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Northumberland County Council

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Tel direct: 01670 622616

Date: Friday, 3 February 2023

Dear Sir or Madam,

Your attendance is requested at a meeting of the **CORPORATE SERVICES AND ECONOMIC GROWTH OSC** to be held in **COUNCIL CHAMBER, COUNTY HALL, MORPETH, NORTHUMBERLAND, NE61 2EF** on **MONDAY, 13 FEBRUARY 2023** at **10.00 AM**.

Yours faithfully

Rick O'Farrell
Interim Chief Executive

To the members of scrutiny committees as follows:-

Corporate Services & Economic Growth OSC, Communities & Place OSC, Family & Children's Services OSC, Health & Wellbeing OSC

Portfolio Holder:s: G Sanderson, R Wearmouth, C Horncastle, W Pattison, W Ploszaj, G Renner-Thompson, J Riddle, J Watson



Rick O'Farrell, Interim 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 - 6)

Minutes of the meetings of the Corporate Services and Economic Growth OSC held on 16th January 2023, as circulated, to be confirmed as a true record and signed by the Chairman.

3. DISCLOSURE OF MEMBERS' INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required where a matter arises at a meeting;

- a. Which **directly relates to** Disclosable Pecuniary Interest ('DPI') as set out in Appendix B, Table 1 of the Code of Conduct, to disclose the interest, not participate in any discussion or vote and not to remain in room. Where members have a DPI or if the matter concerns an executive function and is being considered by a Cabinet Member with a DPI they must notify the Monitoring Officer and arrange for somebody else to deal with the matter.
- b. Which **directly relates to** the financial interest or well being of a Other Registrable Interest as set out in Appendix B, Table 2 of the Code of Conduct to disclose the interest and only speak on the matter if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain the room.
- c. Which **directly relates to** their financial interest or well-being (and is not DPI) or the financial well being of a relative or close associate, to declare the interest and members may only speak on the matter if members of the public are also allowed to speak. Otherwise, the member must not take part in discussion or vote on the matter and must leave the room.
- d. Which **affects** the financial well-being of the member, a relative or close associate or a body included under the Other Registrable Interests column in Table 2, to disclose the interest and apply the test set out at paragraph 9 of Appendix B before deciding whether they may remain in the meeting.
- e. Where Members have or a Cabinet Member has an Other Registerable Interest or Non Registerable Interest in a matter being considered in exercise of their executive function, they must notify the Monitoring Officer and arrange for somebody else to deal with it.

NB Any member needing clarification must contact monitoringofficer@northumberland.gov.uk. Members are referred to the Code of Conduct which contains the matters above in full. Please refer to the guidance on disclosures at the rear of this agenda

letter.

- 4. FORWARD PLAN OF CABINET DECISIONS** (Pages 7 - 10)
- To note the latest Forward Plan of key decisions. Any further changes made to the Forward Plan will be reported to the Committee.
- 5. BUDGET 2023-24 AND MEDIUM-TERM FINANCIAL PLAN 2023-27 FOR THE HOUSING REVENUE ACCOUNT** (Pages 11 - 34)
- The report seeks Cabinet approval for the updated Budget 2023-24, Medium Term Financial Plan (MTFP) 2023-27 and 30-year Business plan for the Housing Revenue Account (HRA).
- Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services is required to attend for this item*
- 6. BUDGET CONSULTATION REPORT 2023-24** (Pages 35 - 46)
- This report provides a summary of results of the budget consultation undertaken between 6th December 2021 and 17th January 2022. The budget consultation helps to inform the Council's Budget and Medium-Term Financial Plan.
- Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services is required to attend for this item*
- 7. BUDGET 2023-24 AND MEDIUM-TERM FINANCIAL PLAN 2023-27** (Pages 47 - 208)
- 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 2023-24 and Revenue Medium-Term Financial Plan (MTFP) 2023-27 and the Capital Budget for 2023-24 and Capital MTFP 2023-27, following the Government's Autumn Statement on 17 November 2022, and the publication of the provisional Local Government Finance Settlement on 19 December 2022.
- It is important to note that there may need to be some revisions to the figures following receipt of the Government's February 2023 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 2023-24 and MTFP 2023-27 are delegated to the Council's Section 151 Officer in consultation with the Portfolio Holder for Corporate Services.
- Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services is required to attend for this item.*
- 8. COUNCIL TAX DISCRETIONARY DISCOUNT AND COUNCIL TAX SUPPORT HARDSHIP SCHEMES 2023-24** (Pages 209 - 222)

The purpose of this report is to propose that Members implement:

a) a one-off discount equivalent to a 1.00% reduction in Band D council tax (Northumberland County Council element of council tax only) for households that do not receive Council Tax Support (subject to a number of exclusions shown at paragraph 4.9). The discount will be equivalent to £17.21 in 2023-24 and will be applied to council tax bills once all other discounts have been applied.

b) a Council Tax Support Hardship Scheme for 2023-24 where a reduction of up to £175 will be made to council tax bills for all working age Council Tax Support claimants; and those pensionable age Council Tax Support claimants that do not receive 100.00% Council Tax Support, once all other discounts have been applied

c) These reductions to the council tax bills will be made in order to alleviate financial hardship and cushion the impact of the Government's recommended 2.99% council tax increase.

d) The discount and hardship payments will be funded from the surplus remaining in the Collection Fund Smoothing Reserve which the Council was required to set aside as a result of the Covid-19 pandemic. It is proposed that a reserve entitled Council Tax Support Hardship and Discretionary Discount Schemes Reserve is created to cover the cost of these schemes.

Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services is required to attend for this item

9. REVENUES AND BENEFITS POLICIES

(Pages
223 -
386)

The purpose of this report is to update Members on the policies governing the administration of Revenues and Benefits and seek approval for the updates and amendments highlighted.

Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services is required to attend for this item

10. WORK PROGRAMME

(Pages
387 -
392)

The Committee is asked to review and note the Corporate Services and Economic Growth Overview and Scrutiny Committee Work Programme for the 2022/23 council year.

11. URGENT BUSINESS (IF ANY)

To consider such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

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

Name:		Date of meeting:	
Meeting:			
Item to which your interest relates:			
Nature of Interest i.e. either disclosable pecuniary interest (as defined by Table 1 of Appendix B to the Code of Conduct, Other Registerable Interest or Non-Registerable Interest (as defined by Appendix B to Code of Conduct) (please give details):			
Are you intending to withdraw from the meeting?		Yes - <input type="checkbox"/>	No - <input type="checkbox"/>

Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in **Table 1**) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
- a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative or close associate; or
 - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2** you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied
9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well- being:
- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise, you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
Corporate tenancies	Any tenancy where (to the councillor’s knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body

	<p>where—</p> <p>(a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <ul style="list-style-type: none"> i. the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* ‘director’ includes a member of the committee of management of an industrial and provident society.

* ‘securities’ means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority
- b) any body
 - i. exercising functions of a public nature
 - ii. any body directed to charitable purposes or
 - iii. one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

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Agenda Item 2

NORTHUMBERLAND COUNTY COUNCIL

CORPORATE SERVICES AND ECONOMIC GROWTH OVERVIEW AND SCRUTINY COMMITTEE

At a meeting of the **Corporate Services and Economic Growth Overview and Scrutiny Committee** held in the Council Chamber, County Hall, Morpeth, NE61 2EF on Monday, 16 January at 10.00 am.

PRESENT

Councillor D. Bawn
(Chairman in the Chair)

COUNCILLORS

Beynon, J.
Dunn, E.
Murphy, M.

Oliver, N.
Robinson, M.
Taylor, C.

CABINET MEMBERS

Sanderson, G
Seymour, C.

Leader
Deputy Portfolio Holder for
Corporate Services

OFFICERS

Gardner, K.
Greally, R.

Nicholson, S.
Willis, J.

Senior Service Director
Assistant Democratic Services
Officer
Scrutiny Co-ordinator
Executive Director of Finance
(Section 151 Officer)

39. APOLOGIES FOR ABSENCE

Apologies were received from Councillors A. Wallace and R. Wearmouth.

40. MINUTES

RESOLVED that the minutes of the meeting of the Corporate Services and Economic Growth Overview and Scrutiny Committee held on 10 October 2022, as circulated, be confirmed as a true record and signed by the Chairman.

41. DECLARATIONS OF INTEREST

Councillor M. Murphy declared she was on the board for Advance therefore she would not comment on item 9.

42. FORWARD PLAN OF CABINET DECISIONS

The Forward Plan of forthcoming Key Cabinet decisions was reported to the Committee. (Report enclosed with the signed minutes as Appendix A).

RESOLVED that the Forward Plan of key decisions be noted.

43. STRATEGIC CHANGE BUSINESS PLAN

Councillor Glen Sanderson, Leader of the Council, introduced the report to Committee. Local Government was facing an unprecedented series of challenges over a sustained period. Against a background of severe financial constraint, customer demands were increasing and advances in technology had led customers to expect that their local Council would interact with them in very different ways. In addition, the Council faced increasing pressure on services from an ageing population.

The strategic change programme had set out to redesign the way the Council delivered local public services within the context of the ongoing challenges. The Council could no longer afford to do all the things it had done in the way it currently did them. The aim of the programme was to transform public services so that they were delivered in a more cost-effective and sustainable way. This included how services were delivered to customers, the way the Council was run, and how the Council utilised resources, technology, assets, and people.

This business case set out a package of step changes that would deliver significant financial savings, whilst making the Council more modern, efficient, and fit for purpose. This was not about cutting services, but about transforming the way services were delivered and how the Council operated to achieve the best outcomes for customers and residents.

The business case had set defined seven workstreams as follows:

- Best Services to Customers
- Best Value for Money
- Best in Class Commissioning
- Best Use of Resources
- Best use of Assets
- Best Use of Technology
- Best Talent and Opportunities

The Programme and the business case would support the Council to deliver its three priorities of economic growth, addressing inequalities, and value for money. If the business case was approved, a further report would be brought to Cabinet outlining the authority's approach to the management of change and the proposed governance arrangements for the programme.

Jan Willis, Executive Director of Finance and Section 151 Officer and Kelly Gardner, Senior Service Director: Improvement and Innovation Service were in attendance to assist with queries from members. The following comments were made in response to members questions:-

- the Programme was not just about saving money, but also about improving services whilst providing value for money;
- engagement was key to the success of the initiative through consultations with the public, elected members and staff, and in particular, front-line staff who actually deliver services and can best identify what the Council is doing right and where it can be better, and
- the Council would continually look to how it could be more innovative in dealing with problem issues and how data could be used to best effect to inform that process.
- Members were assured appropriate consideration had been taken towards the plan. The need for change was identified over 12 months ago and careful and measured approach had been taken. The work was a programme and would therefore be phased.
- Outside partners were involved in the process to bring specialism within the team and to add additional capacity. Transformation programmes had been implemented before and had not been successful. It was hoped with a delivery partner and consultants there would be more accountability in the programme.
- More detailed proposals would be brought to committees for members to comment on such as innovation from the Council, effective potholing as well as the 'find my street' programme. Members welcomed the opportunity for further scrutiny as the programme developed.
- Members were assured there was dedicated funding set aside for the programme.
- The workstreams within the programme would have key outcomes which could be measured to the progress being made. The progress would be monitored by Kelly's team and the delivery partner.
- Members were assured that the new Chief Executive had been informed of the new programme and welcomed it. The Chief Executive wanted the programme delivered in a timely manner to combat the future financial challenges.
- Officers were keen explore innovation within the Council and took on board Members suggestions of 'hackathons' to engage with stakeholders over certain issues.
- Members acknowledged that the centres of excellence would be where the services had internally streamlined after overlaps in work had been identified. It was hoped that whilst services would be streamlined existing staff would also be upskilled and;

- any impact on jobs would be dealt with by the management of change process. It was hoped that compulsory redundancies would be avoided and the downsizing of teams would be through natural wastage.

RESOLVED to advise the Cabinet that it supported the recommendations contained in the report, subject to consideration of the issues highlighted above.

44. **WORK PROGRAMME**

The Committee received an update on its Work Programme for the 2022/23 council year.

RESOLVED that this information was noted.

45 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED that

- (a) 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) 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
9	3 - Contains information relating to business affairs of any particular person (including the authority holding that information).
AND	The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person/organisation, and could adversely affect commercial revenue

46 **TRADING COMPANIES FINANCIAL PERFORMANCE**

Councillor Seymour, Deputy Portfolio Holder for Corporate Services, introduced the report to Committee. Jan Willis, Executive Director of Finance and Section 151 Officer was in attendance to assist with queries from members. The following comments were made in response to member queries:-

- The holding company had been made dormant rather than dissolved as there was still a potential need for a company in the future therefore, it was more beneficial to retain the company than start a new company.
- As the company was dormant there was no activity or costs recorded.
- Members acknowledged that there had been an improvement in the commercial position at Manor Walks since the pandemic.

RESOLVED that this information was noted.

Chairman _____

Date _____

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FORWARD PLAN OF CABINET DECISIONS MARCH TO MAY 2023

DECISION	PROPOSED SCRUTINY DATE	CABINET DATE
<p>Director of Education Final Report The Director of Education Annual Report presents a self-evaluation of where NCC Education are as a result of work delivered during 2021-22 and also seeks to demonstrate aspirations for the future across all areas of education and related supporting functions. (G. Renner Thompson/A. Kingham - 01670 622742)</p>	<p>FACS OSC 2 March 2023</p>	<p>14 March 2023</p>
<p>Energising Blyth – Strategic Sites Strategy The report will provide an update on key acquisitions to support delivery of capital developments in Blyth as part of the Future High Street and Town Deal Funded Energising Blyth Programme (Confidential report) (W.Ploszaj/ M.Turner - 07810 756551)</p>	<p>N/A</p>	<p>14 March 2023</p>
<p>Financial Performance 2022-23 - Position at the end of December 2022 The report will provide Cabinet with the revenue and capital financial performance against budget as at 31 December 2022. (R. Wearmouth/K. Harvey - 01670 624783)</p>	<p>N/A</p>	<p>14 March 2023</p>
<p>Homelessness and Rough Sleeper Strategy for Northumberland 2022 The report provides Members with the draft Homelessness and Rough Sleeper Strategy 2022-2026 for review and agreement (C. Horncastle/J. Stewart - 07771 974 112)</p>	<p>Communities and Place OSC 5 April 2023</p>	<p>14 March 2023</p>
<p>School Transport Review Outcome Options At SLT on 1st November 2022 the full range of recommendations resulting</p>	<p>FACS OSC 6 April 2023</p>	<p>14 March 2023</p>

<p>from the system wide review of home to school transport were shared. In response to this, SLT requested a further paper to provide a summary with greater detail on the range of options considered during the review on where the transport service best sits within Northumberland County Council. This report provides the options as requested for evaluation and alongside this request's approval for the specific initiative to establish NCC delivered Independent Travel Training provision using start-up funding from the Council Transformation Fund (G. Renner Thompson/N. Dorward – 07811 020 806)</p>		
<p>Service Charges in Sheltered Accommodation The report will request permission to introduce Service Charges to all tenants in 8 Sheltered Housing Schemes in line with those currently charged at Arnison Close in Allendale. The HRA is currently subsidising these tenants at a cost of approx. £200k per year. (C. Horncastle/S. Ogle – 07976851270)</p>	TBC	14 March 2023
<p>The Link (Bridge Street Improvements) This report updates Cabinet and seeks approval of the Outline Business Case and other key decisions regarding the development and delivery of The Link project. The Link will improve the highway and public realm along Bridge Street which is one of the main vehicle and pedestrian routes into the town centre. It will improve connectivity and provide a greatly improved walking and cycling link between the town centre and the quayside. The project will support Blyth's vision to be a Connected, Vibrant and Clean Growth Town (W. Ploszaj/Lara Baker - 07919 217457)</p>	N/A	14 March 2023

<p>Trading Companies' Financial Performance 2022-23 - Position at the end of December 2022</p> <p>The purpose of the report is to ensure that the Cabinet is informed of the current financial positions of its trading companies for 2022-23 (R. Wearmouth/ M. Calvert - 01670 620197) Confidential report</p>	<p>Corporate Services and Economic Growth OSC 13 March 2022</p>	<p>14 March 2023</p>
<p>Update of Transport Asset Management Plan Policy and Strategy</p> <p>To seek Cabinet approval for the updated Transport Asset Management Plan, Policy and Strategy following it's periodic review, to take account of continued developments in asset management approaches and best practice including an increasing focus on the impact of climate change and prioritisation of active travel and minor amendments to the resilient road network. (J. Riddle/D. Laux - 01670 623763)</p>	<p>N/A</p>	<p>14 March 2023</p>
<p>Leisure Programme Update</p> <p>To update Cabinet with progress on the Leisure programme (J. Watson/M. Donnelly 07517 553463)</p>	<p>N/A</p>	<p>11 April 2023</p>
<p>Financial Performance 2022-23 – Position at the end of March 2023 (Provisional Outturn)</p> <p>The report will provide Cabinet with the revenue and capital financial performance against budget as at 31 March 2023 (provisional outturn) (R. Wearmouth/K. Harvey - 01670 624783)</p>	<p>N/A</p>	<p>9 May 2023</p>
<p>Outcomes of Phase 2 Consultation about Education in Berwick Partnership</p> <p>This report sets out the feedback received from stakeholders arising from Phase 2 of informal consultation</p>	<p>TBC</p>	<p>9 May 2023</p>

with stakeholders in the Berwick Partnership area and other relevant parties on the possible models of school organisation within both the current 3-tier system and within a 2-tier (primary/secondary) system. (G. Renner Thompson/S. Aviston - (01670) 622281)		
Leisure Programme Update To update Cabinet with progress on the Leisure programme (J. Watson/M. Donnelly 07517 553463)	N/A	12 December 2023
Leisure Programme Update To update Cabinet with progress on the Leisure programme (J. Watson/M. Donnelly 07517 553463)	N/A	9 April 2024



Northumberland County Council

CABINET

14 FEBRUARY 2023

Budget 2023-24 and Medium-Term Financial Plan 2023-27 for the Housing Revenue Account

Report of Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services

Executive Director: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Purpose of report

The report seeks Cabinet approval for the updated Budget 2023-24, Medium Term Financial Plan (MTFP) 2023-27 and 30-year Business plan for the Housing Revenue Account (HRA).

