the meeting of Cabinet held on 8 December 2020, as circulated, be confirmed as a true record and signed by the Chair.

145. DISCLOSURE OF MEMBERS INTERESTS

Councillor Wearmouth disclosed an interest in items 6 and 10 on the agenda as Chair of Advance Northumberland and would switch off his microphone and camera for the first matter and leave the meeting for the second matter. Councillor Renner Thompson disclosed an interest in the same items as a member of the Advance Board, advising he would do the same.

146. REPORTS OF THE EXECUTIVE DIRECTOR OF FINANCE

Notification of the Estimated Collection Fund Balances 2020-21 – Council Tax and Business Rates

The report advised members of the estimated year end balances on the Collection Fund in relation to Council Tax and Business Rates for the year ending 31 March 2021 (copy attached to the signed minutes as Appendix A).

The S151 Officer highlighted the main points of the report for members. Members noted the severe impact on collections this financial year.

RESOLVED that:-

- (a) Cabinet approve the declaration of a deficit on the Collection Fund for the year ending 31 March 2021 in relation to Council Tax of £2.552 million to be distributed to the Council and Northumbria Police and Crime Commissioner in accordance with Council Tax regulations; the Council's share being £2.376 million;
- (b) a. Cabinet note the overall estimated deficit on the Collection Fund for the year ending 31 March 2021 in relation to Business Rates of £42.505 million; the Council's share being £21.427 million (which largely relates to the extension of rate reliefs announced by the government in response to the Covid-19 pandemic and for which the Council was reimbursed through S31 grants); and,

- b. Cabinet note that, after taking account of the extension of rate reliefs funded through S31 grants, the impact on the Council's General Fund will be a £1.549 million deficit for the three-year period (£0.865 million deficit in 2021-22);
- (c) Cabinet note the distribution of the estimated Collection Fund deficit for Council Tax to the Northumbria Police and Crime Commissioner of £0.176 million and the distribution of the estimated Collection Fund deficit for Business Rates of £21.078 million to the Secretary of State;
- (d) Cabinet note the inclusion of the Council's share of the estimated Collection Fund balances distributable in 2021-22 of £1.268 million deficit and £20.743 million deficit, for Council Tax and Business Rates respectively, within the Council's budget 2021-22;
- (e) Cabinet note the inclusion of the Council's share of the estimated Collection Fund balances distributable 2021-2024 of £2.376 million deficit and £21.427 million deficit, for Council Tax and Business Rates respectively, within the Council's Medium-Term Financial Plan 2021-2024; and
- (f) Cabinet note the Spending Review 2020 announcement that the government will "compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020-21 that would otherwise need to be funded through local authority budgets in 2021-22 and later years.

147. REPORT OF THE EXECUTIVE DIRECTOR OF ADULT SOCIAL CARE AND CHILDREN'S SERVICES

National Funding Formula & School Funding 2021/22

The report updated Cabinet on the National Funding Formula (NFF) and the implications for 2021/22 School Funding in Northumberland (copy attached to the signed minutes as Appendix B, along with the report of the FACS OSC).

The report was introduced by Councillor Renner Thompson who highlighted the main points of the report.

Sue Aviston advised members that this was the usual annual report to Cabinet. The report sought delegated approval of the final formula values to the Executive Director and the Portfolio Holder once the final 2020/21 Schools Block figure from the DfE was known. Approval had been sought from Schools Forum to transfer 0.5% from the Schools Block to the High Needs Block to address the

growing population of children with additional needs.

The Authority had been moving towards the NFF for the last four years, and only three values were now outside the NFF. A two step approach was proposed towards these values which had been supported by Schools Forum. This would ensure a smooth and gradual transition to bring the Authority in line with NFF.

The DSG allocation had now been received with £203m allocated to Northumberland, which represented an 8.7% increase. However, the teachers' pay and pension grant was now included in that. This meant additional funding of £3.7m for schools, which was welcomed. Further details would be circulated.

Councillor Wearmouth welcomed the proposal to circulate information about the additional funding, which had come on top of a generous local government settlement. He asked if there was any detail as to where this funding was likely to go. Sue Aviston advised that a further report would be made which would identify the individual allocations for schools, which would also go to FACS OSC.

Members were advised about the content of the FACS OSC report, which supported the report's recommendations.

RESOLVED that:-

- (a) Cabinet approve the proposals for the two-step implementation of the National Funding Formula in 21/22, in line with the recommendation of the Schools Forum meeting of 18 November 2020 and the results of the subsequent consultation exercise held with schools;
- (b) Cabinet approve the delegation of the approval of the final formula values to the Executive Director of Adult Social Care & Children's Services and the Lead Member for Children's Services in line with the principles agreed at Schools Forum on 18 November 2020, once the final budget allocations are released by the Department for Education in December 2020;
- (c) Cabinet approve the transfer of up to 0.5% funding from the Schools' Block to the High Needs Block, in line with recommendation of the Schools Forum meeting of 18 November 2020 and the results of the subsequent consultation exercise held with schools; and
- (d) the report of the FACS OSC be noted.

148. REPORT OF THE SERVICE DIRECTOR - STRATEGIC COMMISSIONING AND FINANCE

Summary of New Capital Proposals Considered by Officer Capital Strategy Group

The report summarised proposed amendments to the Capital Programme considered by the officer Capital Strategy Group on 3 December 2020 (copy attached to the signed minutes as Appendix C).

Councillors Renner Thompson and Wearmouth switched cameras and mics off at this point.

Neil Bradley presented the report.

Councillor Riddle supported the proposal for additional funding to acquire houses as part of the ongoing HRA affordable housing programme. There was a proven need, and it supported the Council's desire to increase the supply of affordable rented accommodation.

Councillor Oliver welcomed action being taken in a rural area as there was a need for this provision in rural areas as well as in urban ones.

Councillors Renner Thompson and Wearmouth returned to the meeting at this point.

Councillor Wearmouth welcomed the Future High Street Funding announced for Blyth on Boxing Day with over £11m of funding. Previous allocations had also been agreed by the Council and this would allow greater projects to be developed.

RESOLVED that:-

- (a) Cabinet approve the additional budget requirement of £388,800 for the acquisition of the 4 two-bedroom houses at Wooler, as part of the ongoing HRA Affordable Housing programme, and to be met from the 'HRA Re-provision, Re-modelling and New Build' budget in the 2021-22 Capital Programme; (Councillors Renner Thompson and Wearmouth did not take part) and
- (b) Cabinet agree the allocation of £3m of the existing MTFP provision for the Energising Blyth Town Deal to show the Council's commitment to unlock up to £25m of investment from MHCLG.

149. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF PLACE

Decision under Finance and Contract Rules - Acquisition of Car Park at Bunker Site, Hexham

A decision was taken by the Interim Executive Director of Place, in consultation with the Leader and Cabinet Member for Environment and Local Services under Rule 2.4 of the Council's Finance and Contract Rules (Spending Limits for Corporate Directors and Executive Members), to approve an increase of £0.402 million to the existing £1.5 million capital budget provision made for the acquisition of the Bunker site car park in Hexham, from the £10 million capital allocation made in the MTFP for car park improvements (recommended to County Council on 19 February to be reduced to £8.477m in the revised MTFP).

In accordance with Rule 2.5 of Finance and Contract Rules, the decision of the Leader to agree with the urgency of this matter was being reported to Cabinet for information.

Mr O'Farrell provided some background to this, which was welcomed by members.

RESOLVED that the decision be noted.

150. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the Agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item	Paragraph of Part I of Schedule 12A
10	3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).
AND	The public interest in maintaining this exemption outweighs the public interest in disclosure because disclosure would prejudice Advance Northumberland's

ability to negotiate with partners and give its competitors a commercial advantage.

151. REPORT OF THE EXECUTIVE DIRECTOR OF REGENERATION, COMMERCIAL AND ECONOMY

Bedlington Town Centre Redevelopment

The report provided details of the revised proposals and costs for the redevelopment of Bedlington Town Centre, which were required due to the impact the COVID 19 pandemic had had on the commercial viability of the original proposals, and sought approval of the Council’s financial contribution as part of a wider funding package required to enable the redevelopment of the town centre to be undertaken by Advance Northumberland (copy attached to the signed minutes as Appendix D, coloured pink and marked “Not for Publication”, along with the report of the CSEG OSC).

In accordance with Minute No. 145 above, Councillors Renner Thompson and Wearmouth left the meeting.

Members were provided with further details about the current position, including the funding strategy, by Juliemma McLoughlin and Heather Smith.

Members supported the proposals and thanked officers for their work on this.

The report of the Corporate Services and Economic Growth OSC had been circulated to members, which supported the report’s recommendations and drew other points to Cabinet’s attention.

RESOLVED that:-

- (a) the recommendations, as detailed in the report, be approved; and
- (b) the report of the CSEG OSC be received.

CHAIR.....

DATE.....

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Budget 2021-22

and Medium Term Financial Plan 2021-24



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Northumberland County Council

CABINET

9 February 2021

Budget 2021-22 and Medium-Term Financial Plan 2021-24

Report of Chris Hand, Executive Director of Finance

Cabinet Member: Councillor Nick Oliver – Cabinet Secretary and Portfolio Holder for Corporate Services

Purpose of Report

The purpose of this report is to enable the Cabinet to make formal budget recommendations to the County Council.

The report provides the Revenue Budget for 2021-22 and Revenue Medium-Term Financial Plan (MTFP) 2021-24 and the Capital Budget for 2021-22 and Capital MTFP to 2021-24, following the Government's Spending Round Announcement 2020 (SR 2020), on 25 November 2020, and the publication of the provisional Local Government Finance Settlement on 17 December 2020.

It is important to note that there may need to be some revisions to the figures following receipt of the Government's February 2021 Final Local Government Finance Settlement figures. It is proposed that any changes to the figures as a result of this announcement, which impact on the Budget 2021-22 and MTFP 2021-24 are delegated to the Council's Section 151 Officer in consultation with the Portfolio Holder for Corporate Services.

Recommendations

The Cabinet is requested to make the following recommendations to the County Council:

1. Note that the figures contained within the Budget 2021-22 within Appendix 1 are based on the provisional Local Government Finance Settlement of 17 December 2020. Members are requested to note the Revenue Support Grant of £10.508 million in each year of the MTFP, contained within Appendix 1.
2. Approve the revenue budget for 2021-22 including, the budget balancing targets totalling £8.172 million contained within Appendix 1.
3. Note the Revenue MTFP covering the period 2021-24 detailed within Appendix 1 and the requirement to deliver budget balancing measures in 2022-23 of £10.542 million and 2023-24 of £12.527 million.
4. Note the estimated retained Business Rates and the Top-Up grant funding to be received by the Council for 2021-22 of £82.669 million and £173.556 million over the remaining period of the MTFP.
5. Note the estimated deficit on Collection Fund Business Rates balances of £21.427 million.
6. Note the estimated receipt of Rural Services Delivery Grant of £2.456 million for 2021-22 and the indicative allocation of £2.456 million for both 2022-23 and 2023-24.
7. Note the estimated receipt of the New Homes Bonus of £4.303 million for 2021-22 and the indicative allocation of £1.337 million for 2022-23.
8. Note the total estimated receipt of Improved Better Care Fund grant (including Winter Pressure funding) of £12.128 million for 2021-22 and the indicative allocations of £12.128 million for both 2022-23 and 2023-24.
9. Note the receipt of Social Care funding of £9.534 million for 2021-22 and the indicative allocations of £9.534 million for both 2022-23 and 2023-24.
10. Note the indicative receipt of non-recurrent Covid-19 Support Grant Funding of £13.087 million in 2021-22 and note the intended use of the grant. This comprises of:
 - £8.509 million Covid-19 Support Grant, and
 - £4.578 million Local Council Tax Support Grant.
11. Note the receipt of non-recurrent Lower Tier Services Grant of £0.429 million in 2021-22.
12. Approve a 1.99% increase in Council Tax for 2021-22, noting that this is in line with the Government's assumptions regarding the Council's Core Spending Power: and, within the Government's referendum limit of 2.00%.

13. Note that the MTFP 2021-24 includes a 1.99% annual increase in Council Tax for 2022-23 and 2023-24, and, that an estimate of annual tax base growth has been included.
14. Note the non-collection rate for Council Tax purposes has been increased to 1.00% for 2021-22 (0.70% 2020-21).
15. Note the estimated deficit on the Collection Fund Council Tax balance of £2.376 million which will be recovered over the three years of the plan.
16. Approve a 1.75% increase in Council Tax for 2021-22 for use on Adult Social Care services; raising an additional £3.305 million to support the Budget 2021-22.
17. Approve the remainder of the 3%, an increase of 1.25% in Council Tax to be introduced in 2022-23 for use on Adult Social Care services; raising an additional £2.616 million to support the Budget 2022-23.
18. Note that the MTFP assumes no future increases in council tax for use on Adult Social Care services beyond 2022-23.
19. Note the schedule of Service Specific grants of £247.195 million contained within Appendix 2.
20. Approve the recurrent growth and pressures of £8.519 million and the additional revenue costs associated with the capital programme of £2.805 million for 2021-22; and, note the growth and pressures of £1.708 million in 2022-23 and £1.654 million in 2023-24, and the additional revenue costs associated with the capital programme of £4.058 million in 2022-23 and £6.366 million in 2023-24, included within Appendices 1, 3 and 4.
21. Approve the non-recurrent pressures of £1.325 million for 2021-22 and note the non-recurrent pressures of £0.565 million for 2022-23 included within Appendix 5.
22. Approve the use of the Strategic Management Reserve of £4.862 million 2021-22, £2.205 million 2022-23, and £1.640 million 2023-24, as follows:
 - non-recurrent pressures of £1.325 million for 2021-22, and £0.565 million in 2022-23 (as detailed within Appendix 5),
 - the Active Northumberland Management fee of up to £1.000 million per annum for the three years of the plan,
 - delayed receipt of investment income of £1.025 million in 2021-22 and note that £0.256 million is forecast to be repaid into the reserve in 2022-23 and 2023-24 in this respect, and
 - Collection fund Deficit (not subject to Government Grant relief):
 - Business Rates; £0.244 million in 2021-22, and £0.342 million in each year, 2022-23 and 2023-24; and,

- **Council Tax; £1.268 million in 2021-22, and £0.554 million in each year, 2022-23 and 2023-24.**
- 23. Approve the use of the Invest to Save Reserve to fund the costs of the Improvement and Innovation Team of £1.196 million per annum for the three years of the plan.**
- 24. Approve the use of the Collection Fund Smoothing reserve of £20.499 million in 2021-22, to part fund the 2020-21 forecast deficit of the Business Rates aspect of the Collection Fund.**
- 25. Approve the Inflation Schedule for 2021-22 totalling £10.974 million detailed in Appendix 6.**
- 26. Approve the identified budget balancing measures contained in Appendix 7 of £8.172 million for 2021-22.**
- 27. Note the Corporate Equality Impact Assessment at Appendix 8.**
- 28. Note the 2021-22 budgets by service area detailed in Appendix 9.**
- 29. Note the Summary of the Reserves and Provisions contained within Appendix 10.**
- 30. Approve the contribution to reserves of £8.509 million in 2021-22 for Covid-19 grant funding, to be used in relation to pressures caused by the Covid-19 pandemic as they occur. It is also recommended that authority to utilise this grant is delegated to the Section 151 Officer in conjunction with the Portfolio holder for Corporate Services.**
- 31. Approve the transfer to the General Fund Reserve of £0.540 million in 2021-22.**
- 32. Note the receipt of Dedicated Schools Grant of £146.181 million in 2021-22; and note the revised allocation of £139.315 million for 2020-21. This is following the conversion of six schools to academy status during 2020-21.**
- 33. Agree the Housing Revenue Account 2021-22 budget as detailed within Appendix 11, which will reduce the balance on the HRA reserve from £28.264 million at 31 March 2020, to £19.023 million at 31 March 2022; and note the indicative budgets to 2023-24 which will reduce the balance on the HRA reserve to £16.180 million. This will fund, alongside additional borrowing and grant funding, a Housing Investment Programme over the period to 2023-24 of £45.980 million of new investment in council housing.**
- 34. Note that from 1 April 2021 in line with the Rent Standard for rent setting for Council tenants, the budget detailed in Appendix 11 assumes that rents and service charges will rise by the Consumer Price Index of 0.50% plus 1.00% for the period 1 April 2021 to 31 March 2022.**
- 35. Approve the increase of 1.50% for Housing rents from 1 April 2021.**
- 36. Note the indicative 30-year Housing Revenue Account business plan as detailed within Appendix 11.**

- 37. Approve the Capital Strategy 2021-22 to 2023-24 contained within Appendix 12.**
- 38. Approve the revised Capital Programme as detailed within Appendix 13; and, the projects highlighted within the main body of the report which will complete after 2023-24.**
- 39. Approve the delegation of the detail of the final Local Transport Programme, any Pothole and Challenge Fund Grant received and any subsequent in year amendments to the Interim Executive Director Local Services and the Leader of the Council.**
- 40. Approve the delegation of the detail of the capital allocation for highway maintenance investment in U and C roads and footways to the Interim Executive Director of Local Services and the Leader of the Council.**
- 41. Agree delegation to Cabinet to approve individual projects which propose to utilise the flexibilities of capital receipts.**
- 42. Approve the Prudential Indicators based on the proposed Capital Programme detailed within Appendix 14.**
- 43. Approve the Minimum Revenue Provision Policy detailed in Appendix 15.**
- 44. Approve the proposed Treasury Management Strategy Statement 2021-22 detailed in Appendix 16.**
- 45. Approve the Revenues and Benefits Policies for 2021-22 contained within Appendix 17 and note the proposed changes to the Council Tax Discounts, Corporate Debt, Local Welfare Assistance and Rate Relief policies.**
- 46. Approve the Pay Policy Statement for 2021-22 at Appendix 19 and note the Equality Impact Assessment.**
- 47. Approve a delegation to amend the Budget 2021-22 and MTFP in light of any changes as a result of the final Local Government Finance Settlement to the Council's Section 151 Officer in consultation with the Portfolio holder for Corporate Services.**

Key Issues

1. In February 2020, the Council approved the Budget for 2020-21 and the Medium-Term Financial Plan (MTFP) covering the period 2020-22.
2. This report updates the MTFP position; and the budget for 2021-22, following the Spending Round Announcement 2020 (SR 2020) on 25 November 2020 and the provisional Local Government Finance Settlement on 17 December 2020. The final settlement is not due until February 2021, which could alter the financial position. It is proposed that any changes to the figures as a result of this announcement, which impact on the 2021-22 Budget and the 2021-24 MTFP are delegated to the Council's Section 151 Officer in consultation with the Portfolio Holder for Corporate Services.
3. The report sets out in detail the budget balancing proposals for 2021-22 and illustrates that there is a requirement to deliver efficiencies equating to £8.172 million in 2021-22; and, £23.069 million over the period 2022-24.
4. The report also sets out the forecast budget position for the financial year 2021-22. Whilst the position represents the best estimate at the current time, the income streams available to the Council are likely to change.
5. The Government consultation "Fair funding review: a review of relative needs and resources", a technical consultation on relative need, concluded on 12 March 2018. The Secretary of State had said that the results of the review would be introduced in 2020-21. The Secretary of State also confirmed that there would be a business rates baseline reset in 2020-21; and, from 2020-21, business rates retention would be at 75%.
6. The Government was expected to publish its Spending Round (SR) in the summer of 2019 covering a three-year period. However, due to the on-going uncertainties around Brexit the Government announced on 8 August 2019 that the SR would be delayed until 2020 with another one-year settlement for local government for 2020-21. It was expected that, following the UK's departure from the European Union, the UK economy would be on a less turbulent footing in 2020. However, the impact of Covid-19 has created a far greater uncertainty than caused by Brexit and as a result the Government announced on 25 November 2020 a further one-year SR. Given the uncertainty of future funding this report concentrates on the revenue budget for 2021-22 instead of the usual three or four year plan. The budget beyond 2021-22 therefore contains a number of assumptions.
7. It was also expected that the outcome of the Fair Funding Review (FFR) including the move to 75% Business Rate Retention would be published during 2020. In line with the delays to Brexit and the impact of Covid-19 highlighted above the outcome of the FFR and review of Business Rates will also be delayed by at least one more year.
8. There is also a lack of clarity currently in relation to:

- the publication of the Social Care Green Paper,
- how climate change pressures are to be financed.

However, the strong financial position of the Council will ensure that the Council is well placed to react effectively to any outcome.

9. The MTFP will be updated for future years once this information is available.
10. The on-going Covid-19 pandemic continues to impact the financial position of the Council. There is greater demand for Council services to provide vital support to the community. There is increased financial pressure through lost income and increased expenditure, particularly through Business Rate and Council Tax income. The Government has implemented measures to support Council's with these burdens and has also provided additional grant funding to help offset these pressures. This report highlights those measures which have been announced and the level of financial support announced for 2021-22.

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BUDGET 2021-22 AND MEDIUM-TERM FINANCIAL PLAN 2021-24

BACKGROUND

National Context

1. The Government is currently reviewing the funding mechanisms for Local Government. As part of the provisional Local Government Finance Settlement of 19 December 2017 the Secretary of State launched a “Fair funding review: a review of relative needs and resources” consultation which concluded 12 March 2018. The Secretary of State had said that the results of the review would be introduced in 2020-21. The Government is looking to allocate resources to Local Authorities based on assessed need. This will be done using a number of key indicators which considers factors such as deprivation and sparsity, amongst others. Once need is assessed, resources will be allocated to individual authorities through the Business Rates Retention mechanism.
2. The Government is also considering the system that will be used to calculate and allocate Business Rates across the sector. Although it is not yet clear, many of the Core Grants within the MTFP will disappear and will be replaced with retained locally collected Business Rates. As part of the provisional Local Government Finance Settlement of 19 December 2017 the Secretary of State announced that there would be a business rates baseline reset in 2020-21; and, from 2020-21, business rates retention would be at 75% instead of 50%. The reset when it occurs will see National Non-Domestic Rates (NDR) Baselines adjusted to reflect the amounts local authorities are collecting in business rates (currently it is based on the amounts collected in 2010-11 and 2011-12).
3. The Government subsequently published two further consultation papers as part of the provisional Local Government Finance Settlement of 13 December 2018. The consultations concluded on 21 February 2019:
 - “A review of local authorities’ relative needs and resources” - a technical consultation on the assessment of local authorities’ relative needs, relative resources and transitional arrangements”; and,
 - “Business Rates Retention Reform - Sharing risk and reward, managing volatility and setting up the reformed system” - a consultation on the proposed 2020-21 Redesign and Reset of the Business Rates Retention (BRR) scheme.
4. SR 2019 announced that the outcome of the FFR and review of Business Rates would be delayed by one year until 2020, with implementation in 2021-22. However, SR 2020 further delayed the outcome of these reviews by at least one year. In the absence of the outcome of these reviews it remains difficult to accurately forecast the financial position for the Council beyond 2021-22. However, for the purpose of the MTFP it is assumed that the Council will continue

to retain 50% of business rates and no pooling arrangements will be in place beyond 2020-21.

5. The on-going Covid-19 pandemic continues to place great pressure on the nation's finances. Local Authorities are not exempt from this and have seen their finances come under significant pressure. The Government has recognised this and has implemented a number of measures to assist Local Authorities. Without these interventions many local authorities simply would not be able to balance their budgets and it is likely there would have been many section 114 notices issued. The financial burden on Local Authorities will continue into 2021-22, and in recognition of this the Government has extended the support packages to Local Authorities. This report highlights those measures and the level of financial support provided.
6. The position will be monitored closely and the MTFP will be updated once more information is available.

Provisional Local Government Financial Settlement

7. The 2021-22 provisional Local Government Finance settlement was announced by Government on 17 December 2020. The settlement covers the financial year 2021-22. Beyond this, the report identifies that the Government intends to change the funding mechanism for the sector from 2022-23. This report therefore utilises the financial data that was published as part of this announcement. Beyond that period the figures have been forecast as identified in this report. The final Local Government Finance Settlement is due in February 2021. Members are requested to note that the figures from the provisional settlement are included within Appendix 1. **(Recommendation 1)**
8. It is recommended that the Council approves the Budget 2021-22 (Appendix 1) including the requirement to implement budget balancing measures totalling £8.172 million. **(Recommendation 2)**
9. Members are requested to note the MTFP at Appendix 1 including the requirement to deliver budget balancing measures totalling £10.542 million in 2022-23 and £12.527 million in 2023-24. **(Recommendation 3)**

Settlement Funding Assessment and Revenue Support Grant

10. The Settlement Funding Assessment is a combination of resources received from Revenue Support Grant and Baseline Funding (including Top up Grant).
11. From 2016-17 the methodology in determining the Settlement Funding Assessment reduction changed. Instead of a flat rate cut across all authorities, as has been done in the past, Government has taken into account the ability of each authority to raise Council Tax locally (including increases in the Tax Base, Council Tax rate and inflationary uplift). Under this methodology, where an authority has

greater capacity to raise resources locally through Council Tax, Revenue Support Grant has been reduced.

Revenue Support Grant

12. The Revenue Support Grant to be received in 2021-22 is £10.508 million, which includes a CPI inflationary uplift of 0.55%. There is no announcement beyond 2021-22 pending the outcome of the Fair Funding Review and implementation of the new system for Business Rates retention. However, for the purposes of the MTFP it is assumed that the grant remains unchanged in 2022-23 and 2023-24. The MTFP at Appendix 1 contains details of the Revenue Support Grant, which members are asked to note. **(Recommendation 1)**.

Baseline Funding

13. This is the Government's assessment of what the Council should generate from Business Rates income to meet assessed need. It comprises of two elements; Assessed Retained Business Rate income and a Top up Grant. The grant is provided to top up the Government's assessed retained Business Rate income to the Baseline Funding level applicable for the Council.
14. Prior to 2019-20 the Council retained 50% of the Business Rates it collected and was classified as a Top-Up authority. This meant that the Council received a Top-Up grant over and above the 50% locally retained Business Rates, which increased the overall funding the Council expected to receive from Business Rates to the assessed baseline level.
15. In 2019-20 the success of the North of Tyne combined authority bid to the Government to become a 75% Business Rates retention Pilot allowed the region to retain 75% of the net Business Rates Income for the authorities involved in the pool. The pilot ended on 31 March 2020 and the Government's assessed Baseline Funding level for the Council (including Top up grant) reverted to 50% retention of Business Rates income. This position continues for 2021-22 and is assumed to remain unchanged over the period of the 2021-24 MTFP, in the absence of the outcomes of the Fair Funding Review and Review of Business Rate Retention Scheme.
16. As stated above, the Baseline Funding level is the Government's assessment of what the Council should achieve through retained Business Rate income (including Top up Grant) to meet assessed need. However, any variation in the actual level of Business Rates income collected will result in a variation from the assessed Baseline Funding level and a shortfall or excess in Business Rates funding.
17. The 2020-21 budget report, which was approved by Council in February 2020, highlighted a significant risk that Business Rates income could reduce as a result of a national appeal for rate relief for NHS Foundation Trusts which was pending. It is estimated that the Council's net Business Rates income could reduce by

approximately £12.5 million (50% share) if the NHS was successful in its appeal, with the potential to increase further if the scope of the relief was extended to all NHS properties. On 12 December 2019 the High Court issued a judgement that the NHS Foundation Trusts appeal had been rejected and the NHS would therefore not be entitled to a reduction in Business Rates payable. However, this decision was appealed in February 2020 and is still awaiting a decision. It should be noted that there are risks to Northumberland’s business rates income as a result of factors such as the success of other appeals. This makes financial planning and forecasting complex. It is forecast that the Council’s provision for Business Rate appeals will be £16.142 million by 31 March 2021 (£13.511 million at 31 March 2020). This figure excludes NHS Foundation Trust appeals but includes the estimated reductions for known appeals including GP surgeries and the material change of circumstances for office spaces as a result of Covid-19.

18. Members are requested to note the following table which shows the Council’s estimated value of locally retained Business Rates and Top-up grant payments included in the MTFP 2021-24; based on 50% retention of Business Rate income. Any variation from these figures will ultimately result in a surplus or deficit which will impact on the Budget and MTFP. **(Recommendation 4)**

	Estimated Retained Business Rates £m	Top-Up Grant Funding £m	Total £m
2021-22	55.134	27.535	82.669
2022-23	57.289	28.058	85.347
2023-24	59.618	28.591	88.209

19. In addition to the figures in the table above, normal accounting rules require that any forecast deficit on the Business Rates element of the Collection Fund from the prior year, must be charged to the General Fund in the following financial year. Within 2020-21 there is a forecast deficit of £21.427 million on the Business Rates element of the Collection Fund, as shown in Appendix 1. This deficit is largely as a result of the Retail, Hospitality and Nursery reliefs granted by Government on Business Rates, within 2020-21. This was a national scheme which was designed to assist businesses to deal with the financial impact of Covid-19. **(Recommendation 5)**
20. To compensate Local Authorities for the loss of Business Rates Income from Retail, Hospitality and Nursery reliefs, Government has provided grant funding in 2020-21 of £19.878 million to fully cover the cost of these reliefs. This funding will be transferred to an Earmarked Collection Fund Smoothing Reserve in 2020-21 and then fully utilised in 2021-22 to offset this pressure. The transfer from the Collection Fund Smoothing Reserve is contained within the MTFP, shown in Appendix 1. **(Recommendation 24)**

21. Government also announced that any remaining deficit, which is outside the scope of these reliefs, on the Business Rates element of the Collection Fund could be spread over three financial years, instead of usual practice, which specified that any deficit had to be charged to the General Fund in full the following financial year. This is to assist Local Authorities with the financial burden during the Covid-19 pandemic.
22. Government has also committed to funding 75% of irrecoverable Business Rate losses in 2020-21. The final scheme details are yet to be announced, however, based on the information available to date it is estimated that the Council will receive approximately £0.621 million in relation to 2020-21. As the 2020-21 Business Rates element of the Collection Fund deficit is charged to General Fund in subsequent years, this amount will be placed in an Earmarked Collection Fund Smoothing Reserve in 2020-21, and then subsequently utilised in 2021-22 to fund part of the 2020-21 forecast Business Rates deficit from the Collection Fund. The transfer from the Collection Fund Smoothing Reserve is contained within the MTFP, shown in Appendix 1. **(Recommendation 24)**
23. It is proposed to fund the remaining Collection Fund deficit attributable to Business Rates of £0.244 million in 2021-22, and £0.342 million in each year 2022-23 and 2023-24 from the Strategic Management Reserve. The transfer from the Strategic Management Reserve is contained within the MTFP, shown in Appendix 1. **(Recommendation 22)**
24. The Provisional Settlement of 17 December 2020 made no announcement regarding any potential non-recurrent funding as a result of a surplus on the national Business Rates Retention Levy/Safety Net account. This is due to a delay in the audit of the account. The position will be monitored and the MTFP updated should this be announced.
25. Business Rates projections contained within the MTFP have not been inflated in 2021-22 in line with Government freezing the Business Rates Multiplier, which is to help ease the Covid-19 impact on businesses. Beyond 2021-22 the projections have been inflated annually by forecast CPI: 2% (2022-23) and 2% (2023-24).
26. Known business rates growth and reductions have also been forecast for 2021-22, 2022-23 and 2023-24 along with an additional income allowance of £0.075 million per annum in each year to accommodate other general growth and a 5% reduction in net rates payable to account for the economic impact of Covid-19. This is a prudent allowance in the current climate.
27. These figures are subject to the risks identified above and any changes to the figures will affect the level of savings required to balance the Council's budget.
28. Through the Business Rates Retention Scheme, the Council not only faces a significant risk of reduced funding if Business Rates decline, but it also could increase funding by encouraging new business within and to the area. In most cases under the current scheme the Council will be allowed to retain 50% of any

new Business Rates within the area; and in the case of renewable energy the Council can retain 100% of Business Rates collected.

Rural Services Delivery Grant

29. The Rural Services Delivery Grant to be received in 2021-22 is £2.456 million. For 2021-22 Government increased the overall national allocation by £4.000 million, which in turn increased the Council's allocation from £2.340 million in 2020-21. There is no announcement beyond 2021-22 pending the outcome of the Fair Funding Review and implementation of the new system for Business Rates retention. However, for the purposes of the MTFP it is assumed that the grant remains unchanged and members are requested to note the grant. **(Recommendation 6)**

New Homes Bonus

30. The New Homes Bonus was first introduced in 2011-12. For each newly built house or conversion the Council receives a reward of the national average Council Tax for the relevant band. Long-term empty properties which have been brought back into use have also been included in the reward and there is a premium for affordable homes. The scheme originally paid grant for six years.
31. There were changes made to the scheme with effect from 2017-18 following the outcome of the consultation "New Homes Bonus: Sharpening the Incentives". These included:
- A move to 5-year payments for both existing and future New Homes Bonus allocation in 2017-18; and, then to 4 years from 2018-19.
 - The introduction of a national baseline of 0.40% from 2017-18, below which grant would not be paid.
 - A statement by the Government that it would retain the option of adjusting the baseline in future years to reflect significant and unexpected housing growth.
 - A statement by Government that it would not introduce the proposals to withhold payments for areas without a local plan in 2017-18. However, it said that the issue would be revisited for 2018-19.
32. SR 2020 announced that the Government would maintain the existing New Homes Bonus Scheme for a further year. They then plan to consult on reforms to the scheme, with a view to implementing reforms in 2022-23.
33. The provisional Local Government Finance Settlement of 17 December 2020 maintained the baseline figure at 0.40% and confirmed legacy payments from 2018-19 and 2019-20. It also confirmed that no legacy payment would be made for the new 2021-22 in year allocation, and no legacy payment was paid for 2020-21. Nationally, by 2021-22 payments of New Homes Bonus is forecast to be £622.100 million, down from £907.000 million in 2020-21.

34. The figures shown within the MTFP for 2021-22 to 2023-24 at Appendix 1 are indicative. The Council expects to receive New Homes Bonus grant funding of approximately £4.303 million for 2021-22 and £1.337 million for 2022-23; thereafter it is less clear, and nothing has been assumed. The latter years will be subject to the outcome of the pending consultation and system reform. The funding supports the overall revenue budget of the Council and members are requested to note the grant's inclusion in the Council's MTFP. **(Recommendation 7)**

Improved Better Care Funding and Winter Pressures Grant

35. The Government's SR 2019 and December 2019 provisional Local Government Finance Settlement confirmed that both the existing Improved Better Care Fund Grant and Additional Improved Better Care Fund Grant would be combined and would continue for 2020-21. In addition, the existing Winter Pressures Grant was also rolled forward to 2020-21 and combined with the Improved Better Care Fund grants. This grant allocation is not ring fenced and is intended to help address some of the financial pressures faced by councils, including those in Adult and Children's social care.
36. The Government's SR 2020 and December 2020 provisional Local Government Finance Settlement confirmed that there would be no changes made to this grant allocation and the Council will continue to receive Improved Better Care Fund Grant of £12.128 million in 2021-22. There is no guarantee that this funding will continue beyond 2021-22. However, it has been assumed within the MTFP that this grant will continue at its current level over the duration of the MTFP, 2022-24. The position will be monitored and the MTFP will be updated if required. Members are requested to note the grant inclusion in the Council's MTFP. **(Recommendation 8)**

Social Care Support Grant

37. The Government's Autumn Budget of 29 October 2018 announced an additional £650.000 million of non-recurrent funding for adults and children's social care for 2019-20. There were two elements to this grant: Social Care Support Grant and Winter Pressures Grant. The SR 2019 and the provisional Local Government Finance Settlement of December 2019 confirmed that both grants would continue into 2020-21. The Winter Pressures Grant was transferred to the Improved Better Care Fund allocation as mentioned above.
38. The SR 2019 and provisional Local Government Finance Settlement of 20 December 2019 also announced new Social Care Funding of £1.000 billion nationally, to help address cost pressures.
39. The SR 2020 and provisional Local Government Finance Settlement of 17 December 2020 also announced additional Social Care Funding of £300.000 million nationally to help address additional cost pressures.

40. In total the Council will receive Social Care Support Grant of £9.534 million in 2021-22. There is no guarantee that this funding will continue as the Finance Settlement was for one year only. However, the MTFP assumes that this funding will continue at its current level over the period of the MTFP. The position will be monitored and the MTFP will be updated if required. Members are requested to note the grant inclusion in the Council's MTFP. **(Recommendation 9)**

Covid-19 Support Grant Funding

41. The SR 2020 and December 2020 provisional Local Government Finance Settlement announced £2.2 billion of funding to support local government in 2021-22, alongside support for local tax income and the ability to spread Collection fund deficits over three years. The Council will receive £8.509 million Covid-19 Support Grant and an indicative allocation of £4.578 million Local Council Tax Support grant in 2021-22, which are shown in Appendix 1.
42. The Covid-19 Support Grant will be transferred to a reserve in 2021-22 and will be utilised to offset Covid-19 related pressures. The Local Council Tax Support Grant is expected to be fully utilised in 2021-22 to provide support to Working Age Council Tax payers. Members are asked to note the receipt of the grants and the intended use. It is also recommended that authority to utilise this grant is delegated to the Section 151 Officer in conjunction with the Portfolio holder for Corporate Services. **(Recommendation 10)**

Lower Tier Services Grant

43. The December 2020 provisional Local Government Finance Settlement announced a non-recurrent grant allocation of £111.000 million nationally. This is a technical grant to ensure floors in the funding formula are negated, and local authorities do not receive an annual reduction in the Governments assessment of Core Spending power. The Council will receive £0.429 million in 2020-21. Members are asked to note the grant receipt. **(Recommendation 11)**

Council Tax

44. The budget proposals for 2021-22 contained within this report assume that the Council will agree to increase the Council Tax by 1.99% and members are requested to approve the increase. **(Recommendation 12)**
45. The December 2020 provisional Local Government Finance Settlement set the referendum limit for general Council tax increases to 2.00%. For the purposes of this report the increase used in 2021-22 is 1.99%. It is not clear what the referendum limit will be beyond 2021-22. However, the MTFP assumes that the limit will remain at 2.00%, and an increase of 1.99% has been included for 2022-23 and 2023-24. Members are requested to note this assumption. **(Recommendation 13)**

46. There has been no Government decision to implement referendum limits for Town and Parish Councils.
47. An assessment of potential housing development across the County has been undertaken and an estimate of the growth in the Tax Base has also been included within the MTFP.
48. The increase in the tax base and the 1.99% inflationary increase in 2021-22 provides additional funding of approximately £3.526 million per annum which helps to retain the levels of service the Council provides; as well as reduce the value of measures required to balance the budget to the levels shown within the MTFP. It is also worth highlighting that the Government's Core Spending Power calculation assumes that the Council will apply an inflationary uplift to Council Tax each year and that growth is made in the Council Tax Base figure.
49. The provision for non-collection of Council Tax has been increased to 1.00% for 2021-22 (0.70% 2020-21), following a review of actual collection rates and the impact of Covid-19. **(Recommendation 14)**
50. It is forecast that the Council's share of the Council Tax element of the Collection Fund will generate a deficit of approximately £2.376 million by 31 March 2021. This is largely due to an increase in Council Tax Support claimants and an increase in the Provision for Bad Debts, as a result of the of Covid-19 pandemic. In previous years accounting rules required that any forecast deficit must be transferred to the General Fund within the following financial year. However, SR 2020 announced that the Government would allow authorities to spread the deficit over three financial years to help ease the Covid-19 burden. The MTFP, at Appendix 1, shows the spreading of the £2.376 million deficit over the 3-year period. It is proposed to fund this deficit from the Strategic Management Reserve. Use of the Reserve is shown in Appendix 1, contribution from the Strategic Management reserves. **(Recommendations 15 & 22)**
51. Government has also committed to funding 75% of irrecoverable Council Tax losses in 2020-21. The final scheme details are still to be announced, however, based on the information available to date it is estimated that the Council will not be entitled to any grant funding in this respect. This position will be monitored closely and when the final guidance is released the MTFP will be updated if required.
52. The Council agreed at its meeting on 4 November 2020 to continue with the 2020-21 local Council Tax Support Scheme unchanged for 2021-22; that is, the maximum level of support for working age claimants will be 92%. This report, and the Budget 2021-22 and MTFP 2021-24 at Appendix 1 includes the anticipated cost of this scheme. Furthermore, the Covid-19 Support Grant funding of £4.578 million referred to earlier in this report, will be utilised to provide additional Hardship Support to Working Age Council Tax Support Claimants.

53. The Spending Review 2015 introduced the Adult Social Care Precept. In order to deal with pressures in Adult Social Care the Government allowed all local authorities to increase Council Tax by and up to an additional 2% per annum up to 2019-20. The total funding raised through this precept had to be spent entirely on Adult Social Care.
54. The provisional Local Government Finance Settlement announced by the Government on 17 December 2020 allows local authorities to add an Adult Social Care precept to its budget. Councils can levy an additional 3% on council tax over the next two years in relation to Adult Social Care.
55. The Council's MTFP included at Appendix 1 assumes that a 1.75% increase is applied in 2021-22. This will generate additional recurrent funding of approximately £3.305 million for Adult Social Care purposes in 2021-22. For 2021-22 this will result in a Band D property increase of £30.82. It is proposed that Council Tax is increased for the Adult Social Care precept by 1.75% in 2021-22. **(Recommendation 16)**
56. Members are also requested to approve an Adult Social Care precept increase of 1.25% for 2022-23, which is the balance of the 3% precept for 2021-22. This will generate additional recurrent funding of approximately £2.616 million for Adult Social Care purposes in 2022-23. No further precept increases are currently included within the MTFP. **(Recommendations 17 & 18)**

Service Specific Grants

57. In addition to the core funding grants detailed in this report there are a number of service specific grants which are detailed at Appendix 2. These grants are included within the baseline budget figure and total £247.195 million and members are requested to note the grants. **(Recommendation 19)**

Demand for Services

58. The pressures facing the Council and the requirement to fund growth in services are shown in Appendices 3 and 4, with further detail in the following paragraphs. Recurrently, £8.519 million has been added to the base budget for 2021-22, £1.708 million in 2022-23, and £1.654 million in 2023-24. Also, the year-on-year increase in the revenue costs attributable to the Capital Programme, (Appendix 19), is included within the MTFP at Appendix 1. These equate to £2.805 million in 2021-22, £4.058 million in 2022-23, and £6.366 million in 2023-24. It is proposed that Members approve the 2021-22 pressures and revenue costs associated with the capital programme and note the 2022-23 and 2023-24 figures. **(Recommendation 20)**
59. The Government's offer to add up to 3% Adult Social Care Precept to Council Tax levels between 2021-2023 to address pressures in relation to Adult Social Care has provided some additional funding to meet the increasing costs. However, there still remains a significant recurrent on-going demographic pressure which

needs to be funded by the Council. There has been no announcement that further increases to precept will continue beyond those attributable to 2021-22. The MTFP assumes no further increase, therefore the Council will need to fund any additional cost pressures from within its own resources.

60. The Council has set aside recurrent funding within the Budget 2021-22 and the MTFP to address the demographic pressures in relation to both Adult's and Children's social care as well as the ongoing revenue consequences of the Council's ambitious capital investment programme and a number of other identified pressures and growth areas.
61. It is proposed that the Council continues to fund Active Northumberland up to an additional £1.000 million, within each year of the MTFP 2021-24, from the Council's Strategic Management Reserve. **(Recommendation 22)**
62. Through its shares in Newcastle Airport Local Authority Holding Company Limited the Council has a 7.86% in Newcastle International Airport Limited (NAL). Members of the LA7 entered into a loan agreement with NIAL Group Limited in 2012-13, issuing £67.67 million shareholder loan notes. The loan notes will be repayable in 2032 with interest normally being received up to that date on a six-monthly basis.
63. Due to major curtailments in the airport operations as a result of the Covid-19 pandemic the terms of these loans have been modified. Given the unprecedented circumstances the airport will defer interest repayments for two financial years with catch up payments to be made in instalments over a later period. This will result in a loss of investment income in 2021-22 to the General Fund of £1.025 million. Thereafter, it is forecast that repayment of the delayed interest will commence, replenishing the Strategic Management Reserve by £0.256 million in 2022-23 and 2023-24. It is proposed to fund the 2021-22 delayed interest from the Council's Strategic Management Reserve and then subsequently replenish the reserve following receipt of the delayed interest. **(Recommendation 22)**
64. There are also non-recurrent issues which the Council needs to address from time to time. The MTFP identifies that £1.325 million will be required in 2021-22 and £0.565 million in 2022-23. Details are contained within Appendix 5. It is proposed that this one-off expenditure is approved and that when it is incurred it is funded from the Strategic Management Reserve. **(Recommendations 21 & 22)**
65. During 2019-20 several key appointments were made, and an Improvement and Innovation Team was created to drive forward the transformation agenda. The costs for this team were added to the base budget recurrently in 2020-21 and it is proposed that for the period of the MTFP that the costs of this team continue to be funded from the Council's Invest to Save Reserve. **(Recommendation 23)**

EXPENDITURE

Inflation

66. The Council, like many others, comes under increasing pressure to provide or enable essential statutory services. There are pressures within Children's and Adult's Social Care services as a result of the National Living Wage and National Minimum Wage where demand for the provision of care and support for Looked After Children and the elderly continues to grow. These inflationary increases add significantly to the budgetary pressures faced by the Council and are included within Appendix 6.
67. All inflationary pressures are detailed within Appendix 6 which includes the costs associated with incremental drift, pay inflation and non-pay inflation.
68. Pay inflation for 2021-22 is based on 1.25%, recognising the public sector pay restraint announced by the Government in CSR 20. Where applicable the Local Government pay award will be effective from 1 April 2021. For the purposes of the MTFP it is assumed that the pay awards will increase to 2.25% for 2022-23 and 2023-24. Total inflation equates to £10.974 million for 2021-22, £10.854 million for 2022-23 and £11.008 million for 2023-24, and it is recommended that the inflationary pressures identified in Appendix 6 for 2021-22 are approved. **(Recommendation 25)**

Budget Balancing

69. The Council's Budget 2021-22 and MTFP 2021-24, which is contained within Appendix 1, has been updated to reflect the latest forecast position for both income and expenditure. The plan also highlights the value of budget measures required in order to set a balanced budget, equating to £8.172 million in 2021-22 and £23.069 million for 2022-24. It is recommended that the identified spending reductions of £8.172 million for 2021-22, which are detailed in Appendix 7 are approved. **(Recommendation 26)**
70. The schedule of spending reductions contained in Appendix 7 has been agreed by the individual Cabinet Members. Any spending reductions that are considered to represent a risk will be subject to a separate comprehensive risk appraisal process. The risk appraisal process is the responsibility of the relevant Executive Director and will continue up to the County Council and beyond as individual budget reduction measures are implemented.
71. In addition, the potential impact of the proposed budget balancing measures on the Council's public sector equality duties has been considered by officers in each Directorate, and where screening identifies a need, detailed equality impact assessments have been carried out on the proposals. In some cases, these are provisional and will be reviewed before final decisions are made to implement these proposals. If this process makes it clear that there are unacceptable equality impacts which cannot be mitigated by adjustments within the proposal

itself, the relevant Executive Director will be expected to find alternative compensating savings which they will agree with their relevant Cabinet Member. The Executive Director of Adult Social Care and Children Services has provided a draft assessment of the overall equality impact of the budget proposals, shown at Appendix 8, which will be updated further as the budget process continues. Equality impacts will be considered further and subject to a comprehensive risk appraisal process as appropriate. Members are requested to note the Corporate Equality Impact Assessment shown at Appendix 8. **(Recommendation 27)**

72. A number of the proposals will require active management and each Executive Director will be responsible for their successful delivery.
73. If a proposal cannot be implemented either partially or in full the Executive Team will be expected to recommend alternative compensating savings for consideration.

Budget by Service Area

74. The 2021-22 budget is shown by service area at Appendix 9. This highlights expenditure, income, inflation, grant funding changes, pressures, savings and the proposed final budget 2021-22 by service area. Members are requested to note Appendix 9. **(Recommendation 28)**

Summary

75. The financial position of the Council over the period 2021-24 is detailed within Appendix 1.
76. It is recommended that Members approve Appendices 1, 3, 4, 5, 6 and 7.

RESERVES AND PROVISIONS

77. The Council has several reserves and provisions set aside for specific purposes and to meet potential significant general unforeseen costs.

Reserves

78. There are two categories of reserves: unusable and usable. Unusable reserves arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves cannot be used for any other purpose and are therefore not considered as part of this report. Usable reserves are split between those that are earmarked for known or predicted purposes, such as Section 106 developer contributions, and those of a general nature which are available; to fund unforeseen costs, smooth cash flow and prevent unnecessary temporary borrowing. A schedule of all usable reserves is detailed at Appendix 10.

79. A review of all usable reserves has recently been undertaken to ensure they are still required are at an appropriate level. Appendix 10 details the outcome of the review which Members are requested to note. **(Recommendation 29)**

80. Given the uncertainty around much of the future funding for Local Government there is a real risk that the Council may be unable to meet any significant unforeseen cost pressures. There is also a high level of risk associated with Business Rates income which was covered earlier in this report. It is therefore essential that the Council continues to maintain an adequate level of general reserves to fund such unforeseen events. There are two main general reserves that can be utilised for these purposes: the General Fund Reserve and the Strategic Management Reserve. Regular reviews of the reserves will continue to be undertaken to ensure reserve levels are appropriate to risks in line with legislation and best practice.

81. It is proposed to utilise £4.862 million in 2021-22, £2.205 million in 2022-23 and £1.640 million in 2023-24 of the Strategic Management Reserve to fund:

- the non-recurrent pressures detailed in Appendix 5,
- the 2020-21 forecast Collection Fund Deficits for Business Rates and Council Tax not subject to Government grant relief,
- the Active Northumberland Management Fee, and
- delayed investment interest due from the airport as a result of Covid-19.

Council is requested to approve the use of this reserve for the items above in the 2021-22 Budget. **(Recommendation 22)**

82. In addition, it is proposed to utilise £1.196 million of the Invest to Save reserve to fund the Improvement and Innovation Team in each of the financial years 2021-22

to 2023-24. Council is requested to approve the use of this reserve for the 2021-22 budget. **(Recommendation 23)**

83. It is also proposed to utilise £20.499 million of the Collection Fund Smoothing Reserve in 2021-22 to fund the forecast 2020-21 deficit on the Business Rates element of the Collection Fund. **(Recommendation 24)**

84. A contribution to reserves of £8.509 million in 2021-22 is also proposed for the Covid-19 grant funding. This will be utilised to fund the pressures caused by the Covid-19 pandemic as they occur. Council is requested to approve the contribution to and utilisation of the reserve. **(Recommendation 30)**

85. In addition, £0.540 million will be added to the General Fund Reserve in 2021-22. This is largely attributable to the increases in grant funding announced by Government as part of its December 2020 provisional Local Government Finance Settlement. This amount is shown in the MTFP contained within Appendix 1, and Members are asked to approve the contribution to the General Fund Reserve. **(Recommendation 31)**

86. With regard to the Transformation Fund, the Improvement and Innovation Team is leading on a number of work streams to improve the efficiency and effectiveness of the Council.

Each work stream has an Executive sponsor and a delivery lead that will bring forward proposals to the Executive Team for approval. It is proposed to fund the Improvement and Innovation Team from the Invest to Save Reserve. **(Recommendation 23)**

87. The schedule of reserves contained within Appendix 10 demonstrates that the financial standing of the Council is sustainable and therefore the Council is able to withstand a significant revenue shock.

88. Part two of the Local Government Act 2003 comprises a set of duties and powers that gives statutory support to important aspects of good financial practice in Local Government.

89. Section 25 requires the Chief Financial Officer (also referred to as the Section 151 Officer) to report to an Authority when it is making the statutory calculations required to determine its Council Tax or Precept. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates included within the budget and the adequacy of the reserves for which the budget provides.

90. The Executive Director of Finance (the Council's Section 151 Officer) is satisfied that the Council is setting a viable budget based on the assumptions contained within this report and the Council has the required financial strength within its reserves position to cope with any anticipated financial challenge.

CIPFA Financial Resilience Index

91. In December 2019 CIPFA published a Financial Resilience Index for all English local authorities. This information was presented to Members as part of the budget report in February 2020.
92. Due to Covid-19 CIPFA has not yet been able to publish an index for 2020. A report will be brought before Members once this information is made available.

Provisions

93. The Council maintains a number of provisions which are also detailed in Appendix 10. Provisions are set aside for specific purposes and there are prescribed criteria which are set out in International Accounting Standard 37 (IAS 37), which must be satisfied before a provision can be created. Provisions are checked annually by the Council's external auditors as part of the final accounts process to ensure they comply with the requirements of IAS 37. It is essential that the Council provides for these items when the criteria set out in IAS 37 is met to prevent unbudgeted charges to the general fund. There is a requirement to review all provisions annually to ensure they are still relevant and satisfy the requirements of IAS 37. A review of all provisions has recently been undertaken to ensure they are still required. Appendix 10 details the outcome of the review and Members are requested to note the provisions. **(Recommendation 29)**

SCHOOL FUNDING

94. The Dedicated Schools Grant is a ring-fenced grant from the Department for Education to be spent on the education of pupils both in and out of school. The available grant funding for 2020-21 (after academy recoupment), which Members are requested to note is forecast to decrease by £0.591 million from the 2020-21 original allocation to £139.315 million. This is as a result of the six schools that converted to academies during 2020-21.
95. The provisional value of the Dedicated Schools Grant for all schools in Northumberland (including Academies) for 2021-22 is £264.350 million. This is an increase of £21.187 million when compared to the 2020-21 original allocation and is due to an increase in both the funding rates per pupil and the inclusion of the Teachers Pay and Pension grants which have been incorporated into the overall allocation. The Council will receive £146.181 million which members are requested to note. **(Recommendation 32)**
96. The Dedicated Schools Grant is divided into four notional blocks:
- Schools Block
 - Central School Services Block
 - High Needs Block
 - Early Years Block
97. Virement between the 4 notional blocks is possible by the local authority.
98. The Schools Block is in two parts:
- The Individual Schools Budgets - Each school's Individual Schools Budget is calculated using the funding formula already approved by the Cabinet.
 - Central schools block – This block is used to meet the cost of statutory services provided to all schools including Academies.
99. The High Needs Block will include funding for the additional needs of Pre and Post 16 students in Maintained Schools, FE Colleges and other establishments.
100. The Early Years Block includes funding for 2-year-old provision for the 40% most disadvantaged pupils as well as the statutory offer for 3- and 4-year-olds.
101. The implementation of the National Funding Formula has been further delayed. As in 2020-21, for 2021-22 there will be a phased transition from the current local formula as approved by Cabinet and there is a commitment from Schools Forum to match the formula values by 2022-23.
102. The Dedicated Schools Grant is currently predicted to underspend by £0.066 million in the financial year 2020-21 predominantly due to growth funding that has not been required in the Schools block. There remains a budget pressure within the High Needs block and it is proposed to create a sustainable budget by transferring up to 0.50% of funding from the Schools Block to the High Needs Block for 2021-22 and conducting a further review of the current SEND offer, as previously agreed by the Schools Forum.

HOUSING REVENUE ACCOUNT

103. The Council is required by the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing/tenant related services from this account.
104. The Council is also obliged to produce a HRA MTFP which is reviewed and updated on an annual basis. The current business plan clearly indicates that the Council can maintain its properties to the Decent Homes Standard for the full 30 years of the plan (which runs to 2050).
105. The Council keeps two HRA specific reserves that are required under statute:
- Housing Revenue Account Balance - This is a reserve and holds the HRA accumulated surpluses. It can be used to contribute to balance the revenue budget in year or to contribute to fund schemes within the capital programme.
 - The HRA Major Repairs Reserve (MRR) - This reserve was created to fund capital works to maintain the Council's housing stock or to repay debt.
106. It was agreed during the previous year's budget setting process to reduce reserves to fund an investment programme over the next 5 years to allow new investment in council housing.
107. The balance on the HRA account was £28.264 million at 31 March 2020 and is planned to decrease to £19.023 million by 31 March 2022.
108. The HRA cannot be subsidised by the Council's General Fund and therefore needs to maintain an adequate level of reserves. Risks to the HRA include: Central Government's influence in rent setting; increased borrowing costs due to interest rate increases; more homes purchased under right to buy regulations; the need for unplanned capital expenditure; the potential impact arising from the roll out of Universal Credit; and higher levels of pay awards and inflation than included in the plan. The HRA MTFP maintains a significant level of reserves which is considered to be adequate.
109. At this time, due to the longer-term uncertainty around interest rates and other issues, it is not proposed that current loans are repaid; and any loans maturing will be refinanced.

Right to Buy

110. The HRA MTFP assumes that the current Right to Buy policy will continue, and this is reflected throughout the plan as a reduction to tenant's rental income. Capital receipts from Right to Buy sales is estimated to contribute £4.294 million towards the capital programme between 2021-22 to 2023-24.

Rent Increases

111. On 26 February 2019, the Government issued a new Direction that requires the regulator of social housing to set a new rent standard for registered providers with effect from 1 April 2020. It is accompanied by a policy statement which sets out the Government's policy on rents for social housing from 1 April 2020. The standard states that the maximum allowable rent increase for the year will be the Consumer Price Index (CPI) as at September plus 1.00% for the next 5 years. (new 2020 Limit Rent).
112. For the period 1 April 2021 to 31 March 2022, it has been assumed that the Council will apply a rent increase equivalent to CPI of 0.50% plus 1.00%.

Existing Housing and Housing Investment Programme

113. The HRA MTFP and 30-year Business Plan have been updated to fund £45.980 million of capital expenditure towards the Housing Investment Programme for the period 2021-22 to 2023-24.
114. In order to fund this programme, the MTFP includes:
- New borrowing of £16.574 million,
 - External grant support of £10.345 million from Homes England. Northumberland was successful in securing funding through the current Affordable Homes Programme (2016-21) which is in place for projects that have commenced and are expected to complete by March 2022. Homes England announced an introduction to the next tranche of Affordable Homes Funding (2021 to 2026) in October 2020, but the full prospectus has not yet been published,
 - Utilisation of the Investment Reserve totalling £17.165 million; and,
 - Use of capital receipts of £1.896 million generated from the Right to Buy sales.
115. The commitment, as set out within the Housing Strategy for Northumberland, to grow its own housing stock and seek to facilitate up to 1,000 new homes for rent is seeing the delivery of new homes through a combination of direct delivery, acquisitions and partnership work with other developers / registered providers of social housing.
116. The extent to which the HRA will contribute to the delivery of new homes will be informed by a revised Housing Asset Management Strategy that will reflect emerging investment pressures and priorities for social landlords as well as the key strategic aims of the Council.
117. As part of the commitment to bring forward new affordable homes, the following schemes are actively being progressed:

- Building new affordable homes – to date, 6 sites have been identified for development and are currently progressing, including development of infill sites on existing estates.
- A targeted acquisition programme, which will include the purchase of affordable units from developers and bringing empty properties back into use as affordable rented homes.
- Following an options appraisal, the demolition and re-provision of a block of flats in Cramlington.
- Provision of Dementia Care bungalows to reflect the objectives set out within the Extra Care and Supported Housing Strategy, to meet the current and future needs of Northumberland residents.
- A wider pipeline of development sites has been identified and work is underway to assess viability and assess local housing needs, in order to fully inform development proposals, mix, tenure and funding streams. Part of the HRA Asset Strategy will be to identify further opportunities for regeneration, development and conversion within existing estates. e.g. low demand flats or maisonettes, garage sites.

118. In addition to the Affordable Homes Programme, referenced above officers are actively involved in bidding for grant to bring forward housing development in its widest sense through partnership with the North of Tyne Combined Authority and Homes England. This includes funding from the Brownfield Housing Fund, designed to address viability gaps on challenging sites and a wider pipeline of strategic regeneration priority sites for the Council. Where sites fall within HRA operating areas and there is an opportunity to bring forward developments that will enhance the portfolio of council housing these will be explored.

Major Repairs Reserve

119. The Council is required to maintain a Major Repairs Reserve (MRR) with the main credit to the reserve being an amount equal to the total depreciation charge for all HRA assets.

120. The HRA MTFP includes provision for depreciation charges to increase in line with new capital expenditure and then by 1.00% each year with an assumption that the value of housing stock will increase. Any deviation from this assumption will affect the amount that is transferred into the MRR to fund future capital works.

121. The HRA MTFP assumes that the current adjustment factor for valuation of the housing stock for Northumberland of 42% of Market Value (Existing Use Value-Social Housing) will continue to apply throughout the plan for the purpose of valuation and depreciation.

122. The expenditure within the HRA MTFP for MRR, includes a planned programme of replacement roofs, kitchens, bathrooms, rewires and heating systems, along with

other improvement schemes. The current 8-year plan which started in 2018-19 assumes that £75.000 million will be spent on maintaining the housing stock to a decent homes standard.

Emerging Issues

123. Alongside development of new homes, there are a number of emerging challenges and pressures on the existing stock that will need to be managed through increased investment and funded from the Major Repairs Reserve:

- Energy Efficiency – Linked to the Climate Change Commitment, work is ongoing to attract external funding to tackle hard to heat homes and invariably this will require an element of capital funding to subsidise the cost of works.
- Building Safety – Through the Housing White Paper there will be increased obligations placed on social landlords in terms of areas of compliance and building safety (Fire Safety, electrical testing etc).
- Housing Disrepair – the Fitness for Human Habitation Act that came into force for existing social tenants in April 2019, is giving rise to potential disrepair claims across the sector. The situation is being monitored.
- Beyond Decent Homes – Alongside cyclical replacement of key decent homes elements (kitchens, bathrooms, heating systems etc) there are emerging investment needs linked to structure and age of the properties within the portfolio. Northumberland holds a number of non-traditional homes that will require significant investment or intervention. Additionally, environmental improvements that are contributing to low demand in some areas may need to be prioritised and feature in the capital programme to ensure continued viability.
- The Independent Supported Living Agenda – working alongside adult services, to ensure that the offer in terms of specialist and supported accommodation is aligned to local need and properties are fit for the future.

Annual Review

124. The HRA MTFP is subject to formal annual review and is part of existing budget monitoring arrangements, which allows any policy changes or impact upon the plan to be identified and any significant changes to be reported.

Summary

125. The proposed 2021-22 Housing Revenue Account budget and HRA MTFP 2021-24 is attached at Appendix 11. An indicative 30-year business plan, showing the projected position at five yearly intervals, is also included for information.

126. Members are requested to:

- Agree the Housing Revenue Account 2021-22 budget as detailed within Appendix 11, which will reduce the balance on the HRA reserve from £28.264 million at 31 March 2020, to £19.023 million at 31 March 2022; and note the indicative budgets to 2023-24 which will reduce the balance of the HRA reserve to £16.180 million. This will fund, alongside additional borrowing and grant funding, a Housing Investment Programme over the period to 2023-24 of £45.980 million of new investment in council housing. **(Recommendation 33)**
- Note that from 1 April 2021 in line with the Rent Standard for rent setting for Council tenants, the budget detailed in Appendix 11 assumes that rents and service charges will rise by the Consumer Price Index of 0.50% plus 1.00% for the period 1 April 2021 to 31 March 2022. **(Recommendation 34)**
- Approve the increase of 1.50% for Housing rents from 1 April 2021. **(Recommendation 35)**
- Note the indicative 30-year Housing Revenue Account business plan as detailed within Appendix 11. **(Recommendation 36)**

CAPITAL EXPENDITURE

Capital Strategy 2021-24

127. The Chartered Institute of Public Finance and Accountancy (CIPFA)'s Treasury Management revised Code of Practice and the Prudential Code requires authorities to have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made. The capital strategy should form a part of the authority's integrated revenue, capital and balance sheet planning.
128. Appendix 12 sets out a proposed Capital Strategy for the Council.
129. Members are recommended to approve the attached Capital Strategy at Appendix 12. **(Recommendation 37)**

Capital Programme 2021-24

130. There is a revised Capital Programme covering the period 2021-24 within Appendix 13. The inclusion of a scheme in the programme signifies approval in principle; but each individual scheme will be subject to business case approval in line with the Council's Constitution.
131. A number of schemes within the Programme are included on a self-financing or invest-to-save basis which means that the revenue savings (or associated income) arising from the proposal are expected to cover the full costs of capital, i.e. Minimum Revenue Provision and associated interest costs.
132. The programme is largely based on that agreed in February 2020 but adjusted to reflect:
- a) re-profiling estimates from 2020-21 of £94.589 million.
 - b) further proposed re-profiling from 2021-22 to 2022-23 of £44.560 million and re-profiling to 2023-24 of £32.997 million.
 - c) revised or new funding requirements over the period 2021-24 for projects agreed during the year by members via Cabinet, as well as a number of other newly identified commitments, including:
 - **Newcastle Northumberland Rail Line (£66.039 million):** The revision, which relates entirely to external funding sources (there is no increase in the Council's contribution), reflects the latest budget assumptions for the project.
 - **Energising Blyth Future High Street Fund (Future High Streets Fund) (£17.572 million):** Increase to existing provision made up of £10.038 million external and £7.534 million Council funding, as approved by Cabinet in June 2020. The Council funding is being met from the existing Strategic Regeneration Reserve budget. The scheme encompasses the development of eight key projects in Blyth town

centre and includes: new building on the marketplace; conversion of the upper floors of Westgate House; repurposing the Arriva bus station site; conversion of the upper floors of Poundstretcher Building 16-18 Bridge Street; conversion of the upper floors of 10-14 Bridge Street and 2-12 Union Street; improvement of cycling walking route between Quay Road and Market place along Bridge Street; and, reconfiguring the roundabout on Bridge Street / Quay Road.

- **Borderlands - Carlisle Station (£16.929 million):** A new provision in relation to part of an overall grant award of £20 million to Cumbria Council for the development of the Carlisle station as part of the Borderlands Inclusive Growth Deal investment programme – for which NCC is the accountable body. The programme is entirely funded by additional grant awarded by the Ministry of Housing, Communities and Local Government (MHCLG).
- **Pothole and Challenge Fund (£14.872 million):** New grant funding provided by Department for Transport.
- **Seaton Valley Federation of Schools (£10.218 million):** Increased budget provision to support the creation of an ‘all age’, 9-18 school on the existing Astley High site in Seaton Delaval.
- **Loans to Third Parties (e.g. Advance Northumberland, Other Organisations) (£8.797 million):** Additional resources to fund the anticipated loan finance support for Advance Northumberland activities.
- **Hexham Tyne Mills Depot (£7.696 million):** A new bid for the redevelopment of the existing site. The project includes: improved operational efficiencies and reduced health and safety risks resulting from the provision of a larger, better designed vehicular maintenance workshop; improved office and welfare facilities for all staff; improved storage facilities; and improved building and facilities as well as resilience from flooding.
- **Climate Change Capital Fund (£6.163 million):** To establish a new budget for Climate Change projects. This replaces the previous Renewable Energy Programme budget. Potential projects include: work to address poor energy efficiency in both domestic and non-domestic buildings; the continued investment and support in technologies which use renewable energy such as solar, wind, water and geothermal heat; investment and growth in the Council’s Electric Vehicle (EV) charging network; and progressing integrated land use which enhances and safeguards biodiversity.
- **Strategic Regeneration Projects (£6.013 million):** This includes proposed projects for: Bedlington Town Centre (£1.263 million), Hadrian’s Wall Programme (£1.250 million), ‘Place’ Programme (£1.500

million), Blyth Town Deal (£1.000 million), and Business Programme (£1.000 million).

- **Local Full Fibre Network (LFFN) (£5.471 million):** The increase relates entirely to new Government funding to support the delivery of gigabit capable connectivity in public buildings.
- **James Calvert Spence (JCS) (£4.250 million):** Increased budget provision to support the delivery of new and refurbished buildings for James Calvert Spence College in Amble.
- **Borderlands - Lilidorei (£4.000 million):** Similar to the Carlisle Station item above, this is new provision in relation to a grant award for the development of the Lilidorei play village scheme at Alnwick Garden as part of the Borderlands Inclusive Growth Deal investment programme – entirely funded from additional Government grant.
- **Energising Blyth Town Deal 2022-2026 (£3.000 million):** A new bid, Blyth Town Deal is a transformational programme of intervention to support the growth and renewal of Blyth. The programme will unlock up to £25 million investment in a Town Deal with Government, to be agreed in Spring 2021 and delivered from 2022-26, as reported to Cabinet in January 2021.
- **Local Cycling and Walking Infrastructure (£3.000 million):** This new project will deliver a three-year programme of capital investment targeted at improving the walking and cycling networks of our towns. Proposed schemes will vary from town to town and would involve physical segregation of road users; traffic calming and road safety measures; providing dropped kerbs and tactile paving and improved crossing facilities, essentially improving the safety and convenience of walking and cycling and supporting a shift in the way we travel.
- **Restoring Your Railway (£3.000 million):** New proposal, supported by Government grant to reinstate axed local services and restore closed stations. Northumberland County Council has submitted an expression of interest for Gilsland Station, Belford Station and improved frequency of services north of Morpeth. The figure includes £2.100 million of Government funding. The proposals include a further £12.000 million (£9.150 million) in years beyond 2023-24 (see below section on commitments beyond 3 years)
- **Challenge Fund - Steel Bridges (£2.400 million):** This relates to re-profiling of existing budgets as reported to and approved by cabinet in May 2020.
- **Borderlands - Berwick Maltings (£2.262 million):** The Council's funding commitment, met from the Strategic Regeneration Reserve,

towards the new Maltings venue in Berwick-upon-Tweed, and which forms the submission to the UK Government within the context of the Borderlands Inclusive Growth Deal; as reported to and approved by Cabinet on 8 December 2020.

- **Berwick Swan Leisure Centre (£1.847 million):** Additional budget provision (Including £0.550 million external grant) as considered and approved by Council on 2 September 2020.
- **IT Infrastructure (£1.450 million):** A new Council funded project to replace all the perimeter / security equipment that protects the Council's IT network, the switching equipment in all our buildings and the Wi-Fi equipment.
- **Schools Refurbishment - Ashington Academy Refurbishment Grant (£1.107 million):** Part of an overall grant award of £1.501 million to Ashington Academy (with the balance in 2020-21), from the existing 'school refurbishments provision' within the 2020-21 capital programme, for the refurbishment and remodelling of elements relating to historical backlog maintenance at the school. (As reported to Cabinet on 10 November 2020.)
- **Port of Blyth – Welding & Fabrication Skills NALS (£1.082 million):** A new proposal to provide a technical training centre focused upon training school leavers, adults and sector employees in welding and fabrication disciplines, management of sector related apprenticeships and delivery of professional industry qualifications to support the sector.
- **Flood Coastal Erosion and Risk Management - Stocksfield & Riding Mill (£1.061 million):** New project largely funded by Environment Agency grant (£1.060 million).
- **Strategic Energy Site (£1.000 million):** An increase to the existing £4.000 million provision.
- **Property Stewardship Fund - Public Toilet Refurbishment (£1.000 million):** An allocation to a specific project taken from the generic property stewardship provision.

(Note: the above list identifies all budget increases in excess of £1 million, excluding slippage, over the 3-year period.)

133. All amendments to the programme result in a net increase in Council resource requirements over the period 2021 to 2024 of £34.017 million (£6.109 million for existing projects and £27.098 million for new projects), and a net increase in external grant contributions of £110.641 million. These figures are exclusive of the re-profiling mentioned above of £94.589 million.

134. The Capital Programme includes budgets for some specific projects that will complete in either 2024-25 or 2025-26. Members are requested to approve the following commitments **(Recommendation 38)**:

	2024-25 to 2025-26		
	Gross	External	NCC
	Budget	Funding	Funding
	£m	£m	£m
Energising Blyth Future High Street Fund (FHSF)	0.050	0.025	0.025
Energising Blyth Energy Central Institute Development Phase 2	8.500	0.000	8.500
Blyth Relief Road	40.140	34.119	6.021
Borderlands - Berwick Maltings	0.238	0.000	0.238
Borderlands - Carlisle Station	2.650	2.650	0.000
Restoring Your Railway	12.000	9.150	2.850
Strategic Regeneration Projects	8.381	0.000	8.381
Homes England Grant Recovery (re RTB)	0.075	0.000	0.075
IT Infrastructure	0.200	0.000	0.200
Desk Top Refresh - Phase 2	1.250	0.000	1.250
Berwick Partnership Schools	13.403	0.000	13.403
Total	86.887	45.944	40.943

135. Members are recommended to approve the revised Capital Programme as detailed within Appendix 13. **(Recommendation 38)**

136. Within the revised capital programme there is an indicative grant allocation from the Department for Transport for the Local Transport Programme (LTP). County Council Members and Town and Parish Councils will be consulted in the development of the proposed LTP Programme as part of the prioritisation process. Members are recommended to approve the delegation of the detail of the final Local Transport Programme, any Pothole and Challenge Fund Grant received and any subsequent in year amendments to the Interim Executive Director Local Services and the Leader of the Council. **(Recommendation 39)**

137. Within the capital programme there is also an allocation of £7.500 million in 2021-22 for highway maintenance investment in U and C roads and footways. Members are recommended to approve the delegation of the detail of the capital allocation for highway maintenance investment in U and C roads and footways to the Interim Executive Director of Local Services and the Leader of the Council. **(Recommendation 40)**

HRA Capital Programme

138. The business case demonstrates potential capital expenditure over the MTFP of up to £79.605 million which is included in Appendix 13.

Flexible Use of Capital Receipts

139. As part of the Local Government Settlement for 2016-17, Government announced greater flexibility for councils in how they make use of capital receipts - the money received when an asset is sold. Councils currently are only allowed to spend this money on further capital projects or set aside the money for the repayment of debt. However, the Government announced that councils were to have greater flexibility regarding how they spend this money for the years 2016-17 to 2018-19. The provisional Local Government Finance Settlement in December 2017 indicated that this would continue for a further three years.
140. In December 2017, the Secretary of State announced, alongside the provisional local government finance settlement, the continuation of the capital receipts flexibility programme for a further three years, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. These provisions include and cover capital receipts received in 2021-22.
141. The new flexibilities enable councils to use income from the sale of certain assets to fund the short-term revenue costs that support qualifying invest-to-save and efficiency projects in order to provide revenue savings in the future.
142. Qualifying expenditure under the guidance is defined as: "Expenditure on any project that is designed to generate on-going revenue savings in the delivery of services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demands for services in future years for any of the public sector delivery partners."
143. It is proposed that the Council utilises this flexibility for up to £0.500 million of capital receipts in 2021-22 on qualifying projects. It is proposed that approval of individual projects within these allocations is delegated to the Cabinet. **(Recommendation 41)**
144. The proposal is not anticipated to have any revenue impact, as many of the qualifying projects will themselves provide on-going revenue benefits/efficiencies, which would in turn offset the additional cost of borrowing.

Prudential Borrowing Indicators

145. As a result of the revisions to the Capital Programme the Prudential Borrowing Indicators have been updated for the next three years. Prudential Indicators for approval are detailed within Appendix 14. **(Recommendation 42)**

Minimum Revenue Provision Policy Statement

146. The proposed policy is enclosed at Appendix 15. The policy is unchanged from 2020-21.
147. Members are requested to approve the Minimum Revenue Provision Policy. **(Recommendation 43)**

TREASURY MANAGEMENT

148. The proposed Treasury Management Strategy for 2021-24 is attached at Appendix 16. The report will also be considered by the Audit Committee on 27 January 2021. Any subsequent amendments following Audit Committee will be updated for the final report to the County Council in February.
149. Cabinet is requested to endorse the proposed Treasury Management Strategy included at Appendix 16 and recommend its approval to the County Council.
(Recommendation 44)

REVENUES AND BENEFITS POLICIES

150. There are a number of policies that the Revenues and Benefits Service uses in its day-to-day administration. The policies were last approved at County Council on 19 February 2020. The policy documents are attached at Appendix 17. A summary of each policy is provided below. Where the policy has changed, the change is also highlighted below.

Caravans/Chalets Council Tax Policy

151. This policy is in respect of caravans/chalets on commercially rated sites that are occupied as a sole or main residence for council tax purposes. Council tax is reduced by any business rates payable by the taxpayer on receipt of an itemised invoice. A Class G exemption (occupation prohibited by law) will be granted for a period when the site has to close due to planning/licensing restrictions.

152. There are no proposed amendments to this policy.

Council Tax Discounts Policy

153. This policy sets out the treatment of local discretionary discounts, empty property (including empty home premium), second homes for council tax and care leavers.

154. The policy has been amended to reflect the Covid-19 Hardship Fund payments awarded to working age council tax support claimants in 2020-21 as part of the Governments response Covid-19 announced in the Budget on 11 March 2020.

155. The Council received £3.382 million and the expectation was that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes to reduce their liability for council tax of working age council tax support claimants. This would be done under their discretionary powers contained under S13A (1)(c) of the Local Government Finance Act 1992 up to a maximum of £150 per council tax support claim.

156. For 2021-22 additional funding of £4.578 million will be received from Government for Local Council Tax Support, and will be used in the same way as 2020-21 to provide council tax relief for working age council tax support claimants, alongside the existing council tax support scheme. This will be done under discretionary powers contained under S13A (1)(c) of the Local Government Finance Act 1992 up to a maximum of £300 per council tax support claim.

157. Members are reminded that a 300% empty homes premium that was approved at County Council on 6 November 2019 for properties empty and substantially unfurnished property for ten years or more, will come into effect from 1 April 2021.

158. There are no further proposed amendments to this policy.

Corporate Debt Recovery Policy

159. This policy details the Council's coordinated approach to the billing, collection and recovery of monies due to the Council for council tax; business rates; rent, housing

benefit/council tax benefit and support overpayments; and sundry debt for Council services and overpaid salaries and wages.

160. An amendment has been made to Page 9 of the Policy to reflect the introduction on 4 May 2021 of the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020. The Council will ensure that recovery of qualifying debts is suspended for the relevant moratorium period as set out in the regulations and, where appropriate, will engage with a debtor's debt advice provider regarding a moratorium debt or a debt solution in respect of the debtor.

The policy consists of a number of annexes:

- | | |
|----------|---|
| Annex 1 | Council Tax and NNDR Recovery Policy – sets out the recovery action taken to recover unpaid liabilities. No amendment has been made to this annex. |
| Annex 2 | Council Tax and NNDR Court Costs and Fees Policy – provides a uniform scale of costs at each recovery stage. No amendment has been made to this annex. |
| Annex 3 | Housing Benefit and Council Tax Benefit/Support Overpayment Recovery Policy – sets out the policy for the administration and recovery of overpayments. No changes have been made to this annex. |
| Annex 4 | Methods of Payment Policy – sets out the range of payment methods available to customers. No amendment has been made to this annex. |
| Annex 5 | Write Off Policy – sets out the framework for writing off debts. No amendment has been made to this annex. |
| Annex 6 | Sundry Debt Policy – covering the recovery of all collectable sundry debt. No amendment has been made to this annex. |
| Annex 7 | Statutory and Chargeable Debt Policy – sets out the approach to debt arising from the Council carrying out its statutory duties/enforcement functions. No changes have been made to this annex. |
| Annex 8 | Overpaid Salaries and Wages Policy - sets out the approach to the recovery of salary overpayments. No changes have been made to this annex. |
| Annex 9 | Bankruptcy Policy - ensures that the Council's use of bankruptcy is consistent and complies with the relevant legislation and best practice. No amendment has been made to this annex. |
| Annex 10 | Enforcement Agent Code of Practice for Council Tax and NNDR – sets out the way that internal enforcement agents or external enforcement agent companies collecting local |

taxation debts on behalf of the Council will conduct themselves. No amendment has been made to this annex.

Annex 11 Housing Income Management Policy – sets out the policy for the prevention of housing arrears, the rent arrears escalation procedure, recovery of former tenant arrears and write offs. No amendment has been made to this annex.

Discretionary Housing Payments Policy

161. This policy sets out the Council's approach to operating its Discretionary Housing Payment scheme. The primary aims of the policy are to prevent homelessness, to alleviate housing need, and to ensure that Northumberland residents have fair and equal access to all services and monies to which they may be entitled by virtue of their situation.

162. There are no proposed amendments to this policy.

Local Welfare Assistance Policy

163. This policy sets out the Council's strategy and criteria for the localised welfare support scheme for:

- a. emergency support to prevent an immediate deterioration to an applicant's health by providing short-term access to food, gas and electricity supply and limited supplies of clothing and baby consumables, such as nappies and milk; and,
- b. support to help applicants through periods of transition, for example, to remain in the community or move back into the community after a period in supported or unsettled accommodation. It does this by providing access to a range of standard items such as beds, bedding, furniture and white goods.

164. Paragraphs 10 and 11 of this policy have been updated to reflect the new monitoring arrangements and access to the service.

Rate Relief Policy

165. This policy applies to National Non-Domestic Rates (Business Rates) and provides the framework under which mandatory and discretionary relief will be administered.

166. Rate Relief can be either mandatory, discretionary or both and is granted in accordance with the Local Government and Rating Act 1997 and the Local Government Finance Acts 1988 and 2012 (as amended).

167. The policy relates to awards concerning:

- Rural Rate Relief.
- Charities and Not for Profit Organisations.
- Hardship Relief.

- Partly Occupied Relief - Section 44A (relief on the grounds of part occupation).
- Newspaper Relief.
- Supporting Small Business Relief.
- Pub Relief.
- Business Rates Revaluation Relief.
- Retail Discount Scheme 2019-20.
- Expanded Retail Discount Scheme 2020-21.
- Nursery Relief Scheme; and,
- Local Discretionary Discounts.

168. The policy has been amended to reflect the following:

- Extension of the £1,500 Newspaper Relief scheme that will apply to qualifying properties each year to 2024-25.
- Introduction of the Nursery Discount Scheme for 2020-21.
- Introduction of Expanded Retail Discount Scheme for 2020-21.
- Annex 4 has been added to identify the qualifying properties for the purposes of the Expanded Retail Discount Scheme for 2020-21.

169. Under this policy the Chief Executive has delegated powers to implement new relief schemes introduced by Government in line with the required legislation and timetable. This policy will then be updated at the next annual review.

War Pension and Armed Forces Compensation Disregard Policy

170. The Housing Benefit Regulations 2006 make provision for the first £10.00 of income from War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Scheme to be disregarded in any benefit assessment. The cost of this disregard is fully reimbursed to the Council.

171. The Social Security Administration Act 1992 gives the Council discretion to disregard any amount it chooses in addition to the statutory provision.

172. The policy has been in place since 2009-10 and the Council has taken advantage of this provision and fully disregarded income which claimants receive from the War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Schemes when assessing entitlement to Housing Benefit/Council Tax Support.

173. There are no proposed amendments to this policy.

Counter Fraud Policy

174. The policy sets out the Council's commitment to the prevention, detection and investigation of internal and external fraud and by working in partnership with other agencies reducing the incidence of crime and theft against the Council.

175. There are no proposed amendments to this policy.

Bribery and Corruption Policy

176. This policy applies to all of the Council's activities and provides a framework to enable employees and members to understand and implement arrangements enabling compliance.

177. There are no proposed amendments to this policy.

Anti-Money Laundering Policy

178. This policy sets out the obligations that impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

179. There are no proposed amendments to this policy.

180. It is recommended that the 2021-22 Revenues and Benefits Policies contained within Appendix 17 are approved. **(Recommendation 45)**

PAY POLICY

181. The Localism Act 2011 requires the County Council to prepare and publish a Pay Policy Statement. The purpose of such a statement is to articulate the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. The Council also wishes to ensure that it operates on the principles of equal pay for work of equal value, and also within the various other legislative requirements, including the Equality Act 2010.
182. The statement is reviewed annually and takes into account the guidance on openness issued by the Secretary of State for Communities and Local Government.
- The statement for the financial year 2021-22 is shown at Appendix 18. Cabinet is asked to recommend approval of the statement by Council **(Recommendation 46)**. The statement will be published on the Council's website by the Executive Director of HR & OD.
183. An Equality Impact Statement has also been prepared and is shown at Appendix 19.

FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT

184. The provisional Local Government Finance Settlement 2021-22 was announced on 17 December 2020 and the figures contained within this report are based on this announcement. However, there is currently a consultation period which could alter these figures. The outcome of the consultation will be announced in February 2021 as part of the final Local Government Finance Settlement. It is not expected that the figures will change significantly. However, in the event that they do change it is proposed that delegated authority is approved for the Council's Section 151 Officer in consultation with the Portfolio holder for Corporate Services to amend the 2021-22 budget if necessary. **(Recommendation 47)**

BACKGROUND PAPERS:

19 February 2020: Report to Full Council; Budget 2020-21 and Medium-Term Financial Plan 2020-22

4 November 2020: Report to Full Council; Approval of the Council Tax Support Scheme for 2021-22

10 November 2020: Report to Cabinet; Budget 2021-22 and Medium-Term Financial Plan 2021-2024

8 December 2020: Report to Cabinet; Approval of the Council Tax Base 2021-22

12 January 2020: Report to Cabinet; 2020-21 Estimated Year End Collection Fund Balances – Council Tax and Business Rates

27 January 2021: Report to Audit Committee; Treasury Management Strategy Statement for the financial year 2021-22.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy:	This is the fourth year of the MTFP 2018-22. The plan supports the priorities outlined in the Corporate Plan.
Finance and value for money:	The financial implications of the 2021-22 budget and the MTFP are detailed within this report. Financial year 2022-23 and beyond will continue to be challenging.
Human Resources:	The size of the financial challenge will have an impact on staffing levels across the Council. The Council will continue to try and mitigate this impact by the management of vacancies and voluntary redundancy wherever possible.
Property:	A significant proportion of the capital programme refers to property and assets. The estates rationalisation plan has now been implemented and is on-going.
Equalities: (Impact Assessment attached)	The Executive Director of Adult Social Care and Children's Services has provided an overarching equality review, which identifies the main issues that need to be considered in setting the budget. Cabinet will be asked to consider changing the budget proposals should it at a later stage prove not to be possible to mitigate an unacceptable equality impact.
Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	
Risk Assessment:	The risks associated with the budget proposals are regarded as acceptable, but these risks will continue to be reviewed up to and including implementation of the detailed proposals.

Carbon Reduction: The Council is implementing as well as developing a number of proposals concerning the management of energy.

Crime & Disorder: This report has given careful consideration to Section 17 of the Crime & Disorder Act 1998 and the duty it imposes.

Customer Considerations: The individual proposals will carefully consider the impact upon both customers and residents of Northumberland.

Consultation: During December 2020 and January 2021 consultation on the 2021-22 budget and MTFP has taken place at the five Local Area Councils in Northumberland. The report has also been subject to a review by an all-member Corporate Services and Economic Growth Overview & Scrutiny Committee. This meeting will consider the views of Scrutiny before making final recommendations to the County Council.

Health & Wellbeing The Council's budget is founded on the principle of promoting inclusivity.

Wards: All wards.