Recommendations

Members are requested to:

- 1. Approve the Housing Revenue Account 2023-24 budget as detailed within Appendix 1, which will reduce the balance on the HRA reserve from £29.809 million at 31 March 2023, to £29.121 million at 31 March 2024; and note the indicative budgets to 2026-27 which will reduce the balance of the HRA reserve to £9.294 million.**
- 2. Note that from 1 April 2023, due to current rises in inflation, the government has imposed a rent cap on social housing rent increases of 7.0%, moving away for one year from the previously agreed Rent Standard of consumer price index (CPI) +1.0% (11.1%). The budget detailed in Appendix 1 assumes that rents will rise by the revised Government capped rate of 7.0%, with recoverable service charges rising by CPI 10.10% plus 1.0% for the period 1 April 2023 to 31 March 2024.**
- 3. Approve the increase of 7.0% for Housing rents from 1 April 2023.**
- 4. Approve the increase of 11.1% for Housing Service Charges from 1 April 2023.**

5. **Approve the Non-Recurrent Growth item Hardship fund of £0.350 million for 2023-24 to support NCC tenants who may, due to their income, not be eligible to receive any financial assistance through existing benefits (Housing Benefit/Universal Credit/Discretionary Housing Payment) (detailed in point 9 &16).**
6. **Note the indicative 30-year Housing Revenue Account business plan as detailed within Appendix 1.**
7. **Approve the estimated pay inflationary increase for 2023-24 of 4.0% totalling £0.418 million (detailed in point 15).**
8. **Approve the Non-Pay Inflation Schedule for 2023-24 totaling £0.738 million (detailed in point 15).**
9. **Approve the Recurrent Growth as follows:**
 - a. **Housing Disrepair of £0.250 million for 2023-24 to cover costs of housing disrepair mitigation/resolution (detailed in point 16).**
 - b. **Additional staffing budget of £0.424 million for 2023-24 (detailed in point 16).**
10. **Approve the Recurrent Saving in relation to the Introduction of phased Service Charges for Sheltered Housing tenants, with estimated additional income of £0.100 million in 2024-25 (50.0%), £0.155 million in 2025-26 (75.0%) and £0.212 million 2026-27 (100.0%) (detailed in point 17).**
11. **Note that £45.017 million has been set aside over the 4-year period 2023-24 to 2026-27 in the HRA Capital programme to invest in Affordable Housing. Details are set out in Appendix 1.**

Link to Corporate Plan

The Housing Revenue Account's budget and Medium-Term Financial Plan are aligned to the priorities outlined in the Corporate Plan 2021-24 "A Council that Works for Everyone".

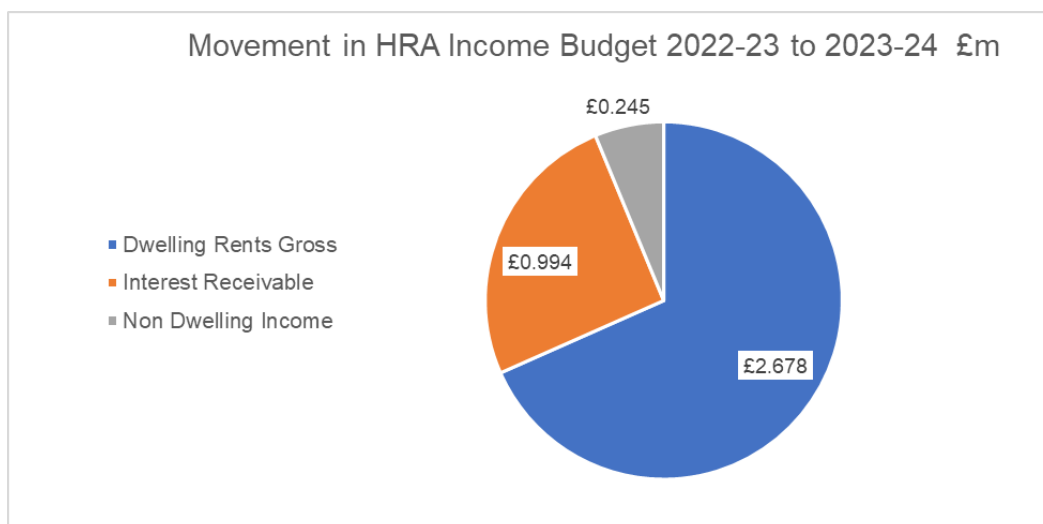
HOUSING REVENUE ACCOUNT

1. 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.
2. 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 2053).

3. The Council keeps two HRA specific reserves which are required under statute:
 - Housing Revenue Account Balance – This reserve 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; and
 - 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.
4. The balance on the HRA account was £29.873 million as at 31 March 2022 and is planned to decrease to £29.809 million by 31 March 2023.

Rent Increases

5. On 26 February 2019, the Government issued a new Direction that required 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 1.0% for the following 5 years (new 2020 Limit Rent).
6. The Government outlined in the Autumn Statement 2022 that under current rules, rents could have risen by up to 11.1% (equivalent of CPI of 10.1% plus 1.0%), but capped the rise to a maximum of 7.0% for 2023-24. For the period 1 April 2023 to 31 March 2024, it has been assumed that the Council will apply a rent increase of 7.0% in line with the governments rent cap.
7. The HRA has 8,326 properties within its housing stock. The majority are charged a social rent with a small number being charged an affordable rent. In terms of rent collection, 34.0% are in receipt of Housing Benefit, 36.0% are in receipt of Universal Credit, and 30.0% are responsible for paying their rent in full. Any rent increases for those on Universal Credit or Housing Benefit (70.0% of tenants) will be paid in full.
8. The proposed 7.0% increase will be used to directly support revenue funded activity, including some limited essential growth whilst enabling the Council, considering inflationary pressures, as set out within the Report Recommendations, to continue to deliver existing services, maintain homes at the same current level and meet new demands and challenges.



The graph shows the expected overall increase in income, assuming a 7% increase in dwelling rent as £3.916 million. It should be noted that in 2022-23, that there was a reduction of £0.700 million in dwelling rent, due to the agreement to introduce a rent-free week for all tenants.

9. It will further allow for the provision of a **£0.350 million Hardship Fund**, which would be specifically targeted to assist those NCC tenants, who may, due to their income, not be eligible to receive any financial assistance through existing benefits (Housing Benefit/Universal Credit/Discretionary Housing Payment) but may be struggling with rent payments as a result of the proposed increase in rent or general cost of living.
10. The fund would be administered internally by the Housing Income Team, with each request considered on merit and subject to individual objective assessment to establish if any arrears were attributable to the rent increase and if so, assistance would be provided.
11. Regrettably, as we do not hold specific income information about each tenant, it is not possible to forecast how many of the 30.0% tenancies, not in receipt of Universal Credit or Housing Benefit, may require assistance, and to what extent. However, the proposed fund would be able to provide funding, (up to 80.0% of the average cost of the rent increase) for approximately 1500 tenancies.
12. It is envisaged that the fund may be used to apply a credit to the rent account, or supplement living costs by way of a grant or purchase of an item which may alleviate hardship under certain circumstances.
13. In addition, the Income Team will continue to assist tenants experiencing hardship through signposting and referral to specialist advice and support services.
14. A rent increase of lower than 7.0%, would result in either an inability to improve services offered to tenants, or existing revenue budgets actually being reduced, both of which would lead to a reduction in service to tenants, either through reduced staffing numbers or available budget to carry out essential repairs and maintenance

to their homes. This would lead to an immediate increase in the number of complaints and disrepair claims, thereby exposing the council to risk of intervention from the Social Housing Regulator.

What does a 7.0% increase cost our tenants

An analysis of the average weekly increase in rent at 7.0% is as follows:

Payment Type	1 Bed	2 Bed	3 Bed	4 Bed+	Total (Average)
Housing Benefit	£4.60	£5.45	£5.85	£6.61	£5.63
Universal Credit	£4.52	£5.41	£5.83	£6.47	£5.56
CASH	£4.59	£5.46	£5.87	£6.50	£5.61
Total (Average)	£4.57	£5.44	£5.85	£6.53	£5.60

Overall, based on the average weekly rent of a three-bedroom property in 2015-16, this represents an average increase of £9.21 per week over the 7-year period.

Pressures

15. A number of potential risks that would have a significant effect on the HRA MTFP were identified as part of the 2022-23 budget setting process. The current 'cost of living crisis' has seen a number of these risks now having an impact on the plan.
 - **Government's influence in rent setting** – Government have implemented a rent cap for 2023-24 limiting rent increases to a maximum of 7.0% due to rising prices and to protect social housing tenants.
 - **Increased borrowing costs due to interest rate increases** - interest rates for borrowing have increased from an average of 2.0% in 2021-22 to an estimated 4.5% in 2023-24;
 - **The need for unplanned capital expenditure** - the HRA has had to absorb the costs of damage to HRA land and property due to Storm Arwen with an estimated cost of over £1.300 million. This is in addition to costs incurred during the Covid-19 pandemic of £0.900 million;
 - **Higher levels of pay awards and inflation than included in the plan** - the agreed pay award for 2022-23 was a flat rate of £1,925 for every 1FTE. This equates to an average of 7.0% across the pay bands with those on lower spinal points receiving a 10.5% increase at an additional cost of £0.443 million. An estimated further inflationary increase of 4.0% totalling £0.418 million has been included for 2023-24. These additional costs have been built into the staffing budgets within the MTFP; and,
 - **Non pay inflation** - costs of fuel, utilities and materials have significantly increased during 2022-23 and higher levels of costs have been identified for 2023-24. This has impacted on both revenue and capital costs, resulting in

less outputs for existing budgets. Some of the more significant budget increases are as follows:

Budget	Inflationary Increase	
	%	£m
Consumable Materials	6.00	0.258
Council Tax	1.99	0.009
Electricity	116.00	0.018
Gas	246.00	0.212
Insurance	16.00	0.004
Internal Recharges	3.00	0.091
Vehicle Fuel	24.00	0.084
Water	3.00	0.062
Total		0.738

Growth

16. The following growth items are included within the 2023-24 budget and MTFP:

- **Housing Disrepair** - £0.250 million to provide budget provision in response to increased number of housing disrepair claims across the sector to support legal costs, mitigation, and resolution.
- **Additional staffing budget** – increased staffing for repairs and maintenance and housing management of £0.424 million has been added recurrently from 2023-24. Following the Government’s White Paper – A Charter for Social Housing Residents, there are a number of areas which need additional resources to ensure compliance; and,
- **Hardship fund** - A hardship fund of £0.350 million to support NCC tenants who may, due to their income, not be eligible to receive any financial assistance through existing benefits.

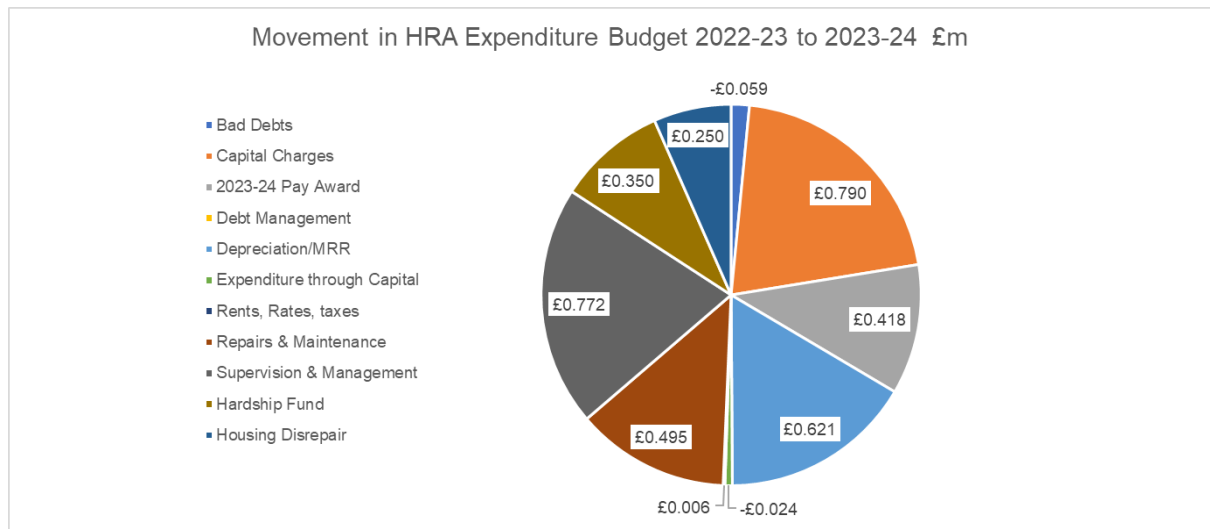
Savings

17. The following savings are included within the 2023-24 budget and MTFP:

- **Interest Receivable** - the increase in interest rates has given the HRA budget a boost of £1.000 million as the estimated interest rate received on HRA reserves has increased from 0.02% in 2021-22 to 3.0% in 2023-24; and,
- **Introduction of phased Service Charges for Sheltered Housing tenants** - since the withdrawal of supporting people grant in 2015 the HRA has been subsidising sheltered housing schemes. The implementation of service charges will bring the Council in line with other sector providers both locally and nationally. Estimated additional income is £0.100 million in 2024-25 (50.0%), £0.155 million in 2025-26 (75.0%) and £0.212 million 2026-27 (100.0%).

Income and Expenditure Summary

18. As stated above, assuming a 7.0% increase in dwelling rent, additional revenue through interest and non-dwelling rent, and accounting for the “rent-free” week in 2022-23, the overall increase in income has been calculated as £3.916 million. It has further been calculated, as shown below, that the overall increase in expenditure in 2023-24, will be £3.619 million. Based upon this and taking into account all other matters within the HRA MTFP, this would produce an in-year operating surplus of £0.312 million.



Reserves

19. The HRA cannot be subsidised by the Council’s General Fund and therefore needs to maintain an adequate level of reserves. The HRA maintains a significant level of reserves in the early years of the plan. However, the plan includes the use of additional reserves to fund the capital programme and the removal of £15.000 million borrowing from the MTFP to save additional interest costs on borrowing. This reduces the reserves to £9.294 million by 2026-27. A risk assessment on the reserves balances will be completed to allow the Section 151 Officer to give an opinion on the adequacy of the HRA reserves as part of the budget report in February 2023. The reserves balance will gradually grow by 2031-32 to approx. £14.000 million and is maintained at this level for the remainder of the plan.

Loans

20. At this time, it is not proposed that current loans are repaid; and any loans maturing will be refinanced.

Right to Buy

21. The HRA MTFP assumes that the current Right to Buy (RTB) policy will continue, and this is reflected throughout the plan as a reduction in rental income. Significant increases in the number of RTB’s has been experienced in the previous two years and the MTFP has been updated to reflect this. Capital receipts from Right to Buy

sales are estimated to contribute £8.579 million towards the HRA Capital Programme between 2023-24 to 2026-27.

Existing Housing and Housing Investment Programme

22. The HRA MTFP and 30-year Business Plan have been updated to fund £45.017 million of capital expenditure towards the Housing Investment Programme for the period 2023-24 to 2026-27.

2023-24	2024-25	2025-26	2026-27	Total 2023-24 to 2026-27
£m	£m	£m	£m	£m
8.117	14.730	11.115	11.055	45.017

23. In order to fund this programme, the MTFP includes:

- External grant support of £9.108 million from Homes England. The next tranche of Affordable Homes Funding (2021 to 2026) has been launched by Homes England, and the Council are currently working up schemes that could be bid for under the Continuous Market Engagement (CME) route on a scheme-by-scheme basis. Applications will be assessed against:
 - a. Cost Minimisation (grant per home); and,
 - b. Deliverability (within funding timeframe); and,
 - c. how they align with strategic objectives - use of Modern Methods of Construction (MMC), use of the National Design Guide, working with local small to medium sized (SME) house builders, provision of rural housing and supported housing.

In recognition of the costly nature of addressing such objectives indications are that the Council will be able to secure higher grant rates than previously achieved if our schemes are aligned to them. Six of the Homes England Strategic Partners (Karbon, Riverside, Thirteen, Places for People, Vistry and Sage) already operate in Northumberland and due to their strategic status have secured significant longer-term funding that they have indicated could be used to support schemes within the County if they identify the right sites:

- Utilisation of the Investment Reserve totalling £24.930 million; and,
- Use of capital receipts of £8.579 million generated from the Right to Buy sales.

24. 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 has evolved and we are now progressing the delivery of new homes through a combination of direct delivery, acquisitions and partnership work with other developers and registered providers of social housing. The priority is to deliver the right tenure of housing on the right scale for the local area by the right landlord. The

Housing Delivery team will work with other registered providers where Northumberland are not best placed to deliver what is required.

25. The extent to which the HRA will contribute to the delivery of new homes will be informed by both the need to bring forward new council housing in areas of greatest priority and the investment needs of the existing stock. A revised Housing Asset Management Strategy is being developed that will reflect emerging investment pressures and priorities for social landlords as well as the key strategic aims of the Council.
26. As part of the commitment to bring forward new affordable homes, the following schemes have been completed:
 - Conversion of warden's accommodation to form 3 new affordable units;
 - A targeted acquisition programme, to purchase affordable Section 106 units from developers including Advance Northumberland. To date 11 acquisitions at Wooler are completed;
 - A targeted purchase and repair programme bringing 10 empty properties and former RTB properties back into use as affordable rented homes in areas where we already have stock was completed in 2021-22; and
 - Acquisition of a town centre site for which design proposals are being progressed.
27. As part of the ongoing commitment to bring forward new affordable homes, the following schemes are actively being progressed:
 - Building new affordable homes on 12 identified Council sites is currently progressing, including development of infill sites on existing estates;
 - Conversion of 8 Council owned garage sites into 28 new accessible bungalows using the HUSK model.
 - A targeted acquisition programme, to purchase affordable Section 106 units from developers including Advance Northumberland. Two acquisitions at Longframlington from Cussins are at contract exchange stage, 8 acquisitions at Alnwick from Story Homes have been approved by Cabinet and are progressing to contract exchange stage, 10 acquisitions at Amble from Tantallon Homes are at preliminary discussion stage.
 - A targeted purchase and repair programme bringing 8 former RTB properties back into use as affordable rented homes in areas where we already have stock is being progressed for 2022-2023. This reduced number (from plan of 10) reflects the increased capital cost of the homes but the repair costs are lower due to them not being empty properties and being better maintained by their current owners;
 - Demolition of an obsolete block of 16 flats and re-provision at a higher volume, likely to be 21 or 26;

- Delivery of 13 new build Dementia Care bungalows on a Council site to reflect the objectives set out within the Extra Care and Supported Housing Strategy;
 - Delivery of 9 new build bungalows on an Advance Northumberland owned site;
 - Part of the HRA Asset Strategy will be to identify further opportunities for regeneration, development, and conversion within existing estates, which is likely to require additional funding streams to be explored that can maximise the investment from the HRA e.g. Brownfield Housing funding and Energy Efficiency funding.
28. 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

29. 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.
30. The HRA MTFP includes provision for depreciation charges to increase in line with new capital expenditure and then by 0.5% 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.
31. The HRA MTFP assumes that the current adjustment factor for valuation of the housing stock for Northumberland of 44.0% of Market Value (Existing Use Value-Social Housing) will continue to apply throughout the plan for the purpose of valuation and depreciation.
32. 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. £40.685 million for the period 2023-24 to 2026-27. In addition, for the same period the MRR will contribute £2.400 million towards the affordable homes programme.

Current Priorities

33. Alongside the 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 homes with low thermal efficiency and/or are hard to heat and invariably this will require an element of capital funding to subsidise the cost of works. The Council are currently delivering a successful Social Housing Decarbonisation Fund (SHDF) Wave 1 bid to install energy efficiency measures to non-traditional homes in Blyth and Amble. The Council are also working in conjunction with the Climate Change team on a bid for SHDF Wave 2 funding to continue the installation of energy efficiency measures in rural, off-gas areas, adopting a fabric first approach;
- 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;
- Decent Homes and Housing Act 2004/Housing Health and Safety Rating System – Post the tragic death of Awaab Ishak and subsequent criticism of Rochdale Boroughwide Housing, Mr Michael Gove MP – Secretary of State for Department of Levelling Up Housing and Communities has written to all social housing providers emphasising the need to ensure all homes meet all of the legal standards and are free from Category 1 Hazards, including damp and mould.
- 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; and
- 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. Internal refurbishments of the communal areas of existing dated Sheltered Schemes are being progressed with the aim to improve the living environment for our current residents and to attract new residents.

Annual Review

34. 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

35. The proposed 2023-24 Housing Revenue Account budget and HRA MTFP 2023-27 is attached at Appendix 1. An indicative 30-year business plan, showing the projected position at five yearly intervals, is also included for information.
36. Appendix 2 – Operational Impact and Risks, includes some background and context to the HRA MTFP report, including benefits, risks and impact.

Implications

Policy	The HRA Budget and Medium-Term Financial Plan fully supports the priorities outlined in the Corporate Plan 2021-24 - A Council that Works for Everyone.
Finance and value for money	The financial implications of the 2023-24 HRA Budget and the Medium-Term Financial Plan are detailed within this report.
Legal	The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer. The Act also states that the Council has got to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set. The Housing Revenue Account, is governed by the Housing Act 1989. From 1 April 2020, registered providers must set rents in accordance with the government's policy statement on Rents and Social Housing 2019.
Procurement	There are no specific Procurement implications within this report.
Human Resources	The budget will have an impact on staffing levels across the HRA. The Council will continue to try and mitigate this impact by the management of vacancies and voluntary redundancy wherever possible.
Property	All of the Capital Programme refers to HRA property and assets.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	The nature of the main HRA Budget proposal aims to ensure that the Council is able to provide services to all tenants, maintain existing homes to the decent home standard, and develop new housing to meet the needs of current and future tenants. The proposal does not therefore adversely impact on any member of staff, or public due to individual or multiple protected characteristics. Further, it has been recognised that for those tenants who are responsible for the payment in full of their rent, that any rent increase, coupled with the cost of living crisis, may have an adverse impact on them and their ability to pay their rent. To support those tenants, it is proposed that a hardship fund be established. If agreed to introduce service charges for tenants of sheltered housing schemes, a further report and EIA, will be produced in respect of the proposal.
Risk Assessment	The risks associated with the budget proposals will continue to be reviewed up to and including implementation of the detailed proposals.
Crime & Disorder	There are no specific Crime & Disorder implications within this report.

Customer Consideration	The individual proposals will carefully consider the impact upon both customers and residents of Northumberland.
Carbon reduction	The Council continues to develop proposals concerning the management of energy which are supported by the budget.
Health & Wellbeing	The Council's budget is founded on the principle of promoting inclusivity.
Wards	South East Northumberland, Alnwick, Allendale

Background papers:

None

Report sign off.

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

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Housing Revenue Account MTFP and Business Plan

Appendix 1

1. HRA MTFP 2023-24 to 2026-27 & 30 Year Business Plan

	HRA MTFP 2023-24 to 2026-27					HRA 30 Year Business Plan				
	2022-23	2023-24	2024-25	2025-26	2026-27	2031-32	2036-37	2041-42	2046-47	2052-53
	Expected Outturn	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income										
Dwelling Rents (including voids)	(30.023)	(32.643)	(33.667)	(35.335)	(36.620)	(41.824)	(47.030)	(52.833)	(59.292)	(67.996)
Non Dwelling Income	(3.057)	(3.180)	(3.211)	(3.244)	(3.276)	(3.443)	(3.619)	(3.804)	(3.998)	(4.244)
Interest on balances and investments	(1.006)	(1.000)	(0.650)	(0.390)	(0.300)	(0.150)	(0.175)	(0.175)	(0.175)	(0.175)
Total Income	(34.086)	(36.823)	(37.528)	(38.969)	(40.196)	(45.417)	(50.824)	(56.812)	(63.465)	(72.415)
Expenditure										
Repairs and Maintenance	8.780	9.196	9.755	10.182	10.628	13.172	16.330	20.240	23.412	27.395
Supervision and Management	7.182	8.352	8.602	8.861	9.126	10.580	12.265	14.219	16.483	19.682
Rents, Rates, Taxes and Other Charges	3.333	3.699	3.549	3.603	3.709	4.241	4.915	5.697	6.603	7.883
Depreciation & Impairment of Fixed assets	10.175	10.336	10.478	10.766	11.011	11.484	11.774	12.071	12.376	12.752
Provision for the write off of bad debt	0.466	0.557	0.520	0.535	0.555	0.633	0.711	0.799	0.897	1.028
Capital Charges - Interest	4.214	4.371	4.000	3.820	3.820	3.794	3.789	3.786	3.694	3.675
Total Expenditure	34.150	36.511	36.904	37.767	38.849	43.904	49.784	56.812	63.465	72.415
Operating Surplus on HRA Services	0.064	(0.312)	(0.624)	(1.202)	(1.347)	(1.513)	(1.040)	0.000	0.000	0.000
HRA Reserve brought forward	(29.873)	(29.809)	(29.121)	(21.585)	(15.302)	(14.241)	(16.081)	(14.421)	(14.421)	(14.421)
Contribution to Capital Investment Reserve	-	1.000	8.160	7.485	7.355	1.000	1.000	-	-	-
HRA Reserve carried forward	(29.809)	(29.121)	(21.585)	(15.302)	(9.294)	(14.754)	(16.121)	(14.421)	(14.421)	(14.421)

2. HRA Capital Programme 2023-24 to 2026-27

2022-23	2023-24	2024-25	2025-26	2026-27	Total 2023-24 to 2026-27
Expected Outturn	Projection	Projection	Projection	Projection	Projection
£m	£m	£m	£m	£m	£m
Affordable Housing Investment Programme	8.117	14.730	11.115	11.055	45.017
Major Repairs Programme	11.520	9.523	9.748	9.894	40.685
12.823	19.637	24.253	20.863	20.949	85.702
Funded by:					
Contribution from Major Repairs Reserve	(10.291)	(10.123)	(10.348)	(10.494)	(43.085)
Contribution from Capital Investment Reserve	(1.177)	(8.269)	(7.370)	(7.400)	(24.930)
Contribution from Capital Receipts Reserve	(1.111)	(2.580)	(1.155)	(0.955)	(8.579)
External Funding / Homes England	(0.244)	(1.737)	(1.990)	(2.100)	(9.108)
(12.823)	(19.637)	(24.253)	(20.863)	(20.949)	(85.702)

3. HRA Reserves

Major Repairs Reserve

Balance brought forward

Depreciation

Major Repairs Capital Programme

Contribution to the Capital Programme

Balance carried forward

2023-24	2024-25	2025-26	2026-27
Projection	Projection	Projection	Projection
£m	£m	£m	£m
(10.096)	(8.312)	(8.667)	(9.085)
(10.336)	(10.478)	(10.766)	(11.011)
11.520	9.523	9.748	9.894
0.600	0.600	0.600	0.600
(8.312)	(8.667)	(9.085)	(9.602)

Capital Investment Reserve

Balance brought forward

Contribution from HRA

Contribution to Housing Investment Programme

Balance carried forward

2023-24	2024-25	2025-26	2026-27
Projection	Projection	Projection	Projection
£m	£m	£m	£m
(1.000)	(0.109)	-	(0.115)
(1.000)	(8.160)	(7.485)	(7.355)
1.891	8.269	7.370	7.400
(0.109)	-	(0.115)	(0.070)

Capital Receipts Reserve

Balance brought forward
 Capital Receipts - RTB Sales
 Contribution to the Capital Programme
Balance carried forward

2023-24	2024-25	2025-26	2026-27
Projection	Projection	Projection	Projection
£m	£m	£m	£m
(4.657)	(1.768)	(0.188)	(0.033)
(1.000)	(1.000)	(1.000)	(1.000)
3.889	2.580	1.155	0.955
(1.768)	(0.188)	(0.033)	(0.078)

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Appendix 2

HRA MTFP & Business Plan - Operational Impact and Risks

Background and Context

The Housing Revenue Account is a ring -fenced budget, which is required to be self-financing through the rent debit and cannot be cross subsidised by the General Fund. Any, and all income and surpluses, must be used to deliver the HRA functions and provide services to tenants.

It is required, that the HRA Business Plan, must demonstrate an end of year operating surplus, which in 2023-24, allowing for a 7% increase in rents, has been calculated as £0.312 million.

In the longer term, any unfunded increase in revenue expenditure would impact on the capital funding available in the Major Repairs Reserve. Should this happen, the council would be unable to deliver all of the current cyclical capital programmes, such as the replacement of bathrooms, kitchens, electrical re-wires, heating upgrades etc. Should the council be unable to replace key building elements then there will be an increase in homes failing to meet the “Decent Homes Standard”, which again would expose the Authority to further scrutiny from the Social Housing Regulator.

Priorities and Social Housing Regulation Bill

The Social Housing Regulation Bill, which is being brought forward post the Grenfell Tower disaster, will have a significant impact on the future, operation, management and regulation of social housing. It is intended to strengthen the rights of tenants, to ensure that they can have their voices heard and have an influence in shaping services. The Bill will introduce a number of measures to give tenants greater powers, improve access to swift and fair redress, whilst also enhancing the powers of the Regulator, should housing providers fail to meet the needs of their tenants.

It is therefore imperative that as a provider of social housing, we are able to meet the new requirements that will be set out within the Bill, and importantly the expectations of our tenants.

The proposals will also directly support the priority of reducing health inequalities, by ensuring that our tenants' homes are effectively maintained, thereby reducing the likelihood of exposure to hazards which may impact on health, whilst also having the ability to carry out improvements to enhance the quality of our housing stock, to reduce issues such as fuel poverty and supporting independent living.

Changes to structure and compliance

Tenant Involvement

All social housing providers will have to ensure that all their staff - from neighbourhood housing officers to senior management - have the right skills, experience and

knowledge to deliver a high-quality service for residents and are up to date with changes in legislation and policy. Empowerment for Social tenants is at the heart of the Social Housing Regulation Bill and part of the growth request is to strengthen the current Tenant Involvement Team to facilitate better engagement with our tenants and how they shape services.

New Tenancy Support and Interventions Team

To support the ambition of ensuring all tenancies are sustainable, it is proposed we establish a new team with a dedicated focus on those tenants requiring intensive support. The team will be made up of existing staff and new posts, working with both current and prospective new tenants identified as requiring assistance and support. We will undertake comprehensive assessments at time of sign up to determine help/support required, including financial, health, life skills etc. This will allow the existing Estates Team to deal with general tenancy and neighbourhood management issues, including a rolling programme of tenancy audits across the entire portfolio over a three year period.

The new team will enhance the work of our Vulnerability Officer, who, during the last 12 months has been able to access £0.047 million worth of support for new tenants, i.e. furniture, white goods, help with gas/electricity, access to food banks. The changes will also see an increase in Welfare Support Officers from 2 to 3, which will ensure tenants are receiving correct benefits and have household income maximised but also assist vulnerable tenants with other household expenditure issues, i.e. utility bills and energy cost support.

Impact - Failure to invest in service provision will expose the council to greater risk of intervention by the Regulator of Social Housing, whilst also reducing the ability as a landlord to provide the services that our tenants, not only pay for, but have the right to expect. Failure to support vulnerable residents to sustain their tenancies will result in increased costs through potential rent arrears, increased tenancy failures and higher void rent loss.