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Name
Deputy Monitoring Officer/Legal	Helen Lancaster
Executive Director of Finance & Section 151 Officer	Chris Hand
Relevant Service Director	Alison Elsdon
Chief Executive	Daljit Lally
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	2021-22 £000	2022-23 £000	2023-24 £000
Funding			
Government Grants			
- Revenue Support Grant (RSG)	(10,508)	(10,508)	(10,508)
- Rural Services Delivery Grant (RSDG)	(2,456)	(2,456)	(2,456)
- Business Rates - Income and Grants	(82,669)	(85,347)	(88,209)
- New Homes Bonus (NHB) - excluding service specific element	(4,303)	(1,337)	-
- Improved Better Care Fund ((IBCF) including Winter Pressures)	(12,128)	(12,128)	(12,128)
- Social Care Grant	(9,534)	(9,534)	(9,534)
- Covid-19 Grant support	(13,087)	-	-
- Lower Tier Services Grant	(429)	-	-
Sub Total	(135,114)	(121,310)	(122,835)
Council Tax	(175,209)	(180,129)	(184,953)
Additional Local Council Tax Support	4,578	-	-
Council Tax - Adult Social Care Precept (ASCP)	(19,817)	(22,433)	(22,585)
Collection of Parish Precept	(9,340)	(9,340)	(9,340)
Collection Fund - Council Tax Estimated Deficit	1,268	554	554
Collection Fund - Business Rates Estimated Deficit	20,743	342	342
Balances			
- Contribution from the Strategic Management Reserve	(4,862)	(2,205)	(1,640)
- Contribution from the Invest to Save Reserve	(1,196)	(1,196)	(1,196)
- Contribution to Reserves - Covid-19 Earmarked Reserves	8,509	-	-
- Contribution from the Smoothing Reserve	(20,499)	-	-
- Contribution to General Fund Balances to balance budget	540	-	-
Total Funding	(330,399)	(335,717)	(341,653)
Expenditure			
Baseline Budget including recurrent adjustments	314,948	329,074	335,152
Pay Inflation	1,844	3,345	3,345
Non Pay Inflation	8,006	6,509	6,663
Increments and Changes to Salaries	1,124	1,000	1,000
Recurrent Pressures	4,994	-	-
Growth	3,525	1,708	1,654
Revenue Cost of Capital	2,805	4,058	6,366
Non Recurrent Pressures	1,325	565	-
Savings identified	(8,172)	-	-
Further Savings Required to Balance the budget	-	(10,542)	(12,527)
	330,399	335,717	341,653
Tax base	106,934.93	107,792.93	108,520.43
Budget Requirement	317,469	332,316	338,817
Band D Council Tax	1,638.46	1,671.06	1,704.32
Band D Council Tax - Adult Social Care Precept	185.32	208.11	208.11
Increase in Council Tax (including Special Expenses, excluding ASC Precept)	1.990%	1.990%	1.990%
Council only increase	1.990%	1.990%	1.990%
Adult Social Care Precept	1.750%	1.250%	0.000%

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£

Adult Social Care & Commissioning

Local Reform and Community Voices	-214,150
Public Health Grant	-16,709,650
War Pensions Scheme Disregard Grant	-158,690
Social Care in Prisons Grant	-140,150
Total Adult Social Care & Commissioning	-17,222,640

Strategic Finance

Local Services Support Grant	-87,910
Total Strategic Finance	-87,910

Children's Services

Dedicated Schools Grant (DSG)	-146,180,700
Young Peoples Learning Agency (YPLA)	-445,040
Skills Funding Agency (SFA)	-2,372,080
Pupil Premium	-802,800
Supporting Families Grant	-761,940
Youth Justice Board	-540,580
Secure Stairs Grant	-55,850
Staying Put Payment	-66,990
Special Educational Needs and Disability Grant	-53,620
Arts Council England - Music Hub Grant	-415,590
School Improvement Monitoring & Brokering	-405,640
Virtual Schools Grant	-69,610
Total Children's Services	-152,170,440

Finance

Discretionary Housing Grant	-730,400
The Private Finance Initiative (PFI)	-1,618,750
Fire Revenue Grant (Firelink/New Dimensions)	-201,050
Housing Benefit Administration Subsidy	-927,070
Rent Allowance Subsidy	-54,878,390
Rent Rebate Subsidy	-12,462,870
Localised Council Tax Support Admin Subsidy Grant	-420,880
Home Office Firefighters' Pension Grant	-766,340
New Burdens	-100,000
Total Finance	-72,105,750

£

Economy, Regeneration & Commercial

New Homes Bonus Grant	-28,000
Homes England	-110,000
LA Compliance and Enforcement Grant	-82,760
European Social Funds	-242,970
ERDF	-225,870
Countryside Agency	-142,840
Syrian Resettlement Grant	-617,000
Feed Hygiene Grant	-97,170
Total Economy, Regeneration & Commercial	-1,546,610

Local Services

The Private Finance Initiative (PFI)	-3,141,000
Local Services Support Grant	-289,500
Urban Tree Challenge Fund	-70,370
OS - Cycle Training Grant	-76,560
Supported Bus Services Grant	-484,420
Total Local Services	-4,061,850

Total Service Specific Grants	-247,195,200
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	2021-22 £000	2022-23 £000	2023-24 £000
Adult Social Care			
Loss of Independent Living Fund grant income	867	-	-
Total Adult Social Care	867	-	-
Children's Services			
External Residential Placements for LAC	2,380	-	-
Total Children's Services	2,380	-	-
Finance			
Facilities Schools SLA income reduction	30	-	-
Owned Estate R & M Spend	100	-	-
Leisure Centres Repair and Maintenance	230	-	-
Information Services SLA income reduction	72	-	-
Information Services Covid-19 related cost increases	22	-	-
Council Network - VPN solution	111	-	-
Total Finance	565	-	-
Fire and Rescue Services			
Hexham Community Fire station rental	42	-	-
Hydrant repair costs	5	-	-
Total Fire and Rescue Services	47	-	-
Human Resources & Organisational Development			
Coroners Pay	114	-	-
Total Human Resources & Organisational Development	114	-	-
Local Services			
Winter maintenance	1,000	-	-
EV chargers electricity and maintenance	21	-	-
Total Local Services	1,021	-	-
Total Recurrent Pressures	4,994	-	-

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	2021-22 £000	2022-23 £000	2023-24 £000
Adult Social Care			
Demographic Pressures	1,496	1,496	1,496
Total Adult Social Care	1,496	1,496	1,496
Children's Services			
SEN Home to School Transport Service	517	187	133
Total Children's Services	517	187	133
Fire and Rescue Services			
Additional Training requirement	25	-	-
Funding for new posts	374	-	-
Total Fire and Rescue Services	399	-	-
Regeneration, Commercial and Economy			
Restructure of Regeneration Team	500	-	-
Borderlands revenue consequences	118	-	-
Additional resources in Public Protection	390	-	-
Supplementary planning documents	50	-	-
Planning digital	30	-	-
Total Regeneration, Commercial and Economy	1,088	-	-
Corporate Items			
Change in Levies (Environment Agency & NIFCA)	25	25	25
Total Corporate Items	25	25	25
Total Growth	3,525	1,708	1,654

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	2021-22 £000	2022-23 £000	2023-24 £000
Finance			
Reduction in Restaurant Income	50	-	-
Total Finance	50	-	-
Human Resources & Organisational Development, Culture & Leisure			
Council Elections	750	-	-
Total Human Resources & Organisational Development, Culture & Leisure	750	-	-
Regeneration, Commercial and Economy			
Northumberland Local Plan review	425	425	-
Gypsy and Traveller Local Plan document	100	140	-
Total Regeneration, Commercial and Economy	525	565	-
Total Non-Recurrent Pressures and Income	1,325	565	-

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Inflation Schedule 2021-22

Appendix 6

	Inflation Factor	Adult Social Care & Commissioning £	Corporate Funding £	Strategic Finance £	Children's Services £	Finance £	Human Resources & Organisational Development £	Chief Executive £	Economy, Regeneration & Commercial £	Local Services £	General Fund £
Local Government Employees	1.25%	-	-	1,677,270	-	-	-	-	-	-	1,677,270
Teachers	1.25%	-	-	47,420	-	-	-	-	-	-	47,420
Care Trust	1.25%	-	-	274,950	-	-	-	-	-	-	274,950
Soulbury	1.25%	-	-	29,590	-	-	-	-	-	-	29,590
Youth Workers	1.25%	-	-	7,860	-	-	-	-	-	-	7,860
Firefighters	1.25%	-	-	132,380	-	-	-	-	-	-	132,380
Funded by additional income	N/A	-	-	-325,240	-	-	-	-	-	-	-325,240
Total Pay Inflation		-	-	1,844,230	-	-	-	-	-	-	1,844,230
Gas	3.00%	2,220	-	-	1,620	9,210	1,910	-	320	2,480	17,760
Electricity	-1.00%	-1,060	-	-	-1,580	-8,070	-1,280	-	-320	-17,330	-29,640
Water charges	0.90%	360	-	-	300	2,510	220	-	140	3,320	6,850
Business rates	0.60%	170	-	-	1,150	9,940	440	-	40	-	11,740
Council Tax	1.99%	80	-	-	-	140	40	-	190	-	450
Insurance - Employers Liability / Third Party	0.60%	-	-	-	-	16,480	-	-	-	-	16,480
PFI Scheme payments	N/A	-	-	-	-	50,350	-	-	-	2,382,340	2,432,690
Concessions to Bus Operators	1.90%	-	-	-	-	-	-	-	90,960	-	90,960
External Audit Fees	33.00%	-	-	-	-	56,100	-	-	-	-	56,100
Social Care Contract Inflation	N/A	5,278,550	-	-	941,940	-	-	-	-	-	6,220,490
Funded by additional income	N/A	-469,510	-	-	-347,870	-	-	-	-10	-	-817,390
Total Non Pay Inflation		4,810,810	-	-	595,560	136,660	1,330	-	91,320	2,370,810	8,006,490
Increments & Changes to Salaries		7,040	-	-48,450	269,490	281,130	180,730	-7,610	272,440	168,740	1,123,510
Total		4,817,850	-	1,795,780	865,050	417,790	182,060	-7,610	363,760	2,539,550	10,974,230

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	2021-22
	£000
Adult Services	
Review of Telecare service	400
Renegotiation of the Prison's Contract	120
Estates repair & maintenance	50
Review of budget for block funded services	445
Staffing Vacancies (excluding Care Management staff)	150
Review and Independence Team	2,000
Reduction in travel & subsistence budgets	57
Total Adult Services	3,222
Children's Services	
Review of Adoption Allowances	59
Reduction in the use of Independent Fostering Agencies	100
Review of Early Support	75
Review of Looked After Children school and contact transport costs	70
Pupil Premium Plus	30
Review of Careers Guidance Team	154
Reduction in travel & subsistence budgets	94
Review of Northumberland Adolescent services	150
Review of Schools' Finance Team	25
Management Team Review	160
Vacant former school premises	30
Review of Management costs	87
Review of Family Time Service	30
Vacancy control management	100
Review of school meals advisory service	50
Review of Education & Skills Services	200
Total Children's Services	1,414
Finance	
Removal of budget for Pension Administration Team following Pension	
Pension Fund merger	234
Removal of software licence	69
Review of software licences (IT)	100
Revenue and Benefits - review of non-staffing budgets	150
New Burdens Income	100
Removal of enhanced pensions budget no longer required	50
Reduction in travel & subsistence budgets	51
Total Finance	754

	2021-22
	£000
Fire and Rescue Service	
Review of staffing structure	40
PFI unitary charge review	60
Total Fire and Rescue Service	100
Human Resources & Organisational Development, Culture & Leisure	
Review of Leisure Services for Active Northumberland	300
Review of Arts, Culture Libraries & Tourism	50
Review of Libraries	100
Review of Tourism	60
Centralisation of all training budgets	100
Democratic Services - review of non staffing budgets	5
Review of County Hall Post Room	44
Reduction in travel & subsistence budgets	48
Total Human Resources & Organisational Development, Culture & Leisure	707
Local Services	
Review of transport services (operational and procurement efficiencies)	460
Increased car parking income from existing charged car parks	250
Network Management (streetworks)	100
Fleet cost savings	105
Reduction in travel & subsistence budgets	28
Total Local Services	943
Regeneration, Commercial and Economy	
Enhanced Trading Activity - Housing & Public Protection Services	42
Increase in Planning Income	400
Land Management - Carbon reduction income	147
Homes England funding for Strategic Planning	110
Rate increase for PPA Planning Performance Agreements	75
Reduction in Planning agency staff	100
Staff costs charged to projects	100
Reduction in travel & subsistence budgets	58
Total Regeneration, Commercial and Economy	1,032
Total Efficiencies	8,172



Corporate Equality Impact Assessment

Carrying out an Equality Impact Assessment (EIA) will help the County Council to meet its Public Sector Equality Duties (Equality Act 2010).

The duties which need to be considered when making decisions are to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

Failure to assess the equality impact may increase the risk of making an unfair decision which could potentially be discriminatory. It also prevents us from identifying opportunities to promote equality and therefore leaves the County Council open to potential legal challenge.

Using this EIA template will help to ensure that a decision is made in a fair way, based on evidence. It provides a clear and structured method to assess the potential impact on protected groups.

<p>Title of policy or proposal</p>	<p>Budget report for 2021-22 (assessment of overall impacts of the package of proposals that have been put forward as part of the budget report for 2021-22.)</p>
<p>Briefly describe the aims of the policy change, decision or proposal, the likely outcomes and the rationale for it</p>	<p>The County Council has a statutory duty to set a budget and these proposals will include savings of £8.172 million with impacts on a number of the Council's services, and a planned increase in Council Tax of 1.99% per year over a 3-year period in addition a precept of 1.75% in year one and 1.25% in year 2 is specifically allocated to provide funding for adult social care. The final year of the adult social care precept is yet to be finalised.</p> <p>All individual budget savings proposals for 2021-22 have been initially screened for potential equality implications,</p>



	<p>and where this has identified potential equality impacts, specific impact assessments have been or will be carried out – except in cases where the final decision on whether to proceed with the saving will be taken after the budget round. In those cases, impact assessments will be carried out prior to final decisions being made and those assessments could, potentially, lead to decisions that some savings should not be made as currently proposed but should be achieved in other ways.</p> <p>Some planned savings such as those through reduced use of independent fostering agencies in children’s social care will involve both the development of enhanced in-house services and case by case assessments of how best to meet the needs of individuals. In these cases, individuals’ protected characteristics will be considered during assessments, and it is possible that the outcome may be a lower or higher level of savings than the assumption in the budget.</p>
<p>Consider the potential impact on any member of staff or member of the public with the following protected characteristics:</p> <p>Age, Disability, Gender identity/Gender reassignment, Race, Religion or belief, Sex, Sexual orientation, Women who are pregnant or have recently had a baby.</p> <p>Also, for issues affecting staff, consider employees who are married or in a civil partnership.</p>	
<p>What information is already held or have you obtained through consultation or engagement activity?</p>	<p>Age: The age profiles of users of services vary significantly between services. Children’s services are especially relevant to children and young people and to adults in the age range most likely to have dependent children, whilst adult social care services are particularly relevant to older people. A distinctive feature of Northumberland is that it has an above average proportion of older people in its population, and the projection is for a higher-than-average increase in this proportion over the coming decade – a change which will affect most Council services.</p>



	<p>Disability: All significant Council services within all Directorates are used by disabled people. Managers of individual services are expected to ensure that they understand specific issues which arise for disabled users, and to make reasonable adjustments to address any identified barriers to access.</p> <p>Most adult social care services are specifically designed to support disabled people, and disabled children are among those most likely to have special educational needs or to be “children in need” requiring social care. Services provided by each of the other Directorates also include some which focus on supporting disabled people, such as concessionary transport schemes.</p> <p>Three of the proposed savings in adult social care involve reductions in spending on services for disabled people. These have been identified as savings in Council expenditure on telecare, on the management of risks in individual care and support plans, and in a budget line for grants to voluntary organisations. All these savings are estimates of what savings it may be possible to achieve in each area, rather than firm plans about how savings will be realised, so equality impacts cannot be fully assessed at this point. Making a saving in the spending on telecare could require an increase in the charges paid by some service users; if so, an equality impact assessment will be completed before a decision is made to achieve a saving in this service. The review of the budget line for grants to voluntary organisations is not expected to lead to any reductions in grants to organisations which are currently supported by the Council, so is not expected to have adverse impacts on disabled people. Reviews of how risks are managed in individual care and support plans take account in each individual case of any potential impacts associated with the disabilities of service users; where possible, the aim of these reviews is to find ways in which risks to service users can be managed without unnecessarily intrusive</p>
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	<p>supervision, which both reduces costs and improves service users' quality of life.</p> <p>Any disabled staff affected by the proposals will be supported through the process and any reasonable adjustments needed will be made. Discussions will take place to identify any new adjustments or support required depending on the outcome of the process.</p> <p>Gender identity/Gender reassignment: Numbers of transgender people are believed to be low as a proportion of the users of any Council service. While there are a wide range of barriers to access that can arise for people in this protected group, as a result either of prejudice or of rules and systems based on the assumption of fixed gender, it seems unlikely that any Council services will incur spending on meeting the needs of this protected group which is sufficiently significant in relation to overall budgets to affect the overall budget settlement, and none of the services affected by savings proposals has been identified as likely to have a significant differential impact on this group.</p> <p>Race: Because of the demographic composition of the County, none of the Council's services spends a substantial proportion of its budget in ways which have a clear differential impact on specific racial groups. The diverse and dispersed nature of the County's minority populations mean that statistics on service usage are not easy to interpret, but there is no current reason to believe that use of major services is disproportionately low in any racial group, though there can at times be issues about the availability of culturally appropriate services, because of the lack of large groups of potential users for these. There are also some specific issues about support for gypsies and travellers, refugees, and asylum seekers – where relevant, these have been/will be considered in the EIAs (Equality Impact Assessment) for specific</p>
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	<p>budget proposals.</p> <p>Religion or belief: In some Council services, particularly in education, but also to some extent in care services, religious organisations provide significant services. In some cases, these organisations give preference to adherents of a specific religion. The overall impact of current arrangements is likely to be that people of some faiths are in some circumstances slightly advantaged compared to those of other faiths or who are not religious.</p> <p>Sex: Patterns of usage of specific services vary, but in general Council services are used by women more than by men. For instance, social care services for older people are disproportionately used by women, because of their greater longevity and higher rates of disability; and many children's services may still be more significant in their impact on women because of the continuation of traditional assumptions about the gender balance of child-care responsibilities.</p> <p>EIAs on specific savings proposals have considered/will consider more closely the gender balance of their users.</p> <p>Sexual orientation: We have limited information about differences in overall usage of services by sexual orientation. It is probable that lesbian, gay and bisexual (LGB) people, and in particular gay men, are less likely to be parents making use of children's services than other groups, and it has been suggested that LGB people may also be likely to have more limited sources of family support than other groups if they need care and might therefore have disproportionate need for publicly funded care services. In addition, several services available to support LGBT people exist outside of the geographical boundaries of the county and access has been affected by restrictions due to Covid-19. Sexual orientation can also affect health and therefore care needs – for instance LGB people are statistically more likely to have mental health or substance misuse problems, and gay men still</p>
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	<p>are more at risk of HIV infection than heterosexual men, though numbers of people requiring support for that reason remain low in Northumberland. Otherwise, differences in the experiences of people of different sexual orientations are in general to be concerned with the culture of services, and in some cases of other users of services, rather than being directly connected with levels of spending.</p> <p>Women who are pregnant or recently had a baby:</p> <p>Some specific Council services are particularly relevant to pregnant women and women with young babies. No general issues have been identified, though there are specific issues which might need to be considered in the case of some savings proposals.</p> <p>The Council publishes an analysis of its equality information on an annual basis. The most recent report is available on the Equality in Northumberland page of the Council's website.</p>
<p>After considering the information, which protected groups may potentially be affected? (Delete those not likely to be affected)</p>	<p>Age Disability Gender identity/Gender reassignment Race Religion or belief Sex Sexual orientation Women who are pregnant or recently had a baby People who are married or in a civil partnership</p> <p>There is no reason to believe that overall budget allocations will have any differential impact on the treatment of employees who are married or in civil partnerships. However, further equality impact assessments linked to the implementation of specific budget proposals will be carried out where necessary and will consider whether there is a possibility of differential impacts. It will remain in principle possible for the allocation of savings to be reviewed after the setting</p>



	<p>of the Council budget if these assessments show that there is evidence of a relevant differential impact on this group.</p>
<p>Using the information you have, give details of any potential positive and negative impacts on protected groups likely to be affected by the policy change, decision or proposal</p>	<p>Age: People of different age groups could be disproportionately advantaged or disadvantaged by the budget proposals. Because of the overall pattern of Council expenditure, there are likely to be particularly significant impacts on children and young people and on the oldest age groups.</p> <p>However, when developing detailed plans for implementing savings in 2021-22 that might affect different age groups, specific assessments have been, or will be, undertaken as the proposals are developed and solutions will be sought which minimise any adverse impacts that are identified during impact assessments.</p> <p>The proposal to find savings in the library service will be developed following a consultation with library users and other interested parties. The specific impacts on different age groups will be considered as part of this process, since libraries tend to be used to a greater extent by children, young adults, and older people.</p> <p>Savings have been proposed within the budget for a review of Adolescent/Youth services as well as changes to adoption allowances, and whilst there is currently not expected to be a significant adverse impact this issue will be kept under review as savings plans are finalised. Consultation well as a full EIA (Equality Impact Assessment) will be carried out as necessary as these proposals are developed.</p> <p>Given the nature of the Council's statutory responsibilities and considering the scale of savings needed and other Council priorities, Members may take the view that age-specific impacts cannot reasonably be avoided. In developing detailed plans for implementing savings, solutions will be sought which minimise adverse impacts.</p>



	<p>The impact of the budget proposals on the ability of people of different age groups to take part in public life will need to be considered carefully in developing some specific proposals for 2021-22. If more detailed equality impact assessments indicate there could be a disproportionate negative impact those proposals will be reviewed. Specifically, savings in arts and leisure are likely to have more impact on older people younger people and people with disabilities</p> <p>Disability:</p> <p>Disabled people are more likely than others to depend on local authority services to support their quality of life and their ability to live independently, so any major reduction in public spending has the potential to have a particular impact on disabled people. In some cases, it may be possible to achieve better outcomes for disabled people at the same time as reducing costs. For instance, the continued review of expenditure on commissioned services and reviews of individual risk management plans, which will continue in adult social care, aim to support people to live more independently and seek to review over-protective care arrangements which prevent that. The scale of savings in adult social care, combined with the fact that these savings will have to be achieved as the cumulative consequence of decisions about individual cases taking full account of protected characteristics, means there is a risk that the full savings might not be achieved.</p> <p>As individual proposals are implemented, specific assessments will be undertaken as the proposals are developed as consideration will need to be given to mitigation against any increased risk for disabled residents. However, given the overall savings needed, Members may judge the impact of the budget proposals to be acceptable after other alternatives have been considered.</p> <p>To mitigate against adverse impacts on disabled people</p>
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	<p>using adult social care services, the Council is proposing to apply an additional 1.99% increase in Council Tax with an additional precept of 1.75% for 2021-22 which would generate an estimated £3.305m additional funding for adult care.</p> <p>Impacts of other proposals have been considered in individual EIAs or will be considered before final decisions are made. Again, Members may judge that the overall impact of these proposals is acceptable after other alternatives have been considered given the particularly challenging overall financial position.</p> <p>No major and widespread impact on participation in public life is expected, though some changes might have some impact on some people. EIAs on individual savings proposals have considered (or will consider) this issue.</p> <p>No major and widespread impact on public attitudes towards disabled people is expected, though some changes might have some impact on some people. EIAs on individual savings proposals have considered (or will consider) this issue.</p> <p>No significant risks that might make it more likely that disabled people will be at risk of harassment or victimisation of this kind have so far been identified, though the issue will be considered in more detailed EIAs of those proposals on which further work is planned after the budget has been set. The development of safeguarding arrangements focused on identifying harassment or victimisation of disabled people will continue to be an important priority for the Council.</p> <p>Potential adjustments have been/will be considered in EIAs on individual savings proposals.</p> <p>If the proposals result in redundancies, there is some evidence that disabled staff may face additional barriers in securing alternative employment. Northumberland County Council is part of the Government's Disability Confident scheme and to help to overcome any adverse</p>
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	<p>impact offers a Guaranteed Interview Scheme for disabled job applicants. This ensures that all disabled members of staff who meet the essential requirements for a post will be shortlisted for interview; they will not have to meet the desirable requirements. Reasonable adjustments will be made for disabled staff that need to be relocated or for those staff working from home due to current Covid-19 restrictions.</p> <p>This information will be publicised to all affected employees. Guidance for managers supporting disabled employees, available on the Council website, and through Enable Staff Disability Network, will be promoted to staff as a source of advice and support.</p> <p>Specific opportunities to create positive impacts while making changes required to achieve savings have been/will be considered in assessing the equality impact of each specific proposal.</p> <p>Gender identity/Gender reassignment:</p> <p>No issues have currently been identified as a result of which people with different gender identities or who have transitioned or are transitioning would be disproportionately advantaged or disadvantaged by this budget, though the question will be considered during further development of individual savings proposals. The Council is continuing to work to promote awareness and provide support to people with different gender identities or who have changed from the gender they were assigned at birth.</p> <p>No significant differential impact on the ability of people who have transitioned or are transitioning to take part in public life has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant differential impact that would affect public</p>
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	<p>attitudes towards people who have transitioned or are transitioning has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant differential impact that would make it more likely that people who have transitioned or are transitioning will be at risk of harassment or victimisation has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>It does not currently appear there is a risk that people who have transitioned or are transitioning could be disproportionately disadvantaged by this budget, but this issue has been/will be considered further in EIAs for specific savings proposals.</p> <p>Opportunities to create positive impacts for people who have transitioned or are transitioning will need to be considered in planning the implementation of specific budget proposals.</p> <p>Race:</p> <p>No significant differential impact on specific national or ethnic minorities protected by the Equality Act 2010 has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant differential impact on the ability of specific national or ethnic minorities to take part in public life has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant differential impact that would affect public</p>
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	<p>attitudes towards people of different national or ethnic minorities has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant differential impact that would make it more likely that people from different national or ethnic minorities will be at risk of harassment or victimisation has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>It does not currently appear there is a risk that people of different national or ethnic minorities could be disproportionately disadvantaged by this budget, but this issue has been/will be considered further in EIAs for specific savings proposals.</p> <p>Opportunities to create positive impacts for people of different national or ethnic minorities will need to be considered in planning the implementation of specific budget proposals. The continuing development of personal budgets across a range of adult and children's services offers a specific opportunity to empower people to arrange culturally appropriate forms of support.</p> <p>Religion or belief:</p> <p>No issues have currently been identified as a result of which people with different religions or beliefs might be disproportionately advantaged or disadvantaged by this budget, though the question will be considered during further development of individual savings proposals.</p> <p>No significant differential impact on the ability of people with specific religious or other beliefs to take part in public life has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether</p>
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	<p>there is a possibility of differential impacts.</p> <p>No significant differential impact that would affect public attitudes towards people with religious or other beliefs has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant differential impact that would make it more likely that people with religious or other beliefs will be at risk of harassment or victimisation has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>It does not currently appear there is a risk that people with religious or other beliefs could be disproportionately disadvantaged by this budget, but this issue has been/will be considered further in EIAs for specific savings proposals.</p> <p>Opportunities to create positive impacts for people with religious or other beliefs will need to be considered in planning the implementation of specific budget proposals.</p> <p>Sex:</p> <p>Because of the pattern of usage of Council services, it is likely that any substantial reduction in Council budgets will disproportionately disadvantage women.</p> <p>Women also make up substantially more than half of the Council's directly employed workforce, and the position is likely to be similar overall across organisations providing services commissioned by the Council, because many of these are services which still have predominantly female workforces, such as care services, so any reductions in employment, direct or indirect, as a result of budget savings are likely disproportionately to affect women.</p>
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	<p>Detailed issues have been/will be considered in EIAs on specific savings proposals and will be examined further in the course of implementation, where relevant.</p> <p>As with a number of public services, libraries are used more by women than by men, so the potentially greater impact of changes on women will need to be considered as proposals are developed.</p> <p>No significant issues that would affect the ability of males or females to take part in public life have so far been identified. However, the need for further impact assessment, to support decisions during the further development and implementation of the proposals, will be considered and this issue will be further examined where relevant.</p> <p>No significant issues that might differentially affect public attitudes towards males or females have so far been identified. However, the need for further impact assessment, to support decisions during the further development and implementation of the proposals, will be considered and this issue will be further examined where relevant.</p> <p>No significant risks that might make it more likely that males or females will be at risk of harassment or victimisation of this kind have so far been identified, though the issue will be considered in more detailed EIAs of those proposals on which further work is planned after the budget has been set.</p> <p>The Council has only a limited ability to mitigate the overall impact of budget reductions on women, which is largely a consequence of the wider economic situation, and of decisions taken nationally about how to respond to this. However, in considering specific proposals for 2021-22, Members will need to take into account the potential detrimental consequences of budget savings for equality between the sexes. More specific opportunities for reducing disadvantage to women (or possibly, in some cases, to men) have been or will be considered in</p>
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	<p>EIAs for specific savings proposals.</p> <p>Specific opportunities to create positive impacts in the course of making changes required to achieve savings have been or will be considered in assessing the equality impact of each specific proposal.</p> <p>Sexual orientation:</p> <p>The budget proposals planned for 2021-22 currently appear unlikely to have a differential impact. Where necessary, further assessment of the impact on people with different sexual orientations will be linked to the implementation of specific budget proposals.</p> <p>No significant differential impact on the ability of people of different sexual orientations to take part in public life has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant differential impact on public attitudes towards people of different sexual orientations has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No significant risks that might make it more likely that people with different sexual orientations will be at risk of harassment or victimisation has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>No specific opportunities to create positive impacts for people with different sexual orientations linked to budget savings have so far been identified; this issue will need to be considered where relevant in developing detailed proposals.</p> <p>If EIAs linked to the implementation of specific budget</p>
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	<p>proposals identify differential impacts, they will need to consider whether there are reasonable steps that could be taken to reduce these.</p> <p>Women who are pregnant or recently had a baby:</p> <p>The risk that pregnant women or those with children under 26 weeks could be disproportionately disadvantaged will need to be considered where relevant in carrying out detailed EIAs needed to support the implementation of specific budget proposals.</p> <p>No significant risk has been identified that the budget proposals will affect public attitudes towards pregnant women or those with children under 26 weeks however further detailed EIAs on individual savings will where relevant consider this issue.</p> <p>No significant risk has been identified that the budget proposals will make it more or less likely that pregnant women or those with children under 26 weeks will be at risk of harassment or victimisation but further detailed EIAs on individual savings will where relevant consider this issue.</p> <p>Opportunities to create positive impacts for pregnant women or those with children under 26 weeks will need to be considered where relevant in carrying out detailed EIAs required to support the implementation of specific budget proposals.</p>
<p>Give details of any Human Rights implications and actions that may be needed to safeguard Human Rights.</p>	<p>Human rights issues have been considered in EIAs of specific budget proposals, and no unacceptable implications have been identified. Where necessary, further EIAs linked to the implementation of specific budget proposals will consider potential human rights issues. It would in principle be possible to review the overall balance of the budget savings if these specific EIAs revealed human rights issues which could not be addressed within them; however, this does not appear likely to be necessary.</p>



<p>Give details of any actions that can be taken to promote equality or to lessen any potential adverse impact on protected groups.</p>	<p>If EIAs linked to the implementation of specific budget proposals identify differential impacts on any protected groups, they will need to consider whether there are reasonable steps that could be taken to reduce these.</p>
<p>What plans are there to monitor and review the actual impact of the policy change, decision or proposal on equality of opportunity?</p>	<p>Monitoring arrangements have been/will be considered in EIAs for specific budget proposals and service changes. The Council carries out an annual strategic equality information analysis, which provides a regular overview of significant equalities issues across services, including any issues which emerge as a result of budget changes.</p>
<p>When will follow up review be done?</p>	<p>Follow up reviews will be done for individual EIAs for specific proposals as these are developed and implemented. Further reviews of specific proposals will be done if these are identified during the annual equality information analysis.</p>
<p>Based on a consideration of all the potential impacts, mark one of the following as an overall summary of the outcome of this assessment:</p>	
	<p>The equality analysis has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.</p>
	<p>The equality analysis has identified risks or opportunities to promote better equality; the change, decision or proposal will be adjusted to avoid risks and ensure that opportunities are taken.</p>
	<p>The equality analysis has identified risks to equality which will not be eliminated, and/or opportunities to promote better equality which will not be taken. Acceptance of these is reasonable and proportionate, given the objectives of the change, decision or proposal, and its overall financial and policy context.</p>



	<p>The equality analysis shows that the change, decision, or proposal would lead to actual or potential unlawful discrimination or would conflict with the Council's positive duties to an extent which is disproportionate to its objectives. It should not be adopted in its current form.</p>
<p>Explain how the judgement above was reached and summarise steps which will be taken to reduce any negative or to enhance any positive impacts on equality</p>	<p>It does not appear possible to achieve substantial budget savings without some detrimental effect on people in protected groups because one of the functions of many public services is to provide additional support to disadvantaged groups. However, there are opportunities to make budget savings in ways which minimise these impacts, and which contribute to making changes in services which have some positive aspects for protected groups. The opportunity to increase council tax by an additional 3% over the next 2 financial years, 1.75% in year one followed by an additional 1.25% has been taken to help reduce the impact on services used by older and disabled people.</p> <p>The Council's approach will continue to be to address equality and human rights issues on a number of levels:</p> <p>This impact assessment will support the Council's decisions about the budget for each Directorate, the overall level of the budget, and the specific savings proposals included in the final budget.</p> <p>Individual EIAs have taken place on each savings proposal included in the Council's budget, other than proposals which will be developed more fully following further consultation and review, and proposals which were assessed at a screening stage as having no significant potential impact on equality or human rights - for instance because they are concerned purely with improving technical efficiency.</p> <p>Where the intention is to develop proposals more fully after the budget has been set, or where there are significant further decisions to be taken in the course of implementation of any of the budget proposals, the need</p>



	<p>for further EIAs will be considered. If any of these identifies a potential need to revise either budget decisions within a Directorate budget or the overall balance of savings between Directorates, this will be considered through the Council's usual decision-making processes.</p> <p>Where the Council has specific statutory duties to individuals in protected groups –for instance, its duties to disabled people under social services legislation – it will continue to fulfil these duties, even if the overall impact requires the Executive Team to recommend alternative compensating savings for consideration. Changes to the budgets which have been set for specific services or Directorates (though the first options considered will usually be budget adjustments within a Directorate)</p>
<p>Name(s) and job title(s) of person (people involved in) carrying out this assessment</p>	<p>Daljit Lally - Chief Executive Patrick Price – Equality, Diversity & Inclusion Lead</p>
<p>Authorising director or head of service</p>	<p>Cath McEvoy-Carr - DAS</p>
<p>Date authorised</p>	<p>26th January 2021</p>
<p>The completed equality impact assessment must be attached to the report that will be considered by the decision maker or decision makers to enable them to give due regard to the impact of the policy, decision, or proposal on protected groups</p>	

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		2020-21 Budget	Developments (money allocated from contingency)	Virements	Increments	Inflation	Growth	Pressures	Savings	Funding Changes	Requested Budget 2021-22	% Change
		£	£	£	£	£	£	£	£	£	£	£
Adult Social Care & Commissioning	Pay	34,651,740	-	190,300	24,100	-	-	-	-150,000	-	34,716,140	0.19%
	Non Pay	179,690,190	-	1,546,950	-157,230	5,280,320	2,055,000	-	-3,419,000	-	184,996,230	2.95%
	Gross Expenditure	214,341,930	-	1,737,250	-133,130	5,280,320	2,055,000	-	-3,569,000	-	219,712,370	2.51%
	Grants	-17,177,930	-	-911,650	-	-	-	866,940	-	-	-17,222,640	0.26%
	Sales, Fees, Charges	-34,192,080	-	-14,530	-	-469,510	-559,000	-	347,000	-	-34,888,120	2.04%
	Other Income	-63,700,510	-	-836,420	140,170	-	-	-	-	-	-64,396,760	1.09%
	Gross Income	-115,070,520	-	-1,762,600	140,170	-469,510	-559,000	866,940	347,000	-	-116,507,520	1.25%
	Net Expenditure	99,271,410	-	-25,350	7,040	4,810,810	1,496,000	866,940	-3,222,000	-	103,204,850	3.96%
Strategic Finance	Pay	2,894,820	-	-	-	2,169,470	-	-	-50,000	-	5,014,290	73.22%
	Non Pay	35,199,780	-868,160	-7,690	-48,450	-	-118,310	-110	-670	-	34,156,390	-2.96%
	Gross Expenditure	38,094,600	-868,160	-7,690	-48,450	2,169,470	-118,310	-110	-50,670	-	39,170,680	2.82%
	Grants	-87,910	-	-	-	-	-	-	-	-	-87,910	0.00%
	Sales, Fees, Charges	-	-	-	-	-	-	-	-	-	-	0.00%
	Other Income	-28,717,700	27,750	-	-	-325,240	3,447,980	-	127,910	-	-25,439,300	-11.42%
	Gross Income	-28,805,610	27,750	-	-	-325,240	3,447,980	-	127,910	-	-25,527,210	-11.38%
	Net Expenditure	9,288,990	-840,410	-7,690	-48,450	1,844,230	3,329,670	-110	77,240	-	13,643,470	46.88%
Children's Services	Pay	47,190,140	-	137,590	428,080	-	-	-	-	-	47,755,810	1.20%
	Non Pay	181,541,590	99,310	705,160	-64,390	943,430	517,000	2,380,000	-1,414,000	4,754,000	189,462,100	4.36%
	Gross Expenditure	228,731,730	99,310	842,750	363,690	943,430	517,000	2,380,000	-1,414,000	4,754,000	237,217,910	3.71%
	Grants	-145,895,840	-	-899,320	-155,250	-346,550	-	-	-	-4,873,480	-152,170,440	4.30%
	Sales, Fees, Charges	-1,669,970	-	47,410	-	-	-	-	-	40,850	-1,581,710	-5.29%
	Other Income	-19,169,490	-	-19,650	61,050	-1,320	-	-	-	78,630	-19,050,780	-0.62%
	Gross Income	-166,735,300	-	-871,560	-94,200	-347,870	-	-	-	-4,754,000	-172,802,930	3.64%
	Net Expenditure	61,996,430	99,310	-28,810	269,490	595,560	517,000	2,380,000	-1,414,000	-	64,414,980	3.90%
Finance	Pay	35,627,330	75,640	-1,260	242,530	-	374,210	-	-231,160	-	36,087,290	1.29%
	Non Pay	92,477,590	-112,270	27,090	-	136,660	25,000	485,400	-600,320	-	92,439,150	-0.04%
	Gross Expenditure	128,104,920	-36,630	25,830	242,530	136,660	399,210	485,400	-831,480	-	128,526,440	0.33%
	Grants	-72,005,750	-	-	-	-	-	-	-100,000	-	-72,105,750	0.14%
	Sales, Fees, Charges	-3,849,660	-	-69,660	-	-	-	121,000	-	-	-3,798,320	-1.33%
	Other Income	-10,256,410	228,370	-70,120	38,600	-	-	56,000	-	-	-10,003,560	-2.47%
	Gross Income	-86,111,820	228,370	-139,780	38,600	-	-	177,000	-100,000	-	-85,907,630	-0.24%
	Net Expenditure	41,993,100	191,740	-113,950	281,130	136,660	399,210	662,400	-931,480	-	42,618,810	1.49%
Human Resources & Organisational Development	Pay	12,270,990	90,790	117,200	172,770	-	-	863,770	-	-	13,515,520	10.14%
	Non Pay	13,196,440	-	-116,260	7,960	1,330	-	0	-706,370	-	12,383,100	-6.16%
	Gross Expenditure	25,467,430	90,790	940	180,730	1,330	-	863,770	-706,370	-	25,898,620	1.69%
	Grants	-	-	-	-	-	-	-	-	-	-	0.00%
	Sales, Fees, Charges	-2,052,010	-	-	-	-	-	-	-	-	-2,052,010	0.00%
	Other Income	-1,541,960	-74,030	87,890	-	-	-	-	-	-	-1,528,100	-0.90%
	Gross Income	-3,593,970	-74,030	87,890	-	-	-	-	-	-	-3,580,110	-0.39%
	Net Expenditure	21,873,460	16,760	88,830	180,730	1,330	-	863,770	-706,370	-	22,318,510	2.03%
Chief Executive	Pay	2,134,840	75,690	101,870	-7,610	-	-	-	-	-	2,304,790	7.96%
	Non Pay	237,110	-	130,000	-	-	-	-	-500	-	366,610	54.62%
	Gross Expenditure	2,371,950	75,690	231,870	-7,610	-	-	-	-500	-	2,671,400	12.62%
	Grants	-	-	-	-	-	-	-	-	-	-	0.00%
	Sales, Fees, Charges	-267,400	-	-	-	-	-	-	-	-	-267,400	0.00%
	Other Income	-	-	-	-	-	-	-	-	-	-	0.00%
	Gross Income	-267,400	-	-	-	-	-	-	-	-	-267,400	0.00%
	Net Expenditure	2,104,550	75,690	231,870	-7,610	-	-	-	-500	-	2,404,000	14.23%

Budget by Service Area 2021-22

	2020-21 Budget	Developments (money allocated from contingency)	Virements	Increments	Inflation	Growth	Pressures	Savings	Funding Changes	Requested Budget 2021-22	% Change
Economy, Regeneration & Commercial											
Pay	12,499,490	312,450	312,950	296,310	-	233,040	-	-	-	13,654,240	9.24%
Non Pay	8,804,800	-43,580	-192,100	-6,180	91,330	768,080	525,000	-404,840	1,970	9,544,480	8.40%
Gross Expenditure	21,304,290	268,870	120,850	290,130	91,330	1,001,120	525,000	-404,840	1,970	23,198,720	8.89%
Grants	-1,684,990	8,650	260,610	-18,900	-10	-	-	-110,000	-1,970	-1,546,610	-8.21%
Sales, Fees, Charges	-6,562,080	-	-66,490	-	-	-	-	-517,000	-	-7,145,570	8.89%
Other Income	-6,508,160	120,210	-505,120	1,210	-	-413,120	-	-	-	-7,304,980	12.24%
Gross Income	-14,755,230	128,860	-311,000	-17,690	-10	-413,120	-	-627,000	-1,970	-15,997,160	8.42%
Net Expenditure	6,549,060	397,730	-190,150	272,440	91,320	588,000	525,000	-1,031,840	-	7,201,560	9.96%
Local Services											
Pay	31,222,050	-	-153,760	430,930	-	-	-	-	-	31,499,220	0.89%
Non Pay	90,685,290	-	-42,380	-	2,370,810	-	1,097,190	-593,050	-	93,517,860	3.12%
Gross Expenditure	121,907,340	-	-196,140	430,930	2,370,810	-	1,097,190	-593,050	-	125,017,080	2.55%
Grants	-4,061,850	-	-	-	-	-	-	-	-	-4,061,850	0.00%
Sales, Fees, Charges	-14,273,290	-	241,280	-109,570	-	-	-76,020	-350,000	-	-14,567,600	2.06%
Other Income	-31,701,430	59,180	110	-152,620	-	-	-	-	-	-31,794,760	0.29%
Gross Income	-50,036,570	59,180	241,390	-262,190	-	-	-76,020	-350,000	-	-50,424,210	0.77%
Net Expenditure	71,870,770	59,180	45,250	168,740	2,370,810	-	1,021,170	-943,050	-	74,592,870	3.79%
Total Services											
Pay	178,491,400	554,570	704,890	1,587,110	2,169,470	607,250	863,770	-431,160	-	184,547,300	3.39%
Non Pay	601,832,790	-924,700	2,050,770	-268,290	8,823,880	3,246,770	4,487,480	-7,138,750	4,755,970	616,865,920	2.50%
Gross Expenditure	780,324,190	-370,130	2,755,660	1,318,820	10,993,350	3,854,020	5,351,250	-7,569,910	4,755,970	801,413,220	2.70%
Grants	-240,914,270	8,650	-1,550,360	-174,150	-346,560	-	866,940	-210,000	-4,875,450	-247,195,200	2.61%
Sales, Fees, Charges	-62,866,490	-	138,010	-109,570	-469,510	-559,000	44,980	-520,000	40,850	-64,300,730	2.28%
Other Income	-161,595,660	361,480	-1,343,310	88,410	-326,560	3,034,860	56,000	127,910	78,630	-159,518,240	-1.29%
Gross Income	-465,376,420	370,130	-2,755,660	-195,310	-1,142,630	2,475,860	967,920	-602,090	-4,755,970	-471,014,170	1.21%
Net Expenditure	314,947,770	-	-	1,123,510	9,850,720	6,329,880	6,319,170	-8,172,000	-	330,399,050	4.91%
Corporate Funding											
Pay	-	-	-	-	-	-	-	-	-	-	0.00%
Non Pay	6,236,000	-	-	-	-	-	-	-	-1,119,000	5,117,000	-17.94%
Gross Expenditure	6,236,000	-	-	-	-	-	-	-	-1,119,000	5,117,000	-17.94%
Grants	-118,137,680	-	-	-	-	-	-	-	3,767,530	-114,370,150	-3.19%
Sales, Fees, Charges	-	-	-	-	-	-	-	-	-	-	0.00%
Other Income	-203,046,090	-	-	-	-	-	-	-	-18,099,810	-221,145,900	8.91%
Gross Income	-321,183,770	-	-	-	-	-	-	-	-14,332,280	-335,516,050	4.46%
Net Expenditure	-314,947,770	-	-	-	-	-	-	-	-15,451,280	-330,399,050	4.91%
General Fund											
Net Expenditure	-	-	-	1,123,510	9,850,720	6,329,880	6,319,170	-8,172,000	-15,451,280	-	0.00%

	Balance at 31 March 2020 £000	Forecast Balance at 31 March 2021 £000	Forecast Balance at 31 March 2022 £000	Forecast Balance at 31 March 2023 £000	Forecast Balance at 31 March 2024 £000
General Fund	56,928	65,557	66,097	66,097	66,097
Total General Reserve	56,928	65,557	66,097	66,097	66,097
Housing Revenue Account (HRA)	28,264	28,532	19,023	19,392	16,180
Major Repairs - HRA	3,446	6,309	3,219	3,117	3,931
HRA Capital Investment	4,000	3,107	-	-	-
Total Earmarked HRA Reserves	35,710	37,948	22,242	22,509	20,111
Balances held by Schools	2,411	2,478	3,000	2,604	2,604
Collection Fund Smoothing Reserve	-	20,499	-	-	-
Community Led Housing	971	809	719	569	569
Council Transformation Fund	7,487	9,013	7,389	7,389	7,389
Covid-19 Grant Funding	10,025	-	-	-	-
Dedicated Schools Grant	-625	325	325	325	325
Economy & Regeneration Investments	435	254	148	76	-
Estates Rationalisation	10,166	9,104	5,800	1,771	241
Brexit Funding	315	315	-	-	-
Haltwhistle Repairs Reserve	13	14	14	14	14
Insurance	8,969	8,469	8,469	8,469	8,469
Invest to Save	10,508	10,508	9,312	8,116	6,920
Legal Challenge	737	644	644	644	644
Local Authority Mortgage Scheme	424	-	-	-	-
NCC Economic Regeneration	83	202	-	-	-
Northumberland Newcastle Rail Line	10,202	-	-	-	-
Planning Delivery Grant	445	200	-	-	-
Problematic Empty Properties	50	50	47	47	47
Regeneration	522	522	286	76	-
Regeneration Development Reserve	2,366	1,134	904	904	904
Revenue Grants	8,447	8,447	8,447	8,447	8,447
Rural Growth Network	75	75	-	-	-
School Libraries	47	47	47	47	47
Section 106	7,946	7,696	7,346	7,196	8,046
Severe Weather	2,500	2,500	2,500	2,500	2,500
Social Fund	802	2,874	732	732	732
Sports Development	281	281	281	281	281
Strategic Management	35,099	41,524	37,087	34,882	33,242
Violence Reduction	30	30	30	30	30
Winter Services	2,000	2,000	2,000	2,000	2,000
ADC Parks & Open Spaces	31	20	9	-	-
ADC Section106	54	50	46	42	38
Total Earmarked Reserves	122,816	130,084	95,582	87,161	83,489
Capital Grants Unapplied	30,795	25,597	23,478	23,478	23,478
Capital Receipts	3,102	1,396	181	10	2
Total Capital Reserves	33,897	26,993	23,659	23,488	23,480
Estates Rationalisation	577	529	529	235	235
MMI Liability	78	78	78	78	78
NNDR Appeals	10,124	8,072	6,322	4,572	4,572
Redundancy Costs	603	2	2	2	2
Unequal Pay Back Pay	500	500	500	500	500
Compensation Costs	191	191	191	191	191
Total Provisions	12,073	9,372	7,622	5,578	5,578
Total Reserves and Provisions	261,424	269,954	215,202	204,833	198,755

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Housing Revenue Account MTFP and Business Plan

1. HRA MTFP 2021-22 to 2023-24 & 30 Year Business Plan

	HRA MTFP 2021-22 to 2023-24					HRA 30 Year Business Plan				
	2020-21	2021-22	2022-23	2023-24	2025-26	2030-31	2035-36	2040-41	2045-46	2050-51
	Expected Outturn £000	Projection £000	Projection £000	Projection £000	Projection £'000	Projection £'000	Projection £'000	Projection £'000	Projection £'000	Projection £000
Income										
Dwelling Rents (including voids)	-29,160	-29,465	-30,428	-31,682	-34,202	-38,735	-43,844	-49,752	-56,607	-64,384
Non Dwelling Income	-2,522	-2,564	-2,591	-2,617	-2,669	-2,806	-2,949	-3,099	-3,257	-3,423
Interest on balances and investments	-200	-74	-31	-24	-50	-50	-50	-50	-50	-50
Total Income	-31,882	-32,103	-33,050	-34,323	-36,921	-41,591	-46,843	-52,901	-59,914	-67,857
Expenditure										
Repairs and Maintenance	8,342	7,944	8,294	8,659	9,439	11,712	14,537	18,048	22,108	26,837
Supervision and Management	6,628	6,865	7,039	7,217	7,588	8,605	9,764	11,086	12,594	14,317
Rents, Rates, Taxes and Other Charges	3,389	3,392	3,494	3,599	3,818	4,426	5,131	5,948	6,896	7,994
Depreciation & Impairment of Fixed assets	9,178	9,303	9,623	9,924	10,239	10,762	11,311	11,888	12,494	13,131
Provision for the write off of bad debt	447	550	567	590	526	595	674	765	870	989
Capital Charges - Interest	3,630	3,433	3,556	3,721	4,161	4,161	4,152	4,149	4,200	4,208
Total Expenditure	31,614	31,487	32,573	33,710	35,771	40,261	45,569	51,884	59,162	67,476
Operating Surplus on HRA Services	-268	-616	-477	-613	-1,150	-1,330	-1,274	-1,017	-752	-381
HRA Reserve brought forward	-28,264	-28,532	-19,023	-19,392	-16,806	-15,495	-14,672	-14,009	-13,376	-16,562
Contribution to Investment Programme	-	10,125	108	3,825	1,500	1,500	1,500	1,000	-	-
HRA Reserve carried forward	-28,532	-19,023	-19,392	-16,180	-16,456	-15,325	-14,446	-14,026	-14,128	-16,943

2. HRA Capital Programme 2021-22 to 2023-24

	2021-22	2022-23	2023-24	Total 2021-22 to 2023-24
	Projection	Projection	Projection	Projection
	£000	£000	£000	£000
Housing Investment Programme	19,017	17,288	9,675	45,980
Energy Efficiency	1,000	250	932	2,182
Major Repairs Expenditure	12,393	9,725	9,110	31,228
Other Expenditure	70	71	75	216
	32,480	27,334	19,792	79,606
Funded by :-				
Contribution from Major Repairs Reserve	-12,393	-9,725	-9,110	-31,228
Contribution from Capital Investment Reserve	-13,232	-108	-3,825	-17,165
Contribution from Capital Receipts Reserve	-2,110	-1,177	-1,007	-4,294
Borrowing	-	-12,824	-3,750	-16,574
External Funding / Homes England	-4,745	-3,500	-2,100	-10,345
	-32,480	-27,334	-19,792	-79,606

3. HRA Reserves

Major Repairs Reserve

	2021-22	2022-23	2023-24
	Projection	Projection	Projection
	£000	£000	£000
Balance brought forward	-6,309	-3,219	-3,117
Depreciation	-9,303	-9,623	-9,924
Major Repairs Capital Programme	11,687	9,184	8,563
Chronically Sick and Disabled Persons	706	541	547
Balance carried forward	-3,219	-3,117	-3,931

Capital Investment Reserve

	2021-22	2022-23	2023-24
	Projection	Projection	Projection
	£000	£000	£000
Balance brought forward	-3,107	-	-
Contribution from HRA	-10,125	-108	-3,825
Contribution to Housing Investment Programme	13,232	108	3,825
Balance carried forward	-	-	-

Capital Receipts Reserve

	2021-22	2022-23	2023-24
	Projection	Projection	Projection
	£000	£000	£000
Balance brought forward	-1,393	-178	-7
Capital Receipts- RTB Sales	-895	-1,006	-1,000
Other Expenditure	70	71	75
Energy Efficiency	1,000	250	932
Contribution to Housing Investment Programme	1,040	856	-
Balance carried forward	-178	-7	-

CAPITAL STRATEGY 2021-22 TO 2023-24

1. BACKGROUND

1.1. Purpose and Aims of the Capital Strategy

The Chartered Institute of Public Finance and Accountancy (CIPFA)'s Treasury Management Code of Practice and the Prudential Code requires authorities to have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made. The capital strategy should form a part of the authority's integrated revenue, capital and balance sheet planning.

The Council itself is also keen to ensure that its capital assets, and the resources tied up in them, are efficiently and effectively used. Accordingly, this capital strategy statement sets out the corporate aims and principles that underpin the production of the authority's capital programme.

Northumberland County Council's capital strategy will be reviewed on an annual basis to reflect the changing needs and priorities of the Council.

The Capital Strategy should be read in conjunction with the Capital Programme, Treasury Management Strategy Statement and Prudential Indicators detail in the Medium Term Financial Plan 2021-24 and Budget 2021-22.

The Council's capital strategy aims to support delivery of the Council's priorities insofar as they can be achieved within available resources. Some of this can be achieved by the Council on its own but much can be delivered by working with others including neighbouring authorities in the North of Tyne Combined Authority, partner authorities in the Borderlands initiative, stakeholders in Northumberland's mixed economy of education providers, North East Local Enterprise Partnership (NELEP), Northumbria Healthcare NHS Foundation Trust, the Council's wholly-owned economic development company Advance Northumberland, Active Northumberland and local communities.

Key priorities for application of capital expenditure are:

- Delivering policy ambitions;
- Exercising financial prudence, maintaining the level of capital investment and outstanding debt that are sustainable within the Council's revenue expenditure programme;
- Investing in schemes which will reduce the Council's revenue costs; and,
- Being alert to opportunities to lever external resources in delivering corporate priorities.

The Council's policy priorities are detailed in the Corporate Plan and include issues where capital investment will be required.

The Council is under no illusion that improving education performance represents its single biggest challenge and is committed to equipping all school leavers with the right skills, and, provide to them; and the wider workforce, the opportunity to grow and develop those skills. This will require leadership at all levels and throughout Northumberland's mixed economy of education providers.

The Council recognises that there is a need to increase the supply of both affordable and specialist supported housing, including extra care for older people. Northumberland's aspirations for an improved economy and its infrastructure go hand in hand, and the capital strategy aims to support the reopening of the Northumberland to Newcastle rail line in conjunction with partners in the North of Tyne Combined Authority to open up a new economic corridor unlocking commercial investment along its length. Northumberland is also continuing to press for further improvements to the A1 and A69 as well as investment in the Enterprise Zones in the county. The Council is exploring how it can best maintain the vibrancy of town centres and is keen to support progressive insertion of a full-fibre network and delivery of superfast broadband to all properties to ensure access to high-speed and reliable digital connectivity.

The Council is committed to investing in Northumberland's leisure and cultural assets and is willing to work with partners and communities in developing shared services and shared premises to support the retention of local meeting places such as community centres, village halls, post offices and public houses.

The County Council fully acknowledges that it has a significant role to play in maximising its contribution to the reduction of greenhouse gas emissions - both in reducing its own carbon footprint and in promoting and facilitating wider behaviour change through its local leadership.

It has committed to working with the Government to achieve carbon neutrality for the county of Northumberland by 2030.

In doing so, the Council's plans to accelerate and expand its programme of investment and behaviour change, with the target of having reduced its carbon footprint by 50% from the 2010 baseline by 2025.

The realisation of this target will require the Council to be at the forefront of testing and introducing new technologies and approaches.

1.2. The key objective of Northumberland's Capital Strategy

The key objective of the Capital Strategy is to deliver a capital programme that:

- Ensures the Council's capital assets are used to support the delivery of services according to the priorities within the Corporate Plan and the Council's vision;
- Is affordable, financially prudent and sustainable, and ensure that decisions are made with sufficient regard to the long term financing implications and potential risks to the authority; and,
- Ensures the most cost effective use is made of existing assets and new capital investment.

The resources employed to deliver the capital strategy are allocated through the budget process that sets the three year rolling capital programme as part of the Medium Term Financial Planning and annual budget setting processes.

1.3. The Council's Corporate Objectives and Priorities

The capital budgets within the capital strategy should support the key priorities laid out in the Council's Corporate Plan. Each capital proposal is required to clearly demonstrate that the project links to the Council's five overarching priorities.

- **[Living] Feel safe, healthy, and cared for:** We are committed to ensuring that all of you feel safe, valued, and part of your community.
- **[Enjoying] Love where you live:** We are committed to ensuring that all of you live in distinctive vibrant places, which you value and in which you feel proud.
- **[Connecting] Have access to the things you need:** We are committed to ensuring that all of you can easily get to work, to learning, and to the various facilities and services you want to use.
- **[Learning] Achieve and realise your potential:** We are committed to ensuring that all of you, regardless of your age, have the right qualifications and skills to secure a good job that pays well and provides the prospect of a rewarding career.
- **[Thriving] Attract more and better jobs:** We are committed to ensuring that our businesses are booming by doing everything in our power to create the right conditions for economic growth. We want to be recognised as a county that is open for business.

2. APPROACH TO INVESTMENT PRIORITISATION

2.1. The Capital Programme

The capital programme for 2021-22 to 2023-24 is being updated as part of the 2021-22 budget setting process and is due to be considered at full Council on 24 February 2021.

Identification and prioritisation of Capital Investment needs

The basis of the Capital Programme is driven by the budget and service planning process. The size of the Capital Programme is determined by:

- The need to incur capital expenditure;
- Capital resources available; and,
- The revenue implications flowing from the capital expenditure.

As part of the budget planning process, services will be required to submit capital proposals which are considered by Members for investment decisions. The capital investment appraisal process will focus on:

- policy and strategic fit;
- value for money, cost/benefit context;
- affordability and resources;
- options appraisal;
- risk assessment; and,
- capability and capacity within the Council to manage and deliver a project.

Capital investment proposals will be presented for approval on the standard Capital Project Bid Appraisal form that includes the following sections:

- description of the project;
- project outcomes and outputs;
- key dates and milestones;
- costs of the scheme and funding sources;
- revenue implications;
- risks associated with the project; and,
- information on the project's fit with the Council's strategic priorities; and, implications of not proceeding.

2.2. Capital Projects Evaluation and Priority Scoring Matrix (PSM)

The Council has limited resources to meet the capital investment requirements of delivering quality services and contributing to its community leadership responsibilities. Elected Members ultimately determine the projects to be included within the capital programme but to assist the decision making process the Council has introduced a priority-scoring matrix. This identifies a number of weighted criteria against which potential capital projects are evaluated and compared:

- The contribution the project makes to achieving the Council's strategic priorities and organisational objectives. (max 40 points)

- The impact of the project on the Council’s revenue budgets either as additional running costs or as a means of reducing costs. (max 25 points)
- The project’s ability to assist in the implementation of a wider programme of investment, such as the proportion of externally generated funding attracted by the project. (max 10 points)
- The status of the project in terms of its contribution to meeting specific statutory obligations or Government initiatives. (max 5 points)
- The projects ability to meet the requirements of the Council’s Asset Management Plan. (max 15 points)
- The project’s contribution to addressing Non-Statutory Health and Safety recommendations from the Health and Safety Officer and Fire Officer. (max 5 points)
- The degree of risk associated with the project; the potential for overspending, slippage, funding not materialising, etc. (max 5 points)
- The level of internal resources required by the project. (max 20 points)

2.3. Assessment of proposals and timetable

The Council’s policy is to agree the rolling capital programme on an annual basis at the February Council budget setting meeting.

Capital proposals will be submitted to the Corporate Finance Team, in the autumn of each year, as part of the budget setting process. The bids will be assessed and evaluated by a panel of officers from the Council’s Capital Strategy Group (CSG), based on information set out in the capital appraisal form and scoring matrix as described above, before being submitted to Executive Team and then members for consideration and approval.

The timetable for capital proposals to be considered for inclusion within the approved capital programme is outlined below:

Date	Action
July – August	Services develop initial capital bids within Departmental Management Teams.
August - September	Bids submitted to Corporate Finance for review and assessment of available resources.
September - November	Officer Capital Strategy Group review, score and prioritise proposals using the Priority Scoring Matrix (PSM).
November	Executive Team considers the proposals and agrees a draft capital programme.

Date	Action
December	Corporate Finance finalise the draft capital programme and identify all revenue implications.
January - February	Cabinet considers and recommends the final capital programme to Council.
February	Council approves the capital programme.

2.4. Invest to save capital proposals

Service Departments are encouraged to consider innovation in service provision that can drive efficiency and deliver cashable savings. These are often referred to as invest to save projects. Invest to save bids will be considered on the same basis as other capital proposals, and need to demonstrate what savings and benefits will be achieved as a result of the proposed initiative. However, because the benefits of these schemes should outweigh the costs, there is a greater likelihood of these projects being prioritised and included in the capital programme.

2.5. Loans to External Bodies or Organisations

The Council's capital programme also includes provision to provide loan facilities to external bodies or organisations for activities that are aligned to, and support, Council service objectives and / or corporate priorities. Examples may include, supporting economic growth and improving the health and wellbeing of local communities.

There are statutory regulations which govern the accounting treatment of loans provided towards expenditure which would, if incurred by the Authority itself, be classified as capital expenditure.

Loans for these purposes will be subject to a financial appraisal and a series of due diligence checks, and will only be provided if the Council is fully satisfied of the borrower's ability to meet their obligations. Wherever possible, the Council will aim to mitigate its risks and exposure to default by seeking appropriate additional security from the borrower. This may often be in the form of a legal charge over the borrower's property / assets.

The rate of interest charged on these facilities will be dependent on the nature and structure of the individual loan and the assessed risks to the Council. However, loans would usually only be provided on the basis that there is no net cost to the Council. Individual business cases presented to Cabinet will highlight the relevant risks and propose an appropriate rate of interest for the loan facility.

In addition all loans will need to be State Aid compliant.

All loan applications are considered on a case by case basis and subject to a report to the Council's Risk Appraisal Panel, Corporate Services and Economic Growth Overview and Scrutiny Committee; and where a capital budget for this purpose has been approved, Cabinet will ultimately make the final decision. In instances where

there is no prior budget approval the business case will be considered through the same route but the final loan decision will be taken by Full Council.

The only exception to this is in respect of loans provided to Advance Northumberland, the Council's wholly owned economic development company, which is part of the Council's group structure. Approval of these facilities will be delegated to the Council's Loans Review Board which will comprise of the Cabinet Member for Corporate Services, the Section 151 Officer, the Deputy Section 151 Officer and the Treasury Management Finance Manager; subject to the budget provision set out in the Medium Term Capital Plan.

The Medium Term Capital Programme includes a provision of £59.126 million over the three years for loans to third parties.

2.6. Approvals outside of the normal budget setting process.

Any additional capital requirements within the year, and outside of the above budget process, must in the first instance be submitted to the Council's Executive Management Team for consideration. If supported by the Executive Management Team, a report must be taken through the Council's democratic process and on to County Council for approval and inclusion in that year's programme.

3. FUNDING SOURCES AND INVESTMENT DECISIONS

The main sources of capital funding are summarised below:

3.1. Borrowing

The Council seeks to minimise the level of borrowing required to finance capital expenditure by maximising grants and contributions received, and ensuring that any surplus assets are sold.

The Local Government Act 2003 enables local authorities to determine their programmes for capital investment and associated borrowing requirements, provided they have regard to the Prudential Code for Capital Finance in Local Authorities developed by CIPFA.

The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and, sustainable. To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out a series of indicators – known as the Prudential Indicators - the Council must consider as a part of its budget setting process.

3.2. Capital Receipts

A capital receipt is an amount of money exceeding £10,000, which is generated from the sale of an asset. Capital receipts are an important funding source for the capital programme.

The Council has a substantial property estate, mainly for operational service requirements and administrative buildings. This estate is managed through the Asset

Management Plan which identifies property requirements and, where appropriate, properties which are surplus to requirements and which may be disposed of.

Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs.

The actual realisation, timing and value of asset sales are important, as any in-year shortfalls need to be met from increased borrowing. As a result, progress on asset disposal is closely monitored by Property Services.

The Council's policy is to treat all capital receipts as a corporate resource, enabling investment to be directed towards those schemes or projects with the highest corporate priority. This means that individual services are not reliant on their ability to generate capital receipts. The only exception to this is the Housing Revenue Account (HRA), where the Council's current policy is to ring-fence HRA derived proceeds for re-investment in HRA projects.

3.3. Revenue Funding

Capital expenditure may be funded directly from revenue. For example, funds are sometimes earmarked from individual schools' revenue budgets to supplement the capital resources allocated to school improvement and expansion projects.

However, pressures on the Council's revenue budget and Council Tax levels limit the extent to which this may, generally, be exercised as a source of capital funding.

3.4. Grant Funding and External Contributions

Grants are allocated in relation to specific programmes or projects and the Council will endeavour to maximise grant allocations, developing appropriate projects and programmes which reflect government and partnership led initiatives but address priority needs in the County.

The majority of "planned" capital expenditure for maintenance of transport infrastructure, school buildings and provision of Disabled Facilities are provided by appropriate grants.

Contributions will also continue to be sought from developers towards the provision of public or private assets or facilities. This will include agreements with developers to mitigate the impact of their development on communities (known as Section 106 agreements) as well as contributions towards Highways Infrastructure requirements associated with developments (known as Section 38 and 278 agreements).

The Council will continue to work with the other organisations to utilise redundant assets and vacant land to bring them into a useful economic purpose to facilitate regeneration and employment creation. It will also continue to work with other public agencies to consider projects that are to the mutual benefit of all parties.

3.5. Consideration of Capital proposals attracting specific funding

Schemes attracting partial external funding will be assessed in the same way as those schemes which require 100% of funding from borrowing and will only be included within the capital programme if they meet the Council's needs, objectives and priorities. Schemes attracting 100% external funding would normally be included automatically within the capital programme; subject to confirmation of the external funding, confirmation that the projects fit with Council priorities and consideration of any associated revenue implications. A capital bid appraisal form still needs to be completed for these proposals.

4. REVENUE IMPLICATIONS - LINKS TO THE MEDIUM TERM FINANCIAL PLAN (MTFP), TREASURY MANAGEMENT STRATEGY STATEMENT AND PRUDENTIAL INDICATORS

The impact of the revenue implications is a significant factor in determining approval of projects. All capital investment decisions consider the revenue implications both in terms of servicing the finance and the running costs of the new assets.

The use and financing of capital resources has been fully taken into account in the production of the Council's Annual Budget and Medium Term Financial Plan, and are reflected in both the Treasury Management Strategy Statement for 2021-22 and Prudential Indicators for 2021-22 to 2023-24.

5. MONITORING OF THE CAPITAL PROGRAMME DELIVERY

Officers monitor progress of the Capital Programme on a monthly basis with reports being submitted to Cabinet on a quarterly basis.

All processes and procedures relating to the monitoring of the capital programme are set out in the Council's Financial Regulations. The following are key controls:

- All capital expenditure must be carried out in accordance with contract procedure rules and financial regulations;
- The expenditure must comply with the statutory definition of "capital purposes" as interpreted in guidance issued by the Section 151 Officer;
- Once the scheme has been included in the capital programme following the budget setting process, a further report providing more detail and seeking specific approval must be submitted to Capital Strategy Group unless delegated approval applies; and,
- Officers must ensure that the budget for each capital project is under the control of a nominated project manager.

6. STEWARDSHIP OF ASSETS

The Council's Asset Management Plan sets out the condition of its assets and the arrangements for managing these effectively.

7. OVERVIEW OF THE CAPITAL PROGRAMME

Capital Expenditure	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Adult Services	1.520	4.140	4.320	4.000
Children's Social Care	0.361	0.900	0.900	0.000
Economy and Regeneration	11.206	68.968	108.023	65.747
Finance	19.684	37.264	20.832	16.036
Fire and Rescue Service	0.717	2.142	1.801	0.000
Housing - GF	0.561	0.489	0.400	0.000
Housing - HRA	8.602	32.479	27.334	19.792
IT	5.018	8.727	1.400	0.750
Leisure Services	10.224	25.370	10.847	0.000
Neighbourhood Services	8.461	10.339	4.891	5.452
Property Services	5.439	12.930	13.347	5.536
Renewable Energy	1.359	2.174	1.257	0.000
Schools	51.789	24.566	38.761	47.484
Technical Services / Local Services	48.092	60.061	34.950	23.229
Total Capital Expenditure	173.033	290.549	269.063	188.026

The table below summarises how the above capital expenditure is being financed by capital or revenue resources.

Capital Funding	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Capital Receipts	6.482	3.980	2.877	2.707
External Grants	65.855	109.226	133.596	73.289
GF Borrowing	93.672	150.964	109.178	94.590
GF Contributions	0.904	0.755	0.755	0.755
HRA Borrowing	0.000	0.000	12.824	3.750
HRA Contributions	6.120	25.624	9.833	12.935
Total Capital Funding	173.033	290.549	269.063	188.026

CAPITAL PROGRAMME

	2021-2022	2022-2023	2023-2024	TOTAL BUDGET
	£	£	£	£
EXPENDITURE				
ADULT SERVICES	4,140,186	4,320,000	4,000,000	12,460,186
CHILDREN'S SOCIAL CARE	900,000	900,000	-	1,800,000
ECONOMY AND REGENERATION	68,968,400	108,022,718	65,747,236	242,738,354
FINANCE	37,263,491	20,832,227	16,036,000	74,131,718
FIRE AND RESCUE	2,142,386	1,801,000	-	3,943,386
HOUSING - GF	488,781	400,000	-	888,781
HOUSING - HRA	32,479,080	27,334,490	19,791,680	79,605,250
IT	8,726,667	1,400,000	750,000	10,876,667
LEISURE SERVICES	25,369,844	10,847,000	-	36,216,844
NEIGHBOURHOOD SERVICES	10,339,188	4,891,000	5,452,000	20,682,188
PROPERTY SERVICES	12,929,842	13,346,524	5,536,000	31,812,366
RENEWABLE ENERGY	2,173,843	1,256,940	-	3,430,783
SCHOOLS	24,565,551	38,761,000	47,484,000	110,810,551
TECHNICAL SERVICES	60,061,559	34,950,040	23,228,500	118,240,099
TOTAL PROGRAMME	290,548,818	269,062,939	188,025,416	747,637,173
FUNDING				
External Grants	109,226,144	133,595,106	73,289,228	316,110,478
Capital Receipts	3,980,000	2,877,000	2,707,000	9,564,000
GF Revenue Contributions (RCCO)	755,000	755,000	755,000	2,265,000
HRA Contributions (MRR &RCCO)	25,624,080	9,833,490	12,934,680	48,392,250
HRA Borrowing	-	12,824,000	3,750,000	16,574,000
GF Borrowing (Balance)	150,963,594	109,178,343	94,589,508	354,731,445
TOTAL FUNDING	290,548,818	269,062,939	188,025,416	747,637,173

CAPITAL PROGRAMME MEDIUM TERM PLAN (Details)

DIVISION	LEDGER	PROJECT TITLE	2021-2022 BUDGET			2022-2023 BUDGET			2023-2024 BUDGET			TOTAL BUDGET (3 Yrs)		
			GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £
Adult Services	GF	Community Capacity Grant	783,760	783,760	-	500,000	500,000	-	-	-	-	1,283,760	1,283,760	-
Adult Services	GF	Disabled Facilities Grant	2,906,426	2,906,426	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	6,906,426	6,906,426	-
Adult Services	GF	Person Centred Care Information System (SWIFT Replacement)	450,000	-	450,000	-	-	-	-	-	-	450,000	-	450,000
Adult Services	GF	Supported Housing	-	-	-	1,820,000	-	1,820,000	2,000,000	-	2,000,000	3,820,000	-	3,820,000
Children's Social Care	GF	Children's Homes Provision (3 no. 4-Bed)	900,000	-	900,000	900,000	-	900,000	-	-	-	1,800,000	-	1,800,000
Economy and Regeneration	GF	Ashington North East Quarter Re-development Phase 2	1,380,442	-	1,380,442	1,100,000	-	1,100,000	-	-	-	2,480,442	-	2,480,442
Economy and Regeneration	GF	Bedlington Town Centre Redevelopment - Grant to Advance Northumberland	1,455,490	-	1,455,490	-	-	-	-	-	-	1,455,490	-	1,455,490
Economy and Regeneration	GF	East Sleekburn Enterprise Zone	2,469,498	-	2,469,498	-	-	-	-	-	-	2,469,498	-	2,469,498
Economy and Regeneration	GF	Energising Blyth Future High Street Fund (FHSF)	3,199,710	2,854,710	345,000	13,213,710	6,763,410	6,450,300	14,318,930	6,919,590	7,399,340	30,732,350	16,537,710	14,194,640
Economy and Regeneration	GF	Energising Blyth Northern Gateway Phase 1 Town Deal 2020-21	568,740	113,740	455,000	-	-	-	-	-	-	568,740	113,740	455,000
Economy and Regeneration	GF	Energising Blyth Town Deal 2022-2026	48,465	-	48,465	1,475,767	-	1,475,767	1,475,768	-	1,475,768	3,000,000	-	3,000,000
Economy and Regeneration	GF	Blyth Relief Road	598,000	508,000	90,000	538,000	457,000	81,000	2,247,000	1,910,000	337,000	3,383,000	2,875,000	508,000
Economy and Regeneration	GF	Borderlands - Ad Gefrin Distillery and Vistor Centre	600,000	-	600,000	-	-	-	-	-	-	600,000	-	600,000
Economy and Regeneration	GF	Borderlands - Berwick Maltings	842,000	-	842,000	569,000	-	569,000	851,000	-	851,000	2,262,000	-	2,262,000
Economy and Regeneration	GF	Borderlands - Carlisle Station	6,000,000	6,000,000	-	9,190,640	9,190,640	-	1,738,818	1,738,818	-	16,929,458	16,929,458	-
Economy and Regeneration	GF	Borderlands - Lillidorei	1,000,000	1,000,000	-	2,500,000	2,500,000	-	500,000	500,000	-	4,000,000	4,000,000	-
Economy and Regeneration	GF	Broadband Phase 2 Gainshare Extension	358,435	-	358,435	726,325	-	726,325	-	-	-	1,084,760	-	1,084,760
Economy and Regeneration	GF	Community Broadband	-	-	-	1,699,636	-	1,699,636	-	-	-	1,699,636	-	1,699,636
Economy and Regeneration	GF	Hexham HAZ	1,325,800	764,090	561,710	847,640	575,250	272,390	235,720	83,320	152,400	2,409,160	1,422,660	986,500
Economy and Regeneration	GF	Hexham Town Centre Redevelopment	-	-	-	2,500,000	-	2,500,000	2,500,000	-	2,500,000	5,000,000	-	5,000,000
Economy and Regeneration	GF	Local Cycling and Walking Infrastructure	500,000	-	500,000	1,500,000	-	1,500,000	1,000,000	-	1,000,000	3,000,000	-	3,000,000
Economy and Regeneration	GF	Newcastle Northumberland Rail Line	46,958,000	35,000,000	11,958,000	70,412,000	62,782,000	7,630,000	34,630,000	27,000,000	7,630,000	152,000,000	124,782,000	27,218,000
Economy and Regeneration	GF	Port of Berwick Grant	100,000	-	100,000	-	-	-	-	-	-	100,000	-	100,000
Economy and Regeneration	GF	Restoring Your Railway	250,000	50,000	200,000	750,000	550,000	200,000	2,000,000	1,500,000	500,000	3,000,000	2,100,000	900,000
Economy and Regeneration	GF	Rural Growth Network Local Growth Fund	50,820	50,820	-	-	-	-	-	-	-	50,820	50,820	-
Economy and Regeneration	GF	Strategic Regeneration Projects	1,263,000	-	1,263,000	1,000,000	-	1,000,000	4,250,000	-	4,250,000	6,513,000	-	6,513,000
Finance	GF	Contingency to Support Grant Funded Projects	1,405,325	1,100,000	305,325	4,600,000	-	4,600,000	1,500,000	-	1,500,000	7,505,325	1,100,000	6,405,325
Finance	GF	Loan to NELEP - Ashwood	2,476,426	-	2,476,426	-	-	-	-	-	-	2,476,426	-	2,476,426
Finance	GF	Loan to NELEP - East Sleekburn (additional req)	500,000	-	500,000	-	-	-	-	-	-	500,000	-	500,000
Finance	GF	Loan to NELEP - Fairmoor, Morpeth	-	-	-	2,000,000	-	2,000,000	3,536,000	-	3,536,000	5,536,000	-	5,536,000
Finance	GF	Loan to NELEP - Ramparts Business Park, Berwick	-	-	-	800,000	-	800,000	-	-	-	800,000	-	800,000
Finance	GF	Loans to Third Parties (e.g. Advance Northumberland, Other Organisations)	25,381,740	-	25,381,740	13,432,227	-	13,432,227	11,000,000	-	11,000,000	49,813,967	-	49,813,967
Finance	GF	Portland Park - Grant to Advance Northumberland	2,500,000	-	2,500,000	-	-	-	-	-	-	2,500,000	-	2,500,000
Finance	GF	Strategic Energy Site	5,000,000	-	5,000,000	-	-	-	-	-	-	5,000,000	-	5,000,000
Fire and Rescue	GF	FRS Fleet Requirement	1,763,009	-	1,763,009	1,795,000	-	1,795,000	-	-	-	3,558,009	-	3,558,009
Fire and Rescue	GF	FRS Risk Critical Equipment	300,000	-	300,000	6,000	-	6,000	-	-	-	306,000	-	306,000
Fire and Rescue	GF	Officer Support Vehicles (Blue Light Scheme)	79,377	-	79,377	-	-	-	-	-	-	79,377	-	79,377
Housing - GF	GF	Community Housing Fund	458,781	458,781	-	400,000	400,000	-	-	-	-	858,781	858,781	-
Housing - GF	GF	Empty Homes Repair and Lease (7 Years)	30,000	-	30,000	-	-	-	-	-	-	30,000	-	30,000
Housing - HRA	HRA	Chronically Sick and Disabled Persons Grants	705,080	-	705,080	541,270	-	541,270	546,680	-	546,680	1,793,030	-	1,793,030
Housing - HRA	HRA	Homes England Grant Recovery (re RTB)	75,000	-	75,000	75,000	-	75,000	75,000	-	75,000	225,000	-	225,000
Housing - HRA	HRA	HRA Re-provision, Re-modelling and new build	20,012,000	4,745,000	15,267,000	17,534,000	3,500,000	14,034,000	10,607,000	2,100,000	8,507,000	48,153,000	10,345,000	37,808,000
Housing - HRA	HRA	Major Repairs Reserve	11,687,000	-	11,687,000	9,184,220	-	9,184,220	8,563,000	-	8,563,000	29,434,220	-	29,434,220
IT	GF	Air Conditioning	200,000	-	200,000	-	-	-	-	-	-	200,000	-	200,000
IT	GF	CISCO Infrastructure	650,000	-	650,000	400,000	-	400,000	400,000	-	400,000	1,450,000	-	1,450,000
IT	GF	Cloud Migration	150,000	-	150,000	250,000	-	250,000	100,000	-	100,000	500,000	-	500,000
IT	GF	County Hall IT Infrastructure	181,145	-	181,145	-	-	-	-	-	-	181,145	-	181,145
IT	GF	CRM	100,000	-	100,000	-	-	-	-	-	-	100,000	-	100,000
IT	GF	Desk Top Refresh	630,000	-	630,000	250,000	-	250,000	-	-	-	880,000	-	880,000
IT	GF	Desk Top Refresh - Phase 2	-	-	-	-	-	-	250,000	-	250,000	250,000	-	250,000
IT	GF	Hardware Infrastructure	120,000	-	120,000	-	-	-	-	-	-	120,000	-	120,000
IT	GF	Local Full Fibre Network (LFFN)	5,470,797	5,470,797	-	-	-	-	-	-	-	5,470,797	5,470,797	-

CAPITAL PROGRAMME MEDIUM TERM PLAN (Details)

DIVISION	LEDGER	PROJECT TITLE	2021-2022 BUDGET			2022-2023 BUDGET			2023-2024 BUDGET			TOTAL BUDGET (3 Yrs)		
			GROSS	EXTERNAL	NCC	GROSS	EXTERNAL	NCC	GROSS	EXTERNAL	NCC	GROSS	EXTERNAL	NCC
			BUDGET £	FUNDING £	FUNDING £	BUDGET £	FUNDING £	FUNDING £	BUDGET £	FUNDING £	FUNDING £	BUDGET £	FUNDING £	FUNDING £
IT	GF	Library Kiosks	174,725	-	174,725	-	-	-	-	-	-	174,725	-	174,725
IT	GF	Microsoft Office 365	150,000	-	150,000	-	-	-	-	-	-	150,000	-	150,000
IT	GF	Server Infrastructure	150,000	-	150,000	500,000	-	500,000	-	-	-	650,000	-	650,000
IT	GF	Telephony	750,000	-	750,000	-	-	-	-	-	-	750,000	-	750,000
Leisure Services	GF	Berwick Swan Leisure Centre	9,888,457	500,000	9,388,457	3,347,000	-	3,347,000	-	-	-	13,235,457	500,000	12,735,457
Leisure Services	GF	Blyth Sports Centre	2,240,000	-	2,240,000	-	-	-	-	-	-	2,240,000	-	2,240,000
Leisure Services	GF	Haltwhistle Football Project (unallocated balance)	27,101	-	27,101	-	-	-	-	-	-	27,101	-	27,101
Leisure Services	GF	Newbiggin Sports Centre	935,000	-	935,000	500,000	-	500,000	-	-	-	1,435,000	-	1,435,000
Leisure Services	GF	Provision of Leisure Facilities in Morpeth	12,279,286	-	12,279,286	7,000,000	-	7,000,000	-	-	-	19,279,286	-	19,279,286
Neighbourhood Services	GF	Climate Change Capital Fund	2,162,892	-	2,162,892	2,000,000	-	2,000,000	2,000,000	-	2,000,000	6,162,892	-	6,162,892
Neighbourhood Services	GF	Fleet Replacement Programme	7,931,853	-	7,931,853	2,741,000	-	2,741,000	3,302,000	-	3,302,000	13,974,853	-	13,974,853
Neighbourhood Services	GF	Parks - Parks Enhancement Programme	242,502	-	242,502	150,000	-	150,000	150,000	-	150,000	542,502	-	542,502
Neighbourhood Services	GF	Parks - Rothbury Play Area	1,941	-	1,941	-	-	-	-	-	-	1,941	-	1,941
Property Services	GF	Alnwick Lindisfarne Site	1,069,950	-	1,069,950	-	-	-	-	-	-	1,069,950	-	1,069,950
Property Services	GF	Blyth Sports Centre - NALS Relocation	527,800	-	527,800	-	-	-	-	-	-	527,800	-	527,800
Property Services	GF	County Hall Refurbishment	4,200,000	-	4,200,000	1,400,000	-	1,400,000	-	-	-	5,600,000	-	5,600,000
Property Services	GF	County Hall Solar PV	26,910	-	26,910	116,524	-	116,524	-	-	-	143,434	-	143,434
Property Services	GF	Cowley Road Depot Refurb & Car Park	1,599,657	-	1,599,657	-	-	-	-	-	-	1,599,657	-	1,599,657
Property Services	GF	Hexham Tyne Mills Depot	330,000	-	330,000	6,830,000	-	6,830,000	536,000	-	536,000	7,696,000	-	7,696,000
Property Services	GF	Holy Island and Seahouses Public Toilets Refurbishment	65,270	-	65,270	-	-	-	-	-	-	65,270	-	65,270
Property Services	GF	Leisure Buildings - Essential Remedial	1,613,842	-	1,613,842	1,000,000	-	1,000,000	2,000,000	-	2,000,000	4,613,842	-	4,613,842
Property Services	GF	Property Stewardship Fund - Backlog M&E and Fabric	3,496,413	-	3,496,413	4,000,000	-	4,000,000	3,000,000	-	3,000,000	10,496,413	-	10,496,413
Renewable Energy	GF	County Hall Solar Car Port	2,093,692	841,090	1,252,602	1,256,940	628,470	628,470	-	-	-	3,350,632	1,469,560	1,881,072
Renewable Energy	GF	Waste Transfer Sites - Energy Projects	80,151	-	80,151	-	-	-	-	-	-	80,151	-	80,151
Schools	GF	Basic Need - Other	2,293,553	2,293,553	-	2,000,000	2,000,000	-	-	-	-	4,293,553	4,293,553	-
Schools	GF	Bedlington Secondary Schools Reorganisation	500,000	500,000	-	-	-	-	-	-	-	500,000	500,000	-
Schools	GF	Bedlington Whitley Memorial CE and West End First Schools	610,300	610,300	-	-	-	-	-	-	-	610,300	610,300	-
Schools	GF	Berwick Partnership Schools	-	-	-	-	-	-	6,347,000	-	6,347,000	6,347,000	-	6,347,000
Schools	GF	Devolved Formula Capital	500,000	500,000	-	500,000	500,000	-	-	-	-	1,000,000	1,000,000	-
Schools	GF	Hexham New Build Schools (Hexham QE Site)	12,965,074	482,575	12,482,499	11,000	-	11,000	-	-	-	12,976,074	482,575	12,493,499
Schools	GF	James Calvert Spence (JCS)	250,000	-	250,000	7,335,000	-	7,335,000	12,672,000	-	12,672,000	20,257,000	-	20,257,000
Schools	GF	Port of Blyth – Welding & Fabrication Skills NALS	1,082,000	-	1,082,000	-	-	-	-	-	-	1,082,000	-	1,082,000
Schools	GF	Schools Refurbishment - Ashington Academy Refurbishment Grant	1,106,650	-	1,106,650	-	-	-	-	-	-	1,106,650	-	1,106,650
Schools	GF	SCIP - Remedials / General Programme	5,025,090	5,025,090	-	6,000,000	6,000,000	-	3,000,000	3,000,000	-	14,025,090	14,025,090	-
Schools	GF	Seaton Valley Federation of Schools	230,000	45,000	185,000	15,915,000	4,500,000	11,415,000	15,465,000	4,500,000	10,965,000	31,610,000	9,045,000	22,565,000
Schools	GF	Special Need Schools	-	-	-	7,000,000	-	7,000,000	10,000,000	-	10,000,000	17,000,000	-	17,000,000
Schools	GF	West of County Schools Restructure	2,884	-	2,884	-	-	-	-	-	-	2,884	-	2,884
Technical Services	GF	Challenge Fund - Steel Bridges	3,322,000	2,222,000	1,100,000	-	-	-	-	-	-	3,322,000	2,222,000	1,100,000
Technical Services	GF	CP - Alnwick Duchess Site Car Park	950,000	-	950,000	-	-	-	-	-	-	950,000	-	950,000
Technical Services	GF	CP - Amble Car Park	1,864,458	-	1,864,458	-	-	-	-	-	-	1,864,458	-	1,864,458
Technical Services	GF	CP - Car Parks General	292,219	-	292,219	2,420,000	-	2,420,000	-	-	-	2,712,219	-	2,712,219
Technical Services	GF	CP - Hexham (Bunker Site) Car Park	1,462,854	-	1,462,854	440,000	-	440,000	-	-	-	1,902,854	-	1,902,854
Technical Services	GF	CP - Newbiggin Car Park	78,750	-	78,750	-	-	-	-	-	-	78,750	-	78,750
Technical Services	GF	CP - Corbridge Car Park	340,000	-	340,000	-	-	-	-	-	-	340,000	-	340,000
Technical Services	GF	FCERM - Alnwick	280,000	280,000	-	130,000	130,000	-	490,000	410,000	80,000	900,000	820,000	80,000
Technical Services	GF	FCERM - Beadnell	215,000	215,000	-	1,573,855	1,443,855	130,000	-	-	-	1,788,855	1,658,855	130,000
Technical Services	GF	FCERM - Berwick	150,000	150,000	-	74,000	74,000	-	516,000	485,000	31,000	740,000	709,000	31,000
Technical Services	GF	FCERM - Chathill Surface Water	113,563	93,675	19,888	-	-	-	-	-	-	113,563	93,675	19,888
Technical Services	GF	FCERM - Flood and Coastal Erosion Risk Management 2022-24	2,500,000	-	2,500,000	-	-	-	-	-	-	2,500,000	-	2,500,000
Technical Services	GF	FCERM - Haydon Bridge	117,000	117,000	-	253,000	203,000	50,000	253,000	203,000	50,000	623,000	523,000	100,000
Technical Services	GF	FCERM - Hexham	200,000	-	200,000	-	-	-	-	-	-	200,000	-	200,000
Technical Services	GF	FCERM - Lynemouth Bay Landfill Encapsulation	2,000,000	-	2,000,000	-	-	-	-	-	-	2,000,000	-	2,000,000

CAPITAL PROGRAMME MEDIUM TERM PLAN (Details)

DIVISION	LEDGER	PROJECT TITLE	2021-2022 BUDGET			2022-2023 BUDGET			2023-2024 BUDGET			TOTAL BUDGET (3 Yrs)		
			GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £
Technical Services	GF	FCERM - Ovingham Surface Water	297,569	237,569	60,000	-	-	-	-	-	-	297,569	237,569	60,000
Technical Services	GF	FCERM - Seaton Delaval	75,000	75,000	-	-	-	-	-	-	-	75,000	75,000	-
Technical Services	GF	FCERM - Stocksfield & Riding Mil	150,000	150,000	-	537,500	462,500	75,000	373,000	348,000	25,000	1,060,500	960,500	100,000
Technical Services	GF	FCERM - Kirkwell Cottages	-	-	-	140,000	140,000	-	-	-	-	140,000	140,000	-
Technical Services	GF	FCERM - Meggie's Burn	-	-	-	50,000	50,000	-	-	-	-	50,000	50,000	-
Technical Services	GF	FCERM - Fenwicks Close	-	-	-	127,000	127,000	-	-	-	-	127,000	127,000	-
Technical Services	GF	FCERM - Cresswell Coastal Management	-	-	-	500,000	500,000	-	-	-	-	500,000	500,000	-
Technical Services	GF	FCERM - Hepscott FAS	250,000	150,000	100,000	-	-	-	-	-	-	250,000	150,000	100,000
Technical Services	GF	FCERM - Red Row	29,000	29,000	-	-	-	-	-	-	-	29,000	29,000	-
Technical Services	GF	FCERM - Otterburn SW	80,000	80,000	-	-	-	-	-	-	-	80,000	80,000	-
Technical Services	GF	FCERM - Wark SW	49,000	49,000	-	-	-	-	-	-	-	49,000	49,000	-
Technical Services	GF	FCERM - Pilgrims Way SW	-	-	-	46,000	46,000	-	-	-	-	46,000	46,000	-
Technical Services	GF	FCERM - Wylam SW	-	-	-	130,000	130,000	-	-	-	-	130,000	130,000	-
Technical Services	GF	Highway Maintenance Investment in U and C roads and Footways	7,500,000	-	7,500,000	-	-	-	-	-	-	7,500,000	-	7,500,000
Technical Services	GF	LTP - Local Transport Plan	20,831,500	20,831,500	-	18,591,500	18,591,500	-	20,591,500	20,591,500	-	60,014,500	60,014,500	-
Technical Services	GF	Members Small Schemes	2,312,746	-	2,312,746	1,005,000	-	1,005,000	1,005,000	-	1,005,000	4,322,746	-	4,322,746
Technical Services	GF	Pothole and Challenge Fund	8,785,385	8,785,385	-	8,785,385	8,785,385	-	-	-	-	17,570,770	17,570,770	-
Technical Services	GF	Salt Barns	800,000	-	800,000	-	-	-	-	-	-	800,000	-	800,000
Technical Services	GF	Union Chain Bridge	5,015,515	3,157,283	1,858,232	146,800	65,096	81,704	-	-	-	5,162,315	3,222,379	1,939,936
			290,548,818	109,226,144	181,322,674	269,062,939	133,595,106	135,467,833	188,025,416	73,289,228	114,736,188	747,637,173	316,110,478	431,526,695

CAPITAL PRUDENTIAL INDICATORS 2021-22 to 2023-24

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

The Local Government Act 2003 requires all local authorities to have regard to the Prudential Code for Capital Finance. The Code states that a soundly formulated capital programme must be driven by the desire to provide high quality, value for money public services. As a consequence, the Code recognises that in making its decisions to make capital investment, the Council must have regard to:

- affordability (e.g. implications for Council Tax);
- prudence and sustainability (e.g. implications for external borrowing);
- option appraisal;
- asset management planning;
- strategic planning for the Council;
- achievability of the forward plan.

The key objectives of the Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. To demonstrate local authorities have fulfilled these objectives, the Code sets out the indicators that must be used and the factors that must be taken into account.

Under the Prudential Code for Capital Finance in Local Authorities, local authorities determine their own level of capital expenditure.

Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans.

Capital Expenditure	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Adult Services	1.520	4.140	4.320	4.000
Children's Social Care	0.361	0.900	0.900	0.000
Economy and Regeneration	11.206	68.968	108.023	65.747
Finance	19.684	37.264	20.832	16.036
Fire and Rescue Service	0.717	2.142	1.801	0.000
Housing - GF	0.561	0.489	0.400	0.000
Housing - HRA	8.602	32.479	27.334	19.792
IT	5.018	8.727	1.400	0.750
Leisure Services	10.224	25.370	10.847	0.000
Neighbourhood Services	8.461	10.339	4.891	5.452
Property Services	5.439	12.930	13.347	5.536
Renewable Energy	1.359	2.174	1.257	0.000
Schools	51.789	24.566	38.761	47.484
Technical Services / Local Services	48.092	60.061	34.950	23.229
Total Capital Expenditure	173.033	290.549	269.063	188.026

The table below summarises how the above capital expenditure is being financed.

Capital Funding	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Capital Receipts	6.482	3.980	2.877	2.707
External Grants	65.855	109.226	133.595	73.289
GF Borrowing	93.672	150.964	109.178	94.590
GF Contributions	0.904	0.755	0.755	0.755
HRA Borrowing	0.000	0.000	12.824	3.750
HRA Contributions	6.120	25.624	9.833	12.935
Total Capital Funding	173.033	290.549	269.063	188.026

Capital Financing Requirement - the Council's borrowing need

The Capital Financing Requirement (CFR) is the Council's underlying need to borrow for a capital purpose.

All the capital assets the Council has ever bought will have been in part paid for by capital receipts, grants and revenue contributions. The remaining part which has not yet been paid for through revenue or capital resources is described as the CFR. In this respect it could be viewed like a mortgage. You have paid for the house (assets), have some equity in it (capital receipts etc.), but have not yet paid off the mortgage (CFR).