Building safety and compliance

This is a key priority that is addressed through the HRA, which is intended to keep our tenants safe and well within their own homes. The key areas of statutory compliance are as follows:

- Gas Safety
- Electrical Testing
- Water Hygiene
- Asbestos
- Fire Safety
- Lift Servicing

Some of the above compliance themes are addressed through revenue budgets and cyclical activity and some of this work is picked up through capital investment. As the

report states, there is an anticipated increased focus on building safety through the Social Housing Bill, which we are gearing up to respond to, specifically around fire safety and periodic electrical testing.

Impact: Failure to meet statutory obligations will expose the council to greater risk of intervention by both the HSE and the Regulator of Social Housing, which would result in financial and reputational risk for the authority through any breaches and could have dire consequences for residents.

Decent Homes

The Major Repairs Reserve (MRR) was created to support planned investment in the housing portfolio through capital works and to ensure that the stock is maintained to the governments' Decent Homes Standard for the duration of the 30 year business plan and beyond. This fund delivers capital upgrades of key elements within council homes each year, as they are reaching the end of their projected lifecycle e.g. kitchen and bathroom replacements, central heating upgrades, electrical re-wires, doors, energy efficiency improvements, window and roofing renewals. As per the MTFP, the expected budget within the MRR is £40.685 million for the period 2023-24 to 2026-27.

As stated in the Background and Context, if we fail to repair and maintain our homes using revenue funding, this will place additional pressures on the MRR through Capital intervention to renew key building components that have gone beyond repair.

By way of example, if this budget was reduced by £0.500 million, to fund increased capitalised repairs, it would result in a reduction in homes receiving planned improvements in year. E.g. the impact on the Heating Programme would see a 30% reduction in homes receiving new heating systems, which would be approximately 116 homes deferred to a later date and likely result in increased repairs callouts until they are upgraded.

Impact: Failure to invest in homes will see an increase in Non-Decent homes and in complaints and repairs costs. In the current climate it is also highly likely that social housing providers that are reporting increased levels of non-decent homes will be subject to closer scrutiny from the Regulator.

Housing Asset Strategy

Whilst maintaining Decent Homes needs to be at the forefront, there are other challenges that the HRA will need to respond to in coming years.

The sector has seen a sharp increase in disrepair claims over the last 12 months. We have had success in defending the majority of claims submitted, but the tragic events in Rochdale, as referenced in the report, will likely lead to an increased number of complaints relating to damp and mould. This will also continue to be an increased area of focus for the Secretary of State for Department of Levelling Up Housing and Communities, and for the Regulator, underlining the need for us to ensure we are able

to respond to repair requests and invest in making homes as energy efficient as possible.

Of the 8,326 homes that we own and manage, there are approximately 1,300 “Non-traditional” construction properties that present challenges in terms of energy efficiency, as they can be hard to heat. The MRR includes provision for energy efficiency upgrades and fabric improvements and although we have been successful in securing grant funding to support these programmes and continue to work with the Energy Team to secure external funding, the investment required is significant as even with grant, match funding is usually required.

By way of example, if it were necessary in year to divert £0.500 million to undertake capitalised repairs to address damp and mould issues, this would prevent us from delivering works in a more cost-effective way through planned investment and from maximising external grant. i.e. Any reduction in match funding from the MRR would jeopardise external grant and we would still be required to fully fund the fabric improvements to our homes, which would be a double pressure on the MTFP.

Impact: Failure to repair and invest in energy improvements and fabric upgrades to our homes will result in an increase in claims and complaints and is contrary to the message from the Secretary of State. If we do not allocate specific match funding for this type of activity we will potentially be unable to bid for grant opportunities as and when they arise. Moreover, residents who are vulnerable and on low incomes will face increased household energy bills, with more falling into fuel poverty, leading to adverse health outcomes due to living conditions.

Chronically Sick and Disabled Persons

Generally, we have an ageing population and a wish to support independent living, but this brings with it, additional cost implications. Within the MRR, there is a specific budget for a Chronically Sick and Disable Persons (CSDP) workstream, effectively installing aids and adaptations for those residents that are assessed as requiring support or assistance in their homes.

Rehousing is not always appropriate nor possible and therefore this budget is required to ensure that some of our most vulnerable residents can continue to live independently in their homes. Typically, this will provide level access bathroom facilities, ramps and stairlifts but we have seen an increase in the need for extensions and major building work to support OT recommendations.

Impact: Failure to address recommendations by the Occupational Health and Adult Social Care teams would see an increase in residents requiring residential care, which as well as being high cost, also reduces the ability for residents to live independently which can have an overall detrimental impact on their health and wellbeing.

Affordable Homes Programme

The delivery programme is designed, to both off-set the loss of homes and income through the Right to Buy Scheme and sustain the HRA MTFP, in part, predicated on the assumption that the current rent debit will either be maintained or increased through existing and additional rental income from new dwellings.

The programme also seeks, in partnership with other social housing providers, to address current demand and ensure new homes will meet identified need for affordable housing across the County.

The report sets out from paragraph 23 onwards, a budget of **£45.017 million** within the MTFP to support the delivery of new homes within the HRA over the next 4 years.

It is proposed that the delivery of the affordable homes programme is funded, as set out in the report, through external grant funding, use of capital receipts and by utilising existing revenue reserves. This is intended to reduce the need to take on additional borrowing, while interest rates are high and unpredictable, and the cost of which, as capital charges and interest, would need to be funded via existing or new revenue arising from the rent increase, thereby having a negative impact on other aspects of the HRA MTFP.

The report further references schemes taken forward to date using this identified budget (paragraphs 26 - 28) however in addition, a number of other potential sites are being worked up and feasibility undertaken to bring forward more affordable homes.

There are a number of potential regeneration schemes within the existing portfolio that it is envisaged will require significant investment to bring forward and we are working with Homes England and the North of Tyne Combined Authority on ensuring that any funding opportunities are maximised

With regard to any HRA funded developments, development principles have been agreed with the Housing Delivery Board, and it is expected that each scheme should meet a stringent viability test and return a positive net present value within the life of the plan. Due to increased costs of materials and labour, this is likely to prove challenging, particularly on smaller infill sites where economies of scale are difficult to achieve. To address this, we are actively looking to “bundle” schemes together and are working with Advance on the delivery of the first schemes mentioned in the report.

Impact: Failure to deliver new homes will have a detrimental impact on the business plan through lost revenue. It will also mean that housing need is not met. This is in terms of new tenants and existing tenants who are inappropriately housed. It will also mean that estates or homes that are in need of regeneration will not be addressed, with residents living in accommodation that does not meet their changing needs.

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Northumberland County Council

COMMITTEE: CABINET

DATE: 14TH FEBRUARY 2023

BUDGET CONSULTATION REPORT 2023-24

Report of: Cllr Glen Sanderson, Leader of Council

Jan Willis, Interim Executive Director of Finance & Section 151 Officer

Purpose of report

This report provides a summary of results of the budget consultation undertaken between 6th December 2022 and 17th January 2023. The budget consultation helps to inform the Council's Budget and Medium-Term Financial Plan.

Recommendations

Cabinet is requested to:

- **Consider and note the summary results of the budget consultation undertaken between 6th December 2022 and 17th January 2023 as well as wider engagement undertaken.**

Link to Corporate Plan

As the budget consultation helps to inform the Council's budget and Medium-Term Financial Plan, it is aligned to all three Corporate Plan priorities.

Key issues

1. It's important that the Council's budget reflects services and investments that are most important to residents and businesses in all communities across the County. From 6th December 2022 to 17th January 2023, we consulted residents and other stakeholders to find out the services, investments and issues most important to them. Appendix 1 of this report sets out the summary results of that consultation.

Background

2. On 6th December 2022, the Council launched its budget consultation. This was through an online survey tool and was open to anyone wishing to participate, including residents, businesses, partner organisations, Members and staff. The consultation was promoted through a variety of media channels. As the survey was online and open to all, the responses are not a 'statistical sample' of the population and therefore we are not presenting the results as representative of the population as a whole. However, the results do provide a useful sense of views across a range of stakeholders, including:

- Residents (97.1% of the responses);
 - Local businesses;
 - Charities;
 - Community Groups;
 - NCC staff who are residents;
 - NCC Staff who are non-residents;
 - Councillors;
 - Public Sector.
3. In total, we were very pleased to receive 209 responses to the consultation and thank everyone who took the time to share their views. The response rate was down on last year's survey and, we will take time to understand the possible reasons for this and learning to increase the response rates for future years.
4. Appendix 1 summarises the responses to the survey questions.

Other engagement

5. In January, the Leader of Council presented to the five Local Area Councils (LACs) as well as holding three Town and Parish Council conferences. These were an opportunity for the Leader to outline the priorities for the Council's budget and Corporate Plan as well as to listen to local feedback on these topics, including views on service delivery more generally. In January, the Leader also met with representatives of business, again to engage them in the Council's budget and Corporate Plan priorities.
6. The budget consultation was promoted on the Council's social media channels and reached 15,600 people.

Implications

Policy	The Budget Consultation helps to inform the Council's Budget and Medium-Term Financial Plan
Finance and value for money	Whilst there are no financial implications arising directly from this report, the consultation and wider engagement on the budget help to inform the Council's Budget which will be detailed in the separate report to Cabinet.
Legal	Whilst there are no legal implications arising directly from this report, the consultation and wider engagement on the budget help to inform the Council's Budget which is detailed in the separate report to Cabinet.
Procurement	There are no specific Procurement implications within this report.

Human Resources	There are no specific HR implications within this report.
Property	There are no specific Property implications within this report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	There are no specific Equalities implications within this report, although the consultation and wider engagement on the budget help to inform the Council's Budget which is detailed in the separate report to Cabinet.
Risk Assessment	There are no specific risk implications within this report.
Crime & Disorder	There are no specific crime implications within this report.
Customer Consideration	There are no specific customer implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report although the feedback on carbon investment priorities will be shared more widely with teams leading on the Council's plans for carbon reduction.
Health and Wellbeing	There are no specific health and wellbeing implications within this report.
Wards	All wards

Background papers:

Budget Report

Report sign off.

	Full Name of Officer
Monitoring Officer/Legal	Suki Binjal
Interim Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Interim Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Cllr Glen Sanderson

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Philip Hunter, Interim Senior Service Director philip.hunter@northumberland.gov.uk

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Northumberland
County Council

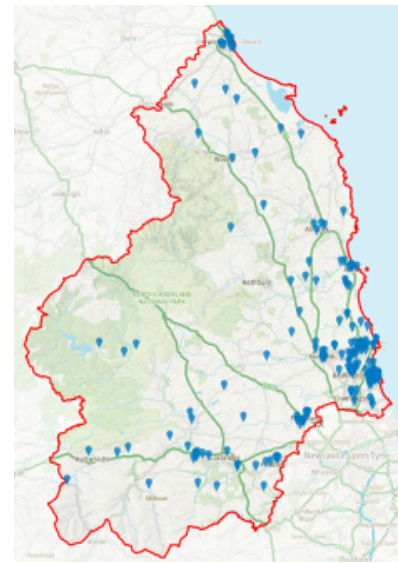
Budget Consultation Summary Results

Appendix 1

Introduction

- Each year the Council must set a balanced budget, which sets out funding for its services as well as its plans for investing. The budget must also take account of new cost-pressures as well as making sure all its services are as efficient as possible.
- A consultation to collect the views of local communities through an online survey ran from 06/12/2022 to 17/01/2023
- A total 209 responses were received – 97.1% of which are residents of Northumberland.
- Residents were asked to provide a postcode to enable analysis by local area. Responses were fairly evenly spread across the County, with lowest levels of responses from Cramlington / Bedlington / Seaton Valley):

- Ashington / Blyth (51 responses, 25.1%)
- Castle Morpeth (49 responses, 24.1%)
- Cramlington / Bedlington / Seaton Valley (21 responses, 10.34%)
- North Northumberland (46 responses, 22.7%)
- Tynedale (36 responses, 17.7%)



Capacity in which consultation completed:	Total	%
I am a resident of Northumberland	203	97.1%
I represent / own a local business	7	3.4%
I represent a charity that covers the Northumberland area	5	2.4%
I represent a community group in Northumberland	12	5.7%
I work for Northumberland County Council (resident)	18	8.6%
I work for Northumberland County Council (non-resident)	5	2.4%
I am a Councillor	6	2.9%
I represent a public sector organisation	2	1.0%
Other	1	0.5%
Not Answered	0	0.0%

If we look at how our budget was spent last year would you spend more, less or about the same on the following services:

The survey asked respondents to give their opinion as to whether they would spend more, less or about the same as last year on seven service areas. An explanation of what services each area provides was given to help respondents decide.

- Nearly 50% of respondents (47.4%) said that more should be spent on local services with a further 44% saying more should be spent on Children and Young People.
- 61% of respondents felt that less should be spent on Corporate Services, with a further 44% wanting less budget allocated to Business.
- There are differences in opinion depending on where respondents reside within the County.

	More	Less	About the Same	Not Answered
Adults and wellbeing (30.31% of budget / £231.035m total budget)	40.7%	15.8%	42.6%	1.0%
Children and Young People (31.41% of budget / £239.443m total budget)	44.0%	11.5%	43.1%	1.4%
Corporate Services (14.45% of budget / £110.133m total budget)	6.7%	61.2%	28.2%	3.8%
Healthy Lives (1.41% of budget / £10.751m total budget)	36.4%	26.8%	35.9%	1.0%
Local Services (16.16% of budget / £123.164m total budget)	47.4%	12.4%	38.8%	1.4%
Community Services (5.02% of budget / £38.264m total budget)	37.8%	22.0%	38.8%	1.4%
Business (1.24% of budget / £9.469m total budget plus capital expenditure from Council, regional and national funds)	9.6%	43.5%	44.5%	2.4%

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Ashington / Blyth	Castle Morpeth	Cramlington / Bedlington / Seaton Valley	North Northumberland	Tynedale
<ul style="list-style-type: none"> • More spent on Children and Young People (49%) and Local Services (57%) • Want less spent on Corporate Services (57%) • About the same Healthy Lives (45%). 	<ul style="list-style-type: none"> • More spent on Adults and Wellbeing (45%) and Children and Young People (45%) • Want less spent on Corporate Services (63%) and Business (51%). • About the same on Local Services (49%) 	<ul style="list-style-type: none"> • More spent on Local Services (43%). • Less spent on corporate services (81%) • About the same on Children and Young People (62%) 	<ul style="list-style-type: none"> • More spent on Local Services (48%) and Children and Young People (44%). • Less spent on corporate services (50%) • About the same on Adults and Wellbeing (50%) and Business (50%). 	<ul style="list-style-type: none"> • More spent on Local Services (53%). • Less spent on corporate services (75%) • About the same on Children and Young People (42%) and Adults and Wellbeing (42%)

How important are these services to you?

- 68% of respondents felt that services for Children and Young People were extremely important or very important. This was followed by Local Services (65%) and Adults and Wellbeing (62%)

- Least important were Corporate Services (46% responded that these services were not very important or not important at all) and Business (38%).

- There are variations in opinion across the County. People living in Castle Morpeth were more likely than other areas to feel Local Services were extremely important / important (73.5%) compared to 47.6% in Cramlington / Bedlington / Seaton Valley.

	Extremely important	Very important	Important	Not very important	Not important at all	Not Answered
Adults and Wellbeing	35.9%	25.8%	24.4%	10.5%	3.4%	0.0%
Children and Young People	43.1%	24.9%	20.1%	8.1%	3.8%	0.0%
Corporate Services	2.9%	9.1%	41.2%	32.1%	14.4%	0.5%
Healthy Lives	19.6%	23.4%	35.9%	18.2%	2.4%	0.5%
Local Services	29.2%	35.4%	31.6%	2.9%	0.0%	1.0%
Community Services	20.1%	26.8%	38.8%	11.0%	2.4%	1.0%
Business	6.2%	12.0%	43.5%	30.1%	7.7%	0.5%

	% extremely important / important						
	Adults and Wellbeing	Children and Young People	Corporate Services	Healthy Lives	Local Services	Community Services	Business
Ashington / Blyth	60.8%	66.7%	52.9%	62.7%	60.8%	64.7%	51.0%
Castle Morpeth	67.3%	67.3%	38.8%	46.9%	73.5%	67.3%	44.9%
Cramlington / Bedlington / Seaton Valley	61.9%	52.4%	23.8%	57.1%	47.6%	57.1%	57.1%
North Northumberland	56.5%	63.0%	50.0%	54.3%	60.9%	47.8%	50.0%
Tynedale	58.3%	61.1%	38.9%	61.1%	58.3%	52.8%	47.2%

Do you have any ideas for how the council could raise more income or deliver services differently to save money?