The CFR increases each year by capital spend, and decreases by both capital financing (capital receipts, grants etc.) and an annual revenue charge called the Minimum Revenue Provision (MRP).

The CFR shown below, which includes other long term liabilities such as PFI and leasing arrangements, is increasing by £257.239 million over the next three years and is shown below.

The Council is asked to approve the following CFR projections.

Capital Financing Requirement (CFR)	2019-20 Actual £m	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
General Fund CFR	895.457	948.313	1,064.445	1,138.645	1,188.978
HRA CFR	104.821	104.821	104.821	117.645	121.395
Overall CFR	1,000.278	1,053.134	1,169.266	1,256.290	1,310.373
Movement in Year		52.856	116.132	87.024	54.083

Affordability Prudential Indicators

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

Ratio of financing costs to net revenue stream

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

Ratio of financing costs to net revenue stream	2019-20 Actual %	2020-21 Estimate %	2021-22 Estimate %	2022-23 Estimate %	2023-24 Estimate %
General Fund	7.8	8.3	10.5	10.9	12.4
HRA	12.8	11.1	10.6	10.7	10.8

The estimates of financing costs include current commitments and the proposals in the budget report.

Authorised Limit for External Debt

This is an important indicator, as it is part of the Local Government Act 2003 requirements.

The Authorised Limit is the maximum amount the Council could afford to borrow in the short term but would not be sustainable in the long term. It should be set at the expected borrowing position, plus any expectations for borrowing in advance of need, plus some headroom to cope with the unexpected.

It is set as an assessment of how much the Council may need to borrow above expectations if an unforeseen incidence happened. This could be the delay in a large capital receipt, the failure of the Council Tax system etc., something that upsets the cash flow but will be corrected over time.

So the Authorised Limit, if set properly, is an alarm mechanism that, if breached, means there is a problem with the Council's finances.

The Council is asked to approve the following Authorised Limit:

Authorised Limit	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Borrowing	1,251.294	1,523.750	1,491.806
Other long term liabilities	79.239	74.709	75.667
Total	1,330.533	1,598.459	1,567.473

Operational Boundary for External Debt

Whilst the Authorised Limit is an overall cap on borrowing, the Operational Boundary is where the Council would expect its borrowings to be. It is only a guide and may be breached or undershot without significant concern, as borrowings will be driven by economic and market considerations as well as interest rates.

The Council is asked to approve the following Operational Boundary:

Operational Boundary	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m
Borrowing	1,042.745	1,269.792	1,243.172
Other long term liabilities	66.032	62.257	63.055
Total	1,108.777	1,332.049	1,306.227

Treasury Management Limits on Activity

There are two debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- Limit on Investments for longer than 365 days.

Maturity Structure of Borrowing

Setting limits for the maturity structure of debt ensures a reasonable spread of maturing debt as a safety mechanism to ensure significant amounts of maturing debt is not ending at a time when interest rates for refinancing the debt may be high.

Maturity Structure of fixed rate borrowing during 2021-22	Upper Limit %	Lower Limit %
Under 12 months	25	0
1 year - 2 years	40	0
2 years within 5 years	60	0
5 years within 10 years	80	0
10 years and above	100	0

Maturity Structure of variable rate borrowing during 2021-22	Upper Limit %	Lower Limit %
Under 12 months	35	0
1 year - 2 years	40	0
2 years within 5 years	60	0
5 years within 10 years	80	0
10 years and above	100	0

Investments for periods longer than 365 days

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator:

Maximum principal sums invested which can be held for over 365 days	2021-22 £m	2022-23 £m	2023-24 £m
Principal sums invested > 365 days	120	120	120

Supplementary Indicator - Internal Borrowing

The following indicator identifies the estimated level of internal borrowing, i.e. the extent to which internal / investment balances are being used in lieu of borrowing externally (to fund the CFR, or overall need to borrow).

Internal Borrowing	2021-22 %	2022-23 %	2023-24 %
Estimated % of CFR (exc. PFI) funded from internal borrowing – Average for Year	16.6	14.0	13.1

Please note, the above indicator is not specifying a limit. It simply identifies, for information purposes, the assumed internal borrowing position that has been used in calculating the revenue budget implications for the Council's treasury management activity.

The indicator identifies the interest rate risk exposure on this element of the borrowing need / requirement; i.e. beyond that attributable to actual external borrowing. The higher the percentage, the greater the potential risk.

The following table identifies the notional additional cost should the above internal borrowing need to be externalised – i.e. replaced with actual external loans:

Internal Borrowing – Notional Replacement Cost	2021-22 £m	2022-23 £m	2023-24 £m
Notional cost of externalising internal borrowing	4.373	3.830	3.970

Note the above (notional) cost is based on the estimated average external borrowing rate for each year. Again, the above indicator is not specifying a limit. It is simply for information purposes.

ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT 2021-22

Background

Local authorities are required each year to set aside some of their revenues as provision for debt repayment. Previous regulations prescribed how much provision to make using a formula which was linked to prudential indicators. The system was simplified under the 2008 Regulations and authorities are now only required to make “prudent provision”, based on guidance issued by the Department for Communities and Local Government.

The broad aim of prudent provision is to ensure debt is repaid over a period that is either reasonably equal with that over which the capital expenditure provides benefit; or, in the case of borrowing supported by Government Revenue Support Grant reasonably equal with the period implicit in the determination of that grant.

The Government’s guidance offers four options for the calculation of the provision:

- Option One - Regulatory method: MRP charges are based on the same formula used in the previous regulations. This method should only be adopted for capital expenditure incurred before 1 April 2008. However, it may also be applied for any new capital expenditure that is deemed to be ‘supported’ as part of the Revenue Support Grant (RSG) settlement on the grounds that the MRP charge would be offset by the support included with the RSG.
- Option Two – Capital Financing Requirement (CFR) Method: A simplified version of option one which removes an adjustment in the original formula, known as Adjustment A, that ensured consistency with previous Capital Regulations. For most authorities this method would probably result in a higher level of provision than option one.
- Option Three – Asset Life Method: The MRP charge is aligned to the estimated life of the asset for which the borrowing is undertaken. This method is suggested for new borrowing for which no Government support is being given (i.e. unsupported borrowing), but can also be used for supported borrowing as well.
- Option Four – Depreciation Method: MRP is matched to the provision for depreciation. The result should be similar to option three.

The guidance suggests that from 2009-10 onwards MRP charges relating to non-government supported borrowing must be calculated using either method three or four.

The legislation requires local authorities to draw up a statement of their policy on the annual MRP, for full approval by Council before the start of the financial year to which the provision will relate.

Confirmation of Existing Policy

A continuation of the existing practise is proposed for 2021-22. The Council is therefore recommended to approve the following arrangements:

- For historic capital expenditure incurred before 1 April 2008, or which in the future will be Supported Capital Expenditure, MRP will be charged on a straight line basis over 50 years, as adopted in 2019-20.
- For all capital expenditure incurred after 1 April 2008 financed from unsupported (prudential) borrowing (including PFI and finance leases), MRP will be based upon an asset life method in accordance with Option 3 of the guidance.
- With regard to the Option 3 element, a fixed average asset life will be assumed and applied to the global in year unsupported borrowing / spend; rather than breaking this calculation down to spend on individual assets and their respective lives. The assumed life will be based on the historic weighted average life of all assets included in the Option 3 calculation for 2009-10 to 2014-15.
- For capital expenditure in respect of Long Term Capital Debtors, where principal is repaid over the term of the loan (such as the loans to Northumbria Healthcare NHS Foundation Trust), no MRP provision is made; but, the liability will be met by setting aside the associated receipt of the repayments. MRP will however be calculated for those Long Term Capital Debtors where principal is repaid on maturity and the loan term is greater than 5 years (such as the loans to Advance Northumberland).
- In order to allow increased flexibility to cope with future austerity, whenever resources are available and allow; additional voluntary set aside may also be made. Conversely, any advance provision from previous years may if needed be utilised to reduce the current year's MRP requirement (i.e. that which would otherwise be set aside). The level of each year's voluntary set aside, or reversal, will be delegated to the Section 151 Officer (or the Deputy Section 151 Officer), based on what is considered prudent and affordable for both existing resources and future forecasts.
- There is no requirement to provide minimum revenue provision in relation to the Housing Revenue Account.

TREASURY MANAGEMENT STRATEGY STATEMENT 2021-22

1. INTRODUCTION

1.1. Background

This Treasury Management Strategy Statement details the expected activities of the Treasury Management function for the financial year 2021-22. Its production and submission to full Council is a requirement of the CIPFA Code of Practice on Treasury Management.

Part of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low/medium risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.

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

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue expenditure or for larger capital projects. The financial cost of these activities - i.e. the balance between interest costs of debt and the investment income arising from cash deposits - has a significant impact on the overall revenue budget. In addition, since cash balances are mostly generated from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

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

1.2. Statutory and Regulatory Requirements

The Local Government Act 2003 (the Act) and supporting Regulations requires the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code 2017, and the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2017.

The codes define the manner in which capital spending plans are to be considered and approved. They require the Council to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. In conjunction with this, they also require the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy, as required by the (revised) Investment Guidance issued by The Ministry of Housing, Communities and Local Government (MHCLG) which came into effect 1 April 2018.

With effect from 2019-20 there was a requirement that the report included a Capital Strategy, to provide a longer-term focus to the capital plans, and an extension of the meaning of 'investments' to include both financial and non-financial investments or commercial activity undertaken under the Localism Act 2011. The Capital Strategy is reported to County Council for approval with the annual budget report and Medium Term Financial Plan in February each year.

Non-financial investments, especially in property, do not generally form part of treasury management activities carried out by the treasury management team of a local authority.

Treasury management investments represent the placement of cash in relation to the s12 Local Government Act 2003 Act investment powers; namely residual cash resulting from the authority's day to day activities.

Non-financial, or non-treasury investments tend to relate to s1 expenditure powers under the Act and be either of the following:

- Policy type investments, whereby capital or revenue cash is advanced for a specific council objective. This may be an advance to a third party for economic regeneration, or to enable care facilities etc.
- Commercial type investments, whereby the objective is primarily to generate capital or revenue resources. The resources generated would then help facilitate Council services.

This report deals solely with financial investments. Non-financial investments, which from the Council's perspective relate to the loans provided to third parties, are covered in the Capital Strategy report.

1.3. Basis and Content of Treasury Management Strategy for 2021-22

The proposed strategy for 2021-22 in respect of the following aspects of the treasury management function is based upon officers' views on interest rates, supplemented by leading market forecasts provided by the Council's treasury advisors, Link Asset Services. The strategy covers:

- Current portfolio position;
- Economic outlook and prospects for interest rates;
- Borrowing Strategy for 2021-22;
- Annual Investment Strategy for 2021-22;
- Housing Revenue Account (HRA) treasury costs;
- Treasury management limits and Prudential Indicators;
- Minimum Revenue Provision Policy Statement;
- Policy on use of external service providers, and;
- Implementation of the Treasury Management Strategy, scheme of delegation, reporting and training requirements.

1.4. Balanced Budget Requirement

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, revised under Section 31 of the Localism Bill 2011, for the Council to produce a balanced budget. In particular, Section 31 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that the impact of increases in capital expenditure, such as interest charges associated with any new borrowing, and any increases in running costs from these capital projects, must be limited to a level which is affordable within the projected income of the Council for the foreseeable future.

The Council also has a statutory duty under S.3 of the Local Government Act 2003, and supporting regulations, to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. The Council must have regard to the Prudential Code when setting its Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management within the context of effective risk management, and to employing suitable performance measurement techniques, for example comparison with other members of the CIPFA and Link benchmarking clubs.

2. THE PORTFOLIO POSITION AT 30 NOVEMBER 2020

2.1. Current Borrowing

The Council’s borrowing at 30 November 2020 is shown below:

Appendix 16

	General Fund £m	HRA £m	Total Principal 30 Nov 2020 £m	Weighted Average Rate %
Public Works Loan Board Loans	422.376	40.704	463.080	2.65
LOBOs	153.500	23.000	176.500	3.95
Market / Local Authority (>1yr)*	109.000	8.100	117.100	2.96
Salix	0.028	0.000	0.028	0.00
Short Term loans* (<1yr)	10.000	0.000	10.000	1.15
TOTAL EXTERNAL BORROWING	694.904	71.804	766.708	2.98

* Note: above figures are based on the term of loans at their inception

Total external borrowing has decreased by £58.273 million from £824.981 million at the start of year to £766.708 million at 30 November 2020. Following further repayments and forward borrowing arrangements, the year-end figure is expected to be around £805.438 million.

2.2. Current Investments

The table below summarises the investment position at 30 November 2020:

	Total Principal 30 Nov 2020 £m	Weighted Average Rate %
Money Market Funds and Call Accounts	126.606	0.09
Fixed Term Investments – Short Term (<1yr)*	20.000	0.26
Fixed Term Investments – Long Term (>1yr)*	33.250	3.24
TOTAL EXTERNAL INVESTMENTS	179.856	0.69

* Note: above figures are based on the term of investments at their inception

3. FORECAST FOR INTEREST RATES AND ECONOMIC OUTLOOK

The Council has appointed Link Asset Services (Link) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link's central view of rates for 2021-22 (at 27 November 2020). A longer view and more detailed forecast are included at Annex 1.

	Quarter 1 (Q/E Jun 2021)	Quarter 2 (Q/E Sep 2021)	Quarter 3 (Q/E Dec 2021)	Quarter 4 (Q/E Mar 2022)
Bank Rate	0.10%	0.10%	0.10%	0.10%
5yr PWLB	0.80%	0.80%	0.80%	0.90%
10yr PWLB	1.10%	1.10%	1.10%	1.20%

25yr PWLB	1.60%	1.60%	1.60%	1.60%
50yr PWLB	1.40%	1.40%	1.40%	1.40%

3.1. Economic Outlook (at November 2020)

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings up to 05 November 2020; although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected as economic recovery is expected to be only gradual and, therefore, prolonged.

One key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems to say that even if inflation rises to 2% in a couple of years' time, do not expect any action from the Monetary Policy Committee (MPC) to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate.

Overall, the pace of recovery is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp but after a disappointing increase in GDP of only 2.1% in August, this left the economy still 9.2% smaller than in February 2020; suggesting that the economic recovery was running out of steam after recovering 64% of its total fall during the crisis.

The last three months of 2020 were originally expected to show zero growth due to the impact of widespread local lockdowns, consumers probably remaining cautious in spending, and uncertainty over the outcome of the UK/EU trade negotiations. However, the impact of the second national lockdown starting on 05 November may push back recovery of GDP to pre pandemic levels by six months, and into sometime during 2023. Although the recovery could be much quicker if successful vaccines were widely administered in the UK in the first half of 2021.

Further afield, the result of the US elections means that while the Democrats have gained the presidency and a majority in the House of Representatives, it looks as if the Republicans will retain their slim majority in the Senate. And it is likely that the next two years, and possibly four years in the US, could be a political stalemate where neither party can do anything radical.

The US economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that it could be in the early stages of

a third wave; which poses a threat that the recovery could stall. This is the single biggest downside risk to the shorter-term outlook.

3.2. Bond Yields / PWLB Rates

There was much speculation during the second half of 2019 that bond markets were in a bubble – where bonds are trading above their true worth (fuelled by a belief that no matter how high prices go, someone is likely to pay an even higher price), and that, eventually, this must come to an end. This in turn heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields.

While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. As a result there has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years.

Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The flip side is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020-21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels

of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

3.3. The Balance of Risks to the UK

The overall balance of risks to economic growth in the UK is probably now skewed to the upside but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by what, if any, deal the UK agrees as part of Brexit.

3.4. Downside Economic Risks

Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and therefore PwLB borrowing rates currently include:

- Further national lockdowns or severe regional restrictions in major conurbations during 2021.
- UK / EU trade negotiations – if they were to cause significant economic disruption and downturn in the rate of growth.
- The Bank of England acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis. The ECB has taken monetary policy action to support the bonds of EU states, which will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unworkable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets, and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some European banks, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- German minority government in 2021. In the last German general election, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party. The SPD has done particularly badly in state elections since then which has raised a major question mark over continuing to support the CDU.
- Other minority EU governments. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- Austria, the Czech Republic, Poland and Hungary now form a strongly anti-immigration bloc within the EU.

- Geopolitical risks, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

3.5. Upside Economic Risks

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include:

- Recovery in the UK economy being stronger than currently expected, especially if effective vaccines are administered quickly to the UK population and lead to a resumption of normal life and a return to full economic activity across all sectors of the economy.
- Brexit. If Post-Brexit agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

4. THE BORROWING STRATEGY 2021-22

4.1. Introduction

The Council borrows to fund the Capital programme, including loans to third parties for policy reasons (such as those to Advance Northumberland and Northumbria Healthcare NHS Foundation Trust etc.). Its capital expenditure plans are therefore the key driver of treasury management activity.

The output of capital expenditure plans is reflected in the Prudential Indicators, as set out in Appendix 14.

4.2. Borrowing Need – Capital Financing Requirement

The Council's long-term borrowing requirement is measured by the Capital Financing Requirement ("CFR"). The CFR represents total historic outstanding capital expenditure which has not yet been paid for from either revenue or cash-backed capital resources (such as grants and capital receipts). The CFR is repaid over time by an annual charge to revenue, known as the Minimum Revenue Provision (MRP). This charge, which is equivalent to depreciation, effectively spreads the cost of debt associated with capital expenditure over the useful economic life of the underlying assets.

At the same time the Council has significant levels of 'cash-backed' balances that are available for investment. Accordingly, the capital financing requirement (or borrowing requirement) need not always be met or funded externally from physical loans: At least in the short term, investment balances can be 'used' in lieu of borrowing externally; by withdrawing investments (in turn foregoing investment income) and instead using the cash to fund part of the borrowing requirement. This is often referred to as 'internal' or 'under' borrowing. Such an approach also has the added benefit of reducing 'counter-

party' credit risk in terms of investments; because it reduces the need to place investments with external institutions.

The following tables summarise the forecast CFR movements for the next three financial years (based on the latest capital expenditure plans) along with the anticipated external borrowing over this period; assuming a significant degree on internal borrowing as proposed further below:

CFR Forecast (exc. PFI)	2021-22 £m	2022-23 £m	2023-24 £m
Opening CFR (exc. PFI)	987.102	1,107.008	1,193.235
Increase in CFR (exc. PFI)	119.906	86.227	58.572
Closing CFR (exc. PFI) [Need to Borrow]	1,107.008	1,193.235	1,251.807

External Borrowing Forecast (exc. PFI)	2021-22 £m	2022-23 £m	2023-24 £m
Opening External Borrowing (exc. PFI)	805.438	941.893	1,035.349
Increase in External Borrowing (exc. PFI)	136.455	93.456	53.456
Closing in External Borrowing (exc. PFI)	941.893	1,035.349	1,088.805
Under / (Over) Borrowing	165.115	157.886	163.002

4.3. Proposed Borrowing Strategy

With investment returns anticipated to remain low (at least in the short term), it is proposed to continue with the practise adopted in recent years of wherever possible using investments in lieu of external borrowing – i.e. operating an under-borrowing position.

Whilst the principal strategy of maintaining an under-borrowing position will reduce short term revenue costs, consideration will also be given to weighing the short-term advantage of internal borrowing against potential long term costs.

As identified above, by the end of 2021-22 14.92% (£165.115 million) of the Council's borrowing requirement is proposed to be covered by internal borrowing. The effective cost of this 'borrowing' is the foregone investment income. For 2021-22 this is estimated at 0.10% or around £0.174 million (based on the average mid-year internal borrowing position). Taking into consideration the forecast average cost for external borrowing (i.e. average interest rate on actual loans) for 2021-22 of 2.62%, this equates to a notional saving of 2.52% or around £4.373 million (or alternatively the notional cost of externalisation).

However, it is important to point out that this element of the borrowing requirement is subject to interest rate movements and therefore not without risk. Clearly if investment returns were to increase, or the borrowing had to instead be externalised (and funded

by actual loans), the costs associated with this would increase accordingly. In order to identify and quantify this risk a local indicator is included in the Council's Prudential Indicators (see Appendix 14), identifying the level of internal borrowing and the impact of interest rate movements on this proportion of the borrowing requirement.

Despite utilising investments balances to support the borrowing need, as identified above a significant amount of external borrowing will still be required during 2021-22 (estimated at around £185.000 million, after taking into consideration maturing loans of £48.545 million) and going forward to fund the proposed capital programme.

Against the above backdrop that interest rates are projected to remain low over the next few years, and the risks within the economic forecast, it is envisaged the external borrowing requirement will be met primarily from shorter term / temporary borrowing (up to 2 years). However medium to longer term borrowing may also be considered to provide a degree of longer-term certainty, and in particular if rate increases start to materialise earlier than projected (due to increased optimism in the economy etc.).

The Section 151 Officer will continue to monitor the interest rate market and scrutinise all lending opportunities to ensure borrowing is taken at the most advantageous time and limit the risk of exposure to increased borrowing costs in the future.

In line with the scheme of delegation set out in the Treasury Management Practices (TMP's, section 10), The Section 151 Officer will continue to approve all borrowing.

4.4. Policy on borrowing in advance of need

While not expected to happen due to the internal/under borrowing policy, the Council does have flexibility to borrow funds this year for use in future years. Where there is a clear business case for doing so, borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. The Section 151 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

4.5. Debt Rescheduling

As short-term borrowing rates are forecast to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment and in particular the premiums incurred.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and,
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

The Council will monitor the situation and seek advice from Link Asset Services before any rescheduling of debt. All rescheduling will be reported to the Council as part of the in-year treasury management updates.

4.6. Municipal Bond Agency and European Investment Bank

The Municipal Bond Agency, which is currently in the process of being set up, may be in a position to offer loans to local authorities in the near future; perhaps at rates lower than those offered by the PWLB. Consideration may therefore be given to making use of this new source of borrowing as and when appropriate.

Consideration will also be given to borrowing from the European Investment Bank (EIB), where rates can be forward fixed, if this represents better value of money.

5. ANNUAL INVESTMENT STRATEGY 2021-22

5.1. Introduction – Investment Policy

The Council has significant levels of ‘cash-backed’ balances that are available for investment, in the form of General Fund and HRA balances, and the numerous earmarked reserves and provisions.

5.2. Investment Returns Expectations

As outlined in section 3 above and Annex 1, Bank Rate is unlikely to rise from 0.10% for a considerable period. As a result, it is assumed that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future. Against this background, Link Asset Services suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	2021-22	2022-23	2023-24	2024-25	2025-26
Budgeted Rate	0.10%	0.10%	0.10%	0.25%	0.75%

5.3. Negative investment rates

While the Bank of England said in August and September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 to 12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid-19 crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

At the same time, money market fund (MMFs) yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow

uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surplus of money swilling around at the very short end of the market. This has seen a number of market operators, now including the Debt Management Account Deposit Facility (DMADF), offer nil or negative rates for very short-term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

5.4. Investment Strategy

As proposed in section 4 above, it is expected that during 2021-22 a significant proportion of available investment balances will be used as 'internal borrowing' to support the financing of the CFR. As a result, external investments will be limited and may decrease further during the year.

All remaining funds will be invested in-line with the following Investment Policy, which has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The overall aim of the Investment Strategy is to provide security of capital and minimise risk while ensuring the Council has sufficient liquidity.

The Council will also aim to achieve the optimum return on its investments commensurate with desired levels of security and liquidity. The risk appetite of the Council is low/medium, therefore specified and unspecified investments (see below) will be considered. However, security and liquidity will continue to take precedence over yield. All investments will be placed only with organisations which meet the criteria and will always be scrutinised and approved in line with approved Treasury Management Practices (Annex 3).

5.5. Investment objectives

The general policy objective for this Council is the prudent investment of its surplus cash balances, which includes monies borrowed for the purpose of expenditure in the reasonably near future (i.e. over the 3-year medium term planning cycle). The Council's investment priorities are:

- the security of capital;
- the liquidity of its investments; and,
- the achievement of optimum yield.

Security and liquidity of principal have always been the priority and will continue to be so. In CIPFA's view "The priority is to protect capital rather than maximise return. However, the avoidance of all risk is neither appropriate nor possible and a balance must be struck with a keen responsibility for public money." In times of budget

constraints, making the Council's funds work and generate increased returns is becoming increasingly important. CIPFA encourages Local Authorities to look carefully at their Counterparty Lists to ensure return on investments is achieved.

CIPFA recommends that "Responsibility for local authorities investment decisions lies and must continue to lie with the local authorities themselves". The best authorities:

- explicitly balance risk and reward;
- review and scrutinise policies and procedures regularly;
- have well trained staff and engaged elected members; and,
- use a wide variety of information.

The Credit and Counterparty Criteria List (Annex 2), which has not changed from last year, offers diverse counterparties and takes into account country, sector and group limits.

This list clearly sets out the minimum acceptable credit criteria for organisations with which the Council will place funds.

All investments will be placed only with organisations which meet the criteria and will always be scrutinised and approved in line with approved Treasury Management Practices (Annex 3).

The borrowing of monies purely to invest or lend-on and make a return is unlawful and this Council will not engage in such activity.

5.6. Security of Capital and Creditworthiness (Credit and Counterparty Policy)

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria when determining which organisations it can place investments with. The criteria are set out in Credit and Counterparty Policy which is attached at Annex 2.

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty policy and limits reflect a prudent attitude towards organisations with which funds may be deposited.

The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from Fitch and Moody's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS* spreads to give early warning of likely changes in credit ratings; and,
- sovereign ratings to select counterparties from only the most creditworthy countries.

* Credit default swaps (CDS) are a type of insurance against default risk by a particular company/financial institution. In the event of a default, the buyer receives the face value of the bond or loan from the insurer.

The Council is alerted daily of changes to ratings of all three agencies. If a downgrade results in the counterparty no longer meeting the Council's minimum criteria, no new investment will be made. Consideration will also be given to whether or not existing investments will be withdrawn, which is dependent on whether the bank concerned is agreeable.

As with previous practice, ratings and the use of this external service will not be the sole determinant of the quality of an institution. It is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. In addition, the Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

The assessment will also take account of information that reflects the opinion of the markets. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

5.7. Types of investments the Council may use

The Council may use various financial instruments for the prudent management of its treasury balances (as listed in the Credit and Counterparty Policy in Appendix A).

The Credit and Counterparty Policy does not identify individual counterparty names in order to ensure that the Section 151 Officer has the flexibility to place investments with the most suitable organisations, which meet the agreed criteria, in a timely manner.

Treasury staff investigates various products and instruments as they become available to see if they meet the Council's investment priorities and criteria list.

In line with the MHCLG Guidance, the Credit and Counterparty Policy categorises investments instruments between 'Specified' and 'Non-Specified' investments:

Specified Investments offer high security and high liquidity. All such investments are:

- in pounds sterling;
- due to be repaid within 12 months or which may be required to be repaid within 12 months;
- not capital expenditure;
- made with high credit quality organisations, (for the purpose of this strategy high credit ratings are "A-" and above for long term and "F2/P-2" and above for short term investments); or,
- made with the United Kingdom Government or local authority (including the North East Combined Authority), parish council or community council.

Non-Specified Investments are those which do not meet the criteria for specified investments and give greater potential risk. The MHCLG does not discourage the use of non-specified investments but states that there is a need for these to be dealt with in more detail.

As in previous years, it is anticipated that the majority of investments will be specified but it is proposed to maintain a maximum of 25% of total Council investments being held in non-specified investments at any one time during the year. This is primarily to allow the use of large, non-rated, building societies as well investments beyond 1 year with other local authorities.

Investments will only be placed with organisations which meet the criteria set out in the approved Credit and Counterparty Policy. Individual investments or aggregate of investments to one organisation should comply with the monetary limits set out in Credit and Counterparty Criteria List.

Nationalised/part-nationalised banks in the UK have credit ratings which do not comply with the credit criteria used by the Council. However, due to significant Government ownership the Council feels more comfortable applying higher limits for investments.

Investments are to be arranged in line with Treasury Management Practices (Annex 3) and all investments with new counterparties must be approved by the Section 151 Officer or the Deputy Section 151 Officer or in their absence Finance Managers. There is currently no proposed change to this practice.

5.8. Forecast Investment Balances and Liquidity

Based on current reserves and balances forecast, and allowing for the proposed strategy of using some of the investable balances as 'internal borrowing' to support the financing of the CFR (see Section 4), it is anticipated that in 2021-22 the Council's external investment balances will fluctuate throughout the year within a range between £59.000 million and £129.000 million.

To ensure liquidity a minimum of 20% of overall investments, or £5.000 million, whichever is lower, will be held in liquid accounts. For cash flow generated balances, the Council will seek to utilise its money market funds, call accounts and short-dated deposits (overnight to six months).

As investment rates are forecast to remain low and there is a requirement for liquid funds to support the under-borrowing position, it is envisaged the Council will avoid locking into longer term deals. However, if exceptionally attractive rates are available then they will be considered. Close contact will be maintained with the money market to ascertain the most favourable interest rates on offer to achieve best value from the return on surplus monies available in line with the Counterparty Policy in Annex 2.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates.

5.9. Non-Treasury Management Investments Defined as Capital Expenditure

In addition to the above standard treasury management activity, the Council also receives interest from two other 'non-treasury' activities; namely the investment shares

NIAL Holdings (Newcastle Airport) [£13.527 million] and Advance Northumberland [£4.338 million], and the loans to Newcastle Airport, Northumbria Healthcare NHS Foundation Trust, Advance Northumberland and other organisations.

These non-treasury activities are deemed by Statutory Regulations as capital expenditure and are provided to support Council service objectives and corporate priorities. They are not made or regarded as part of the 'core' treasury management activity - i.e. the investment of surplus cash flow balances, as made under the power to invest inferred by s12 of the Local Government Act 2003. As a result these activities were previously outside of the scope of the Investment Strategy.

The MHCLG's investment guidance recommend that these non-financial or non-core investments should be included within the Annual Investment Strategy.

Whilst it is entirely appropriate to highlight the scope of these activities, there is a view amongst some practitioners that it may be misleading to refer to items of expenditure in the context of an investment strategy, and that a more suitable mechanism to explain and cover these activities would be within the newly re-introduced Capital Strategy.

Due to their nature, it is difficult to assess and consider non-financial or non-core investments in the context of liquidity and security, which arguably does not apply to these activities, at least not in the same way as it does for standard cash investments. Beyond the terms of the underlying agreement, loans to third parties are not liquid and have no need to be. The expenditure is incurred in the support of service objectives and funded from capital resources, which is different to the requirements and policies surrounding management of the Council's investments and cash flows. Similarly, whilst the return of the funds advanced is key, security for third party loans may need to be considered differently to the credit ratings modelling approach utilised for core-treasury investments.

For these reasons, the Council's policy on non-financial or non-core investments, specifically the loans to third parties, is covered separately within the Capital Strategy document which is considered and approved by Council at its budget setting meeting in February, and is attached at Appendix 12 for information.

A summary of value of loans to third parties and the interest expected to be received is summarised below:

Appendix 16

Borrower	Estimated Balance at 1 Apr 2021 £m	Weighted Average Interest Rate	Forecast Interest Income 2021-22* £m
Northumbria Healthcare NHS Foundation Trust	112.672	3.80%	3.819
Advance Northumberland Group	281.906	5.00%	14.255
Newcastle Airport	11.916	8.60%	0.000**
North East Local Enterprise Partnership	12.759	3.83%	0.707
Northumberland College	6.552	4.40%	0.289
Northumberland Aged Miners	1.270	3.50%	0.056
Cramlington Town Council	0.307	4.00%	0.012
Active Northumberland	0.237	3.30%	0.047
Newcastle City Council	0.209	5.00%	0.011
Alnwick Juniors	0.177	0.00%	0.000
Arts Groups (The Maltings, Alnwick Playhouse, Queen's Hall)	0.119	3.80%	0.003
Calvert Trust	0.096	2.10%	0.002
Alnwick Youth Hostel	0.100	2.10%	0.003
Haltwhistle Pool	0.051	2.10%	0.001
Northumberland Community Bank	0.050	2.54%	0.001
Other Parish/Town Councils and Housing Associations	0.067	11.90%	0.003
Alexa's Animal Charity	0.139	2.40%	0.003
Total	428.627	4.73%	19.212

*Note: the above includes forecast advances to be made.

**No interest payments are due from Newcastle International Airport in 2021-22.

The Medium Term Capital Programme for 2021-22 to 2023-24 includes a provision of £49.814 million for further loans to Advance Northumberland and other third parties, plus an additional £9.312 million for loans to the North East Local Enterprise Partnership in respect of Enterprise Zone investments (which will ultimately be repaid by future business rate increases).

Whilst the income from these advances is significant, the intention is largely only to cover the associated underlying borrowing costs to the Council. The loans are considered and approved to support the Council's service and policy objectives not to generate a financial return for the Council.

5.10. Provision for credit related losses

If any of the Council's investments appear at risk of loss due to default (i.e. a credit-related loss, and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount.

6. HOUSING REVENUE ACCOUNT (HRA) TREASURY MANAGEMENT COSTS

6.1. Overview

Following implementation of the HRA self-financing reforms in April 2012, a separate pool of specific loans is now maintained for the HRA. The interest costs associated with these loans are charged direct to the HRA. This arguably negates the need for the former HRA Item 8 charge; which allocated a share of the Authority's overall borrowing costs to the HRA.

For the most part, the HRA will aim to ensure that new loans are taken out (or repaid) to match any anticipated movement in its borrowing requirement - known as the HRA Capital Financing Requirement (HRA CFR). There will however be instances during the year when the balance of the HRA loan pool - i.e. actual external borrowing charged to the HRA does not equate exactly to the HRA CFR. In such circumstances the HRA is borrowing from (or lending to) the General Fund and an additional charge (or credit) is necessary in order to reflect the notional cost of this imbalance. The Council's proposed policy for this arrangement is as follows, the policy remains unchanged from the previous year:

6.2. Policy for HRA Under and Over Borrowing

HRA Under-Borrowing

Where the weighted average balance of the HRA (external) loans pool is less than the weighted average HRA CFR for the same period, notional interest will be charged to the HRA at the average rate of interest for 30-year PWLB borrowing for the period.

HRA Over-Borrowing

Where the weighted average balance of the HRA (external) loans pool is greater than the weighted average HRA CFR for the same period, notional interest will be paid to the HRA at the average 3-month London Interbank Bid (LIBID) rate for the period.

6.3. Other Treasury Management Charges to HRA

As under the former Item 8 arrangements, the HRA will continue to receive interest (or investment income) on its weighted average balances for the year, based on the Council's overall average investment rate.

The HRA will also continue to be charged a proportion of the authority's overall debt management expenses (based on the CFR proportions), as well its share of any historic premiums or discounts associated with the premature repayment of borrowing. Any future/new premiums or discounts will be met fully by the relevant fund of the underlying loan – i.e. premiums or discounts related to loans within the HRA loan pool will be charged fully to the HRA, and vice versa.

7. PRUDENTIAL INDICATORS and TREASURY LIMITS 2021-22 to 2023-24

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

Councils are required to approve a set of Prudential Indicators for the new financial year and adhere to these indicators during the course of that year. The indicators are to be set on a rolling basis, for the forthcoming financial year and two successive financial years. Prudential Indicators for 2021-22 to 2023-24 are set out in Appendix 14.

8. THE ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision (MRP)), although it is also allowed to make additional voluntary payments if required.

MHCLG Regulations have been issued which requires Full Council to approve an MRP policy in advance of each year. A variety of options are provided to councils, with an overarching requirement there is a prudent provision.

MHCLG revised their MRP guidance in 2018. However, none of the amendments impact on the Council's current or proposed policy.

The 2021-22 policy is unchanged from that approved for 2020-21.

The Council is recommended to approve the Annual Minimum Revenue Provision Policy Statement including Additional Voluntary Provision as detailed within Appendix 15.

9. POLICY ON USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regard to all available information, including, but not solely, the Council's treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of the appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

The Council uses Link Asset Services Ltd as its treasury management consultant. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and templates of Member reports;
- Economic and interest rate analysis;
- Debt services which include advice on the timing of borrowing;

- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments; and,
- Online up to date credit ratings.

10. IMPLEMENTATION OF THE TREASURY MANAGEMENT STRATEGY, SCHEME OF DELEGATION, TRAINING AND REPORTING REQUIREMENTS

10.1. Implementation of the Treasury Management Strategy

The continued implementation of the above strategy and procedures is the responsibility of the Section 151 Officer, who is authorised to arrange the necessary borrowings within the limits set out in the Prudential Indicators, and necessary investments as set out in the investment strategy.

Northumberland County Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet.

The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies.

There are no proposed changes to this methodology.

10.2. Treasury Management Practices (TMPs)

Treasury Management Practices (Annex 3) set out the manner in which the Council will seek to achieve the treasury management policies and objectives. The Council has adopted the recommended form of words defining the Council's treasury management practices (TMPs), in compliance with CIPFA's Treasury Management in the Public Services: Code of Practice and the Prudential Code for Capital Finance in Local Authorities. These set out the specific details of the systems to be employed and the records to be maintained.

These practices are as follows:

- TMP1 Credit and Counterparty Risk management;
- TMP2 Best value and performance measurement;
- TMP3 Decision-making and analysis;
- TMP4 Approved instruments, methods and techniques;
- TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements;
- TMP6 Reporting requirements and management information;
- TMP7 Budgeting, accounting and audit arrangements;
- TMP8 Cash and cash flow management;
- TMP9 Money laundering;
- TMP10 Training and qualifications;

TMP11 Use of external service providers; and,

TMP12 Corporate governance.

There are no proposed changes to these practices, other than the inclusion of three further companies for potential money broking services – Imperial Treasury Services Ltd, Munix Ltd and RP Martin Ltd (see Annex 3, section 11.1.2).

10.3. Responsible Officers

Daily treasury management activities will be undertaken by a Senior Accountant within the Corporate Finance team, as set out in TMP5. If they are absent a Principal Accountant within the Corporate Finance team will undertake these activities.

The three annual Treasury Management reports submitted to Cabinet and Council will be produced by the Technical Accountant.

The Finance Manager will ensure all treasury management activities are made in accordance with agreed policies and practices.

10.4. Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Members received training in October 2018 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed. Each officer concerned will receive appropriate training and guidance on their duties and the constraints within which they operate.

10.5. Reports and Monitoring

To ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities, reports need to be submitted to full Council which need to be reviewed by Members of the Council in both Cabinet and Scrutiny functions.

The adequacy of the strategy statement will be monitored and reports requesting amendments to the statement will be produced when changes are thought to be necessary. The changes will be made in consultation with the Cabinet Portfolio holder for Corporate Services, whose role relates to the strategy and associated risks. Any strategy changes will be reported to the Audit Committee.

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. The following reports are required to be adequately scrutinised by Audit Committee before being recommended to the Council.

Treasury Management Strategy Statement

The first, and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and,
- an investment strategy (the parameters on how investments are to be managed).

A Mid-Year Treasury Management Report

This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury activity is meeting the strategy or whether any policies require revision.

An Annual Treasury Report

This provides details of prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

It is proposed that the Council follow reporting arrangements in accordance with the requirements of the revised Treasury Management Code of Practice.

Area of Responsibility	Council/ Committee/ Officer	Frequency
Scrutiny of treasury management strategy	Audit Committee or Risk Appraisal Panel	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / MRP policy and Treasury Management Practices	Cabinet / Full Council	Annually before the start of the year
Annual Treasury Outturn Report	Cabinet / Full Council	Annually by 31 July after the end of the year
Treasury Management Budget Monitoring Reports	Incorporated within the Budget Monitoring report and reported separately to Scrutiny Committee	Quarterly
Scrutiny of treasury management performance	Audit Committee	As required
Updates or revisions to Treasury Management Strategy / Annual Investment Strategy / MRP policy	Cabinet / Full Council	Ad- hoc

The policies and strategies set out in this document will ensure that the management and administration of treasury management will be robust, rigorous, disciplined and help minimise risk.

The procedures for monitoring treasury management activities through audit, scrutiny and inspection will be applied with an openness of access to information and provide well-defined arrangements for review and implementation of changes.

Background Papers:

CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance notes 2017.

CIPFA Prudential Code for Capital Finance in Local Authorities 2017.

Guidance on Local Government Investments The Local Government Act 2003,

Local Authorities (Capital Finance and Accounting) Regulations 2012 (S.I.2012/265)

List of Annexes / Appendices

Annex 1 – Economic Forecasts

Annex 2 – Credit and Counterparty Criteria Policy

Annex 3 – Treasury Management Practices

Appendix 12 – Capital Strategy

Appendix 14 – Prudential Indicators

Appendix 15 – Minimum Revenue Provision Policy

ECONOMIC FORECAST - NOVEMBER 2020

LINK ASSET SERVICES	End Q3 2020	End Q1 2021	End Q2 2021	End Q3 2021	End Q4 2021	End Q1 2022	End Q2 2022	End Q3 2022	End Q4 2022	End Q1 2023	End Q2 2023	End Q3 2023	End Q4 2023	End Q1 2024
Bank Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
3 Month LIBID / ave earnings	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
6 Month LIBID / ave earnings	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
12 Month LIBID / ave earnings	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5yr PWLB	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%	1.00%	1.00%	1.00%	1.00%
10yr PWLB	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.20%	1.30%	1.30%	1.30%	1.30%
25yr PWLB	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%
50yr PWLB	1.30%	1.30%	1.40%	1.40%	1.40%	1.40%	1.50%	1.50%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%

CREDIT AND COUNTERPARTY CRITERIA POLICY

The Council recognises the need for security of principal to be of paramount importance. In recognition of the need to minimise risks associated with its treasury management activities, credit rating criteria, as outlined below will be used to select counterparties with whom the Council will place funds. Treasury management staff will analyse all counterparties prior to investing funds.

Specified Investments

Type of Organisation	Minimum Credit Rating Criteria		Max Amount of Principal	Max Period
	Fitch	Moody		
UK Local Authorities (Including the North East Combined Authority)	N/A	N/A	Unlimited	15 years (with annual calls)
DMO	N/A	N/A	Unlimited	6 months
UK Government Gilts, Bonds and Treasury Bills	N/A	N/A	Unlimited	12 months
Semi-nationalised banks	N/A	N/A	£35m per bank £70m per banking group	12 months
Money Market Funds: Public Debt Constant Net Asset Value ("CNAV") MMFs and Low Volatility NVA ("LVNAV") MMFs	AAA	Aaa	£25m per fund (£150m in total)	Instant Access
Deposits and Certificates of Deposit with approved eligible financial institutions which meet the following criteria				
Very High Grade U.K. Clearing Banks / Building Societies	ST: F1+ LT: AA-	ST: P-1 LT: Aa3	£25m £50m per banking group	12 months
High Upper Medium Grade U.K. Clearing Banks/ Building Societies	ST: F1 LT: A-	ST: P-1 LT: A3	£15m £30m per banking group	12 months
High Grade Foreign Banks – minimum sovereign rating of AA	ST: F1 LT: A-	ST: P-1 LT: A3	£10m Country limit £30m	6 months

Non-specified Investments

No more than 25% of the total investment portfolio will be placed in non-specified investments.

Type of Organisation	Minimum Credit Rating Criteria		Max Amount of Principal	Max Period
	Fitch	Moody		
UK Local Authorities (Including the North East Combined Authority)	N/A	N/A	Unlimited	15 Years
UK Government Gilts, Bonds and Treasury Bills	N/A	N/A	Unlimited	15 Years
Enhanced Cash Funds (Variable net asset value)	AAA	Aaa	£15m per fund (£60m in total)	30 (1) days notice
Deposits or Corporate Bonds with institutions which meet the rating criteria.	ST: F1 LT: A-	ST: P-1 LT: A3	£10m per institution	5 Years
Deposits or Corporate Bonds with institutions which meet the rating criteria.	ST: F2 LT: A-	ST: P-2 LT: A3	£5m per institution	12 months
Good, Medium grade, moderate credit risk	ST: F2 LT: BBB	ST: P-2 LT: Baa1	£10m per banking group	6 months
Building Societies which have assets in excess of £10 billion	N/A	N/A	£12m per Building Society	12 months
Building Societies which have assets in excess of £5 billion	N/A	N/A	£10m per Building Society	6 months
Building Societies which have assets in excess of £1 billion	N/A	N/A	£5m per Building Society	3 months

Ratings determine limits except for nationalised, semi-nationalised and local authorities.

Unrated subsidiaries can be used providing there is an unconditional guarantee from a rated parent.

Rating Symbols

Gradations of creditworthiness are indicated by rating symbols, with each symbol representing a group in which the credit characteristics are broadly the same.

Moody - The Moody's rating scale runs from a high of Aaa to a low of C, and comprises of 21 notches. It is divided into two sections; investment grade and speculative grade. The lowest investment grade rating is Baa3. The highest speculative grade rating is Ba1.

Fitch - The Fitch rating scale runs from a high of AAA to a low of D, and comprises of 21 notches. It is divided into two sections; investment grade and speculative grade. The lowest investment grade rating is BBB. The highest speculative grade rating is BB. Thus, the use of credit ratings defines their function: "investment grade" ratings (international long-term 'AAA' - 'BBB' categories; short-term 'F1+' - 'F3') indicate a relatively low probability of default, while those in the "speculative" or "non-investment

grade" categories (international long-term 'BB' - 'D'; short-term 'B' - 'D') may signal a higher probability of default or that a default has already occurred.

Fitch Rating	Moody Rating	Risk
Long term ratings (maturities of one year or greater)		
Investment Grade		
AAA	Aaa	Highest rating, representing lowest level of credit risk
AA+, AA, AA-	Aa1, Aa2, Aa3	Very High grade, very low credit risk
A+, A, A-	A1, A2, A3	High (Fitch) Upper medium grade (Moody's), low credit risk
BBB	Baa1, Baa2, Baa3	Good, Medium grade, moderate credit risk
Speculative Grade		
BB+, BB, BB-	Ba1, Ba2, Ba3	Speculative elements, vulnerable to default
B+, B, B-	B1, B2, B3	Subject to high credit risk
CCC, CC+, CC, CC-	Caa1, Caa2, Caa3	Poor standing very high credit risk
DDD	Ca	Highly speculative, or near default
D+, D	C	Lowest rating, typically in default, little prospect for recovery of principal or interest
Short term ratings (maturities of less than one year)		
F1+	Prime-1 (P-1)	Superior ability to repay ST debt
F2	Prime-2 (P-2)	Strong ability to repay ST debt
F3	Prime-3 (P-3)	Acceptable ability to repay ST debt
B-D	Not Prime	Poor, risk of default

TREASURY MANAGEMENT PRACTICES – SCHEDULES

This section contains the schedules which set out the details of how the Treasury Management Practices (TMPs) are put into effect by the Council. There are no changes to practices from last year.

1. TMP1 CREDIT AND COUNTERPARTY RISK MANAGEMENT

The Ministry of Housing, Communities and Local Government (MHCLG) issued Investment Guidance in 2010, and this forms the structure of the Council's strategy. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and ensure that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes". This Council adopted the Code on 10 February 2010 and will apply its principles to all investment activity. In accordance with the Code, the Section 151 Officer has produced its treasury management practices (TMPs).

1.1. LIQUIDITY

1.1.1. Amounts of approved minimum cash balances and short-term investments

The Treasury Management section shall seek to keep to a minimum the balance in the Council's main bank accounts at the close of each working day, in order to minimise the amount of bank overdraft interest payable, and maximise the amount of credit interest receivable. Borrowing or lending shall be arranged in order to achieve this aim.

1.1.2. Standby facilities

The Council has several instant access Money Market Funds and call accounts, where monies can be invested or withdrawn as required on the same day.

1.1.3. Bank arrangements

The balance held in Barclays can be up to the limit stipulated in the Credit and Counterparty Criteria list. A transfer called a 'sweep' can be made between the Barclays main bank account and a Barclays interest bearing account. The overdraft limit is £500,000, with an annual fee of £2,500 and interest is charged at 2%. An unauthorised overdraft will be charged at 3%. The overdraft is assessed on a group basis for the Council's accounts

1.2. INTEREST RATE

1.2.1. Details of approved interest rate exposure limits

Please refer to Prudential Indicators Appendix 4.

1.2.2. Trigger points and other guidelines for managing changes to interest rate levels

Please refer to annual Treasury Strategy which will outline views for the year.

1.2.3. Minimum/maximum proportions of variable rate debt/interest

The maximum proportion of interest on borrowing which is subject to variable rate interest permissible is 50%.

The minimum proportion of interest on borrowing which is subject to variable rate interest permissible is 0%.

1.2.4. Minimum/maximum proportions of fixed rate debt/interest

The minimum proportion of interest on borrowing which is subject to fixed rate interest permissible is 50%.

The maximum proportion of interest on borrowing which is subject to fixed rate interest permissible is 100%.

1.2.5. Policies concerning the use of financial derivatives and other instruments for interest rate management

- a) **Forward dealing (agreeing to invest money at a future date):** Consideration will be given to arranging forward deals, dependent upon market conditions. Any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs. The policy for the use of derivatives is clearly detailed in the annual strategy. All forward dealing should have the approval of either the Section 151 Officer or the Deputy Section 151 Officer.
- b) **Callable deposits:** Callable deposits are permitted subject to approval from the Section 151 Officer.
- c) **LOBOS (borrowing under lender's option/borrower's option):** The use of LOBOs is considered as part of the borrowing strategy. Any money borrowed for periods in excess of one month must be approved by either the Section 151 Officer, the Deputy Section 151 Officer or a Finance Manager.

1.3. EXCHANGE RATE

1.3.1. Approved criteria for managing changes in exchange rate levels

Exchange rate risk will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling. Northumberland County Council rarely deals with foreign currency so an exposure to exchange rate risk will be extremely minimal.

On rare occasions where investments are not made in sterling, advice on the risk to exchange rate fluctuations will be sought from the Council's bankers and other professionals as necessary.

Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice. The unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity, unless the Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency will be held on deposit to meet this expenditure commitment.

1.4. INFLATION

1.4.1. Details of approved inflation exposure limits for cash investments/debt

There is significant uncertainty with economic forecasts. Whilst short term investment rates are expected to remain low, borrowing rates are expected to rise very gently. Inflation is expected to return to around 2%.

The key consideration is that investments reap the highest real rate of return, with debt costing the lowest real cost, consistent with other risks mentioned within this section.

1.4.2. Approved criteria for managing changes in inflation levels

Inflation both current and projected will form part of the debt and investment decision making criteria within both the strategy and operational considerations.

1.5. CREDIT AND COUNTERPARTY POLICIES

1.5.1. Criteria to be used for creating/managing approved counterpartylists/limits

- a) Suitable criteria for assessing and monitoring the credit risk of investment counterparties will be formulated and a lending list comprising time, type, sector and specific counterparty limits will be constructed.
- b) Treasury management staff will decide which counterparties to use in line with the strategy on criteria for selection of counterparties. Changes to the Credit and Counterparty Criteria List will be included in the annual report, mid year report, or where necessary an ad hoc report to Council.
- c) Credit ratings will be used as supplied from the following credit rating agencies:
 - Fitch Ratings;
 - Moody's Investors Services;
- d) Treasury Management Advisors provide a weekly update of all ratings relevant to the Council, as well as any changes to individual counterparty credit ratings. This information is accessible on line via Link Asset Service's website - Passport.
- e) No lending is allowed without prior approval.

- f) Subsidiaries that do not have a credit rating in their own right may be used if they are guaranteed by a highly rated parent company.
- g) The maximum value for any one investment transaction will be £35 million.
- h) Investment in the building society sector should be limited to 30% of the average annual investment balances.

1.5.2. Approved methodology for changing limits and adding/removing counterparties

Credit ratings for individual counterparties can change at any time. The Section 151 Officer is responsible for applying the credit rating criteria detailed in the Treasury Management Strategy Statement for selecting approved counterparties.

The Section 151 Officer will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers in accordance with the criteria set out in the Treasury Management Strategy Statement. This is delegated on a daily basis to staff in the treasury management function.

1.6. REFINANCING

1.6.1. Debt/other capital financing maturity profiling, policies and practices

Any debt rescheduling is likely to take place when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- a) The generation of cash savings at minimum risk;
- b) To reduce the average interest rate;
- c) To enhance the balance of the long term portfolio (amend the maturity profile and /or the balance of volatility).
- d) To reduce the risk associated with the investment of surplus funds.

The Section 151 Officer has delegated authority to reschedule current long-term debt and to arrange the necessary borrowings within the following remit:

- a) The maximum amount of outstanding borrowing shall be as stated in the prudential indicators.
- b) Within that sum the maximum amount of short term borrowing is 25%.
- c) The limit on the proportion of borrowings on which interest is payable at variable rates is 50%,

The Council will seek to limit refinancing exposure by ensuring that no more than 25% of the loan portfolio matures in any one year.

1.6.2. Projected capital investment requirements

As part of the annual budget setting process a three year plan for capital expenditure for the Council is produced. The capital plan will be used to prepare a three year revenue budget for asset rentals which include loan charges for principal repayments, interest and expenses. These take account of the plans for capital expenditure, loan repayments and forecasts of interest rate changes.

1.6.3. Policy concerning limits on revenue consequences of capital financing

The Prudential Code supports local authorities in determining their Capital Programmes, within the clear framework that the plans are affordable, prudent and sustainable. To demonstrate that local authorities fulfil these criteria the Code sets out indicators that must be used.

A number of these Prudential Indicators are relevant to setting an integrated Treasury Management Strategy. The indicators are set on a rolling basis, for the forthcoming financial year and two successive financial years. Please refer to the prudential Indicators contained within Appendix 4.

1.7. LEGAL AND REGULATORY

1.7.1. References to relevant statutes and regulations

The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are:

- a) CIPFA's Treasury Management Code of Practice (revised 2009, 2011 and 2017)
- b) The Prudential Code for Capital Finance in Local Authorities 2003 (revised 2009, 2011 and 2017)
- c) CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities
- d) CIPFA Standard of Professional Practice on Treasury Management
- e) Local Government Act 2003 (revised 2010)
- f) The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.
- g) Council's Constitution relating to Contracts
- h) Council's Finance and Contract Rules
- i) Council's Scheme of Delegations
- j) The Bribery Act 2010

1.7.2. Procedures for evidencing the organisation's powers/authorities to counterparties

The Council will prepare, adopt, and maintain, as the cornerstone for effective treasury management:

- a) A Treasury Management Strategy Statement, stating the overriding principles and objectives of its treasury management activities; and,
- b) The Annual Investment Strategy.

1.7.3. Required information from counterparties concerning their powers / authorities

Lending shall only be made to counterparties which meet the criteria set out in the Credit and Counterparty Criteria List.

Northumberland County Council hold letters verifying that the approved brokers are regulated by the Financial Services Authority under the provisions of the Financial Services and Markets Act 2000, under which Local Authorities are classified as market counterparties.

Building Societies are members of Building Society Association and are governed by Building Society Act 1986.

Banks are regulated by the Financial Conduct Authority under the provisions of the Financial Services and Markets Act 2000.

1.7.4. Statement on the organisation's political legislative or regulatory risks

The Council recognises that future political, legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the authority.

1.8. FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT

1.8.1. Details of systems and procedures to be followed, including internet services

- a) Authority:
 - Loan procedures are defined in the Council's Financial Regulations.
 - The Scheme of Delegation to Officers sets out the appropriate delegated levels. All loans and investments, including PWLB, are negotiated by authorised persons within the Corporate Finance team.
- b) Occurrence:
 - Detailed register of loans and investments is maintained on Excel spreadsheets in the Corporate Finance section. This is reconciled to the ledger balance.
 - Adequate and effective cash flow forecasting records are maintained to support the decision to lend, invest or borrow.
 - Written confirmation is received from the lending, investment or borrowing institution

- All transactions placed through the brokers are confirmed by a broker note, showing details of the loan arranged.
- c) Completeness:
- The loans register spreadsheet is updated to record all lending and borrowing. This includes the date of the transaction, interest rates etc.
- d) Measurement:
- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the senior accountant responsible for Treasury Management.
 - A senior accountant calculates periodic interest payments of loans. This is used to check the amount paid to these lenders.
- e) Timeliness:
- The Treasury Management spreadsheet prompts the treasury management officer that money borrowed or invested is due to be repaid.
- f) Regularity:
- Investments and loans are only made to institutions which meet the Credit and Counterparty Criteria List.
 - All loans and investments raised and repayments made go directly to and from the Council's bank account.
 - Authorisation limits are set for every institution by the Credit and Counterparty Criteria List. Brokers have a list of named officials authorised to perform investment transactions.
 - There is adequate insurance cover for employees involved in loans management and accounting.
 - There is a separation of duties in the Section between the authorisation of transactions and their execution.
 - The bank reconciliation is carried out monthly from the bank statement to the financial ledger by a senior accountant and checked by a Finance Manager.
- g) Security:
- Barclays Net can only be accessed by users using their individual security card and PIN through a card reader.
 - Payments are checked and authorised by an agreed bank signatory. The list of signatories having previously been agreed with the current provider of our banking services.

h) Substantiation:

- A quarterly reconciliation is carried out matching transactions from the treasury management spreadsheets to the financial ledger codes.

1.8.2. Emergency and contingency planning arrangements

Barclays Net online can be accessed on a number of PCs and mobile devices which have the necessary software installed. All spreadsheets are held on the shared drive and therefore can be accessed by other PCs if necessary. If Barclays Net cannot be accessed cash balances can be obtained from Barclays Bank via e-mail. CHAPs payments, which are normally input directly into Barclays Net by the income section, can be faxed, emailed or delivered to the bank for processing.

1.8.3. Insurance details

The Council has 'Fidelity' insurance cover with Zurich Municipal. This covers the loss of cash by fraud or dishonesty of employees. The excess for Fidelity guarantee is £5,000. The Council also has a 'Professional Indemnity' insurance policy with Zurich Municipal which covers loss to the Council from the actions and advice of its officers which are negligent and without due care. This cover is limited to £5 million (named departments) for any one event with an excess of £25,000 for any one event with the exception of legal services where the limit is £1,000,000 with an excess of £1,000 for any one event.

The Council also has a 'Business Interruption' cover as part of its property insurance with Zurich Municipal.

1.9. MARKET VALUE OF INVESTMENTS

1.9.1. Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDS etc.)

In order to minimise the risk of fluctuations in the capital value of investments, capital preservation is set as the primary objective.

2. TMP 2 BEST VALUE AND PERFORMANCE MEASUREMENTS

2.1. METHODOLOGY TO BE APPLIED FOR EVALUATING THE IMPACT OF TREASURY MANAGEMENT DECISIONS

Northumberland County Council is a member of the CIPFA and Link Asset Services benchmarking clubs. Comparisons will be made with a number of similar authorities. The Council's treasury management consultant will carry out a regular health check of the treasury management function.

2.2. POLICY CONCERNING METHODS FOR TESTING BEST VALUE IN TREASURY MANAGEMENT

2.2.1. Frequency and processes for tendering

Tenders are normally awarded on a five yearly basis. The process for advertising and awarding contracts will be in line with the Council's Financial Regulations.

2.2.2. Banking services

Banking services will be tendered for every 5 years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

2.2.3. Money-broking services

The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. An approved list of brokers will be established which takes account of both price and quality of services.

2.2.4. Advisers' services

This Council's policy is to appoint professional treasury management advisors.

2.2.5. Policy on External Managers (Excluding Superannuation Funds)

The Council's current policy is not to use an external investment fund manager to manage a proportion of surplus cash. This will be kept under review.

2.3. METHODS TO BE EMPLOYED FOR MEASURING THE PERFORMANCE OF THE ORGANISATION'S TREASURY MANAGEMENT ACTIVITIES

Performance is measured against Annual Treasury Management Strategy Statement targets.

- a) Compliance with CIPFA Code of Treasury Practice.
- b) Expenses contained within approved budget.
- c) Review of benchmarking club data.

2.4. BENCHMARKS AND CALCULATION METHODOLOGY

2.4.1. Debt management

- a) Average rate on all external debt.
- b) Average period to maturity of external debt.
- c) Average rate on external debt borrowed in previous financial year.

2.4.2. Investment

The performance of in-house investment earnings will be measured against 7 day LIBID, (London Inter-Bank Bid Rate). Performance will also be measured against other local authority funds with a similar benchmark.

3. TMP3 DECISION-MAKING AND ANALYSIS

3.1. FUNDING, BORROWING, LENDING, AND NEW INSTRUMENTS / TECHNIQUES:

3.1.1. Records to be kept

- a) All loan transactions are recorded in a spreadsheet.
- b) Daily cash projections.
- c) Telephone/e-mail rates.
- d) Dealing slips for all money market transactions – including rate changes.
- e) PWLB loan schedules.
- f) Temporary loan receipts.
- g) Brokers confirmations for deposits/investments.

3.1.2. Processes to be pursued

- a) Cash flow analysis.
- b) Maturity analysis.
- c) Ledger reconciliations
- d) Review of borrowing requirement.
- e) Comparison with prudential indicators.
- f) Monitoring of projected loan charges and interest and expenses costs.
- g) Review of opportunities for debt rescheduling.

3.1.3. In respect of every decision made the organisation will:

- a) Above all be clear about the nature and extent of the risks to which the organisation may become exposed;
- b) Ensure that decisions are in accordance with the approved Treasury Management Strategy;
- c) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorisations to proceed have been obtained;
- d) Be content that the documentation is adequate both to deliver the organisation's objectives and protect the organisation's interests, and to deliver good housekeeping;
- e) Ensure that third parties are judged satisfactory in the context of the organisation's creditworthiness policies, and that limits have not been exceeded;
- f) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

3.1.4. In respect of borrowing and other funding decisions, the organisation will:

- a) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund;
- b) Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;
- c) Consider the alternative interest rate bases available, the most appropriate periods to fund, and repayment profiles to use;
- d) Consider the on-going revenue liabilities created, and the implications for the Council's future plans and budgets.

3.1.5. In respect of investment decisions, the organisation will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions;
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the organisation to changes in the value of its capital.

4. TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1. APPROVED ACTIVITIES OF THE TREASURY MANAGEMENT OPERATION

- a) Borrowing;
- b) Lending;
- c) Debt repayment and rescheduling;
- d) Consideration, approval and use of new financial instruments and treasury management techniques;
- e) Managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- f) Managing cash flow;
- g) Banking activities.

4.2. APPROVED INSTRUMENTS FOR INVESTMENTS

All investments will be made following the Approved Credit and Counterparty Criteria List.

Investments can be made through one of the following:

- a) The Council's bankers;
- b) The SunGard Portal or other online portals;
- c) Direct with banks and financial institutions;
- d) One of the Council's approved brokers shown in TMP 11.

All cash investments should be arranged by telephone call or e-mail to the above organisations and the borrower concerned will confirm each transaction. An authorised CHAPS payment form is then input into the Bank's electronic system by the Cashiers section and confirmation given that the transaction has been completed.

Derivative instruments. If the Council intends to use these instruments for the management of risk, these will be limited to those set out in its Annual Treasury Management Strategy, and the council will seek proper advice and consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

4.3. APPROVED BORROWING TECHNIQUES

- a) Market loans including LOBOs
- b) PWLB
- c) Local authorities

4.4. APPROVED METHODS AND SOURCES OF RAISING CAPITAL FINANCE

Finance will only be raised in accordance with the Local Government and Housing Act 1989, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	*	*
EIB	*	*
Market (long-term)	*	*
Market (temporary)	*	*
Market (LOBOs)	*	*
Stock issues	*	*
Local temporary	*	*
Local Bonds	*	
Overdraft		*
Negotiable Bonds	*	*
Internal (capital receipts & revenue balances)	*	*
Commercial Paper		
Medium Term Notes	*	
Leasing (not operating leases)	*	*

Other Methods of Financing

Government and EC Capital Grants

Lottery monies

PFI/PPP

Operating leases

All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Section 151 Officer has delegated powers in accordance with Financial Regulations, and the Scheme of Delegation to Officers Policy; and, the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

5. TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

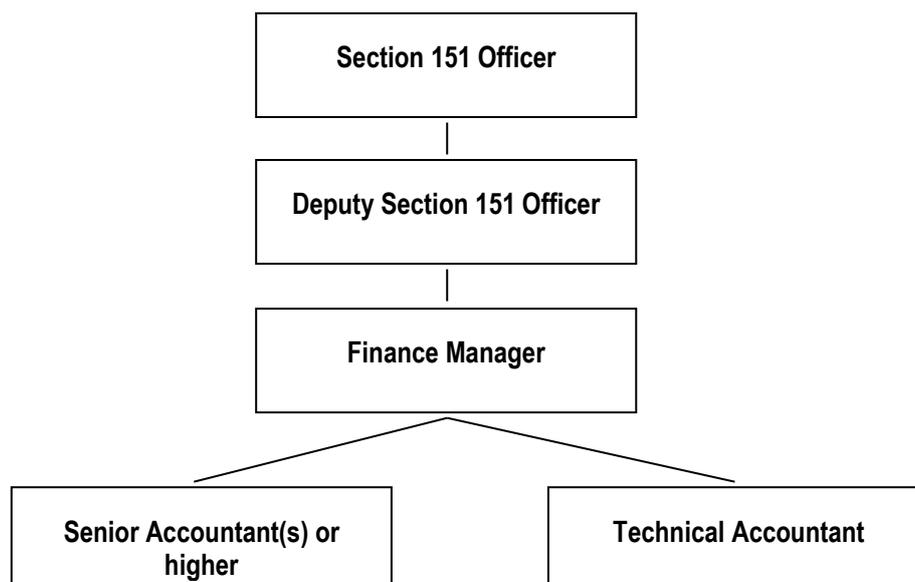
5.1. LIMITS TO RESPONSIBILITIES/DISCRETION AT COMMITTEE/POLICY BOARD LEVELS

- a) Full Council will receive and approve reports on treasury management policies, practices and activities, the annual treasury management strategy and annual report on debt rescheduling.
- b) The Section 151 Officer will be responsible for amendments to the organisation's adopted clauses, treasury management strategy statement and treasury management practices. A formal report will be put to Cabinet to approve any formal amendments.
- c) The Section 151 Officer will approve the segregation of responsibilities.
- d) The Section 151 Officer will receive and review external audit reports and make recommendations to the Audit Committee.
- e) Approving the selection of external service providers and agreeing terms of appointment will be decided by the Section 151 Officer in accordance with Financial Regulations.

5.2. PRINCIPLES AND PRACTICES CONCERNING SEGREGATION OF DUTIES

- a) The Section 151 Officer will authorise all new long-term borrowing.
- b) Transactions relating to pre-existing agreements are delegated to the senior accountant responsible for treasury management.
- c) Short-term borrowing and investment are authorised by the Section 151 Officer, Deputy Section 151 Officer, or, in their absence, a Finance Manager.

5.3. TREASURY MANAGEMENT ORGANISATION CHART



5.4. STATEMENT OF DUTIES/RESPONSIBILITIES FOR EACH TREASURY POST

5.4.1. Portfolio Holder for Corporate Services

- a) The Portfolio Holder for Corporate Services has primary political responsibility for Treasury Management strategy and will be regularly briefed on Treasury Management performance and proposed policy changes by the Section 151 Officer.
- b) The Portfolio Holder for Corporate Services has the right to recommend to the Section 151 Officer that a particular transaction should go to the Risk Appraisal Panel.
- c) The Portfolio Holder for Corporate Services may attend Audit Committee.

5.4.2. Section 151 Officer

The Section 151 Officer will:

- a) Recommend clauses, treasury management strategy / practices for approval reviewing the same on a regular basis, and monitoring compliance;
- b) Prepare treasury management strategy reports as required;
- c) Prepare budgets and budget variations in accordance with Financial Regulations and guidance;
- d) Review the performance of the treasury management function and promote best value reviews;
- e) Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- f) Ensure the adequacy of internal audit, and liaison with external audit;
- g) Appoint external service providers in accordance with the Council's Financial Regulations.

- h) Ensure preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- i) Ensure the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.
- j) Ensure that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority.
- k) Ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
- l) Ensure the proportionality of all investments, so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources.
- m) Ensure that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities.
- n) Provide members with a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees, as appropriate.
- o) Ensure that members are adequately informed and understand the risk exposure taken on by an authority.
- p) Ensure that the authority has adequate expertise, either in house or externally provided, to carry out the above.
- q) Produce Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:
 - (i) Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - (ii) Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - (iii) Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - (iv) Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;

- (v) Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.
- r) Have delegated power through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- s) May delegate his power to borrow and invest to members of his staff; the Deputy Section 151 Officer and Finance Managers. All transactions must be authorised by a named officer above.
- t) Ensure that the Strategy is adhered to, and if not will bring the matter to the attention of elected Members as soon as is possible.
- u) Prior to entering into any capital financing, lending or investment transaction, be responsible to ensure that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.
- v) Be responsible to ensure that the Council complies with the requirements of The Non-Investment Products Code for principals and broking firms in the wholesale markets.

5.4.3. Senior Accountants responsible for treasury management

The responsibilities of this post will be:

- a) Monitoring performance and market conditions on a day-to-day basis;
- b) Recommend investments and borrowing transactions;
- c) Execution of transactions;
- d) Adherence to agreed policies and practices on a day-to-day basis;
- e) Maintaining relationships with third parties and external service providers;
- f) Identifying and recommending opportunities for improved practices.

5.4.4. Technical Accountant

- a) Review and recommend investments and borrowing transactions;
- b) Maintaining relationships with third parties and external service providers;
- c) Identifying and recommending opportunities for improved practices;
- d) Produce the annual Treasury Management Strategy, Capital Strategy, Outturn and Mid-year review reports.

5.4.5. Finance Manager

The responsibilities of this post will be:

- a) Line management of the Technical Accountant and Senior Accountant(s) responsible for treasury management;
- b) Review and recommend investments and borrowing transactions;
- c) Authorise CHAPS payments;
- d) Adherence to agreed policies and practices on a day-to-day basis;
- e) Maintaining relationships with third parties and external service providers;
- f) Monitoring performance on a day-to-day basis;
- g) Identifying and recommending opportunities for improved practices;
- h) Reviewing the annual Treasury Management Strategy, Capital Strategy, Outturn and Mid year review reports

5.4.6. Chief Legal Officer (in the role of monitoring officer)

The responsibilities of this post will be:

- a) to ensure compliance by the Section 151 Officer with the Treasury Management Strategy statement and treasury management practices and that these practices comply with the law;
- b) to be satisfied that any proposal to vary treasury strategy or practice complies with law or any code of practice;
- c) to provide advice to the Section 151 Officer when advice is sought.

5.4.7. Internal Audit

The responsibilities of Internal Audit will be:

- a) to review compliance with approved policy and procedures;
- b) to review division of duties and operational practice;
- c) to assess value for money from treasury activities;
- d) to undertake probity audit of treasury function.

5.5. ABSENCE COVER ARRANGEMENTS

In the absence of the Senior Accountant(s) responsible for treasury management, another accountant in the Corporate Finance section with treasury management training / experience will perform the daily cash flow tasks.

5.6. DEALING LIMITS

Persons authorised to deal are identified at 5.4. above and dealing limits are as the Scheme of Delegation for Officers.

5.7. LIST OF APPROVED BROKERS

A list of approved brokers is maintained and is shown in TMP11.

5.8. POLICY ON BROKERS' SERVICES

It is the Council's policy to divide business between brokers.

5.9. POLICY ON TAPING OF CONVERSATIONS

It is not Council policy to tape brokers' conversations.

5.10. DIRECT DEALING PRACTICES

The Council deals direct if appropriate contacts are established, and if it is advantageous to the Council.

5.11. SETTLEMENT TRANSMISSION PROCEDURES

For each transaction a CHAPS form is completed and signed by an agreed bank signatory. The transfer is then processed by Cashiers, through the Barclays on-line banking system. This is to be completed by 3.30 pm on the same day.

5.12. DOCUMENTATION REQUIREMENTS

For each deal undertaken details of dealer, amount, period, counterparty, interest rate, dealing date, payment date, broker, and credit ratings should be recorded. This should be reviewed and authorised in writing or e-mail by either the Section 151 Officer, the Deputy Section 151 Officer or a Finance Manager.

6. TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1. ANNUAL REPORTING REQUIREMENTS BEFORE THE START OF THE YEAR

- a) The Treasury Management Strategy statement and practices sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Council for approval before the commencement of each financial year.
- b) The Council must approve the Prudential Indicators.
- c) The Council must approve the Minimum Revenue Provision Policy.

6.2. REPORTING REQUIREMENTS DURING THE YEAR

- a) A mid year review of the strategy statement
- b) Any variations to the agreed Treasury Management policies and practices will be reported to the Council at the earliest practicable meeting

6.3. ANNUAL REPORTING REQUIREMENT AFTER THE YEAR END

An annual report will be presented to the Council at the earliest practicable meeting after the end of the financial year, but in any case, by the end of September. This report will include the following:

- a) Transactions executed and their revenue effects;
- b) Report on risk implications of decisions taken and transactions executed;

- c) Monitoring of compliance with approved policy, practices and statutory/regulatory requirements;
- d) Performance report;
- e) Report on compliance with CIPFA Code recommendations.

7. TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1. STATUTORY/REGULATORY REQUIREMENTS

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in England and Wales that is recognised by statute as representing proper accounting practices.

7.2. ACCOUNTING PRACTICES AND STANDARDS

Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities in England and Wales. The Council adopts in full the principles set out in CIPFA's 'Code of Best Practice and Guide for Treasury Management in the Public Services' (the 'CIPFA Code and Guide'), together with those of its specific recommendations that are relevant to this organisation's treasury management activities.

7.3. SAMPLE BUDGETS / ACCOUNTS

The Senior Accountant(s) responsible for treasury management will prepare an annual budget for the treasury management function, which will bring together all the costs involved in running the function, together with associated income.

7.4. LIST OF INFORMATION REQUIREMENTS OF EXTERNAL AUDITORS

- a) Reconciliation of loans, investments, interest, premiums and discounts to financial ledger.
- b) Confirmation of loans and investments balances.
- c) Maturity analysis of loans outstanding.
- d) Annual Treasury Report.
- e) Calculation of Revenue Interest.
- f) Analysis of accrued interest.

8. TMP8 CASH AND CASH FLOW MANAGEMENT

8.1. ARRANGEMENTS FOR PREPARING/SUBMITTING CASH FLOW STATEMENTS

Cash flow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous years daily cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates.

8.2. LISTING OF SOURCES OF INFORMATION

Estimated cash flow details are compiled using:

- a) Schedule of Payment of Revenue Support Grant and National Non-domestic rates; CLG income;
- b) Schedule of Payment of the Dedicated Schools grant from Department for Children, Schools and Families (DCSF);
- c) Revenues payments dates and amounts;
- d) Notifications from the Business Support section of any significant grants expected during the year;
- e) Schedule of payroll payment dates supplied by the Employee services section with an estimated amount based on the previous years payments;
- f) Loan repayments spreadsheet;
- g) An estimated figure for creditor payments, based on previous patterns of expenditure. More accurate figures can be obtained two days before payment based on the Creditor BACs figure.

8.3. BANK STATEMENT PROCEDURES

Payments by CHAPs, Direct Debits, standing orders and imprest accounts are now input by Accounts Payable directly to e-business rather than by journal which gives greater transparency and segregation of duties.

8.4. PAYMENT SCHEDULING AND AGREED TERMS OF TRADE WITH CREDITORS

Our policy is to pay creditors within 30 days of the invoice date and this effectively schedules the payments.

8.5. ARRANGEMENTS FOR MONITORING DEBTORS / CREDITORS LEVELS

- a) The Accounts Receivable section provides monthly statistics of outstanding debtors to Directors who take appropriate action regarding the outstanding debt
- b) The Accounts Payable section provides monthly statistics of invoice performance to Directors who take appropriate action.

8.6. PROCEDURES FOR BANKING OF FUNDS

All money received by an officer on behalf of the Council will without unreasonable delay be paid into the Council's bank accounts. No deductions may be made from such money save to the extent that the Section 151 Officer may specifically authorise.

9. TMP9 MONEY LAUNDERING

9.1. PROCEDURES FOR ESTABLISHING IDENTITY / AUTHENTICITY OF LENDERS

The Council does not usually accept loans from individuals. All material loans are obtained from the PWLB, other local authorities or from authorised institutions under the Banking Act 1987: the Financial Conduct Authority (FCA) is responsible for maintaining a register of authorised institutions. This register can be accessed through their website on www.fca.gov.uk.

9.2. METHODOLOGIES FOR IDENTIFYING SOURCES OF DEPOSITS

In the course of its Treasury activities, the Council will only lend money to, or invest with, those counterparties that are on its approved lending list.

10. TMP10 TRAINING AND QUALIFICATIONS

10.1. STAFF QUALIFICATIONS

The daily treasury management function will be performed by a qualified accountant or a senior accountant (unqualified) holding a Certificate in International Treasury Management Public Finance, under the supervision of a qualified accountant.

10.2. STAFF TRAINING

New staff will receive in-house on the job training before they commence their duties. Existing staff will attend treasury management seminars, at least annually, to keep up to date with changes in regulations and current practices. Additional staff training needs will be identified as part of the training needs analysis undertaken during Staff Appraisals.

10.3. THE SECTION 151 OFFICER

The Section 151 Officer is committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

10.4. MEMBER TRAINING

All members should have an appropriate level of training within a year of taking office. Members of the Audit Committee received training in October 2018, and it will be periodically updated or provided where membership changes. This will be carried out in-house in conjunction with the Council's treasury management advisors.

11. TMP11 USE OF EXTERNAL SERVICE PROVIDERS

11.1. DETAILS OF CONTRACTS WITH SERVICE PROVIDERS, INCLUDING BANKERS, BROKERS, CONSULTANTS, ADVISERS

11.1.1. Banking services

- i) Name of supplier of service is Barclays Bank plc. The branch address is:
38 Bridge Street

Morpeth
Northumberland
NE61 1NL

- ii) Initial contract commenced 1 June 2015.
- iii) The initial contract was for 5 years which has been extended until 31 May 2021.
- iv) Cost of service is variable depending on schedule of tariffs and volumes

11.1.2. Money-broking and Custodian services

Name of supplier of service:

- i) Sterling International Brokers Ltd
10 Chiswell Street
London, EC1Y 4UQ
- ii) ICAP Europe Ltd
2 Broadgate,
London, EC2M 7UR
- iii) Tullet Prebon (UK) Limited
155 Bishopsgate,
London, EC2N 3DA
- iv) Tradition (UK) Ltd
Beaufort House,
15 St Botolph Street,
London, EC3A 7QX
- v) King and Shaxson Ltd
Candlewick
120 Cannon Street
London, EC4N 6AS
- vi) Barclays Bank PLC
Barclays Stockbrokers,
Tay House,
300 Bath Street,
Glasgow, G2 4LH.
- vii) Link Asset Services
65 Gresham Street

- London, EC2V 7NQ
- viii) BGC Brokers L.P.
One Churchill Place
London, E14 5RD
- ix) Imperial Treasury Services Ltd
5 Port Hill

Hertford, SG14 1PJ
- x) Munix Ltd
9 Ainslie Place

Edinburgh, EH3 6AS
- xi) RP Martin Ltd
1 Snowden St,

London, EC2A 2DQ

11.1.3. Consultants'/advisers' services

Treasury Consultancy Services

- i) Name of supplier of service is
Link Asset Services
65 Gresham Street
London
EC2V 7NQ
Website: www.linkassetservices.com

The initial contract was for 3 years which has been extended until July 2020.

11.1.4. External Fund Managers

None at present.

Other professional services may be employed on short term contracts as and when required.

11.2. PROCEDURES AND FREQUENCY FOR TENDERING SERVICES

Tenders are normally awarded on a five-yearly basis. The process for advertising and awarding contracts will be in line with the Financial Regulations See TMP2.

12. TMP12 CORPORATE GOVERNANCE

12.1. LIST OF DOCUMENTS TO BE MADE AVAILABLE FOR PUBLIC INSPECTION

Annual Statement of Accounts

Annual Budget

Treasury Management Policy

Treasury Management Strategy

Annual Treasury Report

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Northumberland
County Council

Revenues and Benefits Policies 2021-22

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Northumberland County Council

Revenues and Benefits Service

Caravans / Chalets Council Tax Policy

Introduction

1. This Policy is in respect of caravans / chalets on commercially rated sites that are occupied as a sole or main residence.
2. A caravan / chalet on a commercially rated site can only be brought into council tax if it is occupied as someone's sole or main residence.
3. Information comes from various sources e.g. the individuals themselves, the Planning Department and anonymous information. Site managers are generally uncooperative when enquiries are made with them.
4. The Valuation Office Agency (VOA) will not reduce the rateable value of a commercially rated site because one pitch is de-minimus.

Policy Aims

5. There are consistent guidelines and procedures to follow.
6. To continue with policies at the former District / Borough Councils in Northumberland.
7. To ensure that caravan and chalet owners and occupiers are not taxed twice.

Policy

8. Whenever the Council receives information that a caravan / chalet on a commercially rated site is occupied as a sole or main residence it is reported to the VO to bring it into council tax.
9. Where an individual has signed an agreement with the site owner that they will not occupy a caravan / chalet as their sole or main residence, and it subsequently becomes evident that that is the case, the caravan / chalet will be brought into council tax.
10. The council tax is reduced by any business rates payable by the taxpayer on receipt of an itemised invoice.
11. A Class G exemption (occupation prohibited by law) will be granted for a period when the site has to close due to planning/licensing restrictions.



Northumberland
County Council

Revenues and Benefits Service

Council Tax Discounts Policy

Information

Section 13A of the Local Government Finance Act 1992 (LGFA 1992) (as amended) gives powers to enable billing authorities to reduce the amount of council tax liability, including reducing the amount to nil, for any individual taxpayer or group of taxpayers.

The Local Government Act 2012 (LGFA 2012) under Section 10 substitutes a new section 13A (1)(a) that provides that a person's liability for council tax is to be reduced in accordance with the Council's own council tax reduction scheme.

Section 13A (1)(c) is a re-instatement of the previous arrangements where discretion can be exercised in particular cases or by determining a class of cases and can reduce the council tax liability to nil.

Section 10 - Council Tax Support

Section 10 of the LGFA 2012 amends 13A (1)(a) of the LGFA 1992 and provides that a person's liability for council tax is to be reduced in accordance with the Council's council tax reduction scheme. The council tax support scheme for 2013/14 for the Council will be administered in line with the Government's prescribed requirements in **Statutory Instrument 2885/2012 The Council Tax Reduction Scheme (Prescribed Requirements) (England)**, and, **2886/2012 The Council Tax Reduction Schemes (Default Scheme)(England) Regulations 2012**. For 2014/15 onwards the Council Tax Support Scheme will be adopted annually in line with the consultation requirements prescribed.

Section 11 - Power to determine further discounts for certain dwellings

Section 11A of LGFA 2012 amends 11A of the LGFA 1992 and provides for the Council to determine its own discount for unoccupied and unfurnished property.

Statutory instrument 2965/2012 The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012 removes the existing exemption for Class A and Class C so that from 1/4/13 they are no longer exempt from council tax:

Class A covered a 12 month period for a vacant property undergoing major repair work, or undergoing structural alteration, or having undergone either if less than 6 months had elapsed since the work was substantially completed.

Class C covered vacant property for a 6 month period or less.

Section 12 – Power to set higher amount for long-term empty property

Section 12 of LGFA 2012 amends 11B of the LGFA 1992 and provides that the billing authority can charge council tax liability up to 150% for property that has been empty and substantially unfurnished for more than 2 years by introducing an Empty Homes Premium (EHP). This section also allows the Secretary of State to make provision for exceptions by prescribing classes of property, taking into account the physical characteristics and circumstances and the circumstances of any person liable, where the Council will not be able to charge additional council tax.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent on 1 November 2018. The Act gave local authorities discretionary powers to:

- From 1 April 2019 - increase the EHP to a maximum of 100% for dwellings

that have been unoccupied and unfurnished for two years or more.

- From 1 April 2020 - increase the EHP to a maximum of 200% for dwellings that have been unoccupied and unfurnished for five years or more.
- From 1 April 2021 - increase the EHP to a maximum of 300% for dwellings that have been unoccupied and unfurnished for ten years or more.

Statutory instrument 2964/2012 The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 provide that a billing authority may determine that the council tax discounts applicable where there is no resident of the dwelling can be replaced by a lower discount or no discount at all from 1/4/13.

Second Homes

Second homes are defined as properties that are unoccupied and furnished. There are 2 classes:

Class A – second homes where occupancy is restricted by a planning condition preventing occupancy period of at least 28 days.

Class B - second homes where occupancy is not restricted by a planning condition preventing occupancy for a continuous period of at least 28 days.

From 1/4/13 billing authorities can reduce or end the existing discount.

Empty Property

Statutory instrument 2964/2012 provides that the Council can decide what percentage of council tax to charge in relation to these 2 classes of dwelling instead of the exemption up to the full amount:

Class C - dwellings which are unoccupied and substantially unfurnished.

Class D - dwellings that are unoccupied and substantially unfurnished and are undergoing, or have undergone within the last six months, major repairs but they will only fall into this class for a maximum period of 12 months.

Empty Homes Premium

Section 12 of LGFA 2012 amends 11B of the LGFA 1992 and provides that the billing authority can charge council tax liability up to 150% for property that has been empty and substantially unfurnished for more than 2 years.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 received Royal Assent on 1 November 2018. The Act gave local authorities discretionary powers to:

- From 1 April 2019 - increase the EHP to a maximum of 100% for dwellings that have been unoccupied and unfurnished for two years or more.
- From 1 April 2020 - increase the EHP to a maximum of 200% for dwellings that have been unoccupied and unfurnished for five years or more.
- From 1 April 2021 - increase the EHP to a maximum of 300% for dwellings that have been unoccupied and unfurnished for ten years or more.

Statutory instrument 2964/2012 provides that Billing Authorities will not be able to charge the empty homes premium in the following circumstances:

Class E – where the dwelling would be the sole or main residence of a person but

which is empty whilst that person resides in accommodation provided by the Ministry of Defence by reason of their employment (i.e. service personnel posted away from home)

Class F – where dwellings form an annexes in a property which are being used as part of the main residence.

War Widows

The Council Tax Benefit Regulations 2006 make provision for the first £10.00 of income for War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme to be disregarded in any council tax benefit assessment. Under the regulations Billing Authorities have discretion to fully disregard the remainder and current Council Policy is to disregard the remainder in full.

Under statutory Instrument **2886/2012 The Council Tax Reduction Schemes (Default Scheme)(England) Regulations 2012** the same provision for the first £10.00 to be disregarded for War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme under council tax support, however, there is no discretion to disregard the remainder.

Policy

The Council Tax Support Scheme for 2013/14 shall be in line with the requirements and provisions contained in Statutory Instrument's 2885 and 2886 of 2012. The Council Tax Support Scheme for 2014/15 onwards will be adopted annually in line with the consultation requirements prescribed.

The discretionary discount for all second homes is removed completely to nil in line with statutory instrument 2964/2012.

The discount for all Class C vacant properties is set to nil in line with statutory instrument 2964/2012 (this refers to property that would previously have fallen into the exemption Class C).

The discount for all Class D vacant properties is set to 100% for a maximum period of 12 months where the qualifying criteria for property undergoing, or, requiring major works/structural alterations is met in order to make the property habitable in line with statutory instrument 2964/2012.

An Empty Homes Premium equivalent to 150% of relevant council tax liability is charged in respect of empty and substantially unfurnished property subject to the restrictions in 2964/2012 under Class E and Class F applies from 1 April 2013 to 31 March 2020.

From 1 April 2020:

An Empty Homes Premium equivalent to 200% of council tax liability is charged to properties which have been empty and substantially unfurnished between 2 and 5 years.
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From 1 April 2020, an Empty Homes Premium equivalent to 300% of council tax liability is charged to properties which have been empty and substantially unfurnished for 5 years or more.

From 1 April 2021, an Empty Homes Premium equivalent to 400% of council tax liability is charged to properties which have been empty and substantially unfurnished for 10 years or more.

Income from War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme in excess of the mandatory £10.00 will be disregarded from the assessment of income in line with Section 13A (1)(c)

Section 13A (1)(c) Policy

Under Section 13A (1)(c) of the Local Government Finance Act 2012 the Council can reduce the amount of council tax payable. This discretion can be exercised in particular cases or by determining a class of cases and can reduce the council tax liability to nil.

1. War Widows

Under this power all income from War Widows (Widowers)/War Disablement Scheme and Armed Forces Compensation Scheme in excess of the £10.00 will be disregarded from the assessment of income in line with former arrangements. The cost of granting this class of local discount will fall upon the Council.

2. Care Leavers

Under this power a council tax discount of up to 100% will be granted for care leavers residing in Northumberland up to their 21st birthday. The discount will apply from 1 April 2018 onwards and will be granted after all other discounts, exemptions and council tax support has been awarded. Where the care leaver has shared liability the discount for council tax will be awarded to cover their share of the liability.

For care leavers aged 21 and over each application will be considered on its merits.

Applications will need to be in writing setting out the reasons why relief is required. It is expected that taxpayers will have exhausted all other options before making an application.

COVID-19 hardship fund 2020-21

As part of its response to COVID-19, the Government announced in the Budget on 11 March 2020 that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area. The Council received £3.382 million.

The expectation was that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes. The Government recognised that COVID-19 is likely to cause fluctuations in household incomes and recognises that, as a result, some individuals may struggle to meet council tax payments. Councils will already have established their local council tax support schemes for 2020-21.

The Government's expectation was that Councils will primarily use their grant allocation to reduce the council tax liability of individuals in their area. This would be

done under their discretionary powers contained under S13A (1)(c) of the Local Government Finance Act 1992.

For the 2020/21 financial this fund was used to reduce the liability for all working age council tax support claimants up to a maximum of £150.

COVID-19 hardship fund 2021-22

The Government announced further funding for the 2021-22 financial year. The Council expects to receive £4.578 million from the Local Council Tax Support grant d for 2021-/22. This funding will be used to reduce the liability for all working age council tax support claimants up to a maximum of £300.

Decisions and Appeals

The decision to adopt any further classes of dwellings is delegated to the Executive Director of Finance in conjunction with the Portfolio Holder.

Decisions on individual applications for a discount under Section 13A (1)(c) to reduce council tax liability is delegated to the Revenues Manager and Revenues and Benefits Manager.

Notification of a decision will be made by letter as soon as possible after the application has been considered.

Appeals against the Council's decisions will be considered upon receipt of a written request by the Executive Director of Finance.



Northumberland
County Council

Revenues and Benefits Service

Corporate Debt Recovery Policy

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1. Introduction

This document details the Council's policies on the billing, collection and recovery of monies due to the Council.

Sums due to the Council can be a mixture of statutory and non-statutory charges. The methods for billing and recovery of the statutory debts are tightly prescribed by statute. Our recovery practices must take account of this diversity.

This Policy sets out the general principles to be applied in relation to debt management across all services provided by the Council.

The management of income is a key business area for the Council. The Council collects income from many streams; some of this activity is governed by legislation while others by sound principles of financial management. The key to economic, efficient and effective income management is the creation and maintenance of a clear framework that sets out the approach, principles and strategy within which all activities will be conducted.

It is essential that all monies due are collected effectively by the Council, and that debt owed to the Council is kept to a minimum. This is because the Council has both a legal duty and a responsibility to its citizens to ensure that income due is paid promptly. The Council may charge late-payment interest on debts or seek interest during recovery processes where it is lawful and appropriate to do so.