120 responses were received as to how the Council could raise more income and save money. Ideas from the respondents included:

- Increasing remote working – reducing number of buildings / rationalise property portfolio. Better use of technology.
- Review structure and salaries of Senior Officers.
- Reducing waste and duplication.
- Building Council homes.
- Increasing number of volunteers.
- Car parking charges in tourist areas. Tourist tax. Tax second homes / empty properties.
- Shared services with other organisations. Sponsorship from businesses. Contract some processes to the private sector.
- Increasing Council Tax. Increasing fines for fly tipping.
- Investigating more potential funding options.
- Reviewing contracts for potential savings. Looking at procurement processes.
- Waste services – increasing recycling.
- Better business support to encourage economic growth and investment.

Which services are most important to you? (rank 1 to 5 where 1 is the most important to you and 5 is the least important)

- Respondents were asked to rank which services are most important to them.
- Highest ranked were support for Children and Families (64% of respondents ranked these services 1 or 2)) and Adult Social Care Services (55%).
- Services that support the economy, businesses and jobs were seen as least important with only 14% ranking these services as a 1 or 2.

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	1	2	3	4	5	Not Answered
Adult social care services	26.3%	28.7%	21.5%	12.9%	9.6%	1.0%
Support to children and families, including children's social care and education and skills	34.5%	29.7%	12.9%	13.9%	6.2%	2.9%
Services in all neighbourhoods such as bins, waste disposal, recycling, roads, pavements and streetlighting	20.1%	24.4%	37.8%	12.9%	1.4%	3.4%
Culture, arts and leisure, including libraries	10.5%	6.7%	14.8%	28.2%	36.4%	3.4%
Services that support the economy, businesses and jobs	6.2%	8.1%	11.5%	29.7%	41.6%	2.9%

What do you think are the top priorities for the Council when budgeting to address climate change? (rank 1 to 7 where 1 is the most important to you and 7 is the least important)

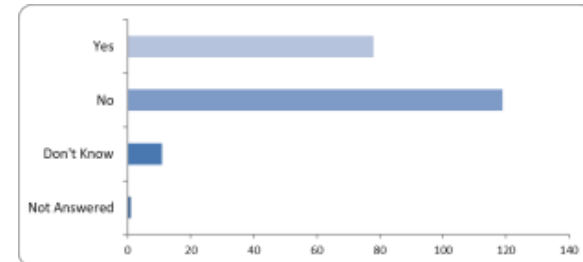
- Supporting households and communities to reduce emissions was seen by respondents as being the most important priority to address climate change with 52% of respondents ranking this as 1 or 2.
- Investing in ways to generate green energy was also a popular choice with 43% ranking this option as a 1 or 2.
- Less important priorities were planting new trees (16% ranked this option as a 1 or 2) and that goods and services are sustainable (17%).

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	1	2	3	4	5	6	7	Not Answered
Reducing staff travel / mileage	16.8%	9.6%	11.0%	12.4%	17.7%	16.8%	11.0%	4.8%
Making Council buildings greener	4.8%	18.2%	17.2%	14.8%	16.8%	14.4%	6.2%	7.7%
Investing in ways to generate green energy	26.8%	16.3%	17.2%	14.4%	11.0%	5.3%	1.9%	7.2%
Supporting households and communities to reduce emissions	25.8%	26.3%	18.2%	14.8%	4.3%	3.4%	1.0%	6.2%
Making sure the goods and services we buy are sustainable	4.3%	12.9%	20.1%	19.1%	21.5%	13.4%	1.4%	7.2%
Planting new trees	8.6%	7.7%	9.6%	13.9%	18.2%	29.2%	8.1%	4.8%

The Government has said that councils can increase Council Tax bills by up to 5% next year (up to 3% Council Tax and up to 2% Adult Social Care precept) - do you agree with that?

- 57% of respondents feel that Council Tax should not be increased.
- 37% agreed Council Tax should rise.
- Respondents from Cramlington / Bedlington and Seaton Valley were most opposed to a Council Tax rise with 86% not agreeing with the increase.
- People who answered the survey from North Northumberland were most supportive with 59% saying they would agree with a rise.



Option	Total	Percent
Yes	78	37.3%
No	119	57.0%
Don't Know	11	5.3%
Not Answered	1	0.5%

	Yes	No	Don't Know
Ashington / Blyth	29.4%	64.7%	3.9%
Castle Morpeth	30.6%	67.3%	2.0%
Cramlington / Bedlington / Seaton Valley	9.5%	85.7%	4.8%
North Northumberland	58.7%	37.0%	4.3%
Tynedale	41.7%	50.0%	8.3%

Budget 2023 - 24

and Medium Term Financial Plan 2023-27



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Northumberland

County Council

CABINET

14 February 2023

Budget 2023-24 and Medium-Term Financial Plan 2023-27

Report of Councillor Richard Wearmouth – Deputy Leader and Portfolio Holder for Corporate Services

Executive Director: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

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 2023-24 and Revenue Medium-Term Financial Plan (MTFP) 2023-27 and the Capital Budget for 2023-24 and Capital MTFP 2023-27, following the Government's Autumn Statement on 17 November 2022, and the publication of the provisional Local Government Finance Settlement on 19 December 2022.

It is important to note that there may need to be some revisions to the figures following receipt of the Government's February 2023 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 2023-24 and MTFP 2023-27 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 2023-24 within Appendix 1 are based on the provisional Local Government Finance Settlement of 19 December 2022.**
- 2. Approve the revenue budget for 2023-24 including, the budget balancing target totalling £17.045 million contained within Appendix 1.**
- 3. Note the Revenue MTFP covering the period 2023-27 detailed within Appendix 1 and the requirement to deliver budget balancing measures of £9.564 million in 2024-25, £18.508 million in 2025-26, and £8.954 million in 2026-27.**
- 4. Note the estimated receipt of Revenue Support Grant of £12.430 million for 2023-24 contained within Appendix 1.**
- 5. Note the estimated retained Business Rates and the Top-Up grant funding to be received by the Council for 2023-24 of £94.805 million and £307.453 million over the remaining period of the MTFP contained within Appendix 1.**
- 6. Note the estimated deficit from prior years on Collection Fund Business Rates balances of £1.944 million in 2023-24 contained within Appendix 1.**
- 7. Note the estimated receipt of Rural Services Delivery Grant of £2.456 million for 2023-24 contained within Appendix 1.**
- 8. Note the estimated receipt of the New Homes Bonus of £0.961 million for 2023-24 contained within Appendix 1.**
- 9. Note the estimated receipt of Improved Better Care Funding Grant of £12.496 million for 2023-24 contained within Appendix 1.**
- 10. Note the estimated receipt of Social Care grant funding of £22.056 million for 2023-24 contained within Appendix 1.**
- 11. Note the estimated receipt of Adult Social Care Discharge Grant funding of £1.752 million in 2023-24 and £2.920 million in 2024-25 contained within Appendix 1.**
- 12. Note the estimated receipt of Adult Social Care Market Sustainability and Improvement grant funding of £3.563 million in 2023-24 and £5.357 million in 2024-25 contained within Appendix 1.**
- 13. Note the estimated receipt of the Services Grant of £2.677 million in 2023-24 contained within Appendix 1.**
- 14. Approve a 2.99% increase in Council Tax for 2023-24, 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 3.00%.**

15. Note that the MTFP 2023-27 includes a 2.99% annual increase in Council Tax for 2024-25 and then 1.99% thereafter for the remaining years of the MTFP and, that an estimate of annual tax base growth has been included.
16. Note the non-collection rate for Council Tax purposes remains at 1.00% for 2023-24 (1.00% in 2022-23).
17. Note the estimated surplus of £2.737 million from prior years on the Collection Fund Council Tax balance for 2023-24 contained within Appendix 1.
18. Note the estimated receipt of Council Tax Support funding of £0.654 million in 2023-24 and note the intended use of the grant contained within Appendix 1.
19. Approve a 2.00% increase in Council Tax for 2023-24 for use on Adult Social Care services; raising an additional £4.530 million to support the Budget 2023-24, and note the assumed increase included in the MTFP of 2.00% for 2024-25 and zero thereafter.
20. Approve the Reserves Policy for 2023-24 detailed in Appendix 2.
21. Note the Schedule of Reserves and Provisions contained within Appendix 3.
22. Approve:

The net contributions from the Strategic Management Reserve of £13.138 million in 2023-24 and note the proposed contributions from reserves of £15.792 million in 2024-25, £6.335 million in 2025-26 and the proposed contribution to reserves of £1.032 million in 2026-27 contained within Appendix 1, comprising:

 - a) non-recurrent pressures of £5.898 million for 2023-24, and note the non-recurrent pressures totalling £4.528 million in 2024-25; £0.935 million in 2025-26 and £0.159 million in 2026-27 (as detailed within Appendix 8; excluding the Adult Social Care Discharge Fund, Adult Social Care Market and Sustainability and Improvement Fund, Locality Coordinators, Council Tax Support Fund and Transformation Programme),
 - b) the Active Northumberland Management fee of up to £1.000 million in 2023-24,
 - c) delayed receipt of investment income from the airport of £0.957 million in 2023-24; and that interest of £0.161 million in 2024-25, and £1.191 million in 2025-26 and 2026-27 will be repaid into the reserve in this respect,
 - d) revenue contribution to capital (RCCO) of £8.171 million in 2024-25 and £6.591 million in 2025-26 for investment in the Schools' Development Programme, and,

- e) contribution from the reserve of £5.283 million in 2023-24 and note the subsequent proposed use of £3.254 million in 2024-25 in order to balance the budget.
23. Approve the use of the Public Health Revenue Grant Reserve of £0.199 million in 2023-24 and note the contribution for 2024-25, to fund five fixed term Locality Coordinator posts contained within Appendix 1.
 24. Note the proposed use of the General Fund Reserve of £7.850 million in 2024-25, to be set aside as a voluntary Minimum Revenue Provision (MRP) to enable the Council to repay debt at an appropriate time in the future contained within Appendix 1.
 25. Approve the use of the Council Transformation Fund Reserve of £3.000 million in 2023-24 and note the use of £3.000 million from this reserve in financial year 2024-25 contained within Appendix 1.
 26. Approve the use of the Collection Fund Smoothing Reserve of £1.944 million in 2023-24, to part fund the 2022-23 forecast deficit of the Business Rates element of the Collection Fund, and prior year deficit on Business Rates contained within Appendix 1.
 27. Note:
 - a) the Schedule of Service Specific Grants of £250.400 million contained within Appendix 4, and
 - b) the indicative 2023-24 Public Health Grant allocation of £17.366 million contained within Appendix 4, and its proposed usage.
 28. Approve the Inflation Schedule for 2023-24 totalling £28.900 million detailed in Appendix 5.
 29. Approve the Recurrent Growth and Pressures Schedules of £16.694 million and the additional revenue costs associated with the Capital Programme of £6.164 million for 2023-24; and note the growth and pressures of £2.422 million in 2024-25; £1.773 million in 2025-26; and, £0.392 million in 2026-27 and the additional revenue costs associated with the capital programme of £14.075 million in 2024-25; £10.098 million in 2025-26; and £6.000 million in 2026-27 included within Appendices 1, 6 and 7.
 30. Approve the Non-Recurrent Pressures of £15.066 million for 2023-24 and note the non-recurrent pressures of £16.004 million for 2024-25; £0.935 million for 2025-26 and £0.159 million for 2026-27 included within Appendix 8.
 31. Approve the Non-Recurrent Income of £0.157 million for 2023-24 and note the non-recurrent income of £5.601 million for 2024-25; £0.252 million for 2025-26 and £0.221 million for 2026-27 included within Appendix 8.

32. Approve the identified budget balancing measures contained within Appendix 9 of £17.045 million for 2023-24; and note those budget balancing measures totalling £10.295 million already identified for 2024-25 to 2025-26.
33. Note the Corporate Equality Impact Assessment at Appendix 10.
34. Note the Budgets by Service Area 2023-24 detailed in Appendix 11.
35. Note the receipt of Dedicated Schools Grant of £160.287 million in 2023-24; and note the revised allocation of £150.832 million for 2022-23. This is following the conversion of three schools to academy status during 2022-23.
36. Approve the Capital Strategy 2023-24 to 2026-27 contained within Appendix 12.
37. Approve the revised Capital Programme as detailed within Appendix 13 and note the reduction in the Capital Programme 2023-27 of £37.599 million detailed in Appendix 14.
38. Approve the delegation of the detail of the final Local Transport Programme and any subsequent in-year amendments to the Executive Director responsible for Local Services in consultation with the Cabinet Member for Local Services.
39. Approve the delegation of the detail of the capital allocation for highways maintenance investment in U and C roads and footpaths to the Executive Director responsible for Local Services in consultation with the Cabinet Member for Local Services.
40. Approve the Prudential Indicators based on the proposed Capital Programme detailed within Appendix 15.
41. Approve the Annual Minimum Revenue Provision Policy detailed in Appendix 16.
42. Approve the Treasury Management Strategy Statement 2023-24 detailed in Appendix 17.
43. Approve a delegation to amend the Budget 2023-24 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 2022, the Council approved the Budget for 2022-23 and the Medium-Term Financial Plan (MTFP) covering the period 2022-26.
2. This report updates the MTFP position; and the budget for 2023-24, following the announcement of the Autumn Statement on 17 November 2022 and the provisional Local Government Finance Settlement on 19 December 2022. The final Settlement is not due until February 2023, 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 2023-24 Budget and the 2023-27 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 2023-24 and illustrates that there is a requirement to deliver efficiencies equating to £17.045 million in 2023-24; and £37.026 million over the period 2024-27.
4. The report also sets out the forecast budget position for the financial year 2023-24. 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 75.00%.
6. The Government was expected to publish its Spending Round (SR) in the summer of 2019 covering a three-year period. 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 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. Following this, on 27 October 2021 the Government announced a three-year SR, and shortly after this on the 16 December 2021, a one-year funding settlement for 2022-23.
7. On 19 December 2022 the Government announced a further one-year settlement as part of its provisional Local Government Finance Settlement. Although the announcement only provided funding figures for 2023-24, it also provided more certainty around some of the funding streams for 2024-25 (up to the end of the current SR period). This report concentrates on the revenue budget for 2023-24 and where information is available more detail is provided for 2024-25. The budget beyond 2024-25 therefore contains a number of assumptions and is less certain.

8. The provisional Local Government Finance Settlement announced on 19 December 2022 also confirmed that the outcome of the Fair Funding Review (FFR) and review of the Business Rates Retention system would be postponed by at least a further two years; resulting in implementation in 2025-26 at the earliest.
 9. The MTFP will be updated for future years once this information is available.
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BUDGET 2023-24 AND MEDIUM-TERM FINANCIAL PLAN 2023-27

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 (FRR): 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 income 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 income. 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 75.00% instead of 50.00%. The reset when it occurs will see National Non-Domestic Rates (NNDR) 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 on 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 and following this SR 2021 made no reference to when the FFR would be implemented. Subsequently, the provisional Local Government Finance Settlement announced on 19 December 2022 confirmed that the outcome of the FFR and review of the Business Rates would be postponed by at least a further two years; resulting in implementation in 2025-26 at the earliest. In the absence

of the outcome of these reviews it remains difficult to accurately forecast the financial position for the Council beyond 2024-25. However, for the purpose of the MTFP it is assumed that the Council will continue to retain 50.00% of Business Rates income.