Effective income management processes are critical to the delivery of overall Council service objectives. A more efficient income management process contributes to the availability of resources for wider or deeper service provision. Every pound of income that is not collected or takes extra effort to collect leads to one or two potential outcomes namely:

- A resource is needed to be taken from the overall service budget to compensate for the cost of collection or non-collection
- Extra income will need to be found to compensate for the extra cost of collection or non-collection.

2. Aims

The aims of the corporate debt policy are to:

- Facilitate a coordinated approach to managing multiple debts owed to the Council.
- Identify, where appropriate, support which may be required to those owing money to the Council, and ensure circumstances are taken into consideration.
- Apply best practice to debt collection.

3. Scope of the Policy

This policy applies to the collection of:

- Council Tax
- Non-Domestic Rates (Business Rates / NNDR)
- Housing Benefit and Council Tax Benefit/Support Overpayments
- Sundry Debt (Council Services)
- Overpaid salaries and wages
- Housing Income

There are specific rules and regulations which govern the recovery and collection of these debts, and are set out in the respective Annexes.

4. Policies common to all types of debt

Every demand for money will be correctly addressed to the person who is liable to pay it. The name on the demand will be that of a person or body possessing “legal personality”.

Demands will, wherever possible, be issued as soon as practicable and, if possible, on the day of production.

The Council will attempt at all times to use the most appropriate and effective method of debt recovery in order to maximise income.

The Council will encourage the most cost effective payment methods with the emphasis being on unmediated electronic means where possible. “Unmediated”, in the context of electronic payment methods means a method of payment that requires no human intervention by Officers of the Council to achieve its crediting to the account in question.

Equality and diversity considerations will be taken into account in accordance with the Council’s Equal Opportunities Policy. Specifically staff seeking to recover debts will have regard to ensuring information is accessible through translations, larger print versions or sign language, as appropriate, to the needs of the debtor.

Where the potential for a statutory benefit or discount exists in relation to the debt, efforts will be made to make the debtor aware of such opportunities and they will be assisted and encouraged to apply for these.

All notices issued by the Council will comply with the corporate style guidance and be readily identifiable as being from the Council.

Where either national or local performance indicators exist the Council will strive for top quartile performance and will publish its actual performance against these targets annually. Progress reports will be made available at regular intervals during the year to the Executive Management Team and Corporate Services and Economic Growth Overview and Scrutiny Committee.

The Council welcomes the involvement of welfare agencies where authorised by the debtor in connection with debts due to the Council, and recognises the benefits that these organisations can offer both the debtor and the Council in prioritising repayments to creditors and in maximising income available to the debtor.

The Council supports the provision of advice from external agencies and will work in conjunction with them. These include Age UK, Citizens Advice Bureau (CAB) and Shelter.

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 come into force on 4 May 2021. The Council will ensure that recovery of qualifying debts is suspended for the relevant moratorium period as set out in the regulations and, where appropriate, will engage with a debtor’s debt advice provider regarding a moratorium debt or a debt solution in respect of the debtor.

In cases of multiple debts there must be close liaison between services. Multiple debts are where a debtor has significant debts in more than one service area, e.g. NNDR, council tax benefit/support and housing benefit overpayment. Such cases

can present problems in determining the relative priority of the individual debts for both the individual concerned and the Officers preparing settlement.

In such cases Officers are expected to liaise and agree an appropriate means of coordinated recovery, which reflects these policy aspirations together with the need to balance repayment profiles across all debts due to the Council.

Cross service communication may arise on an ad-hoc basis where appropriate cases present themselves.

The Council recognises that prompt recovery action is key in managing its debt and maximising income. The Council therefore aims to:

- Regularly monitor the level and age of debt.
- Set clear targets for the recovery of debt.
- Have clear written recovery procedures.
- Set priorities for specific areas of debt and assess recovery methods to ensure maximum recovery.
- Regularly review irrecoverable debts for write-off.

All sundry debt accounts that are written off will initially be written off as a charge against the income code against which they are raised. At the year-end an adjustment will be made if any of the debt was already provided for as doubtful in the bad debt provision.

Where an external agency is procured to assist with the delivery of a service the flow of information between the Council and the agency must be in a secure electronic format.

Where legislation permits, the Council will seek to take control of goods and recover from the debtor any and all costs/fees that are legitimately due from the debtor to the Council or its agents. Only in exceptional cases, where it would not be in the public interest to pursue costs/fees, will they be waived.

5. Principles of Recovery

The Council will follow the principles outlined below.

- Our action will be **proportionate**
- Our approach will be **consistent**
- Our actions will be **transparent**

Additionally our intention will be to be firm and fair, and our manner will be courteous.

Proportionality – Proportionality allows for a balance to be struck between the potential loss of income to the Council and the costs of compliance.

Consistency – Consistency means taking a similar approach in similar circumstances to achieve similar ends. The Council's aim is to achieve consistency in:

- The advice the Council gives.
- The use of its powers.
- The recovery procedures used.

The Council recognises that consistency does not mean simple uniformity. Officers need to take account of many variables such as:

- The social circumstances of the debtor.
- The debtor's payment history.

- The debtor's ability to pay.

Transparency – Transparency is important in maintaining public confidence. It means helping people to understand what is expected of them and what they should expect from the Council. It also means explaining clearly the reasons for taking any recovery action.

Transparency is a key part of the Council Officer's role. If action is required, the reasons why must be clearly explained and time scales must be clearly stated. A distinction must be made between advice and legal requirements.

Communications should be in plain English, and large print with Braille or translated versions will be made available to customers upon request.

With the exception of Council Tax and NNDR, an opportunity must be given to discuss what is required to comply with the law before formal recovery action is taken. A written explanation must be given of any rights of appeal against formal recovery action either before or at the time the action is taken.

6. Hierarchy of Debt

Some customers will owe more than one debt to the Council, and may be on a low income or experiencing financial hardship. In such cases it needs to be clear which debts the Council considers a priority.

Priority will be given to debts where non-payment could lead to loss of the customer's home or imprisonment. These relate to Council Tax and Business Rates, which are most commonly enforced through the courts as per statutory requirements.

Other debts owed to the Council may, depending on the circumstances, be considered to be of lower priority.

7. Methods of Payment

The Council's preferred method of payment is Direct Debit. However, this does not prohibit accepting payment by other methods. Apart from Direct Debit, the Council accepts a range of payment types as appropriate to the debt type and size.

These include cash, cheque, credit and debit cards, standing orders and other electronic banking methods, such as online internet banking and touch tone telephone payments. See Annex 4 Methods of Payment Policy.

8. Write Offs

The Council recognises that where a debt is irrecoverable, prompt and regular write off of such debts is good practice. See Annex 5 Write Off Policy.

The Council will seek to minimise the cost of write-offs to the local Council Tax payers by taking all necessary action to recover what is due. All debts will be subject to the full collection, recovery and legal procedures as outlined in this policy. See Annex 1 Council Tax and NNDR Recovery Policy; Annex 3 Housing Benefit and Council Tax Benefit/Support Overpayment Policy, Annex 6 Sundry Debt Policy and Annex 11 Housing Income Management Policy.

Write off is only appropriate where:-

- the demand or invoice has been raised correctly and is due and owing; and
- there is a justified reason why the debt should not be pursued. See Annex 5 Write Off Policy.

Justified reasons

It is not possible to list every scenario which could make a debt suitable for write off. However, the following factors could be appropriate depending on the circumstances. The advice of the Corporate Debt Team should be sought in determining whether a debt is suitable for write off. Some of the justified reasons are included below:

- The customer is insolvent and the Insolvency Practitioner has confirmed there is no dividend payable; these matters should be referred to the Corporate Debt Team as soon as an insolvency notification is received;
- The customer cannot be traced. The Corporate Debt Team should be consulted before applying for write off, as they have search engines and other methods to locate the absconded customer;
- The debt is uneconomical to pursue, or to pursue further. This may be based on more than one factor, such as the amount of the debt, the financial position of the customer and the cost of administrative and Officer time in pursuing the debt. If the debt is over £50 the Service should consult the Corporate Debt Team to determine whether the debt is economically viable to pursue;
- Administrative errors or loss of documentation. When a debt is referred to the Corporate Debt Team, under the Civil Procedure Rules, the Council is required to set out in detail the basis of the claim and enclose documentary evidence to back up the claim. If there is a lack of evidence it may not be possible to pursue the matter. The Service may wish to consult Legal Services on the position before referring the debt for write off;
- The debt is a contractual debt over 6 years old. Under the Limitation Act 1980, it is not possible to issue court proceedings in a contractual matter which is over 6 years old; however there are exemptions to this rule and the Services should consult Legal Services where they believe the debt is no longer enforceable by virtue of the Limitation Act 1980.
- The Magistrates' Court has refused a committal application and remitted the debt.
- The Council has evidence to confirm the claimant is suffering a severe physical or mental illness, which renders recovery action inappropriate.
- The customer has died and there are no or insufficient funds in the estate to settle the debt

Please note Services will be required to confirm they have followed the normal debt recovery procedures before referring the debt for write off, and where the procedures are not followed an explanation will need to be provided.

Where debts have been referred to the Corporate Debt Team and it becomes impossible to recover the balance, the Corporate Debt Team will provide a memorandum to the instructing Service explaining the reasons why it is considered appropriate to write off the balance. The Corporate Debt Team can only recommend or agree to write off. It is the responsibility of the Chief Officer of each Service to complete the write off form and submit the request to the Corporate Debt Team in accordance with the procedures identified in this guidance note. All relevant correspondence relating to the debt must accompany the write off form.

Irrecoverable debts will be referred to the relevant Officer(s) or Committee, designated under the Council's Finance and Contract Rules at a pre-agreed frequency and in a pre-agreed format.

The limitations for writing off irrecoverable debts are those contained within the Council's Finance and Contract Rules.

The appropriate policy on the write off of a debt is detailed in the Annexes attached.

Annex 1

Council Tax and NNDR Recovery Policy

Introduction

1. Council tax is a tax levied on all eligible domestic dwellings. Non-domestic rates are a tax levied on eligible business properties. The amount of council tax levied is dependent on the council tax band that the property falls into and the amount of tax to be raised. The amount of non-domestic rates is dependent on the rateable value of the property and the nationally set rating multiplier.
2. The full rate of tax is liable to be paid unless the property, owner or occupier is eligible for a reduction or exemption. The main reasons for reductions include empty property discounts, Council Tax/benefit/support for residents on low income, disregards, single occupancy discounts and charitable relief.
3. Council tax and non-domestic rates are payable in line with a statutory instalment scheme or by agreement. There is a legal duty placed on the Council and its Officers to collect outstanding debts in accordance with the Council Tax (Administration and Enforcement) Regulations 1992 and the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended).

Policy Aims

4. The Recovery policy will ensure that:
 - The Council will bill, collect and recover all debts in an economic, effective and efficient manner in accordance with legislation and best practice.
 - All taxpayers and ratepayers are treated fairly and objectively.
 - Action taken will be fair and open, no-one will receive less favourable treatment because of their race, nationality, colour, ethnic or national origin, religious belief, gender, marital status, sexual orientation, age or disability.

Policy

5. The Council will bill, collect and recover all debts in an economic, effective and efficient manner in accordance with legislation and best practice.
 - Demand notices and adjustment notices will be issued in accordance with regulations.
 - A recovery timetable will be drawn up before the beginning of each financial year.
 - Reminders and final notices will be issued 14 days after an instalment has fallen due.
 - A summons to the Magistrates' Court may be issued if full payment has not been made in accordance with the previously issued notice.
 - If settlement is still not made an application will be made to the Magistrates to grant a Liability Order.
6. Following the grant of a Liability Order the debtor will be given an opportunity to make a suitable payment arrangement. Should the debtor not make or keep to a payment arrangement the following recovery action(s) can be taken. The recovery action(s) will be dependent on the circumstances of each individual case.
 - i. **Attachment of Earnings**
Deductions are made from the debtor's earnings at a rate determined by legislation.
 - ii. **Deductions from Income Support, Job Seeker's Allowance, Employment Support Allowance, Pension Credit or Universal Credit**

Deductions are made from the debtor's benefits at a rate determined by legislation.

iii. **Taking Control of Goods – use of Enforcement Agents**

Enforcement Agents employed or engaged by the Council will be required to comply with the Enforcement Agent Code of Practice, Service Level Agreement(s) and the Tribunals, Courts and Enforcement Act 2007 and any other prevailing legislation at all times.

iv. **Bankruptcy/Liquidation**

If sufficient assets exist to meet the outstanding debt the Council can petition for Bankruptcy/Liquidation.

v. **Charging Orders**

An order placed on the debtor's property to secure the debt. County Courts are empowered to order the sale of the dwelling if the debtor does not pay.

vi. **Committal**

The Council can make an application to the Magistrates' Court to instigate action that could ultimately result in the debtor being sent to prison for non-payment.

vii. **Attachment of Allowances**

Deductions are made from Elected Members' Allowances.

The Council reserves the right to pursue the most appropriate of the above recovery methods depending on the specific personal and financial circumstances of the debtor.

7. A separate detailed recovery procedure document exists which can be viewed as a background paper to this policy document.
8. The Write Off and Costs Policies are attached as separate documents.

Annex 2

Council Tax and NNDR Court Costs and Fees Policy

Introduction

1. Considerable costs are incurred to recover sums due from defaulting council taxpayers and non-domestic ratepayers. The Council Tax (Administration and Enforcement) Regulations 1992 (as amended) and the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended) empower the Council to recover reasonable costs from defaulters with the approval of the Courts.

Policy Aims

2. To provide a uniform scale of costs applicable at each recovery stage.
3. To ensure that the level of costs is reasonable.

Policy

4. The following scale of costs is applicable with effect from 1st April 2017.

Liability Orders and Committal Proceedings

Recovery Stage	Council Costs £	Court Costs £	Cost to Debtor £	Collectable £
Court Summons	49.50	0.50	50.00	49.50
Liability Order	50.00	Nil	50.00	50.00
Committal Summons/Warrant of Commitment	60.00	245.00	305.00	60.00
Warrant backed by bail	70.00	75.00	145.00	70.00
Warrant not backed by bail	70.00	75.00	145.00	70.00

NOTE: Arrest warrants executed by the Council's agents will be subject to a charge to the Council at different rates, depending on the agent's scale of charges and the location where the warrant is executed. Typical fees are:

Executing a warrant backed by bail	£125.00 + VAT
Executing a warrant not backed by bail	£175.00 + VAT

There may be instances where more than one warrant is required. This will affect the balance shown as collectable.

Bankruptcy Proceedings

The petitioning creditor's costs associated with bankruptcy proceedings are:

Fixed Costs (in accordance with the statutory scale of fees and charges currently in force).

£280.00	Court Fee – payable on filing of petition (non-refundable)
£990.00	Official Receiver's Deposit - payable on filing of petition (£940.00 is refundable if a petition is withdrawn or dismissed)

Typical Variable Costs (to be claimed in the bankruptcy)

£225.00	Expense in relation to preparation and service of Statutory Demand and preparation of Certificate of Service.
£350.00	Expense in relation to preparation and filing of Petition and Statement of Truth.
£180.00	Expense in relation to the Personal Service of the Petition.
£115.00	Expense in relation to preparation and filing of Certificate of Service.
£325.00	Expense in relation to preparation of papers for and attendance at Petition Hearing.
Variable	Actual costs incurred for additional matters e.g. Legal opinion, additional legal representation, attendance at additional hearings etc.

All costs may be claimed in the bankruptcy.

Charging Orders

Fixed Costs associated with Charging Orders are levied in accordance with the statutory scale of fees and charges currently in force. They are currently:

£110.00	Application Fee
£20.00	Online Land Registry Registration Fee
£4.00	Cost of Office Copy of Land Registry Entry
£110.00	Fixed costs that may be awarded by the Court

All costs are included in the Final Charging Order.

- Council costs will be reviewed annually in line with budget setting. The Council has no discretion in the level of Court costs which are governed by legislation.

Annex 3

**Housing Benefit and Council Tax
Benefit/Support Overpayment
Recovery Policy**

Introduction

1. Overpayments of Housing Benefit and Council Tax Benefit/Support are established through a change in benefit entitlement. They are described as an amount of benefit that has been awarded but to which there is no entitlement under the regulations.
2. Accurate and prompt identification of overpayments is important to ensure that the incorrect payment of benefit is discontinued and to maximise the chances of successful recovery.
3. The Council recognises that to ensure there is minimal loss to public funds firm but fair action must be undertaken in the administration of Housing Benefit and Council Tax Benefit/Support overpayments.
4. Proactive action in the recovery of overpayments has a deterrent effect. However, the Council has a responsibility to act in accordance with all relevant legislation and regulations.
5. In all cases due regard will be given to the health and individual circumstances of the claimant to avoid causing unnecessary hardship.

Policy Aims

6. The policy will reflect best practice in the procedure for dealing with the administration and recovery of Housing Benefit and Council Tax Benefit/Support overpayments.
7. The policy will be flexible in its approach to the recovery of overpayments with each case treated on its own merits. The Council recognises that a policy which, for example, requires recovery in all cases or recovery is always made from specific categories of claimants is unlawful.
8. The policy has regard to the rights of individuals and the obligations of the Council under the provision of the Human Rights Act 1998.
9. The Council will:
 - take steps to minimise and prevent overpayments from occurring
 - identify the overpayment promptly
 - stop the overpayment from continuing
 - classify the overpayment correctly
 - determine if the overpayment is recoverable and if recoverable
 - determine from whom to recover
 - determine the most appropriate method of recovery
 - notify the claimant and other affected persons of the decision
 - implement effective financial control of the recovery process

The Policy

10. The policy will be applied in all cases where an overpayment of benefit has occurred, that is, any amount of Housing Benefit or Council Tax Benefit/Support which has been paid but to which there was no entitlement whether on initial decision or on a subsequent revised or superseded decision.

11. In most cases overpayments can arise as a consequence of:
 - payments made in advance
 - late disclosure of a change in circumstances
 - errors made by the claimant when completing an application form or review form
 - claimant error
 - official errors made by the Council or the Department for Work and Pensions
 - deliberate fraud
12. Official error overpayments are only recoverable if the claimant or the person from whom recovery of the overpayment is sought could reasonably have known that an overpayment was occurring at the time the overpayment occurred.

Prevention of Overpayments

13. Overpayments are often difficult and time consuming to administer. They can cause difficulties for claimants and their families as they try to manage on limited incomes. They are to be avoided where possible. This will be achieved by:
 - telling claimants how to avoid overpayments, with letters, in leaflets and during verbal communications
 - encouraging claimants to maintain contact with us
 - processing information quickly and accurately to minimise overpayments
 - offsetting any new or underlying entitlement

Identifying Overpayments

14. The Council will endeavour to act on any information received in relation to a claimant's change in circumstances within seven days of having received sufficient information to identify that an overpayment has or will be occurring.
15. This action will in the first instance include the suspension of further ongoing payments of incorrect benefit.
16. The Council will endeavour to identify any change in circumstances that would result in an overpayment still outstanding after seven days by:
 - undertaking a check of the Department for Work and Pensions records held on the Customer Information System (CIS) to identify whether entitlement to Income Support, Jobseeker's Allowance (Income Based) has ceased and if this information is not readily available on CIS by the sending of a benefits enquiry information letter
 - referring potential fraudulent overpayments to the Benefit Fraud team
 - ensuring that any post relating to the change in circumstances is collated and acted upon

Classification of Overpayments

17. The correct classification of overpayments is essential as, depending on the type of overpayment, the authority will receive a percentage of the overpayment back from the government by way of subsidy. A summary of the types of overpayments and percentage of subsidy allowed is shown at the end of this policy.
18. All overpayments must be correctly classified by an Officer of the Council who has had training to a sufficient standard to allow them to make decisions, which ensure the correct application of the law in the decision making process.

19. All Officers with responsibility for classifying an overpayment must record both the classification and their reasons for it on the benefit file.

Calculation of Overpayments

20. Where an overpayment has occurred the Council must invite claimants to provide sufficient information for any underlying entitlement to benefit for the overpayment period to be assessed.
21. The full amount of the overpayment should be recovered unless the health or financial circumstances of the person from whom recovery is being sought suggest a lesser amount would be appropriate.
22. In all cases the overpayment should be recovered as quickly as possible and normally no later than six years from the date recovery action is commenced.

Notification Letters

23. All notification letters must be dated and issued to all affected persons within fourteen days of the Council having made the decision.
24. The notification must include the reasons for the decision, the right to request a further statement and the time limit for doing so and the claimants appeal rights and the time limit for doing so.
25. Copies of the notification letter must be able to be reproduced in the event of an appeal, complaint or proceedings taken against the Council.

Decisions on Recoverability

26. In all cases where an overpayment has arisen the Council should consider whether an official error has caused or contributed towards the overpayment.
27. Where the Council has identified an overpayment, which was caused or contributed to by an official error, it should decide whether recovery of the overpayment is appropriate under the guidance issued by the Department for Work and Pensions.

Who Should the Overpayment be Recovered From

28. Before recovery action begins consideration will be given as to whom is the most appropriate person to recover the overpayment from. This may in certain cases mean that further information is required from the affected parties.
29. Recovery should then be made from the most appropriate persons who may be:
- the claimant
 - the person to whom the payment of benefit was made
 - the person who misrepresented or failed to disclose the material fact
 - the partner of the claimant if the partner was living with the claimant at the time of the overpayment and at the time the decision to recover was made
30. In all cases where the overpayment was the result of proven fraud the overpayment should, in the first instance, be sought to be recovered from the person who misrepresented or failed to disclose a material fact.

Recovery of Overpayments

31. In all cases where recovery of an overpayment is sought the Council will have regard to its statutory duty to protect the loss from public funds but in doing so will have regard to:

- the length of time the recovery of the overpayment may take
 - the effect of recovery on the affected person
 - the ability of the affected person to repay the debt
32. The Council may consider the method of recovery of an overpayment at any time for the purpose of effectiveness and efficiency in financial control.
33. Only if it becomes clear after all attempts at recovering the overpayment have become exhausted and there is no hope of recovery, or there are extenuating circumstances, shall the debt be recommended for write-off. In all cases, the Council's Finance and Contract Rules shall be adhered to.
34. Recovery should be suspended if a claimant appeals a decision until the appeal has been resolved.

Methods of Recovery

35. Overpayments of recoverable Council Tax Benefit/Support will result in an adjustment being made to the claimant's council tax account for the appropriate year. An amended bill will be issued and any unpaid monies will be subject to recovery action under the council tax regulations.
36. The most appropriate method of recovery for Housing Benefit Overpayments should be considered in all cases, including:
- on-going deductions from further payments of Housing Benefit
 - deductions from other Department for Works and Pensions benefits
 - benefit debtor invoices
 - Direct Earnings Attachments
 - debits to the rent account where it is in credit
 - recovery from landlord
 - referral to an external debt collection agency (after all the above avenues of recovery are considered or exhausted)
 - applying to the County Court for a County Court Judgement (after all avenues of recovery are considered or exhausted). With a County Court Judgement (CCJ) further recovery actions can be taken, e.g. instructing enforcement agents or attaching the debtor's earnings.
37. In cases where an invoice has been issued a period of at least one calendar month should have elapsed before recovery action begins. This will allow time for the claimant to re-apply for benefit, which may identify an underlying entitlement to Benefit from which deductions may be taken to recover the overpayment, or for the claimant to register any appeal.
38. In cases where recovery from on-going benefit is sought the standard maximum rate of deduction as laid down by regulation should be applied unless the health or financial circumstances of the claimant suggest a more appropriate rate should be used. In all cases however a minimum amount of fifty pence per week Housing Benefit must remain in payment.
39. Recovery will be stopped when a bankruptcy order is made and the relevant debt will be included in the Council's claim in the bankruptcy. Where the overpayment is a result of fraud then recovery action may be resumed following discharge from bankruptcy.
40. Where the claimant is deceased an invoice will be sent to their executors or representatives to seek recovery from their estate.

Monitoring and Reporting Mechanisms

41. Monitoring of overpayments will be carried out in conjunction with the Council's Corporate Performance Management System.

Write Offs

42. Recovery of overpayments will be carried out as diligently as possible. However, if it becomes clear that there is no hope of recovery, or that there are extenuating circumstances the debt will be recommended for write off in accordance with the Write Off Policy. In all cases the Council's Finance and Contract Rules will be adhered to.

Additional Information

- Housing and Council Tax Benefit/Support Overpayment Classification Types
- Extract on Overpayments from 2007/08 DWP Subsidy Claim
- LA Error Subsidy Calculation (all authorities) 2007/08

Housing Benefit/Council Tax Support Overpayment Classification Types

Type of Overpayment	Description	Subsidy Payable
Local Authority Error	Local Authority (LA) error overpayments are those caused by a mistake, by an act or omission, by a LA when the claimant did not contribute to the mistake. These can result from incorrect information being extracted from a benefit claim, error in data input which result in the incorrect assessment of benefit or failure to act/act promptly on a notification of change in circumstances.	Subject to thresholds. The lower threshold is 0.48% of the total expenditure attracting full subsidy; the upper threshold is 0.54%. 100% subsidy will be payable if the level of error does not exceed the lower threshold. If LA error overpayments are greater than the lower threshold but do not exceed the upper threshold, then 40% subsidy is paid on the total LA error overpayments. If LA error overpayments exceed their upper threshold LA s receive nil subsidy on their LA error overpayments.
Claimant Error	An overpayment caused by the claimant or person acting on the claimants behalf or any person the benefit is paid to, failing to provide information in accordance with Housing and Council Tax Benefit/Support regulations and has not been defined as fraudulent.	40%
Fraud	An overpayment occurring as a result of a payment of HB or CTB arising from a breach of section 111A or 112 of SSAA1992 or a person knowingly failing to report a relevant change of circumstances with intent to obtain or retain HB or CTB either for themselves or someone else.	40%
DWP Errors (Departmental Official Errors)	An overpayment arising from a mistake, whether in the form of an act or omission made by an officer of the DWP, HMRC or a person acting for them.	Nil If recovered 100% if not recovered
Technical HRA	An overpayment when a rent rebate is credited in advance of entitlement for a particular period, where a change of circumstances or a recoverable overpayment causes that entitlement to be removed or reduced.	Nil

Annex 4

Methods of Payment Policy

Introduction

1. A number of payment methods are available to customers to pay the Council. To operate efficiently the Council needs to provide the same facilities to all residents and businesses.
2. The Council is committed to offer increased access to services and as such must offer different payment methods, but must do so consistently giving heed to the need to minimize the cost of collection.

Policy Aims

3. The Policy aims to:
 - Improve customer services through the range of payment methods.
 - Allow customers to make payments outside of office hours.
 - Standardise payment methods.
 - Enable efficiency savings through rationalisation.

Policy

4. The following methods of payment are offered/accepted (the list is not exhaustive):
 - Direct Debit (the preferred method)
 - Cash
 - Cheque/Postal Order
 - Debit card
 - Credit Card
 - Standing Order
 - BACS/CHAPS
 - Via the Internet or Touchtone telephone using a debit or credit card.
 - Using a bar-coded bill / invoice at any Post Office, Paypoint outlet or Council Customer Service/Information Centre
5. For sundry debts, a direct debit should, wherever possible, be set up against an invoice in advance of the service being provided.
6. Barcodes should be provided wherever possible on bills and invoices.
7. A de-minimis level will not apply for payments made by debit or credit card.
8. No extra fee will be charged to those customers paying by debit or credit card (the cost of this will be monitored and reviewed annually).
9. Instalment dates for council tax and non-domestic rates are as follows:
 - Direct Debit: 1st, 15th or 28th of the month commencing in April of any financial year. Customers can opt to pay in up to 10 or 12 instalments.
 - Non Direct Debit: 1st of the month commencing in April of any financial year in up to 12 instalments.

Annex 5

Write-Off Policy

Introduction

1. The Policy is in respect of council tax, non-domestic rates, housing benefit and council tax benefit/support overpayments, sundry debts and housing income.
2. An integral part of debt recovery is the effective management of irrecoverable debts to ensure that resources are applied efficiently to the collection of monies outstanding which can reasonably be expected to be collected.
3. It is good practice to identify and write off irrecoverable debts. This enables the Council to use resources to their maximum benefit.

Policy Aims

4. There are consistent guidelines and procedures to follow.
5. Provide a framework to write off debts once every possible recovery process has been exhausted.
6. Strike a balance between protecting the Council's financial position and making sure anti-poverty issues are addressed.
7. Write offs are carried out in accordance with the Council's Finance and Contract Rules in force at that time.

Policy

8. Debts will normally only be considered for write off where the account is "closed" (i.e. no recurring debt). Only in exceptional circumstances will amounts on "live" (i.e. on-going accruing debt) accounts be considered. Such cases must demonstrate that further recovery action will not achieve collection of the debt.
9. The effectiveness of the Policy will be measured against the Council's Performance Framework.
10. It is not possible to list every scenario which could make a debt suitable for write off. However, Appendix A shows the main reasons why debts become irrecoverable.
11. Advice should be sought from the Corporate Debt Team in determining whether the debt is suitable for write off.
12. The Council will record all write off decisions.

Appendix A

Reasons for Write Off

Absconded / No Trace	All reasonable attempts to find the debtor have failed.
Deceased	Insufficient or no funds in the Deceased's estate to pay the amount outstanding.
Debt "out of time"/ too old to recover	Debts over 6 years old where a liability order has not been granted (for council tax and NNDR), or no contact has been made and no payments have been received (in accordance with the Limitation Act 1980 (as amended) for Sundry Debt. However for certain Sundry Debts there may be exemptions to this rule and the Service should consult Legal Services where they believe the debt is no longer enforceable by virtue of the Limitation Act 1980.
Uneconomical to pursue / pursue further	When all recovery processes have been tried or considered, or the cost of proceeding would be prohibitive.
Hardship	Each case taken on its merits.
Debt remitted by the Court	Magistrates have remitted the debt.
Bankrupt	The debtor is declared bankrupt and sums due as at the date of bankruptcy cannot be recovered.
Debt Relief Order (DRO)	The debt is included in a Debt Relief Order and cannot be recovered.
Company in Liquidation / Wound up / Dissolved / Struck off	The debtor is a Limited Company. The Company no longer exists as a legal entity and there is no means of recovering the debt.
Company in Administration	The company is being administered on behalf of its creditors and the Administrators have no legal responsibility for the accrued debts of the company.
Company Voluntary Arrangement (CVA)	The Company has entered into a voluntary arrangement with its creditors through an insolvency practitioner.
Individual Voluntary Arrangement (IVA)	The debtor has entered into an arrangement with creditors through an insolvency practitioner.
Non-recoverable housing benefit overpayment	Housing benefit has been overpaid but is not recoverable under the Housing Benefit Regulations 2006, 100(2) or the Housing Benefit (Persons who have reached the qualifying age for state pension credit) Regulations 2006, 81(2).

Annex 6

Sundry Debt Policy

1. Policy

- 1.1 This Policy shall be known as 'The Sundry Debt Policy' and covers the collection of customer accounts due to Northumberland County Council.
- 1.2 It is the Council's policy to recover all collectable debt owed to it and with this overall objective in mind this policy aims to:
- Maximise the collection of the Council's income
 - Reduce the time taken to raise invoices to within 10 days of the provision of service(s)
 - Reduce the time taken to collect charges
 - Reduce the level of debt owed to the Council and its provision for bad debts
 - Reduce the incidence of debt that cannot be collected
 - Focus the attention and improve education of Services to raise awareness of the importance of prompt debt recovery
 - Tackle any non-payment culture amongst customers.
- 1.3 This Policy supports these aims by:
- Promoting ownership of debts by service providers
 - Ensuring that, where possible, payment up front is received
 - Ensuring whenever possible that collection of the fee or charge involved takes place prior to the service being provided so that credit is only given when essential to do so
 - Promoting a system of credit control
 - Ensuring invoicing procedures are carried out on an accurate and timely basis
 - Requiring that evidence to support the invoice exists in the form of an official purchase order or other written agreement
 - Encouraging debtors to pay promptly,
 - Making collection and recovery activity more efficient by prioritising collection of larger debts
 - Creation of a corporate framework to enable efficient and effective income management
- 1.4 The Policy aim is to achieve the following rates of collection in terms of both numbers and value of invoices:
- 90% of invoiced debt to be collected within 35 days of the invoice being issued
 - 95% of invoiced debt to be collected within 60 days of the invoice being issued
 - The respective Service Manager will review each year the targets above.
 - The Council will publicise the fact that it has this policy and that it intends to pursue and enforce the collection and recovery of all debts owed to it.

2. Key Principles of Fees and Charges

- 2.1 The fee or charge imposed by the Council must be fair in relation to the goods and/or services provided and consistent with other Local Authorities.

- 2.2 The charge must reflect the principles outlined in the appropriate charging policy and in the Council's Finance and Contract Rules.
- 2.3 The charge must, depending on legislation, always cover the cost of providing goods or service and the costs of collection, unless the Council has taken a policy decision to subsidise the service.
- 2.4 The charge should wherever possible be obtained in advance of the goods and/or services being provided.
- 2.5 The charge must be collectable i.e. sound supporting documentation must be available with timely access.
- 2.6 Fees and charges must be reviewed at least annually as part of the budget setting process.
- 2.7 There must be a clear and prompt billing and collection process.
- 2.8 There must be a clear and consistent council-wide approach to the giving of credit and the collection of debt that is led by this policy.
- 2.9 The debt will remain the responsibility of the Service in which it was raised and that Service will remain responsible for pursuing overdue debts. Where the Service is unable to secure payment then the Corporate Debt Recovery Team will escalate recovery action.

3. Responsibilities

- 3.1 Directors and Heads of Service must ensure that:
 - The Corporate Debt Recovery Policy is adhered to
 - The key principles of fees and charges are adhered to
 - The parts of this policy that apply to their Service areas are correctly followed
 - Specific attention is paid to prohibit the poor practise of raising large value invoices at the financial year end
 - They proactively support the achievement of corporate targets for debt collection
 - Budget Managers are fully aware of their responsibilities
 - Relevant systems and procedures are in place
 - Officers involved in the debt collection process are appropriately trained and are aware of their responsibility
- 3.2 Internal Audit will provide assurance that this Policy is adhered to and is effective.

4. Validation

- 4.1 The Service responsible for raising the invoice must ensure that the evidence of the service provided is fully validated and that the invoice is accurate and contains sufficient detail for both billing and recovery purposes.
- 4.2 The Corporate Debt Team will validate customer name and address details prior to invoices being raised, to reduce errors and avoid duplication. It is the responsibility of the originating Service to ensure that the correct billing details are collected. If incorrect details are entered for validation the request will be referred back to the originator and deleted from the system until correct details are supplied.

5. Invoicing

5.1 Services are responsible for the raising of invoices in respect of the goods and/or services they supply on credit. They must ensure that an invoice pro-forma is fully completed. All fields must be completed in full, including:

- Customer's full name(s)
- Customer's full address(es), including postcode(s)
- Customer's contact telephone number(s)
- Customer's email address
- Date of supply
- Purchase order number (where applicable)
- Full description of the service/goods provided
- Amount due
- VAT amount - see note 1 below
- Total due
- Financial code
- Originating Service
- Certification

This applies not only to their service but also when they are acting as an agent for another Group. In this latter case they should advise the relevant budget holder of the charge raised.

Note 1 Current rates of VAT are standard, reduced and zero. In addition some goods and services are exempt from VAT or out of scope. Officers should refer to the VAT manual on the intranet when deciding on the correct VAT treatment.

5.2 All invoices must be raised to a correctly named legal entity. In the event of non-payment, legal action cannot be taken against a non-legal entity. Legal entities are:

- Individuals
- Sole Traders
- Partnerships
- Limited companies
- Charities limited by guarantee
- Clubs run by a committee
- Trustees
- Executors or Personal Representatives

Further information and rules to follow are detailed in Appendix 6a

5.3 Unless agreed otherwise by the Corporate Debt Team, an invoice must be raised within 10 working days of the goods and/or services being supplied. The Corporate Debt Team will monitor performance against this target.

- 5.4 An invoice should not be raised:
- For less than £50.00. For fees and charges less than £50.00 payment must be made prior to the goods or services being provided. However, this excludes legal charges (e.g. ground rent) and arrangements already in place.
 - Where the charge is not known in advance
 - If a purchase order or written agreement has not been received
 - When it cannot be proven that the goods and/or services have been supplied
 - When the amount due has previously been paid
 - Where an invoice for the same goods or service has already been raised.
 - To artificially enhance income targets.
- 5.5 All services must keep a copy of the invoice pro-forma, together with any supporting information, for a period of six years plus the current year.

6. Payment Methods

- 6.1 Invoices may be paid by any of the methods set out in Annex 4 - Methods of Payment Policy.

7. Credit Limits

- 7.1 For goods and/or services to be supplied and costing over £5,000 and where a payment up front cannot be obtained, a credit check must be run on all customers except those in the public sector. The Service must contact the Corporate Debt Team to carry this out.
- 7.2 Where possible, systems should be checked prior to the provision of a service.
- 7.3 Credit/Service provision must not be given to customers who previously have been consistently late payers or have not paid at all. Only the respective Head of Service can approve credit facilities where a customer has previous history of non-payment or late payment and such approval must be given in writing and retained until outstanding balances are paid in full.
- 7.4 Preferential credit limits must not be agreed for any customer.

8. Payment Terms

- 8.1 The Council will collect monies owing to it fully and promptly.
- 8.2 Payment terms may only be considered where the customer is not able to settle the debt in full in one payment. On receipt of an invoice a customer can request to make arrangements to clear the amount outstanding by way of weekly, fortnightly or monthly instalments. Payment should be made by direct debit wherever possible.
- 8.3 All requests from customers to enter into arrangements for payment must be referred to the Corporate Debt Team regardless of the amount. The Corporate Debt Team will set up and monitor all payment arrangements.

- 8.4 The Corporate Debt Team will withdraw payment terms if a debtor fails to honour the agreement entered into.
- 8.5 Where invoices are raised payment becomes due after 30 days (unless agreed otherwise).

9. Accounting Arrangements

- 9.1 Services will receive the credit when an invoice is raised.
- 9.2 Any third party fees or charges associated with recovering a debt will be charged to the Service.
- 9.3 Where debts cannot be recovered, the original credit will be debited from the Service budget by way of a write off; all write offs must be signed off in accordance with the Council's Finance and Contract Rules.
- 9.4 Refunds of any overpayments will be processed by the Corporate Debt Team via a Debit Memo only where there are no other debts owed to the Council by that customer. Should a customer have an outstanding debt then any overpayment will be off set after the customer has been informed. Credits of less than £1.00 will not be refunded.
- 9.5 Direct debit administration is carried out by the Corporate Debt Team. All rejections and cancellations are carried out by the Corporate Debt Team who will arrange to notify the Income Management Team and the appropriate individual Services.

10. Recovery

- 10.1 A reminder will be sent for all invoices unpaid usually after 1 day past the due date, i.e. day 33 after the invoice is raised.
- 10.2 If an invoice is unpaid after a minimum of 6 days past its due date (i.e. 36 days after the invoice is raised) a telephone reminder is made to the debtor by the Corporate Debt Team to recover the amount due.
- 10.3 If after a further 10 days the invoice is unpaid, a pre legal letter (letter before action) will be issued, and a request for the supporting information for legal action may be sent to the Service.
- 10.4 After a further 7 days if the invoice is still unpaid, the Corporate Debt Team may commence legal action.

Stage*	When	How
Reminder notice	33 days from date of invoice	Generated by the debtors system
Telephone reminder	36 days from date of invoice	List generated by the debtors system
Letter before action	46 days from date of invoice	Generated by the debtors system
Request for supporting information for legal action	On decision to take Court action	Manually generated Email to Service requesting proof of debt in 7 days

Legal action	On receipt of full documentation from Service	Legal action taken to recover debt
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Note* these tasks will be performed by the Corporate Debt Team.

- 10.5 At any time after the issue of a reminder notice the Corporate Debt Team may refer the debt to a debt collection agency or, in the case of outstanding commercial rents where the debtor is still in occupation, the Corporate Debt Team may refer the debt to an enforcement agent to follow the Commercial Rent Arrears Recovery process (CRAR) as set out in the Taking Control of Goods Regulations 2013. Once a case has been referred to a debt collection agency or enforcement agent any payment arrangement the debtor enters into must be made directly with that agency unless the Corporate Debt Team agrees otherwise.
- 10.6 The Corporate Debt Team must attempt to trace any debtors who have absconded or use external agents to do so. Where an external agent is used, charges will apply to the originating Service for this work.
- 10.7 Recovery action may be halted at any part of the process if the debtor enters into suitable payment terms with the Corporate Debt Team to clear the debt by instalments within a reasonable timeframe.
- 10.8 Recovery action may be halted at any part of the process if the originating Service decides not to allow recovery for the good of the service. When this happens the originating Service must bear the cost. The Corporate Debt Team will arrange to raise a credit note to cancel the charge and will also recharge the Service for any fees and costs already incurred.
- 10.9 In cases of non-payment for on-going services withdrawal of non-statutory services must be initiated no later than the pre-legal letter stage (46 days) to prompt payment.
- 10.10 No further requests for goods or services should be actioned until outstanding debts are paid in full. Services must check the debtors system to confirm this.

11. Queries and Disputes

- 11.1 If a charge is disputed the Service must notify the Corporate Debt Team immediately to prevent the recovery process continuing. All disputes must be resolved by the Service within 90 days of the invoice being raised and the Corporate Debt Team notified of the outcome.
- 11.2 Where disputes are not resolved within this timeframe the Corporate Debt Team will raise a credit note to remove the debt from the system and notify the Service when this happens. The Service is then responsible for the re-raising of the invoice once the dispute is resolved, if appropriate.

12. Legal action

- 12.1 Where a debt collection agency or enforcement agent fails to collect the amount due or where a decision is made to pursue the debt in the County Court:

- 12.2 Single or multiple recoverable debts up to £5,000 will be considered for action through the County Court by the Corporate Debt Team, but only if the originating service can provide the necessary supporting documentation.
- 12.3 All recoverable debts over £5,000 will be considered for County Court action by the Corporate Debt Team, but only if the originating service can provide the necessary supporting documentation.
- 12.4 Failure to provide the necessary supporting documentation will result in the Corporate Debt Team raising a credit note to cancel the charge, and the loss of income will be met by the originating Service.
- 12.5 Where necessary, legal advice and representation will be sought by the Corporate Debt Team.

13. Credit Notes

- 13.1 There is a clear distinction between raising a credit note and writing off a debt.
- 13.2 A credit note to cancel or reduce a debt must only be issued to:
 - Correct a factual inaccuracy
 - Correct an administrative error
 - Cancel an invoice where a dispute has not been resolved in the specified time.
 - Adjust the amount of debt due
- 13.3 Where a credit note is submitted to correct a factual error the credit note will not be processed until the correct details are supplied for resubmission. Both actions will be carried out simultaneously to ensure prompt and accurate processing with a clear audit trail.
- 13.4 Credit note requests raised by Services must be made on the correct credit memo with a full written explanation of why a credit note is applicable. Credit notes will be reviewed during the Audit process to ensure that they are completed in accordance with this policy.

14. Write Offs

- 14.1 A review will be undertaken to assess the recoverability of debt outstanding at the year-end. The following factors will be considered in the review:
 - The type of debt;
 - How long it has been unpaid; and
 - The history of the debt since it was raised.

Where these factors suggest that the debt may not be recovered, a provision will be raised against the balance and a charge will be made against the service to more accurately reflect the financial position of the Council. In the event that the income is collected at a future date, an adjustment will be made to the service to reflect the recovery.

- 14.2 Write offs will be charged to individual service budgets.

- 14.3 Delegations and limits regarding write offs can be found in the Finance and Contract Rules which form part of the Council's Constitution.
- 14.4 A debt write off must not be used to by-pass the normal debt recovery procedure and therefore there will be internal monitoring of the revised policy to ensure write off is being used correctly.
- 14.5 Write offs can only proceed after consultation with the Corporate Debt Team.
- 14.6 A Write-Off Request Form must be completed for each write off explaining the reasons for the decision for write off and confirming that the debt recovery procedures have been followed
- The original Write Off Request form should be sent to the Corporate Debt Team who will suppress debt recovery in relation to the invoice to which the write off relates.
 - When a write off is approved the form will be signed and returned to the Corporate Debt Team to update the Sundry Debt system.
 - The Corporate Debt Team or any delegated officer who may authorise write-offs in accordance with the Council's Finance and Contract Rules may request further information from the originating Service to determine whether the debt is enforceable.
 - If the Corporate Debt Team or any delegated officer who may authorise write-offs in accordance with the Council's Finance and Contract Rules believes the justification for write off does not comply with the guidance procedures or an invalid reason is given, the form will be returned to the Service for reconsideration or amendment.
 - A centralised record of all write offs will be kept by the Corporate Debt Team to be accessible for monitoring purposes.

15. Monitoring

- 15.1 Information and reports will be used to monitor performance against targets and timescales set. Regular reports will be issued to each Service for them to review their outstanding debts.
- 15.2 The Corporate Debt Team is authorised to:
- Carry out the central monitoring of this policy,
 - Agree amendments to the policy for operational, efficiency and effectiveness purposes,
 - Report to the Chief Executive any major issues arising from the above.

16. Review

- 16.1 This Policy will be reviewed annually but may be amended at any time to incorporate new procedures, practices or legislative requirements.

Raising of Debtor Accounts to Legal Entities

All invoices must be raised to a correctly named legal entity. In the event of non-payment, legal action cannot be taken against a non-legal entity. Legal entities are:

1. Individuals
2. Sole Traders

3. Partnerships
4. Limited companies
5. Charities limited by guarantee
6. Clubs run by a committee
7. Trustees
8. Executors or Personal Representatives

All invoices must state the full correct postal address, including postcode.

Rules to follow:

1. Individuals - This is usually someone living at a residential address. When a request is received for a service, the person's full name (title, forename(s) and surname) must be obtained and stated. Initials are not sufficient. If the request is on behalf of more than one person then the full name of each person must be obtained and stated. The full correct postal address, including postcode, must be stated.
2. Sole Traders – Where an individual is trading in his or her own name the full name of the individual as well as the business name must be obtained e.g. Mr John Smith, trading as Fast Removals. Evidence of the name of the business could be in the form of a request for services on a business letterhead. The individual's full postal address must also be requested.
3. Partnerships - 'LLP' must be added where applicable, otherwise the full names of one, two or more partners must be stated, followed by 'trading as' (as above). If LLP is applicable the full correct business address, including postcode, must be stated, otherwise the full correct postal address(es), including postcode of the partner(s) should be stated.
4. Limited Companies - the name must include 'Ltd' or 'Plc'. Invoices can be addressed to either the current registered office or to a place of business of the company. Evidence of their Limited Company Status and registered office must be obtained by requiring confirmation of the service request on their official letterhead. Further confirmation can be obtained from <https://www.gov.uk/get-information-about-a-company>
5. Charities limited by guarantee – companies which are charitable and also limited by guarantee can be exempted from using the term 'Ltd' so, for example: "Oxfam" is a correct name. Evidence of their charitable status must be obtained by requiring confirmation of the service request on their official letterhead. Further confirmation can be obtained from <http://apps.charitycommission.gov.uk/showcharity/registerofcharities/RegisterHomePage.aspx>
6. Clubs run by a committee – the full name(s) and address(es) of the treasurer and / or the secretary, or the trustees must be stated.
7. Trustees – the full name(s) and address(es) of the trustee(s) and the full name of the trust must be stated.
8. Executors or Personal Representatives – must be addressed e.g. 'Mr Peter Smith, Executor of James Brown Deceased or 'Personal representatives of James Brown Deceased. The full postal address(es) of the executors/personal representatives must be stated.

Annex 7

**Statutory and Chargeable Debt
Policy**

1. Policy

This policy covers debt arising from the council carrying out its statutory duties and/or enforcement functions. A variety of legislation covers this debt and a number of examples are given below;

- Building Act 1984 – taking action to prevent injury or damage to property as a result of a dangerous structure
- Housing Act 2004 – works in default to remove hazards from rented accommodation.
- Water Industries Act 1991 testing of private water supplies.
- Highways Act, 1980 - Carrying out emergency repairs to the highway following an accident

Note: the above is illustrative and is not an exhaustive list.

2. Fees and charges for this debt

The nature of this debt generally requires invoicing to take place after the works have been carried out and frequently against those that dispute the debt. Thus, it does not often fit with the standard invoicing and sundry debt recovery approach.

Different approaches need to be considered to both secure the debt and if required, recover it.

3. Enforcement

In terms of enforcement, it is not always clear who is the responsible or liable person. Different legislation can identify different people, such as the person responsible for an issue, or the owner of the premises. People's circumstances will be different and their circumstances may change during a case; it is sensible therefore to take a flexible approach and keep available a range of options for recovering a debt.

Options available to recover debt include the use of debt collection agents and also Court proceedings to obtain a judgment for the debt. Once a Court judgment is obtained, there are a number of ways this may be enforced, including:

Attachment of Earnings

Deductions are made from the judgment debtor's wages at a rate determined by legislation.

Deductions from Income Support, Job Seeker's Allowance and Employment Support Allowance

Deductions are made from the judgment debtor's benefits at a rate determined by legislation.

Use of Enforcement Agent

Charging Orders

This is a Court order which secures the debt against the judgment debtor's property. A charging order may then be enforced by seeking an order for sale of the property.

Third Party Debt Orders

A Court order against a third party, often (but not necessarily) the judgment debtor's bank or building society, requiring them to pay the judgment debt out of the judgment debtor's funds.

Insolvency

Insolvency proceedings may be commenced against the judgment debtor providing the requirements of prevailing insolvency legislation are met.

An order to obtain information may be sought from the Court which requires a judgment debtor to attend Court and provide information to a Judge or Court officer about their means and any assets they hold. This may be of assistance in determining how to recover a judgment debt.

Where Court proceedings and other enforcement options are pursued, the Council will seek to recover the costs of the Court / enforcement action against the debtor.

Enforced Sale

In some cases there will not be any need to secure a Court Judgment to enforce a debt. Statutory and chargeable debts may often be secured against a property as a financial charge in the Council's Local Land Charges register. Some debts may be registered as charges with the Land Registry. In some cases, where legislation provides that the debts are charges on "all estates and interests" in a property, the charges will have priority over all existing charges, including mortgages and other loans secured against the property. The authority may also serve a formal demand on the debtor, which allows the authority to enforce the registered charge and act as mortgagee in possession of the property. The property may then be sold, usually at public auction with the proceeds used to pay off debts on a priority basis. It should also be noted that enforced sale of properties can bring wider benefits to individuals and the community by improving the condition of a property and bringing an empty property back into use. This is often used as an enforcement tool in Private Sector Housing and neighbourhood renewal strategies.

Annex 8

Overpaid Salaries and Wages Policy

1. Summary

- 1.1 Northumberland County Council is required to ensure that employees are paid correctly at all times. If an overpayment of salary or any other payment of public funds occurs for any reason, the Council will recover the overpayment from the employee. Similarly the Council will take steps to correct any underpayment of salary or any other payment to which an employee is entitled.
- 1.2 If it is considered that an overpayment has been brought about fraudulently, then the matter will be reported to the Council's Corporate Fraud Team and an investigation carried out under the Council's Counter Fraud Policy.

2. Scope of Policy

- 2.1 This procedure applies to all employees of the Council.

3. Background

- 3.1 The purpose of this document is to ensure that there is a consistent approach to the recovery of salary overpayments throughout the Council.
- 3.2 Overpayments are additional and unnecessary charges against service budgets which may never be recovered.

4. Introduction

- 4.1 This document explains the process in use when a member of staff receives an incorrect payment in their salary.
- 4.2 This document applies to all employees on a permanent or fixed term contract with Northumberland County Council. This document also applies to those staff employed on a casual basis

5. Definitions

- 5.1 There are several ways in which a member of staff can be incorrectly paid including, and not restricted to:
 - An overpayment of salary
 - An underpayment of salary
 - Payment of incorrect travel or non-travel expenses
 - Duplication of a payment
 - Deduction made in error
- 5.2 The definition of an underpayment is where an employee is paid an amount less than their contractual entitlement. Likely causes of an underpayment include but are not restricted to:
 - A variation form being submitted after the Payroll deadline
 - A late change of notification
 - Incorrect salary banding

5.3 The definition of an overpayment is where a current member of staff or someone who has left employment is paid an amount in excess of contractual entitlement. Likely causes of an overpayment derive from a Service error and include but are not restricted to:

- A termination form not being completed, received or implemented on time
- Late or no notification of sickness absence
- Staff not returning from maternity leave
- An error being made
- A late change notification
- Incorrect salary banding

6. Identification of payment errors

6.1 Payment errors can be identified in several ways:

- A member of Payroll identifies that an error has occurred
- The employee upon receipt of payment
- The budget manager
- An audit review

6.2 When an error in payment has been identified, action must be taken as quickly as possible to rectify the error

7. Responsibilities of Payroll

7.1 It is the responsibility of Payroll to:

- Identify payment errors and advise the employee in a timely manner (normally immediately)
- Confirm in writing the overpayment.
- Ensure the Payroll Administrator contacts the appropriate line manager to advise of any overpayment situation that occurs

8. Responsibilities of line managers

8.1 It is the responsibility of Line Managers to ensure that

- Paperwork relating to changes in pay or termination etc. is submitted to Payroll in a timely manner
- When an error in payment is identified the member of staff concerned is supported and appropriate action taken to resolve the situation
- Review on a regular basis all salaries charged to their cost centre

9. Responsibilities of employees

9.1 **It is the responsibility of individual employees to**

- Ensure that they understand their salary as agreed contractually
- Raise any anomalies with their pay in a timely manner with their immediate line manager and contact Payroll.

10. Payroll's process for overpayments

10.1 For employees, the Payroll process is

- All payroll queries must be logged with the relevant Payroll Administrator
 - The information provided will be used to support the monthly Workforce Committee and Payroll Management Team meetings.
- 10.2 The exact nature of the payment error will be investigated by a Payroll Administrator who will calculate the amount of the payment error.
- 10.3 Once the amount has been verified as correct the employee will be notified in writing. This will include an explanation as to how the error occurred and will request consent from the employee to recover the overpayment from salary deduction.
- 10.4 Current employees will have overpayments recovered from their gross pay. The repayment period will normally be equal to the period over which the overpayment occurred and remaining balance will be recovered from their final pay.
- 10.5 In cases where the period of overpayment is longer and therefore greater, the Payroll Manager can agree a suitable repayment period.
- 10.6 Decisions regarding the duration of this extended period for repayment of an overpayment will take into consideration a number of factors. Issues such as the amount of overpayment, personal circumstances which could lead to undue financial hardship, duration of contract (if not permanent) proximity to retirement, redundancy or maternity leave are all factors which will be considered and form part of the decision making process.
- 10.7 A full investigation would be required if for example there has been an over/underpayment over a long period of time, where there is concern that fraudulent activity may have taken place or where there is a significant over or under payment. The Corporate Fraud Manager will be notified in such cases.
- 10.8 Internal audit will be notified of any suspected fraud and also where systems improvements are recommended to avoid any repetition.

11. Leavers

- 11.1 Where an overpayment has occurred, and an employee leaves, during or before the start of an agreed repayment period, the balance of the overpayment will be taken from their final salary. If the overpayment is greater than the final salary or notification of leaving is received after the final salary has been paid, the repayment process for ex-employees will be used.
- 11.2 Where an underpayment has occurred and an employee leaves, full payment will be made in their final salary

12. Ex-employees

- 12.1 When a payment error is identified for an employee who has already left the organisation, the gross and net figure of the overpayment will

be calculated. Payroll will write to the individual detailing the circumstances surrounding the error and request a payment to be made for the outstanding balance.

- 12.2 If the former employee is unable to repay the overpayment in full then a subsequent invoice will be raised by the Accounts Receivable Team.
- 12.3 Once an agreement to repay by instalments has been made between the former employee and the Accounts Receivable Team and subsequently stops, the normal escalation process will be followed.
- 12.4 Overpayments will be processed through the payroll once a former employee has been advised of the error unless they left in a previous tax year. In this case Payroll will correct by a manual adjustment and inform HM Revenue & Customs accordingly.

13. Reporting

- 13.1 Payroll will maintain a spreadsheet detailing all payment errors. This will include details of the resolution period, last payroll action taken and the reason for the payment error.

14. Complaints

- 14.1 Any complaints regarding the processing of a payment error can be made by writing to:

Payroll Manager
Northumberland County Council
County Hall
Morpeth
Northumberland
NE61 2EF

Email: employee.services@northumberland.gov.uk

Annex 9

Bankruptcy and Liquidation Policy

Purpose of document

This policy covers debts owed to the Council. Those debts include council tax, non-domestic rates, sundry debts and housing benefit overpayments. The Council is committed to using the most effective recovery methods available to it, and this policy will ensure that the Council's use of bankruptcy or winding-up proceedings is consistent and complies with the relevant legislation and best practice.

Legislation and Prerequisites to Bankruptcy

The Council Tax (Administration and Enforcement) Regulations 1992 and the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 allow for council tax and non-domestic rate debts of over £5,000, that are the subject of liability orders, to be taken forward for bankruptcy proceedings in accordance with the provisions of the Insolvency Act 1986.

For sundry debts and housing benefit overpayments bankruptcy proceedings may be taken against debtors who owe in excess of £5,000 where a County Court Judgement has been granted in respect of the debt.

The consequences can be severe and can involve the loss of the debtor's home or business, and considerable legal and Trustee's costs can be incurred. The level of costs will reflect the complexity of the matters involved, and the extent to which the debtor co-operates with the Trustee who is administering the bankruptcy estate.

Bankruptcy action usually takes place in the debtor's local County Court with bankruptcy jurisdiction unless the debtor resides in London, in which case the action takes place in the High Court or the Central London County Court.

Administration

The Corporate Debt Team will manage the administration of bankruptcy cases and proceedings. Assistance may be sought from Legal Services.

When Bankruptcy Action may be taken

The Recovery Section may consider using insolvency proceedings in the following circumstances (the list is not exhaustive):

- Where the debt exceeds £5,000 and the debtor appears to have sufficient assets or equity to ensure the debt is recoverable by the Official Receiver or the Trustee in Bankruptcy.
- Where the debtor is not making regular and mutually agreed payments that are sufficient to clear accruing debt and arrears within a reasonable and acceptable timescale.
- Where other methods of recovery are considered inappropriate or have failed and bankruptcy action appears to be a fair and proportionate course of action to recover from a particular debtor.
- Where the debt has arisen as a result of fraud.
- Where bankruptcy action may elicit payment from specific groups of debtors, for example company directors, those for whom a bankruptcy order may affect their employment, professional status or ability to practice, self-employed people and those people needing finance.

Recording Information and Decisions

A Bankruptcy Checklist and log of events will be maintained throughout the process to ensure that bankruptcy remains the most appropriate course of action.

Decision Making (1)

Prior to commencing bankruptcy proceedings enquiries will be made of the Revenues and Benefits Sections' computerised systems to:

- i) Establish a debt history and whether any previous debts have been collected within a reasonable period by other means.
- ii) Ensure that all known benefits, discounts and exemptions have been granted based on the information held.
- iii) Based on information held, establish whether the debtor may be vulnerable or unable to deal with their day to day financial matters.

Where the debtor resides in Northumberland contact will also be made with Adult Social Care to ascertain if the debtor is known to them and therefore may be vulnerable. If the debtor is currently receiving any Adult Social Care services (or has previously received Adult Social Care services) Adult Social Care will be requested to provide the contact details for their Key Worker. Further enquiries will be made with the Key Worker, if their details are provided, to establish if the debtor may be vulnerable by way of, for example, age, mental illness, serious learning difficulties or where it is known that they are unable to deal with their affairs. Should it be apparent that the debtor has such difficulties then consideration will be given to whether the help of other agencies should be sought, and to the appropriateness of pursuing an alternative course of action.

Decision Making (2)

If records held and enquiries with Adult Social Care do not indicate that the debtor may be vulnerable then enquiries will be made with a credit reference agency and the Land Registry to establish information about the debtor's financial standing and ownership of property.

Decision Making (3)

In order to assist with the decision as to the appropriateness of bankruptcy the Council will follow The Pre-Action Protocol for Debt Claims that came into force on 1 October 2017. The aims of the Pre-Action Protocol are to:

- a) encourage early engagement and communication between the parties;
- b) enable the parties to resolve the matter without the need to start court proceedings;
- c) encourage the parties to act in a reasonable and proportionate manner in all dealings with one another;
- d) support the efficient management of proceedings that cannot be avoided.

Where payment in full cannot be made, financial information and a proposal for repayment will be requested. If payment in full is not made but financial information is provided it may result in either acceptance of a proposal for repayment, an alternative course of action being taken, or pursuing bankruptcy proceedings. The reasons for the decision will be recorded.

In the event that a response from the debtor establishes that the debtor may be vulnerable then details of the perceived vulnerability will be recorded. Further enquiries will be made to check that council tax benefit/support, discounts and exemptions have been applied for, for possible referral to other agencies, and to determine an appropriate method of recovery. The debtor will be notified in writing of any decisions taken.

Decision Making (4)

Where a decision is taken to commence bankruptcy proceedings a letter will be sent to the debtor setting out the decision, warning them again of the consequences and high costs of bankruptcy, advising them to seek independent advice, and warning them of the intention to issue a Statutory Demand after 14 days unless the debt is paid in full.

The Council may take a decision to issue proceedings immediately if it becomes known that a debtor may dispose of assets to prevent a debt being recovered.

Statutory Demand

A Statutory Demand is a formal demand for payment issued by the creditor to the debtor, and service of the Statutory Demand upon the debtor is the first formal stage in bankruptcy proceedings.

Guidance on service requirements are set out in the Insolvency Proceedings Court Practice Direction. In addition to the requirements of the Practice Direction, a letter will be issued with the Statutory Demand setting out the intentions of the Council and what the debtor needs to do to comply with it.

The debtor has the opportunity to contact the Council at this stage and, depending on information supplied, it may still be possible to consider a short term repayment arrangement or alternative recovery action. The debtor also has the right to apply to the County Court to have the Statutory Demand set aside.

Bankruptcy Petition

The Council may present a Creditor's Bankruptcy Petition to the County Court within four months of the date of service of the Statutory Demand if the debtor has not complied with it, or if alternative arrangements cannot be agreed following service of the Statutory Demand. Prior to presentation of the Petition further enquiries will be made with Adult Social Care to establish whether the debtor has become known to them during the process, in which case the action will be reconsidered. The Council is required to serve the Petition upon the debtor and guidance for service requirements are set out in the Insolvency Proceedings Court Practice Direction.

At this stage the debtor is required to pay the debt in full before the hearing of the Petition at Court otherwise the Court will be asked to make a Bankruptcy Order. However, the Council will not object to a short adjournment of the proceedings if the debtor provides the Court with evidence that they will be able to pay in full within a very short period.

If, between the Petition being presented to the Court and the hearing of the Petition, it becomes known that the debtor does not have the capacity to deal with the matter, then full consideration will be given to seeking an adjournment of the proceedings to enable both the debtor and the Council to obtain further advice.

Legislation and Prerequisites to Winding-Up Proceedings

The Council Tax (Administration and Enforcement) Regulations 1992 and the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 allow for council tax and non-domestic rate debts of over £750, that are the subject of liability orders, to be taken forward for winding-up proceedings in accordance with the provisions of the Insolvency Act 1986.

For sundry debts and housing benefit overpayments winding-up proceedings may be taken against limited companies who owe in excess of £750 where a County Court Judgement has been granted in respect of the debt.

The consequences can be severe and can involve the closure of the company, and considerable legal and Liquidator's costs can be incurred. The level of costs will reflect the complexity of the matters involved, and the extent to which the debtor co-operates with the Liquidator who is administering the affairs of the company.

Winding-up petitions are usually heard in the High Court or the Central London County Court.

Winding-up proceedings will usually only be started against companies that appear to have sufficient assets to be realised for the benefit of creditors or, in cases where companies appear to have insufficient assets to be realised for the benefit of creditors, it would be in the public interest to stop the company trading and accruing further debts that would have to be borne by the County's taxpayers.

The Council may take a decision to issue proceedings immediately if it becomes known that a debtor may dispose of assets to prevent a debt being recovered.

Trustees in Bankruptcy/Liquidators

When a Bankruptcy or winding-up Order is made the Official Receiver is immediately appointed Trustee in Bankruptcy/Liquidator. In the event of there being realisable assets in the bankruptcy estate or liquidation then it is likely that an Insolvency Practitioner will be appointed Trustee in Bankruptcy/Liquidator to deal with the matter.

When the Council is the petitioning creditor in a bankruptcy or winding-up proceedings we will usually nominate a Trustee in Bankruptcy/Liquidator who is local and easily accessible by the debtor. The appointment of a local and easily accessible Trustee/Liquidator will enable Officers to attend meetings of creditors when necessary.

However, the ultimate decision to appoint the Trustee in Bankruptcy/Liquidator is not that of the Council.

Annex 10

Enforcement Agent Code of Practice for Council Tax and National Non-Domestic Rates

Introduction

This code of practice outlines the way that internal enforcement agents or external enforcement agent companies collecting local taxation debts on behalf of Northumberland County Council should conduct themselves. It includes:

- The professional standards they must adhere to;
- The procedures they must follow;
- Guidance on how quickly the money should be repaid; and
- When it is inappropriate to take action.

Professional standards

The Council and the enforcement agent company will ensure that all enforcement agents, employees, contractors and agents have an appropriate knowledge and understanding of all relevant legislation, case law and powers, and at all times act in accordance with them. The enforcement agent must comply with the principles of the General Data Protection Regulations and any other relevant legislation.

Enforcement agents and employees, contractors and agents of the enforcement agent firm must be aware that they represent the Council in their dealings with debtors. They should at all times act lawfully and in accordance with the provisions of prevailing local taxation legislation. They must also act in a responsible, professional and courteous manner and be aware that their behaviour, appearance and attitude have a great influence on the success of the debt recovery process.

External enforcement agent firms must at all times:

- Hold up to date professional indemnity insurance, ensuring the fullest indemnity against legal proceedings resulting in compensation awards due to illegal or irregular actions. Details of such insurance must be provided to the Council on request.
- Maintain a separate client bank account for monies received from debtors, evidence of which must be supplied to the Council on demand.

The enforcement agent must be firm but polite and courteous at all times when dealing with the public. They must avoid being provoked by vexatious debtors. In the event of a breach of the peace occurring as a result of an enforcement agent's visit, the Council must be debriefed of the circumstances as soon as practicable.

At all times, enforcement agents must carry:

- Their Enforcement Agent's General Certificate issued by the County Court, which must be shown when visiting a property to take control of goods.
- Written authorisation of the Council to be shown on request

The enforcement agent must at all times make clear to the debtor the purpose of their visit and the fact that they are acting on behalf of, and, as agent of the Council. For Council Tax matters visits to residential addresses must be made after 6am and before 9pm, with no visits on Sundays or bank holidays unless specifically agreed in writing in advance. Visits for Non-Domestic Rate matters may be made to business premises at any time during their hours of opening.

The enforcement agent must hand to the debtor or leave on the premises documentation detailing costs incurred, the legislation relating to taking control of goods and any relevant guidance notes.

Taking Control of Goods

This means entering a debtor's property and listing goods belonging to the debtor, or listing goods belonging to the debtor found on a public highway, that may be removed and sold at auction with the proceeds being paid towards the amount owed to the Council and costs incurred by the enforcement agent. Only an enforcement agent properly vetted and trained by the authorised company and who is certificated by the County Court may take control of goods in respect of liability orders on behalf of the Council.

Upon receipt of any instruction to take control of goods, the enforcement agent company shall ensure that a visit is made to take control of goods only after any pre-agreed letter and telephony strategy has been unsuccessful. Where more than one liability order is held for a debtor, the enforcement agent, where practicable, will attend the property for all liability orders at the same time, with only one enforcement fee being charged. Visits to debtors' premises must be made on different days and at different times of the day.

Arrangements to pay the debt

If, on attendance, contact is made with the debtor, the enforcement agent should attempt to recover the amount in full immediately. If full payment cannot be made immediately, the debtor should be given the opportunity to enter into a Controlled Goods Agreement. A Controlled Goods Agreement allows the debtor to keep the listed goods on their premises provided a suitable payment arrangement is agreed with the enforcement agent and is adhered to. The enforcement agent must explain to the debtor the terms of the Controlled Goods Agreement and the consequences of payment default, and leave a copy of the Agreement with them. There must be no administration fees for entering into a payment arrangement.

Enquiries should also be made about possible eligibility for reliefs, discounts, exemptions or Council Tax Support and details of debtors who may potentially be eligible for any reduction must be passed to the Council. Information regarding employment or benefit status should also be obtained and passed to the Council.

Council Tax payment arrangements can be made at the Enforcement Agent's discretion over a period of up to 6 months, or to clear the debt within the financial year, whichever occurs sooner. The repayment period may be extended up to a maximum of 40 weeks if the debtor's circumstances warrant this, and an income and expenditure statement supports it. If an offer for payment extends beyond 40 weeks, and the Enforcement Agent either considers it inappropriate to remove goods or there are exceptional circumstances, the Enforcement Agent must refer the case back to the Council to re-check the records for benefit or discount entitlement etc., and to consider alternative enforcement action before an extended arrangement can be agreed.

Non-Domestic Rate payment arrangements can be made at the enforcement Agent's discretion over a period of up to 3 months. If an offer for payment extends beyond 3 months the Enforcement Agent must refer the case back to the Council to re-check the records before an extended arrangement can be agreed.

When the Enforcement Agent should consider taking no action

The enforcement agent should at all times use their professional judgement to refer a case back to the Council if they consider that, due to the personal circumstances of

the debtor, **it would or may be inappropriate to take control of goods or continue with the case.** In particular, where the debtor:

1. Appears to be severely mentally impaired or suffering severe mental confusion.
2. Has young children and severe social deprivation is evident (Council Tax only).
3. Disputes liability or claims to have paid, has applied for Council Tax Support, a discount or any other relief not yet granted.
4. Is heavily pregnant and there are no other adults in the household (Council Tax only).
5. Is in mourning due to recent bereavement of a close family member (within 1 month of death).
6. Is having difficulty communicating due to profound deafness, blindness or language difficulties. In these cases arrangements must be made for provision of the appropriate support in terms of a signer or translation services etc.
7. Is currently unemployed and provides proof that they are in receipt of Income Support or Job Seeker's Allowance (Income Based), and details are obtained of the debtor's National Insurance number (Council Tax only).
8. Has severe long term sickness or illness, or is terminally ill.
9. States that they have raised their case with their local councillor or Member of Parliament.
10. Appears to be vulnerable in any other way.

The enforcement agent must also take no action if it appears that no responsible adult is present at the debtor's address. If an adult is present, the enforcement agent must attempt to establish their identity. If the debtor is unavailable the enforcement agent must ascertain when they will be available. No reference should be made to the nature or purpose of their visit. The enforcement agent must be aware of the sensitive and confidential nature of this work and should take care to ensure that information regarding the debtor's circumstances is not passed on to, or discussed with, a third party except those specified in the Taking Control of Goods Regulations. If children are present at the time of the visit the debtor should be encouraged to ask them to leave the room while the matter is dealt with. Any documents left at the premises when the debtor is not present must be left in a sealed plain envelope, clearly addressed to the debtor and marked strictly private and confidential.

Removing goods from a debtor's premises

Before attending to remove goods, the enforcement agent must give notice to the debtor in accordance with the Taking Control of Goods Regulations and highlight the costs of removing the goods. However, if there are circumstances that indicate that by telling the debtor it may compromise the ability to remove goods (for example if a company is about to go into liquidation, or the debtor is about to abscond) then an application must be made to the Court for permission to attend without giving the required notice. Such a decision and the reasons for the decision must be recorded and the Council notified.

Enforcement agents must not attend a Company Director's personal address when the liability order is not in his specific name, unless that address is the registered office or the trading address of the company.

In the event of the need to remove a debtor's goods, the enforcement agent should obtain the express permission of the Council before doing so unless this happens outside of normal working hours (8.30am to 5.00pm) in which case the enforcement agent may conduct the removal if appropriate to do so, or unless it is believed the debtor will attempt to remove goods themselves to prevent the action continuing..

For Council Tax debts, certain goods are protected under the Taking Control of Goods Regulations 2013, and must not be removed for sale by the enforcement agent. Only goods belonging to the debtor or a co-owner may be seized. Goods subject to hire purchase cannot be removed.

The enforcement agent should not remove goods for sale unless it is anticipated that the sum realised will be sufficient to settle a reasonable proportion of the debt and the costs. However, in some cases e.g. Non-Domestic Rates, the enforcement agent may still remove goods if it is anticipated that the debtor may be about to enter into an insolvency procedure.

Costs charged to the debtor should be strictly in accordance with the provisions of the Taking Control of Goods (Fees) Regulations 2014.

Any goods removed must be transported and stored securely with due care and attention and the appropriate insurance cover must be in place.

The debtor must be notified of the place to which the goods have been removed to. If the debt is paid in full between the removal and the sale of the goods the goods should be made available for collection by the debtor.

When the debtor's goods are removed and sold at public auction, the Council and the debtor must be provided with a full statement which:

- lists the goods sold;
- lists the amount realised;
- lists the costs incurred; and
- details the amount subsequently outstanding or overpaid as appropriate.

Where the enforcement agent is unsuccessful

At least 3 unsuccessful visits must be made to the debtor's address before the case is returned to the Council as unpaid. The visits must be made on different days and at different times and at least one of these visits should be made to the debtor's address outside normal office hours. Documents other than prescribed documents issued to debtors must be agreed with the Council and be in plain English. Documentation must be left at the property at each visit giving details of the date and time of the visit, the debt and charges to date and the name and contact details for the enforcement agent. Any documents left at the premises when the debtor is not present must be left in a sealed plain envelope, clearly addressed to the debtor and marked 'strictly private and confidential'.

Where the enforcement agent is unsuccessful in their attempts to obtain payment or take control of goods and the liability order is to be returned to the Council, they must submit a report clearly showing that the person attending to take control of goods was unable (for whatever reason) to find any or sufficient goods of the debtor to take control of. The report must also give full details of the actions taken by the enforcement agent together with any details ascertained concerning the financial or personal circumstances of the debtor.

Where the debtor has left the property

If the debtor is no longer resident, the enforcement agent should make appropriate, discreet enquiries to ascertain the debtor's date of leaving and new address as well as details of any new occupier. This information must be referred back to the Council. The enforcement agent may visit and take control of goods at the debtor's new address.

Reporting requirements

Payments and payment schedules must be submitted to the Council at a pre-agreed frequency on the agreed day(s). The enforcement agent company must account for all monies received and provide a proper system for dealing with unpaid cheques and recalled credit/debit card payments.

Monthly statistical reports in the agreed format must be submitted to the Council.

Monthly reports must be submitted to the Council for those cases that are still outstanding after six months.

Responsibility

The Corporate Debt Team will be responsible for the operation and monitoring of this Code of Practice and for resolving any complaints from the debtor.

Complaints

Any complaints received will be dealt with in accordance with the Council's Corporate Complaints Procedure.

When a formal complaint is made about the actions of an enforcement agent company the Council will instruct the enforcement agent company to suspend the action for an initial period of 21 days.

The Council will instruct the enforcement agent company to provide a written case report and other relevant information within 5 working days.

A written response will be issued to the complainant in accordance with the time requirements set out in Stage 1 of the Council's Corporate Complaints Procedure.

Should the complainant remain dissatisfied with the findings of the investigation then they have the right to have the complaint escalated to Stage 2 of the Council's Corporate Complaints Procedure.

Should the complainant still remain unhappy with the response they receive they have the right to contact the Local Government Ombudsman.

The enforcement agent company will maintain an internal complaints procedure overseen by a senior member of staff.

Where the enforcement agent company receives a formal complaint about the actions of their company or one of their staff they must also suspend action to allow an investigation to be conducted in accordance with their complaints procedure. A copy of the complaint and the outcome of any investigation must be provided to the Council electronically within 14 days of receipt of the complaint.

Review

This Code of Conduct will be reviewed annually but may be amended at any time to incorporate new procedures, practices or legislative requirements. External enforcement agent companies will be consulted about any proposed changes.

Citizens Advice have been consulted in the drafting of this policy and will be notified of any amendments as and when they occur.

Annex 11

Housing Income Management Policy

Part 1 – Current Rent Arrears

Supporting Information

The collection of rent is vital to enable Northumberland County Council to provide services to all tenants.

As such we offer a firm but fair approach to rent arrears recovery. It is the tenant's responsibility to ensure that they pay their rent weekly, when due and not allow any arrears to accrue.

Emphasis should be made at the sign up stage of the importance of paying rent every week or monthly in advance. Advice should be given on payment options, Housing Benefit, Universal Credit and Council Tax forms should be completed. If it is felt that the tenant may require additional support in order to maintain their tenancy the Allocations Officer should refer to the Housing Benefit officer, Citizens Advice, Gov.Uk for Universal Credit Enquiries or other relevant support agencies.

Universal Credit

Northumberland County Council has seen the introduction of Full Service Universal Credit (UC) for working age claimants from December 2018. This change has been reflected within the arrears Policy. Support has been put in place to assist UC applicants with their claims if required and in addition to this the rent arrears escalation procedure has been extended for all UC claimants.

Prevention of Arrears

Early intervention and personal contact are essential to prevent arrears from spiralling out of control.

Home visits, telephone calls and agreements

The object of the above is to maximise recovery of monies owed to Northumberland County Council, to understand the reasons why the arrears have accrued and to offer as much help to the tenant as possible.

- Obtain income and expenditure details to ascertain if there could be any possible benefit entitlements, issues with debt or budgeting and to make referrals for money advice.
- Try to make an agreement with the tenant to pay off arrears, be realistic about what the tenant may be able to pay; tenants themselves may make unaffordable offers.
 - In full.
 - To pay the arrears by affordable and realistic instalments in addition to current rent
 - To make up missed payments.
 - Complete direct debit/standing order mandates.

- If they owe minimum of 4 weeks gross rent consider direct payments or Alternative Payment Arrangement for Universal Credit Claimants (APA).
- Confirm agreements in writing to the tenants
- Out of hours visits and calls should be considered where it has not been possible to contact the tenant during office hours. These should be authorised by the Housing Manager in advance and the lone working procedure should be carried out. It is essential that personal contact is made with the tenant prior to the Notice Seeking Possession (NOSP) and Notice of Possession Proceedings (NOPP) being served.
- All agreements made should be recorded.
- It is important that refusals to provide any details such as income and expenditure are also recorded
- When writing to joint tenants ensure that you write separately to each named tenant.
- Set out clearly in correspondence any time limits with which the tenant should comply.

It is important that the system is updated with every type of action taken.

ARREARS GUIDELINES

Assistance to Sustain Tenancies

Alongside the recovery of any debts owing to Northumberland County Council it is very important that we assist the tenant to sustain their tenancy. Eviction should only be considered as a last resort and we should ensure that, as a minimum, we offer the following assistance.

- Housing Benefit referrals including discretionary housing payment
- CAB referrals
- Other agencies which may be able to assist if tenant deemed to be vulnerable i.e. Age UK, Silx, Voices, BRIC etc.
- Offer repayment agreements which the tenant can maintain
- Inform of Direct Debit and Standing Order Options
- Money Advice and budgeting
- Support with Universal Credit Applications

Vulnerable Tenants

Northumberland County Council will have tenants who may have special requirements, are vulnerable or both and as such are at greater risk of losing their tenancy. Vulnerable tenants include:-

- Under 18 years of age or young people under 21 leaving care

- Elderly person aged 70 or over
- Mental Health conditions
- Substance Abuse
- Living with chronic long term illnesses
- Severe physical disability
- Illiteracy
- First Language is not English
- Rehoused from Supported Accommodation
- Domestic violence

In these cases these accounts will be flagged as at risk and the arrears will be monitored and progressed by the Housing Officer.

Direct Payments

Where a tenant is in receipt of Income Support, Income Based Job Seekers Allowance or Income Related Employment and Support Allowance, Universal Credit and has over 4 weeks gross rent arrears, then a direct deduction from their benefit should be requested from the DWP. (See letter DPR).

When Direct Payments commence or cease the officer will update the NPS system with the relevant information.

RENT ARREARS ESCALATION PROCEDURE

Arrears action should commence when a weekly payer has missed one payment or a monthly payer is one week late. Not taking into account benefits paying in arrears.

The following is the basic procedure to be followed in the recovery of rent arrears; however this process can be extended or reduced depending on the individual's circumstances and the level of arrears.

Extended:

These may arise because:-

- The tenant is in hospital
- There are mental health issues or the tenant is unable to understand their responsibilities
- Delays in claims for benefit being processed
- Recent bereavement
- Recent unemployment
- Recent matrimonial difficulties.
- The tenant is awaiting Universal Credit Payment.

Static Balances

Where there is a consistent low level static balance on an account send letter SB1 to the tenant, to attempt to arrange a repayment plan to clear the arrears. Should this fail, consider action 1 below.

Should an account reach the stage of NOSP then this may be served if the balance is over £25 and the arrears procedure has been followed.

Insufficient Payments

Where it appears that the tenant is making insufficient payments to cover rent and arrears a visit should be made to make them aware of this. Alternatively a letter should be issued.

Rent Arrears Procedure

1st Action – visit with letter SL01/IL01 - If the tenant is present ascertain the reasons for the non-payment e.g. hospitalisation of tenant, mental illness, or the inability of the tenant to understand their responsibility for paying rent and make arrangements with them to repay the outstanding amount due. Advise the tenant of all payment options available and identify the most appropriate option for the tenant's circumstances, encourage Direct Debit or Standing Orders.

Check if there are any Housing Benefit or Universal Credit delays or if the tenant is in severe financial difficulties. Check if there is a recent bereavement, unemployment or matrimonial problems. Enquire if the tenant requires money advice. If there are any Housing Benefit issues the tenant should be advised to make contact with the Housing Benefit section, or in the case of Universal Credit the Department of Work and Pensions.

The system should be updated following the visit and notes added.

This procedure should be followed at each subsequent visit.

2nd Action - next missed payment, arrears rising – visit with letter SL02/IL02

3rd Action – next missed payment, arrears rising – visit with letter SL03/IL03 (Notice Warning Letter)

4th Action - Next missed payment, arrears rising – Consider issuing Notice of Seeking Possession (NOSP) or Notice of Possession Proceedings (NOPP). Letter SLO4/IL04 to be sent with NOSP/NOPP. **Remember: when writing to joint tenants ensure that you write separately to each named tenant.**

Upon service of a NOPP to an introductory tenant, the tenant has the right to request a review of Council's decision to seek possession of their home within 14 days. (See legal process for Introductory Tenants).

Check management notices to see if the case is an active Anti Social Behaviour (ASB) case, speak with ASB officer.

Visit with NOSP/NOPP and if contact made explain seriousness of situation and try to make agreement with the tenant for them to reduce/clear arrears. Update system, and file NOSP/NOPP.

If any agreement is reached at this stage with regard to reduction/clearing arrears write to the tenant(s) to confirm that agreement. Proceedings should not be commenced if the tenant(s) continues to comply with that arrangement. If the tenant ceases to comply with such arrangement you should warn the tenant of the intention to bring proceedings and give the tenant clear time limits within which to comply.

Consider alternative dispute resolution.

NOTE – If no agreement can be reached no legal action can be sought until the 28 day Notice period has expired. However the arrears recovery procedure should still continue during this period if no arrangement or contact had been made with the tenant.

NOTE – If customer is in receipt of Universal Credit option to apply for Alternative Payment Arrangement (APA)

NOTE – Where 12 months have elapsed since service of the NOSP but the tenant remains in arrears at a level where possession may not have been considered appropriate, speak with the Area Housing Manager to consider whether service of a new NOSP may be necessary together with letter AR4B.

The NOSP is valid for a period of 12 months and will remain valid even if the tenant clears the arrears.

5th Action – Next missed payment, arrears rising – Visit and reiterate legal situation.

6th Action - Letter SL06/IL06 (Court Warning Letter)

7th Action

Consider application to Court for possession. The following application process must be carried out at this stage:-

Housing Manager authorises application for Court.

- Officer completes court application on line to HM Court Service which generates a Court Hearing Date and time ([https://www.possessionclaim.gov.uk/pcol/.](https://www.possessionclaim.gov.uk/pcol/))
- Officer informs tenant of this. Letter AR7/ITAR7 – ENSURE THAT THE TENANT IS ADVISED IN WRITING OF THE DATE AND TIME OF THE HEARING AND ADVISED TO ATTEND COURT ON THAT DATE.
- ENSURE THAT AT LEAST 10 DAYS PRIOR TO THE COURT HEARING DATE A RENT STATEMENT AND DETAILS OF OUR KNOWLEDGE OF THE TENANT'S HOUSING BENEFIT ENTITLEMENT ARE SENT TO THE TENANT(S)
- Officer to advise tenant that it is still not too late to come to an arrangement regarding payment and discuss with tenant advantages of clearing account prior to the court hearing If the tenant complies with an arrangement for

payment of the current rent and a reasonable amount towards the arrears we should agree to postpone court proceedings so long as the tenant keeps to such an agreement. However if the tenant ceases to comply we should warn the tenant of the intention to restore the proceedings and give the tenant clear time limits within which to comply.

- Discuss with tenant the consequences of possession and the need to discuss case with Homeless Persons Officer.
- Inform tenant that account must be cleared to prevent possession being granted at Court.
- On the hearing date the officer who is attending on behalf of Northumberland County Council will ensure that all the following documentation is available:-

Copy of the Notice, together with proof of service
Copy of the application for possession and particulars of claim
Current arrears figure
Rent statement (last 104 weeks).
Copy of Diary Notes

Court Hearing

The Court may make one of the following judgments:-

Introductory Tenants

The Judge will usually grant possession within 14 days but the Judge has discretion to order possession for a date up to six weeks (42 days). Ensure that the Judge records the decision as a mandatory outright possession

Secure

The judge has discretion and can make the following Judgements:-

Outright Possession (Absolute) (OPO) (IOP0) -The date specified for possession should usually be within 14 days but the Judge has discretion to order possession for a date up to six weeks (42 days)

Suspended Possession Order (SPO)

Proceedings adjourned generally with liberty to restore (ADJT)

Proceedings Adjourned new date (ADJ)

Proceedings dismissed.

Send appropriate Court Judgement letter to tenant following hearing to advise tenant of the outcome

If the Tenant clears the arrears shortly before the hearing you can still ask the Judge to make an Order for payment of the costs.

Post Court Action

Officer to check the Judgment details are correct. IF AN INTRODUCTORY TENANT,

CHECK THAT THE ORDER SPECIFIES THAT IT HAS BEEN MADE ON MANDATORY GROUNDS.

If an outright order for possession has been made, diary the matter until the expiry of the date for possession referred to in the Order e.g. 14, 28 days, then consider an application for warrant.

If a warrant is applied for a visit to the property must be made prior to it being executed.

If a suspended possession order is made and the Order is not being complied with:-

1st Action – next missed payment, arrears rising – visit with CODL letter (breach of Court Order). Explain to the tenant that eviction is likely if rent arrears are not reduced in line with the Order and any missed payments are not made up.

2nd Action - next missed payment, arrears rising – visit with letter FWAL to invite the tenant to come into office to discuss the situation at which time the eviction process will be outlined and the tenant will be given one final opportunity to make up payments and avoid this.

Process for applying to Court for Eviction

Eviction application should be made to court using relevant internet address (<https://www.possessionclaim.gov.uk/pcol/>)

Keep monitoring account and update if necessary,

Court advises tenant and Northumberland County Council of date and time of eviction.

Contact Homelessness Team (AE3). Email Homeless team to advise of the eviction of the tenant.

If tenant is able to clear arrears and court costs in full, the eviction should be cancelled and the court, bailiff and joiner advised accordingly.

Applications to Suspend Possession

Introductory tenants cannot apply to suspend the date for possession beyond 6 weeks from the date of the original possession hearing. If application to suspend is listed in such a case draw the Judge's attention to the fact that this is a mandatory ground and there is no legal basis to suspend the warrant.

Secure tenants

When the tenant receives notification of the eviction date they can lodge an application to suspend the warrant to the Court. If this happens Northumberland County Council will be informed of the time and date of the hearing and must attend.

The eviction cannot proceed until after the court has heard the tenant's application and made a decision.

If the Judge accepts the tenant's application and grants the suspension (CODL) then the warrant will be suspended usually on terms. If the tenant breaches the terms of this order then a visit should be made to make them aware that the matter could be referred back to court, after which the process then reverts back to post court action, action 3.

Variation of Court Order

At any time after a Court Judgment has been made, either party has the opportunity to apply to the Court to amend the terms of the Order.

Eviction

- Two officers to attend with a joiner to change the locks and secure the property when the Bailiff has gained possession.
- If there is a possibility of violence of any kind, the police should be requested to be in attendance.
- Officers should catalogue and photograph any possessions left by tenant INVENTORY FORM.
- Arrangements should be made to allow the tenant an accompanied visit at a pre-arranged date and time to collect the remainder of their belongings.
- If no arrangements have been made with the outgoing tenant for this, then the officer will arrange the removal/storage of the possessions after 7 days.
- A Notice in accordance with S41 Local Government Miscellaneous Provisions Act may need to be served for any goods left at the property (SEC41). Whilst these ought to be prepared by Housing staff, these must be signed by NCC legal before serving.

COURT COSTS

Supporting Information

When an existing tenant has cleared all outstanding rent arrears on the account and the court costs remain, technically they are still in default of the Court Order and possession can still be sought, provided that the Court have ordered that the costs be included as part of the arrears.

Recovery of Court Costs

All rent arrears should be cleared before any action is taken to recover court costs

1st Action – Letter CL01 will be sent to the tenant outlining amount due.

2nd Action – Letter CL02 will be sent to the tenant.

If no attempt has been made to clear these costs these remain on the account as part of the original Court Order.

Part 2 – FORMER TENANT ARREARS

Supporting Information

It is essential that the recovery of Former Tenant Debt is pursued in order to maximise the revenue for Northumberland County Council.

Former Tenancy arrears are debts accrued when a tenant fails to clear all Income Management accounts prior to the termination of their tenancy.

Recovery of Former Tenants Arrears

Upon the termination of a tenancy the officer must ensure that the final outstanding debt is correct, that there are no allowances due to be credited, and that there are no further outstanding amounts to be debited to this account, e.g. Rechargeable repairs, garage arrears, court costs, garden tidy ups etc.

Any account with a credit balance of £20 or more will have the credit refunded to the former tenant.

Check system for any relevant information e.g. tenant deceased.

Arrears and credits under £20 will not be pursued or refunded and will be recommended for write off unless they can be transferred to a current NCC rent account.

If no agreement has been made with the ex-tenant to clear the debt and a forwarding address is known the following action will commence.

1st Action – send Letter FTL1 – detailing amount outstanding to forwarding address.

If no forwarding address available investigations to locate whereabouts of tenant should be carried out. This will involve checking the Housing File for contact telephone numbers for relatives and next of kin and using Call Search 360.

If unable to trace the Former Tenant the account should be updated accordingly.

2nd Action – If no response from known address send letter FTL2 – advising that debt still outstanding and that former tenant must contact to make agreement to clear debt.

3rd Action – Home visit where possible or telephone contact.