5. The position will be monitored closely and the MTFP will be updated once more information is available.

Provisional Local Government Financial Settlement

6. The 2023-24 provisional Local Government Finance Settlement was announced by Government on 19 December 2022. The settlement covers the financial year 2023-24. Although the announcement only provided funding figures for 2023-24 it also provided certainty around some of the funding streams for 2024-25, up to the end of the current SR period. Beyond this, the report identifies that the Government intends to change the funding mechanism for the sector from 2025-26 at the earliest. 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 2023. Members are requested to note that the figures from the provisional settlement are included within Appendix 1.
(Recommendation 1)

7. It is recommended that the Council approves the Budget 2023-24 (Appendix 1) including the requirement to implement budget balancing measures totalling £17.045 million. **(Recommendation 2)**

8. Members are requested to note the MTFP at Appendix 1 including the requirement to deliver budget balancing measures totalling £9.564 million in 2024-25, £18.508 million in 2025-26, and £8.954 million in 2026-27.
(Recommendation 3)

Settlement Funding Assessment and Revenue Support Grant

9. The Settlement Funding Assessment is a combination of resources received from Revenue Support Grant and Baseline Funding (including Top up Grant).
10. 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

11. The Revenue Support Grant (RSG) to be received in 2023-24 is £12.430 million, which includes a CPI inflationary uplift of 10.10%. Three specific grants have also been rolled into the RSG; Local Council Tax Support Administration Subsidy grant (£0.425 million), Family Annexe - Council Tax Discounts grant (£0.059

million), and Food Safety Standards Enforcement (Natasha's Law) grant (£0.010 million). These grants did not receive an inflationary uplift when they were rolled into the RSG. There is no announcement beyond 2023-24. However, for the purposes of the MTFP it is assumed that the grant remains and will increase by estimated CPI inflation; 4.00% for 2024-25, and 2.00% for both 2025-26 and 2026-27. The MTFP at Appendix 1 contains details of the Revenue Support Grant, which Members are asked to note. **(Recommendation 4).**

Baseline Funding

12. This is the Government's assessment of what the Council should generate from Business Rates income to meet assessed need. It comprises two elements: Assessed Retained Business Rates income and a Top up Grant. The grant is provided to top up the Government's assessed retained Business Rates income to the Baseline Funding level applicable for the Council.
13. The Council retains 50.00% of the Business Rates income it collects and is classified as a Top-Up authority. This means that the Council receives a Top-Up grant over and above the 50.00% locally retained Business Rates income, which increases the overall funding the Council expects to receive from Business Rates income to the assessed baseline level. This position continues for 2023-24 and is assumed to remain unchanged over the period of the 2023-27 MTFP, in the absence of the outcome of the FFR and Review of the Business Rate Retention Scheme.
14. As stated above, the Baseline Funding level is the Government's assessment of what the Council should achieve through retained Business Rates 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.
15. It should be noted that there are risks to the Council's Business rates income as a result of factors such as the success of appeals. This makes financial planning and forecasting complex. It is forecast that the Council's provision for Business Rates appeals will be £17.070 million by 31 March 2023 (£15.984 million at 31 March 2022).
16. The provisional Local Government Finance Settlement announced on 19 December 2022 confirmed that the business rates multiplier has been frozen for 2023-24 at 49.9p.
17. For the 2023-24 financial year all Business Rates properties have been revalued. The outcome of the exercise increased the Council's rateable value from the 2017 list value of £237.544 million to £257.933 million on the 2023 list. However, the Council will not benefit from the revaluation increase, and adjustments have been made to the National Non-Domestic Rates Baseline (and therefore Top-Up Grant). The intention is that the changes made will offset the impact of

Revaluation 2023 and therefore make it revenue neutral for each local authority. Only true business rate growth will benefit local authorities.

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 2023-27; based on 50.00% 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 the MTFP. **(Recommendation 5)**

	Estimated Retained Business Rates £m	Top-Up Grant Funding £m	Total £m
2023-24	68.162	26.643	94.805
2024-25	71.249	27.709	98.958
2025-26	74.187	28.263	102.450
2026-27	77.217	28.828	106.045

19. Since 2018-19, the September Consumer Price Index (CPI) inflation figure has been the basis of determining the annual increase to the business rates multiplier; previously Retail Price Increase (RPI) inflation figure was used. In order that this change remained revenue neutral there was a compensatory section 31 grant payment from Government. This compensatory amount is included within the Estimated Retained Business Rates income figure shown in the table above, and also forms part of the Government's Core Spending Power calculation. However, from 2023-24, local authorities will no longer be compensated based on RPI, with funding now based on CPI.
20. In addition to the figures in the table above the Government previously announced that it would allow local authorities to spread any deficit on the Collection Fund which was attributable to Business Rates in 2020-21 over three financial years, to ease the Covid-19 burden. The MTFP includes the final year of the 2020-21 spread deficit, equating to £0.342 million within 2023-24. The funding for this will be transferred from the earmarked Collection Fund Smoothing Reserve in 2023-24 to offset this pressure. The transfer from the Collection Fund Smoothing Reserve is contained within the MTFP, shown in Appendix 1. **(Recommendations 6 and 26)**
21. Also, 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 2022-23 there is a forecast deficit of £1.944 million (including the £0.342 million spread deficit from 2020-21) on the Business Rates element of the Collection Fund which is charged to 2023-24, as shown in Appendix 1. A large proportion of this deficit relates to the Covid Additional Relief Fund announced by the Government in response to the Covid-19 pandemic along with an estimated reduction in income as a result of the Covid-19 pandemic. Members are asked to note the 2022-23 forecast deficit

charged to the General Fund in 2023-24. The funding for this will be transferred from the earmarked Collection Fund Smoothing Reserve in 2023-24 to offset this pressure. **(Recommendation 6 and 26)**

22. The provisional Local Government Finance Settlement of 19 December 2022 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. The position will be monitored and the MTFP updated should this be announced.
23. As mentioned previously the Business Rates projections contained within the MTFP have not been inflated in 2023-24. This is in line with the Government freezing of the Business Rates Multiplier. Beyond 2023-24 the projections have been inflated annually by forecast CPI: 4.00% (2024-25), and 2.00% (2025-26 and 2026-27).
24. Known Business Rates growth and reductions have also been forecast for all years, plus a further reduction of 2.00% of net rates payable in 2023-24 and 1.00% thereafter over the remaining years of the MTFP, to account for the potential impact of the economic downturn.
25. 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.
26. Through the Business Rates Retention Scheme, the Council not only faces a significant risk of reduced funding if Business Rates income declines, 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 50.00% of any new Business Rates income within the area; and in the case of renewable energy the Council can retain 100.00% of Business Rates income collected.

Rural Services Delivery Grant

27. The Rural Services Delivery Grant to be received in 2023-24 remains unchanged from 2022-23 at £2.456 million. There is no announcement beyond 2023-24. However, for the purposes of the MTFP it is assumed that the grant remains unchanged, and Members are requested to note the grant. **(Recommendation 7)**

New Homes Bonus

28. The New Homes Bonus was first introduced in 2011-12. For each newly built house or conversion the Council received a reward of the national average Council Tax for the relevant band. Long-term empty properties which had been brought back into use were also included in the reward and there was a premium for affordable homes. The scheme originally paid grant for six years.

29. 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. 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;
 - b. The introduction of a national baseline of 0.40% from 2017-18, below which grant would not be paid;
 - c. 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; and,
 - d. 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; and, 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.
30. The provisional Local Government Finance Settlement of 19 December 2022 announced that there would be a new allocation for 2023-24 only. There are no longer any legacy payments included in the allocation. The rest of the scheme remains unchanged from 2022-23.
31. The Council expects to receive New Homes Bonus Grant funding of approximately £0.961 million for 2023-24. Thereafter the Government announced that the future of the New Homes Bonus scheme would be announced in time for the 2024-25 provisional Local Government Finance Settlement. The MTFP assumes there will be no change in the allocation over the period of the MTFP. The funding supports the overall revenue budget of the Council and Members are requested to note the inclusion of the grant in the Council’s MTFP shown at Appendix 1. **(Recommendation 8)**

Improved Better Care Funding Grant

32. The Government’s December 2022 provisional Local Government Finance Settlement confirmed that the Improved Better Care Funding grant would be rolled forward from 2022-23 with no change in the national allocation amount.
33. The Council’s Improved Better Care Funding grant is expected to remain unchanged for 2023-24 at £12.496 million. 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.
34. It is anticipated that this grant will continue at its current level into 2024-25 to the end of the current SR period. Beyond 2024-25 there is less certainty and there has been no announcement on the future of this grant from Government. However, it has been assumed within the MTFP that this grant will continue at its current level for the duration 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 shown at Appendix 1. **(Recommendation 9)**

Social Care Grant

35. The Government's December 2022 provisional Local Government Finance Settlement confirmed an increase nationally of £1.506 billion to £3.852 billion. £161.000 million of the increase is due to the roll-in of the Independent Living Fund (ILF); previously a separate grant allocation, which equates to £0.867 million per annum for Northumberland. The remaining increase of £1.345 billion is funded from the postponement of adult social care charging reforms (£1.265 billion), and (£80.000 million) from other parts of the settlement. The reform of adult social care charging has been postponed until 2025-26 at the earliest. The grant is not ring fenced.
36. In total the Council will receive Social Care Grant of £22.056 million in 2023-24; an increase of £8.769 million when compared to £13.287 million received in 2022-23. It is anticipated that this grant will continue at its current level into 2024-25 to the end of the current SR period. Beyond 2024-25 there is less certainty; it is unclear if there will be new funding made available for the postponed adult social care charging reform, or if this funding is time-limited, and will be repurposed towards the adult social care charging reform. The MTFP assumes that this grant will continue at its current level beyond 2024-25 for the duration of this MTFP. However, it should be noted that this represents a significant financial risk. 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 shown at Appendix 1. **(Recommendation 10)**

Adult Social Care Discharge Fund

37. This is a new non-recurrent grant for 2023-24 and 2024-25. Nationally £300.000 million is available in 2023-24 and £500.000 million in 2024-25. The grant is intended to reduce delayed transfers of care. The National Health Service (NHS) will receive the same amount of funding as Local Government, and the funds will be pooled through the Better Care Fund. The grant is expected to be ring-fenced and have reporting requirements.
38. In total the Council will receive Adult Social Care Discharge grant funding of £1.752 million in 2023-24, and it is estimated that this will increase to £2.920 million in 2024-25. Members are requested to note the grant inclusion in the Council's MTFP shown at Appendix 1. **(Recommendation 11)**

Adult Social Care Market Sustainability and Improvement Fund

39. The December 2022 provisional Local Government Finance Settlement announced a new non-recurrent grant allocation of £562.000 million for 2023-24, which is expected to increase to £845.000 million nationally for 2024-25. £162.000 million of this is from the repurposed Market Sustainability and Fair Cost of Care grant which was received in 2022-23, with the remainder being new funding.

40. The funding is intended to make tangible improvements to adult social care, and, in particular to address discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. The grant is expected to be ring-fenced and have reporting requirements.
41. In total the Council will receive Adult Social Care Market Sustainability and Improvement grant funding of £3.563 million in 2023-24, and it is estimated this will increase to £5.357 million in 2024-25. Members are requested to note the grant inclusion in the Council's MTFP shown at Appendix 1. **(Recommendation 12)**

Services Grant

42. The December 2022 provisional Local Government Finance Settlement announced that this grant would continue for 2023-24. However, the national allocation has been reduced from £822.000 million to £464.000 million for 2023-24. The reduction is due to the cancellation of the increase in National Insurance Contributions, which was previously provided for within the grant, and funding has been transferred to the Supporting Families Programme.
43. This is an un-ringfenced grant with no reporting requirements and is intended to provide funding to all tiers of local government in recognition of the vital services it delivers.
44. The Council will receive £2.677 million in 2023-24. It is currently unclear if this grant will continue beyond 2023-24. However, for the purpose of the MTFP it has been assumed that the grant will continue at this amount for the duration of the MTFP. Members are requested to note the grant inclusion in the Council's MTFP shown at Appendix 1. **(Recommendation 13)**

Council Tax

45. The budget proposals for 2023-24 contained within this report assume that the Council will agree to increase the general Council Tax by 2.99% and Members are requested to approve the increase. **(Recommendation 14)**
46. The December 2022 provisional Local Government Finance Settlement set the referendum limit for general Council Tax increases at 3.00% and confirmed that this limit will remain at 3.00% until the end of SR 2021; up to and including 2024-25. For the purposes of this report the increase used in 2023-24 and 2024-25 is 2.99%. It is then assumed that the limit will reduce to 2.00% from 2025-26 for the remainder of the MTFP period, and a Council Tax increase of 1.99% has been included for 2025-26 and 2026-27. Members are requested to note this assumption. **(Recommendation 15)**
47. There has been no Government decision to implement referendum limits for Town and Parish Councils.
48. 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.

49. The increase in the tax base and the general 2.99% inflationary increase in 2023-24 provides additional funding of approximately £8.092 million 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 there is growth in the Council Tax Base figure.
50. The provision for non-collection of Council Tax remains at 1.00% for 2023-24, following a review of actual collection rates. **(Recommendation 16)**
51. It is forecast that the Council's share of the Council Tax element of the Collection Fund will generate a surplus of approximately £2.737 million by 31 March 2023. This is largely due to an increase in the tax base due to additional properties. **(Recommendation 17)**
52. Accounting rules require any surplus to be transferred to the General Fund within the following financial year. However, SR 2020 announced that the Government would allow authorities to spread any 2020-21 in-year deficit over three financial years to help ease the burden created by Covid-19. The MTFP includes the final year spread of the 2020-21 deficit, equating to £0.554 million within 2023-24. The surplus figure of £2.737 million shown in 2023-24 is net of the £0.554 million deficit from 2020-21. **(Recommendation 17)**
53. The Council agreed at its meeting on 2 November 2022 to continue with the 2022-23 local Council Tax Support Scheme unchanged for 2023-24; that is, the maximum level of support for working age claimants will be 92.00%. This report, and the Budget 2023-24 and MTFP 2023-27 at Appendix 1 includes the estimated cost of the full scheme to the Council of £23.751 million.
54. In addition to this the Council Tax Discount Policy has been updated for 2023-24 to include a government backed Council Tax Support scheme. There are currently 24,893 Council Tax Support claimants who will each receive £25. The total cost of the scheme is estimated at £0.654 million and is shown in Appendix 8. The Council will receive a government grant of £0.654 million to fund this scheme. The Council Tax Discount Policy is included in the report "Approval of Revenues and Benefits Policies for 2023-24" which will be presented to Cabinet and Council along with this report. Members are asked to note the receipt of the grant and its intended use. The grant and associated expenditure is contained within Appendix 1. **(Recommendation 18 and 30)**
55. The Spending Review 2015 introduced the concept of an Adult Social Care Precept.
56. The provisional Local Government Finance Settlement announced by the Government on 19 December 2022 allows local authorities to add an Adult Social Care precept to its budget.
57. The Council's MTFP included at Appendix 1 assumes that a 2.00% increase is applied in 2023-24 and 2024-25, thereafter it is assumed that the Adult Social

Care Precept will cease following the Adult Social Care funding reforms. This will generate additional recurrent funding of approximately £4.530 million for Adult Social Care purposes in 2023-24. For 2023-24 this will result in a Band D property increase of £37.95. It is proposed the precept for Adult Social Care is increased by 2.00% in 2023-24, and Members are asked to note the assumed increase in 2024-25. **(Recommendation 19)**

58. The following table illustrates the Band D council tax calculation for 2023-24 for those elements of the charge levied by the Council only. Bands A to H are proportionate to Band D. Parish Precepts and the charge from the Police and Crime Commissioner for Northumberland are excluded. The 2022-23 charges were approved at County Council in February 2022.

	2022-23 Band D Charge	2023-24 increase	2023-24 Band D Charge	Increase Band D 2022-23 to 2023-24
	£	%	£	£
General Council Tax	1,671.04	2.99	1,721.00	49.96
Adult Social Care Precept	226.35	2.00	264.30	37.95
Total Council Charge	1,897.39	4.63	1,985.30	87.91

59. The general Council Tax increase of £49.96 represents a 2.99% increase on the 2022-23 charge. The Adult Social Care Precept increase of £37.95 represents a 2.00% increase on the 2022-23 general Council Tax and Adult Social Care Precept charges. The total Council increase of £87.91 represents a 4.63% increase when compared to the 2022-23 charge.

RESERVES AND PROVISIONS

60. The Council has several reserves and provisions set aside for specific purposes and to meet potential significant general unforeseen costs.
61. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require local authorities to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer, Section 151 Officer (S151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
62. CIPFA issued Local Authority Accounting Panel (LAAP) Bulletin No.99 Guidance Note on Local Authority Reserves and Balances in July 2014, which updated previous Bulletins to reflect the new requirements of the International Financial Reporting Standards (IFRS) Code of Practice. In addition, during the period of financial austerity for the public sector, the Local Authority Accounting Panel considered it necessary to update the guidance on local authority reserves and balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

63. The Council's reserves policy is attached at Appendix 2. This policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance. The policy remains unchanged from 2022-23. Members are asked to approve the Reserves Policy for 2023-24 detailed in Appendix 2. **(Recommendation 20)**
64. Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks

Reserves

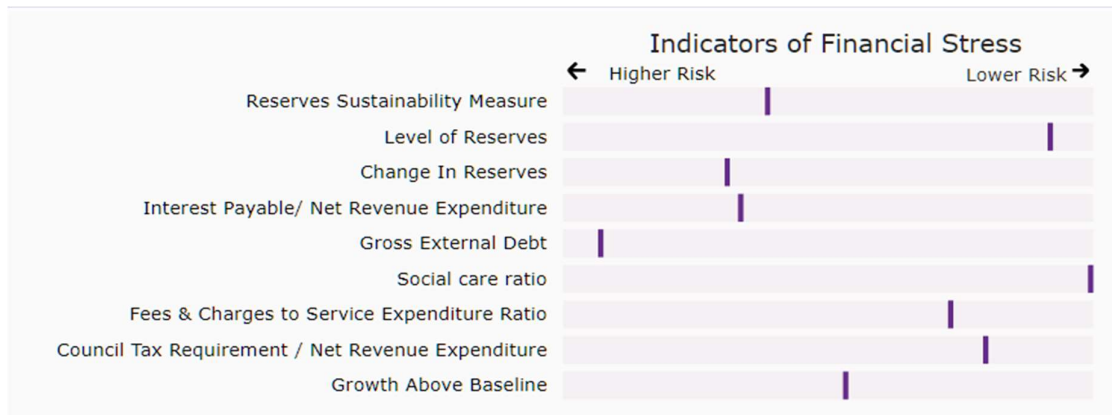
65. There are two categories of reserves: unusable and usable. Unusable reserves arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. 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 3.
66. A review of all usable reserves has recently been undertaken to ensure they are still required and are at an appropriate level. Appendix 3 details the outcome of the review which Members are requested to note. **(Recommendation 21)**
67. 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 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. The Council aims to hold a general reserve of between 5.00% and 7.50% of the gross revenue budget, which equates to £42.827 million to £64.240 million for 2023-24.
68. It is proposed to utilise a net contribution of £34.233 million from the Strategic Management Reserve over the duration of the MTFP 2023-27, comprising of a net contribution from the Strategic Management Reserve of £13.138 million in 2023-24, £15.792 million in 2024-25 and £6.335 million in 2025-26, with a contribution to the Strategic Management Reserve of £1.032 million in 2026-27. Proposed contributions to and from the reserve are as follows:

- a. the non-recurrent pressures detailed in Appendix 8, excluding Adult Social Care Discharge Fund, Adult Social Care Market Sustainability and Improvement Fund and mandatory Council Tax Support Fund; which are all funded from specific grant income, and the Transformation Programme which is proposed to be funded from the Council Transformation Fund Reserve, and Locality Coordinators which are proposed to be funded from Public Health Grant: £5.898 million 2023-24, £4.528 million 2024-25, £0.935 million 2025-26 and £0.159 million 2026-27;
 - b. the Active Northumberland Management Fee of up to £1.000 million in 2023-24;
 - c. delayed investment interest due from the airport as a result of Covid-19, of £0.957 million in 2023-24. Thereafter, it is anticipated the airport will start to repay the delayed interest over a four-year period, and £0.161 million will be received and repaid to the Strategic Management Reserve in 2024-25, followed by £1.191 million in both 2025-26 and 2026-27;
 - d. revenue contribution to capital of £8.171 million in 2024-25 and £6.591 million in 2025-26 for investment in the Schools' Redevelopment Programme; and,
 - e. in order to help smooth the savings requirements it is proposed to utilise £5.283 million in 2023-24 and £3.254 million in 2024-25 from the Strategic Management Reserve.
69. These amounts are shown in the MTFP contained within Appendix 1, and Members are requested to approve the contributions from the Strategic Management Reserve for the items above in the 2023-24 Budget and note the position for 2024-25, 2025-26 and 2026-27. **(Recommendation 22)**
70. It is proposed to utilise £0.199 million of the Public Health Grant in both 2024-25 and 2025-26 to fund five fixed term Locality Coordinator posts. These posts will work with a wide range of partners to help accelerate and deliver the Council's inequalities plans, actions and priorities, and support those residents in need of emergency welfare support and assistance. **(Recommendation 23)**
71. It is proposed to utilise £7.850 million of the General Fund Reserve in 2024-25 to fund a voluntary MRP contribution to enable the Council to repay debt at an appropriate time in the future. This amount is shown in the MTFP contained within Appendix 1, and Members are asked to note the proposed use. **(Recommendation 24)**
72. With regard to the Transformation Reserve, it is proposed to utilise £3.000 million per annum in both 2023-24 and 2024-25 to offset the non-recurrent transformation costs shown within Appendix 8. These amounts are shown in the MTFP contained within Appendix 1, and Members are asked to approve the use of the Transformation Reserve in 2023-24 and note the use in 2024-25. **(Recommendation 25)**

73. It is also proposed to utilise £1.944 million of the Collection Fund Smoothing Reserve in 2023-24 to fund the forecast 2022-23 deficit on the Business Rates element of the Collection Fund, including the final year of the deficits spread from 2020-21 on Business Rates. This amount is shown in the MTFP contained within Appendix 1, and Members are asked to approve the use of the Collection Fund Smoothing Reserve in 2023-24. **(Recommendation 26)**
74. The Schedule of Reserves contained within Appendix 3 demonstrates that the financial standing of the Council is sustainable and therefore the Council can withstand a significant revenue shock.
75. 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.
76. 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.
77. The Interim 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 confirms that the Council has the required financial strength within its reserves position to cope with any anticipated financial challenge.

CIPFA Financial Resilience Index

78. In December 2022 CIPFA published a Financial Resilience Index for all English local authorities. This information has been made publicly available (via CIPFA's website).
79. The index does not produce one overall single 'league table' score. Instead, the index consists of financial ratios across 9 primary indicators and a further 7 secondary indicators. The index also publishes the Council's latest External Audit Value for Money opinion and the OFSTED judgement on Children's Social Care.
80. In addition to a calculated value for each financial ratio, the index also expresses each indicator on a scale of risk-level linked to risk of financial stress. Scores for each indicator are also benchmarked with a 'nearest neighbour' peer group.
81. The following chart shows the indicator of financial stress risk for all 9 primary measures on the Financial Resilience Index for the Council:



82. The Financial Resilience Index for Northumberland shows low levels of risk for 5 of the 9 primary indicators. However, a higher level of risk is indicated for the following 4 primary indicators:
- Reserves Sustainability Measure;
 - Change in Reserves;
 - Interest Payable / Net Revenue Expenditure; and,
 - Gross External Debt.
83. For Northumberland the first two indicators are inextricably linked. Members will be aware that the Council received a significant amount of grant funding to address the challenges posed by the Covid-19 pandemic. A lot of this funding was transferred into reserves. The Council has now utilised a significant amount of this funding to provide support to businesses and the most vulnerable in the community, which has reduced the reserve balances. A schedule of all Council reserves is contained within Appendix 3 of this report which demonstrates that the financial standing of the Council is sustainable.
84. Section 25, Part Two of the Local Government Finance Act 2003 requires the Chief Financial Officer (also referred to as the Section 151 Officer) to report to the Authority the robustness of the estimates included within the budget and the adequacy of reserves for which the budget provides. The Interim 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 confirms that the Council has the required financial strength within its reserves position to cope with any anticipated financial challenge.
85. For Northumberland the last two indicators are also inextricably linked. Members will be aware that the Council's debt has historically been at a high level due to the level of lending to other organisations such as Advance Northumberland and Northumbria Healthcare NHS Foundation Trust; as well as being the main source of funding to service the Capital Programme.
86. As a consequence of the high level of debt the Council's interest payments are significant hence the risk is high as shown in the diagram above. Members should note that the indicator does not take into account the fact that the debt is

being repaid and that the Council either has a legal charge over a number of assets to cover the debt or wholly owns Advance Northumberland and by default the assets.

Provisions

87. The Council maintains a number of provisions which are also detailed in Appendix 3. 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 scrutinised annually by the Council's external auditors as part of the final accounts process to ensure that 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 3 details the outcome of the review and Members are requested to note the provisions. **(Recommendation 21)**

Service Specific Grants

88. In addition to the core funding grants detailed in this report there are a number of service specific grants which are detailed at Appendix 4. These grants are included within the baseline budget figure and total £250.400 million and Members are requested to note the grants. **(Recommendation 27)**
89. The Public Health Grant is ringfenced for the provision of services to improve the health of the local population through a sustainable health and care system by improving access, experience, and outcomes; and reducing health inequalities from deprivation, ethnicity, and vulnerable groups. The 2023-24 allocation has not yet been announced therefore it has been assumed within the MTFP that this grant will continue at its current level of £17.366 million over the duration of the MTFP. The position will be monitored and the MTFP will be updated if required. **(Recommendation 27)**

EXPENDITURE

Inflation

90. 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 move to the Real Living 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 5.
91. All inflationary pressures are detailed within Appendix 5 which includes the costs associated with incremental drift, pay inflation and non-pay inflation.
92. Pay inflation for 2023-24 is based on an increase of 4.00%. Where applicable the Local Government pay award will be effective from 1 April 2023. For the purposes of the MTFP it is assumed that the pay awards will be 2.00% from 2024-25.
93. Excluding hyper-inflation (recommended to be funded from the Strategic Management Reserve), total inflation equates to £28.900 million for 2023-24, £17.516 million for 2024-25; £12.910 million for 2025-26, and £12.089 million for 2026-27. It is recommended that the inflationary pressures identified in Appendix 5 for 2023-24 are approved. **(Recommendation 28)**

Demand for Services

94. The pressures facing the Council and the requirement to fund growth in services are shown in Appendices 6 and 7, with further detail in the following paragraphs. Recurrently, £16.694 million has been added to the base budget for 2023-24, £2.422 million in 2024-25; £1.773 million in 2025-26 and £0.392 in 2026-27. Also, the year-on-year increase in the revenue costs attributable to the Capital Programme, (Appendix 13), is included within the MTFP at Appendix 1. These equate to £6.164 million in 2023-24, £14.075 million in 2024-24, £10.098 million in 2025-26, and £6.000 million in 2026-27, comprising of:
 - a. revenue contribution to capital of £8.171 million in 2024-25 and £6.591 million in 2025-26 for Schools Redevelopment; and
 - b. revenue cost of borrowing associated with the Capital Programme of £6.164 million in 2023-24, £5.904 million in 2024-25, £3.507 million in 2025-26, and £6.000 million in 2026-27.
95. It is proposed that Members approve the 2023-24 pressures and revenue costs associated with the Capital Programme and note the 2024-25, 2025-26 and 2026-27 figures. **(Recommendation 29)**
96. In addition to the grants mentioned earlier, the increase of 2.00% Adult Social Care Precept to Council Tax levels for 2023-24 and 2024-25 has provided some additional funding to meet the increasing costs. However, there remains a

significant recurrent on-going pressure which needs to be funded by the Council. The MTFP assumes no increase for the remaining years of the MTFP.

97. The Council has set aside recurrent funding within the Budget 2023-24 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.
98. It is proposed that the Council continues to fund Active Northumberland up to an additional £1.000 million for 2023-24 from the Council's Strategic Management Reserve. **(Recommendation 22)**
99. Through its shares in Newcastle Airport Local Authority Holding Company Limited the Council has a 7.86% share in Newcastle International Airport Limited (NAL). Members of the LA7 entered into a loan agreement with NIAL Group Limited in 2012-13, issuing £67.665 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.
100. Due to major curtailments in the airport operation as a result of the Covid-19 pandemic the terms of these loans have been modified. Given the unprecedented circumstances the airport has deferred interest repayments since 2019-20. This will again result in a shortfall of investment income in 2023-24 to the General Fund of £0.957 million. However, repayment of the total delayed investment interest will commence in April 2024 and will be fully repaid within 4 years. Repayment of the delayed interest will replenish the Strategic Management Reserve; £0.161 million in 2024-25 and £1.191 million in both 2025-26 and 2026-27 over the current MTFP period. It is proposed to fund the 2023-24 delayed interest of £0.957 million from the Council's Strategic Management Reserve and then subsequently replenish the reserve following receipt of the delayed interest payments in subsequent years. **(Recommendation 22)**
101. There are also non-recurrent issues which the Council needs to address from time to time. The MTFP identifies that £15.066 million will be required in 2023-24; £16.004 million in 2024-25; £0.935 million in 2025-26 and £0.159 million in 2026-27. Details are contained within Appendix 8. It is proposed that this one-off expenditure is approved and that when it is incurred it is funded from the Strategic Management and Council Transformation Fund Reserves, Public Health Reserve grant, Adult Social Care Discharge Fund grant, Adult Social Care Market Sustainability and Improvement Fund grant, and Council Tax Support Fund grant. **(Recommendations 18, 22, 23, 25 & 30)**
102. The Council also expects to achieve non-recurrent income of £0.157 million in 2023-24, £5.601 million in 2024-25, £0.252 million in 2025-26 and £0.221 million in 2026-27, which is detailed in Appendix 8. It is proposed that Members note the non-recurrent income for 2023-24 and the expected receipts in 2024-25, 2025-26 and 2026-27. **(Recommendation 31)**

Budget Balancing

103. The Council's Budget 2023-24 and MTFP 2023-27, 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 £17.045 million in 2023-24 and £37.026 million for the period 2024 to 2027. It is recommended that the identified efficiencies of £17.045 million for 2023-24, which are detailed in Appendix 9 are approved, and Members note that a further £10.295 million of efficiencies have been identified for the period 2024 to 2026. **(Recommendation 32)**

104. The Schedule of Efficiencies contained in Appendix 9 has been agreed by the individual Cabinet Members. Any efficiency proposals 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.

105. 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 Portfolio Holder. The Interim Executive Director of Communities and Business Development has provided an initial assessment of the overall equality impact of the budget proposals, shown at Appendix 10. This 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 10. **(Recommendation 33)**

106. A number of the proposals will require active management and each Executive Director will be responsible for their successful delivery.

107. 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

108. The 2023-24 budget is shown by service area at Appendix 11. This highlights expenditure, income, inflation, grant funding changes, pressures, savings and the proposed final budget 2023-24 by service area. Members are requested to note Appendix 11. **(Recommendation 34)**

Grant Funded Revenue Schemes

109. There may be instances throughout 2023-24 when additional unforeseen external revenue grant funding is received for a specific purpose. In these circumstances where the revenue scheme is fully funded from external grant Cabinet has authority to include these projects and their funding within the Revenue Budget.

Summary

110. The financial position of the Council over the period 2023-27 is detailed within Appendix 1.

111. It is recommended that Members approve Appendices 1, 2, 5, 6, 7, 8 and 9.

SCHOOL FUNDING

112. 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 2022-23 (after academy recoupment), which Members are requested to note is forecast to decrease by £1.291 million from the 2022-23 original allocation to £150.832 million. This is as a result of three schools converting to academy status on 1 April 2022.

113. The provisional value of the Dedicated Schools Grant for all schools in Northumberland (including Academies) for 2023-24 is £291.544 million. This is an increase of £16.853 million when compared to the 2022-23 original allocation across the Schools Block, High Needs Block and Early Years Block. This is due to an increase in the funding rates per pupil and now incorporates the Supplementary Grant for mainstream schools and the Teachers Pay and Pensions Grant for Early Years which were previously separate grants. There is also an increased number of Special Educational Needs (SEN) children, and this has led to growth within the High Needs Block. Mainstream schools are due to receive additional funding to meet inflationary pressures arising in 2023-24 through a separate grant stream, with detailed allocations due by April 2023. The Council will receive £160.287 million which Members are requested to note.
(Recommendation 35)

114. The Dedicated Schools Grant is divided into four notional blocks:

- Schools Block;
- Central School Services Block;
- High Needs Block; and,
- Early Years Block

115. Virement between the 4 notional blocks of up to 0.50% is possible by the local authority with school forum approval.

116. The Schools Block is in two parts:

- The Individual Schools Budgets (ISB) - Each school's ISB is calculated using the funding formula already approved by the Cabinet; and,
- Central Schools block – This block is used to meet the cost of statutory services provided to all schools including academies.

117. 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.

118. The Early Years Block includes funding for 2-year-old provision for the 40.00% most disadvantaged pupils as well as the statutory offer for 3 and 4-year-olds.

119. The implementation of the National Funding Formula (NFF) has been further delayed, but the Department for Education expects all local authorities to have moved to the NFF values by 2027-28 at the latest. Following a gradual transition

in recent years, it is intended that for 2023-24 the current local formula, as approved by Cabinet, will match the NFF values.

120. The Dedicated Schools Grant is currently predicted to overspend by £0.532 million in the financial year 2022-23 predominantly due to increased place funding and top-up costs associated with rising numbers of pupils with an Education, Health and Care Plan (EHCP).