When contact is made with a tenant the officer should assess the income of the tenant(s) and non-dependents and their ability to pay the arrears. Once this is done

an agreement should be made with the tenants to clear the arrears in full or to make affordable and realistic instalments.

It may be possible at this visit that the officer can assess whether the tenant has the means to keep to this agreement and any further action will be successful The Officer will update the system with details of the repayment agreement and any observations.

4th Action – If no repayments made send letter FTL3 informing that due to non-payment the debt will be passed to (a) a Debt collection agency (b) Court action will be sought which may include an application for an attachment of earnings from salary.

Court Action

Northumberland County Council can seek a County Court Judgement against the former tenant for any outstanding arrears or other amounts owing. This action can be a drawn out process and by no means guarantees that the debt will be paid. As court costs to issue a money claim have to be paid up front by the Council this action should only be taken where there is a realistic prospect that the debt will be repaid and after authorisation by the Housing Operations Manager.

Debt Collection Agency

A debt collection agency will pursue the debt on behalf of Northumberland County Council

Officer to refer the case to approved Debt Collection Agency. (Asupp12).

Periodically Agency will forward a summary of all monies received and the officer will update the Former Tenant Account appropriately.

If no monies are recovered by the Debt Agency then the Former Arrears Officer prepares a list of write offs for authorisation by Housing Operations Manager

Attachment of Earnings

In certain circumstances NCC can ask an employer to repay the debt owed, in instalments from any salary due to the Former Tenant. This can only be requested following a court order judgement and unless there is a court order against the former tenant, proceedings have to be instigated in order to follow this process.

Former Tenant arrears added to a Current Tenancy

Supporting information

If a current tenancy has been found to have former tenancy arrears from another NCC Property, these Former Tenant Arrears can be added to the Income Management Account as a sundry debt.

The tenant should be informed that they must make arrangements to clear this debt. However tenants must first clear any current arrears on their accounts and once this has been done, an agreement is made to continue to pay extra weekly rent in order to clear the former debt.

WRITE OFFS

All cases for submission for write off must be actioned in line with the Corporate Write off Policy. In all cases the Council's Contract and Finance Rules will be adhered to.

Rechargeable Repairs

Repairing minor plaster cracks
Internal decoration
TV Aerial's (except communal aerials)
Loose screws on cupboards, windows, doors or gate furniture
Washing machine installation
Curtain Rails
Gaining entry to the property
External door locks
Additional House keys
Reglazing windows
Shower curtains and poles
Laminate flooring
Loose floor coverings and carpets
Bolts and locks to outhouses or garden gates
Plugs and fuses for electrical appliances
Light bulbs, fluorescent tubes and starters
Batteries for smoke detectors
Clothes posts
Security Chains
Door Bells
Blocked Gullies
Sink and Bath plugs and chains
Toilet seats
Coat rails or hooks



Northumberland
County Council

Revenues and Benefits Service

**Discretionary Housing Payments
Policy**

Introduction

1. The Discretionary Financial Assistance Regulations 2001 (SI 2001 No.1167) gives powers to local authorities to award Discretionary Housing Payments (DHP) to provide financial assistance to benefit customers where it appears that they need help with their housing costs.
2. Housing costs are not defined in the regulations but in general housing costs means rental liability; however, housing costs can be interpreted more widely to include:
 - rent in advance
 - deposits
 - other lump sum costs associated with a housing need such as removal costs.
3. DHP are not payments of benefit and if made will be in addition to Housing Benefit awards. The legislation gives a very broad discretion but decisions must always be made fairly, reasonably and consistently.
4. The general features of the scheme are:
 - the amount the Council can pay out is cash limited by the Government,
 - the scheme is purely discretionary; a customer does not have a statutory right to a payment,
 - It is for the Council to determine how the scheme operates.

Policy Aims

5. The function of the policy is to specify how the Council will operate the DHP scheme and to illustrate some of the factors that will be considered when deciding if a payment can be made.
6. The primary aims of the policy are to prevent homelessness, to alleviate housing need, and to ensure that Northumberland residents have fair and equal access to all services and monies to which they may be entitled by virtue of their situation.
7. The Council is committed to working with the local voluntary sector, social landlords and other interested parties to maximise entitlement to benefit and this will be reflected in the administration of the DHP scheme.
8. The Council will consider making a DHP to customers who meet the qualifying criteria as specified in this policy. They will also treat all applications on their own individual merits and will seek through the operation of this policy to help:
 - alleviate poverty,
 - encourage and sustain Northumberland's residents in employment,
 - safeguard Northumberland residents in their homes,

- provide temporary support for those who are trying to help themselves,
- provide a temporary solution to enable people to make choices regarding their living accommodation,
- support the vulnerable in the local community,
- promote stability in the private rented sector,
- help customers through personal crises and difficult times

Responding to Welfare Reform.

9. This policy also sets out the Council's policy in using DHP to help those suffering severe hardship due to the Government's welfare reforms. These include changes made to Local Housing Allowances, reductions in Housing Benefit entitlement due to the introduction of size criteria in the social rented sector and the introduction of the Benefit Cap which, in the first instance, will see Housing Benefit reduced for most families where total benefits exceed £500 per week.
10. The Government funding for Discretionary Housing Payments will not compensate for the loss of benefit income to tenants in Northumberland. It recognises the government's intention for tenants to have to make hard choices and that Discretionary Hardship Payments will not be a substitute for these hard choices.

Social Sector Size Criteria

11. The Government has provided additional DHP funding relating to Social Sector Size Criteria aimed at supporting households with disabilities living in properties adapted for disability and foster carers with more than one additional room.
12. These are not the only groups who will need to be supported. Separated and divorced parents with child access arrangements will need additional support as well as tenants faced with exceptional hardship. It will not be possible to protect all tenants in these groups within the Government's funding contribution and additional considerations will need to be taken into account.

Benefit Cap

13. The Benefit Cap will impact mainly on families and is not expected to affect single people in Northumberland. The number of families affected is relatively small but the impact for many of the families is expected to be significant. The majority of the families affected will live in private rented accommodation but a number are renting in the social rented sector.
14. The Benefit Cap does not apply to families where the claimant is working for 24 hours a week or more. The longer term aim is to help families make the move into work. In the meantime support will be targeted to those families where:
 - financial support is required to facilitate a move to more affordable accommodation; or

- the shortfall in rent is too great to cover from other household income;
- alternative more affordable accommodation is not appropriate;
- a lower rent cannot be negotiated; and
- there is a real risk of the family becoming homeless.

Local Housing Allowance

15. The Local Housing Allowance changes, which affect only tenants in the private-rented sector, have been in force since April 2011. However, tenants already getting benefit at the time the changes came in received transitional protection for a while. The impact of the changes is dependent on:
- whether rents are reduced to reflect the new LHA rates; and
 - the levels at which Local Housing Allowances are set by the Valuation Office
16. In the first instance landlords should be encouraged to reduce rents in exchange for direct payments of Housing Benefit. Where this is not appropriate, Discretionary Housing Payments support will be targeted to those private sector tenants where:
- It is unlikely there would be alternative more affordable accommodation;
 - The tenant is subject to the Shared Accommodation Rate but requires an additional room under child access arrangements; or
 - There are exceptional circumstances that mean it is not appropriate for the tenant to move to more affordable accommodation.
17. Discretionary Housing Payments will not normally be made to tenants entering into a new tenancy. Local Housing Allowance rates are made public and most landlords are aware of the rates for the types of accommodation they provide. An exception to this will be where a tenant has had to move quickly, perhaps because they are fleeing domestic violence or there is another compelling reason.

Policy

18. The Council considers the DHP scheme should be seen primarily as a short-term emergency fund. The Council recognises the restrictions on DHP contained in the Regulations and will not seek to make a payment in circumstances where there can be no eligibility. In particular, there shall be no award of DHP unless the customer has some entitlement to Housing Benefit.

Making an Application

19. An application for DHP can be made in writing, by telephone, email or in person. A customer can make an application on his or her own behalf, and the Council will also accept an application from a customer's relative, friend, legal or personal representative.

20. The Council shall take reasonable steps to verify that any such representative has the customer's authority to act on their behalf with the Council on benefit matters.
21. Supporting information may also be supplied as well as representations from any organisation representing or acting on behalf of the claimant.
22. The Council may request information and evidence in support of a DHP application. Any request will be made in writing. The customer will have one month to comply with the request, or such longer time as is reasonable.

What may be considered?

23. In deciding whether to make a DHP the Council may take into account any or all of the following:
 - the shortfall between Housing Benefit and the customers actual liability,
 - any steps taken by the customer to reduce their rental liability,
 - the circumstances surrounding the customers move,
 - the financial and medical circumstances (including ill health and disabilities) of the customer, their partner and any dependents or other occupiers of the customers home,
 - the income and expenditure of the customer, their partner and any dependents or other occupants of the customers home, including income disregarded by the Housing Benefit Regulations 2006 and Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006
 - any savings or capital that might be held by the customer or their family,
 - the level of indebtedness of the customer and their family,
 - the discriminatory impact of any legislative or other circumstances – for example, the lower rates of benefit available to persons aged under 35,
 - the exceptional nature of the customer and their family's circumstances,
 - the amount available in the DHP budget at the time of the application,
 - the possible impact on priority homeless accommodation;
 - any other special circumstances brought to the attention of the Council
24. Where a DHP is made this does not guarantee a further payment will be made at a later date even if the customers circumstances remain the same.

Making a decision:

25. The Council will decide what amount, if any, to pay based on all of the circumstances. This can be any amount within the limits prescribed by the Discretionary Financial Assistance Regulations 2001.

26. The start date of a DHP will usually be:
- the Monday after the Council receives the application, or
 - the date entitlement to Housing Benefit started, or
 - the Monday after a relevant change of circumstances giving rise to the need for a DHP
- whichever is the most appropriate.
27. A DHP will not be paid for any period for which there is no entitlement to either Housing Benefit under the statutory scheme.
28. The length of a DHP award shall depend on the individual circumstances of the case. Any award shall be subject to review, which can be undertaken during or at the end of the period for which the DHP is paid.
29. On review, the Council may authorise an extension of any DHP, either at the same or a different weekly rate.
30. The Council will consider any reasonable request for backdating a DHP but such consideration will usually be limited to the current financial year.
31. The Council will aim to make a decision on all DHP within ten working days from the receipt of all relevant information.

Payment & Administration

32. DHP will be administered by the Revenues and Benefits Team and usually paid together with Housing Benefit.
33. The Council will decide upon the most appropriate person to pay and the method and timing of payments based on the particular circumstances of the case.

Notification

34. The Council will notify the customer of the outcome of their application in writing in every case. The decision notice will include:
- the weekly amount, the period of the award, how, when and to whom payment will be made,
 - if unsuccessful, a brief explanation of why DHP was refused,
 - the requirement to report any relevant change,
 - the opportunity to seek a review.

Changes in Circumstance

35. The Council may need to revise an award where the customer's circumstances have materially changed.

What Discretionary Housing Payments cannot cover

36. Ineligible charges: service charges that are not eligible for HB cannot be covered by a DHP. These are as specified in Schedule 1 to the Housing Benefit Regulations 2006 and Schedule 1 to the Housing Benefit (Persons

who have attained the qualifying age for state pension credit) Regulations 2006. Nor can DHPs cover charges for water, sewerage, and environmental services – as defined and calculated under the HB provisions.

37. Increases in rent due to outstanding rent arrears: Regulation 11(3) of the Housing Benefit Regulations 2006 and Regulation 11(2) of the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 refer. This refers to those cases where a customer's rent is increased on account of outstanding arrears which are owed by the customer in respect of their current or former property.
38. Sanctions and reductions in benefit: DHPs cannot meet these because to do so would undermine the effectiveness of the sanctions or reduction in benefit. These are
 - any reduction in Income Support (IS) or income-based Jobseeker's Allowance (JSA(IB)) due to a Reduced Benefit Direction (RBD) for failure to comply with the Child Support Agency in arranging maintenance. The RBD is a reduction in benefit of 40% of the personal allowance and only applies to IS or JSA(IB)
 - any reduction in benefit as a result of non-attendance at a work-focused interview. This applies both where the person's HB/CTS is reduced and when any other benefit that the person is receiving, such as IS is subject to a sanction
 - any reduction or loss of benefit due to a JSA employment sanction. JSA is not payable for the period of sanction if they have contributed towards their unemployed status, for example, by leaving employment voluntarily or failing to attend a prescribed training scheme. In such cases, it may be possible for a reduced rate of JSA to be paid under the JSA hardship provisions
 - any reduction in benefit due to a JSA sanction for 16/17 year olds – for certain young people who receive JSA under a Severe Hardship Direction. JSA is not payable for the period of the sanction if they have contributed towards their unemployed status, for example, by leaving unemployment voluntarily or failing to attend a prescribed training scheme,
 - or any restriction in benefit due to a breach of a community service order
39. Benefit suspensions: HB can be suspended either because there is a general doubt about entitlement or because a customer has failed to supply information pertinent to their claim. In such cases, it would not be permissible to pay DHPs instead. One of the intentions of the suspension provisions is to act as a lever to ensure that the customer takes the necessary steps to provide the authority with the necessary information/evidence - paying DHPs could reduce the effectiveness of this lever.

40. Rent, when the person is getting council tax support but not HB or help with housing costs in UC: in other words, when a person is only getting local council tax support, you should not take into account any financial assistance that they may require with their council tax, when considering the award of a DHP.
41. Shortfalls caused by HB overpayment recovery: when recovery of an HB overpayment is taking place, such shortfalls should not be considered for a DHP.

Appeals

42. As DHP are not payments of Housing Benefit they are not subject to the statutory appeals procedure which governs those benefits. Any request for a review of a DHP decision will be dealt with in the following way:
 - A customer (or their appointee or agent) who disagrees with a DHP decision may seek a review by writing to the Revenues and Benefits Manager giving their reasons for the disagreement. The Revenues and Benefits Manager will consider the issues in dispute and will either confirm or revise the original decision. The Revenues and Benefits Manager's decision will be notified in writing to the customer together with the reasons for that decision. This decision will be the final decision of the Council.

Overpayments

43. The Council will seek to recover any DHP found to be overpaid. Normally, this will involve issuing an invoice to the customer or the person to whom the award was paid. Under no circumstances will recovery be made from any amounts of Housing Benefit due to the customer (except if the customer requests this method of recovery).

Fraud

44. The Council is committed to the fight against fraud in all its forms. A claimant who tries to fraudulently claim a DHP by falsely declaring their circumstances or providing a false statement or evidence in support of their application may have committed an offence. Where it is alleged, or the Council suspects, that such a fraud may have been committed, the matter will be investigated. If fraud is found to have occurred, the DHP shall be recovered and the Council shall consider whether to impose any formal sanctions.

Publicity

45. The Council will publicise the DHP scheme. Leaflets are available and information regarding the scheme is on the Council website.

The Council shall make its publicity material available to partner organisations such as Citizens Advice, social landlords and relevant community groups, with a view to enabling them to disseminate information on the availability of DHPs to their members, clients or customers. The Council will on request make such information available in large print, Braille, or audio format or in languages other than English.



Northumberland
County Council

Revenues and Benefits Service

Local Welfare Assistance Policy

**Northumberland Emergency
Transition Support (NETs)**

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1. Introduction

- 1.1 The Welfare Reform Act 2012 abolished the discretionary elements of the Social Fund with funding transferred to local councils for provision of localised welfare support schemes.
- 1.2 The discretionary elements of the current DWP Social Fund scheme consist of loans for the purchase of items or living expenses to help meet expenses that have arisen as a consequence of an emergency or a disaster and must also be the only way of preventing serious damage or serious risk to the health or safety of a person or their family.
- 1.3 There is no requirement of the council to set up a scheme in a particular way although encouragement is given to working in partnership with the local Third Sector looking at a range of in-kind and voluntary support with links to advice and advocacy exploring a full range of delivery models.
- 1.4 The Council responded to this challenge by engaging with the voluntary sector to commission a local welfare support scheme has been designed by Northumberland County Council in conjunction with NETs (a partnership formed by three organisations – DAWN (Advice) Ltd, VoiCes Northumberland and Five Lamps).

2. Strategic Aim of the Scheme

The strategic aim of a local welfare assistance scheme in Northumberland is;

‘To make an active contribution to breaking the cycles of poverty, deprivation, unemployment, health inequalities and poor educational achievement in communities across Northumberland’

3. Vision

- 3.1 The vision is for a local welfare assistance scheme that goes beyond being a process for allocating money to an approach that supports those in need, to address short term needs, but also looks to tackle the underlying problems, through an asset based approach that connects with wider support networks and services that will help individuals and families to develop their own capabilities to manage better in the long term.
- 3.2 This policy has been designed to:
 - Help alleviate poverty
 - Help those most in need
 - Encourage and sustain those in low paid employment
 - Prevent homelessness
 - Help those who help themselves
 - Support elderly and vulnerable people in the community
 - Help those who help themselves
 - Help those fleeing domestic abuse
 - Assist young people leaving care

- Support those chronically or terminally ill or those with learning/sensory disabilities or mental health disabilities
- Keep families together

4. Aims and Objectives of the Scheme

4.1 The main aims and objectives of the scheme are:

- To provide help to meet applicants' immediate short-term needs for goods and services that arise because of a disaster or unforeseen circumstance.
- To provide help to applicants' to remain in the community or be resettled into the community.

4.2 There are two main elements to the scheme;

- **Emergency Support** is to prevent an immediate deterioration to an applicant's health by providing short-term access to food, gas and electricity supply and limited supplies of clothing and baby consumables, such as nappies and milk.
- **Transition Support** is to help applicants through periods of transition, for example, to remain in the community or move back into the community after a period in supported or unsettled accommodation. It does this by providing access to a range of standard items such as beds, bedding, furniture and white goods.

5. Eligibility

5.1 The funds available for support are limited, and therefore very specific eligibility criteria have been created in order to support those most in need.

- The applicant must be aged 16 years or over and be a resident of Northumberland, or in exceptional circumstances be in the process of moving into the county to flee domestic abuse, hate crime, forced marriage or honour based abuse.
- There is usually a limit of 2 support awards per applicant, per financial year (in exceptional circumstances additional applications may be considered at the discretion of NETs).

5.2 Even if the applicant qualifies to make an application there is no guarantee that any support will be provided, although advisers will provide names of other services that may be able to offer support depending on the applicant's own personal circumstances.

6. Emergency Support Qualifying Criteria and Awards

Exceptional events

- An immediate need for items or services has arisen following an exceptional event or unforeseen circumstances involving the destruction or loss of property or possessions or significant change to circumstances. In other situations unforeseen changes in circumstance (for example

hospitalisation / bereavement) might result in an immediate need for goods or services. In assessing these circumstances NETs will consider:

- The nature of the need: was this unforeseen, could the applicant have reasonably been expected to make provision?
- The likely impact of the need on the health and well-being of the applicant / household.
- Applicants must meet all other NETs criteria to benefit from an award.

6.1 Health needs

- As a direct result of the inability to afford the goods or services requested either the health of the applicant or a member of their household will immediately deteriorate.
- The applicant would usually also have to meet at least one of the following criteria:
 - Have a serious physical health problem, which they are receiving treatment for
 - Have a dependent child who normally lives with them and their health would be at immediate risk
 - Are homeless, or at risk of homelessness
 - Have a substance or alcohol misuse problem that they are receiving treatment for
 - Are on probation or receiving support relating to their offending history
 - Are affected by, or at risk of domestic abuse, hate crime, honour based abuse or forced marriage
 - Have a learning disability
 - Have a physical or sensory impairment
 - Have a mental health problem, that they are receiving treatment for
 - Are aged 50 or over with support needs
 - Are 24 weeks or more pregnant, or, referred by a medical practitioner confirming a pregnancy related condition

In exceptional cases where an imminent deterioration to an applicant's health is expected then there is discretion to provide goods or services where the applicant does not meet the additional criteria listed above.

6.2 Assessment for Emergency Support

- There will then be two stages to the assessment of an Emergency Support application:
 - Assessment of Need
 - Financial Assessment

6.3 Assessment of Need

- An assessment of need will be carried out to ascertain whether as a direct result of an inability to afford the goods or services requested either the health of the applicant or a member of their household will immediately deteriorate. In addition the applicant or a member of their household who lives with them should also meet at least one of the qualifying criteria.
- Also, in exceptional circumstances where an immediate need for items or services has arisen following occurrence of an exceptional event or unforeseen circumstance; e.g. sudden misfortune involving loss of property or possessions.
- Items provided may include:
 - Food including baby milk and nappies
 - Emergency pre-payment for heating, lighting, solid fuel or reconnection charges
 - Travel expenses to hospital, residential care, emergency accommodation and funerals.
- Methods of support may include (this list is not exhaustive);
 - Internet shopping
 - Supermarket vouchers
 - Pre-payment cards
 - Direct payment to utilities
 - Payment to travel operators (e.g. bus, train and taxi companies)
 - Cash transfer in exceptional cases only
 - Vouchers for food-banks

6.4 Financial assessment

- A financial assessment will be carried in order to establish whether the applicant has immediate access to any other form of financial assistance or is able to access other funding or support.
- Whether eligible or not advisers will carry out a holistic assessment of the clients' circumstances and where possible, will look to signpost clients to local or national organisations who might be able to provide help or support.

6.5 Emergency Support Awards

- Emergency Support awards are to cover immediate short-term needs only and an award may be for a specific item or a service to meet immediate living expenses for a short period, usually up to 7 days. In some cases there is discretion to provide an award for a longer period of time, depending on circumstances, where the presenting emergency can be expected to last for longer than 7 days (usually extending up to an extra 7 days).

- Consideration will be given, however, to any circumstance other than the above where it is clear serious harm or risk is present to the applicant or their household if goods or services are not awarded.
- Emergency Support is intended to help the applicant over short-term requirements and may not solve a crisis altogether.
- Emergency support will be in the form of a voucher for goods and services. A cash award will only be made in exceptional circumstances.
- Decisions on whether to award will be made within 2 hours. If the decision is made before 1pm, then the support will be provided the same day. If the decision is made after 1pm, every effort will be made to ensure the support is provided on the same day, although there may be occasions where support will be delivered on the next working day.

7. Transition Support Eligibility Criteria and Awards

Settlement

- 7.1 Applicant requires support to re/settle into community life within Northumberland:
- Move back into the community after a stay in supported or temporary accommodation or following an unsettled way of life as part of a planned resettlement programme
 - Move out of inappropriate accommodation
 - Stay in your home and prevent a move into residential care or hospital
 - Prevent a serious deterioration of health within the home
 - Ease exceptional pressures for an applicant and their family

Health Needs

- 7.2 As a direct result of the inability to afford the goods or services, the applicants health or the health of a member of the household will immediately deteriorate
- 7.3 Applicants must also meet at least one of the following criteria:
- Have a dependent child who normally lives with them and their health would be at immediate risk
 - Are homeless, or at risk of homelessness
 - Have a substance or alcohol misuse problem that they are receiving treatment for
 - Are on probation or receiving support relating to their offending history
 - Are affected by, or at risk of domestic abuse, hate crime, honour based abuse or forced marriage
 - Have a learning disability
 - Have a physical or sensory impairment
 - Have a mental health problem, that they are receiving treatment for
 - Are aged 50 or over with support needs

- Are 24 weeks or more pregnant, or, referred by a medical practitioner confirming a pregnancy related condition

7.4 In addition, the applicant must also be in receipt of one of the following benefits:

- Income Support
- Income Based Job Seekers Allowance
- Income Related Employment Support Allowance
- Any type of Pension Credit
- Universal Credit
- Housing Benefit
- Council Tax Support

and would usually be expected to have applied for a budgeting loan or advance from the DWP and been declined before their application will be considered. (In some exceptional cases NETs has discretion to give an award where the applicant has not applied to DWP for a budgeting loan or an advance. This would usually be done in conjunction with a Trusted Partner.)

Note: Claimants subject to a DWP ‘sanction’ are not necessarily excluded from applying. However, eligibility for support will depend on the applicant’s circumstances.

7.5 Consent must be given to the council to consult with other agencies for verification of circumstances. Examples may include:

- Social worker
- Fire service
- Police
- VCS prevention and support organisations
- NHS

7.6 Transition Support may cover the following (this list is not exhaustive):

- Beds/Cots (including a cot mattress)
- Bedding
- Chairs/sofas
- Tables
- White goods
- Cooking utensils and equipment
- Towels
- Floor coverings
- Curtains
- Storage or removal costs
- In very particular and limited circumstances funding to secure accommodation may be considered (see section 4.2).

Transition Support Awards

- 7.7 The value of Transition Support will be discretionary in relation to needs presented. A full income and expenditure calculation will be done to determine if applicant can meet all or part of the need.
- 7.8 Awards will be in the form of a grant, part grant/part loan or loan. Awards will be for goods or services. A cash award will only be made in exceptional circumstances.
- 7.9 Each case will be assessed on the individual's financial position at the time of application and the following guidelines apply. As a guide:
- There is a maximum loan amount of £500 per application. Any award value over £500 will be a grant.
 - Loans over £250 to £500 will be repaid over a 52 week period.
 - Loan under £250 will be repaid over a 26 weeks period (up to 52 weeks depending on affordability).
 - A customer will not be able to exceed a total loan value of £800 over multiple applications.
- 7.10 A decision will be made within 5 working days. If successful, awards will be provided within 2 working days of the date the decision was made.

8. Exclusions

- The following will be excluded from awards under the local welfare assistance scheme:
 - People with savings or investments.
 - Work/ educational/ training expenses.
 - School – uniform; sports equipment; travel; meals.
 - Court expenses.
 - Removal or storage charges following a Compulsory Purchase Order, a redevelopment or closing order, a compulsory exchange of tenancies, or under a housing authority's statutory duty to the homeless.
 - Domestic assistance and respite care.
 - Medical services.
 - Debt to Government/ Local Authority.
 - Telephone – purchase; installation; rental; call charges.
 - Holidays.
 - Those under 16 years of age.
 - TV/Radio – licence; aerial; rental charges.
 - Car – Garaging; parking; purchase; running costs.
 - Housing costs.
 - Council Tax or Council Tax arrears.

- Care home residents and hospital in-patients, unless the need is for a person who will be discharged as part of a planned resettlement programme
- Persons who are members of and fully maintained by a religious order.
- People in full-time education unless they are entitled to a qualifying benefit.
- Prisoners who are in prison or released on temporary licence.
- Foreign nationals with limited immigration status;
- Foreign nationals with no recourse to public funds;
- United Kingdom nationals who are not habitually resident in the United Kingdom.
- A need which occurs outside of Northumberland.
- Rent in advance.
- Notes to exclusions:
 - The exclusions above reflect the exclusions from the current scheme and where there are alternative funding sources within other publicly funded programmes.
 - In the case of prisoners about to be released there would be access to a discharge grant within the individual resettlement plan, and liaison with HMP will take place. In some cases an application for Transition Support may be made in advance where the applicant is due to move into the community, and is expected to be eligible to receive a qualifying benefit, but has no eligibility to other forms of support (such as Discretionary Housing Payment).
 - With regard to foreign nationals with limited immigration status etc. they are ineligible/excluded on the grounds of their non-entitlement to current benefits.
 - A number of exclusions above may be eligible for support from DWP Social Fund 'Budgeting Loans' accessed directly from DWP and entirely separate from the Emergency Support and Transition Support described above.

9. Decision Making and Disputes

- Once a decision on an application has been made the applicant and/or representative will be notified in writing.
- All decisions made on local welfare assistance applications will be final and there will be no right of appeal or review.

10. Monitoring Arrangements

- Responsibility for NETs monitoring will sit within the Northumberland Communities Together Service arrangements so that greater level of detail can be provided around all NETs referrals and outcomes.
- The Council will monitor the awards that are made through comprehensive regular information supplied by NETs to the Council.

- In all instances where NETs has discretion to give an award these cases will closely be monitored and clearly reported (numbers of individuals or households, amount of award given, the wider circumstances and reasons for giving the award). This will allow the Council to ensure fairness and consistency and to monitor cost levels.
- Where NETs awards are not made details of any onwards referral of support and assistance will be recorded and monitored to help establish appropriate local support pathways and levels of emergent need.

11. Access to the Service

- The service can be accessed via telephone during the following times (with the exception of bank holidays):
Monday to Friday – 9:00am to 18:00pm
Northumberland Communities Together Tel: 01670 620015
- Out of Hours & Weekends Out of hours and weekends are handled by NCC OneCall emergency duty system. An out of hours voicemail service is also available including directing callers to other potential avenues of support.

12. Communications/Publicity

- Communication and publicity of the service will be in line with an agreed communication programme.

13. Counter Fraud

- Northumberland County Council is committed to the fight against fraud in all its forms. Any applicant who attempts to, or, fraudulently claims an local welfare assistance award by falsely declaring their circumstances, providing false statements or evidence in support of their application may have committed an offence under the Theft Act 2006.
- Where it is alleged, or suspected that such a fraud has been committed the matter will be referred for investigation. If an offence is found to have occurred, action will be taken including if appropriate criminal proceedings

14. Review of the Policy

- This policy will be reviewed as and when required and at least on an annual basis and will take into consideration views of applicants, council staff, Members, specialist referral organisations, other referral organisations and other voluntary sector organisations with an interest in the Welfare Assistance Scheme.



Northumberland
County Council

Revenues and Benefits Service
Rate Relief Policy

Introduction

1. This policy applies to National, Non-Domestic Rates (Business Rates) and provides the framework under which applications for rate relief will be considered.
2. Rate Relief can be either mandatory, discretionary or both and is granted in accordance with the Local Government and Rating Act 1997 and the Local Government Finance Acts 1988 and 2012 (as amended).
3. The policy specifies the factors that will be considered when deciding if an award can be made. Each case will be treated strictly on its merits and all customers will be treated equally and fairly.

Policy Aims

5. The aim of this policy is to ensure consistent and transparent decision making in relation to the discretionary elements of Rate Relief. The policy is intended to provide evidence that the interests of the council tax payer in granting rate relief are well served.
6. Awards should be consistent with wider Council and community objectives and provide greatest support to those organisations with closest alignment with those objectives.
7. This policy applies agreed criteria through a combination of some set awards for certain categories of organisation and a scoring matrix to determine the level of award for others.

Policy

8. The policy relates to awards concerning:
 - Rural Rate Relief
 - Charities and Not for Profit Organisations
 - Hardship Relief
 - Section 44A (relief on the grounds of part occupation)
 - Supporting Small Business Relief
 - Business Rates Revaluation Relief Scheme
 - Pub Relief Scheme
 - Newspaper Relief
 - Retail Discount Scheme 2019/20
 - Expanded Retail Discount Scheme 2020/21
 - Nursery Discount Scheme 2020/21
 - Local Discretionary Discount

Overview – Discretionary Rate Relief

9. The Council is empowered to offer a range of discretionary reliefs against national, non-domestic (business) rates. The cost of granting relief is borne both by Central Government and the Council and is determined by the type of relief as follows:

Relief Type	Cost to Council	Cost to Govt.
Rural	50%	50%
Charities – 20% top up to mandatory relief	50%	50%
Not for profit organisations and sports clubs	50%	50%
Hardship	50%	50%
Section 44A Partly Occupied Property	50%	50%
Supporting Small Business Relief	0%	100%
Pub relief	0%	100%
Business Rates Revaluation Relief Scheme	0%	100% up to the funding limit
Newspaper Relief	0%	100%
Retail Discount Scheme	0%	100%
Local Discretionary Discount	50%	50%
Expanded Retail Discount Scheme	0%	100%
Nursery Discount Scheme	0%	100%

Where relief is granted under Section 47 of the 1988 Act (Discretionary Relief) to organisations that are situated in an area designated as an Enterprise Zone 100% of the cost of relief will be funded by the Government.

10. The legislation that provides these reliefs allows the Council broad opportunity to exercise its discretion in how much to grant and under what circumstances. This discretion is welcomed but presents its own problems in that ratepayers and the general public need to be assured that decisions are taken equitably and openly and that Council money is directed appropriately.
11. To be effective the policy should ensure the greatest community gain from the finite funds the Council has available. The criteria should enable the Council to:
 - direct funds in accordance with the Council and community priorities;
 - allow transparent and consistent decision making;
 - assist businesses/organisations by making clear the criteria that they will be judged against, allowing them to adjust their business or organisational objectives to fit with the aims of the council, should they so wish; and
 - provide some protection against dispute
12. The criteria should be reviewed at such time that there is any substantial change in direction for the Council's Corporate Plan.
13. Eligibility for any relief and the relief itself will be assessed and calculated on a daily basis.
14. In each case the applicant ratepayer will be expected to provide financial and other details in support of their application without which the application will be refused.

Rural Rate Relief

15. The Local Government and Rating Act 1997 (as amended) provides for relief to qualifying rural business properties. The relief is provided under two broad categories:

- **mandatory relief** - 50% for qualifying rural businesses – sole general store, post office, petrol filling station, public house or any food shop
- **discretionary relief** – up to 100% for other rural business or as a top up to mandatory relief.

Note: From 1 April 2017 mandatory rural rate relief will be doubled to 100%. The Government intends to change the relevant primary legislation but expects Councils to use discretionary powers to increase relief to 100% from 1 April 2017.

16. The legislation provides the basic tests for the discretionary relief, though it falls to individual local authorities to establish more detailed awarding criteria should they wish to.

17. The legislation currently provides for the discretionary relief to be granted where:

- The property falls within an identified rural area. To define this area the Council is required to establish and maintain a Rural Settlement List;
- For applications of relief as a top up to mandatory the rateable value of the post office, general store and food store must be £8,500 or less. For the Public House and Petrol Filling Station the rateable value must be £12,500 or less;
- For any other business the rateable value is not more than the specified threshold - currently £16,500 for discretionary relief only applications;
- The property is not a qualifying general store, post office, petrol filling station, public house etc (these qualify for mandatory relief and can apply for a discretionary top-up);
- The property benefits the local community; and
- It is reasonable to award relief having reference to the council tax payers that part-fund the scheme.

18. Whilst many of these criteria are easily tested the degree of community benefit is subjective. Without judging criteria any decisions may be viewed as arbitrary and become subject to dispute. By specifying the criteria, the Council can direct financial support in a way that meets the objectives of the Corporate Strategy and provides some measure of community benefit and reassurance that the interests of the council tax payer are met.

19. The criteria will enable decisions to be based on the relative worth of a small range of key community benefits.

20. The key criteria, based on community benefits and linking to the Council's priorities and objectives, are:

Community Benefit	Reason for including	Corporate Plan Principles
Scarcity of service/business provision	Recognise limitations of access to sparse local services	How, Enjoying, Connecting, Learning and Thriving values

Community Benefit	Reason for including	Corporate Plan Principles
Employment	Providing employment opportunities	Connecting, Learning and Thriving values
Additional community services	Business extends beyond its core activity to support communities	How, Living, Enjoying, Connecting, Learning and Thriving values
Business aimed at serving local community – within County and up to 5 miles beyond boundary	Helps maintain viability of communities and assists community cohesion whilst recognising that some communities extend beyond the County boundary	How, Living, Enjoying, Connecting, Learning and Thriving values
Business aimed at tourism and culture	Links to tourism led regeneration and supporting cultural heritage	How, Living, Enjoying, Connecting, Learning and Thriving values
Provides visitor accommodation	Encourages provision of overnight visitor accommodation and supports tourism led regeneration	How, Living, Enjoying, Connecting, Learning and Thriving values
Supports healthy/active lifestyles	Encourage healthy activity either by local people or visitors	Living, Enjoying, , Learning and Thriving values
Provides services to other local business or promotes local produce/products	Supports other local business – strengthens local economy	How, Living, Enjoying, Connecting, Learning and Thriving values
Provides essential basic community need	Support basic needs of settlement - nursery, dentist, newsagent, hairdresser, repairing garage	Living, Enjoying, Connecting, Learning and Thriving values

21. Discretionary relief up to a maximum of 100% of the 50% rates liability will be awarded where the ratepayer is in receipt of mandatory rural relief. Any other rural business not in receipt of rural mandatory relief will be considered for relief up to a maximum of 100% of the rates liability.
22. Each case will require an application form to be completed.

Charities and Not For Profit Organisations

23. The Local Government Finance Act 1988 (as amended) provides for relief to charities under Section 43 and not for profit organisations under Section 47. The relief is provided under two broad categories:
 - **mandatory relief** - 80% for qualifying charitable organisations and community amateur sports clubs
 - **discretionary relief** – up to 100% for not for profit organisations including a top up to mandatory relief. To be eligible for consideration the ratepayer

must be a non profit making body and the property used for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature or fine arts, or used wholly or mainly for recreation by a not for profit club or society.

24. The legislation provides basic qualifying criteria. The Council is free to determine the basis for any award itself.

Criteria for Charities and Not For Profit Organisations

25. The criteria shown below and expanded on in annex 1 and 2 are to be applied to all applications that are not automatic awards (see paragraph 27 to 32).

General criteria

26. The following criteria are to be used to determine applications. The criteria are based on establishing community value of the organisation and demonstrating consistency with Corporate Plan priorities. The criteria support the following Corporate Plan 2018-21 delivery priorities: “We want to be efficient, open and work for everyone” [How]; “We want you to feel safe, healthy, and cared for” [Living]; “We want you to love where you live” [Enjoying]; “We want you to have access to the things that you need” [Connecting]; “We want you to achieve and realise your potential” [Learning], and, “We want to attract more and better jobs” [Thriving].
27. Applications are considered by scoring against the following criteria. Appendices 1 and 2 show the weighted scoring and award levels based on that scoring.

Community Benefit	Reason for including
Majority of users/membership from within County or surrounding area (5 miles of boundary)	Target support for local communities but recognise that some communities extend beyond the County boundary
Openness of use/membership	Whilst some limitations may be legitimate, through sporting ability perhaps, broad access should be provided
Encouraging users/membership from particular groups	Provide directed support to the disadvantaged or those requiring greater assistance to access opportunities
Reasonable membership fees	Fees not at a restrictive level
Facilities used by the community/other organisations	Rate relief would provide wider benefits
Affiliation to local or national representative bodies	Demonstrates the standing of the organisation
Education, training, coaching provided	Encourages personal development and increased employment/health prospects
The organisation attracts grant aid or raises income through fund raising	Be consistent and complementary in support of organisation
The service supports or assists in the provision of a service to help the Council to achieve its objectives?	Meets legitimate community need and frees the resources of other organisations. This may be where the need is new and has been identified as a community priority.

Automatic Awards

28. The Council has identified certain types of organisation that make a significant contribution to the County and its residents. In addition to the mandatory relief to which they are entitled and in recognition of the contribution that these organisations make, a 20% top-up of discretionary rate relief will be awarded in all cases. In order to ease the administration of these types of applications the qualifying criteria will be accepted as being met unless the following apply:

- a. The majority of users that benefit are not Northumberland residents
- b. There is a restricted access to the service or facility
- c. The fees/costs or membership are excessive or restricted.

In such cases a reduction in relief of 5% will be made for each element.

The organisations that will receive automatic relief are:

- Village Halls / Community Centres
- Scouts / Guides / Youth Clubs
- Leisure Centres

These organisations will be identified from their applications and supporting information.

29. Village Halls / Community Centres
Village Halls and Community Centres are an important asset within local communities and especially to the rural communities of Northumberland. Supporting these organisations, supports the Council's Corporate Strategy in promoting sustainable communities.
30. Scout/Guide/Youth Groups
These types of organisations provide a valuable framework of education and activities in order to engage the young people of the County to participate in positive activities, which develop their social skills, interests and talents. This supports the Council's objectives.
31. Leisure Centres
Leisure Centres are an essential part of the community and support the council's corporate objectives by offering affordable access to activities to improve the health of the residents of Northumberland.
32. All other applications for discretionary relief will be scored in accordance with the Council's rate relief criteria in annex 1 and 2.
33. Certain organisations or types of property may meet the essential criteria in order to be able to apply for relief, however, they either do not support the objectives of the Council or it is not in the interest of council tax payers to grant the relief. Applications from the following organisations will, therefore, not be supported in an application to receive top up discretionary relief:

- Schools, Learning Partnerships, Academies or similar. These organisations are centrally funded through the direct schools grant (these organisations will still be eligible to receive 80% mandatory relief).
- Community Asset Transfer arrangements after 1/4/12 (these organisations will still be eligible to receive 80% mandatory relief). This refers to the transfer of a service or a function that was previously provided by the Council and transferred to a charitable organisation. The Chief Executive shall have the power to waive this decision, in conjunction with the Portfolio Holder for Corporate Services, where the transfer under the Community Asset Transfer arrangements is seen to positively assist the County Council in achieving its objectives in a more cost-effective way and not to do so could cause unnecessary financial hardship to the community organisation.
- Housing Associations (these organisations will still be eligible to receive 80% mandatory relief). This exclusion applies to administrative offices but does not include applications in respect of community based projects.

Specific situations

34. It is possible for the nature of the organisation to be at conflict with agreed community and Council objectives, for example, equalities and diversity, health inequalities and/or value for money for the local council tax payer. These conflicts require additional criteria to assist decision-making in specific situations.
35. **Existence of a bar** - A significant feature that should be taken into account in determining any relief is the existence of a bar and the significance of that bar against any other activity of the organisation. It could be viewed as inequitable to the council tax payer to support organisations whose dominant activity is the operation of a bar. Such support would not be consistent with promoting the Health & Wellbeing priority objective.
36. The initial test for the ratepayer, when applying for relief, is to establish the dominant objective of the organisation. For example, the dominant purpose may be to run a bar and premises for meeting purposes, such as a club or institute. Or the operation of a sports club with a bar may be ancillary in purpose to the furtherance of sporting activity.
37. No relief will be granted where the dominant objective of the organisation is the operation of a bar and associated activity.
38. **Charity shops** - Charity shops qualify for 80% relief and are able to apply for a 20% discretionary top up. Charity shops are a feature of most high streets and provide much needed opportunity for income generation for charitable organisations both of a national and local nature and provide a resource for those on low incomes.
39. Charity shops are increasingly competing with the high street at large and an increase in their number may affect the viability of the high street.
40. In accordance with this policy the 20% top up is not awarded for charity shops, with the exception of those shops that are occupied by 'local' charitable organisations in which case the 20% top up is awarded. The following definition of 'local' was agreed by the Executive:

“a charity established for purposes which are directed wholly or mainly to the benefit of residents and users in Northumberland (whether stated in the trusts of the charity or implicit in its purposes)”.

41. **Interest groups** - The central premise of rate relief is the value that is achieved for the council tax payer in making such an award. This premise infers local benefit at local cost.
42. Demonstrating local value can be a challenge where the organisation is based locally but has wider interests; regionally or nationally perhaps. Whilst there is value in having the organisation within the County it may be seen as inequitable for the local council tax payer to bear the cost.
43. These organisations can be seen as being the following:
 - **Administrative base** – degree of local benefit will depend on geographic area of interest and will range from substantial to minimal benefit. These could be a local trust who seeks to improve the local quality of life down to purely administrative offices for a national organisation.
 - **Advocacy organisations** – these groups provide a “voice” on issues affecting a broad range of people across the area in which they operate. They may not provide any specific or direct benefit to the people of Northumberland – their presence in the area is coincidental to their objectives and as such are less supportable in terms of rate relief and the costs that have to be borne by local people
 - **Support organisations** – these groups may be focused on specific issues, disability or health conditions across a wide geographic area but they provide tangible and direct benefits to local people. Their position within the County provides local people with greater opportunity than if the organisation were elsewhere and financial support is easier to justify.
44. The support provided to these organisations should be based on the degree of contribution to the County and its communities in accordance with the decision matrix at annex 1.
45. Any non profit making organisation applying for discretionary rate relief (excluding a top up to mandatory relief) will be encouraged to apply for Small Business Rate Relief to reduce the potential cost of discretionary relief to the Council.
46. The legislation requires that a period of one years notice is give to ratepayers where a decision is made to vary the relief awarded where the variation results in the rates liability increasing.

The Localism Act 2011

47. Clause 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988 to allow the Council to reduce the business rates of any local ratepayer (not just those that can be eligible for discretionary relief) by way of a local discount. The cost of funding any local discount that is granted will be met by way of a 50/50 split with Central Government.
48. Applications will need to be in writing and consideration will be given on a case by case basis in light of the guidance supplied and the full circumstances of each case.

Hardship Relief

49. Section 49 of the Local Government Finance Act 1988 allows the Council to reduce or remit business rates for any ratepayer that is suffering, or would suffer, hardship without the relief. In granting such relief the Council must consider if it is reasonable to do so, and be in the best interests of the council tax payer.
50. Considering applications on the basis of “reasonableness” and “the best interests of the council tax payer” are again subjective and open to suggestions of arbitrary decision making.
51. The guidance provided by the then Office of the Deputy Prime Minister requires that the Council does not adopt a blanket approach and should decide each case on its merits. However, within this guidance, rules can be adopted to direct local decision making.
52. To take account of the wider interests of the council tax payer it is appropriate to base decisions on the contribution of the business to the aims of the Council. In addition the likely sustainability of the business should be considered as it will rarely be in the best interests of the council tax payer to support a failing business in the longer term, particularly if that business makes little contribution to the local economy.
53. Rate relief has a role in regeneration by supporting business within the delivery themes of the Council’s Corporate Plan. Applied too late, not at all, or with too strict a view of hardship, is likely to have an adverse impact on business survival rates and give poor value for the local tax payer. If relief is applied at the right time, for the business, the return on investment may be shown in the resurgence of the business and job creation or maintenance.
54. Hardship relief is intended as a short to medium term measure to allow a business to develop, recover or manage a decline.
55. The criteria for determining the community worth of the business should be assessed against evidence of the existence of hardship and the likely future of the business.
56. The following information will be sought to judge hardship and future business prospects:

Factor	Evidence (not exhaustive)	Judgement criteria
Existence of hardship	Accounts or other financial statements	Would the payment of rates cause hardship? Does the business have the funds to pay the rates bill? Is the situation caused by a temporary cash flow problem?
Period of decline/hardship	Accounts or other financial statements	Relief is aimed at the short/medium term

Factor	Evidence (not exhaustive)	Judgement criteria
Reasons for current position	Statement on application	Was this caused by the ratepayers own improvidence, through external events, business set-up or some other reason? Does the ratepayer understand the cause of the position?
Actions taken by ratepayer to develop business, halt, reverse or manage decline	Statement on application	Is the ratepayer taking appropriate action? Is there a recovery plan in place? Is there a significant effect on local employment opportunities?
Expected period support required for	Statement on application	Is there an understanding of the future need for support? Is the need for support in the short/mid term only?
Expected outcome	Statement on application	What are the prospects of the business in the short to medium term? Is the business likely to survive if support is given? What are the benefits for the community?
External funding or support available and applied for	Support of Business Link, bank etc	Has the ratepayer sought and applied for help and funding elsewhere? What help and funding has been received?
General trading history	Accounts or other financial statements	Is there a history of adverse trading or of a temporary decline?
Ratepayers history of business success or failure	Statement on application, rating records	Is the ratepayer repeating previous failures?
Is this the sole business of the ratepayer?	Statement on application, rating records	Are other parts of the ratepayers business interests capable of providing supporting?

57. Awards of relief will be made subject to regular reviews that fit the circumstances of the business.

Partly Occupied Property

58. Section 44A of the Local Government Finance Act 1988 (as amended) provides the Council a discretion to grant relief where it appears that part of a property is unoccupied and will remain so for a 'short time only'.
59. It is not intended that Section 44A be used where part of a property is temporarily not used or its use is temporarily reduced. Instead Section 44A is

aimed at situations where there are practical difficulties in occupying or vacating a property in one operation perhaps because new accommodation to which the ratepayer is moving is not fully ready for occupation and it is phased in over a number of weeks or months. Similarly, where a building or buildings become temporarily redundant it might be reasonable to grant relief for the unoccupied part.

60. Where it is proposed that Section 44A discretion is granted an apportionment of the Rateable Value of the occupied and unoccupied parts of the property will be sought from the Valuation Office.
61. Each application will be looked at on its own merit.
62. The cost of funding Section 44A relief will be met by way of a 50/50 split between Central Government and the Council.

Newspaper Relief

63. A £1,500 discount is available for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title, and per hereditament and subject to state aid limits.
64. The relief is available from 1st April 2017. It was originally for 2017/18 and 2018/19, but has been extended to 2024/25.
65. The relief is granted under Section 47 of the Local Government Finance Act 1988. The Council will be compensated for the cost of the relief.

Supporting Small Business Relief

66. This relief was introduced in the 2017 Spring Budget to assist ratepayers who were losing some or all of their small business rate relief or rural rate relief as a result of the change to their rateable value at the 2017 revaluation. The relief applies for the 2017 rating list.
67. To support those ratepayers the supporting small business relief will ensure that the increase per year in the amount payable is limited to the greater of:
 - A cash value of £600 per year (£50 per month), or,
 - The matching cap on increases for small properties in the transitional relief scheme
68. The relief is granted under Section 47 of the Local Government Finance Act 1988. The Council will be compensated for the cost of the relief by way of a Section 31 grant from Government.

Business Rates Revaluation Relief Scheme

69. In the Spring Budget on 8 March 2017 the Government announced the establishment of a £300 million discretionary fund over four years from 2017-18

to support those businesses that were facing the steepest increases in their business rates bills as a result of the 2017 revaluation.

- 70. The Government’s intention is that each Council will be given a share of the funding to provide their own support to their local businesses by developing their own discretionary relief scheme to deliver targeted support to business ratepayers.
- 71. The level of funding for Northumberland County Council was confirmed at:

	£000
2017-18	963
2018-19	468
2019-20	193
2020-21	28

- 72. The Government expects the Council to deliver this through the use of discretionary relief powers under Section 47 of the Local Government Finance Act 1988.
- 73. A copy of the scheme that was approved at County Council on 1 November 2017 is attached at Annex 3.

Retail Discount Scheme 2019/20

- 74. The Government announced in the Autumn Budget on 29 October 2018 that there would be a Retail Discount Scheme for occupied retail properties with a rateable value of less than £51,000 in each of the financial years 2019/20 to 2020/21. The value of the discount will be one third of the bill after mandatory reliefs and other discretionary reliefs funded by Section 31 grants have been awarded. This was amended by Government at the 2020 Budget as part of measures to assist businesses with the COVID-19 pandemic. The discount for 2020/21 was increased to 100% with and the scheme was expanded for the financial year 2020/21 (see Expanded Retail Discount Scheme below).
- 75. Retail Discount is granted under Section 47 of the Local Government Finance Act 1988 and is subject to State Aid De Minimis Regulations. The Council will be compensated for the cost of the relief by way of a Section 31 grant from the Government.

Nursery Discount 2020/21

- 76. As an extraordinary response to the coronavirus, the Government announced a business rates Nursery Discount on 18 March 2020. This relief will apply to hereditaments occupied by providers on Ofsted’s Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to business rates in the year 2020/21. There will be no rateable value limit on the relief. This is a measure for the 2020/21 financial year only.

77. The Government is not changing the legislation relating to the reliefs available to properties. Instead the Government will, in line with the eligibility criteria reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief.
78. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47 subject to State Aid limits. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).
79. Relief will be awarded to hereditaments occupied by providers on the Ofsted's Early Years Register and that are wholly or mainly used for the provision of the Early Years Foundation Stage. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation.

Expanded Retail Discount Scheme 2020/21

80. This guidance is intended to support local authorities in administering the business rates expanded retail discount announced first in a Written Ministerial Statement on 27 January 2020 and expanded in the Budget on 11 March. This guidance applies to England only. 2. This guidance sets out the criteria which central government considers for this purpose to be eligible for the Expanded Retail Discount.
81. The Government announced in the Budget on 29 October 2018 that it would provide a Business Rates Retail Discount, to apply in the years 2019/20 and 2020/21. In response to the coronavirus pandemic, in the Budget on 11 March the Government announced that it would increase the discount to 100% and extend it to include the leisure and hospitality sectors. Following the announcement on 23 March 2020 of further measures to limit the spread of coronavirus, the Government confirmed that some of the exclusions for this relief have been removed, so that retail, leisure, and hospitality properties that will have had to close as a result of the restriction measures will now be eligible for the relief. This relief will apply to occupied retail, leisure and hospitality properties in the year 2020/21. There will be no rateable value limit on the relief.
82. As this is a measure for 2020/21 only, the Government is not changing the legislation relating to the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief. It will be for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance,

to grant relief under section 47 subject to State Aid limits. Central government will fully reimburse local authorities for the local share of the discretionary relief using a grant under section 31 of the Local Government Act 2003).

Rate Relief Decisions and Appeals

76. Rate relief decisions, with the exception of Hardship, Section 44a and Local Discretionary Discounts are delegated to the Revenues Section. Where the cost to the Council of granting relief is between £50,000 and £100,000 decisions are delegated to the Revenues and Benefits Manager and Executive Director of Finance. Costs in excess of £100,000 are delegated to the Chief Executive.
77. Rate relief decisions for Hardship, Section 44a and Local Discretionary Discounts are delegated to the Revenues Manager and Revenues and Benefits Manager. Where the cost to the Council of granting relief is between £50,000 and £100,000 decisions are delegated to the Revenues and Benefits Manager and Executive Director of Finance. Costs in excess of £100,000 are delegated to the Chief Executive.
78. Requests for a review of a decision will be delegated to the Revenues and Benefits Manager and Executive Director of Finance unless the original decision has been made by those officers whereby the Chief Executive will undertake the review. If the review relates to a case determined by the Chief Executive the relevant Portfolio Holder will carry out the review.
79. For 20% top up to mandatory relief and not for profit organisations and sports clubs notice will be served on the ratepayer at the time of the award decision limiting discretionary awards to 24 months. The duration of hardship relief and Section 44a awards will be in accordance with the individual circumstances of the application. For all other relief types the duration of the award will be in line with Government guidance.
80. Where the Government announce a new business rates scheme after this policy has been annually reviewed the Chief Executive will have delegated powers in order to implement the scheme in line with the required legislation and timetable. This policy will then be updated at the next annual review.

Annex 1

Discretionary Rate Relief - charities and not for profit organisations

Specific Interest Organisations

					Score
1	What is the organisations service area?	National	Regional	Within Northumberland	
		-10	0	20	<input type="text"/>
2	Is the organisation and / or its facilities open to or for the benefit of, all members of the community?	No	Limited Restriction	Yes	
		0	5	10	<input type="text"/>
4	Are the organisation aims and objectives specifically targeted at helping disadvantaged and vulnerable groups?	No	Yes		
		0	10		<input type="text"/>
	Does the organisation provide education, training or coaching for its users / members?	None	Limited	Substantial	
		0	5	10	<input type="text"/>
5	Does the service support or assist in the provision of a service to help the Council achieve its objectives?	No	Limited	Substantial	
		0	10	20	<input type="text"/>
Total					<input type="text"/>
					<input type="text"/>

Criteria Scoring

Charitable Organisations				
Not Supported	5%	10%	15%	20%
0 - 20	25	30	35	40

Non-Profit Making Organisations				
Not Supported	25%	50%	75%	100%
0 - 20	25	30	35	40

Annex 2

Discretionary Rate Relief - charities and not for profit organisations

	<30%	30-50%	50-70%	70%	
1 Do the majority of members / users come from the County or surrounding area? (5 mile outside boundary)	-10	3	6	10	<input type="text"/>
2 Is the organisation open to all members of the community?	Restricted	Limited Restriction	Open to all		<input type="text"/>
3 Does the organisation encourage membership / users from a particular group? (Ethnic Minorities, Disabled, Young Persons, OAP's, Working Parents)	0	5	10		<input type="text"/>
	No	Some	Actively		
4 Are the fees/costs reasonable for the service or facilities provided, which support accessibility and encourage participation / use?	0	5	10		<input type="text"/>
	No	Yes			
Is the building used by the organisation available to the community and other organisations?	0	10			<input type="text"/>
	No	Some Use	Substantial		
Is the organisation affiliated to a local or national representative body?	0	3	10		<input type="text"/>
	No	Yes			
7 Does the organisation provide education, training or coaching for its users/members?	0	10			<input type="text"/>
	None	Limited	Substantial		
8 Does the organisation attract grant aiding or generate income through fund raising activities or self help?	0	3	10		<input type="text"/>
	No	Yes			
9 Does the service support or assist in the provision of a service to help the Council to achieve its objectives?	0	10			<input type="text"/>
	No	Yes			
	0	20			<input type="text"/>
					<input type="text"/>
				Total	<input type="text"/>

Criteria Scoring and Relief Percentages for Non-Profit Making Organisations

Not Supported				Supported									
Nil				25%			50%		75%		100%		
5	10	15	20	25	30	35	40	45	50	55	60	65	66+

Criteria Scoring and Relief Percentages for Charitable Organisations - 20% top up

Not Supported				Supported									
Nil				5%			10%		15%		20%		
5	10	15	20	25	30	35	40	45	50	55	60	65	66+



Northumberland
County Council

Revenues and Benefits Service

**Business Rates Revaluation Relief
Scheme**

Introduction

1. In the Spring Budget on 8 March 2017 the Government announced the establishment of a £300 million discretionary fund over four years from 2017-18 to support those businesses that were facing the steepest increases in their business rates bills as a result of the 2017 revaluation.
2. The Government's intention is that each Council will be given a share of the funding to provide their own support to their local businesses by developing their own discretionary relief scheme to deliver targeted support to business ratepayers.
3. The level of funding for Northumberland County Council was confirmed at:

	£000
2017-18	963
2018-19	468
2019-20	193
2020-21	28

4. The Government expects the Council to deliver this through the use of discretionary relief powers under Section 47 of the Local Government Finance Act 1988.
5. The Council will be compensated through a Section 31 grant for the cost to the Council of granting the relief up to the levels set out in paragraph 3 above.
6. There is a requirement to consult with major preceptors before a scheme is adopted.

Scheme Aims

7. The aim of this scheme is to ensure that support is provided to those businesses that are facing the steepest increases in their business rates bills as a result of the 2017 revaluation.
8. Support will be targeted at small and medium sized businesses adversely affected by the 2017 revaluation.
9. The Council is committed to ensuring the discretionary fund will be maximised in each financial year but not exceeded.
10. To support ratepayers facing an increase in business rates by limiting the impact of the revaluation.
11. To support businesses in a fair and proportionate manner in line with Government's intentions.
12. Relief will be applied to empty property as this will be an incentive to new businesses to take on empty properties.

Scheme Rules & Eligibility Criteria

13. A property qualifies if:
 - There was an entry in the Valuation List for the property on 31 March 2017 and 1 April 2017.
 - There has been an increase in the rate liability as a result of the 2017 revaluation exceeding £300.
 - The Rateable Value of the property is less than 200,000 as at 1 April 2017.
14. Revaluation Relief will be applied to occupied and empty properties.
15. Revaluation Relief will be applied against the net rates bill after all other reliefs.
16. Eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
17. New ratepayers of qualifying properties after 1 April 2017 will benefit from the relief and it will be applied pro rata.
18. The amount of relief awarded will reduce and be apportioned where a ratepayer vacates the property during the year.
19. The amount of relief awarded will reduce and be apportioned where a ratepayer qualifies for any other relief during the year.
20. Where the rateable value of the property is reduced by the Valuation Office Agency the relief will be reduced or removed where the scheme rules and eligibility criteria are no longer met.
21. Where the rateable value of a property is increased with an effective date of after 1 April 2017 (by the Valuation Office Agency), the increase in rateable value will not qualify for additional relief under this scheme.
22. Revaluation Relief will be awarded as follows:

2017-18	relief provided to cap the increase in business rates as a result of the 2017 revaluation at £300 for all qualifying businesses*
2018-19	50% of the relief entitlement in Year 1 of the scheme*
2019-20	20% of the relief entitlement in Year 1 of the scheme*
2020-21	3% of the relief entitlement in Year 1 of the scheme*

* subject to annual review

Exclusions

Revaluation Relief will not be granted to the following:

23. Occupied or empty properties where the ratepayer is a multinational or national chain companies (including parent companies). The definition of multinational and national chain companies (including parent companies) is 'any company who owns a number of properties and/or businesses spread across various locations nationwide or world-wide'.
24. In accordance with Section 47 of the Local Government Finance Act 1988 certain properties are excluded from discretionary business rates relief. These are properties that are occupied in full, or part, by the billing authority or a precepting authority.
25. Properties owned or occupied by ratepayers who receive funding from central government.
26. New properties, newly constituted property and split or merged property.
27. Businesses who receive full Small Business Rates Relief for the property are not included in the scheme as they have no rates liability.
28. Periods of occupation for known rates avoidance schemes.

Awards of Revaluation Relief

29. Relief will be awarded automatically for qualifying properties and there will be no application process. A signed declaration will be required to confirm that state aid limits have not been exceeded (see 32 below).

Notice Periods

30. A termination notice will be served on the ratepayer at the time of the award decision initially limiting the award to 31 March 2019. This is in line with the requirements of the Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059).
31. Termination dates for years 3 and 4 of the scheme will be 31 March 2020 and 31 March 2021 respectively.

State Aid

32. The awarding of discretionary relief under this scheme will be subject to state aid to the European Union State Aid de-minimis limits and therefore a declaration of previous state aid received will be required to be completed.

Appeals

33. Requests for a review of a decision will be delegated to the Section 151 Officer and the Revenues & Benefits Manager.

Review

34. The scheme will be subject to a review as required.

Annex 4 – Qualifying properties for the purposes of the Expanded Retail Discount Scheme for 2020/21

Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- a. as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
- b. for assembly and leisure; or
- c. as hotels, guest & boarding premises and self-catering accommodation.

It is considered that shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire
- Employment agencies
- Estate agents and letting agents
- Betting shops

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience.

It is considered assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

ii. Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls
- Clubhouses, clubs and institutions

It is considered hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites

To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, hereditaments which have closed temporarily due to the government's advice on COVID19 will be treated as occupied for the purposes of this relief.

The list set out above is not intended to be exhaustive and there may be properties that are not listed but are broadly similar in nature to those above and may be considered separately.

The list below sets out the types of uses that the Council does **not** consider to be an eligible property use for the purpose of this relief.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public

- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/financial advisers)
- Post office sorting offices

ii. Hereditaments that are not reasonably accessible to visiting members of the public.



Northumberland
County Council

Revenues and Benefits Service

Housing Benefit

**War Pension and Armed Forces
Compensation Disregard Policy**

Introduction

1. The Housing Benefit Regulations 2006 make provision for the first £10.00 of income from War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Scheme to be disregarded in any benefit assessment. The cost of this disregard is fully reimbursed to the Council.
2. The Social Security Administration Act 1992 gives the Council discretion to disregard any amount it chooses in addition to the statutory provision. Since 2009/10 the Council has taken advantage of this provision and fully disregarded income claimants receive from the War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Schemes.

Policy Aims

3. The policy aims to:
 - Ensure income from the schemes is treated consistently when assessing entitlement to housing benefit;
 - Ensure that everyone gets fair treatment and equal opportunity;
 - Promote a transparent and simple process that is easily understood; and
 - Provide staff with guidance for making reasonable, fair and consistent decisions.

Policy

4. The Council will fully disregard income from War Widows (Widowers)/War Disablement Scheme and the Armed Forces Compensation Scheme when assessing entitlement to Housing Benefit.



Northumberland
County Council

Revenues and Benefits Service

Corporate Fraud Team

Counter Fraud Policy

1 Introduction

- 1.1 Northumberland County Council is a major provider of services to the community, and as such the Council's members and staff have a responsibility to ensure the highest standards of probity are maintained.
- 1.2 Under the provisions of the Local Government Act 1972 (s.151) the Council has a statutory responsibility to protect and ensure the proper administration of public funds.
- 1.3 Northumberland County Council is committed to sound corporate governance and has demonstrated this by adopting a Code of Corporate Governance in accordance with National and Professional Standards. This requires the Council to define the standards of personal behaviour and conduct that members and staff and those involved in service delivery are expected to display.
- 1.4 An integral element of this approach is the Council's determination to eradicate fraud and corruption whether it is attempted from within or outside the Council.
- 1.5 It is important to emphasise that the County Council has traditionally had a good record with respect to probity and the instances of detected fraud and corruption within its activities have been relatively few.
- 1.6 In administering its responsibilities the Council is committed to the highest ethical standards. It expects all its members and staff to lead by example in ensuring adherence to rules, procedures and recommended practices whilst maintaining conduct of the highest standards such that public confidence in their integrity is maintained.
- 1.7 The Council also expects that individuals and organisations that it comes into contact with will act towards the Council with integrity and without thought or actions involving fraud or corruption.
- 1.8 Members and staff need to be aware that fraud and corruption will not be tolerated under any circumstances and if they become aware of any malpractice or wrongdoing and they unreasonably fail to take appropriate action to eliminate that activity then they themselves become implicated in such acts.
- 1.9 If any individual has any information regarding malpractice or wrongdoing in the County Council this should be brought to the immediate attention of their Line Manager.
- 1.10 If a member of staff raises a concern regarding financial malpractice then the details must be passed immediately to the Corporate Fraud Manager for consideration of appropriate action. Managers should only establish the basic facts of the suspicion and should not attempt to carry out any investigation themselves.

2 Policy Aims & Objectives

- 2.1 This Policy is relevant to the priorities in the Corporate Plan 2018-21 and links to the corporate objective of 'wanting to be efficient, open and work for everyone. The Corporate Fraud Team contributes to the objective by being committed to the prevention, detection and investigation of internal and external fraud and by working in partnership with other agencies reducing the incidence of crime and theft against the Council.
- 2.2 Under the Council's Constitution and the Finance and Contract Rules, the Section 151 Officer has responsibility for the development and maintenance of an anti-fraud and anti-corruption strategy which includes the avoidance of involvement in money laundering.
- 2.3 This responsibility has been delegated to the Corporate Fraud Manager and through this Counter Fraud Policy the Corporate Fraud Team will;
- Provide an effective counter fraud service.
 - Develop and implement measures to prevent and detect all forms of fraud against the Council.
 - Develop a range of initiatives aimed at reducing and ultimately eliminating all forms of fraud and error as far as possible in Northumberland through the building of effective controls into our working practices.
 - Operate the counter fraud service in a secure environment.
 - Conduct high quality assessments with appropriate investigations when fraud is suspected to ensure that full compliance with legal requirements are met to enable prosecution where appropriate.
 - Take action where appropriate in line with the Corporate Enforcement Policy and use all legal sanctions available for recovery of any losses through fraud.
 - Provide all Corporate Fraud Team members with appropriate and regular training.
 - Deter internal and external fraud by publicising the Councils' anti-fraud measures, including details of how any type of suspected fraud may be reported and actively encouraging the public, employees and members to report such suspicions.
 - Regularly publicise successful prosecutions and achieved savings as a result of anti-fraud activity.

3 Linked Policies

- 3.1 This Policy should be read in conjunction with the following additional fraud related policies developed by the Corporate Fraud Team:
- Bribery & Corruption Policy
 - Anti Money Laundering Policy

- 3.2 The County Council also has a Whistleblowing Policy which is maintained by HR in conjunction with the Monitoring Officer.
- 3.3 For further information on any of these policies or for advice on any potential fraud related concerns please contact:

Barry Haigh, Corporate Fraud Manager

Telephone: 01670 624273

Email: barry.haigh@northumberland.gov.uk



Northumberland
County Council

Revenues and Benefits Service

Corporate Fraud Team

Bribery & Corruption Policy

1 Introduction

- 1.1 Bribery is a criminal offence. The County Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose nor does it or will it accept bribes or improper inducements.
- 1.2 To use a third party as a conduit to channel bribes to others is a criminal offence. The County Council does not, and will not, engage indirectly in or otherwise encourage bribery.
- 1.3 The County Council is committed to the prevention, deterrence and detection of bribery. We have a zero-tolerance policy towards any type of bribery, corruption or fraud.

2 Policy Objectives

- 2.1 This policy provides a framework to enable employees and members to understand and implement arrangements enabling compliance. In conjunction with related policies referred to below it will enable employees and members to identify and report a potential breach.
- 2.2 We require all staff, including temporary agency staff and all contractors and their employees working on behalf of the County Council and all elected members to:
 - act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible
 - comply with the spirit, as well as the letter, of the laws and regulations in respect of the lawful and responsible conduct of activities.

3 Scope of this Policy

- 3.1 This policy applies to all of the Council's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with this policy.
- 3.2 Within the Council the responsibility to control the risk of bribery occurring rests at all levels. It does not rest solely within assurance and audit functions, but in all business units and corporate functions and members exercising their Council functions.
- 3.3 This policy covers all staff at all levels and grades, including those permanently employed, temporary agency staff, contractors, non-executives, agents, members (including independent members), volunteers and consultants.

4 The County Council's Commitment

- 4.1 The County Council commits to:
 - Setting out a clear anti-bribery policy and keeping it up to date;
 - Making all employees and members aware of their responsibilities to adhere strictly to this policy at all times;
 - Encouraging its employees and members to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;

- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery;

5 What is Bribery?

5.1 Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

5.2 There are four criminal offences created by the Bribery Act 2010:

- bribery of another person (section 1) to induce or reward them to perform a function improperly;
- requesting or accepting a bribe (section 2) as a reward for performing a function improperly;
- bribing a foreign official (section 6) to gain a business advantage;
- failing to prevent bribery (section 7);

5.3 The last is a corporate offence of failure by a commercial organisation to prevent bribery intended to obtain or retain business, or an advantage in the conduct of business. An organisation will have a defence to this offence if it can show that it had in place adequate procedures (see below) designed to prevent bribery by or of persons associated with it.

5.4 An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months or to a fine not exceeding £5,000, or to both;
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both;

5.5 If an organisations is found guilty of an offence under section 7 it is liable to an unlimited fine.

6 What are Adequate Procedures?

6.1 Adequate procedures need to be applied proportionately, based on the level of risk guided by the six principles in the Government's Guidance. These principles are not prescriptive. They are intended to be flexible and outcome focussed.

6.2 They are:

6.3 Proportionate procedures

6.4 Procedures to prevent bribery should be proportionate to the bribery risks faced and to the nature, scale and complexity of activities. They are also clear, practical, accessible, effectively implemented and enforced. This policy explains the procedures.

6.5 Top level commitment

6.6 The top-level management should be committed to preventing bribery by persons associated with it. They foster a culture within the organisation in

which bribery is never acceptable. This Policy has accordingly been endorsed by the Chief Executive and the Audit Committee.

6.7 **Risk Assessment**

6.8 The Council assesses the nature and extent of its exposure to potential external and internal risks of bribery routinely and as an integral part of its usual procedures. The assessment is periodic, informed and documented. It includes financial risks but also other risks such as reputational damage.

6.9 **Due diligence**

6.10 The Council applies due diligence taking a proportionate and risk based approach in respect of persons who perform or will perform services for or on behalf of the council, in order to mitigate identified bribery risks.

6.11 **Communication (including training)**

6.12 The Council seeks to ensure that its bribery prevention policies and procedures are embedded and understood through communication, including mandatory training that is proportionate to the risks it faces.

6.13 **Monitoring and review**

6.14 The Council monitors and reviews procedures designed to prevent bribery by persons associated with it and improvements are made where necessary.

The County Council is fully committed to the implementation of these six principles.

7 Directions to Members, Staff & Suppliers

7.1 It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy.

7.2 **Gifts and hospitality**

7.3 The County Council policy in relation to gifts and hospitality is clearly outlined in the Staff Code of Conduct.

8 **Public Contracts & Failure to Prevent Bribery**

8.1 Under the Public Contracts Regulations 2006 a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence.

8.2 The County Council extends such automatic barring to any organisations convicted of an offence under the Bribery Act 2010 or any similar offence of fraud or dishonesty which might bring the relationship with the Council into disrepute.

9 **Staff & Member Responsibilities**

9.1 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those appointed as members, working for the council or under its control. All staff and members are required to avoid activity that breaches this policy.

9.2 You must:

- ensure that you read, understand and comply with this policy
- raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

9.3 As well as the possibility of civil and criminal prosecution, all staff that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

10 **Raising a Concern**

10.1 The County Council is committed to ensuring that there is a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every member of staff to know how they can raise concerns.

10.2 We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, please report it as soon as possible.

10.3 There are multiple channels to help you raise concerns all of which are clearly outlined in the Whistle Blowing Policy.

10.4 Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, we will act as soon as possible to evaluate the situation.

10.5 We have clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. This is easier and quicker if concerns raised are not anonymous.

- 10.6 Staff who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. We aim to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.
- 10.7 We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.
- 10.8 If you have any questions about these procedures, please contact the Corporate Fraud Manager, the Chief Internal Auditor or the Monitoring Officer. Members with concerns should also contact one of these officers.

11 Linked Policies

- 11.1 This Policy should be read in conjunction with the following additional fraud related policies developed by the Corporate Fraud Team:
- Counter Fraud Policy
 - Anti-Money Laundering Policy
- 11.2 As outlined above, the County Council also has a Whistle Blowing Policy which is maintained by HR in conjunction with the Monitoring Officer.
- 11.3 For further information on any of these policies or for informal advice on any potential bribery and corruption or fraud related concerns please contact:

Barry Haigh, Corporate Fraud Manager
Telephone: 01670 624273
Email: barry.haigh@northumberland.gov.uk



Northumberland
County Council

Revenues and Benefits Service

Corporate Fraud Team

Anti-Money Laundering Policy

1 Introduction

- 1.1 There have been significant changes to the legislation concerning money laundering which have broadened the definition of money laundering and increased the range of activities caught by the statutory framework.
- 1.2 As a result, the obligations now impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.
- 1.3 The legislation in respect of Money Laundering is set out in the following:
- Proceeds of Crime Act 2002 as amended by the Crime and Courts Act 2013 and the Serious Crime Act 2015;
 - The Money Laundering Regulations 2007;
 - The Terrorism Act 2000 as amended by the Anti-Terrorism, Crime and Security Act 2001, the Terrorism Act 2006 and the Terrorism Act 2000 and Proceeds of Crime Act 2002 (Amendment) Regulations 2007

2 Scope of the Policy

- 2.1 This Policy applies to all employees of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering.
- 2.2 The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.
- 2.3 Further information is set out in the accompanying Guidance Note. Both the Policy and the Guidance Note sit alongside the Council's Whistleblowing Policy and its Counter Fraud and Corruption Strategy.

3 What is Money Laundering?

- 3.1 Under the Proceeds of Crime Act 2002, money laundering means:
- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Act);
 - entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328);
 - acquiring, using or possessing criminal property (section 329);
- 3.2 Potentially any employee could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The Guidance Note gives practical examples. This Policy sets out how any concerns should be raised.

3.3 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities - serious criminal sanctions may be imposed for breaches of the legislation.

4 What are the Obligations on the Council?

4.1 Organisations conducting “relevant business” must:

- appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity (their own or anyone else’s);
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.

4.2 Not all of the Council’s business is “relevant” for the purposes of the legislation: it is mainly the accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services.

4.3 However, the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the Council; therefore, all employees are required to comply with the reporting procedure set out in section 6 below.

4.4 The following sections of this Policy provide further detail about the requirements listed in paragraph 4.1.

5 The Money Laundering Reporting Officer

5.1 The Officer nominated to receive disclosures about money laundering activity within the Council is:

Executive Director of Finance
Northumberland County Council
County Hall
Northumberland
NE61 2EF

5.2 In the absence of the Executive Director of Finance, the deputy 151 Officer is authorised to deputise and can be contacted at the above address.

6 Disclosure Procedure

Reporting to the Money Laundering Reporting Officer

- 6.1 Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under sections 327 – 329 of the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within “hours” of the information coming to your attention, not weeks or months later.

SHOULD YOU NOT DO SO, THEN YOU MAY BE LIABLE TO PROSECUTION.

- 6.2 Your disclosure should be made to the MLRO using the pro-forma report attached at Appendix 1. The report must include as much detail as possible, for example:
- Full details of the people involved (including your own, if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc.
 - Full details of the nature of their/your involvement - If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 – 329 of the Act, then your report must include all relevant details, as you will need consent from the National Crime Agency (“NCA”), via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline;
 - The types of money laundering activity involved - if possible, cite the section number(s) under which the report is being made e.g. a principal money laundering offence under section 327 – 329 of the Act, or general reporting requirement under section 330 of the Act, or both;
 - The dates of such activities, including whether the transactions have happened, are on-going or are imminent;
 - Where they took place;
 - How they were undertaken;
 - The (likely) amount of money/assets involved;
 - Why, exactly, you are suspicious – the MLRO will require full reasons along with any other available information to enable him to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him to prepare his report to the NCA, where appropriate. You should also enclose copies of any relevant supporting documentation.

- 6.3 Once you have reported the matter to the MLRO you must follow any directions he may give you. You must NOT make any further enquiries into the matter yourself, any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All employees will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 6.4 Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise you may commit a criminal offence of “tipping off” (see the Guidance Note for further details).
- 6.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

Consideration of the disclosure by the MLRO

- 6.6 Upon receipt of a disclosure report, the MLRO must note the date of receipt on his section of the report and acknowledge receipt of it. He should also advise you of the time-scale within which he expects to respond to you.
- 6.7 The MLRO will consider the report and any other available internal information he thinks relevant e.g.:
- reviewing other transaction patterns and volumes;
 - the length of any business relationship involved;
 - the number of any one-off transactions and linked one-off transactions;
 - any identification evidence held and undertake such other reasonable inquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.
- 6.8 Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:
- there is actual or suspected money laundering taking place; or
 - there are reasonable grounds to know or suspect that is the case; and
 - whether he needs to seek consent from the NCA for a particular transaction to proceed.
- 6.9 Where the MLRO does so conclude, then he must disclose the matter as soon as practicable to the NCA on their standard report form and in the

prescribed manner, unless he has a reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

- 6.10 Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure, then he must note the report accordingly; he can then immediately give his consent for any ongoing or imminent transactions to proceed.
- 6.11 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to the NCA.
- 6.12 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.
- 6.13 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he shall mark the report accordingly and give his consent for any ongoing or imminent transaction(s) to proceed.
- 6.14 All disclosure reports referred to the MLRO and reports made by him to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.
- 6.15 The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to the NCA.
- 6.16 Further information on how to make a report to the NCA is available from <http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/specialist-capabilities/ukfiu/how-to-report-sars>

7 Client Identification Procedure

- 7.1 Where the Council is carrying out relevant business (accountancy, audit and certain legal services) and:
 - a. forms an ongoing business relationship with a client; or
 - b. undertakes a one-off transaction involving payment by or to the client of 15,000 Euro (approximately £12,500) or more;
 - c. undertakes a series of linked one-off transactions involving total payment by or to the client(s) of 15,000 Euro (approximately £12,500) or more; or
 - d. it is known or suspected that a one-off transaction (or a series of them) involves money laundering then this Client Identification Procedure must be followed before any business is undertaken for that client.

Please note that unlike the reporting procedure, the client identification procedure is restricted to those operating relevant business, i.e., Financial Services and Legal Services.

- 7.2 In the above circumstances, employees in the relevant unit of the Council must obtain satisfactory evidence of the identity of the prospective client, as soon as practicable after instructions are received (unless evidence of the client has already been obtained). This applies to existing clients, as well as new ones, but identification evidence is not required for matters entered into prior to 1 March 2004.
- 7.3 Once instructions to provide relevant business have been received, and it has been established that any of paragraphs 7.1 (a) to (d) apply, evidence of identity should be obtained as follows.

Internal clients:

- 7.4 Appropriate evidence of identity for Council divisions will be signed, written instructions on Council headed notepaper or an email on the internal email system at the outset of a particular matter. Such correspondence should then be placed on the Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

External Clients:

- 7.5 For external clients of the Council, appropriate evidence of identity will be written instructions on the organisation's official letterhead at the outset of the matter or an email from the organisation's e-communication system. Such correspondence should then be placed on the Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.
- 7.6 With instructions from new clients, or further instructions from a client not well known to you, you may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself: please see the Guidance Note for more information.
- 7.7 In all cases, the evidence should be retained for at least five years from the end of the business relationship or one-off transaction(s).
- 7.8 If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one off transaction(s) cannot proceed any further.

8.0 Record Keeping Procedures

- 8.1 Each section of the Council conducting relevant business must maintain records of:
- client identification evidence obtained; and;

- details of all relevant business transactions carried out for clients for at least five years.

This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

- 8.2 The precise nature of the records is not prescribed by law however they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, the divisions of the Council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

9.0 Conclusion

- 9.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written so as to enable the Council to meet the legal requirements in a way which is proportionate to the very low risk to the Council of contravening the legislation.
- 9.2 Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

10 Linked Policies

- 10.1 This Policy should be read in conjunction with the following additional fraud related policies developed by the Corporate Fraud Team:
- Counter Fraud Policy
 - Bribery & Corruption Policy
- 10.2 The County Council also has a Whistleblowing Policy which is maintained by HR in conjunction with the Monitoring Officer.
- 10.3 For further information on any of these policies or for advice on any potential fraud related concerns please contact:

Barry Haigh, Corporate Fraud Manager
Telephone: 01670 624273
Email: barry.haigh@northumberland.gov.uk

APPENDIX 1 – Report of Suspected Money Laundering

PRIVATE AND CONFIDENTIAL
Report to Money Laundering Reporting Officer
re money laundering activity

To: Section 151 Officer
Northumberland County Council - Money Laundering Reporting Officer

From:
[insert name of employee]

Division:..... Ext/Tel No:.....
[insert post title and section]

DETAILS OF SUSPECTED OFFENCE

Name(s) and address(es) of person(s) involved:
[if a company/public body please include details of nature of business]

Nature, value and timing of activity involved:
[Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:
[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)?
[Please delete as appropriate] Yes / No
If yes, please include details below:

Have you discussed your suspicions with anyone else?
[Please delete as appropriate] Yes / No
If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society)
[Please delete as appropriate] Yes / No
If yes, please specify below:

Do you feel you have a reasonable excuse for not disclosing the matter to the NCA? (e.g. are you a lawyer and wish to claim legal professional privilege?) [Please delete as appropriate] Yes / No
If yes, please set out full details below:

Are you involved in a transaction which might be a prohibited act under sections 327-329 of the Act and which requires appropriate consent from the NCA?

[Please delete as appropriate] Yes / No
If yes, please enclose details in the box below:

Please set out below any other information you feel is relevant:
(Continue on a separate sheet if necessary)

Signed:.....

Dated:.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MONEY LAUNDERING REPORTING OFFICER

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

Action plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a report be made to the NCA?
[Please delete as appropriate] Yes / No

If yes, please confirm date of report to NCA:

.....

and complete the box below:

Details of liaison with the NCA regarding the report:

Notice Period: to

Moratorium Period: to

Is consent required from the NCA to any on-going or imminent transactions which would otherwise be prohibited acts?

[Please delete as appropriate] Yes / No

If yes, please confirm full details in the box below:

Date consent received from NCA:

.....

Date consent given by you to employee:

.....

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

Date consent given by you to employee for any prohibited act transactions to proceed:

.....

Other relevant information:

Signed:.....

Dated:.....

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

APPENDIX 2 - Guidance Notes

INTRODUCTION

Historically, legislation seeking to prevent the laundering of the proceeds of criminal activity was aimed at professionals in the financial and investment sector, however it was subsequently recognised that those involved in criminal conduct were able to “clean” the proceeds of crime through a wider range of businesses and professional activities.

New obligations in respect of money laundering were therefore imposed by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2003 (Subsequently replaced by the Money Laundering Regulations 2007) which broaden the definition of money laundering and increase the range of activities caught by the statutory control framework; in particular, the duty to report suspicions of money laundering is strengthened and criminal sanctions imposed for failure to do so.

As a result, certain areas of the Council’s business are now subject to the legislative controls and the Council is required, by law, to establish procedures designed to prevent the use of its services for money laundering. These procedures are set out in the accompanying Anti-Money Laundering Policy and all employees should be aware of the content.

This Guidance Note aims to provide further detail regarding the legal requirements and practical help in implementing the procedures.

THE LEGAL REQUIREMENTS

General

The law requires those organisations in the regulated sector and conducting relevant business to:

- implement a procedure to require the reporting of suspicions of money laundering, including the appointment of a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from their staff of money laundering activity (their own or anyone else’s);
- maintain certain client identification procedures; and
- maintain record keeping procedures.

Rather than referring to organisations as a whole, relevant business is defined with reference to the nature of the activities undertaken. Some of the Council’s business is “relevant” for the purposes of the legislation:

- the provision by way of business of advice about the tax affairs of another person by a body corporate
- the provision by way of business of accountancy services by a body corporate

- the provision by way of business of audit services
- the provision by way of business of legal services by a body corporate which involves participation in a financial or real property transaction (whether by assisting in the planning or execution of any such transaction or otherwise by acting for, or on behalf of, a client in any such transaction);
- the provision by way of business of services in relation to the formation, operation or management of a company or a trust;

It is therefore mainly the accountancy and audit services carried out by Financial Services and certain financial, company and property transactions undertaken by Legal Services which will be formally subject to the internal procedures, more detail of which is contained later in this Guidance.

However, although the conduct of relevant business does not apply to the Council as a whole, all members of staff are required to comply with the Council's Anti-Money Laundering Policy in terms of reporting concerns re money laundering; this will ensure consistency throughout the organisation and avoid inadvertent offences being committed.

The client identification procedure is only required to be followed by those engaging in relevant business as defined above.

The Offences

Under the legislation there are two main types of offences which may be committed:

- Money laundering offences
- Failure to report money laundering offences.

Money Laundering Offences:

Money laundering now goes beyond the transformation of the proceeds of crime into apparently legitimate money/assets: it now covers a range of activities (which do not necessarily need to involve money or laundering) regarding the proceeds of crime. It is technically defined as any act constituting an offence under sections 327 to 329 of the Proceeds of Crime Act 2002 i.e.:

- concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327);
- entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328);
- acquiring, using or possessing criminal property (unless there was adequate consideration) (section 329);

- an attempt, conspiracy or incitement to commit such an offence; or
- aiding, abetting, counselling or procuring such an offence.

“Criminal property” is widely defined: it is property representing a person’s benefit from criminal conduct where you know or suspect that that is the case. It includes all property (situated in the UK or abroad) real or personal, including money, and also includes an interest in land or a right in relation to property other than land.

It is likely that the law will treat you as knowing that which you do know or which is obvious, or which an honest and reasonable person would have known given the circumstances and the information you have. Consequently if you deliberately shut your mind to the obvious, this will not absolve you of your responsibilities under the legislation.

Although you do not need to have actual evidence that money laundering is taking place, mere speculation or gossip is unlikely to be sufficient to give rise to knowledge or suspicion that it is.

So the legislation now goes beyond major drug money laundering operations, terrorism and serious crime to cover the proceeds of potentially any crime, no matter how minor and irrespective of the size of the benefit gained. The case of P v P (8 October 2003) confirmed that “an illegally obtained sum of £10 is no less susceptible to the definition of criminal property than a sum of £1million. Parliament clearly intended this to be the case.”

The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what sort of Council business they are undertaking) could contravene the money laundering offences if they become aware of, or suspect the existence of criminal property, and continue to be involved in the matter without reporting their concerns.

The Council has appointed the Section 151 Officer, as the Money Laundering Reporting Officer (or in their absence their Deputy) to receive reports from employees of suspected money laundering activity.

Examples of money laundering activity:

By way of example, consider the following hypothetical scenarios:

- a. a social worker is assessing a service user's finances to calculate how much they should pay towards the cost of care, and then goes on to arrange for services to be provided and charged for; or
- b. the Executive Director, Wellbeing & Community Health Services is appointed as Court of Protection receiver and is responsible for managing the service user's property and affairs; and in the course of which they become aware of, or suspect the existence of, criminal property.

In scenario (a) the social worker may commit an offence under section 328 by “being concerned in an arrangement” which they know/suspect “facilitates the acquisition, retention, use or control of criminal property” if he does not report his concerns; and in scenario (b) a similar offence may be committed along with an offence under section 329 of using or possessing criminal property. Any lawyer involved could also be guilty of an offence if he assists in the transaction.

Consider also the following hypothetical scenario: Social Services have convened a child protection case conference during the course of which it becomes clear that one of the parents is claiming benefits whilst working. Benefit fraud is a criminal offence, therefore the Social Services staff and any Council lawyer present would need to consider reporting their concerns to the MLRO, otherwise their involvement in the matter may amount to a breach of section 328.

Any person found guilty of a money laundering offence is liable to imprisonment (maximum of 14 years), a fine or both, however an offence is not committed if the suspected money laundering activity is reported to the MLRO and official permission obtained to continue in the transaction.

Defences are available if, for example, the person:

- makes an 'authorised disclosure' under section 338 to the NCA or MLRO and the NCA gives consent to continue with the transaction; such a disclosure will not be taken to breach any rule which would otherwise restrict that disclosure;
- intended to make such a disclosure but had a reasonable excuse for not doing so;
- re section 329, acquired, used or possessed the property for adequate consideration.

The Law Society Guidance states that this particular defence “...may also apply to the services provided by a solicitor. Crown Prosecution Service guidance for prosecutors (www.cps.gov.uk) states that the defence will apply where professional advisers, such as solicitors or accountants, receive money for or on account of costs (whether from the client or from another person on the client's behalf). However, the fees charged must be reasonable in relation to the work carried out, or intended to be carried out, as the defence will not be available if the value of the work is significantly less than the money received for or on account of costs.”

Possible signs of money laundering

It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

General

- A new client;

- A secretive client: e.g., refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity or location of a client;
- Illogical third party transactions: unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash (over £10,000);
- Overpayments by a client;
- Absence of an obvious legitimate source of the funds;
- Movement of funds overseas, particularly to a higher risk country or tax haven;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- The cancellation or reversal of an earlier transaction;
- Requests for release of client account details other than in the normal course of business;
- Companies and trusts: extensive use of corporate structures and trusts in circumstances where the client's needs are inconsistent with the use of such structures;
- Poor business records or internal accounting controls;
- A previous transaction for the same client which has been, or should have been, reported to the MLRO;

Property Matters

- Unusual property investment transactions if there is no apparent investment purpose or rationale;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);

- Re property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination;

Facts which tend to suggest that something odd is happening may be sufficient for a reasonable suspicion of money laundering to arise. In short, the money laundering offences apply to your own actions and to matters in which you become involved.

If you become aware that your involvement in a matter may amount to money laundering then you must discuss it with the MLRO and not take any further action until you have received, through the MLRO, the consent of the National Crime Agency (“NCA”). The failure to report money laundering obligations, referred to below, relate also to your knowledge or suspicions of others, through your work.

Failure to report money laundering offences:

In addition to the money laundering offences, the legislation sets out further offences of failure to report suspicions of money laundering activities. Such offences are committed where, in the course of conducting relevant business in the regulated sector, you know or suspect, or have reasonable grounds to do so (or should have known and suspected), that another person is engaged in money laundering and you do not disclose this as soon as is practicable to the MLRO.

The Council’s Anti-Money Laundering Policy makes it clear that all members of staff should report any concerns they may have of money laundering activity, irrespective of their area of work and whether it is relevant business for purposes of the legislation.

If you know or suspect, through the course of your work, that anyone is involved in any sort of criminal conduct then it is highly likely, given the wide definition of money laundering, that the client is also engaged in money laundering and a report to the MLRO will be required.

As explained earlier, the value involved in the offence is irrelevant. If, for example, you reasonably suspect that someone has falsified their expenses claim, even if just by £1, then you would need to report that to the MLRO.

There are various defences, for example where you have a reasonable excuse for nondisclosure (e.g. a lawyer may be able to claim legal professional privilege for not disclosing the information) or you did not know or suspect that money was being laundered and had not been provided by the Council with appropriate training.

Given the very low risk to the Council of money laundering, this Guidance Note will provide sufficient training for most members of staff, although further guidance may be issued from time to time and targeted training provided to those staff more directly affected by the legislation.

You must still report your concerns, even if you believe someone else has already reported their suspicions of the same money laundering activity.

Such disclosures to the MLRO will be protected in that they will not be taken to breach any restriction on the disclosure of information.

If you are in any doubt as to whether or not to file a report with the MLRO then you should err on the side of caution and do so – remember, failure to report may render you liable to prosecution (for which the maximum penalty is an unlimited fine, five years' imprisonment, or both). The MLRO will not refer the matter on to the NCA if there is no need.

Tipping off offences

Where you suspect money laundering and report it to the MLRO, be very careful what you say to others afterwards: you may commit a further offence of “tipping off” (section 333) if, knowing a disclosure has been made, you make a disclosure which is likely to prejudice any investigation which might be conducted.

For example, a lawyer who reports his suspicions of a money laundering offence by a client to the MLRO, may commit a tipping off offence if he then reports his disclosure to that client. However, preliminary enquiries of a client to obtain more information (e.g. confirm their identity, clarify the source of funds) will not amount to tipping off unless you know or suspect that a report has been made.

Even if you have not reported the matter to the MLRO, if you know or suspect that such a disclosure has been made and you mention it to someone else, this could amount to a tipping off offence. Be very careful what you say and to whom in these circumstances.

Prejudicing an Investigation offence

If you know or suspect that an appropriate officer is, or is about to be, conducting a money laundering investigation and you make a disclosure to a third party that is likely to prejudice the investigation, then you commit an offence.

Any person found guilty of a tipping off or prejudicing an investigation offence is liable to imprisonment (maximum 5 years), a fine or both.

However, defences are available for both such offences, for example:

- the person did not know or suspect that the disclosure was likely to be prejudicial; or
- he is a professional legal adviser and the disclosure was:
 - to any person in connection with legal proceedings (existing or contemplated);
 - but NOT where the information was given with the intention of furthering a criminal purpose.

Consideration of disclosure report by MLRO

Where the MLRO receives a disclosure from a member of staff and concludes that there is actual/suspected money laundering taking place, or there are reasonable grounds to suspect so, then he must make a report as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless he has a reasonable excuse for non-disclosure.

Where relevant, the MLRO will also need to request appropriate consent from the NCA for any acts/transactions, which would otherwise amount to prohibited acts under section 327 – 329 of the 2002 Act, to proceed.

The MLRO may receive appropriate consent from the NCA in the following ways:

- specific consent;
- no refusal of consent during the notice period (seven working days starting with the first working day after the MLRO makes the disclosure); or
- refusal of consent during the notice period but the moratorium period has expired (31 days starting with the day on which the MLRO receives notice of refusal of consent).

The MLRO commits a criminal offence under section 331 of the Act if he knows or suspects (or has reasonable grounds to do so) through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to the NCA.

Relevant Guidance

When considering any offence under the legislation, the Court will consider whether you followed any relevant guidance approved by the Treasury, a supervisory authority, or any other appropriate body which includes, for example, the Law Society, the Financial Conduct Authority, the Institute of Chartered Accountants in England and Wales and other such bodies. Such guidance is available for lawyers and accountants by their respective professional bodies.

Internal Procedures

As mentioned earlier, the Money Laundering Regulations 2007 impose specific obligations on those carrying out relevant business, requiring them to:

- obtain sufficient knowledge to ascertain the true identity of clients in certain circumstances, by maintaining client identification procedures;
- ensure record keeping procedures (e.g. for evidence of identity obtained, details of transactions undertaken, for at least 5 years afterwards).

These procedures are contained in the Anti-Money Laundering Policy and further explanation of them is given below. Only those staff dealing with relevant business need comply with these procedures.

Client Identification Procedure

Where the Council is carrying out relevant business (accountancy, audit and certain legal services) and:

- a. forms an ongoing business relationship with a client; or
- b. undertakes a one-off transaction involving payment by or to the client of 15,000 Euro (approximately £11,000) or more; or
- c. undertakes a series of linked one-off transactions involving total payment by or to the client(s) of 15,000 Euro (approximately £11,000) or more; or
- d. it is known or suspected that a one-off transaction (or a series of them) involves money laundering;

then the Client Identification Procedure must be followed before any business is undertaken for that client.

Where the client is acting or appears to be acting for someone else, reasonable steps must also be taken to establish the identity of that other person (although this is unlikely to be relevant to the Council).

The law states that particular care must be taken when the client is not physically present when being identified: this is always likely to be the case for the Council, given that its relevant business can only be undertaken for other local authorities and designated public bodies (not individuals) and therefore instructions will usually be given in writing.

There are a limited number of exceptions where identification evidence does not need to be obtained, however these are unlikely to ever be relevant to the Council, given that it can only act for other public authorities and designated public bodies.

Satisfactory evidence of identity

Satisfactory evidence is that which:

- is capable of establishing, to the satisfaction of the person receiving it, that the client is who they claim to be; and
- does in fact do so.

General guidance on the money laundering legislation suggests that fairly rigorous identification checks should be made: for example, in relation to an organisation, that evidence should be obtained as to the identity of key individuals within the organization along with evidence of the identity of the business entity and its activity.

You will see, however, that the Council's Client Identification Procedure provides for only the most basic of identity checks – signed, written instructions on the organisation in question's headed paper at the outset of a particular matter. This is not because client identification is not important, but because of the need to introduce a procedure which is workable, appropriate to the nature of the Council as an organisation and proportionate to the risk to the Council of money laundering, which has been assessed as extremely low.

The following factors suggest a minimum level client identification procedure for the Council (in practice Financial Services and Legal Services) is appropriate:

For internal clients:

- we all work for the same organisation and therefore have detailed awareness of individuals and their location through previous dealings;

For external clients:

- the Council, as a matter of law can only provide services to local authorities and designated public bodies;
- they are therefore heavily regulated by their very nature;
- most are repeat clients, well known to us in terms of people and the business address;

Generally:

- We know most of our clients;
- We are not in private practice and are therefore subject to public sector controls;
- We are not large, city firms of lawyers and accountants, with international client bases.

Such signed, written instructions on headed paper should enable us to have confidence in accepting instructions from a known client. If, however, you are undertaking work for a new client, then you may also wish to seek additional evidence, for example:

- checking the organisation's website to confirm the business address;
- attending the client at their business address;
- asking the key contact officer to provide evidence of their personal identity and position within the organisation; for example signed, written confirmation from their Head of Service or Chair of the relevant organisation.

CONCLUSION

Given the nature of what the Council does and who it can provide services for, instances of suspected money laundering are unlikely to arise very often, if at all; however we must be mindful of the legislative requirements, as failure to comply with them may render individuals liable to prosecution.

Please take prompt and proper action if you have any suspicions and feel free to consult the MLRO at any time should you be concerned regarding a matter.

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Pay Policy Statement
April 2021 to March 2022

Purpose

1. The Localism Act 2011 requires the County Council to prepare and publish a Pay Policy Statement. The purpose of such a statement is to articulate the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. The Council also wishes to ensure that it operates on the principles of equal pay for work of equal value, and also within the various other legislative requirements, including the Equality Act 2010.
2. This policy statement applies to the 2021-22 financial year and has been approved at a meeting of the full County Council which was open to the public and observers. It will be reviewed annually and takes into account the guidance on openness issued by the Secretary of State for Housing, Communities and Local Government (MHCLG)

Scope

3. The policy applies to all Council employees although it does not normally refer to particular individuals (except where specifically agreed) to ensure the General Data Protection Regulations are adhered to. This policy does not apply to school staff as it is the responsibility of each school to determine their own pay policies.
4. The Council's policies and schemes relating to data transparency, and the guidance on transparency issued by the Secretary of State for MHCLG should be read in conjunction with this pay policy statement.

Publication

5. This policy will be published on the Council's website and will be made available to the community. This will enable local people to have an informed view of whether local decisions on all aspects of remuneration are reasonable and make the best of public funds.

Salaries of Chief Officers and Senior Posts

6. The Council's management structure, along with the salaries of the Council's Chief Officers and its most senior staff will be published on the Council's internet site. All these posts are evaluated using the Local Government Employers job evaluation scheme. When determining salary bands, there are a number of factors taken into account, including:

- The current labour market
- The Council's senior structure, financial situation and foreseeable future changes to these
- The total remuneration package
- How pay is linked to remuneration of the wider workforce and national negotiating frameworks
- The costs over the short, medium and long term.

The Committee also has access to appropriate independent expert advice where necessary. Senior management pay bands will increase in line with the nationally negotiated pay increase for the NJC for Local Government Services employees. The Committee also has the discretion to agree additional pay points if required.

7. For the purpose of this policy statement, the Council defines its senior posts as those at Head of Service level and above.

8. The Council's Chief Executive works within the national conditions of service covered by the JNC for Chief Executives. The Deputy Chief Executive, Directors and Heads of Service above Band 14 are covered by the JNC for Chief Officers.

9. The data publicised for senior posts will detail the post title, the banding range (as recommended by the Department for Housing, Communities and Local Government in its guidance on Data Transparency), and the name of the current post holder. The conditions of service for senior staff require them to agree to the publication of such information.

10. All senior staff are appointed to a spot point within their salary range and there is no automatic incremental progression within the range. The default position is that there is no increment awarded, however, the Head of Paid Service will review the performance of each post holder and may award an increment in accordance with the Senior Manager Terms and Conditions of Employment. There is no "earn back" scheme in operation.

11. In addition to the above, for Chief Officer posts, salary and any other fees, allowances, bonuses, performance related pay, and benefits in kind that the post holder would routinely be entitled to will also be published in the Council's Statement of Accounts. The following posts are defined as Chief Officers:

- Chief Executive
- Executive Director of HR/OD & Deputy Chief Executive
- Executive Director of Finance
- Executive Director of Place
- Executive Director of Regeneration, Economy & Commercial
- Executive Director of Adult Social Care and Children's Services

12. Senior Officers are employed on terms and conditions of service, known as *Northumberland County Council Terms & Conditions for Senior Management*, which are locally determined and are supplemented by policies of the Council.

13. All County Council employees covered by this pay policy statement who have a contract of employment for at least 3 months, and, all Fire Authority employees, are automatically enrolled into the appropriate pension scheme i.e. the Local Government Pension Scheme (LGPS) or the Firefighters Pension Scheme. The employer will make pension contributions to those schemes. In respect of the LGPS, the current employers' contribution rate is 21% of pensionable pay in respect of future service accruals and, in addition, lump sum payments are made in respect of the past service deficit. There are 4 Firefighters Pensions Scheme currently in operation. In respect of the old Firefighters Pension Scheme (the scheme in existence prior to 6 April 2006) the employer pays a pension contribution of 21.7% of pensionable pay. In respect of the Firefighters Pension Scheme (which commenced on 6 April 2006), the employer pays 11.9% of pensionable pay. In respect of the latest Firefighters Pension Scheme (which commenced on 1 April 2015), the employer pays 14.3% of pensionable pay. Employees can opt out of their pension scheme if they wish. The fourth one is the Retained Modified Scheme, introduced 1 April 2015 and the employers percentage is 21.7%.

14. Any appointment within the Council that attracts a salary package of £100,000 or more will be considered and approved by the Staff & Appointments Committee. Salary package in this respect includes salary and any other fees, allowances, bonuses and benefits in kind that the post holder would routinely be entitled to. This does not include the employer's pension contributions should the post holder choose to join a pension scheme.

Salaries of Posts below Head of Service

15. The band applicable to a post in bands 1-10 (spinal column point 1–43 inclusive) is determined using the job evaluation scheme recommended by the NJC for Local Government Services. A panel of experienced trade union representatives and HR officers evaluate each post using agreed job descriptions. Posts in bands 11-13 (spinal column point 44- 55 inclusive) are evaluated using the Local Government Employers job evaluation scheme. There is a right of appeal against the grade determined for the job in accordance with a locally agreed procedure. There is also an agreed procedure for consideration of individual re-grading requests.

16. There are thirteen bands covering posts below Head of Service. Each band has a number of spinal pay points with a differential falling within agreed parameters. It is the Council's policy to appoint at the bottom of the relevant pay band with agreed rules around appointment, promotion or re-grading to a post with a higher maximum salary. In exceptional circumstances where this is not the case, appointing officers are required to provide clear evidence so that the principles of equal pay for work of equal value are not undermined.

17. Pay bands will be updated annually in line with guidance from the National Employers.

Incremental progression within each pay band is normally applicable from 1 April each year up to the maximum of the band, subject to six months' service within the band. Where the service requirement is not met on 1 April, the increment will be paid on the six-month anniversary of the employee's start date on that band.

18. The Council's arrangements for remuneration in respect of additional payments and allowances are outlined in Northumberland County Council's Terms and Conditions of Employment, as are the methods of calculating pay for part time and term time only workers.

Salaries of Other Posts

19. There are a small number of other staff groups employed by the Council who are not covered by Northumberland County Council's Terms and Conditions of Employment. The pay levels for Youth and Community Workers, Tutors, Soulbury employees, centrally employed Teachers, Coroners, Uniformed Firefighters are determined by applying the relevant rules applicable within their own nationally agreed terms and conditions.

Relationship between Senior Posts and Lowest Paid Posts

20. As at December 2020, the Council's pay multiple is 8.71 i.e. the ratio of the median employee remuneration to that of the highest paid employee. This pay multiple is considered to be appropriate and not represent an excessive pay gap.

Severance and Redundancy Payments

21. The County Council's policy on redundancy, severance and pension is reviewed regularly (in accordance with *The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations*). The Redundancy Policy, is published on the Council's website. Any changes to this scheme are consulted upon with the relevant trade unions recognised by the Council for collective bargaining purposes. Any significant changes to the scheme must be approved by the Joint Consultative Committee (JCC). This scheme is not contractual, and the County Council may vary the discretionary terms of the scheme. Payments must always be in the financial and managerial interests of the County Council and all cases must be approved by the relevant Executive Director and the Head of Paid Service or their nominated representative.

22. Severance or redundancy payments made to any Chief Officers and Senior Officers will be published in the Council's Statement of Accounts as required.

23. The Staff and Appointments Committee has delegated authority from the Full Council to approve severance and redundancy payments for Chief Officers.

24. Severance and redundancy payments will be subject to legislation from 4 November 2020 and will comply with the Restriction of Public Sector Exit Payment Regulations 2020 and any subsequent enforced legislation.

Additional Special Payments

25. To ensure the Council has sufficient flexibility to cope with a variety of circumstances, foreseeable or not, the Head of Paid Service, or an individual nominated by the Head of Paid Service, may agree the use of market supplements or other such mechanisms for individual categories of posts, individual posts, or individual employees.

26. The statutory role of Returning Officer carries a statutory fee at centrally funded polls such as Parliamentary elections and national referenda. At such polls this fee is set by order based on local authority size. At County Council and Town & Parish elections (local elections), the Returning Officer's fee is not set by order and is subject to local discretion. It is proposed that the NCC Returning Officer fee for local elections and the calculation of payments made to the election core team and all other staff employed at these polls is based on the most current nationally funded election, leading up to that local election.

27. The Returning Officer's fee at local elections, together with the schedule of payments made to the election core team and for each job type employed at the election, will be published not later than the publication of statutory election timetable, notice of election. Any job type that qualifies for a mileage payment that is not inclusive of a fee, mileage will be set at the standard rate for public sector workers.

28. The Returning Officer reserves the right to make reasonable payments as are necessary for the conduct and delivery of casual vacancies and planning referenda that fall outside of the main election cycle.

Re-Employment of Former Employees

29. The Council's policy is that there is no general restriction on any future re-employment of an employee who has been made redundant or who is in receipt of a Local Government or other public sector pension. However, where staff have requested voluntary redundancy, and this has been approved, then re-employment with the County Council to a permanent, fixed term or temporary post within a period of 2 calendar years will only be with the express approval of the Executive Director of Human Resources/Organisational Development. Such approval will only be given on the basis of service need and will take account of current legislation at the date of the request. Posts which are, by their nature, casual and place no obligation on the Council to provide work (and no obligation on an individual to accept work offered) are exempt from this requirement; such posts will include casual registration, electoral and invigilating staff. The County Council does not however approve of "deals" involving the redundancy / early retirement and immediate re-employment of employees either on the payroll or via an agency/consultancy

basis. If there are any exceptional circumstances, which might appear to justify such arrangements, these must be discussed and agreed in advance with the relevant Executive Director and Human Resources/Organisational Development.

Pay Protection

30. The Council's Pay Protection and Detriment Scheme outlines the circumstances where it is appropriate to provide pay protection, including the terms and duration.

Secondary Employment

31. Chief Officers may undertake secondary employment if a declaration is made, formal approval is sought and subsequently approved by the Leader of the Council.

32. Senior Officers may undertake secondary employment if a declaration is made, formal approval is sought and subsequently approved by the Head of Paid Service.

Policy Review

33. This policy statement will be reviewed annually and any disputes relating to interpretation will be considered by the Head of Paid Service or a person nominated by the Head of Paid Service who will be the final arbiter. Where unforeseen circumstances require flexibility of this policy, the Head of Paid Service, or the Staff & Appointments Committee if the matter concerns a Senior Officer, will have the power to implement changes. Any deviation from the policy in-year will be reported to the full Council at the next review date.



Northumberland

County Council

Equality Impact Assessment - HR Policies

Carrying out an Equality Impact Assessment (EIA) will help the County Council to meet its Public Sector Equality Duties (Equality Act 2010).

The duties which need to be considered when making decisions are to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

Failure to assess the equality impact may increase the risk of making an unfair decision which could potentially be discriminatory. It also prevents us from identifying opportunities to promote equality and therefore leaves the County Council open to potential legal challenge.

Using this EIA template will help to ensure that a decision is made in a fair way, based on evidence. It provides a clear and structured method to assess the potential impact on protected groups.

Title of policy:

Pay Policy Statement 2020/21

Briefly describe the aims of the policy change, decision or proposal

The Localism Act 2011 requires the County Council to prepare a pay policy statement. The purpose of such a statement is to articulate the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. The Council also wishes to ensure that it operates on the principles of equal for work of equal value, and also within the various other legislative requirements, including the Equality Act 2010.

Consider the potential impact on any member of staff or member of the public with

<p>the following protected characteristics:</p> <p>Age, Disability, Gender identity/Gender reassignment, Race, Religion or belief, Sex, Sexual orientation, Women who are pregnant or have recently had a baby.</p> <p>Also, for issues affecting staff, consider employees who are married or in a civil partnership.</p>	
<p>What information is already held or have you obtained through consultation or engagement activity? (For each protected characteristic: What do you know about who is employed or uses a service or potentially could be affected by the proposal? Who has been consulted? If you have gaps in your evidence or data you may need to carry out targeted engagement activity and/or consider information from local or national research.)</p>	<p>The pay policy statement relates to how pay and reward is set and maintained within the Council. Once released, should any individual issues arise, these will be considered on a case-by-case basis and any E&D implications will be recorded by the HR/OD Team.</p>
<p>After considering the information, which protected groups may potentially be affected? (Delete those not likely to be affected)</p>	<p>Disability Sex Age Women who are pregnant or have babies</p>
<p>Using the information you have, give details of any potential positive and negative impacts on protected groups likely to be affected by the policy change, decision or proposal</p>	<p><u>Disability</u> The Council's employee records detail those employees who consider themselves to have a disability. When determining the general principles of the pay policy statement, individual circumstances are not considered and there are no barriers for disabled employees as the policy applies across the board. Disabled staff can only be advantaged in that the decision to adopt a pay policy will ensure that there is transparency in how the Council pays and rewards its staff. These are safeguards in other HR/OD Policies such as making reasonable adjustments to support disabled people in their employment.</p>

	<p><u>Sex</u> The Council's employee records detail the split between gender. Although the pay policy statement does not cover gender issues, it does cross reference to other documents and policies which address gender issues. The mandatory Gender Pay Gap must be reported on by 31 March annually and this will provide further transparency in relation to gender and pay. It is generally the case that women are the lowest paid group and the specific reference to the Council's pay multiple (and monitoring of the multiple) should highlight any drift between the highest paid employee and the lowest.</p> <p><u>Age</u> The Council's employee records detail the age of employees. Although this pay policy statement itself does not cover age issues, it does cross reference to other documents which address age issues. There are also other policies in place to ensure that age is only taken into account when considering pay and reward where there is reasonable justification e.g. annual increments which do not exceed 5 years service.</p> <p><u>Women are pregnant or who have recently had a baby</u> The NJC terms of service, supplemented by local terms, cover the pay and reward policy in respect of pregnancy and maternity leave. The Pay Policy statement does not impact on the established arrangements which will be themselves subject to an EIA. There are other policies in place to ensure that service whilst pregnant or on maternity leave is counted when considering pay and reward.</p>
<p>Give details of any Human Rights implications and actions that may be needed to safeguard Human Rights</p>	<p>None</p>
<p>Give details of any actions that can be taken to promote</p>	<p>All cases which are raised will be considered on an individual basis. Where there is a possible negative impact on an individual with a protected characteristic,</p>

equality or to lessen any potential adverse impact on protected groups	measures will be taken where possible to resolve this whilst still considering health and safety as the primary consideration.
What plans are there to monitor and review the actual impact of the policy change, decision or proposal on equality of opportunity?	The Pay Policy is reviewed annually and considered by the full Council. Appropriate action will be taken as necessary.
When will follow up review be done?	Annual Review of the Pay Policy, and this EIA.
Based on a consideration of all the potential impacts, mark one of the following (✓) as an overall summary of the outcome of this assessment:	
	The equality analysis has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.
	The equality analysis has identified risks or opportunities to promote better equality; the change, decision or proposal will be adjusted to avoid risks and ensure that opportunities are taken.
✓	The equality analysis has identified risks to equality which will not be eliminated, and/or opportunities to promote better equality which will not be taken. Acceptance of these is reasonable and proportionate, given the objectives of the change, decision or proposal, and its overall financial and policy context.
	The equality analysis shows that the change, decision or proposal would lead to actual or potential unlawful discrimination, or would conflict with the Council's positive duties to an extent which is disproportionate to its objectives. It should not be adopted in its current form.
Explain how the judgement above was reached and summarise steps which will be taken to reduce any negative or to enhance any positive impacts on equality	
Name(s) and job title(s)	Estelle White

of person (people involved in) carrying out this assessment	HR Manager
Authorising Director or Head of Service	Kelly Angus, Deputy Chief Executive
Date authorised	5.1.21
<i>The completed equality impact assessment must be attached to the policy that will be considered by the decision maker or decision makers to enable them to give due regard to the impact of the policy, decision or proposal on protected groups</i>	
Please send a copy to keith.thompson@northumberland.gov.uk and irene.fisher@northumberland.gov.uk	

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Northumberland County Council

CABINET

Date: 9 February 2021

School Admission Arrangements for Community and Voluntary Controlled Schools for the 2022/2023 Academic Year

Report of the Executive Director of Adults and Children's Services Cath McEvoy-Carr

Cabinet Member for Children's Services: Councillor Guy Renner-Thompson

Purpose of report

This report informs Cabinet of the outcomes of the consultation on School Admission Arrangements for Community and Voluntary Controlled Schools for the 2022/23 Academic Year as required by the School Admissions Code 2014. Approval (determination) of these admission arrangements is also sought.

Recommendations

Cabinet are recommended to:

1. Note the outcomes of the six week consultation undertaken in relation to the Council's proposed admission arrangements for community and voluntary controlled schools for 2022/23 that took place between 19th November 2020 and 15th January 2021;
2. Approve the proposed co-ordinated admission scheme for all maintained schools and academies, as provided in Appendix 1 of this report;
3. Approve (determine) the proposed admission arrangements, including proposed oversubscription criteria and proposed admission numbers for First and Primary community and voluntary and controlled schools, as provided in Appendix 2 of this report;
4. Approve (determine) the proposed admission arrangements, including proposed over subscription criteria and proposed admission numbers, for Middle, High and Secondary community and voluntary controlled schools, including sixth forms, as provided in Appendix 3 of this report.

Key issues

1. On an annual basis the local authority needs to determine its school admission arrangements for Community and Voluntary Controlled schools. As the Councils decision making body Cabinet is therefore ask to approve the arrangements for the academic year 2022/23.

2. There are no changes proposed to the current admission policies, including oversubscription criteria, for first, primary, middle, high and secondary schools for 2022/23. Full copies of these are contained in the appendices to this report.
3. Cabinet is asked to approve (determine) all the admission arrangements for 2022/23 in accordance with the Admissions Code 2014. Determination of the arrangements must be made by 28 February 2021 prior to publication on the Council's website and to allow for the submission of any objections regarding the arrangements to the School's Adjudicator by 15 May 2021.
4. Cabinet is asked to approve the draft admission arrangements for sixth forms, including the criteria for entry, the admission number (relating to external students to Year 12 only) and the over subscription criteria (that will be applied if there are more applicants than places available) for 2022/23

Admissions Arrangements Consultation Process and Outcomes

5. A six week consultation on the Council's proposed admissions arrangements for 2022/23 took place between 19th November 2020 and 15th January 2021.
6. As required by the School Admissions Code, the full proposed admission arrangements were published on the Council's website for the whole of the consultation period, together with details of the person to whom comments could be sent. There were no areas specified on which comments could not be made.
7. Groups and persons consulted with as part of the consultation process were as follows:
 - Parents of children between the ages of 2 and 18, via website and communication from schools and nurseries;
 - All Governing Bodies of voluntary controlled and community schools;
 - All Governing Bodies of voluntary aided and foundation schools and academies, who are their own admissions authority;
 - Neighbouring Local Authorities (Newcastle City Council; Cumbria County Council; Gateshead Metropolitan Borough Council; North Tyneside Council; Durham County Council) and
 - The CE Diocese of Newcastle and Durham; the RC Diocese of Hexham and Newcastle
8. No comments were received during the consultation period in relation to any aspect of the proposed admission arrangements, including the Council's proposed admission arrangements for sixth forms or the proposed change to the admission numbers of some schools, therefore no further amendments are proposed to the admission arrangements for 2022/23.

BACKGROUND

1. The School Admissions Code 2014 applies to all maintained mainstream schools, which includes voluntary controlled and community schools and schools that are their own admission authority. Academies are required to comply with the Code and the law relating to admissions as part of their funding agreements, although the Secretary of State may vary this requirement if there is a demonstrable need.

The Local Authority does not have any decision making powers when it comes to the admission criteria to academies.

2. Admission authorities must ensure that their determined admission arrangements comply with the mandatory provisions of the Code. In order to promote fair access to educational opportunities, admission arrangements are subject to scrutiny by the Schools Adjudicator who has the power to impose arrangements on those authorities that do not meet the requirements of the Code.
3. When changes are proposed, admission authorities must consult on their admission arrangements that will apply for admission applications the following year. Where no changes to admission arrangements are proposed, admission authorities need only consult once every 7 years. The admission arrangements must be formally approved each year.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy	The Admissions Policy enables all applications for school places to be prioritised in an open and fair way, ensuring that all schools and academies adopt lawful admission arrangements.
Finance and value for money	There are no direct financial implications as a result of these arrangements.
Legal	The admission arrangements comply with legislation.
Procurement	No implications
Human Resources	No implications
Property	No implications
Equalities (Impact Assessment attached) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	EIA attached at Appendix 4
Risk Assessment	The level of risk involved in the proposed amendment to the admissions numbers is perceived to be minimal.
Crime & Disorder	This report has considered Section 17 (CDA) and the duty it imposes and there are no implications arising from it.
Customer Considerations	Parents can express a preference for schools and give their reasons in the light of the criteria within the admissions policies. As far as possible under the policies, parents will be allocated a place for their child at the school for which they have expressed a preference. Where this is not possible, and where parents live in the Northumberland County Council area, a place will be offered at an alternative school.
Carbon reduction	It is not envisaged that this proposal would have a significant positive or negative impact on carbon reduction.
Health and Wellbeing	No implications
Wards	All Northumberland Wards

CONSULTATION

A six week consultation on the Council's proposed admissions arrangements for 2022/23 took place between 19th November 2020 and 15th January 2021.

BACKGROUND PAPERS

None

Report sign off

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer/Legal	Helen Lancaster
Executive Director of Finance & S151 Officer	N/A
Relevant Executive Director	Cath McEvoy-Carr
Chief Executive	Daljit Lally
Portfolio Holder(s)	Guy Renner-Thompson

Report Author: Sue Aviston Sue.Aviston@northumberland.gov.uk

Appendices

- Appendix 1 - Proposed coordinated admission scheme for all maintained schools and academies 2022/23
- Appendix 2 - Proposed admission arrangements, including proposed over subscription criteria and proposed admission numbers, for First and Primary Community and Voluntary Controlled Schools - 2022/23
- Appendix 3 - Proposed admission arrangements, including proposed over subscription criteria and proposed admission numbers, for Middle, High and Secondary Community and Voluntary Controlled Schools - 2022/23, including sixth forms
- Appendix 4 - Equalities Impact Assessment

Coordinated admission scheme for maintained schools, including academies 2022/23

Note: The status of some schools listed in this document may be subject to change as a consequence of academy conversion or school organisational changes.

Introduction

All Local authorities are required by the School Admissions (Co-ordination of Admission Arrangements) (England) Regulations 2012 to have a scheme in place each year for co-ordinating admission arrangements for all maintained schools and academies (except special schools and nursery schools) within their area. The scheme has to comply with the provisions of the School Admissions Code 2014.

Coordination schemes are intended to simplify the admissions process whilst reducing the likelihood of any child being left without a school place. Coordination establishes a mechanism that ensures as far as is reasonably practicable that every parent of a child living in a local authority (LA) who has applied to a maintained school is sent a single offer of a school place by their LA.

Coordination schemes do not affect the rights and duties of the governing bodies of voluntary aided and foundation schools to set and apply their own admissions arrangements and oversubscription criteria, nor for academies to agree their own arrangements with the Secretary of State. Admission authorities do not need to determine the same or similar oversubscription criteria, but must ensure that their own admission arrangements are compatible with and do not undermine the coordination scheme for their area.

The following coordinated admission scheme for Northumberland County Council will apply to the admission arrangements for the school year beginning September 2022.

Interpretation and glossary

In this Scheme –

"The LA" is Northumberland County Council acting in its capacity as a local (education) authority.

"The LA area" means Northumberland.

"School" means a community, voluntary controlled, foundation or voluntary aided school (but not a special school) which is maintained by the LA.

"Academy" means a state funded non fee paying independent school set up under a Funding Agreement between the Secretary of State and the proprietor of an Academy (most commonly and hereafter referred to as an Academy Trust). Academy Funding Agreements require Academies to comply with the Code and the law relating to admissions, though the Secretary of State has the power to vary this requirement where there is a demonstrable need. Academies include free schools and studio schools.

"Admission authority" in relation to a community or voluntary controlled school means the LA and, in relation to a foundation or voluntary aided school or an academy, means the governing body of that school.

"The specified year" is the school year beginning in September 2022.

CABINET 9 February 2021

School Admissions Arrangements 2022/23

"Admission arrangements" are the determined arrangements which govern the procedures and decision making for the purpose of admitting pupils to a particular school or academy.

"Late application" means any application for a place in the first year of entry to the school that is received after the closing date for applications.

"Parent or carer" means any person who (as defined in the 1989 Children Act) holds parental responsibility for a child and with whom the child normally lives.

"Home authority" is the LA that a parent resides in.

The scheme

The scheme will apply to all first, primary, middle, secondary and high schools and academies in the LA area (except special schools and nursery schools) and shall take effect from 28 February 2021.

Under the coordinated scheme, Northumberland County Council will set and apply the oversubscription criteria for all community and voluntary controlled schools in the area. The governing bodies of voluntary aided and foundation schools and academies will set and apply their own oversubscription criteria.

The LA will work with all other admission authorities within Northumberland and with other relevant local authorities to ensure that a fair and transparent system for the allocation of places is achieved.

The normal admissions round

The scheme will apply to all children whose parents are seeking a school place for the school's initial year of entry for the start of Autumn term 2022 (whether or not it is their age cohort). The initial years of entry are:

School type or name Initial year of entry

<i>First and primary schools</i>	<i>Reception</i>
<i>Middle schools</i>	<i>Year 5</i>
<i>Secondary schools</i>	<i>Year 7</i>
<i>High schools</i>	<i>Year 9</i>

There will be a common application form available for all applicants, which will be available online and as a paper version. Online applications are encouraged as parents receive an immediate response to their application and they can accept their offer online.

The common application form must be used by parents who live in Northumberland as a means of expressing preferences for a school place for their child. All preferences expressed on the form are valid applications and they should be ranked in order of preference. Reasons to support each preference can be included on the form.

The form will specify the closing date and where the application form must be returned to. Completed forms must be returned to the LA before the closing date. The form will be accompanied by an explanation of the coordinated admissions scheme. This will explain that:

- the parent/carer will receive one single offer of a school place
- all preferences will be treated equally
- a place will be offered at the highest ranked school for which the child is eligible for a place under the admission criteria
- if more than one school could offer a place, the parent/carer will be regarded as having ranked the schools in the preference order appearing on the form
- if a place is unable to be offered at a preferred school, a place will be offered at the nearest school with available places based on the straight line distance from home to school.

The LA will take all reasonable steps to ensure that every parent resident in their area who has a child due to start primary education or is in their last year of first, primary or middle school is made aware of the procedures for applying for a school place and has access to a copy of the form and supporting guidance.

Verification of data

Parents may be asked to provide proof of address by the LA or by other admission authorities.

Supplementary information

Admission authorities can require parents to provide additional information where it is required for the governing body to apply its oversubscription criteria. Any requested information should be returned by the dates stated in order to be considered as part of the application.

Submission dates

The application period will open from **12 September 2021**.

31 October 2021, midnight, is the deadline for parents to apply to the LA for a place in a middle, secondary or high school or academy.

15 January 2022, midnight, is the deadline for parents to apply to the LA for a place in a reception class.

It is the responsibility of parents or carers to ensure that applications are returned directly to the home LA by the closing date.

Late applications

Any application for the normal admissions round received after the deadline will be deemed "late".

Late applications will be dealt with after all on-time applications have been processed and places allocated. Late applicants will not be made an offer on National Offer Day. They will be offered as part of the second waiting list process once offers have been accepted.

Only in exceptional limited circumstances will late applications be considered at the same time as applications submitted on time. These include:

- The illness/death of a close relative such that making an application during the application period was not possible.
- A move into Northumberland from outside the area after the deadline date. Confirmation of the new address must be provided (in the form of an exchange of contracts or a tenancy agreement).
- Where there has been a delay in the LA receiving the application due to an administrative error.
- Other circumstances to be considered and each case decided on its own merits.

Documentary evidence should be provided with the application to verify the circumstances which caused the application to be late. If evidence cannot be provided, the application will not be considered as an exception.

The LA will determine whether the late application is considered as an exception.

22 November 2021 is the deadline for asking for a late application for a place in a middle, secondary or high school or academy to be considered as an on time exception.

14 February 2022 is the deadline for asking for a late application for a reception place to be considered as an on time exception.

Changing preferences

No changes will be accepted to applications after the deadline date has passed, unless there is a genuine reason for the change, such as a change of address or siblings have changed schools. **The deadlines and evidence requirements are the same as for exceptional late applications, see above.** If these are not met, the request will not be considered as an exception.

Any request to change preferences will cancel out and replace the previous application. If submitted after the deadline date, and not agreed by the LA as an exception, this means the original application will be withdrawn by the LA, processed as late, and no offer will be made on National Offer Day. Places will be offered as part of the second waiting list process.

No form received

Where no form is submitted for a child known to the LA, a place will be offered at the nearest Northumberland school to the home address with a vacancy, measured in a straight line using an electronic (GIS) map measurement system. This may be a community, voluntary controlled, foundation or voluntary aided school or academy, if the admission authority agrees. However, places will not be offered on National Offer Day: they will be offered as part of the second waiting list process.

Processing applications

After the closing date the LA will forward details of relevant applications received on time to other admission authorities in its area and to other LAs if a preference is made for a school in another area. Late applications will be shared with other admission authorities after offer day.

Parental preferences will be ranked by every admission authority strictly according to the oversubscription criteria for the relevant school. The ranked lists will be returned to Northumberland LA by the specified date detailing how the oversubscription criteria have been applied to the list.

The order of school preference listed on the application form will not affect these rankings.

Determining offers

The LA will act as a clearing house for the allocation of places by the relevant admission authorities. The LA will only make a decision on the offer or refusal of a place in response to any preference expressed on the form where:

- it is acting in its separate capacity as an admission authority, or on behalf of another admission authority that has delegated its role to the LA, or
- an applicant is eligible for a place at more than one school, or
- an applicant is not eligible for a place at any school that the parent has nominated.

The LA, using preference data and oversubscription criteria rankings (including those from own admission authority schools and academies), will allocate places according to each parent's preference ranking as follows:

- Where a parent's first preference can be met, a place will be allocated at that school. The LA will not consider any lower ranked preferences.
- Where a parent's first preference cannot be met, but a lower preference can, a place will be allocated at the lower preference school. Any higher preference applications will be placed on the waiting list for that school(s) and ranked according to the oversubscription criteria. Any preferences ranked lower than the preference offered will not be considered.
- Where none of the parent's preferences can be met, a place will be allocated at the nearest school with available places based on the straight line distance from home to school. The applications for preferred schools will be placed on the waiting lists for those schools and ranked according to their oversubscription criteria.

Distance measurements

Distances are measured using the Council's electronic (GIS) map measuring system in a straight line distance from the front door of the home to the main gate of the school. Where two or more distances are found to be equal a system of random allocation will apply, independently administered.

Offers

Parents will receive one offer of a school place. Parents who applied online can log in on National Offer Day to find out their allocated school.

Parents who submitted a paper application will be posted a letter to arrive on National Offer Day. Information will not be given out over the telephone.

If a parent was refused a place at a preferred school, the letter or email (depending on how parent applied for their place) will explain why the place was refused and that the parent has the right of appeal.

Responding to offers

Parents are required to respond to the LA regarding the offer of a school place to either accept or refuse it within two weeks of National Offer Day. If the parent does not confirm to the LA that they accept the place, the LA may remove the place and reallocate it to another child.

Parents should not refuse a place unless they are certain of a place at an alternative school. This does not remove the parent's right of appeal.

If a parent wishes their child to be considered for an alternative school(s) after offer day, a new application must be completed listing the new order of preferences. This will cancel out and replace the previous application.

Waiting Lists

Children will be kept on a waiting list for any school ranked higher on their form than the school at which they were offered a place, for example, where a parent has been allocated a place at their second preference school, they may be placed on the waiting list of their first preference school but not their third.

Where a parent has been offered a place at a school they did not nominate on their form, they will be placed on the waiting list of all the schools they did nominate, and considered for places at those schools if any become available.

Waiting lists will be kept by all admission authorities until at least **31 December 2022**. The waiting list will be maintained strictly in accordance with the oversubscription criteria and if a place becomes available this will be offered to the child ranked highest on the list. Places on waiting lists will change over time as new applications are received. When any place in a school is refused, the LA will reallocate that place to the child at the top of the waiting list for that school.

Appeals

All parents have the right of appeal if refused a place at a school. Appeals are coordinated by the relevant admission authority. Appeals will be heard by an independent appeals panel and if the panel uphold the appeal, the decision is legally binding on the admission authority and they must admit the child. Very few appeals are upheld.

Admission of Children outside their Normal Age Group

1) A request may be made for a child to be admitted outside of their normal age group, for example, if the child is gifted and talented or has experienced problems such as ill health.

Any such request should be discussed with the head teacher of the school and made in writing to the local authority. The relevant admission authority will make its decision about the request based on the circumstances of each case and in the best interests of the child. In addition to taking into account the views of the head teacher who has statutory responsibility for the internal organisation, management and control of the school, the local authority will take into account the views of the parents and of appropriate medical and education professionals.

2) The parents of a summer born child, i.e. a child born between 1 April and 31 August, may request that the child be admitted out of their normal age group, to the reception class in the September following their fifth birthday and that the child will remain in this cohort as they progress through school.

Parents who want to make this request should make an application for their child's normal age group at the usual time. The application to the local authority should include this request. The local authority will liaise with the school and the relevant admission authority will make its decision about the request based on the circumstances of each case and in the best interests of the child. In addition to taking into account the views of the head teacher, who has statutory responsibility

for the internal organisation, management and control of the school, the relevant admission authority will take into account the views of the parents and of appropriate medical and education professionals.

Parents will be informed of the outcome of the request before primary national offer day.

If the request is agreed, the application for the normal age group may be withdrawn before a place is offered. If the request is refused, the parent must decide whether to accept the offer of a place for the normal age group, or to refuse it and make an in year application for admission to year one for the September following the child's fifth birthday.

Where a parent's request is agreed, they must make a new application as part of the main admissions round the following year.

One admission authority cannot be required to honour a decision made by another admission authority on admission out of the normal age group. Parents, therefore, should consider whether to request admission out of the normal year group at all their preference schools, rather than just their first preference schools.

3) If a child who has not reached compulsory school age has been allocated a Reception place and their parent or carer wishes to delay their child's entry to school, the place will be held open. The place must be taken up in the term in which the child reaches compulsory school age and not beyond the beginning of the final term of the school year for which it was made.

Shared responsibility

The management of school applications may be severely delayed during the main admissions round where separated parents* of the child each submit an application for different schools or one parent does not agree with the application made by the other parent. The School Admissions Code states that only one offer of a school place per child can be made by the Local Authority. In this situation the Local Authority asks that parents and/or carers resolve matters between themselves before informing the Local Authority in writing of which application should be processed/their agreement to an application. In case of dispute between parents, where more than one parent has parental responsibility and they do not agree to an application being made to a particular school, a temporary school place will be offered until any dispute is resolved by both parents as a personal matter and this will be based on the address of the parent or carer with whom the child is normally resident, Mondays to Fridays term-time only.

Children from overseas

Children who hold a full British Citizen passport or children whose passport has been endorsed to show they have the right of abode in the UK are entitled to apply for a place at a maintained school. The passport or visa may be requested for inspection before an offer of a place can be made. The LA will allocate a place in advance for families of UK service personnel and Crown Servants with a confirmed posting to the area, where they are moving to the area outside of the normal admission round.

Applying for places in-year (outside of the normal admissions round)

Parents with children of school age who move into Northumberland and require a school place in-year (outside of the normal admissions round) should contact the Admissions Team if they require advice on schools with places.

Parents who want a place in a Northumberland school will need to complete the LA's in-year school application form and return it to the LA Admissions Team. Parents are allowed to name their preferred schools on the form.

Places cannot be allocated on the basis of intended future changes of address unless house moves have been confirmed, for example through the exchange of contracts or the signing of a formal lease agreement. Documentary evidence to support the new address will be required.

In Northumberland, the local authority manage the in-year admissions for the majority of schools, however some academies allocate their own in-year admissions directly. Where this is the case, the LA will forward the application to the school and the school will inform the parent if they are able to offer a place. If no place is available at a preferred school, the LA will make Northumberland residents an offer of an alternative school.

Attendance at school following the offer of a school place

For admission to a school's normal point of entry, the child is expected to attend the allocated school within 10 school days of the start of the term (except where deferred entry to Reception has been agreed, in which case the child is expected to attend from the start of the term).

For in-year admissions, the child is expected to take up the offer and attend the allocated school within 10 school days of being made an offer, or the offer will be withdrawn.

Coordination timetable for admission to Reception in September 2021

DATE	EVENT
1 November 2021	Application process opens online for 2022/23
Midnight 15 January 2022	Closing date for all application forms to be received by the LA
14 February 2022	Last date for any late applications to be submitted and considered as Exceptions
5 February 2022	Applications for own admission authority schools and academies in Northumberland will be forwarded to those admission authorities and applications stating preferences for schools in other LAs will be forwarded to those LAs
2 March 2022	Academies, foundation and voluntary aided schools to provide the LA with their ranked lists of applicants, including details of how the oversubscription criteria were applied
8 March 2022	The LA will inform other LAs of any offers of Northumberland schools to be made to applicants resident in their areas
22 March 2022	The LA will inform Northumberland schools of children to be offered places at their schools
16 April 2022	National offer day for places.
1 May 2022	Date for parents to refuse the offer
8 May 2022	Reallocate spaces that have become available since offer day (on-time applicants only - waiting list process) in criteria order.
29 May 2022 onwards	Places are allocated as and when they become available in priority order.
June/July	Appeals are heard

Coordination timetable for admission to middle, secondary and high schools in September 2021

DATE	EVENT
12 September 2021	Application process opens online for 2022/23
Midnight 31 October 2021	Closing date for all applications to be received by the LA
22 November 2021	Last date for any late applications to be submitted and be considered as exceptions
23 November 2021	Applications for own admission authority schools and academies in Northumberland will be forwarded to those admission authorities and applications stating preferences for schools in other LAs will be forwarded to those LAs
11 January 2022	Academies, foundation and voluntary aided schools to provide the LA with their ranked lists of applicants, including details of how the oversubscription criteria were applied
25 January 2022	The LA will inform other LAs of any offers of Northumberland schools to be made to applicants resident in their areas.
28 February 2022	The LA will inform Northumberland schools of children to be offered places at their schools
1 March 2022	National Offers Day
16 March 2022	Date for parents to refuse offers of a place
20 March 2022	Reallocate spaces that have become available since offer day (on-time applicants only – first waiting list process).
18 April 2022 onwards	Places are allocated as and when they become available in priority order
May – July	Appeals are heard

All schools and academies to which this scheme applies:

1. All Northumberland County Council community and voluntary controlled schools

2. VA Middle Schools

N/A

3. Trusts

Ashington Learning Partnership Trust

Bothal Primary School

Central Primary School

4. Academies and Free Schools (first/primary)

Abbeyfields First School, The 3 Rivers Learning Trust

Bede Academy (South site), Emmanuel Schools Foundation

Belsay Primary School, Pele Trust

Bishop's Primary School (NCEA)

Blyth Malvins Close Academy, Wise Academies

Blyth Morpeth Road Academy, Wise Academies

Blyth Croftway Academy, Wise Academies

Broomley First School, Tyne Community Learning Trust

Cramlington Village Primary School

Darras Hall Primary School, Pele Trust

Haltwhistle Primary Academy, Wise Academies

Harbottle Church of England First School, The 3 Rivers Learning Trust

Heddon on the Wall St Andrew's C of E Primary School, Pele Trust

Meadowdale Academy (primary from September 2020)

Mickley First School, Tyne Community Learning Trust

Morpeth Stobhillgate First School, The 3 Rivers Learning Trust

Ovingham CE First School, Tyne Community Learning Trust

Pax Christi Catholic Partnership, Ss Peter and Paul's Catholic Academy (Cramlington)

Ponteland Primary School, Pele Trust

Ponteland Community Primary School (previously Ponteland Middle), associate of Tyne Coast Academy Trust

Prudhoe Adderlane Academy, Tyne Community Learning Trust

Prudhoe Castle First School, Tyne Community Learning Trust

Prudhoe West Academy, Wise Academies

Richard Coates C of E Primary School, Pele Trust

Shaftoe Trust Primary School, Wise Academies

St Bede's Roman Catholic Primary School

St Mary's Roman Catholic First School

St Matthew's Roman Catholic Primary Academy, St Thomas More Partnership of Schools

St Wilfrid's Roman Catholic Primary School

Thropton Village First School, The 3 Rivers Learning Trust,

Warkworth Church of England Primary School

Whitfield Church of England Primary School, The Good Shepherd Multi-Academy Trust

Whittonstall First School, Tyne Community Learning Trust

Wylam First School, Tyne Community Learning Trust

Academies (Middle)

Dr Thomlinson Church of England Middle School, The 3 Rivers Learning Trust

Morpeth Chantry Middle School, The 3 Rivers Learning Trust

Morpeth Newminster Middle School, The 3 Rivers Learning Trust

Hexham Middle School, Hadrian Learning Trust

Highfield Middle School, Tyne Community Learning Trust
Ovingham Middle School, Tyne Community Learning Trust
St Joseph's Roman Catholic Middle School

Academies (secondary/high)

Ashington Academy, The North East Learning Trust
Bede Academy (North Site), Emmanuel Schools Foundation
Bedlington Academy, The North East Learning Trust
Berwick Academy
Cramlington Learning Village
NCEA Duke's Secondary School
Ponteland High School, Pele Trust
Prudhoe High School, Tyne Community Learning Trust
Queen Elizabeth High School, Hadrian Learning Trust
St Benet Biscop Catholic Academy, Pax Christi Catholic Partnership
The Blyth Academy, Northern Education Trust
The King Edward VI School, The 3 Rivers Learning Trust

5. VA and Foundation Schools

Bedlington Whitley Memorial Church of England Primary School
Bellingham Primary School
Bellingham Middle School and Sports College
Broomhaugh Church of England First School
Chollerton Church of England First School
Corbridge St Helen's Church of England First School
Holy Island Church of England First School
Holy Trinity Church of England First School
Hugh Joicey Church of England First School
Humshaugh Church of England First School
Longhorsley Church of England First School
Morpeth All Saints Church of England First School
St Cuthbert's Roman Catholic First School (Berwick)
St Robert's Roman Catholic First School
Tritlington Church of England First School
Wark Church of England First School
Whitley Chapel Church of England First School
Ellingham Church of England Primary School
Embleton Vincent Edwards' Church of England Primary School
Greenhead Church of England Primary School
Henshaw Church of England Primary School
Newbrough Church of England Primary School
Richard Coates Church of England School
St Aidan's Roman Catholic Primary School
St Cuthbert's Roman Catholic First School
St Michael's Church of England Primary School
St Paul's Roman Catholic Primary School (Alnwick)
Whalton Church of England Primary School

Northumberland County Council Admission Arrangements for Community and Voluntary Controlled Schools - 2022/23

Admission to First and Primary Schools (Reception)

Introduction

These are part of the admission arrangements for community and voluntary controlled first and primary schools.

NB If you are applying for a school that manages their own admissions e.g academies, please review their admissions policy/arrangements via the school website.

Governing Bodies of all Community and Voluntary Controlled schools, parents and wider community groups who may have an interest in school admission arrangements have been consulted on the County Council's Admission Policy.

Co-ordinated Admission Arrangements

In line with current legislation, the Local Authority has drawn up a co-ordinated admissions scheme to coordinate admissions to maintained schools and Academies within Northumberland and neighbouring authorities for the main admissions round.

Published Admission Numbers

The admission number the Local Authority will publish for each community and voluntary controlled school is shown below.

School Name	Published Admission Number (PAN)
Acomb First School	15
Allendale Primary School	24
Amble First School	30
Amble Links First	30
Beaconhill Community Primary School	30
Beaufront First School	15
Bedlington Station Primary School	30
Bedlington Stead Lane Primary School	30
Bedlington West End First School	30
Belford Primary School	30
Berwick St. Mary's C.E. First School	30
Branton Community Primary School	6
Broomhill First School	15
Burnside Primary School	60
Cambo First School	8
Cambois Primary School	15
Choppington Primary School	15
Cragside C of E Primary School	60

Cramlington Eastlea Primary School	30
Ellington Primary School	30
Felton C of E Primary School	15
Grange View CE First School	30
Greenhaugh County Primary School (as will be)	8
Guidepost Ringway Primary School	30
Hareside Primary School	60
Hexham First School	30
Hipsburn Primary School	21
Holywell First School	30
Horton Grange Primary School	90
Kielder Community Primary School (as will be)	8
Linton Primary School	8
Longhoughton C of E Primary School	30
Lowick C of E VC First School	10
Morpeth First School	60
Mowbray Primary School	30
New Delaval County Primary School	45
New Hartley First School	30
Newsham Primary School	60
Norham St Ceolwulf's C of E First School	10
Northburn Primary School	45
Otterburn Primary School	10
Pegswood County Primary School	40
Red Row Community First School	29
Rothbury First School	20
Scremerston First School	18
Seahouses Primary School	21
Seaton Delaval First School	45
Seaton Sluice First School	30
Seghill First School	30
Shanklea Primary School	45
Shilbottle Primary School	30
Slaley First School	10
Spittal Community First School	40
Stakeford Primary School	30
Stamfordham Primary School	15
Stannington First School	20
Swansfield Park Primary School	45
Swarland Primary School	17
The Sele First School, Hexham	84
Tweedmouth Prior Park First School	30
Tweedmouth West First School	30
Whittingham Primary School	15
Wooler First School	27

The Local Authority Admissions Policy for 2022-2023

This admissions policy will be used to allocate places at those schools which are oversubscribed. It is attached below for entry to a Reception class.

Admission Policy – first and primary schools

This policy applies only to Local Authority maintained schools and Voluntary Controlled Schools.

The County Council is obliged to admit all applicants to a particular school provided these do not exceed the school's Published Admission Number (PAN).

Children with a Statement of Special Educational Need or an Education Health and Care Plan where the school is named in the statement will be admitted.

Oversubscription Criteria

Where there are more applications than places available the following oversubscription criteria will be applied, strictly in order of priority:

1. Children looked after and all who were previously looked after

Note: A 'looked after child' is a child who is (a) in the care of a local authority, or (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in Section 22(1) of the Children Act 1989) at the time of making an application to a school. This includes children who were adopted under the Adoption Act 1976 (see section 12 adoption orders) and children who were adopted under the Adoption and Children Act 2002 (see section 46 adoption orders). Child arrangements orders are defined in s.8 of the Children Act 1989, as amended by s.12 of the Children and Families Act 2014. Child arrangements orders replace residence orders and any residence order in force prior to 22 April 2014 is deemed to be a child arrangements order. See Section 14A of the Children Act 1989 which defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).

2. Children adopted from care outside of England

Note: Minister of State for School Standards intends to amend the School Admissions Code but in the meantime, he asks that children adopted from care outside of England are given the second highest priority for admission in oversubscription criteria. Once the code has been updated, admission authorities will have the opportunity to consult upon and publish any formal changes

3. Children living within the catchment area of the school and those on whose behalf firm evidence is presented that they will be living in the catchment area by the appropriate admission date.
4. Children with an exceptional social or medical reason that means that they can only attend that specific school (for example, where the child or one or both parents has a disability that means that the child can only go to one school).

Strong supporting evidence must be provided from a professional body involved with the family or the child. The professional must be independent of both the family and the school. The evidence must relate specifically to the school for which the application is being made and must demonstrate clearly why it is the only school that can meet the child's needs. No assumptions should be made that the submission of the relevant evidence will, in itself be sufficient to allocate a place.

NOTE: You will not be allocated a place under this criterion if you omit to send to School Admissions Team a written statement from a professional third party by 16 January 2022.

5. Children resident in the greater catchment area of the school partnership who have a sibling* already in the school who is expected to be on roll at the school at the time of admission. Evidence must be presented to confirm that the child will be living in the greater catchment area by the appropriate admission date.
6. Children resident in the greater catchment area of the school partnership. Evidence must be presented to confirm that the child will be living in the greater catchment area by the appropriate admission date.

NOTE: The greater catchment area for a school is the catchment area of the high or secondary school i.e all school in a partnership that feed into a particular high or secondary school.

7. Children who have a sibling* who already attends the school and who is expected to be on roll at the school at the time of admission.

* For the purpose of admissions siblings are deemed to be brothers and sisters, stepsiblings, foster siblings, adopted siblings and other children who reside permanently in the household and are treated as siblings.

8. Children on whose behalf preferences are expressed on grounds other than any of those outlined above.

GENERAL

Parents may be asked to provide evidence of residency if the requested school is oversubscribed.

Should it prove necessary, because places are limited, to distinguish between children in any given category priority will be given to those who live nearest to the school, measured in a direct line ('as the crow flies') from the front door of the home to the main gate of the school, using the LA's computerised measuring (GIS) system.

Applications on behalf of children who are resident in other Local Authority areas will be considered in the same way as applications from Northumberland residents.

Children with disabilities will be treated no less favourably than other applicants for admission. Schools are under a duty to make reasonable adjustments to ensure that children with disabilities are not placed at a substantial disadvantage, and no child will be refused a place on the grounds of disability. A pupil has a disability if he or she has a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities.

The County Council reserves the right to vary these criteria within the relevant year to take account of revisions to legislation or its interpretation by the courts.

Those parents whose application to a school has been unsuccessful will be notified of their right of appeal to an Independent Appeal Panel. The School Standards and Framework Act 1998, gives this right to all parents whose application for a school has been unsuccessful. The decision of an Appeal Panel is binding on both the Admission Authority and the school. The School Admission Appeals Code can be found on the DfE website at: www.gov.uk/dfes.

Definitions used under the policy

'Parents' include all those people who have a parental responsibility* for a child as set out in the Children's Act 1989. Where responsibility for a child is 'shared', the person deemed to be the person responsible for completing the application is the person receiving Child Benefit and whose address will be used for admission purposes.

*Parental Responsibility, unless otherwise determined by a court order:

- Mothers automatically have parental responsibility.

- Fathers also have parental responsibility if the father is married to the mother at the time of the child's birth. This continues after any divorce/separation/remarriage even if the child lives apart from them.
- An unmarried father can obtain Parental Responsibility by:
 - marrying the mother
 - having his name registered or re-registered on the birth certificate if his name is not already registered**
 - entering into a Parental Responsibility Agreement with the mother
 - obtaining a Parental Responsibility Order from the court
 - having obtained a Residence Order prior to 22.4.2014
 - by being named as the resident parent under a Child Arrangements Order
 - becoming the child's guardian on the mother's death

**The law has changed so that unmarried fathers who registered or re-registered their name on their child's birth certificate *after* 1st December 2003 will have Parental Responsibility for their child.

Therefore:

- If an unmarried father has a child after 1st December 2003 and he is registered on the birth certificate he WILL have Parental Responsibility.
- If a child's birth was registered before 1st December 2003 and the father was not named on the birth certificate, the birth can be re-registered to include the father's name. Once this has been done, the father WILL have Parental Responsibility.*
- If an unmarried father's name is already on the birth certificate and the child was registered before 1st December 2003, the law has not changed this situation so the father WILL NOT have Parental Responsibility. (Unless obtained by other means).

Same-sex parents

Civil partners

Same-sex partners will both have parental responsibility if they were civil partners at the time of the treatment, eg donor insemination or fertility treatment.

Non-civil partners

For same-sex partners who are not civil partners, the 2nd parent can get parental responsibility by either:

- [applying for parental responsibility](#) if a parental agreement was made
- becoming a civil partner of the other parent and making a parental responsibility agreement or jointly registering the birth

Details of catchment areas are available on request or by following the links on the County Council's webpage to the interactive mapping system.

Address to be Used in Determining Priority for Admission

If a school is oversubscribed, the address of the parent or carer with whom the child is normally resident, Mondays to Fridays term-time only, will be used in the allocation process.

Fraudulent Applications and Withdrawal of a School Place

The Local Authority will not withdraw the offer of a place unless it has been established that the offer was obtained through a fraudulent or intentionally misleading application. Where an offer is withdrawn on the basis of fraudulent or misleading information, the application will be considered on the basis of correct information, and parents or carers will have the right of appeal where no place can be offered.

The local authority may seek to withdraw the offer of a school places if it is established that a fraudulent application was submitted.

Where parents or carers are found to have made a fraudulent application for a school place and the admission authority decides not to withdraw that place in the best interests of the child, should a school place be sought for any other sibling, or siblings, the sibling criterion will not be considered.

If a place is withdrawn it will be offered to those with a greater right to the place as of National Offers Day, ranked according to the school's oversubscription criteria.

Parental disagreement

The management of school applications may be severely delayed during the main admissions round where separated parents* of the child each submit an application for different schools or one parent does not agree with the application made by the other parent. The School Admissions Code states that only one offer of a school place per child can be made by the Local Authority. In this situation the Local Authority asks that parents and/or carers resolve matters between themselves before informing the Local Authority in writing of which application should be processed/their agreement to an application. In case of dispute between parents, where more than one parent has parental responsibility and they do not agree to an application being made to a particular school, a temporary school place will be offered until any dispute is resolved by both parents as a personal matter and this will be based on the address of the parent or carer with whom the child is normally resident, Mondays to Fridays term-time only.

Late Applications

For oversubscribed schools, applications which are received or changed after the published closing date will only be considered in exceptional circumstances. Normally applications submitted after the relevant published date will not be considered until after allocations for those parents who applied on time have been made. Any evidence submitted after the relevant date to support a late application or change of preference will not be considered. Affected applicants will not receive an offer with other parents on National Offers Day, instead receiving one on 're-allocation day'.

Waiting Lists

Once places have been allocated, children refused a place will continue to be considered for any vacancies which become available. Vacancies will always be allocated by applying the admissions policy and oversubscription criteria of the school; length of time on the waiting list will not be considered. Each added child will require the list to be ranked again in line with the published oversubscription criteria. The LA will hold all waiting lists for Community and Voluntary Controlled Schools and where requested for VA, Trust and Academies. Waiting lists for the normal year of entry will be kept open until 31 December 2022.

Twins and Siblings of Multiple Births

Where places are available for some but not all children from multiple births (including twins) the Local Authority will exercise discretion offered by the School Admissions Code to offer all the children a place, even if this breaches the published admission number for the year group.

Catchment Areas

Catchment areas are a tool used to apply the over subscription criteria when a school has more applications than places. Catchment areas have no separate legal identity outside of the application of the admissions policy and determining entitlement to home to school transport. Details of catchment areas are available on request or by following the links on the County Council's webpage to the interactive mapping system.

Distance Measures

Distance measures will be undertaken using the Local Authority's computerised Geographical Information System (GIS). This measures a straight-line measure from the front door of the home to the main gate of the school. Distance checking is an integral function within the school admissions software ensuring consistency in measurement. Where two or more distances are found to be equal a system of random allocation will apply, independently administered.

Admission of Children below Compulsory School Age and Deferred Entry

A child is entitled to a full-time place in the September following their fourth birthday. A request may be made for the date at which a child, below compulsory school age, is admitted to the school, to be deferred to later in the school year but not beyond the point at which they reach compulsory school age, or beyond the beginning of the final term of the school year. A child may take up a part-time place until the child reaches compulsory school age. Upon receipt of the offer of a place a parent should notify the school as soon as possible, that they wish to either defer their child's entry into the school or take up a part-time place.

Any such request should be discussed with the head teacher and made in writing to the local authority. The local authority will make its decision about the request based on the circumstances of each case and in the best interests of the child. In addition to taking into account the views of the head teacher who has statutory responsibility for the internal organisation, management and control of the school, the local authority will take into account the views of the parents and of appropriate medical and education professionals.

Admission of Children outside their Normal Age Group

A request may be made for a child to be admitted outside of their normal age group, for example, if the child is gifted and talented or has experienced problems such as ill health.

Any such request should be discussed with the head teacher of the school and made in writing to the local authority. The local authority will make its decision about the request based on the circumstances of each case and in the best interests of the child. In addition to taking into account the views of the head teacher who has statutory responsibility for the internal organisation, management and control of the school, the local authority will take into account the views of the parents and of appropriate medical and education professionals.

Summer Born Children

The parents of a summer born child, i.e. a child born between 1 April and 31 August, may request that the child be admitted out of their normal age group, to the reception class in the September following their fifth birthday and that the child will remain in this cohort as they progress through school.

Parents who want to make this request should make an application for their child's normal age group at the usual time. The application to the local authority should include this request. The local authority will liaise with the school and the relevant admission authority will make its decision about the request based on the circumstances of each case and in the best interests of the child. In addition to taking into account the views of the head teacher, who has statutory responsibility for the internal organisation, management and control of the school, the relevant admission

authority will take into account the views of the parents and of appropriate medical and education professionals.

Parents will be informed of the outcome of the request before primary national offer day.

If the request is agreed, the application for the normal age group may be withdrawn before a place is offered. If the request is refused, the parent must decide whether to accept the offer of a place for the normal age group, or to refuse it and make an in year application for admission to year one for the September following the child's fifth birthday.

Where a parent's request is agreed, they must make a new application as part of the main admissions round the following year.

One admission authority cannot be required to honour a decision made by another admission authority on admission out of the normal age group. Parents, therefore, should consider whether to request admission out of the normal year group at all their preference schools, rather than just their first preference schools. If a child who has not reached compulsory school age has been allocated a Reception place and their parent or carer wishes to delay their child's entry to school, the place will be held open. The place must be taken up in the term in which the child reaches compulsory school age.

Admission to Nursery Schools and Infant/Primary Schools Offering Nursery Education

These arrangements do not apply to the admission of nursery children. Nursery admission arrangements are determined separately. **Attendance at a school's nursery does not guarantee admission to the school's Reception group nor is it a factor in allocating places in most cases.**

All parents must apply for a place in a Reception class.

The Admissions Timetable

The timetable for the September 2022 application and allocation processes will be in line with the co-ordinated admissions schemes in accordance with the timetable detailed below.

Admissions timetable

1 November 2021:	E-admissions portal opens.
1 November 2021:	Common application forms together with admissions information and school prospectuses are made available for parents.
15 January 2022:	Closing date for applications: E-admission portal closes.
16 April 2022:	Parents notified of the outcome of their applications for school places
2 May 2022:	Last date for refusals by parents

Publication of the Local Authority's Information for Parents (2022/23) Handbook

The Information for Parents publication for September 2022 entry will be available from the beginning of September 2021.

Northumberland County Council Admission Arrangements for Community and Voluntary Controlled Schools - 2022/23

Admission to Middle, High, Secondary schools (years 5, 7 and 9) and sixth forms (year 12 entry)

Introduction

These are part of the admission arrangements for community and voluntary controlled middle, high, secondary schools and sixth forms.

Governing Bodies of all Community and Voluntary Controlled schools, parents and wider community groups who may have an interest in school admission arrangements have been consulted on the County Council's Admission Policy.

Co-ordinated Admission Arrangements

In line with current legislation, the Local Authority has drawn up a separate co-ordinated admissions scheme to coordinate admissions to maintained schools and Academies within Northumberland and neighbouring authorities for the main admissions round.

Published Admission Numbers

The admission number the Local Authority will publish for each community and voluntary controlled school is shown below

School Name	Published Admission Number (PAN) (main school)	Published Admission Number (admission to sixth form – external (new) students only)
Astley Community High School	150	10
Berwick Middle School	114	N/A
Corbridge Middle School	90	N/A
Glendale Middle School	42	N/A
Haydon Bridge High School (for entry into year 7)	120	10
James Calvert Spence College	120	10
Seaton Sluice Middle School	85	N/A
The Duchess's Community High School	250	10
Tweedmouth Community Middle School	93	N/A
Whytrig Middle School	90	N/A

The Local Authority Admissions Policy for 2022-2023

This admissions policy will be used to allocate places at those Local Authority schools which are oversubscribed. It is attached below for entry to Year 5, Year 7, Year 9 and Year 12.

Admission Policy for Community and Voluntary Controlled Schools – middle, high, secondary schools and sixth forms

This policy applies only to Local Authority maintained schools and voluntary controlled schools.

NB If you are applying for a school that manages their own admissions e.g academies, please review their admissions policy/arrangements via the school website.

The County Council is obliged to admit all applicants to a particular school provided these do not exceed the school's Published Admission Number (PAN).

Children with Statements of Special Educational Needs or an Education Health and Care Plan where the school is named in the statement will be admitted.

Oversubscription Criteria – Years 5, 7 and 9

Where there are more applications than places available the following oversubscription criteria will be applied, strictly in order of priority:

1 Children looked after and all who were previously looked after

Note: A 'looked after child' is a child who is (a) in the care of a local authority, or (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in Section 22(1) of the Children Act 1989) at the time of making an application to a school. This includes children who were adopted under the Adoption Act 1976 (see section 12 adoption orders) and children who were adopted under the Adoption and Children Act 2002 (see section 46 adoption orders). Child arrangements orders are defined in s.8 of the Children Act 1989, as amended by s.12 of the Children and Families Act 2014. Child arrangements orders replace residence orders and any residence order in force prior to 22 April 2014 is deemed to be a child arrangements order. See Section 14A of the Children Act 1989 which defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).

2 Children adopted from care outside England

Note: Minister of State for School Standards intends to amend the School Admissions Code but in the meantime, he asks that children adopted from care outside of England are given the second highest priority for admission in oversubscription criteria. Once the code has been updated, admission authorities will have the opportunity to consult upon and publish any formal changes

3 Children living within the catchment area of the school and those on whose behalf firm evidence is presented that they will be living in the catchment area by the appropriate admission date.

4 Children with an exceptional social or medical reason that means that they can only attend that specific school (for example, where the child or one or both parents has a disability that means that the child can only go to one school).

Strong supporting evidence must be provided from a professional body involved with the family or the child. The professional must be independent of both the family and the school.

The evidence must relate specifically to the school for which the application is being made and must demonstrate clearly why it is the only school that can meet the child's needs. No assumptions should be made that the submission of the relevant evidence will, in itself be sufficient to allocate a place.

Note: You will not be allocated a place under this criterion if you omit to send to the School Admissions Team a written statement from a professional third party by 31 October 2021.

- 5 Children resident in the greater catchment area of the school partnership who have a sibling* already in the school who is expected to be on roll at the school at the time of admission. Evidence must be presented to confirm that the child will be living in the greater catchment area by the appropriate admission date.
- 6 Children resident in the greater catchment area of the school partnership. Evidence must be presented to confirm that the child will be living in the greater catchment area by the appropriate admission date.

NOTE: The greater catchment area for a school is the catchment area of the high or secondary school i.e all school in a partnership that feed into a particular high or secondary school.

- 7 Children who have a sibling* who already attends the school, including sixth form, and who is expected to be on roll at the school at the time of admission.

*For the purpose of admissions siblings are deemed to be brothers and sisters, stepsiblings, foster siblings, adopted siblings and other children who reside permanently in the household and are treated as siblings.

- 8 Requests on behalf of children which are based on the need to maintain continuity of educational provision within the feeder pattern of Northumberland's schools.

Important: This criterion does not apply to those children who have entered a school in the final year before transfer.

- 9 Children on whose behalf preferences are expressed on grounds other than any of those outlined above.

Applications for Year 12

All Northumberland schools offer sixth form of study for students. The majority of the sixth form students transfer from Year 11, but places are available for external students. The entry requirements for sixth forms are largely dependent on the course of study that a student wishes to access. They are the same for internal and external students. Details of specific entry requirements and courses available may be obtained from the school. The availability of courses is dependent upon the number of applicants and the financial sustainability of the course and the Governing Body of the school determines this.

Entry requirements and oversubscription criteria – Year 12

Priority will be given to, in order:

1. Students who have attended the school in the previous academic year (during Year 11) and who satisfy the school's entry requirements* for the course available **and then**,
2. All other students of the relevant age who satisfy the school's entry requirements* for the course available.

Where the school is oversubscribed within category (1) or (2) the following will be applied, strictly in order of priority:

- a) Children who are 'looked after' or a child who was previously looked after but immediately after being looked after became subject to an adoption, residence/child arrangement, or

special guardianship order. A looked after child is a child who is, at the time of making an application to a school, (a) in the care of a local authority, or (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in section 22(1) of the Children Act 1989).

b) All other students.

c) Distance from home to school measured in a direct line, with those living nearest the school receiving priority. Otherwise if only one final place can be offered and two applicants live equidistant from the school, the LA's system of random selection will apply, independently administered.

Applicants refused admission to a sixth form are entitled to an appeal to an independent appeals panel.

*Details of the entry requirements are available from the individual Sixth Forms.

GENERAL

Parents may be asked to provide evidence of residency if the requested school is oversubscribed.

Should it prove necessary, because places are limited, to distinguish between children in any given category priority will be given to those who live nearest to the school, measured in a direct line ('as the crow flies') using the LA's computerised measuring system (GIS). Where two or more distances are found to be equal a system of random allocation will apply, independently administered.

Applications on behalf of children who are resident in other Local Authority areas will be considered in the same way as applications from Northumberland residents.

Children with disabilities will be treated no less favourably than other applicants for admission. Schools are under a duty to make reasonable adjustments to ensure that children with disabilities are not placed at a substantial disadvantage, and no child will be refused a place on the grounds of disability. A pupil has a disability if he or she has a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities.

The County Council reserves the right to vary these criteria within the relevant year to take account of revisions to legislation or its interpretation by the courts.

Those parents whose application to a school has been unsuccessful will be notified of their right of appeal to an Independent Appeal Panel. The School Standards and Framework Act 1998, gives this right to all parents whose application for a school has been unsuccessful. The decision of an Appeal Panel is binding on both the Admission Authority and the school. The School Admission Appeals Code can be found on the DfE website at: www.gov.uk/dfes.

Definitions used under the policy

'Parents' include all those people who have a parental responsibility* for a child as set out in the Children's Act 1989. Where responsibility for a child is 'shared', the person deemed to be the person responsible for completing the application is the person receiving Child Benefit and whose address will be used for admission purposes.

*Parental Responsibility, unless otherwise determined by a court order:

- Mothers automatically have parental responsibility.

- Fathers also have parental responsibility if the father is married to the mother at the time of the child's birth. This continues after any divorce/separation/remarriage even if the child lives apart from them.
- An unmarried father can obtain Parental Responsibility by:
 - marrying the mother
 - having his name registered or re-registered on the birth certificate if his name is not already registered**
 - entering into a Parental Responsibility Agreement with the mother
 - obtaining a Parental Responsibility Order from the court
 - having obtained a Residence Order prior to 22.4.2014
 - by being named as the resident parent under a Child Arrangements Order
 - becoming the child's guardian on the mother's death

**The law has changed so that unmarried fathers who registered or re-registered their name on their child's birth certificate *after* 1st December 2003 will have Parental Responsibility for their child.

Therefore:

- If an unmarried father has a child after 1st December 2003 and he is registered on the birth certificate he WILL have Parental Responsibility.
- If a child's birth was registered before 1st December 2003 and the father was not named on the birth certificate, the birth can be re-registered to include the father's name. Once this has been done, the father WILL have Parental Responsibility.*
- If an unmarried father's name is already on the birth certificate and the child was registered before 1st December 2003, the law has not changed this situation so the father WILL NOT have Parental Responsibility. (Unless obtained by other means).

Same-sex parents

Civil partners

Same-sex partners will both have parental responsibility if they were civil partners at the time of the treatment, eg donor insemination or fertility treatment.

Non-civil partners

For same-sex partners who are not civil partners, the 2nd parent can get parental responsibility by either:

- [applying for parental responsibility](#) if a parental agreement was made
- becoming a civil partner of the other parent and making a parental responsibility agreement or jointly registering the birth

Details of catchment areas are available on request or by following the links on the County Council's webpage to the interactive mapping system

Address to be Used in Determining Priority for Admission

If a school is oversubscribed, the address of the parent or carer with whom the child is normally resident, Mondays to Fridays term time only, will be used in the allocation process.

Fraudulent Applications and Withdrawal of a School Place

The local authority will not withdraw the offer of a place unless it has been established that the offer was obtained through a fraudulent, or intentionally misleading application. Where an offer is withdrawn on the basis of fraudulent or misleading information, the application will be considered on the basis of correct information, and parents or carers will have the right of appeal where no place can be offered.

The local authority may seek to withdraw the offer of a school places if it is established that a fraudulent application was submitted.

Where parents or carers are found to have made a fraudulent application for a school place and the admission authority decides not to withdraw that place in the best interests of the child, should a school place be sought for any other sibling, or siblings, the sibling criterion will not be considered.

If a place is withdrawn it will be offered to those with a greater right to the place as of National Offers Day, ranked according to the school's oversubscription criteria.

Parental disagreement

The management of school applications may be severely delayed during the main admissions round where separated parents* of the child each submit a separate application for different schools or one parent does not agree with the application made by the other parent. The School Admissions Code states that only one offer of a school place per child is made by the Local Authority. In this situation the Local Authority asks that parents and/or carers resolve matters between themselves before informing the Local Authority in writing of which application should be processed/their agreement to an application. In case of dispute between parents, where more than one parent has parental responsibility and they do not agree to an application being made to a particular school, a temporary school place will be offered until any dispute is resolved by both parents as a personal matter and this will be based on the address of the parent or carer with whom the child is normally resident, Mondays to Fridays term time only.

Late Applications

For oversubscribed schools, applications which are received or changed after the published closing date will only be considered in exceptional circumstances. Normally application submitted after the relevant published date will not be considered until after allocations for those parents who applied on time have been made. Any evidence submitted after the relevant date to support a late application or change of preference will not be considered. Affected applicants will not receive an offer with other parents on National Offers Day, instead receiving one on 're-allocation day'.

Waiting Lists

Once places have been allocated, children refused a place will continue to be considered for any vacancies which become available. Vacancies will always be allocated by applying the admissions policy and oversubscription criteria of the school; length of time on the waiting list will not be considered. Each added child will require the list to be ranked again in line with the published oversubscription criteria. The LA will hold all waiting lists for Community and Voluntary Controlled Schools and where requested for VA, Trust and Academies. Waiting lists for the normal year of entry will be kept open until 31 December 2021.

Twins and Siblings of Multiple Births

Where places are available for some but not all children from multiple births (including twins) the Local Authority will exercise discretion offered by the School Admissions Code to offer all the children a place, even if this breaches the published admission number for the year group.

Catchment Areas

Catchment areas are a tool used to apply the over subscription criteria when a school has more applications than places. Catchment areas have no separate legal identity outside of the application of the admissions policy and determining entitlement to home to school transport. Details of catchment areas are available on request or by following the links on the County Council's webpage to the interactive mapping system.

Distance Measures

Distance measures will be undertaken using the Local Authority's computerised Geographical Information System (GIS). This measures a straight-line measure from the front door of the home to the main gate of the school. Distance checking is an integral function within the school admissions software ensuring consistency in measurement. Where two or more distances are found to be equal a system of random allocation will apply, independently administered.

Admission of Children outside their Normal Age Group

A request may be made for a child to be admitted outside of their normal age group, for example, if the child is gifted and talented or has experienced problems such as ill health.

Any such request should be made in writing to the head teacher of the school and to the local authority. The local authority will make its decision about the request based on the circumstances of each case and in the best interests of the child. In addition to taking into account the views of the head teacher who has statutory responsibility for the internal organisation, management and control of the school, the local authority will take into account the views of the parents and of appropriate medical and education professionals.

The Admissions Timetable

The timetable for the September 2022 application and allocation processes will be in line with the co-ordinated admissions schemes in accordance with the timetable detailed below

Admissions timetable (not sixth forms)

12 September 2021:	E-admissions portal opens.
12 September 2021:	Common application forms together with admissions information and school prospectuses are made available for parents.
31 October 2021:	Closing Date for Applications: E-admission portal closes.
1 March 2022:	Parents notified of the outcome of their applications for school places
15 March 2022:	Last date for refusals by parents.

Publication of the Local Authorities Information for Parents (2022/23) Handbook

The Information for Parents publication for September 2022 entry will be available from the beginning of September 2021

APPENDIX 4



Northumberland County Council

Equality Impact Assessment Template

To be completed for all key changes, decisions and proposals. Cite specific data and consultation evidence wherever possible. Further guidance is available at:

<http://www.northumberland.gov.uk/About/Equality.aspx?nccredirect=1>

Duties which need to be considered:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

PART 1 – Overview of the change, decision or proposal

1. Title of the change, decision or proposal:

The Council has consulted on proposals for Admission Arrangements for 2021/22

2. Date of equality impact assessment:

January 2020

3. Brief description of the change, decision or proposal:

- 1) The majority of the arrangements remain unchanged from the 2020/21 arrangements.
- 2) In addition, admission arrangements for sixth forms, including the criteria for entry, the admission number (relating to external students to Year 12 only) and the over subscription criteria (that will be applied if there are more applicants than places available) for 2021/22 are proposed. This is so that the Council is compliant with the School Admissions Code, which states that admission arrangements should include those for sixth forms

4. Name(s) and role(s) of officer(s) completing the assessment:

Jill Atkinson, School Admissions and Inclusion Manager
Audrey Kingham, Interim Director of Education and Skills

5. Overall, what are the outcomes of the change, decision or proposal expected to be? (E.g. will it reduce/terminate a low-priority service, maintain service outcomes at reduced cost, or change the balance of funding responsibility for a service which will remain the same?)

Annual determination of the admission arrangements by Cabinet is in accordance with the requirements of the School Admissions Code 2014.

6. If you judge that this proposal is **not** relevant to some protected characteristics, tick these below (and explain underneath how you have reached this judgement).

Disability Sex Age Race Religion Sexual orientation

People who have changed gender Women who are pregnant or have babies

Employees who are married/in civil partnerships

After considering employees and service users, the characteristics checked above are not relevant because:

There is no evidence or reason to believe that the proposals would affect more positively or negatively people with the above protected characteristics than those without the above protected characteristics.

PART 2 – Relevance to different Protected Characteristics

Answer these questions both in relation to people who use services and employees

Disability

Note: “disabled people” includes people with physical, learning and sensory disabilities, people with a long-term illness, and people with mental health problems. You should consider potential impacts on all of these groups.

Please answer these questions with reference to our employees and people who use our services

7. What do you know about usage of the services affected by this change, decision or proposal by disabled people, about disabled people’s experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on any current arrangements for disabled people.

8. Could disabled people be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

9. Could the change, decision or proposal affect the ability of disabled people to participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

10. Could the change, decision or proposal affect public attitudes towards disabled people? (e.g. by increasing or reducing their presence in the community)

No

11. Could the change, decision or proposal make it more or less likely that disabled people will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on disabled people.

12. If there are risks that disabled people could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on disabled people.

13. Are there opportunities to create *positive* impacts for disabled people linked to this change, decision or proposal?

See 7, above.

Sex

Please answer these questions with reference to our employees and people who use our services

14. What do you know about usage of the services affected by this change, decision or proposal by males and females, about their experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on any current arrangements for males or females.

15. Could males or females be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

16. Could the change, decision or proposal affect the ability of males or females to participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

17. Could the change, decision or proposal affect public attitudes towards males or females? (e.g. by increasing or reducing their presence in the community)

No

18. Could the change, decision or proposal make it more or less likely that males or females will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on males or females.

19. If there are risks that males or females could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on males or females.

20. Are there opportunities to create *positive* impacts for males or females linked to this change, decision or proposal?

See 14, above

Age

Please answer these questions with reference to our employees and people who use our services

21. What do you know about usage of the services affected by this change, decision or proposal by people of different age groups, about their experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on any current arrangements for people of different age groups.

22. Could people of different age groups be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

23. Could the change, decision or proposal affect the ability of people of different age groups to participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

24. Could the change, decision or proposal affect public attitudes towards people of different age groups? (e.g. by increasing or reducing their presence in the community)

No

25. Could the change, decision or proposal make it more or less likely that people of different age groups will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on different age groups

26. If there are risks that people of different age groups could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on different age groups

27. Are there opportunities to create *positive* impacts for people of different age groups linked to this change, decision or proposal?

See 21, above

Race

Note: For the purposes of the Act 'race' includes colour, nationality and ethnic or national origins.

Please answer these questions with reference to our employees and people who use our services

28. What do you know about usage of the services affected by this change, decision or proposal by people of different racial groups, about their experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on any current arrangements for people of different racial groups.

29. Could people of different racial groups be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

30. Could the change, decision or proposal affect the ability of people of different racial groups to participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

31. Could the change, decision or proposal affect public attitudes towards people of different racial groups? (e.g. by increasing or reducing their presence in the community)

No

32. Could the change, decision or proposal make it more or less likely that people of different racial groups will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on different racial groups

33. If there are risks that people of different racial groups could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on different racial groups

34. Are there opportunities to create *positive* impacts for people of different racial groups linked to this change, decision or proposal?

See 28, above

Religion or belief

Note: *In the Equality Act, religion includes any religion. It also includes a lack of religion. Belief means any religious or philosophical belief or a lack of such belief.*

Please answer these questions with reference to our employees and people who use our services

35. What do you know about usage of the services affected by this change, decision or proposal by people with different religions or beliefs, about their experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on any current arrangements for people with different religions or beliefs.

36. Could people with different religions or beliefs be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

37. Could the change, decision or proposal affect the ability of people with different religions or beliefs to participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

38. Could the change, decision or proposal affect public attitudes towards people with different religions or beliefs? (e.g. by increasing or reducing their presence in the community)

No

39. Could the change, decision or proposal make it more or less likely that people with different religions or beliefs will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on people with different religions or beliefs

40. If there are risks that people with different religions or beliefs could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on people with different religions or beliefs

41. Are there opportunities to create *positive* impacts for people with different religions or beliefs linked to this change, decision or proposal?

See 35, above

Sexual Orientation

Note: The Act protects bisexual, gay, heterosexual and lesbian people.

Please answer these questions with reference to our employees and people who use our services

42. What do you know about usage of the services affected by this change, decision or proposal by people with different sexual orientations, about their experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on any current arrangements for people with different sexual orientations.

43. Could people with different sexual orientations be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

44. Could the change, decision or proposal affect the ability of people with different sexual orientations to participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

45. Could the change, decision or proposal affect public attitudes towards people with different sexual orientations? (e.g. by increasing or reducing their presence in the community)

No

46. Could the change, decision or proposal make it more or less likely that people with different sexual orientations will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on people with different sexual orientations

47. If there are risks that people with different sexual orientations could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on people with different sexual orientations

48. Are there opportunities to create *positive* impacts for people with different sexual orientations linked to this change, decision or proposal?

See 42, above

Gender Reassignment

Note: The Act provides protection for transgender people. A transgender person is someone who proposes to, starts or has completed a process to change his or her gender.

Please answer these questions with reference to our employees and people who use our services

49. What do you know about usage of the services affected by this change, decision or proposal by transgender people, about their experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on any current arrangements for transgender people

50. Could transgender people be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

51. Could the change, decision or proposal affect the ability of transgender people to participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

52. Could the change, decision or proposal affect public attitudes towards transgender people? (e.g. by increasing or reducing their presence in the community)

No

53. Could the change, decision or proposal make it more or less likely that transgender people will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on transgender people

54. If there are risks that transgender people could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on transgender people

55. Are there opportunities to create *positive* impacts for transgender people linked to this change, decision or proposal?

See 49, above

Pregnancy and Maternity

Note: the law covers pregnant women or those who have given birth within the last 26 weeks, and those who are breast feeding.

Please answer these questions with reference to our employees and people who use our services

56. What do you know about usage of the services affected by this change, decision or proposal by pregnant women and those who have children under 26 weeks, about their experiences of it, and about any current barriers to access?

The introduction of the proposals would have no impact on pregnant women and those who have children under 26 weeks

57. Could pregnant women and those with children under 26 weeks be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

58. Could the change, decision or proposal affect the ability of pregnant women or those with children under 26 weeks participate in public life? (e.g. by affecting their ability to go to meetings, take up public appointments etc.)

No

59. Could the change, decision or proposal affect public attitudes towards pregnant women or those with children under 26 weeks? (e.g. by increasing or reducing their presence in the community)

No

60. Could the change, decision or proposal make it more or less likely that pregnancy women or those with children under 26 weeks will be at risk of harassment or victimisation?

The introduction of the proposals would have no impact on pregnant women and those who have children under 26 weeks

61. If there are risks that pregnant women or those with children under 26 weeks could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on pregnant women and those who have children under 26 weeks

62. Are there opportunities to create *positive* impacts for pregnant women or those with children under 26 weeks linked to this change, decision or proposal?

See 56, above

Marriage and Civil Partnership

*Note: This applies to changes, decisions or proposals impacting on **employees only**. The Act protects employees who are married or in a civil partnership.*

63. What do you know about the Marriage and Civil Partnership profile of staff employed in the services affected by this change, decision or proposal, and about their experiences of working within it?

The introduction of the proposals would have no impact on employees who are married or in a civil partnership

64. Could employees who are married or in a civil partnership be disproportionately advantaged or disadvantaged by the change, decision or proposal?

No

65. If there are risks that employees who are married or in a civil partnership could be disproportionately disadvantaged by the change, decision or proposal, are there reasonable steps or adjustments that could be taken to reduce these risks?

The introduction of the proposals would have no impact on employees who are married or in a civil partnership

Human Rights

66. Could the change, decision or proposal impact on human rights? (e.g. the right to respect for private and family life, the right to a fair hearing and the right to education)

The proposals support the right to education

PART 3 - Course of Action

67. Based on a consideration of all the potential impacts, tick one of the following as an overall summary of the outcome of this assessment:

<input checked="" type="checkbox"/>	The equality analysis has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.
<input type="checkbox"/>	The equality analysis has identified risks or opportunities to promote better equality; the change, decision or proposal will be adjusted to avoid risks and ensure that opportunities are taken.
<input type="checkbox"/>	The equality analysis has identified risks to equality which will not be eliminated, and/or opportunities to promote better equality which will not be taken. Acceptance of these is reasonable and proportionate, given the objectives of the change, decision or proposal, and its overall financial and policy context.
<input type="checkbox"/>	The equality analysis shows that the change, decision or proposal would lead to actual or potential unlawful discrimination, or would conflict with the Council's positive duties to an extent which is disproportionate to its objectives. It should not be adopted in its current form.

68. Explain how you have reached the judgement ticked above, and summarise any steps which will be taken to reduce negative or enhance positive impacts on equality.

There is no evidence to suggest that any person with any of the protected characteristics would be disproportionately disadvantaged or advantaged by the proposals. Should a decision be made by the Council's Cabinet to implement the proposals, any evidence arising from the implementation that suggests that there could be possible negative impacts, those risks would be analysed to establish whether or not there were certain risks to any or all of those with a protected characteristic. Steps to reduce negative impacts or enhance positive impacts would then be defined.

PART 4 - Ongoing Monitoring

69. What are your plans to monitor the actual impact of the implementation of the change, decision or proposal on equality of opportunity? (include action points and timescales)

This EIA has been drafted in the light of the consultation carried out on the proposed Admission Arrangements for 2021/22. Should the proposals be approved and implemented, the EIA would be monitored during that period. If adverse implications were identified in the light of the implementation, ameliorating actions would be identified.

PART 5 - Authorisation

70. Name of Head of Service and Date Approved

Once completed, please send to: Keith.Thompson@northumbria.nhs.uk



Northumberland County Council

CABINET
9TH FEBRUARY 2021

NORTHUMBERLAND CLIMATE CHANGE ACTION PLAN 2021-23

Report of: Rick O'Farrell, Interim Executive Director of Place
Matt Baker, Service Director: Climate Change, Business Intelligence
and Performance

Cabinet Member: Cllr Glen Sanderson, Leader of the Council

Purpose of report

The Green Economy and Climate Change have never been more important for Northumberland.

The Climate Change Action Plan sets out the actions that the Council will take to create a net-zero Northumberland by 2030, whilst also seeking to attract green investment into the county and generate more green jobs.

The Action Plan focuses on the priorities for the next two years (2021/22, 2022/23) alongside the work required to develop the strategies and deliver the projects needed from 2023. Fundamental to the delivery of this Action Plan will be a county wide change in mindset and behaviours, which will only be possible through effective and far reaching engagement and partnerships with residents, communities, businesses, visitors and central government.

The Action Plan builds on and supersedes the previous Climate Commitment Action Plan 2020-21.

Recommendations

It is recommended that the Cabinet, note and approve (as required) the following:

1. Northumberland County Council remain committed to a net-zero Northumberland by 2030 and that achieving this target is driven by a strategic intent to:
 - a) Achieve the Climate Change target,
 - b) Continue to attract Green Investment into the county,
 - c) Continue to grow the green economy,
 - d) Create new jobs.

2. The scenarios modelled as a potential route to net zero and the implications of these:-
 - a) 709.1 ktCO₂ will need to be removed from Northumberland's annual CO₂ emissions by 2030 in order to become net-zero.
 - b) Achieving this through the scenarios modelled in this plan will require an inward investment into the county of around £1.6bn over the next nine years.
 - c) This level of investment in the scenarios modelled in this plan could create up to 11,000 local green jobs.
 - d) We will proactively work with national government, our strategic partners, local and national businesses as well as the financial services sector to access relevant funding opportunities and attract green investment partners.
 - e) Beyond 2030, the Council understands that, in order to realise the national ambition of a net-zero UK by 2050, locations such as Northumberland which enjoy large areas of natural resources, will have to become carbon-negative in order to compensate for major urban conurbations which are unlikely to be able to achieve carbon neutrality themselves. The council will therefore continue to align itself with national objectives and support the UK's target of a net-zero country by 2050 by continuing to pursue the strategies set out in this plan beyond 2030.

3. Progress of the activities and projects completed and / or started in 2020-21 including that we are on track to reduce Council emissions by 50% by 2025.

4. The Climate Change Action Plan includes a focus on both enabling activities (Policy, Engagement and Partnerships) and delivery activities (Heating; Transport; Generation; Sequestration; Waste Reduction).

5. The key Policy recommendations detailed in this report for approval:-
 - a) Implementation of the carbon impact assessment.
 - b) Implementation of an enhanced corporate social responsibility policy.
 - c) Introduction of Carbon Literacy Training for all Members and Staff.
Exploration of opportunities to incentivise staff to make more climate-positive actions corporately and for themselves.

6. The key Engagement and Partnership recommendations:-
 - a) Establishing Community Climate Champions, working with Residents, Communities, Businesses, Visitors, Staff and the Third Sector.
 - b) Continuation of the Free Tree Scheme, with the ambition to give a free tree to every household in Northumberland.
 - c) Developing and launching the Carbon Footprint behavioural change programme.
 - d) Holding regular virtual and in-person (COVID permitting) events with Residents, Communities, Businesses, Visitors and Staff.
 - e) Continue the work already underway to further develop key Strategic Partnerships with Public Sector organisations (e.g. Borderlands) and the Business Community.

7. The key Heating Action Area recommendations detailed in this report:-

- a) Working to maximise the reach of the Blyth and Cramlington district heat networks following techno-economic feasibility reports and ensure the best economic, social and environmental credentials for the scheme. It will be particularly key to deliver the maximum carbon savings physically possible through the scheme along with realising the social benefits in terms of reducing fuel poverty and improving public health.
- b) Working with central government to secure funding in order that the full extent of the Blyth and Cramlington heat networks can be established and realised.
- c) Working with central government to secure funding to assess the potential of low carbon district heat networks in all Northumberland's main towns.
- d) Supporting the implementation of heat pumps across the county through funding streams that we can access or that we can support residents to access.
- e) Where district heat networks are not an option, Northumberland County Council will seek to utilise the following heat hierarchy to install/replace heating within its own estate and encourage Residents, Communities and Businesses to follow the council's lead;
 1. Ground Source Heat Pumps.
 2. Air Source Heat Pumps.
 3. Electric (other).
 4. Biomass (where appropriate).
 5. Natural gas or developed gas blends.
 6. Other fossil fuels (oil/LPG).
- f) Identifying and supporting ways to encourage and incentivise Residents and Businesses to utilise the most modern insulation techniques and technologies to make properties more energy efficient.

8. The Transport Action Area recommendations detailed in this report:-

- a) Decarbonising transport across the county is crucial to achieving the 2030 net zero target.
- a) A commitment to update the LTP Implementation Plan giving greater emphasis to schemes that support the goal of carbon reduction, as well as improving quality of life and a healthy natural environment, whilst still working within the overall LTP strategy goals. Between 2021-2023, the Council will explore opportunities to fund active travel schemes, particularly those identified in the Local Cycling and Walking Investment Plans.
- b) the Council will publish an online tool in 2021 that allows residents to register their interest in cycle storage, creating a demand map for potential future storage sites.
- c) When appropriate, depending on the coronavirus pandemic and associated restrictions, the Council will publish an online tool that will allow residents to register their interest in joining a car club.
- d) To act as a leading example for the county, between 2021-2023 depending on the coronavirus pandemic and associated restrictions, the Council will seek to introduce its own car sharing incentive for staff travel.

- e) The Council will publish an online tool in 2021 that will allow residents to register their interest in having an on-street EV charger. This will create a map of potential demand and implications on the power grid which will then be further explored through work with external partners.
 - f) The Council is committed to continuing to maintain its above average number of EV chargers per capita through expansion of its own EV charging network together with attracting commercial EV charging companies to install facilities within the County. The Council will collaborate with private business to increase charging facilities at Northumberland workplaces and will promote funding opportunities, such as the Workplace Charging Scheme.
 - g) Continue the Fleet Replacement Programme and look for opportunities to accelerate this programme include the use of novel and emerging technologies, especially where this can stimulate economic growth for the county.
9. Note and approve the Energy Generation Action Area recommendations detailed in this report:-
- a) To continue supporting renewable technology where installations are technically possible, economically feasible, environmentally advantageous and socially acceptable: including Wind; Solar and Hydro.
 - b) Undertake an evaluation of lighting across the whole estate, including maintained schools, and roll out LED lighting across the entire estate by 2023. A separate detailed case will be made for the resource to undertake this exercise in due course.
 - c) Northumberland County Council commits to reviewing the solar energy generation potential of all its car parks by the end of 2023. Where an economic case can be made which is socially acceptable and technologically achievable a pipeline of solar car port projects will be developed for installation commencing in the 2023-24 financial year.
 - d) Northumberland County Council will explore opportunities to increase the number of onshore wind turbines in the Blyth estuary in line with the other opportunities being explored through Future High Streets Fund, Blyth Town Deal, Energy Parks Development and Port of Blyth's ongoing investment.
10. The Natural Resource Based Carbon Sequestration Action Area recommendations detailed in this report:-
- a) Through the work of its Woodland Creation Group, Northumberland County Council will investigate and propose options for a more ambitious reforestation/afforestation scheme beyond the initially proposed 1,000,000 trees. This will consider economic, environmental and social benefits and seek funding for this.
 - b) Working with Defra (including as part of the Local Nature Recovery Strategy pilot) and Borderlands (including as part of the Natural Capital Innovation Zone).
 - c) Exploring opportunities to enhance carbon sequestration through Peat Restoration.

- d) Exploring opportunities with landowners and land users communities and the Private Sector to ensure Northumberland gets the maximum benefits from new schemes like the Environment Land Management Scheme (ELMS) and emerging Green / Climate related financial instruments.

11. The Waste Action Area recommendations detailed in this report:-

- a) Undertaking a comprehensive baselining exercise to determine the carbon emissions associated with the current waste management services.
- b) Completing the review of the kerbside glass recycling pilot and report the findings to Cabinet and determine the costs, benefits and funding streams available for its potential roll-out.
- c) Identifying the implications of legislative changes to the council's waste services arising from the finalisation of the Government's national waste strategy and develop implementation plans including, where appropriate, funding bids to deliver these new obligations.
- d) Ensuring any planned changes to waste management deliver a positive contribution to reducing carbon emissions, whilst taking into account environmental, financial, legal, operational and technical constraints.

Link to Corporate Plan

The Climate Change programme contributes to all of the priorities included in the Northumberland County Council Corporate Plan 2018-2021:

- How - efficient, open and work for everyone: We will listen to and consider public views as we develop and implement our plan and we will empower local communities to do their part to tackle climate change.
- Living - living, safe, healthy and cared for: We will work to reduce the impact of fuel poverty and climate change on community wellbeing.
- Enjoying - love where you live: We will conserve and protect our exceptional natural environment assets.
- Connecting - access to the things you need: We will promote resident access to sustainable transport options, woodlands and forests and renewable energy sources.
- Learning - achieve and realise your potential: We will encourage the uptake of science, technology, engineering and maths (STEM) skills to support the development of our green economy.
- Thriving - attract more and better jobs: We will position the county as a national exemplar location for renewable and low carbon energy generation and other green industry.

Corporate Governance

The progress made delivering the Climate Change Action Plan will be monitored and scrutinised as follows:

- A summary of progress will be included in the Quarterly Corporate Governance Reporting from quarter 4 2020 / 21 and each quarter thereafter.

- Scrutiny will be provided through the Corporate Services and Economic Growth Overview and Scrutiny committee.

The progress made in delivering the Climate Change Action Plan will be measured against key implementation milestones and, where possible, the following performance / benefit indicators:

1. Carbon Dioxide impact.
2. Green Jobs created.
3. Investment attracted to the County.

Implications

Policy	Proposes Council policies should be aligned to mitigate climate change and support carbon reduction.
Finance and value for money	Capital and revenue funding have been allocated to the Climate Change programme in the most recent draft MTFP including a £5m Climate Capital Reserve Fund to support match funding schemes. Therefore, no new financial asks are envisaged in 2021/22. Financial requirements will be reviewed each year as part of the MTFP process and a watching brief will be maintained on any new funding streams or opportunities that arise during the period covered by this Action Plan.
Legal	N/A
Procurement	Endorses a sustainable procurement policy focussed on energy efficiency, whole life-cycle embodied carbon, renewable energy generation, educating and training in order to change behaviour, using local suppliers and waste reduction and recycling.
Human Resources	Possible implications on business mileage and salary sacrifice schemes. Possible impact on staff working arrangements due to opportunities to work from home whilst embracing agile technology.
Property	Possible reduced property demands due to staff working remotely. Requirement for survey of lighting across council estate with a view to installing energy efficient LED lighting across all buildings.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	Where possible projects and programmes will assist residents in fuel poverty and try to bring about fairer and more equal access to more affordable energy.
Risk Assessment	See corporate risk register
Crime & Disorder	N/A
Customer Consideration	Residents of the council can expect the council to lead a move to a net zero target as climate change understanding accelerates, providing infrastructure which allows for clean growth, connectivity and is climate resilient.
Carbon reduction	Adopting recommendations in this paper will either directly or indirectly lead to significant carbon savings.

Wards	All
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Background papers:

Climate Change Action Plan 2020-21
Climate Change Briefing Cabinet Paper 13th October 2020
‘Our Way’ Vision for Cycling and Walking in Northumberland

Report sign off.

Authors must ensure that relevant officers and members have agreed the content of the report:

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Northumberland
County Council

**CLIMATE CHANGE ACTION
PLAN
2021-23**

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Glossary of Abbreviations

AONB	Area of Outstanding Natural Beauty	HNIP	Heat Networks Investment Project
ASHP	Air source heat pump	IPCC	Intergovernmental Panel on Climate Change
BEIS	Department for Business, Energy and Industrial Strategy	KPIs	Key Performance Indicators
BEV	Battery Electric Vehicle	ktCO₂	Kilotonnes carbon dioxide
CCC	Climate Change Committee (a national, independent committee)	kWp	kilowatts peak
CO₂	Carbon dioxide	LA7	Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland local authorities
CO₂e	Carbon dioxide equivalent	LCWIP	Local Cycling and Walking Investment Plan
CSR	Corporate Social Responsibility	LED	Light Emitting Diode
DEFRA	Department for Environment, Food and Rural Affairs	LNRS	Local Nature Recovery Strategy
DfT	Department for Transport	LPG	Liquid petroleum gas
		LTP	Local Transport Plan
DNO	District Network Operator	LULUCF	Land Use, Land Use Change and Forestry
ECO	Energy Company Obligation	MTFP	Medium Term Financial Plan
ELMS	Environment Land Management Scheme	MW	Megawatt
ERDF	European Regional Development Fund	MWh	Megawatt-hours
EV	Electric Vehicles	NCC	Northumberland County Council
EVCP	Electric Vehicle Charging Points	NELEP	North East Local Enterprise Partnership

FHSF	Future High Streets Fund	NNPA	Northumberland National Park Authority
FRP	Fleet Replacement Programme	NoTCA	North of Tyne Combined Authority
FTE	Full Time Equivalent	ORCS	On-street Residential Chargepoint Scheme
GHG	Greenhouse Gas	OZEV	Office for Zero Emission Vehicles
GSHP	Ground source heat pump	PSDF	Public Sector Decarbonisation Fund
GWh	Gigawatt-hours	PV	Photovoltaic
HNDU	Heat Network Delivery Unit	RCEF	Rural Community Energy Fund
S106	Planning obligations under Section 106 of the Town and Country Planning Act 1990	STEM	Science, technology, engineering and maths
SCATTER	Setting City Area Targets and Trajectories for Emissions Reduction	tCO₂	Tonnes carbon dioxide
SME	Small to Medium Enterprise	ULEV	Ultra Low Emission Vehicle

Foreword by the Leader of the Council

2020 has been an exceptionally challenging year for the world and not least for us here in Northumberland. As a Council, much of our attention and resource has been focused on the Covid-19 pandemic and its impact on our residents and businesses.

Climate change, however, remains a significant long-term challenge for the planet and for Northumberland and its impacts on all our lives will continue long after the pandemic has been beaten.

Since the publication of our Climate Commitment Action Plan 2020-21 in January last year, we have continued to work hard on this agenda and have made good progress against our plans, despite the upheaval caused by Covid-19.

Our key target of a net-zero Northumberland by 2030 still stands.

Whilst our first Climate Commitment Action Plan set the foundations of our climate change programme, we are now able to publish more detailed plans for projects that will be delivered soon, together with a longer-term vision for net-zero.

Progress against 2020-21 Climate Action Plan

We have delivered or are underway with projects committed to in our previous Climate Change Action Plan. These include:

- Decarbonising our Council fleet.
- Installing 12 additional public EV charging points.
- Giving away 15,000 free trees to households and community groups.

Engaging our Communities, Businesses and Staff

The delivery of our climate change target is dependent on the whole County pulling together, to that effect we will be running several community engagement schemes this year. These include:

- Community Climate Champions –community groups will be provided with information, training and toolkits to develop their own local climate change action plans.
- Free Tree Scheme – we will be running this popular scheme again with the aim of giving away a free tree for every household in Northumberland.
- Carbon literacy training will be delivered to our staff.

New Capital Projects

We plan to deliver a wide range of new projects over the next two years which are subject to successful funding applications. These include:

- A district heat network in Blyth, using heat from abandoned flooded mines.
- Energy efficiency improvements to over 300 homes between February and September 2021.
- Installing up to 30 pavement chargers for Electric Vehicles in 7 locations across the county.

As a Council, we will continue to lead the way by reducing the energy consumption of our estate and installing renewable heat and power solutions in our buildings. We will also be assessing the carbon impact of all the key policy decisions we make.



But to have any chance of realising our ambition of a net-zero Northumberland, we need your support. Every resident, business and visitor to Northumberland will need to make their contribution to see Northumberland become the UK's greenest county.

Through our Community Climate Champions scheme, we will develop strong place-based communities united to deliver growth in the green economy and to achieve our ambition for climate change.

Whilst addressing climate change will require changes to the way we live our lives and do business, there is also significant opportunity for Northumberland to position itself as the centre of the UK's thriving green economy. We have vast natural resources, already absorbing more carbon than any other English county and with the potential to sequester far more, whilst supporting nature. We have resilient, innovative communities eager to build back stronger and greener from the Covid-19 crisis and as a council, we will be seeking to attract green investment, to create jobs and build more green infrastructure which will have a positive impact not only on the climate, but on our day-to-day lives.

The publication of this new Climate Change Action Plan gives me great hope for the future of Northumberland. We will continue to review and update our plans and I look forward to working with residents, businesses and visitors to our wonderful county to make our vision of a net-zero Northumberland by 2030 a reality.



Glen Sanderson
Councillor Glen Sanderson
Leader of Northumberland County Council

Foreword by the Chief Executive

The Green Economy and Climate Change have never been more important for Northumberland.

This Climate Change Action Plan sets out the actions that the Council will take to help attract green investment into the county and generate more green jobs as part of achieving our target to create a net-zero Northumberland by 2030.

Northumberland County Council remains committed to a net-zero Northumberland by 2030. Achieving this target is driven by a strategic intent to attract green investment into the county, grow the green economy, create new jobs, and achieve the climate change target.

This Action Plan focuses on the priorities for the next two years (2021, 2022) alongside the work required to develop the strategies and deliver the projects needed from 2023. Fundamental to the delivery of this Action Plan will be a county wide change in mindset and behaviours, which will only be possible through effective and far reaching engagement and partnerships with residents, communities, businesses, visitors and central government.

In order to achieve net-zero, 709.1 ktCO₂ will need to be removed from Northumberland's annual CO₂ emissions by 2030. Achieving this through the scenarios modelled in this plan will require an inward investment into the county of around £1.6bn over the next nine years. This level of investment could create up to 11,000 local green jobs¹.

We will proactively work with national government, our strategic partners, local and national businesses as well as the financial services sector to access relevant funding opportunities and attract green investment partners.

This Climate Action Plan includes a focus on both enabling activities (Policy, Engagement and Partnerships) and delivery activities (Heating; Transport; Generation; Sequestration; Waste Reduction). Each of these priority action areas have a set of key targets detailed in this plan.

This is a huge amount of work, but far more will need to happen in order to meet our goal of a carbon neutral county. This plan will be revisited on an annual basis in order to track our progress. We will add detail to the modelled routes to net-zero as funding opportunities are identified and won, projects come to fruition and new opportunities emerge.



Daljit Lally OBE



¹ Throughout this Action Plan, we have calculated the potential jobs created or supported by assuming 10-20% of capital expenditure is human resource with an average annual salary of £20,000 - £30,000. This is in line with the UK National Accounts Blue Book and our experience of delivering capital projects.

Chief Executive of Northumberland County Council

Executive summary

This action plan details how Northumberland County Council intends to reduce CO₂ emissions produced in the county over the course of the next two years. Planned projects are set out across seven priority action areas. A summary of Northumberland's most recent emissions report is also given

Northumberland's CO₂ Emissions

The primary contributor to global climate change is carbon dioxide (CO₂) emitted into the atmosphere from burning fossil fuels to create energy.

By combining our positive and negative emissions, we arrive at a grand total of **709.1 ktCO₂** emitted in 2018. This is the figure by which emissions must be reduced in order to become a net-zero, or carbon neutral county. Our target by which to achieve this is 2030.

Governance

Since the publication of Northumberland County Council's first Climate Commitment Action Plan 2020-21, additional resource has been allocated to the Climate Change programme and a Climate Change Team has been created.

The delivery of the Climate Change Action Plan will be monitored through the Corporate Services and Economic Growth Overview and Scrutiny committee.

The progress made in delivering the Climate Change Action Plan will be measured against key implementation milestones and, key performance / benefit indicators including Carbon Dioxide reduction, Green Jobs created and inward investment.

Priority Action Areas

Fundamental to the delivery of this Action Plan will be a county wide change in mindset and behaviours, which will only be possible through effective and far reaching engagement and partnerships with residents, communities, businesses, visitors and central government.

At the core of this approach will be the Priority Action Areas set out in the *Northumberland Climate Change Briefing Cabinet Paper* of 13th October 2020², together with an increase in scale and pace across relevant projects.

Priority Action Area 1 - Council Policy

All new policy decisions should be carbon neutral or should reduce Northumberland's emissions from their current level, unless there is significant justification in terms of other benefits to the county. Where such a policy cannot be carbon neutral, all available options to reduce its carbon impact will be explored.

Priority Action Area 2 - Engagement and Partnership

The Council cannot achieve its ambition of a net-zero county by 2030 in isolation. The actions of residents, visitors and businesses will be integral to meeting this goal. We will commit to engaging and partnering to **Inform, Consult, Empower and Evaluate** on initiatives and activity focussed on climate change and the environment. We will seek to drive a cultural shift across the county through taking a number of key actions, including the creation of a Community Climate Champions network, working with Residents, Communities, Businesses, The Third Sector, Visitors and Staff.

² http://committeedocs.northumberland.gov.uk/MeetingDocs/47740_M10833.pdf

Priority Action Area 3 - Heating Existing Buildings and New Buildings

Poor energy efficiency in both domestic and non-domestic buildings results in the demand for excess heating. This causes unnecessarily high carbon emissions and energy costs. We will work to address this by progressing our work towards low-carbon district heat networks in our towns and in more rural areas, supporting the implementation of renewable heat sources such as heat pumps through funding streams that we can access of support residents to access.

Priority Action Area 4 - Transport

As a largely rural and a destination County we recognise the need for the right mix of public and private transport. We will take a number of actions as part of this plan to help transport in the county, wherever possible is low carbon with zero tailpipe emissions, protecting local air quality and reducing noise.

Priority Action Area 5 - Renewable Energy Generation

Continuing to generate energy from renewable sources across the County is both sustainable and a driver for economic growth. Whilst we acknowledge that the UK's national grid is projected to decarbonise substantially between now and 2030, there is much that the Council can do to support renewable energy generation. We will achieve this through taking a number of actions including continued support for renewable technology where installations are technically possible, economically feasible, environmentally advantageous and socially acceptable: including Wind; Solar and Hydro.

Priority Action Area 6 - Natural Resource-Based Carbon Sequestration

The County enjoys a vast spread of land and forestry. Carbon is sequestered by forestry, grassland, wetlands and peat, while carbon losses occur on existing cropland and natural land that is converted to cropland. We will continue to work with our partners in our natural capital sector to progress integrated land use which enhances, safeguards sequestration and the associated biodiversity, whilst supporting local climate action and boosting rural economic.

Priority Action Area 7 - Reducing Waste

Northumberland County Council will support and engage our communities to consider a more circular approach to our economy and reduce waste by supporting efforts to design out waste, keeping materials in operation and productive use for as long as possible. This will reduce climate impacts and open new opportunities for businesses and consumers to provide and purchase sustainable goods and services.

The Route to Net Zero

Savings are required across each emissions source, together with increased negative emissions in order to meet net-zero. Realising the scenarios modelled in this plan would require significant levels of inclusive investment across the various strands of work. Investment would need to cover substantial capital costs for projects. Our initial modelling puts the figure needed to realise the net-zero ambition at approximately **£1.6bn**. The investment required in realising these scenarios would not only result in green infrastructure but could create around **11,000 jobs** within Northumberland across many sectors and skill levels ranging from tree planting to highly skilled construction and engineering jobs

Beyond 2030

The Council understands that, in order to realise the national ambition of a net-zero UK by 2050, locations such as Northumberland which enjoy large areas of natural resources, will have to become carbon-negative in order to compensate for major urban conurbations which are unlikely to be able to achieve carbon neutrality themselves. Beyond 2030, the council will continue to align itself with national objectives and support the UK's target of a net-zero country by 2050 by continuing to pursue the strategies set out in this plan.

Introduction

Positive CO₂ Emissions in Northumberland

The primary contributor to global climate change is carbon dioxide (CO₂) emitted into the atmosphere from burning fossil fuels to create energy. The primary uses of this energy and therefore the primary sources of CO₂ emissions in Northumberland are **transport, heat and power**.

Northumberland County Council uses figures published annually by the Department for Business, Energy and Industrial Strategy (BEIS) to monitor CO₂ emissions for the county of Northumberland. The most recent figures which are for 2018, show Northumberland's positive CO₂ emissions as **1,823.4 kt³**.

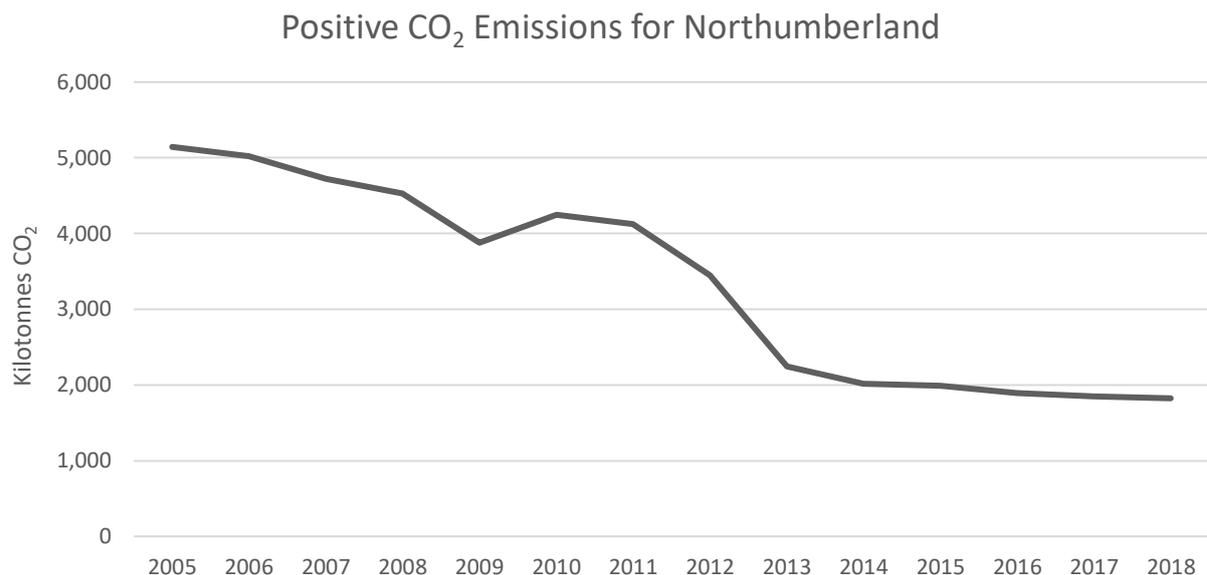


Figure 1 - Northumberland's total positive emissions over time since 2005

As demonstrated in Figure 1, emissions have reduced substantially since 2005 however, the rate of decrease since 2013 has been slowing. Much of the decrease came as a result of the closure of one key industrial installation – the Alcan smelter which has now been repurposed as a biomass power plant.

Positive emissions can be broken down across key categories to show where emissions are produced in Northumberland.

³ <https://www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2018>

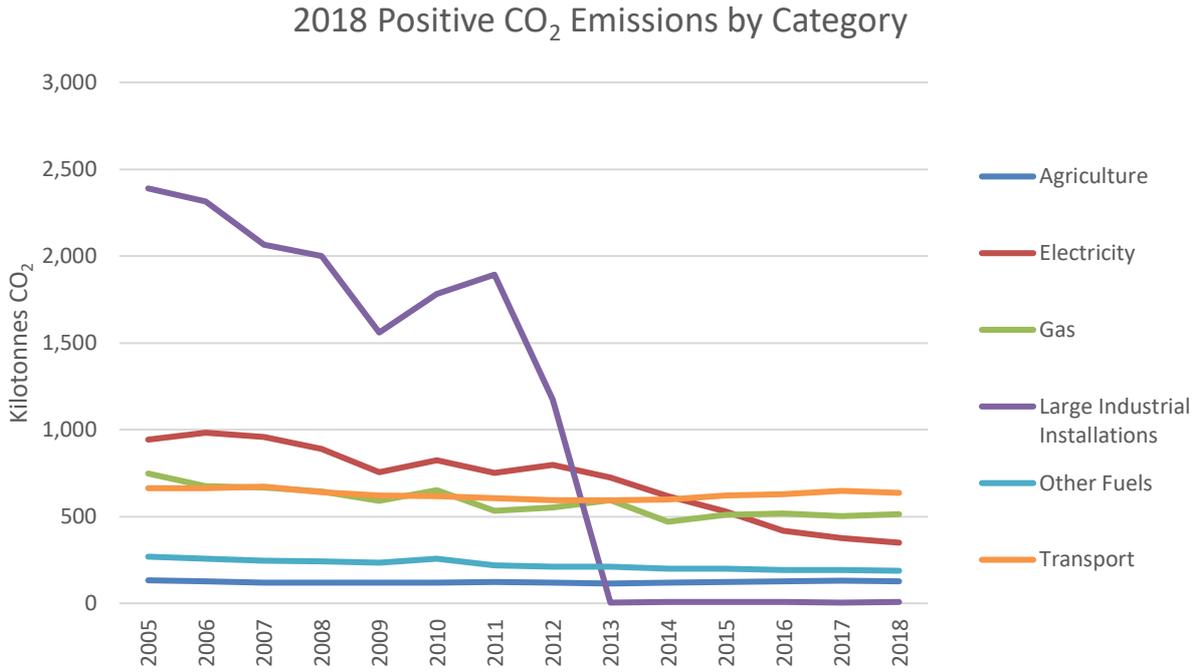


Figure 2 - Northumberland's positive emissions by category over time

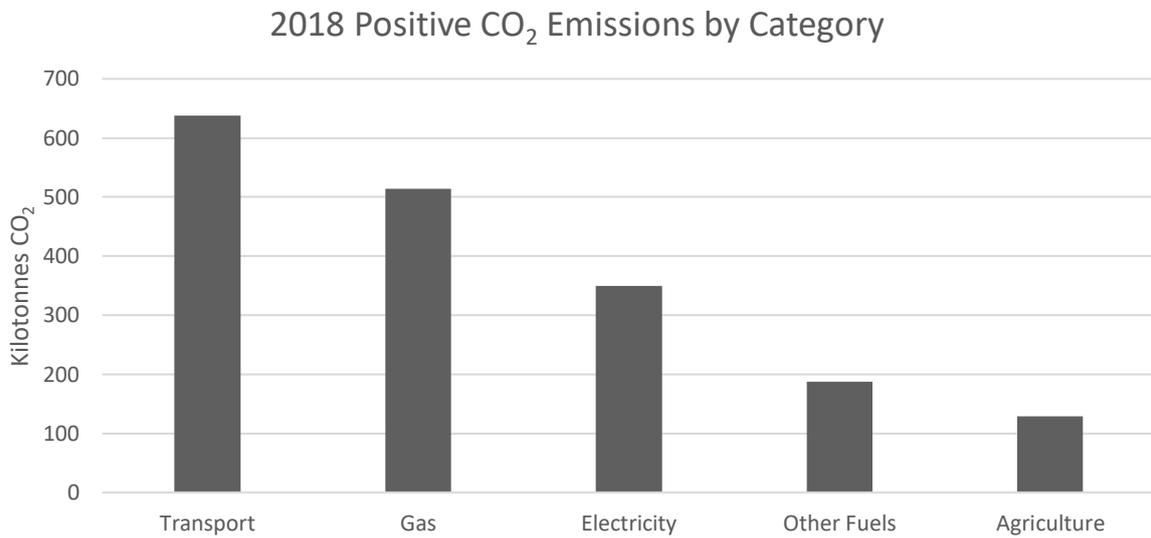


Figure 3 - Northumberland's total positive emissions by category in 2018

Figure 2 and Figure 3 demonstrate that whilst emissions from large industrial installations have dramatically reduced following the closure of key installations and electricity emissions are declining as the national grid decarbonises, most emissions categories remain largely static.

Negative CO₂ Emissions in Northumberland

Whilst Northumberland contributed 1,823.4 ktCO₂ positive emissions in 2018, it also has significant natural capital which sequesters carbon, resulting in negative emissions. These emissions are categorised by BEIS as Land Use, Land Use Change and Forestry (LULUCF).

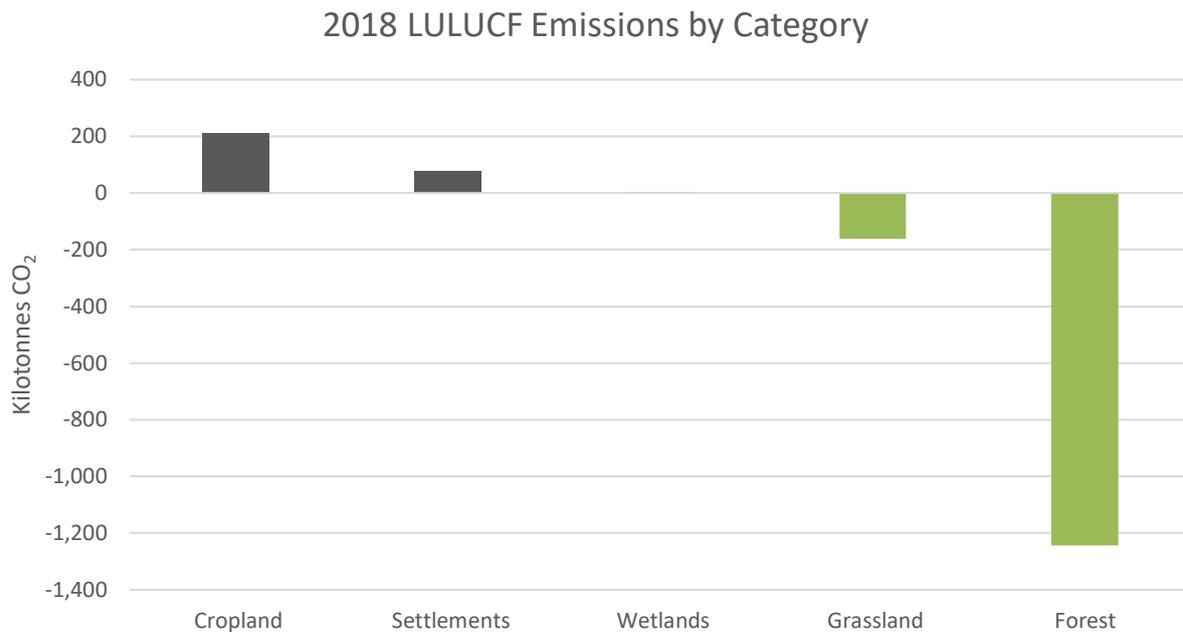


Figure 4 - Northumberland's LULUCF emissions by category in 2018

These negative emissions offset positive emissions from energy and fuel uses drastically and reduce the overall carbon dioxide emissions of Northumberland. The most recent figures which are for 2018, show Northumberland's negative CO₂ emissions as -1,114.3 ktCO₂. LULUCF emissions can also be broken down by category as shown in Figure 4.

By combining our positive and negative emissions, as shown in Figure 5, we arrive at a grand total, as reported by BEIS of **709.1 ktCO₂** emitted in 2018. This is the figure by which we need to reduce our emissions in order to become a net-zero, or carbon neutral, county. Our target by which to achieve this is 2030.

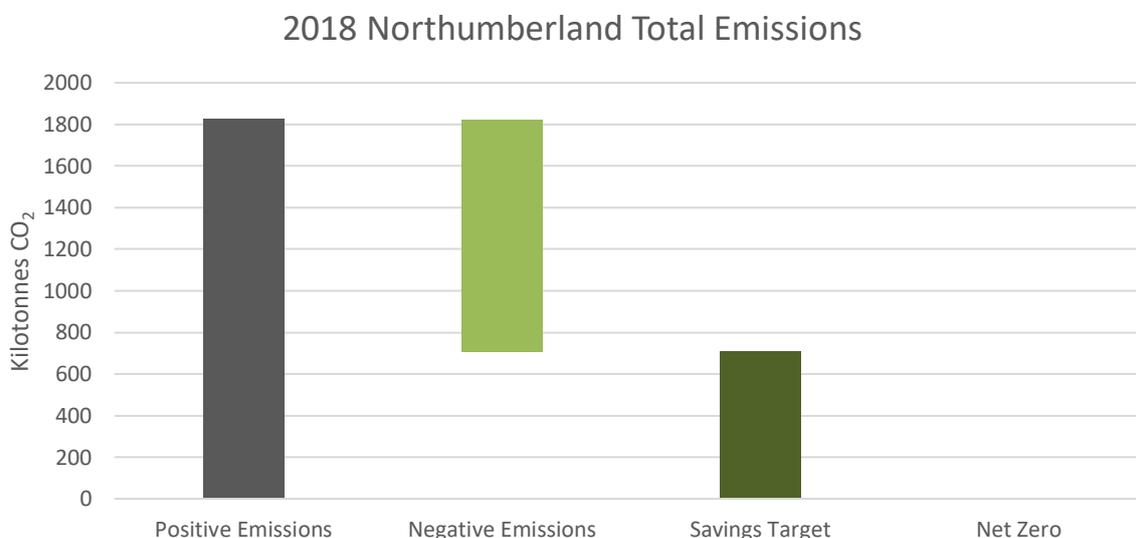


Figure 5 - Northumberland's total positive and negative emissions together with the emissions savings target required to meet net-zero

Reaching net-zero emissions will require a significant reduction of our positive emissions whilst also protecting and enhancing our negative emissions. This Action Plan sets out the key projects we will be progressing in the next two years which will start that process. The plan also sets out the potential impact of scaling up these projects and the resulting route to net-zero.

Programme Governance

The Climate Commitment Action Plan 2020-21 set out the governance of the Climate Change Programme at Northumberland County Council. During the intervening year, there has been acknowledgement of the resource required to deliver this programme and to this end, a Climate Change Team has been created. The Climate Change Team reports to the service director for Climate Change, Business Intelligence and Performance and includes a programme manager, senior climate change and sustainability manager, communications officer and project support officer.

This Climate Change Team will continue to work within the governance model outlined in the previous Action Plan as shown in Figure 6.

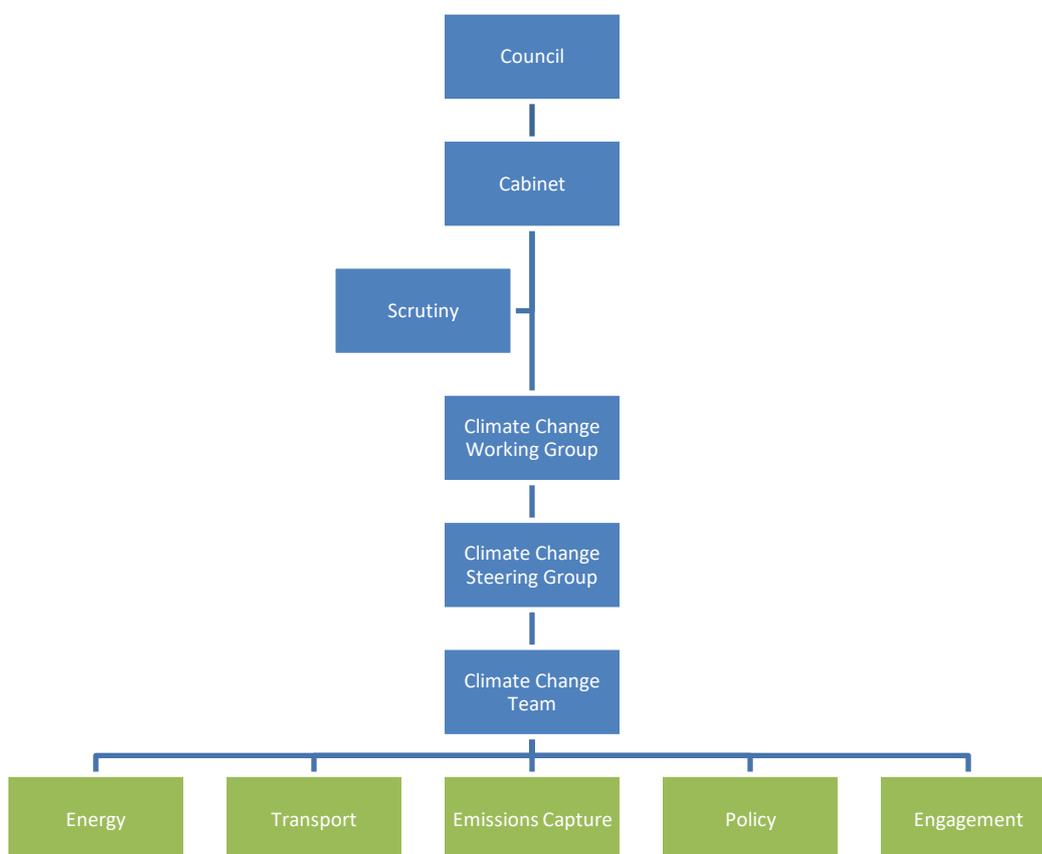


Figure 6 - the governance structure of the Climate Change programme

Corporate Governance

The progress made delivering the Climate Change Action Plan will be monitored and scrutinised as follows:

- A summary of progress will be included in the Quarterly Corporate Governance Reporting from quarter 4 2020 / 21 and each quarter thereafter.
- Scrutiny will be provided through the Corporate Services and Economic Growth Overview and Scrutiny committee.

The progress made in delivering the Climate Change Action Plan will be measured against key implementation milestones and, where possible, the following performance / benefit indicators:

1. Carbon Dioxide impact
2. Green Jobs created
3. Investment attracted to the County

Priority Action Areas

Through combining a Business Intelligence evidence-based approach with local knowledge and experience, a portfolio of projects that target immediate and long-term results is starting to emerge.

Fundamental to the delivery of this Action Plan will be county wide change in mindset and behaviours, which will only be possible through effective and far reaching engagement and partnerships with residents, communities, businesses, visitors and central government.

As shown in Figure 7, the completion of the activities needed to stimulate the green economy and achieve the net zero target, will be supported by Northumberland County Council in three different ways:

1. Working in partnership with the Public and Private sector to support the delivery of projects: removing unnecessary barriers, providing access to funding and supporting partners to bid for and secure external funding.
2. Taking greater ownership for delivering specific projects and activities, especially to support the delivery of outcomes at a greater pace and scale.
3. Acting as an exemplar for key policies and projects, for example decarbonisation of the fleet, remote working, recycling and sharing best practice outside of the council.



Fundamental to this approach will be the Priority Action Areas set out in the *Northumberland Climate Change Briefing Cabinet Paper* of 13th October 2020⁴, together with an increase in scale and pace across relevant projects.

Figure 7 - the ways in which the Council will work towards net-zero

The priority action areas and associated statements of ambition are:

Priority Action Area 1 - Council Policy

All new policy decisions should be carbon neutral or should reduce Northumberland's emissions from their current level, unless there is significant justification in terms of other benefits to the county. Where such a policy cannot be carbon neutral, all available options to reduce its carbon impact should be explored. This will include commissioned and procured services and the associated supply chains where appropriate.

Priority Action Area 2 - Engagement and Partnership

The Council cannot achieve its ambition of a net-zero county by 2030 in isolation. The actions of residents, visitors and businesses will be integral to meeting this goal. We will commit to engaging and partnering to **Inform, Consult, Empower and Evaluate** on

⁴ http://committeedocs.northumberland.gov.uk/MeetingDocs/47740_M10833.pdf

initiatives and activity focussed on climate change and the environment. We will set up direct lines of communication and will seek to create a network of Community Climate Champions who will be encouraged to engage with their community to develop and own evidence based community Action Plans with the Council's support. Within our own organisation, we will seek to drive a cultural shift across all staff through training and an internal network of climate champions.

Priority Action Area 3 - Heating Existing Buildings and New Buildings

Poor energy efficiency in both domestic and non-domestic buildings results in the demand for excess heating. This causes unnecessarily high carbon emissions and energy costs. Without compromising on heating and comfort standards we will work to address this through varied external and internal funding opportunities, partnerships and business case development. This priority can drive clean economic growth. We will adopt a whole systems approach to heat.

Priority Action Area 4 - Transport

As a largely rural and a destination County we recognise the need for the right mix of public and private transport. That transport, where possible should be low carbon with zero tailpipe emissions, protecting local air quality and reducing noise. We will continue to invest in and grow our Electric Vehicle (EV) charging network, maintain our higher than England average number of charging points to ensure a practical solution for EV users. We will continue to encourage and support increased use of public transport and to support research into the development of alternative fuels for powering freight and passenger carrying vehicles. We will encourage and support walking and cycling as the preferred mode of transport for short journeys and we will deliver our walking and cycling vision. We will review school transport contracts, considering emissions as a factor.

Priority Action Area 5 - Renewable Energy Generation

Continuing to generate energy from renewable sources across the County is both sustainable and a driver for economic growth. We will continue to invest and support the increase of technologies where appropriate which use renewable energy such as solar, wind, water and geothermal heat, across a range of stakeholders which form our County community. We will use various channels such as the Borderlands Inclusive Growth Deal to support local economic growth. This will meet the growing need for renewable electricity to power heat pumps and electric vehicles and help deliver net zero nationally and locally.

Priority Action Area 6 - Natural Resource-Based Carbon Sequestration

The County enjoys a vast spread of land and forestry. Carbon is sequestered by forestry, grassland, wetlands and peat, while carbon losses occur on existing cropland and natural land that is converted to cropland. We will continue to work with our partners in our natural capital sector to progress integrated land use which enhances, safeguards sequestration and the associated biodiversity, whilst supporting local climate action and boosting rural economic prosperity.

Priority Action Area 7 - Reducing Waste

Northumberland County Council will support and engage our communities to consider a more circular approach to our economy and reduce waste by supporting efforts to design out waste, keeping materials in operation and productive use for as long as possible. This will

reduce climate impacts and open new opportunities for businesses and consumers to provide and purchase sustainable goods and services.

This Action Plan will set out in detail, how we intend to pursue action across each of these priority areas with specific, agreed projects across the next two years.

The Action Plan, will also model ways to achieve our 2030 goal of net-zero, by scaling up our work in each priority action area and identifying carbon savings across each category of emissions.

Corporate Governance

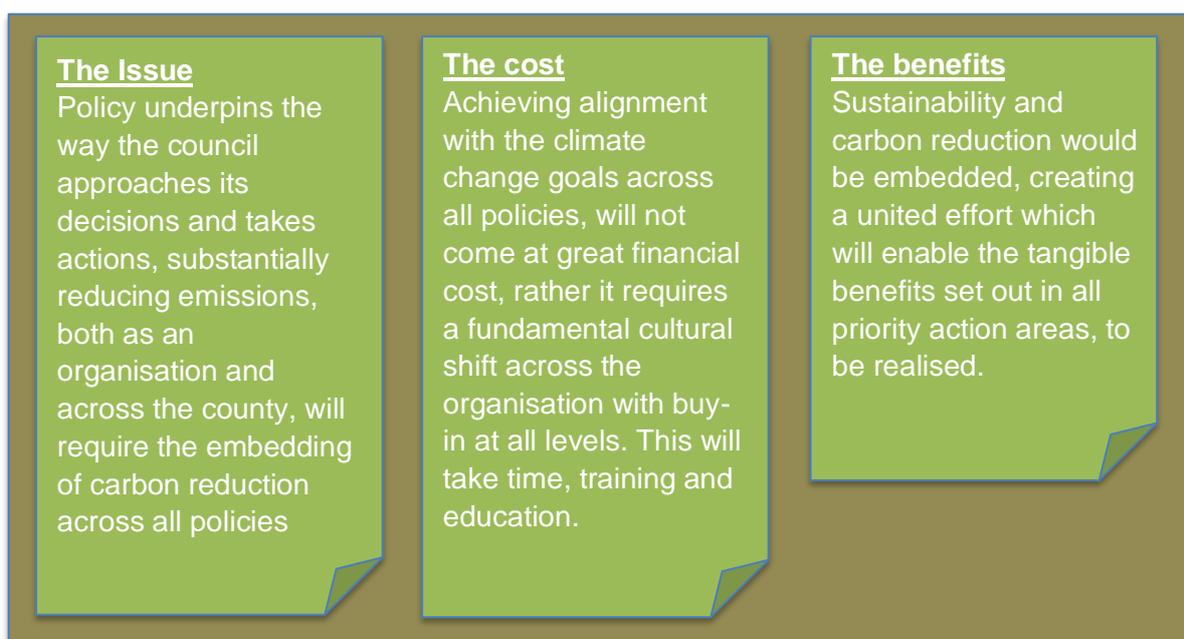
The progress made delivering the Climate Change Action Plan will be monitored and scrutinised as follows:

- A summary of progress will be included in the Quarterly Corporate Governance Reporting from quarter 4 2020 / 21 and each quarter thereafter.
- Scrutiny will be provided through the Corporate Services and Economic Growth Overview and Scrutiny committee.

The progress made in delivering the Climate Change Action Plan will be measured against key implementation milestones and, where possible, the following performance / benefit indicators:

1. Carbon Dioxide impact.
2. Green Jobs created.
3. Investment attracted to the County.

Priority Action Area 1 - Council Policy



Climate Change Policy Thematic Group

Underpinning all policy-related work between 2021-23 will be the 'climate change policy thematic group'. This group will be made up of senior officers across the council to ensure a joined-up approach to climate change policy. The group will be chaired by the Service Director, Policy and will have a close working relationship with the climate change team. The group will provide insight and advice on policy development to ensure consistent and ambitious approaches to tackling climate change are built into all new policy development. Sign-off and agreeing new policy development will continue through the established governance (i.e. Executive Team, Cabinet, Council and other relevant Committees).

Carbon Impact Assessment

On 13th October 2020, cabinet was presented with the recommendation from the Corporate Services and Economic Growth Scrutiny Committee that "all new policy decisions should include consideration of climate change impact through the use of a carbon assessment measurement and aim where possible to be carbon neutral, and where not possible to identify suitable mitigations to reduce their impact". It was resolved by cabinet that "In order to ensure Councillors make informed decisions when considering the climate change implications of a proposed policy coming to cabinet and full council, it will be necessary to undertake a carbon assessment for each policy decision". Cabinet also resolved that "the details of how such a process will be operated and resourced will be provided in the climate Action Plan 2021-23".

From April 2021, all policies and projects brought to cabinet or full council meetings will have to complete a 'carbon impact assessment'.⁵

A carbon impact assessment has been created by the Climate Change team and will be piloted between January and April 2021, with necessary revisions made based on user

⁵ http://committeedocs.northumberland.gov.uk/MeetingDocs/47740_M10833.pdf

feedback. The assessment will ensure new policy development is reviewed against different categories of climate and carbon impacts. The assessment will return a subjective score based on these responses. When possible, such as for capital projects, proposals will also include an estimated carbon emissions figure.

Prior to being considered at Cabinet and / or Council, the climate change policy thematic group will have oversight of the carbon impact assessment score. Officers will have the opportunity to discuss the assessment with the thematic group and receive recommendations on how to improve the score, where possible. The purpose of this will be to further align policies and projects with the net zero commitment and provide additional support to council staff; the group will not act as a decision-maker but rather a provider of support and advice. As stated, the established decision-making committees of the Council will continue to consider and agree new policy development.

The finalised carbon impact assessment score will be presented in a visually engaging format to senior management and cabinet members, as a key part of the decision-making process. The results of the carbon impact assessment will be included in all cabinet and full council published meeting minutes.

Corporate Social Responsibility Policy

A Procurement Corporate Social Responsibility (CSR) policy is currently being developed by the Procurement department. This will be introduced by April 2021.

The Procurement CSR policy will, among other things, seek to minimise or eliminate carbon emissions, waste and other negative environmental impacts within the Council's commissioned services and wider supply chain. The new policy includes six strategic pillars for mandatory consideration at the early stages of every procurement and commission of external goods, works and services.

- Waste Reduction
- Improve Social Value
- Improve Health & Wellbeing
- Reduce Co2 & Green House Emissions
- Combat Modern Slavery
- Increased use of SME and Local suppliers

This policy recognises that, whilst wider supply chain issues are outside the scope of the Council's 2030 net zero target, the Council has an ethical and moral responsibility to reduce global emissions and environmental degradation in any way that it can.

Carbon Literacy Training

The Sixth Carbon Budget, produced by the independent Climate Change Committee (CCC) that advises Government, recommends that local authorities "implement training and capacity building to deliver net-zero within the local authority and with key suppliers and contractors. Climate, energy, sustainability and carbon understanding needs to be

embedded in the whole authority, across staff and systems. Climate change should be central to Elected Member and Senior Director training.”⁶

In line with this recommendation, and to support the implementation of the carbon impact assessment and refreshed CSR policy, the Council will introduce Carbon Literacy training for both staff and councillors.

The ‘Local Authority Carbon Literacy Toolkit’ has been developed specifically for local authorities by the Carbon Literacy Trust, funded by BEIS in partnership with the Greater Manchester Combined Authority. This has been extensively tested and piloted by thirteen local authorities in England and Wales and was published for wider use in September 2020.

The training course will educate staff and councillors about the scientific causes and impacts of climate change on a global, national and local level. The course will then cover the potential solutions to climate change. Following this, attendees will be required to develop a climate-positive Action Plan, both as a team and then as individuals, within their own sphere of influence.

As a result of the training the Council will develop an organisational cultural change in its approach to the climate emergency, by creating an informed, motivated workforce and elected membership. This will be crucial for the success of internal policy mechanisms, such as the net-zero policy assessment and service reviews, and for the county to achieve net-zero by 2030.

In early 2021, implementation of Carbon Literacy training will be piloted with select members of staff, to develop a high-quality, appropriate course. By April 2021, to coincide with the implementation of the carbon impact assessment, all Executives will have completed the training; the Council will be accredited as a ‘Bronze’ Carbon Literate Organisation as a result.

Training will then be rolled out to senior managers and managers across the organisation throughout the course of 2021. This initial focus is because these staff will have the greatest influence on the Council’s decisions that could affect the net-zero target. Once there is trainer capacity, training will be made available to all staff across the organisation and will be widely publicised through internal communications channels.

In summer 2021, following Northumberland’s local election, all elected members will be offered Carbon Literacy training, which will lead them to be certified as Carbon Literate. The individual climate action commitment made by each councillor as part of the training will be published in the ‘county councillor information’ section of the council website.

Service Reviews

The CCC recommends that councils “conduct policy and service reviews to align policy, spending and functions with Net Zero”. The Council has been undertaking service reviews across the organisation since summer 2020 and will continue to do so in 2021. A key

⁶ <https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf>

element of the service review will be to align the service with the 2030 net zero target commitment.

Northumberland Local Plan

A new Northumberland Local Plan, the statutory development plan for the County, is emerging. The Plan is currently subject to examination and is expected to be adopted in 2021.

In accordance with national policy the Plan takes a proactive approach to mitigating and adapting to climate change, considering the long-term implications for flood risk, coastal change, water supply, biodiversity and landscapes, and the risk of overheating from rising temperatures.

There are several policies in the plan supporting the future resilience of communities and infrastructure to climate change impacts. Detail will be given as to how the plan aligns to each of the priority action areas below.

In addition to the Local Plan itself, The Council's Planning Service has consulted on the scope of the following proposed Supplementary Planning Documents (SPDs): Renewable Energy SPD; and Northumberland Design Guide SPD. These will supplement the Local Plan and provide detailed guidance which will explain how applicants can address the policies and policy criteria in the Local Plan.

The Renewable Energy SPD will cover a range of renewable energy technologies, such as anaerobic digestion, biomass, hydro, solar and wind. The Northumberland Design Guide will cover matters such as sustainable construction, supplementing, amongst other policies, Policy Qop 5 of the Northumberland Local Plan. The Council may also look to prepare additional documents to address matters of detail.

Collaboration with Other Councils

The CCC recommends that councils “collaborate with neighbouring and cross-tier local authorities and other key delivery bodies on strategies and plans”.

The Council will continue to collaborate at a regional level with neighbouring authorities around net zero action, including existing forums covering energy, transport and skills. This covers partnerships and organisations like the North of Tyne Combined Authority, the Borderlands Partnership and Transport North East.

The Council will work with and support Town and Parish Councils within Northumberland to develop their own climate Action Plans and align their actions with the net zero commitment.

The Council will also build upon existing informal relationships with other councils across the country to develop a community of best practice and learn from others, particularly those who have been national leaders in local authority climate action.

Internal Policy

Between 2021-2023, the Council will explore opportunities to incentivise staff to make more climate-positive actions. Both formal mechanisms, such as salary sacrifice and KPIs, together with informal mechanisms, such as a network of internal climate champions, will be

used. Any staff incentives that are misaligned to the net zero commitment will be revised or removed.

Green Finance

The Council will also explore emerging financial instruments that better align council action with the net zero commitment.

Priority Action Area 2 - Engagement and Partnership



Helping residents, businesses and our own staff understand the implications climate change has on our communities and providing them with the knowledge and tools to reduce their emissions is essential to meeting our net-zero target by 2030.

Engaging with our communities through digital platforms, public events, local press stories and through community projects will ultimately help incite change at a local level and promote the positive work the Council is doing to tackle climate change.

It is also important to develop partnerships with businesses, community groups and schools, as well as developing strategic partnerships with other organisations working towards the same aims such as Borderlands, the North of Tyne Combined Authority and the NELEP.

Community Climate Champions

The Community Climate Champion scheme will give residents and community groups the opportunity to educate their communities and empower them with their own community climate Action Plans at a local level. This will help drive behavioural change in Northumberland through organic communication methods.

In short, a community climate champion is anyone who has direct access to residents and/or businesses in Northumberland and is willing to help spread awareness of climate change and the initiatives the Council are taking to help reach carbon neutrality.

This could include council staff, schools, community groups, local businesses, farmers, residents, town/parish councils, county councillors and partner organisations to lead the way in communicating carbon reduction messages with their networks, customers and communities.

Training will be made available to ensure all champions feel knowledgeable and comfortable talking about the effects of climate change, and a toolkit will be developed and updated frequently to help encourage positive changes in lifestyle which make a tangible impact at a local level. Networking events will also be held to help ensure there is a shared good practice approach.

The scheme will initially be developed around a pilot group of individuals who are already proactive in their local communities, with plans to roll out the scheme to all Northumberland residents by August 2021.

Projected timescale for the Community Climate Champion scheme:

- **Oct to Dec 2020:** Initial planning and discussions of scheme format.
- **Dec to Feb 2021:** Development of training programme and toolkit.
- **Mar 2021:** Rollout pilot scheme to selected individuals and groups.
- **Apr 2021:** Pilot community Action Plans agreed.
- **Jun 2021:** Collate feedback and make changes to scheme.
- **Aug 2021:** Promote champion scheme to the wider public.
- **Oct 2021:** First Community Climate Champion forum event.

Schools and young people

We will prioritise engagement with our schools and early years settings, to ensure the county's youngest minds are educated in how they can best to tackle climate change.

Working with colleagues in Early Years and Education, we will create resource packs to enable our teachers have the knowledge and tools to educate our children in the importance of tackling climate change.

The Third Sector

Northumberland is home to a wide range of voluntary and charitable organisations, many of which share the aims of the Council regarding climate change and have established and enthusiastic networks of volunteers. The Council will work closely with the Third Sector in order to deliver this action plan and to coordinate an approach to climate change activity which creates a shared focus across the county.

Third sector organisations will be encouraged to join the Community Climate Champions scheme and to access the resources made available. The Council also hopes to learn from and harness the expertise of voluntary organisations in coordinating community action. By summer 2021, a detailed plan for climate change engagement with the Third Sector will have been created, supported by the Climate Change Steering Group.

Free Tree scheme

Another community engagement campaign is the Free Tree scheme. To help increase tree planting across the county, and further increase negative emissions, the Council aims to giveaway thousands of young tree saplings to residents, community groups and schools to

plant on their land every year until 2022. The scheme was first run in 2020/21 and saw an incredible uptake. The Council's ultimate ambition is to give away a free tree for every household in the county.

Whilst it is acknowledged that these trees will only have a small impact on the county's overall carbon emissions, it is a good way of engaging with residents across the county and encouraging them to take their first steps in acting to reduce carbon emissions. With each tree, information is given out about changes people can make to reduce their carbon footprint.

Carbon Footprint campaign

An ongoing behavioural change campaign will be launched, to support residents in reducing their carbon footprint. This will include bitesize advice on small, medium and large scale changes to help make daily routine and lifestyle habits more eco-conscious and save financially.

Promotional flyers, shown below in Figure 8, have already been distributed to approximately 6,000 residents through the Free Tree scheme and will continue to be distributed via any council maildrops, and feature on our digital channels.



Figure 8 - promotional flyer included with free trees in 2020

A wider range of “tips” will be available online and will link directly into our Domestic Emissions Dashboard. The dashboard will operate as an online platform for residents to calculate their household emissions, and compare their figures against a county-wide average, as well as offering an easy to understand offset comparison (i.e. trees to be planted). The dashboard will then offer residents advice on how to reduce their carbon footprint, and how much money this could save them, with further carbon reduction / money saving tips available through the carbon footprint campaign.

We are intending to launch the dashboard alongside the community climate champions pilot in early 2021.

Digital newsletter

A newsletter subscription has been created, with monthly newsletters issued via email. Each issue focusses on different climate conscious initiatives relevant that month. Anyone can subscribe via the website, and we currently have over 5,000 members.

Public events

Due to Covid-19 restrictions, public events cannot happen in person for the foreseeable future. Instead, virtual events hosted online will be organised to give our communities the opportunity to discuss actions the Council is taking to tackle climate change and find out what they can do at a local level.

Visitors

The Destination Management Plan strategy is currently being developed in partnership with Northumberland Tourism, and will be published in June 2021. It will be aligned to the aims of this Action Plan and encourage sustainable tourism. Positioning Northumberland as the UK’s greenest county, with excellent climate credentials will help to attract tourists with an interest in sustainability and environmentalism to the county.

Businesses

Engagement with businesses will follow two strands. Firstly, proactively engaging with large businesses with relatively large carbon footprints to support their own ambitions to reduce their carbon emissions through corporate sustainability agendas. An example of this is Simpsons Malt in Berwick who have engaged with the Council to gain support for a biomass facility, which would substantially reduce gas consumption in the Berwick area.

A second strand of activity is necessary to engage with smaller businesses. Following successful development and deployment of the Community Climate Champions scheme, a wider champions scheme will be created, which will be aimed at SME businesses. The Business Climate Champions scheme will look at ways in which businesses within Northumberland can operate in more eco-friendly and sustainable ways, whilst increasing custom and revenue.

Our People

Similar to the Community Climate Champions scheme, we will be supporting Council staff to become climate change advocates in the workplace. As mentioned in the policy section above, we will be introducing our staff and councillors to the Carbon Literacy training which has been developed specifically for local authorities and aims to educate staff and councillors about the scientific causes and impacts of climate change on a global, national

and local level. Our internal climate champions will then develop a climate-positive Action Plan for their service area or ward, which will in turn feed into the Community Climate Champion scheme and help reduce emissions in the workplace.

Strategic Partnerships

The Council is also committed to working with partner organisations who can support progress towards the 2030 net-zero goal. These include but are not limited to:

- The Borderlands Inclusive Growth Deal.
- North of Tyne Combined Authority.
- North East Local Enterprise Partnership.
- LA7 North East Councils.
- North of England Natural Capital Group.

Priority Action Area 3 - Heating Existing Buildings and New Buildings

<p><u>The Issue</u> The burning of gas and other fuels for heat contributed 38% of Northumberland’s positive emissions in 2018.</p> <p>Decarbonising heat requires energy efficient buildings together with new technologies to replace fossil fuels as our primary heat source.</p>	<p><u>The cost</u> Projects set out in this section will cost around £12m. The majority of this will come through government grant funding.</p> <p>In addition, individual residents will bear some cost of the move to renewable heat, supported by available grants.</p>	<p><u>The benefits</u> The carbon reduction potential of projects set out in this section is around 4.5 ktCO₂.</p> <p>It is estimated that around 88 jobs will be created or supported through the delivery of these projects.</p> <p>Air quality will also be improved, leading to better public health and fuel poverty will be reduced.</p>
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Heating our homes and businesses is one of the main contributors to carbon emissions in Northumberland. The burning of gas and other fuels for heat contributed 38% of Northumberland’s positive emissions in 2018. Heat can be split across domestic and commercial, together with gas and other fuels, as shown in Figure 9. This category of emissions represents a significant proportion of the 709 ktCO₂ it is estimated that the county needs to cut in order to meet its net zero ambition.

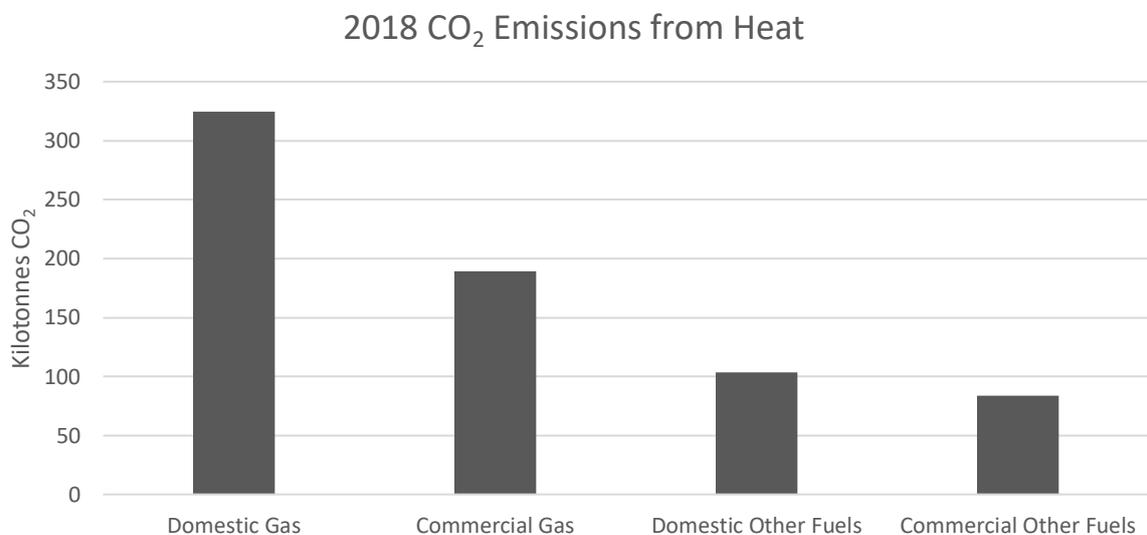


Figure 9 - CO₂ emissions from heat in 2018 by source

Decarbonising heat presents one of the most significant challenges to lowering carbon emissions in the county. The fundamental challenge is twofold; firstly, our housing and property stock includes several archetypes that are thermally inefficient and difficult to insulate, such as single skin stone-built properties and secondly the relative cost of fossil fuel heating alternatives makes renewable heating less financially attractive to the end user, particularly those currently using gas as their primary heat source.

The challenge of reducing emissions from heat cannot be overstated and will not be accomplished through technological advancement alone. It requires support from national government in terms of legislation and fiscal policy along with local action to drive a full culture shift across the diverse breadth of Northumberland's residents and businesses. This will need significant communication and engagement across our communities for the importance and impact of this shift to be understood and fully embraced.

To decarbonise there are two key technological aspects to be implemented, and they must be implemented together; insulation to improve the thermal efficiency of the building stock and low carbon renewable heat.

Heat reduction

In order to maximise both the cost and carbon efficiency of Northumberland's building stock, starting with a "fabric first" approach is key. This means utilising the most modern insulation techniques and applying these with confidence in their most appropriate settings. Due to the diverse portfolio of properties, there is no "one size fits all" approach and hence bespoke options will be required to be delivered.

Properties may be broken into certain archetypes which allows for certain measures to be replicated in large numbers, for instance those with cavities should have cavity wall insulation and all properties which have an unused loft space (i.e. no room in roof) should have 300mm of loft insulation applied (current standard). These measures have been supported through the government's ECO programmes and Northumberland County Council will continue to promote and support the implementation to be funded through this and other supported mechanisms, where available.

In order to maximise both the carbon reductions and the investment within the county Northumberland County Council will support engagement through two distinct angles;

- Domestic properties – support those who are eligible to apply for Green Homes Grant⁷ funding and other support mechanisms such as Energy Company Obligation (ECO)⁸ funding to facilitate economic investment in these technologies and encouraging the able to pay market to adopt these technologies as part of a carbon reduction strategy.
- Commercial properties - there are limited support mechanisms which are as wide reaching as Green Homes Grant for businesses, but support does exist through several agencies, such as North East LEP, North of Tyne Combined Authority and Borderlands. It will be for Northumberland County Council and our partners to support businesses to access relevant mechanisms and encourage them to adopt appropriate technologies themselves.

⁷ <https://www.gov.uk/guidance/apply-for-the-green-homes-grant-scheme>

⁸ <https://www.ofgem.gov.uk/environmental-programmes/eco>

Despite best intentions, there are fundamental challenges in improving the thermal efficiency of some properties, described generally as “hard to treat” these include single skin stone-built properties. Accurately identifying these properties and understanding what, if any, measures can be applied to support these properties is important. Without sufficient thermal improvements these properties will still rely on fossil fuels as a primary fuel source.

Methods of decarbonising heat

Renewable heating most efficiently runs at low temperatures (30-45°C) and hence thermal efficiency is key in maintaining comfortable heat levels within properties. To support this heat emitters often require increasing in size to provide sufficient energy at lower temperatures to heat room spaces. This can provide major disruption and inconvenience to people’s lives, reinforcing the requirement for up front engagement and support to assist understanding of the technologies to be implemented.

As will be discussed in greater detail in the next section, a large part of the clean growth strategy outlined by BEIS is supporting low carbon district heat networks⁹. In order to meet the ambitious 2030 target in a cost-effective way district heat networks will require wide roll out across urban areas. These networks may involve removing boilers from people’s home as they would become reliant on a centralised heat source providing heat directly to their properties. This is likely to be met with resistance and uncertainty until first adopters are receiving high quality service without issues.

Other types of heating will involve properties having direct responsibility for their own heating source, be this a heat pump or other technology. This may be more palatable to end customers but is likely to suffer from lower efficiencies and higher end costs to some consumers. Promoting opportunities to understand the impacts of renewable heat and to access grants or loans will be a key part of our communications and engagement strategy.

District heat networks

In urbanised settings district heat networks are a potential method of lowering carbon emissions. In order to meet the 2030 target, it is likely that district heat networks will be required to play a significant role with their primary heat source being a low or zero carbon source.

Heat networks are a relatively new concept within the UK, however, are utilised to great effect in Scandinavian countries. The major change required is the core fuel source, often heat networks have been run with natural gas or coal. To make major carbon savings these networks must be capable of running on low carbon renewable heat.

Northumberland has an existing network of abandoned coal mines which can be utilised as a geothermal heat store and provide renewable heat to power modern district heat networks. As will be discussed in the next section this could provide a significant opportunity in many of Northumberland’s historic mining towns. In other towns, alternative potential renewable and low-carbon energy sources include solar thermal and geothermal heat and waste heat from industry and commercial buildings

⁹ <https://www.gov.uk/government/consultations/green-heat-network-fund-proposals-for-the-scheme-design>

Northumberland is proposing, with the support of central government and the Heat Network Delivery Unit (HNDU) to assess the 7 largest towns in Northumberland for their ability to host district heat networks, these towns are; Alnwick, Ashington, Berwick, Blyth, Cramlington, Hexham and Morpeth. Funding is being sought from HNDU for this work.

The assessments of Blyth and Cramlington have already been undertaken at a high level and their next steps are detailed below.

Blyth network

A heat mapping and energy master planning study was undertaken for Blyth in 2020 to consider the ability of district heat networks to be feasibly run. The primary purpose of the study was to establish if the Bates Colliery mine water treatment plant run by the Coal Authority could be used as a heat source to provide low carbon heat to commercial and domestic properties around Blyth.

The study has confirmed that a network is possible and feasible, however further study is required to understand the full extent of the potential network. An underground study has also been conducted and concluded that there is enough geothermal heat in the mine water held underground to provide heat for all the properties in Blyth.

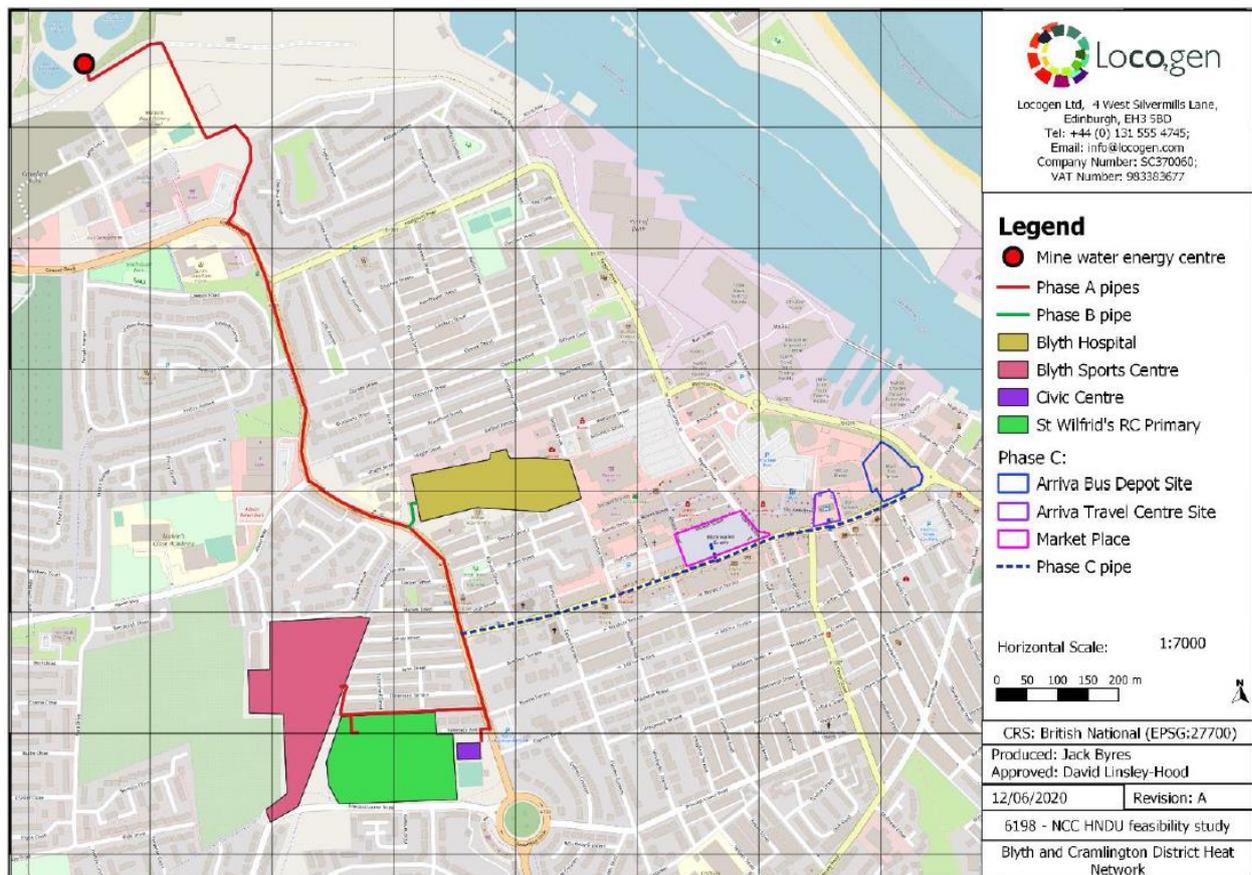


Figure 10 - location and properties served by the first phase of the proposed district heat network in Blyth

Northumberland County Council will be working to maximise the reach of the network currently set out in Figure 10, to ensure the best economic, social and environmental credentials for the scheme. It will be particularly key to deliver the maximum carbon savings physically possible through the scheme.

Successful implementation of phase 1 will save 1,400tCO₂ per year¹⁰. Further phases have been modelled and will be reviewed as part of a wider reaching strategy through the next stage techno-economic feasibility study.

Northumberland County Council sees this as a strategic asset and is working closely with the Coal Authority to determine how best to use the heat and how to provide it to the county for the maximum carbon reduction.

To this end Northumberland County Council will work with central government to secure funding in order that the full extent of this potential project can be established and realised. Applications have been made to fund a detailed technical feasibility study into this opportunity.

Northumberland County Council will seek to ensure that the technology is implemented in the safest and most secure way to create a reliable network capable of replacing the traditional fossil fuel-based alternatives this seeks to replace. The network will be utilized, initially by the businesses detailed in Figure 10 but it is intended that more businesses and homes could use the network as it expands and becomes more commercially viable.

The network will further seek to incorporate the new assets being developed within Blyth through Future High Streets Fund and Town Deal and seek to support any new properties as low/zero carbon assets from their inception.

Aspects of the potential network(s) identified in the heat mapping and energy master planning study have been determined to be uneconomical. Northumberland County Council will work with heat network specialists to determine routes to improve the viability and hence the deliverability of a larger network with greater carbon savings. The scale of ambition is to utilise the asset to decarbonise as much of the town as technologically possible.

Should all 3 initially identified network opportunities be undertaken, the capital investment into the town would be circa £17m and equate to annual carbon savings of over 3000tCO₂.

Within the area of Blyth an opportunity to develop further wind turbines on the land that currently has a single turbine has been identified. Were the network can utilise wind or other renewable energy to power an energy centre, the heat produced would be zero carbon. This presents the first tangible opportunity to fully decarbonise heat within Northumberland and use local infrastructure to do so.

Cramlington network

A heat mapping and energy master planning study has also been undertaken for Cramlington. This study has pointed to the large biomass combined heat and power plant operated by Estover Energy as being a primary heat source for the network. The plant produces high grade heat in the form of steam for industrial usages, but also produces waste heat from the process.

¹⁰ CON-REP-6198 - Northumberland District Heating Network Energy Masterplanning – 03C (Locogen 2020)

The study confirmed that the waste heat produced can be used by a district heat network and supplied to residential and commercial properties. Of the network options presented a number were considered uneconomical, but as with the work ongoing in Blyth Northumberland County Council is committed to working through options that may improve the economics of the options presented and seek to deliver the maximum carbon savings through these projects.

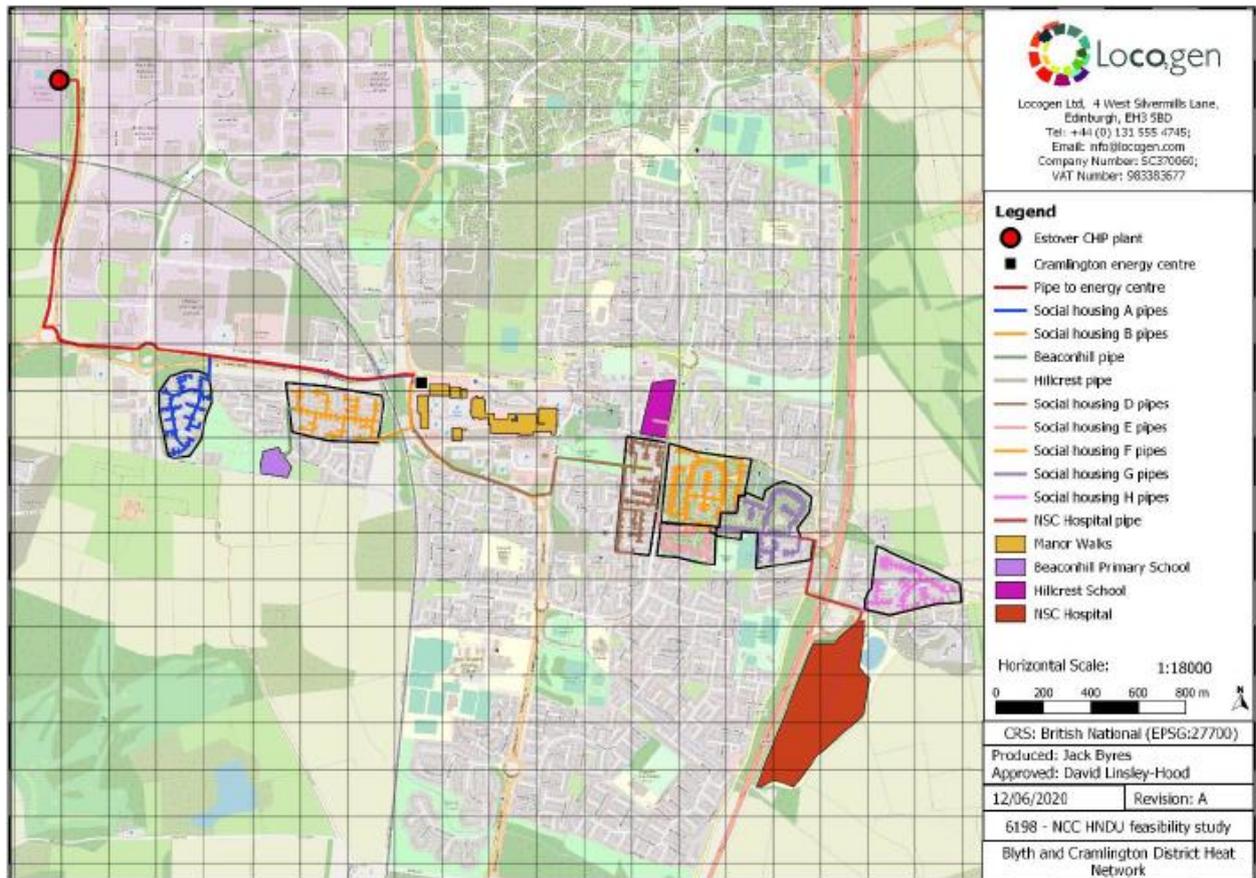


Figure 11 - location and properties served by the potential heat network for Cramlington

Figure 11 details the most ambitious of several options presented by the consultant. This would represent almost £17million of investment, over 4000tCO₂ saved annually and be equivalent to 133 construction jobs and potentially 10-15 operational jobs.

Northumberland County Council is again working with central government to secure funding to take this opportunity to full techno-economic feasibility study stage and seek to have the network formally invested in and commissioned. A draft timeline for the initial phase of this project is shown in Figure 12.

Blyth and Cramlington District Heat Network Programme

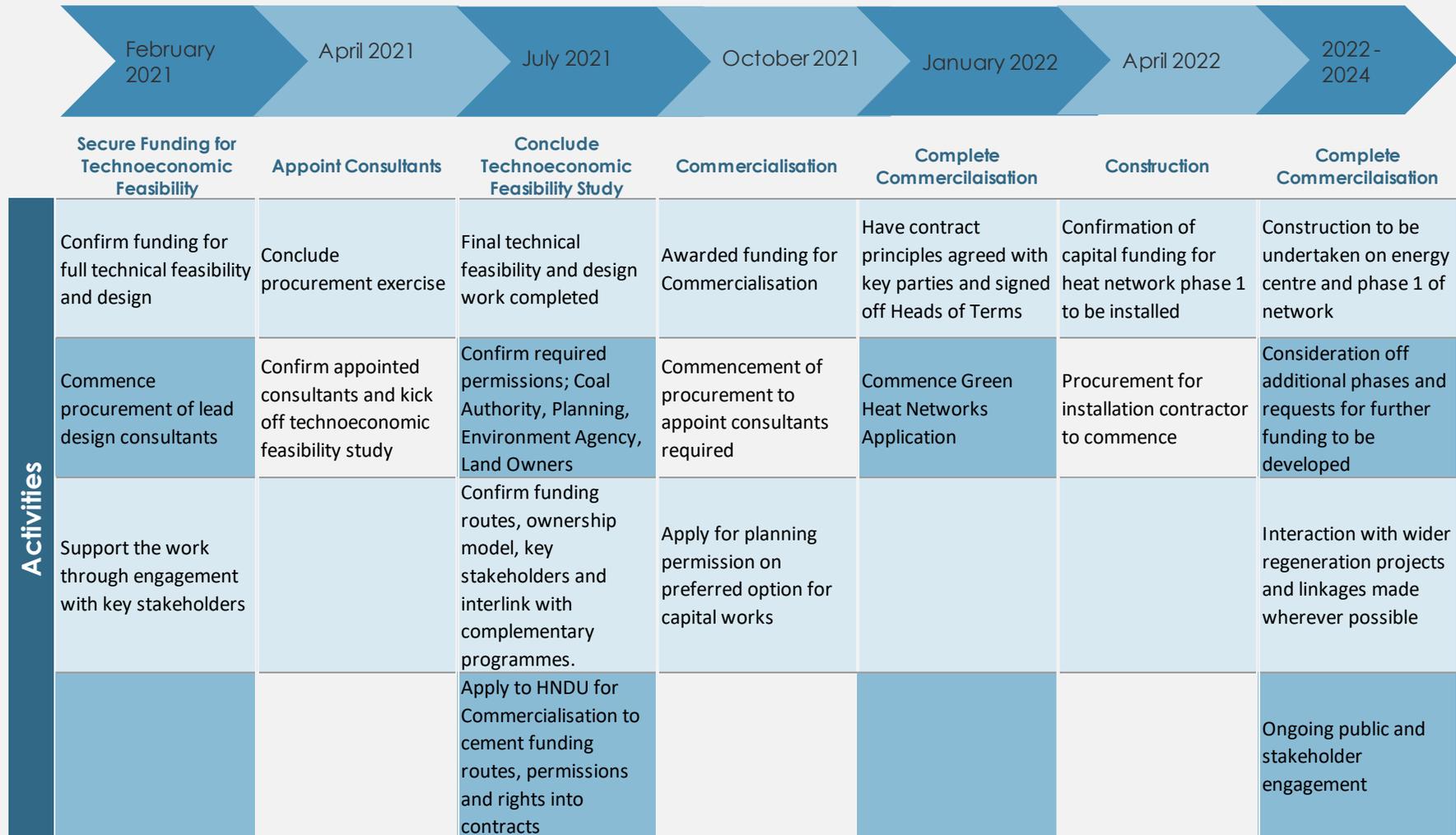


Figure 12 - draft timeline for progress with the Blyth and Cramlington district heat networks. NB this is subject to change as the project develops

Heat pumps

Where heating loads are more distantly spread, district heat networks would not present viable options for investment and individual heat pumps would present better investment options. Northumberland County Council will therefore be actively supporting heat pump roll out in both our own estate and across the county. Heat pumps present the best value benefit against the carbon saved. In off gas regions this technology presents an option that can save both carbon and financial cost against oil, LPG and electric heating.

This technology utilises lower grade heat and hence a simple “swap out” of fossil fuel-based technology for low temperature renewable heat options will not be possible. It is critical to ensure that buildings are thermally efficient, heat emitters (radiators) are correctly sized and that building users understand the technology’s use and how that differs from traditional heating.

Northumberland County Council will be seeking to support the implementation of heat pumps across the county through funding streams that we can access or that we can support residents to access. Since the close of Northumberland County Council’s successful Warm Homes Fund project in 2020 the Green Homes Grant has opened, and their voucher scheme can be utilised by residents to support a range of measures to decarbonise heat.

In addition to this, Northumberland County Council is applying for the Local Authority Delivery funding that has been made available through the Green Homes Grant. The council will continue to leverage as much public and private investment into the county as possible to improve both the lives of our residents and the county’s carbon footprint.

Where district heat networks are not an option, Northumberland County Council will seek to utilise the following heat hierarchy to install/replace heating within its own estate;

1. Ground Source Heat Pumps.
2. Air Source Heat Pumps.
3. Electric (other).
4. Biomass (*where appropriate*).
5. Natural gas.
6. Other fossil fuels (oil/LPG).

It may not be possible in all circumstances to avoid the use of fossil fuels, but these will only be considered when all other options have been exhausted. The hierarchy will be reviewed on a case-by-case basis. All installs must be technologically possible as well as socially and financially acceptable.

Northumberland County Council already has a portfolio of 14 operational ground source heat pumps throughout its estate and is seeking to develop another 6 projects supported through the Public Sector Decarbonisation Fund (PSDF);

Site Name	Post Code	tCO ₂ saved per year	Grant applied for
Willowburn Leisure Centre GSHP	NE66 2JH	284	£1,758,430.00
Belford Fire Station GSHP	NE70 7NZ	4	£108,796.00
Swarland Primary School GSHP	NE65 9JP	19	£296,858.00

Stannington First GSHP	NE61 6HJ	13	£292,327.00
Stamfordham First GSHP	NE24 2HP	5	£288,367.00
Whittingham C of E School GSHP	NE66 4UP	7	£267,802.00
Total		333	£3,012,580.00

This represents a first stage of projects seeking funding in the 2021-22 financial year. Where the PSDF continues to operate Northumberland County Council will continue to build this pipeline, starting with properties where the heating system needs replacement to maximise the benefits and ensure that we are not wasting operational assets and public funds.

Hydrogen and other technologies

There has been a great deal of media coverage over the potential for hydrogen to significantly reduce greenhouse gas emissions and potentially replace natural gas within the gas network. Unfortunately, it appears that should hydrogen be capable of replacing natural gas, and this is far from certain, it would be highly unlikely to be able to do so within the 2030 timescale that Northumberland County Council has set on reaching carbon neutral. Based on Northern Gas Networks net zero pathways hydrogen would only be at early roll out stage by 2030, with large uptake not expected until 2040 and it becoming the norm by 2045-2050¹¹.

It has therefore been determined that electrification of heat is the only technologically sound option available for meeting this ambition.

While other options may be available to the council to meet carbon reduction targets, it is clear that due to the scale of the challenge we face and the short duration of time we have remaining, less than 10 years, it is essential to start implementing change; waiting for a new technological solution is not a viable strategy.

Biomass has been utilised in limited cases throughout Northumberland County Council's estate. Due to some of the difficulties in managing this technology as well as the variable cost of fuel and the questionable carbon impacts of combusting biomass this technology will only be implemented where it can be proved to be a better alternative than other options available. The IPCC make the point that biomass is vulnerable to climate change with the soil conditions and vegetation being susceptible to changes in rainfall and heat¹². Given the risks inherent in fuel supply and embedded emissions in transportation and processing of biomass, Northumberland County Council will not commit to this technology being a significant part of the decarbonisation plan.

Industrial waste heat can be used to provide space heating for domestic and commercial premises. There are certain industrial processes that require fossil fuels. Northumberland County Council acknowledges this and would seek to utilise any waste heat by-product to provide heating to other local heat users wherever economical and technically possible.

Northumberland Local Plan

¹¹ <https://www.northerngasnetworks.co.uk/wp-content/uploads/2019/11/Navigant-Pathways-to-Net-Zero-2-min.pdf>

¹² <https://www.ipcc.ch/site/assets/uploads/2018/03/Summary-for-Policymakers-1.pdf>

Maximising energy efficiency and the use of renewable and low carbon energy sources including, but not limited to decentralised energy supply systems, is a key principle of securing sustainable development, as prescribed by policy STP 3 of the emerging Northumberland Local Plan. When determining planning applications, consideration will be given to how development proposals both mitigate climate change and contribute to reduced carbon emissions, including through reducing energy use and incorporating decentralised, renewable and low carbon energy where possible. Whilst Building Regulations address technical standards in buildings, Policy QOP 5 of the Local Plan specifically addresses sustainable design and construction of new development. Development will be supported where it can address the various opportunities identified in the policy, such as: passive design measures, which respond to climatic conditions; using locally sourced, recycled and energy efficient building materials; incorporating small scale low carbon or renewable energy generation; and connecting to district energy networks, where feasible and viable to do so. It should be noted that the costs of some measures are currently considered to be prohibitive by the development industry. This may change over time. Similarly Building Regulation standards are likely to change, moving forward. The Council plans to prepare a Northumberland Design Guide, which will supplement the Local Plan. The design guide will also advocate sustainable design and construction, and may add further detailed guidance on relevant considerations.

Priority Action Area 4 - Transport

<p><u>The Issue</u> Transport is the single biggest contributor of emissions in Northumberland, accounting for 35% of CO₂ in 2018.</p> <p>Decarbonising transport requires a shift to short journeys being made by bicycle or on foot with longer journeys made by public transport or in an electric vehicle.</p>	<p><u>The cost</u> Projects set out in this section will cost around £300m. The majority of this will come through government grant funding.</p> <p>Individual residents will bear some cost of the move to low emissions transport through the purchase of EVs, supported by available grants.</p>	<p><u>The benefits</u> It is difficult to calculate the carbon benefit of projects such as EV charging or cycle infrastructure as they enable a modal shift but reductions of around 5 ktCO₂ could be expected.</p> <p>It is estimated that up to 2000 job years will be created or supported through the delivery of these projects.</p> <p>Improved air quality, public health and reduced congestion would also be outcomes.</p>
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Transport Emissions in Northumberland

In 2018, transport accounted for 637.5 ktCO₂ of Northumberland's total emissions (35%), by far the largest category. Of this, road transport alone was responsible for 33% of the county's total CO₂ emissions as shown in Figure 13. The remaining 2% of transport emissions comes from other sources, such as buses and railways¹³.

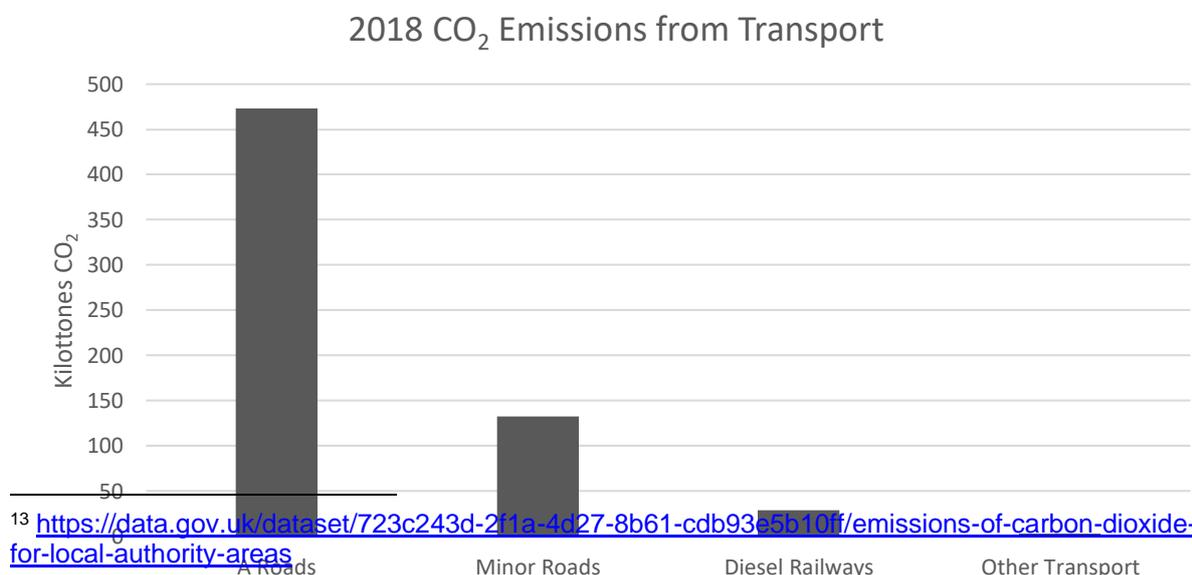


Figure 13 - emissions from transport by source in 2018

2.09 billion vehicle miles were travelled on roads in Northumberland in 2019. As shown in Figure 14, this is increasing each year, having risen by 31% since 2010 and by 40% since 2000¹⁴.

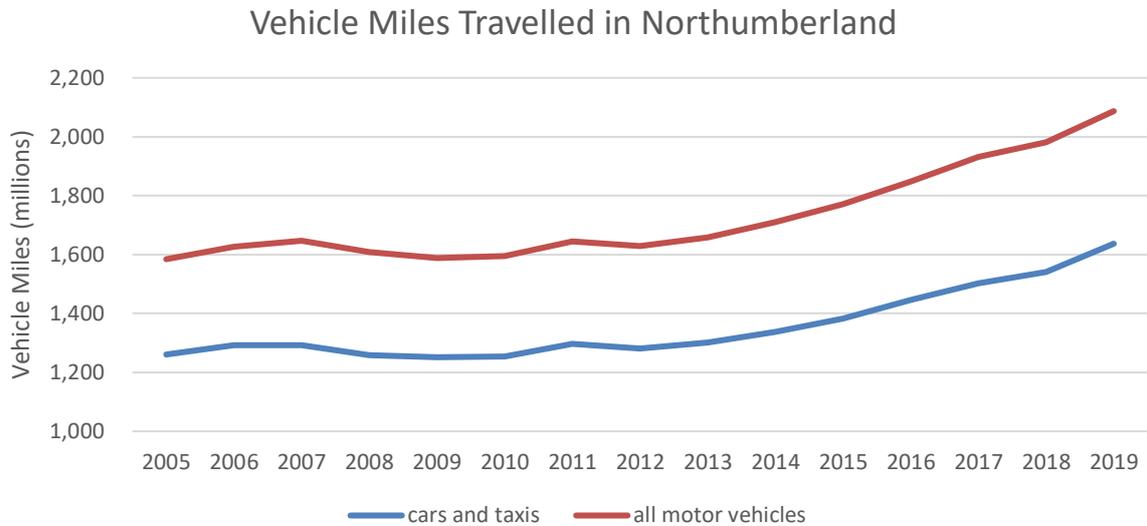


Figure 14 - the number of vehicle miles travelled in Northumberland over time between 2005 and 2019

Figure 15 shows that in 2019, there were just over 200,000 vehicles licensed within Northumberland. Of these, 163,862 were private cars, of which only 839 were Ultra Low Emission Vehicles (ULEVs); 481 of ULEVs were fully electric Battery Electric Vehicles (BEVs)¹⁵. This is an increase of 12% since 2010 as shown in Figure 16.

¹⁴ <https://roadtraffic.dft.gov.uk/local-authorities/102>

¹⁵ <https://www.gov.uk/government/statistical-data-sets/all-vehicles-veh01>; VEH0105: Licensed vehicles by body type and local authority: United Kingdom

Licensed Vehicles in Northumberland 2019

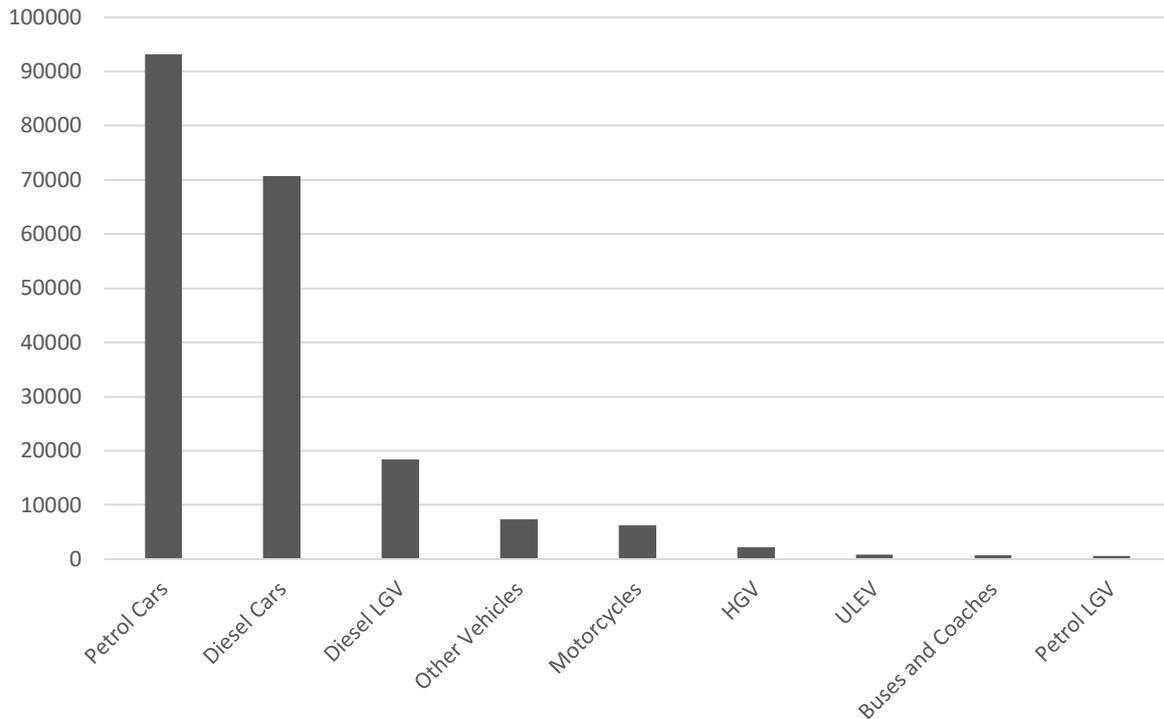


Figure 15 - the total number and type of vehicles licensed in Northumberland in 2019

Car Ownership in Northumberland

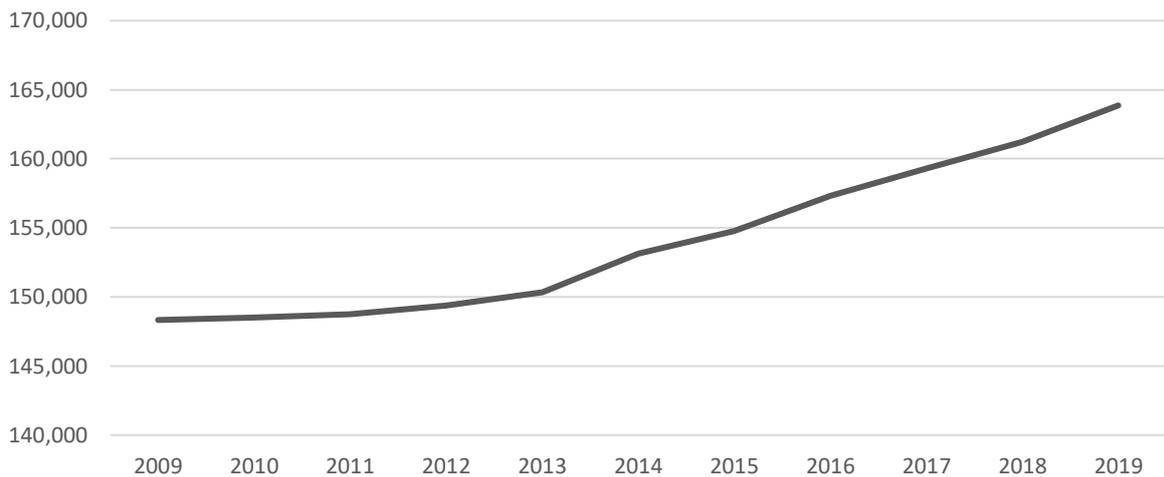


Figure 16 - the rate of growth in car ownership in Northumberland over time between 2009 and 2019

Assuming the same rate of growth of private car ownership, there could be more than 180,000 privately-owned cars in Northumberland by 2030.

In a Regional Low Carbon Strategy, commissioned by the LA7 in 2019, a high-ambition scenario for the seven north east local authorities was for 27% of private cars to be EVs by 2035. This was written before the ban on the sale of new internal combustion engine vehicles was brought forward to 2030. Taking this into account, the high-ambition scenario

could reasonably be a 30% share of EVs; this is approximately 55,000 cars. However, this would still mean there could be more than 125,000 petrol or diesel cars owned in the county by the 2030 net zero commitment. Petrol and diesel cars sold in the latter half of this decade could continue emitting greenhouse gases well into the 2040s.

Not only will replacing internal combustion engine cars with EVs not be enough to achieve net zero by 2030, neither will it address other issues associated with the private car, such as congestion, parking pressures and conflict, and low levels of physical activity.

It is critical, therefore, to achieve a modal shift by reducing levels of personal car ownership and mileage in order to reach the 2030 net zero target. This means a combination of reducing the necessity of owning a car, reducing the number of trips required and reducing the distance required for each trip. This can be achieved by increasing the opportunity, availability and desirability of alternative modes of transport, whilst ensuring local communities have the services they need close to home.

It is acknowledged that Northumberland is a large, rural county, so faces different transport challenges to more urban local authorities; many residents will require a car of some form in the future, due to their rurality.

However, based on the 2011 census, 54.1% of Northumberland residents lived in an urban area and a further 16.9% lived in a rural town in a non-sparse setting¹⁶. Approximately 20% of Northumberland residents live in rural villages, hamlets and isolated dwellings. This means that, for most of the county, short-distance active travel journeys to and around their local area are entirely feasible. The Department for Transport aims for half of all journeys in towns and cities to be walked or cycled by 2030¹⁷; the Council has the same ambition for its twelve main towns.

Decarbonising transport across the county is crucial to achieving the 2030 net zero target.

Northumberland County Council Local Transport Plan, 2011-2026

The Northumberland County Council Local Transport Plan (LTP) 2011-2026¹⁸ is the existing relevant transport policy for the county. Within this, there are five key aims: support economic growth; reduce carbon emissions; promote equality of opportunity; contribute to better safety, security and health; and improve quality of life and healthy natural environment.

Considering the climate emergency, the Council will commit to update the LTP Implementation Plan giving greater emphasis to schemes that support the goal of carbon

¹⁶ <https://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/Northumberland-Knowledge/NK%20place/Rural%20urban%20classification/2011-Census-Analysis-Rural-Urban-Areas-of-Northumberland.pdf>

¹⁷

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904146/gear-change-a-bold-vision-for-cycling-and-walking.pdf

¹⁸ <https://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/Roads-streets-and-transport/transport%20policy/Local%20Transport%20Plan/Local-Transport-Plan-2011-2026.pdf>

reduction, as well as those that improve quality of life and a healthy natural environment, whilst still working within the overall LTP strategy goals.

A draft LTP programme for 2021/22 is currently in the process of being finalised. In this draft programme of works, £1,525,000 has been allocated for cycling and walking. This will be spent on a variety of highways improvements for pedestrians and cyclists, as well as maintenance of public rights of way. A further 'Safety' allocation will include works to improve safety around schools across the county, which could help with discouraging car use and encouraging active travel for school transport.

Active Travel

'Our Way', Northumberland Cycling and Walking Board

In June 2020, the Northumberland Cycling and Walking Board published the 'Our Way' report, a vision for cycling and walking in the county¹⁹.

The Cycling and Walking Board has an ambition to secure, from 2020 onwards, an average and tangible annual allocation of £5 million for walking and cycling in Northumberland, equivalent to £15 per resident.

Funding for active travel is allocated through the LTP Programme, as mentioned above. To help meet the rest of the £5 million annual ambition of the Cycling and Walking Board, the Council will proactively seek and apply for central Government grants. In the Autumn Spending Review, the Government announced "£257 million for cycling and walking in 2021-22, part of [a wider] £2 billion commitment to cycling and walking across the parliament"²⁰. Other sources of funding, such as the Borderlands partnership, North of Tyne Combined Authority and S106 developer funding will be explored.

Local Cycling and Walking Investment Plans

The Government's Cycling and Walking Investment Strategy was published in 2017, which first set out Local Cycling and Walking Investment Plans (LCWIPs). LCWIPs are a strategic approach to identifying cycling and walking improvements required at the local level, ideally over a ten-year period.

Council staff have been developing LCWIPs for the county, receiving additional technical support from the Department for Transport. LCWIPs have now been drafted for the twelve main towns in the county: Alnwick; Amble; Ashington; Bedlington; Berwick; Blyth; Cramlington; Haltwhistle; Hexham; Morpeth; Ponteland; and Prudhoe.

65 priority cycling and walking corridors have been identified through the creation of the LCWIPs. The estimated cost of creating these is over £80 million.

Between 2021-23, the Council would like to begin works on some of these priority corridors. Having established a robust evidence base during the LCWIP process, NCC is in a stronger position than many councils to apply for funding.

¹⁹ http://committeedocs.northumberland.gov.uk/MeetingDocs/47289_M10841.pdf

²⁰

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938052/SR20_Web_Accessible.pdf

Town Investment

There is opportunity to incorporate active travel, and climate emergency solutions in general, into broader town investment plans. For example, active travel is prominently featured within the Blyth Town Investment Plan. This plan is currently in draft stage and will be used as a framework for the Town Deal and Future High Streets Fund applications; there is an opportunity to access up to £70 million between these two funds.

One of the strategic objectives within the Blyth Town Investment Plan is “CONNECTED TOWN - To make Blyth an accessible and well-connected town, supporting growth and improving quality of life by making it easier for residents, workers, learners, visitors and businesses to arrive at and move around the town.” Key to this, and referenced throughout the plan, is investment in cycling and walking access and infrastructure, connecting the new railway stations, town centre, employment sites and residential areas together.

Two projects have been identified within the Town Deal fund application: Blyth Bebside to Town Centre Connectivity; and Blyth Town Centre Northern Gateway (Phase 2). These projects will cost an estimated £7 million and £3 million, respectively. The Blyth Bebside to Town Centre Connectivity project will deliver almost 3 kilometres of cycle way and walking paths between the new Bebside train station, key employment sites and the town centre. Phase 2 of the Northern Gateway project will improve connectivity for cyclists and pedestrians with a further 600 metres of new/upgraded cycle and walking paths, as well as 2500 square metres of new/improved public space.

Project delivery within the Blyth Investment Plan is expected to commence from April 2022, provided the application for funding is successful.

It is important to note that the overarching, cross-cutting priority of the investment plan is for a ‘clean growth town’, incorporating active travel alongside other key priorities, such as supporting the renewable energy sector in the town and developing the heat network described above.

Between 2021-2023, the Council will explore further opportunities to fund and integrate active travel schemes into broader town investment plans and funding bids, for other towns in the county.

Additional Schemes and Infrastructure

Between 2021-2023, the Council will explore other mode shift opportunities for cycling and walking, including opportunities for further funding. This includes schemes such as active travel neighbourhoods, quiet streets, play streets, school streets, e-bikes and e-cargo bikes.

The Council will seek to increase high-quality cycle storage at key locations, including town and village centres, train and bus stations, and schools and workplaces. New cycle storage will be installed in early 2021 in the twelve main towns of Northumberland, as part of the central Government ‘active travel fund’.

The Council will launch a new marketing campaign, the ‘Big Northumberland Gear Change’, in early 2021, encouraging residents to shift to active travel and public transport.

The Council will continue to publicise and actively participate in walking and cycling campaigns, such as ‘Bike Week’ and ‘Cycle to School’.

Engaging and consulting with residents will be crucial to achieving the necessary modal shift; the Council will proactively consult with residents around active travel schemes. As part of this, the Council will publish an online tool in 2021 that allows residents to register their interest in cycle storage, creating a demand map for potential future storage sites.

There is currently no guaranteed, substantial funding past March 2021 for active travel schemes, such as Bikeability, Modeshift STARS and Safer Routes to School. The Council will explore opportunities, both internally and externally, for sufficient funding for active travel schemes and infrastructure that matches the county's net zero ambition.

Northumberland Line

The Northumberland Line will bring passenger trains back into service between Ashington and Newcastle. It is a priority of both Northumberland County Council and North Tyneside Council and is supported by a number of key project partners, including the Department for Transport, Network Rail, Transport for the North, Nexus and Northern Rail.



Figure 17 - map of the proposed route of The Northumberland Line

The Northumberland Line aims to stimulate and support economic growth, regeneration and community development in Northumberland and the surrounding regions by providing new and improved transport links for local people and businesses.

As shown in Figure 17, the project will provide six new stations at Ashington, Blyth Bebside, Bedlington, Newsham, Seaton Delaval and Northumberland Park, with journeys between Newcastle and Ashington taking about 35 minutes with no need to change trains.

In the period 2020-2023, the Council has allocated £29.6 million from its capital programme to help design and develop the Northumberland Line scheme.

The line is currently anticipated to open to passengers in winter 2023. Because of this opening date, the Northumberland Line will not result in any carbon emissions reductions between 2021-2023. However, once operational, the rail

line is estimated to save approximately 80.7 kilotonnes of CO₂ equivalent greenhouse gas emissions over a period of sixty years²¹. This equates to 1.35 ktCO₂e per year, 0.19% of the 2030 target.

²¹ Northumberland Line Outline Business Case, AECOM

Buses

At present, there is uncertainty in the bus transport sector, due largely to the coronavirus pandemic, which has greatly impacted bus usage. Between 2021-2023, the Council will work with bus operators in the region to establish the demand for a post-COVID bus network. The Council will proactively seek and apply for funding from the Government.

From 2021, as part of the tender evaluation process, all future public transport and school transport commissioning within the Council will factor in the carbon emissions of the tendering vehicle fleet. Organisations providing transport services to the Council will also be obliged to submit details of the carbon emissions from their commissioned services to the Council as part its contractual monitoring and performance management arrangements.

The Council will continue to collaborate on a regional scale with other partners, such as the Joint Transport Committee and Transport North East, to prioritise low carbon solutions.

Car clubs and sharing

As previously stated, there is a need to reduce the number of private cars and associated journeys in Northumberland to reach the net zero 2030 commitment. After increasing active travel and public transport use, one way in which to do this could be through increasing the efficiency of cars through car sharing and car clubs.

Due to the coronavirus pandemic, there now appears to be a long-term shift to increased working from home. As people commute less in future years, there may be greater demand for shared use of cars.

When appropriate, depending on the coronavirus pandemic and associated restrictions, the Council will publish an online tool that will allow residents to register their interest in joining a car club.

To act as a leading example for the county, between 2021-2023 depending on the coronavirus pandemic and associated restrictions, the Council will seek to introduce its own car sharing incentive for staff travel.

EV Charging

In 2018, road transport accounted for 605.7 ktCO₂ emissions, 33% of Northumberland's total emissions. This is equivalent to 86% of the 2030 net zero target. However, it is not until 2030 that the sale of new internal combustion vehicles will be banned, and it is not until 2035 that all new cars will have to have zero tailpipe emissions. Based on the current lifetime usage of cars, there could be carbon emitting cars in Northumberland well into the 2040s.

Assuming car ownership trends continue and that 30% of private cars will be EVs in 2030, there could be approximately 55,000 EVs in the county. There are currently 481 Battery Electric Vehicles in Northumberland. In the nine years until 2030, approximately 6000 EVs will have to be sold each year, all of which must replace an existing internal combustion engine vehicle. Over the last ten years, an average of approximately 2000 cars are sold each year in the county²². In effect, this means an additional 4000 residents, who otherwise

²² <https://www.gov.uk/government/statistical-data-sets/all-vehicles-veh01>: VEH0105: Licensed vehicles by body type and local authority: United Kingdom

would not have bought a car, must buy an EV every year between now and 2030. This shows that a 30% EV share by 2030 will likely not be attainable without a reduction in overall car ownership.

A large expansion in both the public and private sector charging infrastructure will be required between now and 2030, to accommodate the rise in EV ownership.

It is estimated that approximately 80% of the county have access to off-street parking²³. For these residents, the Council will promote funding opportunities for home chargers, such as the Electric Vehicle Homecharge Scheme.

The remaining 20% of residents, if they own an EV, may require on-street charging facilities. Here the Council will take a more direct role, installing on-street chargepoints in residential streets. Assuming the same distribution of EV ownership among residents with and without access to off-street parking, there could be up to 11,000 EVs requiring on-street charging in 2030. Research suggests that by 2030, one charger could accommodate sixteen EVs for normal public charging and that 80% of EV charging will take place at home or at work²⁴. The Council, therefore, may need to install around 700 on-street chargers by 2030. This is likely to require investment of between £5m - £10m. However, it should be noted that assumptions used to calculate this figure mean it is subject to change as more in-depth analysis takes place.

As a first step, the Council will collaborate with external partners to develop robust data about demand for EVs and the implications this may have on charging infrastructure and the power grid.

The Council will publish an online tool in 2021 that will allow residents to register their interest in having an on-street charger, as well as register their interest in joining a car club. This map of potential demand and implications on the power grid will then be further explored through work with external partners.

In January 2021, the Council will apply to the Office for Zero Emission Vehicles (OZEV) On-street Residential Chargepoint Scheme (ORCS) for £100,000 of funding, which will be matched by an additional £33,333 from the Council's capital budget. 6 selected locations across the County will then each have 4 on-street charge points installed by April 2021, if the application is successful. This will act as a pilot scheme to understand best practice around on-street EV charging, before further expansion in future years.

£500,000 of capital funding was allocated to EV charging in the 2020/21 budget. From this funding, 12 priority sites were identified for a range of rapid, medium and standard charging points, which are currently being installed in public car parks. This is in addition to the 37 chargepoints the Council already operates. According to the government's most recent figures, Northumberland currently has a total of 162 public charging devices which equates to 50 per 100,000 population²⁵. This places us in the top 20% in the UK for EV charging

²³ <https://www.gov.uk/government/statistical-data-sets/nts09-vehicle-mileage-and-occupancy>: NTS0908: Where vehicles are parked overnight by rural urban classification: England

²⁴ <https://theicct.org/sites/default/files/publications/UK-charging-gap-082020.pdf>

²⁵ <http://maps.dft.gov.uk/ev-charging-map/>

provision. The Council is committed to continuing to maintain this above average position through expansion of its own EV charging network together with attracting commercial EV charging companies to install facilities within the County.

In the 2020 Autumn Spending Review, the Government announced “£275 million to extend support for charge point installation at homes, workplaces and on-street locations” and “£90 million to fund local EV charging infrastructure to support the roll out of larger on-street charging schemes and rapid hubs”. The Council will proactively seek out and apply for central Government funding to support the expansion of Northumberland’s public charging infrastructure.

The Council will collaborate with private business to increase charging facilities at Northumberland workplaces and will promote funding opportunities, such as the Workplace Charging Scheme.

The Council will work in close partnership with the District Network Operator to identify potential charger locations, as well as providing them sufficient notice to allow for works; this could greatly reduce the cost per charger connection.

Northumberland Local Plan

There are several policies in the emerging Local Plan supporting the future resilience of communities and infrastructure to climate change impacts, including Policy TRA 1. The policy seeks to ensure sustainable connections by reducing the need to travel by car and maximising the use of sustainable modes of transport. The plan recognises the unavoidable reliance upon private vehicles given the rural nature of the county and in this context supports the roll out of electric vehicle charging infrastructure. The policy seeks to ensure that, early in the design process, developers include routing for the future cabling of off-street household charging points in safe and accessible locations, to avoid costly and disruptive retrofitting. The Government recently consulted on potential changes to building regulations which would take this requirement further, making the installation of electric vehicle charging points mandatory for new homes with parking.

Fleet Replacement Programme

A Green Fleet Review was undertaken on the council’s own vehicle fleet in early 2020, which confirmed the use of EVs as a viable fleet option for certain classes of vehicle. As a result of this study, the Council’s Fleet Replacement Programme (FRP) was reviewed during summer 2020 and it was decided to replace 70 end of term, small diesel vans with EV alternatives; the council’s fleet size will not increase as a result of this replacement scheme.

This switch to EVs has now commenced with 47 EV vans having been procured in the financial year 2020-2021. An additional 11 EV vans will be bought in 2021-22 and a further 12 EV vans in 2022-23. The total capital cost of these new EVs is expected to be £1,533,000. It is estimated that this decision to utilise EVs within the Council’s vehicle fleet will result in the following CO2 emissions reductions, as well as avoiding the polluting emissions from diesel engines which are of particular concern to air quality:

- 2020/21 - 0.2046 ktCO2
- 2021/22 - 0.2133 ktCO2
- 2022/23 - 0.2146 ktCO2

Additional benefits include a potential annual fuel saving of £86,158.42 and potential Vehicle Excise Duty saving of £18,100 per year, based on current rates.

To accommodate and support the FRP, Electric Vehicle Charging Points (EVCPs) will be installed at several Council sites. Without the necessary charging infrastructure, NCC will not be able to progress the 'greening' of its fleet through increased use of EVs. It is anticipated that 43 EVCPs will be required at 15 depots, to accommodate the growing EV fleet. Due to ongoing or upcoming construction works at several sites it is necessary to phase the installation of the new EVCPs; 34 EVCP units have therefore been installed in 2020 at a capital cost of £156,500 and it is envisaged the remaining required EVCPs will be installed between 2021-2023 to align with depot improvement schemes.

It should be noted that the EVCP installations within depots are to meet the Council's own fleet requirements and are not for public use. A separate programme is being implemented to enhance public EVCP infrastructure across the County in order to support the wider uptake of EVs by the public and businesses as part of the Council's climate change Action Plan.

Regular reviews will continue to take place across the Council's whole vehicle fleet as part of its Fleet Replacement Programme in order to assess the viability of other electric alternatives to the many different types of diesel vehicles operated by the Council, such as street sweepers, larger vans and refuse collection vehicles. The pace of this EV replacement programme is largely dependent on emerging new technology and the cost of electric alternatives to larger vehicles. If a positive business case can be made that demonstrates the additional capital cost of purchasing an EV is warranted based on the revenue savings made over the vehicle's lifetime in fuel, maintenance and tax along and the contribution made to reducing CO₂ emissions and progress towards climate change targets, the council will proactively begin to replace the respective vehicles with electric alternatives once existing vehicles come to the end of their lifetime.

In addition to a switch to EV vehicles, the Council will also continue its work to make best use of new technologies, such as Global Positioning Systems, in-cab systems and routing software, alongside driver training programmes, to ensure that its vehicle fleet is operated as efficiently as possible in order to minimise fuel consumption and the associated carbon emissions.

The Council has also begun trialling battery operated handheld equipment with a view to replacing two-stroke engines on items such as strimmers, chainsaws and hedge trimmers across its grounds maintenance activities. These have well received by operators as they have significantly lower levels of noise and vibration as well as reducing emissions substantially. Two stroke engines are some of the worst polluters in terms of air quality so replacing these types of machine is a priority for the Council.

Broader Context - North East Transport Plan, Transport North East

Transport North East have recently published the draft 'North East Transport Plan, 2021-2035'²⁶. This is the first region-wide transport plan for the seven local authority areas in the north east: Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South

²⁶ <https://www.transportnortheast.gov.uk/wp-content/uploads/2020/11/Full-Transport-Plan.pdf>

Tyneside and Sunderland. This plan sets out the transport priorities for the region up to 2035. The plan is currently undergoing public consultation. A finalised version of the plan will be published in 2021.

The vision of the draft North East Transport Plan is “moving to a green, healthy dynamic and thriving North East”.

The plan has five key objectives, including creating a “carbon neutral North East” and delivering “appealing sustainable public transport choices”.

There are several climate-relevant key performance indicators of the plan, including: increase the sustainable transport mode share; increase the accessibility of public transport; improve greener journeys by reducing carbon output per capita; increase the uptake of ULEVs; and improve air quality.

The plan has funding asks of Government and its partners for £200 million each year for transport and digital funding for the region’s COVID-19 recovery and a multi-year settlement of £6.1 billion to commence delivery of the programme. The Council will work with Transport North East to allocate a fair share of any allocated funding to Northumberland for net zero transport projects.

The draft North East Transport Plan includes the following relevant policy statements:

- “We will help people make greener and healthier travel choices whenever they can and make sure our sustainable network takes everyone where they need to go, at a price they can afford.”
- “We will help more people use active travel by making the cycle network better across the North East. This will include being flexible in how we use road space to help cyclists and pedestrians.”
- “We will initiate actions to make travel in the North East net carbon zero and improve transport safety and security.”
- “We will improve bus travel and attract more passengers with new rapid bus corridors. This will include changing how road space is used to help buses move more quickly.”
- “We will strengthen use of cleaner, greener cars, vans and lorries.”
- “We will invest in Metro and local rail to extend and improve the network.”
- “We will take action to make travel in the North East net carbon zero and improve transport safety and security.”

Northumberland County Council shares the draft North East Transport Plan’s net zero transport vision, objectives and KPIs and will work with regional partners to help achieve these. The Council will work with Transport North East around the above policy statements, to deliver as many net zero outcomes for Northumberland as possible.

Alongside the North East Transport Plan, Transport North East will also be publishing a bus strategy, local rail strategy, active travel strategy and road and electric vehicle infrastructure strategy between 2021-2023. The Council will work alongside Transport North East and regional partners to shape these strategies for a carbon-neutral regional transport system.

Priority Action Area 5 - Renewable Energy Generation

The Issue
Electricity use accounted for nearly 20% of positive CO₂ emissions in Northumberland in 2018

Whilst the national grid is decarbonising through a move away from fossil fuels to renewables, there is still a need to generate renewable energy locally, in order to meet increased demand for electricity as heat and transport become more reliant on it.

The cost
Projects set out in this section will cost around **£5m**. The majority of this will come through grant funding.

Individual residents will bear some cost of the move to low emissions transport through the purchase of household solar PV, supported by available grants.

The benefits
Around 430 tCO₂ can be directly saved through delivery of these projects.

It is estimated that around 32 jobs will be created or supported through the delivery of these projects.

The electricity we use in our homes and businesses produces carbon emissions; this is in part because the UK's national energy grid is predominantly powered with centralised energy from power plants. These plants have historically been coal powered, however the UK is transitioning its energy to lower carbon options, such as natural gas. Part of this transition is being supported by renewables such as solar PV, hydro, wind (on and offshore) and biomass. As the energy mix shifts toward renewables the electricity utilised decarbonises. This may present an option for "do nothing" on energy as the decarbonisation of this element is being managed centrally, however Northumberland County Council are committed to providing clean power within the county for the county's use. There are two reasons why "do nothing" is not being considered an option:

- 1) the grid is not decarbonising quickly enough for us to meet our 2030 target;
- 2) we will increase our power usage through a move to electrified vehicles and heat and hence it is important that we are providing our own power to offset these increases.

As such the council is committed to installing its own renewables across the county and supporting private investors to install renewable energy where; it is technically, socially and environmentally feasible.

Northumberland has a thriving energy community that is responding to climate change whilst driving clean economic growth. As shown in Figure 18, we have improved on the generation of renewable energy over the last six years and are 2nd in England for MWh generation in

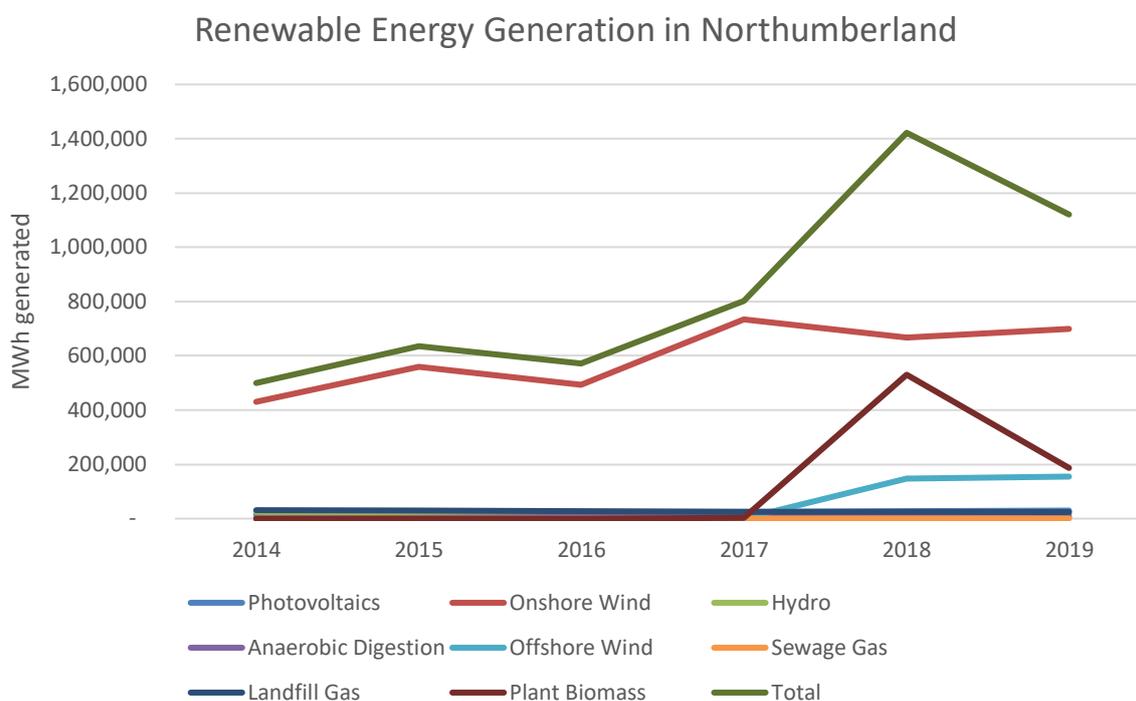


Figure 18 - renewable energy generated in Northumberland by type between 2014 and 2019

onshore wind, and 1st for Hydro generation.

In 2019 Northumberland generated over 1.1 million MWh of renewable energy from over 8,000 installations which is 50% of the equivalent overall electricity use for the county, with the national average being 34%.

Grid Decarbonisation

The UK's national grid is decarbonising and to some extent Northumberland will be reliant on this national trend to deliver a significant proportion of our carbon savings. BEIS produce projected decarbonisation figures for the national grid and it has been determined from their data calculated against electricity usage in Northumberland, that national grid decarbonisation will equate to 219 ktCO₂ savings annually in Northumberland by 2030²⁷.

Northumberland County Council appreciates that it has a role to play in the continued national decarbonisation of the grid and that it is important that the council seeks to draw in opportunities to the county. Offshore wind has been heavily supported by central government and Northumberland is well placed as a coastal county to support this industry and use existing partnerships with Port of Blyth to seek to leverage private sector investment into the region and create employment and wider inward investment.

Offshore wind is by no means the only active energy generation sector that can support local jobs, Northumberland already has a significant amount of renewable energy infrastructure,

²⁷ <https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2019>

between onshore wind, biomass plants at Lynemouth and Cramlington, the largest hydroelectric power plant in England situated at Kielder Water and a range of commercial and domestic renewable systems which support local investment in maintenance and management of these assets. Northumberland County Council will continue to support renewable technology where installations are technically possible, economically feasible, environmentally advantageous and socially acceptable.

Power reduction and efficiency

As with the priority action area covering heat, the key to maximising the benefits of energy efficiency are to reduce the total amount required prior to emphasising generation of our own energy. A few simple technologies exist to be able to support the reduction of energy demand.

LED lights have long been a cornerstone of energy efficiency measures, but they have not been delivered in all technologically appropriate settings across the council estate. Local Services have delivered a wide roll out of LED lighting across the street lighting portfolio, however our property estate still has properties requiring installation. Northumberland County Council will undertake an evaluation of the whole estate, including maintained schools, and roll out LED lighting across the entire estate by 2023. Where possible and appropriate, passive infra-red (PIR) sensors will be installed at the same time as LEDs to ensure that power is only used when it is required.

Another significant power use is electronic appliances, both white goods and IT equipment. Northumberland County Council will only purchase energy A+ rated and above appliances, unless extenuating circumstances make alternatives a better investment option. Where possible settings will be put in place to turn off equipment when not in use to minimise “standby use”.

Through our partnerships and engagement strand, we will work with local communities and businesses to develop plans to reduce power usage in homes and businesses across the county.

Whilst the measures above can be adopted to reduce demand for power, it is anticipated that demand for power will nevertheless increase over time as transport and heat become more reliant on electricity.

Energy Generation

While energy efficiency and minimisation of energy usage is critical it can only go so far in reducing our emissions. There will always be a requirement for power to enable Northumberland County Council’s operation. It is expected that as we electrify our fleet vehicles and our property’s heat our electricity demand will increase over time. To offset these emissions, it is critical that we increase the renewable energy generation across the county and build on the existing assets we have to maximise the carbon reductions.

Solar PV

The most common example and most widely distributed energy generation asset is roof mounted solar PV. Northumberland County Council has made significant investment into this technology over the last 10 years and now boasts an estate of 3,510kWp. This figure includes domestic properties within Northumberland County Council’s housing estate.

Within Northumberland County Council's commercial solar PV estate 738MWhs of electricity were generated in 2019/20 financial year. Based on our current pipeline of projects, we expect 2,485MWhs to be generated by the PV estate by 2022/23 financial year (greater than a 3-fold increase). There are ongoing works to determine the scale of possible implementation for solar PV, additional roof mounted is certainly possible across the council's estate however the pilot solar car port project being undertaken at County Hall may provide a blueprint for far reaching implementation.

Northumberland County Council will continue to make investment into roof mounted solar PV where it provides a carbon saving and a net nil cost over the life of the asset.

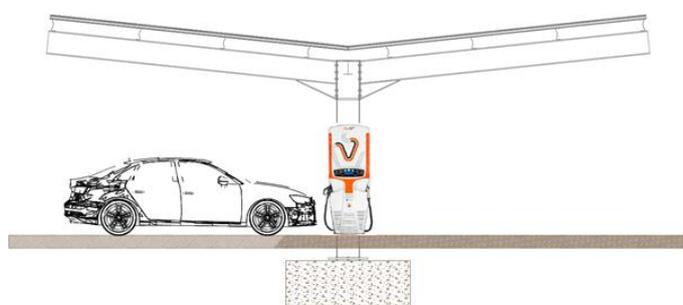


Figure 19 - cross section of solar car port design with EV charger

With the support of ERDF funding, Northumberland County Council is currently designing and installing a solar car port at our County Hall building. The solar car port will provide power to both the building and to electric vehicle charge points being installed underneath as shown in

Figure 19. The installation at County Hall will present an opportunity to test the technology with a view to wide

scale roll out across the county over the 2021-23 period. This technology will be applied best where there are large energy users who can use any excess power that is not being used to charge vehicles. Leisure centres are a prime example and the council's intention is to consider these as the next assets we will consider. We will also support private investors and other landlords to install this technology within the county, sharing our experiences and learning.

Based on analysis of the number of council owned car parking spaces across the County, it may be possible to install up to 10MW of solar across car parks in Northumberland. This would represent an energy generation potential of 8GWhs per year of clean energy generation and would make better use of the space taken up in our towns and villages by car parks.

Full feasibility and planning would be required, which may limit potential installations. Northumberland County Council commits to reviewing the energy generation potential of all its car parks by the end of 2023. Where an economic case can be made which is socially and environmentally acceptable and technologically achievable, a pipeline of solar car port projects will be developed for installation commencing in the 2023-24 financial year. Solar car ports provide a strategic opportunity to link electric vehicle charging points to clean energy generation and these technologies will be dual located wherever possible and feasible.

Solar farms are an option that since the close of the supporting subsidies has not been directly considered by Northumberland County Council. The Council will consider solar farms as a potential investment option where there are significant carbon savings and an economically investible case. With the recent change in Contracts for Difference (CfD)

funding²⁸ this may become an economical option again. The council will only consider this where it does not have a negative social or environmental impact.

The Council with further support communities to develop their own energy generation schemes. The council have co-funded an officer with the North East Local Enterprise Partnership (NELEP) to assist community groups to apply for the Rural Community Energy Fund (RCEF), which can support feasibility and project delivery of community energy projects.

Through Green Homes Grant voucher scheme and the Local Authority Delivery aspect of that fund, Northumberland County Council is actively supporting the installation of renewable energy generating technology, particularly solar PV, which is relatively simple to be installed and provides significant energy savings to bill payers.

Hydroelectric

Hydroelectric generation presents some significant benefits to add to Northumberland County's renewable energy mix. Northumberland can already boast the largest hydroelectric power plant in England, Kielder Water. Where hydroelectric presents a real benefit is in its seasonal generation outputs. Where solar provides much more significant outputs during summer months than winter, the increased rainfall in the county during the winter months presents a strong opportunity for energy generation.

Hydroelectric can be a divisive issue as if it is designed and installed incorrectly, it can have negative impacts on aquatic wildlife and hence it requires a significant amount of due diligence prior to committing to a project.

Northumberland County Council is investing in this level of due diligence for the potential hydroelectric opportunity presented at the weir adjacent to Hexham Bridge. Funding has been agreed from North of Tyne Combined Authority and the North East LEP to support a techno-economic feasibility study into the options presented at the site. This site presents a real opportunity to directly utilise the power. Two options are currently presented for direct usage, the Wentworth Leisure Centre and the Tyne Mills Depot. The latter is undergoing a rebuild which will be supported by electrified renewable heating, either air source or ground source. It will also require EV charging capacity for our increasingly electric fleet. If power can be supplied from a hydroelectric facility to power the buildings electric and heating load it is possible that the redevelopment can reach Passivhaus Standard²⁹.

Northumberland County Council has also undertaken a high-level scoping exercise into various locations within the county that could be suitable for hydroelectric. In addition to Hexham Hydro three of these options have been taken forward for additional investigation which has yielded an option on the River Wansbeck at the weir in the centre of Morpeth. There are significant ecological concerns at the site which have paused work on this opportunity but should the investigations at Hexham prove to be fruitful and an ecologically safe technology be implemented then the weir in Morpeth on the River Wansbeck presents a natural next avenue of investigation.

	KW	kWhs/year	Year 1 tCO ₂ saved	Capital Cost	Jobs
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²⁸ <https://www.gov.uk/government/collections/contracts-for-difference-cfd-allocation-round-4>

²⁹ https://www.passivhaustrust.org.uk/what_is_passivhaus.php

Hexham Hydro	230	1,165,000	272	£1,850,000	12
Morpeth Weir	70	215,000	50	£437,000	2
Haltwhistle Weir	110	357,000	83	£1,046,500	6
Wooler Weir	15	49,000	11	£152,950	1

Wind

The UK Government has been openly supporting the development of offshore wind for several years and in 2020 the UK's Energy Minister has pledged to increase offshore wind production by 4 times from its existing level by 2030³⁰. This level of support has allowed a young industry to grow exponentially over the last decade and this growth is expected to continue into the next decade. Blyth already hosts the offshore energy catapult which provides expertise and development to the industry. Northumberland County Council through its connections with The Port of Blyth and Advance Northumberland will support the industry and seek to increase local employment in this growing industry and seek inward investment into the county.

Onshore wind has been divisive over the past decade, balancing the need for clean, renewable and cheap energy against the visual impacts of the turbines. Onshore wind still presents the most cost-effective form of energy generation, but as turbine sizes increase to generate greater amounts of power within smaller footprints of land it increases the visual impact. Northumberland County Council has set out its position for onshore wind within the local plan. To provide a full range of options for the decarbonisation of the county onshore wind cannot be ruled out, however where alternatives exist it will not be prioritised.

Blyth estuary already benefits from an onshore wind turbine providing power to the national grid. Options have been discussed for increasing the number of turbines in that area and utilising the power directly within Blyth. This presents a real opportunity should the mine water district heat network be installed in Blyth as a centralised energy centre could be powered by the onshore wind directly presenting an opportunity for zero carbon heat to be produced. It may also be possible for any excess to be used within local buildings as clean power. This presents a major opportunity to decarbonise Blyth town and hence Northumberland County Council will explore this in line with the other opportunities being explored through Future High Streets Fund, Blyth Town Deal, Energy Parks Development and Port of Blyth's ongoing investment.

Northumberland Local Plan

As previously referred to, the new Northumberland Local Plan, the statutory development plan for the County, is emerging. The Plan is currently subject to examination and is expected to be adopted in 2021.

In accordance with national policy, mitigating and adapting to climate change is a key principle running through the Plan and is inherent in securing sustainable development in Northumberland.

The plan supports small scale renewable and low carbon energy generation incorporated into new development. In addition, the Plan has a section dedicated to dealing with low

³⁰ <https://www.gov.uk/government/news/new-plans-to-make-uk-world-leader-in-green-energy>

carbon and energy generation developments (including anaerobic digestion, biomass, heat pumps, hydro, onshore wind and solar photovoltaics and associated energy storage facilities). The plan supports such developments, whilst ensuring that the objective to maximise the generation of renewable and low carbon energy is balanced with other planning considerations such as the need to protect Northumberland's environment, communities and businesses from any adverse impacts associated with development. Policy REN 2 of the Plan deals specifically with planning for onshore wind energy developments, and how such proposals will be appraised in the context of sensitive planning considerations for such developments.

Priority Action Area 6 - Natural Resource-Based Carbon Sequestration

The infographic consists of three green boxes with a folded bottom-right corner, set against a dark green background. Each box contains text under a specific heading.

The Issue
Northumberland enjoyed negative emissions of -1,114.3 ktCO₂ in 2018, compensating for 61% of positive emissions.

Protecting and enhancing this resource is essential to meeting the net-zero target.

The cost
The initial cost of projects set out in this section is £365,000 but it should be noted this just an initiation figure.

Full costs will become known following detailed planning work.

The benefits
Around 21.71 k tCO₂ could be sequestered through delivery of these projects.

Jobs will be created or supported through the projects outlined in this section. The natural resources, biodiversity and wildlife of the country will also be protected and improved.

Carbon 'capture' or sequestration is a key component of any net zero transition. From the emissions data shown in this Climate Action Plan these emissions (LULUCF) offset direct emissions from energy and fuel uses drastically and reduce the overall carbon dioxide emissions of Northumberland.

As a Council we recognise that these emissions can change (as land use changes) and they have the potential to be reversible. However, Northumberland is a major rural county with a strong established natural capital value across many areas which benefit the environment, society and the economy, it is therefore with some assurance we feel these emissions will remain and indeed increase in their offsetting capability given our and other partners approaches to land management. This is particularly true in terms of our planned efforts in reforestation/afforestation and nature recovery, this should ensure that any adverse side-effects on eco-systems from changes of land use (or from climate change) will be fully considered and mitigated where possible.

It is therefore important that these areas of land are maintained, enhanced and increased through our work in several areas.

The Great Northumberland Forest

The Great Northumberland Forest currently aims to plant 1,000,000 trees by 2024/25 across 500 hectares. Using figures from the CCC's Sixth Carbon Budget Methodology Report³¹ and assuming a 67:33 planting ratio in favour of broadleaves over conifers, these planned forests have the potential to sequester 21.71 ktCO₂ annually by 2030.

³¹ <https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-Methodology-Report.pdf> pg228

Recent political developments suggest there is an appetite to increase the scale of the Great Northumberland Forest further towards 2030 and beyond. Through the work of its Woodland Creation Group, Northumberland County Council will investigate and propose options for a more ambitious reforestation/afforestation scheme considering economic, environmental and social benefits and seek funding for this.

Local Nature Recovery Strategy pilot for Northumberland

Northumberland was selected by Defra as one of five locations for a Local Nature Recovery Strategy (LNRS) pilot. As the local responsible body, the Council map the most valuable sites and habitats for wildlife and identify where nature can be restored.

This will see the creation of habitats including new woodlands, the protection and enhancement of peat and wetlands, which are important for both healthy communities and in the fight against climate change. Local priorities for restoring and linking up habitats will fully consider the need to store more carbon.

Northumberland's Local Nature Recovery Pilot will be published by April 2021.

Borderlands Inclusive Growth Deal

The Borderlands Natural Capital Innovation Zone aims to secure investment through the Borderlands Inclusive Growth Deal to allow for a strategic approach to further enhance natural capital, that is the natural 'stock' found in nature and ecosystems that underpin environmental, social and economic benefits.

In order to allow local low carbon energy measures to work there need to be shared, accurate, detailed local plans, that leaders, decision makers, investors, communities, DNO/DSOs, businesses and residents can understand and can play a part in to allow an environment that offers greater certainty, clarity and assurance for investment in low carbon energy (power and heat) generation and low carbon transport.

The purpose of the Borderlands Inclusive Growth Deal in this context is clean growth, that is an ambition to grow Borderlands economy whilst lowering carbon dioxide emissions. Northumberland County Council is working with partners to deliver detailed local, place-based energy plans driven by data, engagement and both social and economic analysis. This projects and programme delivered approach will be the output of a major, strategic low carbon energy masterplanning exercise due to commence in January 2021 and will support this Action Plan across many areas in the coming year and beyond.

For Northumberland, our natural capital is a key part of our county's economy. The state of the environment must ensure soils, seas, freshwater, air and species all thrive for us to thrive. Northumberland County Council will work with our partners to ensure this zone drives improvements in sustaining natural capital in areas such as forestry and farming.

Peat Restoration

Our peat bogs are important habitats that provide food and shelter for wildlife, help with flood management, improve water quality and sequester large amounts of carbon. However, most peat soils support ecosystems that are sensitive to human activities including drainage, grazing, liming and afforestation. This makes them susceptible to degradation if poorly managed in which case they can become positive carbon emitters rather than sequesters. A

2010 report by Natural England found that the vast majority of peatland in England was emitting, rather than capturing CO₂³². Given this the Government is committed to creating and delivering a new ambitious framework for peat restoration in England.

Northumberland has extensive areas of peatlands and bogs and as such has a significant role to play in contributing to their continued restoration and expansion. The North Pennines AONB is at the forefront of this work via the Great North Bog initiative and the equivalent ongoing work within the rest of the county is now to be coordinated via a new Northumberland Peat Partnership.

The council has also backed the Northumberland Peat Partnership, supporting the positive management and restoration of peatland habitats in partnership with Northumberland Wildlife Trust, NNPA, Tweed Forum, Natural England and the Environment Agency.

Environment Bill 2020

The Environment Bill 2020 will place a duty for a new governance framework for the environment together with the enhancement of green spaces, nature and conservation will be key part of that at a local level.

³² <http://publications.naturalengland.org.uk/file/6394909851910144>

Priority Action Area 7 - Reducing Waste

The Issue
Waste is not included as a direct contributor to CO₂ outputs by BEIS. However, we know that both in terms of emissions and wider sustainability, it is important to reduce waste and keep materials in operation and productive use for as long as possible.

The cost
Projects set out in this section will cost around **£105,000**.

The benefits
A detailed analysis of the carbon impact of waste management services is required to understand the CO₂ saving potential.

A reduction of waste, including single use plastics will also be achieved.

Northumberland County Council currently provides cost effective recycling and waste disposal services to its residents that are compliant with current legislative requirements. This includes kerbside recycling services, garden waste collections, 'bring' recycling sites for glass and textiles, a comprehensive network of Household Waste Recovery Centres and minimising the use of landfill disposal by processing the waste deposited in general household waste disposal bins at an energy from waste facility where it is incinerated to produce 9.6MW of energy per year for supply to the National Grid.

However, the Council recognises that it must do more and is committed to reduce waste by supporting efforts to design out waste, keeping materials in operation and productive use for as long as possible. A more circular approach to waste will reduce carbon emissions both locally and more widely as materials are kept in operation and productive use for as long as possible

The Council's Municipal Waste Management Strategy 2003-2020 is in the process of being reviewed and updated, particularly in light of the Government's longer term policy direction, as set out in '*Our waste, our resources, a strategy for England*'³³ which would require local authorities to collect a core set of dry recyclables and a weekly collection of food waste.

Waste service modelling work has been undertaken to quantify the impacts of undertaking new waste collections and disposal arrangements around glass, food waste and additional plastic recycling. Details of this modelling work are set out in the Cabinet report '*Northumberland Waste Management Strategy – Proposed Trial of Kerbside Glass Collections*'³⁴.

³³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765914/resources-waste-strategy-dec-2018.pdf

³⁴ http://committeedocs.northumberland.gov.uk/MeetingDocs/47696_M10844.pdf

In response to this report, the Council approved the introduction of a 12 month kerbside glass collection trial to test the modelling assumptions and long-term viability of adding a separate collection of glass to its existing kerbside recycling collection services. This pilot is now underway across approximately 4,000 properties in Morpeth, Bedlington, Alnwick and Hexham. A review of this trial is due after 9 months to assess and confirm the costs and benefits of the kerbside glass collection service, so that the Council is in a strong position to bid for anticipated Government funding to support the roll-out of a kerbside glass collection service in Northumberland.

The introduction of a separate kerbside glass recycling service would be the first stage of this incremental approach to improving the overall performance of waste services. It is envisaged that further pilot schemes for the recycling of a wider range of plastic packaging materials, as well as separate collections of food waste, will be developed following confirmation of the Government's national waste strategy and associated funding support.

The Council is also developing plans to improve the performance of its existing recycling and waste management services and the cleanliness of the local environment for those residents who currently have to rely on weekly plastic sack collections, by providing access to communal recycling and waste bins where possible to do so. A pilot scheme will be developed covering part of the Hirst area in Ashington to evaluate the cost and environmental benefits of replacing the sack collections with large communal bins.

In addition to reviewing and updating our Municipal Waste Management Strategy, the Council will continue to undertake engagement and awareness raising activities to reduce waste, such as the 'Love Food, Hate Waste' campaign and will undertake a comprehensive baselining exercise to determine the carbon emissions associated with its current waste management services and will determine the carbon impacts of any proposed significant changes to waste services against this baseline as part of its decision-making processes, with the aim of ensuring any planned changes deliver a positive contribution to reducing carbon emissions, whilst taking into account environmental, financial, legal, operational and technical constraints.

Summary of Current Projects

The following projects are currently being, or will be delivered by the Council either directly as part of this Action Plan or as part of wider activity that is relevant to the climate change programme.

Enablers

Policy					
Project	Timescale	Budget	Funding Source	CO ₂ Impact	Other benefits
Carbon impact assessments	Starting April 2021	N/A	N/A	Medium	N/A
Corporate Social Responsibility Policy	Starting April 2021	N/A	N/A	Low	Sustainability, supports local supply chain and economy.
Workforce Training (including Carbon Literacy and stat/mand)	Starting February 2021	~£5,000	Internal Revenue	Low	Improved understanding of climate change across internal decision-making process

Partnerships and Engagement					
Project	Timescale	Budget	Funding Source	CO ₂ Impact	Other benefits
Community Climate Champions	Starting January 2021	£10,000	Internal Revenue	Medium	Community buy-in, financial savings for residents, improved public health, improved biodiversity.
Free Tree Scheme	2020 - 2030	£30,000	Internal Revenue	Low	Community engagement, improved biodiversity.
Communication Channels (e.g. newsletter)	2020 onwards	N/A	N/A	Low	
Domestic Emissions Dashboard	2021 onwards	N/A	N/A	Low	Improved understanding of household CO ₂ emissions
Borderlands Low Carbon Energy Masterplan	January – October 2021	£350,000	Inclusive Growth Deal	Medium	Energy improvements.

Direct Contributors

Heating					
Project	Timescale	Budget	Funding Source	CO ₂ Impact	Other benefits
Blyth Central District Heat Network	2020 - 2024	£4,000,000	HNDU HNIP	High	36 jobs supported
Cramlington	2020 -	£1,600,000	HNDU	High	10 jobs

District Heat Network	2024		HNIP		supported
District Heat Networks in 5 other towns (feasibility)	July 2021 onwards	£50,000 initially	HNDU	High	N/A
Green Homes Grant – Local Authority Delivery Scheme 1b	February 2021 – September 2021	£3,428,413.62	Green Homes Grant	Low	22 jobs supported, reduce fuel poverty, save money on residents heating bills.
Heat Pump Installation	2021-2022	£3,012,580	PSDF	Low	20 jobs supported.

Transport					
Project	Timescale	Budget	Funding Source	CO₂ Impact	Other benefits
Blyth Bebside to Town Centre Connectivity	2022-2025	£6,929,600	Town Deal Funding	Medium	30 jobs supported Improved air quality, public health benefits, transport links for education and employment, improved public realm and safety.
Blyth Town Centre Northern Gateway (Phase 2)	2022-2024	£3,000,000	Town Deal funding	Low	15 jobs Improved air quality, public health benefits, transport links for education and employment, improved public realm and safety.
New cycle storage in 12 main towns	2021		Active Travel Fund	Low	Encouraging cycling use, improved air quality, public health benefits
Big Northumberland Gear Change	2021			Low	Encouraging cycling use, improved air quality, public health benefits
Northumberland Line	2021-2025	Phase 1 - £124,983,989 Phase 2 - £161,917,576	Department for Transport		Increased employment, education and leisure opportunities for SE Northumberland

					d residents. GHG, air quality and traffic congestion benefits.
On-street charger pilot	2021	£133,333	OZEV	Medium	Improved understanding of delivery model for on-street charging
Car park EV charging	2020-2021	£500,000	Internal capital budget	Medium	Encourage uptake of EVs, improve air quality, reduce GHG emissions.
Fleet Replacement Programme	2020-2023	£1,533,000	Internal capital budget	Medium	Improve air quality, reduce GHG emissions.
Depot EV charging	2020-2023	£156,500	Internal capital budget	Medium	Improve air quality, reduce GHG emissions.
Local Transport Plan	2021-2022	£1,525,000	Internal capital budget	Medium	Improve air quality, improve public health, reduce congestion.

Energy Generation

Project	Timescale	Budget	Funding Source	CO ₂ Impact	Other benefits
Solar Car Port	March 2021 – September 2021	£2,939,000	ERDF	Low	20 jobs supported, improved EV charging facilities.
Hexham Hydro	2021 (detailed feasibility)	£2,000,000	N/A	Medium	12 jobs supported.

Carbon Sequestration

Project	Timescale	Budget	Funding Source	CO ₂ Impact	Other benefits
Great Northumberland Forest	2020-2024	£220,000 initial grant	Defra	Medium	Improved biodiversity, increased tree coverage, ~jobs supported
Local Nature Recovery Strategy	2021 onwards	£145,000 initial grant	Defra	Medium	Improved biodiversity, natural resources.

Waste

Project	Timescale	Budget	Funding	CO ₂	Other benefits
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			Source	Impact	
Glass Recycling Pilot	2021	£105,000	Internal	Low	

NCC 2025 Target

The Council has set out its ambition to reduce its own carbon footprint by 50% (with respect to a 2010 baseline) by 2025 and is on course to deliver and even exceed this due to the relevant projects listed above together with projected decarbonisation of the national electricity grid as can be seen in Figure 20. Whilst we are confident of achieving this target, it should be noted that it is based on an assumption that the national electricity grid will decarbonise to the expected levels and that if this does not occur, there is a risk that we may fall short based on our projects alone.

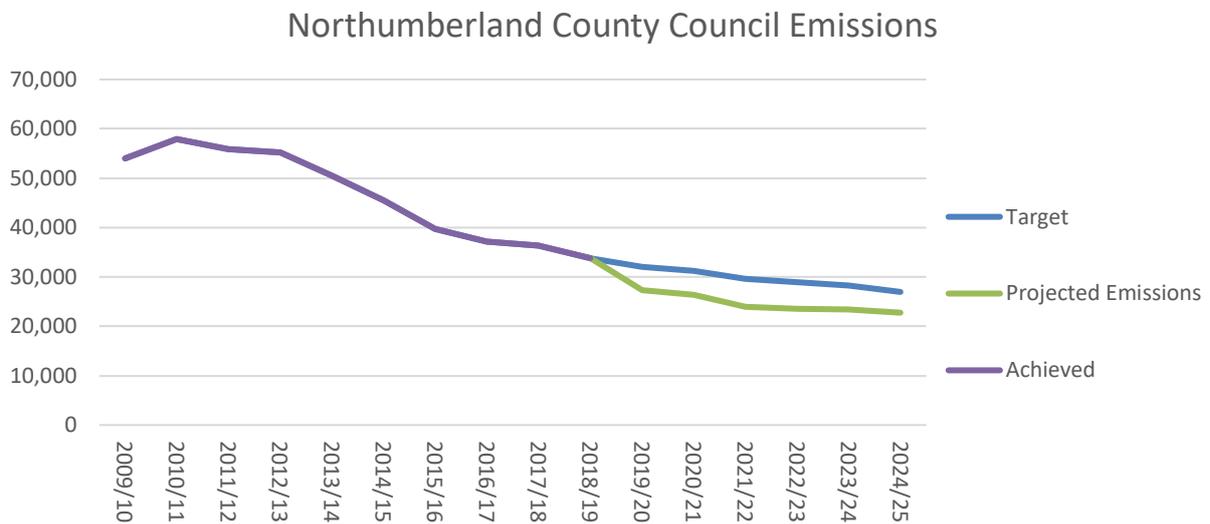


Figure 20 - Projected CO₂ Emissions of Northumberland County Council

Projects included in the graph above are only those which are approved and known at this stage. As further projects are proposed and approved (e.g. continued fleet decarbonisation), we will get closer to achieving the target without grid decarbonisation.

The County Council currently contributes 2.2% of the County's total emissions.

The Route to Net-Zero

As described in this plan, the Council has progressed a great many relevant projects since declaring a climate emergency in 2019 and setting its target of a net-zero Northumberland by 2030. The publication of our first Climate Commitment Action Plan 2020-21 set the foundations for this work. An in-depth understanding of the issues facing Northumberland in terms of its contribution to climate change has now been developed within the organisation and a robust governance structure with dedicated resource is now in place.

It is acknowledged however, that whilst all the projects set out in this plan are moving the county in the right direction, there is a great deal more to do in order to meet the net-zero target. It is therefore important to set out a plan beyond the years covered by this Action Plan, which shows how the 2030 goal could be achieved. It should be noted that at this stage, these scenarios do not amount to concrete commitments from the Council but are rather indicative pathways modelled to show possible ways forward, which will be reviewed and assessed on a regular basis. This is particularly important in light of changes in funding created by Brexit, the implications of which are yet to be fully understood.

There are many tools available to support net-zero scenario modelling including SCATTER and the Vision of a Net Zero Future run by BEIS which will develop a series of country/regional-specific visions that bring to life the scientific evidence on different global pathways to a net zero future, exploring science and innovation solutions and the co-benefits and trade-offs. Alongside continued in-house analysis, the Council will closely monitor progress to ensure any pathway improvements can be adopted. Additionally, developing work in the Borderlands Energy Masterplan which has set a clean growth ambition for net-zero will also be used as a support tool. The Council is also supporting a project funded by the National Centre for Energy Systems Integration to value uncertain future benefits and liabilities e.g. cost-benefit analysis of major projects. This will assist in major decisions when considering our projects and toolkits.

The Council will continue to lead this agenda through the priority action areas set out in this plan, but it will require the support of all residents, businesses and visitors in Northumberland as well as significant funding and policy support from central government and other sources in order to make a carbon neutral Northumberland by 2030 a reality.

Economic Impacts

Realising the scenarios modelled in this route to net-zero would require significant levels of inclusive investment across the various strands of work. Investment would need to cover substantial capital costs for projects such as heat networks, EV charging infrastructure, active travel infrastructure and reforestation/afforestation. Our initial modelling puts the figure needed to realise the scenarios set out here at approximately **£1.6bn**. The council will continue to access all relevant funding opportunities and to seek innovative methods of attracting green investment into the county to support its ambition of net-zero by 2030.

The investment required in realising these scenarios would not only result in green infrastructure but could create around **11,000 jobs** within Northumberland across many sectors and skill levels ranging from tree planting to highly skilled construction and engineering jobs. In light of the impacts of the Covid-19 crisis on employment in Northumberland, this would create significant potential to grow our local economy and

reduce unemployment through sustainable jobs which would come in new and emerging sectors rather than at the expense of others.

Additional Benefits

Beyond jobs and investment, pursuing the strategies set out in this plan both in the next two years and in the longer-term scenario modelling to 2030, will bring many additional benefits. It is the Council's ambition to use its Climate Change Action Plan to also improve public health, reduce fuel poverty, increase green tourism practices and to ultimately become the UK's greenest county.

Emissions Saving Scenarios

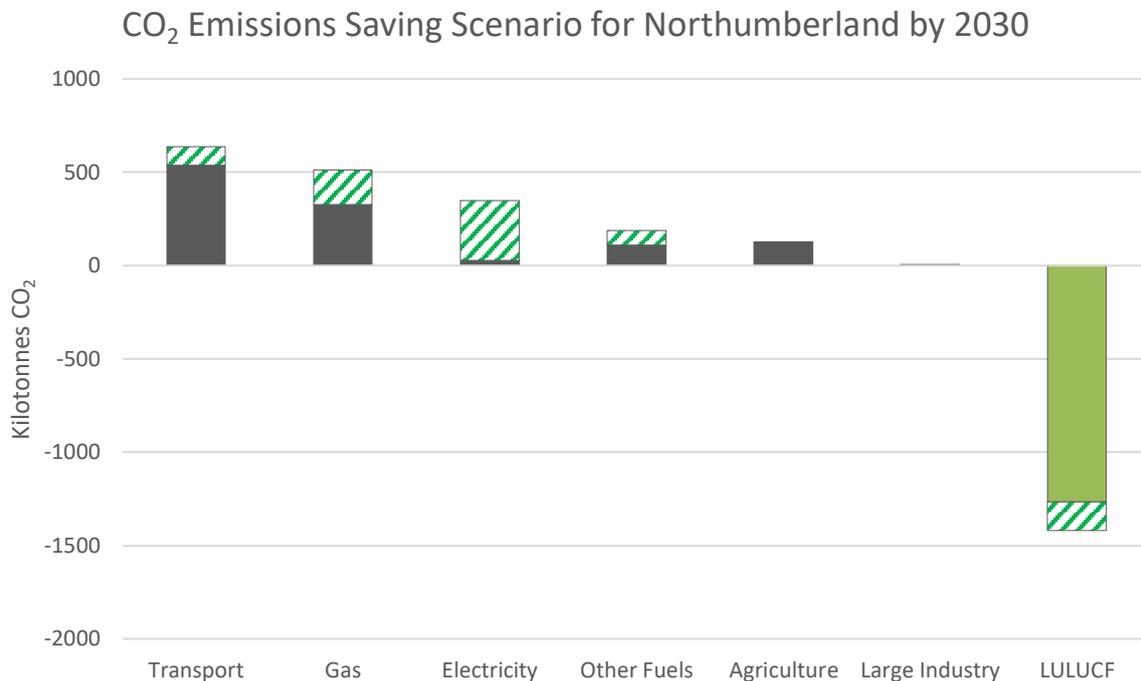


Figure 21 - potential emissions savings and remaining emissions against each category required to meet a net-zero target by 2030

As set out in Figure 21, savings are required across each emissions source, together with increased negative emissions in order to meet net-zero. The detail behind these potential savings targets is set out below.

Transport

As set out in this plan, a combination of factors will be required to reduce transport emissions as follows:

- Increased active travel – walking and cycling in place of car journeys,
- Increased use of public transport – trains and buses in place of car journeys,
- Reduced ownership and use of private cars,
- Increase in proportion of private cars and associated journeys which are electric vehicles.

This ambitious scenario assumes 30% of car journeys made in Northumberland by 2030 are made by zero-emission electric vehicles, which will amount to a saving of around 84 ktCO₂ annually. In addition to this, if journeys made by petrol and diesel cars reduce through a shift to active travel, public transport or car sharing, a further 16 ktCO₂ could be saved annually. It is deemed outwith the Council's ability to significantly reduce emissions from HGV freight traffic travelling within and through Northumberland at this time.

Over the course of the decade, Northumberland County Council will continue to pursue the transport and engagement strategies detailed in this plan in order to make emissions

savings in these areas. We will review these targets on an annual basis and continue to improve our data in order to assess progress.

Gas

A major scaling up of the district heat networks described in this plan, would be required to reduce gas emissions sufficiently to hit net-zero by 2030.

The scenario set out here assumes that within the 7 main towns in Northumberland for which we have applied for funding to undertake heat masterplanning, 80% of domestic properties and 60% of commercial properties would be accessing low or zero carbon heat by 2030.

This is an extremely ambitious scenario, dependent on many factors including significant capital investment and a major behavioural shift from residents and businesses. However, pursuing this strategy would create massive economic benefits for the county in terms of jobs, infrastructure, supply chain opportunities and training and skills advancements. It would also result in an emissions reduction of around 185 ktCO₂

Electricity

As set out in this plan, decarbonisation of the UK's national electricity grid through a shift to renewable energy, primarily wind, is currently projected to result in a saving of 293.4 ktCO₂ against 2018 electricity emissions by 2030. The Council will continue to monitor progress against these projections as figures are reported by government.

In addition to this, we have modelled a scenario of a 20% reduction in grid electricity usage across the county by 2030. This would result in an additional 27.8 ktCO₂ saved against 2018 figures. As demand for electricity is likely to increase through electrification of heat and transport, this figure could only be realised by significant investment from the Council, businesses and residents in their own micro-generation schemes such as solar photovoltaics and community energy projects.

It is also important to ensure that the demand on the grid from the electrification of heat and transport is kept to a minimum which is why home efficiency improvements to drive down heat demand together with advancing technology such as vehicle to grid charging, are a key part in emissions control and why the Council is looking at a whole system approach to net-zero.

The Council will continue to assess the feasibility of renewable electricity generation across its own estate and will promote opportunities to residents and businesses for generating their own electricity and saving costs together with CO₂.

Other Fuels

Northumberland has an above average number of homes and businesses located off the gas grid which currently need to burn oil, LPG or solid fuels such as coal or wood for their heat. These properties tend to be sparsely spread in rural locations and are therefore less suitable for district heat networks. Whilst replacing oil and gas heat sources with renewable heat either through ground or air source heat pumps is not entirely straightforward, it does at least offer cost savings as well as emissions savings to the end customer and is therefore a more attractive option for individuals if funding can be found for the initial work.

We have modelled a scenario which sees a 30% reduction in emissions from heat across all wards in Northumberland classed as rural (which can be assumed to be off gas). This would result in a reduction of 79 ktCO₂ against 2018 levels.

Northumberland County Council will continue to work with residents and businesses in off-gas properties to promote and facilitate a shift to renewable heat. This is especially important in light of the UK Government's commitment to increased renewable heat installations referenced above by 2028.

LULUCF

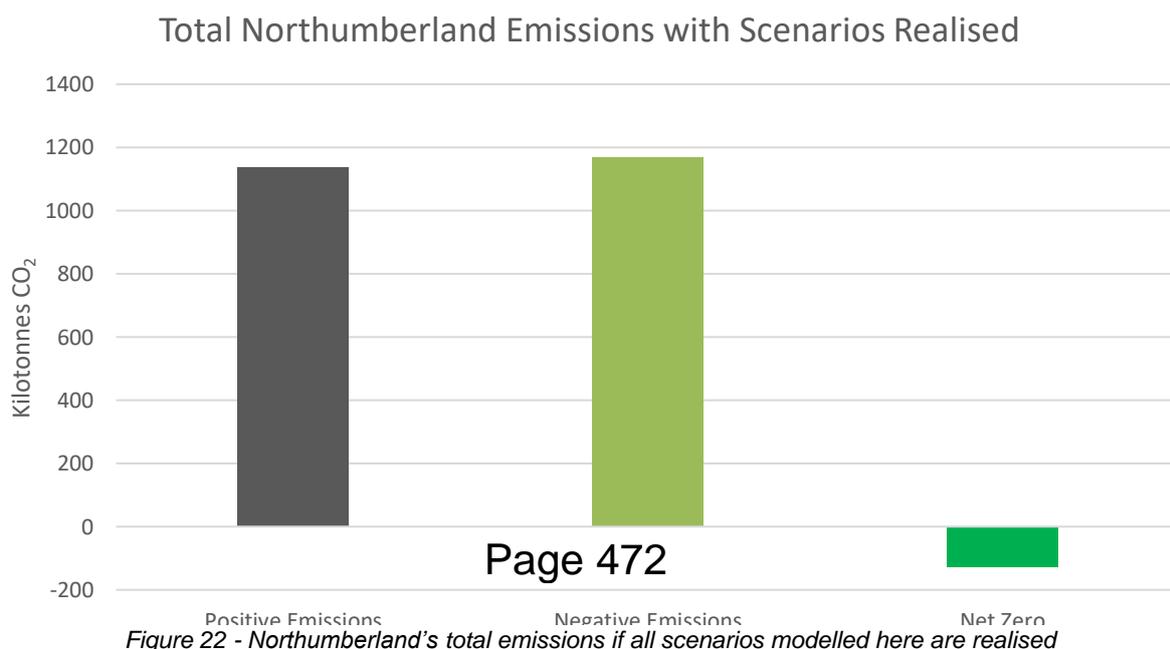
Even with the emissions reduction scenarios set out above, Northumberland would require an increase in negative emissions against 2018 levels in order to tip the balance in favour of net-zero.

Here we have modelled a maximum increase of 3500 additional hectares of forestry (around a 4% increase on existing forestry). Using the figures set out in the CCC Sixth Carbon Budget Methodology Report³⁵, this would result in additional sequestration potential of 151.9 ktCO₂ after 7 years which would allow for planning, land use change and planting of trees. As stated above, there is also potential for further carbon sequestration through peat restoration, wetlands and regenerative farming practices, and as nature recovery work accelerates, the emissions reduction potential of land use change will be better understood.

More detailed analysis is required to understand exactly what the impact of this scenario would be on carbon emissions. There is some disparity between figures published by different sources. As part of our Local Nature Recovery Strategy, Great Northumberland Forest planning and the upcoming introduction of the government's Environmental Land Management (ELM) scheme, we will revisit and revise these figures as more accurate data becomes available.

Modelling the above scenario in terms of our potential to increase our LULUCF negative emissions ensures there is a reasonable level of tolerance against positive emissions reduction schemes to balance our emissions and achieve carbon neutrality.

It is highly unlikely that all the scenarios modelled here will be realised so a level of tolerance is required. As shown below in Figure 22, if all scenarios are realised, it would result in total net emissions for Northumberland of -128.6 ktCO₂ by 2030.



Beyond 2030

The Council understands that, in order to realise the national ambition of a net-zero UK by 2050, locations such as Northumberland which enjoy large areas of natural resources, will have to become carbon-negative in order to compensate for major urban conurbations which are unlikely to be able to achieve carbon neutrality themselves.

Beyond 2030, the council will continue to align itself with national objectives and support the UK's target of a net-zero country by 2050 by continuing to pursue the strategies set out in this plan.

Conclusion

This Action Plan sets out the projects and initiatives which will be driven forward by Northumberland County Council across the next two years. It also sets out the significant challenges facing the Council in achieving its net-zero ambition by 2030 along with the varied benefits this will bring.

The Council was clear in its initial pledge when declaring a climate emergency in 2019, that it would require the support of national government along with regional agencies, residents and businesses to achieve a carbon neutral Northumberland. This has not changed and indeed this Action Plan provides further evidence that a joined up and collaborative approach is required.

However, the knowledge and experience, together with the partnerships and networks the Council has built up which underpin the actions and scenarios set out in this plan, demonstrate that it is in a good position to lead the county towards net-zero and to facilitate the collaboration between national government, and local communities which will be required.

Despite the challenges, there is reason for optimism as the actions and scenarios set out in this plan will benefit residents, businesses, visitors and nature across the whole County.

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Northumberland

County Council

CABINET

09 FEBRUARY 2021

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Neil Bradley, Service Director, Strategic Commissioning and Finance

Cabinet Member: Councillor Nick Oliver, Portfolio Holder for Corporate Services

1. Purpose of report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group via email on 06 January 2021.

2. Recommendations

In relation to new projects, Cabinet is recommended to:

- 2.1 **Car Parking Improvement Programme: Morpeth Goose Hill School Site:** approve an additional allocation of £1,723,154 from the proposed £10,377,000 overall capital provision for parking improvements included in the 2021-24 Medium Term Financial Plan to enable the construction of a new 140 space car park on the site of the former Goose Hill School in Morpeth.
- 2.2 **Solar PV:** approve the capital budget requirement of £150,000 for installation of Solar PV panels at the new Berwick Leisure Centre, to be met from the renewable energy provision within the 2021-24 Medium Term Financial Plan.

In relation to the acceptance of additional grant funding, Cabinet is recommended to:

2.3 **SCIP Mobile Classroom Replacement Programme**

- Accept the additional government grant funding of £3,623,573 and approve the associated increase in budget provision within the Council's Medium Term Capital Programme.

- Approve the additional funding to be allocated to facilitate a mobile classroom replacement programme in Northumberland schools.
- Approve the delegation to award the contracts for the individual school projects within the programme to the Director of Adults and Children's Services and The Lead member for Children's Services.

2.4 **Disabled Facilities Grant**

- Accept the additional grant award of £395,058 from the Ministry of Housing, Communities and Local Government (MHCLG).
- Approve the associated increase in budget provision within the Council's Medium Term Capital Programme.

2.6 **England Coast Path – Amble to Bamburgh:** accept the grant award of £99,559 from Natural England and approve the associated increase in budget provision within the Council's Medium Term Capital Programme.

3. **Links to Corporate Plan**

The Council's Capital Programme is consistent with the priorities in the Corporate Plan in particular the 'Living', 'Enjoying' and 'Thriving' priorities

4. **Background**

This paper summarises reports considered by the officer Capital Strategy Group on the allocation of funding within the Medium-Term Plan to specific projects and proposed amendments to accept additional external grant funding into the Medium-Term Plan.

SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP VIA EMAIL ON 06 JANUARY 2021

6. **CAR PARKING IMPROVEMENT PROGRAMME: MORPETH GOOSE HILL SCHOOL SITE**

6.1 The Group received a paper seeking approval to release funding to allow the continued implementation of the detailed parking action plans that have been developed. Specifically, the report requested the necessary funds for additional car parking on the site of the former Goose Hill First School in Morpeth.

Background

6.2 The results of detailed survey work and parking studies commissioned by the County Council, along with comprehensive stakeholder engagement activity, have provided a

clear evidence base that confirms action is required to address the parking issues in Morpeth.

- 6.3 The Parking Study found that there is limited spare capacity in the existing town centre car parks and that this is acting as a constraint on the town centre economy. It also noted a lack of long-stay parking for people who work in the town.
- 6.4 The study recommends that 146 additional spaces are required in the short term to address current capacity issues in the town. A planning application for a 140-space car park on the site has been submitted and demolition of the former school buildings has recently been completed.
- 6.5 The site has a number of constraints that make the project relatively complex to deliver and this is reflected in the estimated cost. Constraints include;
- existing site levels that are fixed on all four sides and cannot be altered. The new car park must therefore fit within these. Significant retaining walls are required on the northern side along the boundary with Goose Hill which will extend into the site along the access road.
 - a disused culvert running through the site, identified by a Drainage Survey, which will require further investigation and then either protection or in-fill.
 - new access to the carpark from Goose Hill requiring the lowering of BT and Northern Powergrid apparatus located under the pavement.
 - a new surface water drainage system is required for the proposed car park taking account of the DEFRA requirement to restrict the discharge flow rate.
 - very poor existing ground conditions identified by a site investigation, resulting in the need to provide a more substantial car park construction depth.
- 6.6 It is worth noting that the constraints listed above would significantly increase the costs of any form of development at this complex site.
- 6.7 Nonetheless, together these issues result in a significant amount of additional investigation and design work in addition to increasing the actual cost of the construction phase, resulting in an overall estimated cost for the whole scheme of £1,743,154 which includes of £1,541,075 for the actual construction phase itself (including a risk allowance of £108,975).
- 6.8 The capital allocation approved to date for the scheme is £20,000 so the additional capital funding allocation being sought is £1,723,154 to enable the full implementation of the scheme.
- 6.9 Although the complex nature of the site means that the proposed car park is relatively expensive to develop, it should be noted that, as a Council-owned site, there are no land costs.
- 6.10 There are no alternative sites currently available within or close to the town centre, which means this is a one-off opportunity to provide much needed additional car parking capacity for the town.

CSG Recommendation:

- 6.11 The group accepted the report and recommends Cabinet to:
- Approve an additional allocation of £1,723,154 from the proposed £10,377,000 overall capital provision for parking improvements included in the 2021-24 Medium Term Financial Plan to enable the construction of a new 140 space car park on the site of the former Goose Hill School in Morpeth.

7. SOLAR PHOTOVOLTAIC INSTALLATION – BERWICK LEISURE CENTRE

- 7.1 The Group received a business case on the proposed installation of solar photovoltaic (PV) panels at Berwick Leisure Centre to be funded from the renewable energy programme provided for within the medium-term capital plan.
- 7.2 The existing Swan Centre in Berwick, which is being replaced, currently has 9.36KW of solar and this proposal is to increase that to 84KW of solar on the new leisure centre. The requirement for solar on the new leisure centre is greater than the existing one as it is using renewable heating in the form of air source heat pumps, and this technology requires electricity to operate.
- 7.3 By installing 84KW of solar the building will benefit from 61,160kWhs of clean energy per year. The expectation is that 100% of the power generated will be utilised by the building which is equivalent to 8tCO₂ per year.
- 7.4 It should be noted that a Feed in Tariff is no longer available for solar installations. As such the business case is predicated purely on the savings gained against grid connected electricity. The estimates indicate that the savings achieved over the assumed 25-year life of the asset will offset the cost of the initial capital outlay (including interest) producing net savings of around £8,000 (over their lifetime).
- 7.5 The business case takes into account the need for maintenance over the 25-year life, as well as expected upgrade cost in year 15 to replace the inverter.
- 7.6 As Active Northumberland is responsible for the bills, an agreement needs to be reached between executive management at both organisations to determine how the capital cost is recovered.
- 7.7 Construction for the project is expected to begin in March 2021 and be completed by July/August 2021.

CSG Recommendation

- 7.8 The Group supported the proposals and recommends Cabinet to approve the capital budget requirement of £150,000 for the installation, to be met from the renewable energy provision within the 2021-24 Medium Term Financial Plan.

8. SCIP MOBILE CLASSROOM REPLACEMENT PROGRAMME

- 8.1 The Group received a report advising of the receipt of additional funding from the Ministry of Housing, Communities and Local Government (MHCLG).

Background

- 8.2 In June 2020 the Government announced an additional £560 million grant fund to maintain and improve the school estate across England. Northumberland County Council received an additional allocation of £3,623,573.
- 8.3 The capital grant funding is allocated to local authorities to address the backlog maintenance issues within the maintained school estate on an annual basis. NCC has been in receipt of this grant for over 10 years so have addressed many backlog maintenances issues, however, a separate programme that focuses solely on a particular issue across the county schools has never previously been an option.
- 8.4 This unexpected additional funding has allowed for a different approach and so it is recommended that a programme is developed to replace several mobile classrooms. The development of a programme will achieve better value through procuring a larger package of replacements.
- 8.5 Many Northumberland schools use mobile classroom accommodation for teaching or other ancillary purposes. This accommodation ranges in age from brand new to over 20 years old and in some cases the mobiles have seen use at more than one site. This additional funding allocation has enabled officers to review the mobile classroom portfolio and form a programme for the replacement of those mobiles in the worst condition.
- 8.6 Following confirmation of the additional funding, all Northumberland schools were surveyed in relation to mobile classrooms on their site. They were asked to provide details including the number, size and age of the mobiles and their current use. They were also asked to assess the condition of their mobiles and rank this from 1 to 4, with 1 being the worst condition.
- 8.7 A number of the maintained schools that responded to the survey rated their mobiles as being in the worst condition. Each of these schools was visited by an officer from NCC Property Services, who conducted an inspection of each mobile against a checklist of condition elements of the building, such as structure, wall, roof and internal condition and mechanical and electrical services condition.
- 8.8 Each element was graded, with a weighting added to highlight the overall importance of each condition element, giving a points score to the mobile units at each school. A further coefficient was included to reflect the use of each mobile, with statutory teaching activities scoring more than mixed use or non-statutory activities.
- 8.9 The schools selected for the mobile classroom replacement programme are:
- Corbridge Middle School
 - Seaton Sluice Middle School
 - Bedlington Station Primary School
 - Felton Primary School
 - Amble First School
 - Red Row First School - South Mobile
 - Shilbottle Primary School
 - Red Row First School - North Mobile

8.10 These are the highest scoring sites currently providing a partial or full statutory educational service from their mobile classrooms and it is proposed that these sites are taken forward for detailed feasibility study and costing. If it is found that there is funding still available from the allocated budget, it may be possible to add further schools to the programme.

CSG Recommendation

8.11 The group accepted the report and recommends Cabinet to:

- Accept the additional government grant funding of £3,623,573 and approve the associated increase in budget provision within the council's medium term capital programme.
- Approve the additional funding to be allocated to facilitate a mobile classroom replacement programme in Northumberland schools.
- Approve the delegation to award the contracts for the individual school projects within the programme to the Director of Adults and Children's Services and The Lead member for Children's Services.

9. DISABLED FACILITIES GRANT

9.1 The Group received a report advising of the receipt of additional Disabled Facilities Grant (DFG) for 2020-21 from the Ministry of Housing, Communities and Local Government (MHCLG).

Background

9.2 In a letter to all local authority Chief Executives in December 2020, MHCLG confirmed an additional £68 million of capital funding for the DFG in 2020-21 for local authorities in England. DFG is for the provision of adaptations to disabled people's homes to help them better access, and move around, their homes and/or gardens.

9.3 This extra boost in DFG funding is to help support local authorities to deliver more home adaptations for those people with disabilities who qualify for a DFG. Whilst recognising that, following the outbreak of Covid-19, local authorities have displayed innovation and resilience in maintaining the delivery of essential services under very challenging circumstances, MHCLG acknowledged that some authorities may have faced difficulties, including the delivery of the DFG during the ongoing pandemic.

9.4 MHCLG has encouraged authorities to allocate as much of this funding as possible within this financial year 2020-21. However, the grant conditions specify that any amounts that cannot be reasonably spent within the year should be spent at the earliest opportunity to ensure that eligible applicants are not disadvantaged.

9.5 Given the level of outstanding applications for DFG and the time it takes to complete those applications, it is unlikely that the additional amount will be utilised fully in 2020/21.

CSG Recommendation

9.6 The group accepted the report and recommends Cabinet to:

- Accept the grant award of £395,058 from the Ministry of Housing, Communities and Local Government.

- Approve the associated increase in budget provision within the Council's Medium Term Capital Plan.

10. ENGLAND COASTAL PATH – AMBLE TO BAMBURGH

- 10.1 The Group received a paper seeking approval to accept a grant award from Natural England for path establishment works on the England Coast Path between Amble and Bamburgh.

Background

- 10.2 In July 2013 Natural England's Coastal Access Scheme was approved by the Secretary of State and enacted the legislative provisions of the government's intention to create a continuous walking route (National Trail) around the entire coastline of England and Wales. The National Trail, to be known in England as the England Coast Path, has been in development since 2013 and work on the Northumberland Coast commenced in 2016.
- 10.3 After extensive research and consultation with landowners, the route proposed by Natural England (in consultation with the county council) between Amble and Bamburgh was submitted to the Secretary of State for approval in 2019 and was given approval in July 2020.
- 10.4 Works to establish the section of the England Coast Path between Seaton Sluice and Amble have already taken place (this section was the subject of a previous CSG report in December 2017). The Amble to Bamburgh section is the subject of this report. The Bamburgh to the Scottish border section is still to be fully agreed and will be the subject of a further CSG report later in 2021.
- 10.5 While Natural England have undertaken the path alignment research and consultation work themselves, it has been agreed that the local highway authorities will undertake the path establishment works and will (once the path is complete and opened) be responsible for ongoing maintenance.
- 10.6 Funding for this work is offered to the council according to the current National Trails funding formula where the government (through a grant to local highway authorities from Natural England/DEFRA), offer 100% of the establishment costs of new sections of trail and 75% of the ongoing maintenance costs.
- 10.7 The route of the path between Amble and Bamburgh mostly follows existing paths and recorded highways and footways. Sections where new access is required have been negotiated and agreed (by Natural England).
- 10.8 NCC officers have submitted a grant bid for £99,559 and expect to be in receipt of a purchase order from Natural England by March 2021; works will commence thereafter.
- 10.9 The County Council has assessed and is satisfied that the offer made by Natural England will meet 100% of the costs to be incurred.

CSG Recommendation

10.10 The Group accepted the report and recommends Cabinet to in turn recommend County Council to accept the grant award from Natural England and approve the associated budget requirement of £99,559.

Implications

Policy	The capital programme is part of the Medium-Term Financial Plan 2021-24. The plan supports the Corporate Plan.
Finance and value for money	The report outlines proposed project allocations and amendments to the approved Capital programme. The financial implications of these proposals are outlined in the main body of the report.
Legal	There are no direct legal implications.
Procurement	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
Human Resources	Not applicable.
Property	The properties affected by the proposals are identified in the main body of the report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
Risk Assessment	The risks associated with the proposals are regarded as acceptable but these risks will continue to be reviewed up to and during implementation of the proposals.
Crime & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	Carbon Reduction projects are included within this report, specifically as a result of installing solar pv at Berwick Leisure Centre.
Health & Wellbeing	There are no Health and Wellbeing implications.
Wards	All wards

Background papers:

Medium Term Financial Plan 2021-24

Report sign off:

Authors must ensure that officers and members have agreed the content of the report:

	Name
Monitoring Officer/Legal	Helen Lancaster
Executive Director of Finance and S151 Officer	Chris Hand
Relevant Executive Director	Neil Bradley
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