CAPITAL EXPENDITURE

Capital Strategy 2023-24 to 2026-27

121. 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.
122. Appendix 12 sets out a proposed Capital Strategy for the Council.
123. Members are recommended to approve the attached Capital Strategy at Appendix 12. **(Recommendation 36)**

Capital Programme 2023-24 to 2026-27

124. There is a revised Capital Programme covering the period 2023-27 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.
125. The programme is largely based on that agreed in February 2022 but adjusted to reflect:
- a) re-profiling estimates from 2022-23 of £137.253 million.
 - b) A net reduction in capital expenditure over the period 2022-26 of £37.599 million, details of which are detailed in Appendix 14; comprising of new projects agreed during the year by Cabinet; other newly identified commitments and a number of scheme either reducing or being removed from the programme as part of the budget setting process. The overall reduction of £37.599 million equates to a net increase in Council resource requirements over the period 2023 to 2027 of £9.484 million (£26.862 million decrease for existing projects and £36.346 million increase for new projects), and a net decrease in external grant contributions of £47.083 million. Members are requested to note the changes contained within Appendix 14. **(Recommendation 37)**
126. Members are recommended to approve the revised Capital Programme as detailed within Appendix 13. **(Recommendation 37)**
127. 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, and any subsequent in-year amendments to the Executive Director responsible for Local Services and the Cabinet Member for Local Services. **(Recommendation 38)**

128. Within the Capital Programme there is also an allocation of £4.450 million in 2024-25 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 highways maintenance investment in U and C roads and footways to the Executive Director responsible for Local Services and the Cabinet Member for Local Services. **(Recommendation 39)**

HRA Capital Programme

129. The business case demonstrates potential capital expenditure over the MTFP of up to £85.703 million which is included in Appendix 13.

Flexible Use of Capital Receipts

130. Councils are generally only allowed to spend capital receipts - the money received when an asset is sold - on further capital projects or set aside the money for the repayment of debt. However, as part of the Local Government Settlement for 2016-17, Government announced greater flexibility for councils in how they make use of capital receipts by allowing them to use the receipts (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.

131. In December 2017, and again in February 2021, the Secretary of State announced further continuation of the capital receipts flexibility programme. The latest announcement provides a 3-year extension for receipts received from 2022-23 onwards.

132. The 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.

133. 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.

134. It is proposed that the Council utilises this flexibility for up to £0.500 million of capital receipts in 2023-24 on qualifying projects.

135. 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.

Grant Funded Capital Projects

136. There may be instances throughout 2023-24 when additional unforeseen external capital grant funding is received for a specific purpose. In instances where capital projects are fully funded from external grant sources Cabinet has authority to include these projects and their funding within the Capital Programme.

Prudential Borrowing Indicators

137. As a result of the revisions to the Capital Programme the Prudential Borrowing Indicators have been updated for the next four years. Prudential Indicators for approval are detailed within Appendix 15. **(Recommendation 40)**

Annual Minimum Revenue Provision Policy Statement

138. The proposed policy is enclosed at Appendix 16. The policy is unchanged from 2022-23.

139. Members are requested to approve the Annual Minimum Revenue Provision Policy for 2023-24. **(Recommendation 41)**

TREASURY MANAGEMENT

140. The proposed Treasury Management Strategy for 2023-24 is attached at Appendix 17. The report was also considered by the Audit Committee on 25 January 2023. Any subsequent amendments following Audit Committee will be included in the final report to the County Council in February.
141. Member are requested to approve the Treasury Management Strategy Statement included at Appendix 17. **(Recommendation 42)**

FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT

142. The provisional Local Government Finance Settlement 2023-24 was announced on 19 December 2022 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 2023 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 2023-24 budget if necessary.
(Recommendation 43)
143. If the final Settlement is received in advance of the County Council meeting a report showing any changes will be provided to members.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy:	This is the first year of the MTFP 2023-27. The plan supports the priorities outlined in the Corporate Plan.
Finance and value for money:	The financial implications of the 2023-24 budget and the MTFP are detailed within this report. Financial year 2024-25 and beyond will continue to be challenging.
Legal:	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. The Council also has a fiduciary duty not to waste public resources.
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) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	The interim Executive Director of Communities and Business Development 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.
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 continues to develop proposals concerning the management of energy which are supported by the budget.

Crime & Disorder: There are no specific crime and disorder implications within this report.

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

Consultation: During January 2023 consultation on the 2023-24 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 in Northumberland

BACKGROUND PAPERS

Date	Report to	Report
23 February 2022	Full Council	Budget 2022-23 and Medium-Term Financial Plan 2022-26
2 November 2022	Full Council	Approval of the Council Tax Support Scheme for 2023-24
17 November 2022	Cabinet	Budget 2023-24 and Medium-Term Financial Plan 2023-2027
13 December 2022	Cabinet	Approval of the Council Tax Base 2023-24
17 January 2023	Cabinet	Notification of the Estimated Collection Fund Balances 2022-23 – Council Tax and Business Rates
25 January 2023	Audit Committee	Treasury Management Strategy Statement for the Financial Year 2023-24

Report sign off

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

	Name
Interim Monitoring Officer	Suki Binjal
Interim Executive Director of Finance & Section 151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Interim Chief Executive	Rick O'Farrell
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	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Funding				
Government Grants				
- Revenue Support Grant (RSG)	(12.430)	(12.927)	(13.186)	(13.450)
- Business Rates - Income and Grants	(94.805)	(98.958)	(102.450)	(106.045)
- Rural Services Delivery Grant	(2.456)	(2.456)	(2.456)	(2.456)
- New Homes Bonus	(0.961)	(0.961)	(0.961)	(0.961)
- Improved Better Care Funding	(12.496)	(12.496)	(12.496)	(12.496)
- Social Care Grant	(22.056)	(22.056)	(22.056)	(22.056)
- Adult Social Care Discharge Fund	(1.752)	(2.920)	-	-
- Adult Social Care Market Sustainability & Improvement Fund	(3.563)	(5.357)	-	-
- Services Grant	(2.677)	(2.677)	(2.677)	(2.677)
Sub Total	(153.196)	(160.808)	(156.282)	(160.141)
Council Tax	(189.576)	(196.974)	(202.300)	(207.760)
Council Tax - Adult Social Care Precept (ASCP)	(29.113)	(33.785)	(34.021)	(34.258)
Council Tax Support Fund	(0.654)	-	-	-
Collection of Parish Precept	(9.870)	(9.870)	(9.870)	(9.870)
Collection Fund - Council Tax Estimated	(2.737)	-	-	-
Collection Fund - Business Rates Estimated	1.944	-	-	-
Contributions (from)/to Reserves:				
- Strategic Management	(13.138)	(15.792)	(6.335)	1.032
- Public Health	(0.199)	(0.199)	-	-
- General Fund	-	(7.850)	-	-
- Council Transformation Fund	(3.000)	(3.000)	-	-
- Collection Fund Smoothing	(1.944)	-	-	-
Total Funding	(401.483)	(428.278)	(408.808)	(410.997)
Expenditure				
Baseline Budget including recurrent adjustments	351.861	385.576	401.852	401.532
Pay Inflation	7.447	3.773	3.848	3.925
Non Pay Inflation	20.053	12.443	7.762	6.864
Increments and Changes to Salaries	1.400	1.300	1.300	1.300
Recurrent Pressures	15.090	0.857	0.442	0.030
Growth	1.604	1.565	1.331	0.362
Revenue Cost of Capital	6.164	14.075	10.098	6.000
Voluntary MRP (non-recurrent)	-	7.850	-	-
Non Recurrent Pressures and Income	14.909	10.403	0.683	(0.062)
Savings identified	(17.045)	(5.844)	(4.451)	-
Further Savings Required to Balance the budget	-	(3.720)	(14.057)	(8.954)
Total Expenditure	401.483	428.278	408.808	410.997
Tax base	110,152.30	111,128.30	111,906.30	112,684.30
Budget Requirement	383.202	401.437	402.473	412.029
Band D Council Tax	1,721.00	1,772.46	1,807.73	1,843.70
Band D Special Expenses	0.03	0.03	0.03	0.03
Band D Council Tax - Adult Social Care Precept	264.30	304.01	304.01	304.01
Increase in Council Tax (exc Special Expenses and ASC Precept)	2.99%	2.99%	1.99%	1.99%
Council only increase	2.99%	2.99%	1.99%	1.99%
Adult Social Care Precept	2.00%	2.00%	0.00%	0.00%

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1. Background and Context

- 1.1. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require local authorities to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer, Section 151 Officer (S151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting.
- 1.2. CIPFA issued Local Authority Accounting Panel (LAAP) Bulletin No.99, Guidance Note on Local Authority Reserves and Balances in July 2014, which updated previous bulletins to reflect the new requirements of the International Financial Reporting Standards (IFRS) Code of Practice. In addition, during the period of financial austerity for the public sector, the Local Authority Accounting Panel considered it necessary to update the guidance on local authority reserves and balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.
- 1.3. This policy sets out the Council's approach to compliance with the statutory regime and relevant non-statutory guidance.
- 1.4. Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.
- 1.5. Earmarked reserves are reviewed quarterly and reported to Cabinet as part of the budget monitoring, budget setting and close down processes, to determine whether the original purpose for the creation of the reserve still exists and whether the reserves should be released in full or in part. Particular attention is paid in review to those reserves where the balances have not moved over a long period of time.

2. Overview

- 2.1. The Council will maintain:
 - a General Fund general reserve;
 - a Housing Revenue Account (HRA) general reserve;
 - a number of earmarked reserves; and,
 - Capital Receipts and Capital Grants reserves.
- 2.2. Additionally, the Council is required to maintain unusable reserves to comply with accounting requirements although, as the term suggests, these reserves are not available to fund expenditure.

2.3. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial plan. The level will also be expressed as a percentage of the gross budget (to provide an indication of financial context). The Council's aim is to hold general reserves of between 5.00% (£42.827 million) and 7.50% (£64.240 million) of the gross revenue budget by the end of 2023-24.

3. Strategic Context

- 3.1. The Council continues to face a shortfall in funding compared to spending demands and must annually review its priorities in order to address the shortfall.
- 3.2. Reserves play an important part in the Council's Medium-Term Financial Plan and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience.
- 3.3. The Council holds reserves to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on the Council Tax.
- 3.4. The Council relies on interest earned through holding reserves to support its general spending plans.
- 3.5. Reserves are non-recurrent money. The Council does not use reserves to meet ongoing financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

4. Purposes

- 4.1. Reserves are therefore held for the following purposes, some of which may overlap:
 - Providing a working balance e.g., Housing Revenue Account and General Fund general reserves;
 - Smoothing the impact of uneven expenditure profiles between years e.g., Collection Fund Smoothing Reserve;
 - Holding funds for future spending plans e.g., Capital reserves, Economic Regeneration Reserve;
 - Meeting future costs and liabilities where an accounting 'provision' cannot be justified;
 - Meeting future costs and liabilities to cushion the effect on services e.g., the Insurance Reserve for self-funded liabilities arising from insurance claims;

- To provide resilience against future risks; and,
 - To create capacity e.g., Strategic Management Reserve.
- 4.2. All earmarked reserves are held for a specific purpose. This, together with a summary of the movement on each reserve, is reported quarterly.
- 4.3. The use of some reserves is limited by regulation e.g., the Collection Fund balance must be set against Council Tax levels. Reserves established through the Housing Revenue Account can only be applied within that account and the Schools' Reserves are also ring-fenced for their use.

5. Management and Governance

- 5.1. All reserves are reviewed quarterly and reported to Cabinet as part of the Council's budget monitoring, budget preparation, and close down processes. The Council will consider the view and advice of the S151 Officer regarding the adequacy of the reserves in the annual budget-setting process. The budget report will contain an estimate of the reserves over the duration of the Medium-Term Financial Plan.
- 5.2. Creation of new reserves:
- 5.2.1. Cabinet will approve the creation of all new reserves on the recommendation of the Section 151 Officer.
- 5.3. Adding to or utilising existing reserves:
- 5.3.1. Earmarked Reserves and capital grants unapplied; requires completion of a movement in earmarked reserves form for each drawdown or addition to an existing reserve. These forms require approval from the relevant Executive Director or Service Director, and Section 151 or Deputy Section 151 Officer (in the absence of the S151 Officer), unless agreed otherwise by Cabinet.
- 5.3.2. General Fund general reserve and HRA general reserves; requires Cabinet approval up to £1.000 million and full Council approval over £1.000 million for each drawdown or addition to these reserves.
- 5.3.3. Capital Receipts (excluding HRA); in order to minimise the cost of borrowing all capital receipts available will be utilised in year to finance the Capital Programme.
- 5.3.4. Capital Receipts (HRA); the use of capital receipts will be managed in order to minimise the cost of borrowing whilst maximising the opportunities to secure grant funding.
- 5.4. The Council will review the Reserves Policy on an annual basis.

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	Forecast Balance at 31 March 2023 £m	Forecast Balance at 31 March 2024 £m	Forecast Balance at 31 March 2025 £m	Forecast Balance at 31 March 2026 £m	Forecast Balance at 31 March 2027 £m
General Fund	42.851	42.851	35.001	35.001	35.001
Total General Reserve	42.851	42.851	35.001	35.001	35.001
Housing Revenue Account (HRA)	29.810	29.172	21.636	15.351	9.343
Major Repairs - HRA	10.096	8.312	8.667	9.085	9.601
HRA Capital Investment	1.000	0.109	-	0.115	0.070
Total Earmarked HRA Reserves	40.906	37.593	30.303	24.551	19.014
ADC Section 106	0.002	-	-	-	-
Balances held by Schools	5.758	10.408	11.497	9.241	9.241
Borderlands Energy Masterplan	0.658	-	-	-	-
Business Recovery	2.322	2.322	2.322	2.322	2.322
Collection Fund Smoothing	1.944	-	-	-	-
Community Led Housing	0.663	0.515	0.115	0.115	0.115
Council Commissioned Services	0.168	0.168	0.168	0.168	0.168
Council Tax Hardship and Discount Scheme	6.588	1.264	1.264	1.264	1.264
Council Transformation Fund	13.642	9.374	5.078	3.752	3.752
Dedicated Schools Grant	2.437	-	-	-	-
Economy & Regeneration Investment	0.238	0.119	-	-	-
Empty Dwelling Management Order	0.067	0.083	0.019	0.004	0.003
Estates Rationalisation	5.646	2.873	0.650	-	-
Fire & Rescue Service HMICFRS Improvement	0.018	-	-	-	-
Firefighters' Immediate Detriment	0.250	0.150	-	-	-
Haltwhistle Repairs	0.004	0.004	0.004	0.004	0.004
Insurance	8.279	7.779	7.779	7.779	7.779
Legal Challenges	0.590	0.490	0.390	0.290	0.290
NCC Economic Regeneration	0.138	-	-	-	-
Open Spaces Maintenance Agreements	0.077	0.068	0.059	0.049	0.040
Planning Delivery Grant	0.475	-	-	-	-
Problematic Empty Properties	0.042	0.052	0.052	0.052	0.052
Recruitment & Retention	0.439	0.439	0.439	0.439	0.439
Regeneration Development	1.259	1.065	1.065	1.065	1.065
Repairs and Maintenance	0.250	0.250	0.250	0.250	0.250
Restructuring	1.673	1.673	1.673	1.673	1.673
Revenue Grants	11.539	10.202	9.375	9.197	9.197
School Libraries	0.007	0.007	0.007	0.007	0.007
Sealodge Repairs	0.014	0.014	0.014	0.014	0.014
Section 106	14.081	14.131	12.931	10.831	8.680
Severe Weather	4.795	2.500	2.500	2.500	2.500
Social Fund	0.602	0.522	0.442	0.362	0.282
Sports Development	0.243	0.233	0.223	0.213	0.203

	Forecast Balance at 31 March 2023 £m	Forecast Balance at 31 March 2024 £m	Forecast Balance at 31 March 2025 £m	Forecast Balance at 31 March 2026 £m	Forecast Balance at 31 March 2027 £m
Storm Arwen	0.100	-	-	-	-
Strategic Management	48.754	35.616	19.824	13.489	14.521
Transformation of the Revenues & Benefits Service	0.215	0.215	0.215	0.215	0.215
Winter Services	2.000	2.000	2.000	2.000	2.000
Total Earmarked Reserves	135.977	104.536	80.355	67.295	66.076
Capital Grants Unapplied	51.304	51.304	51.304	51.304	51.304
Capital Receipts - HRA	4.658	3.608	3.558	3.503	3.448
Total Capital Reserves	55.962	54.912	54.862	54.807	54.752
Compensation Claims	0.042	-	-	-	-
Estates Rationalisation	0.576	0.126	0.126	0.126	0.126
Exceptional Cost Increases	0.234	-	-	-	-
NNDR Appeals	8.699	10.449	12.199	13.949	15.699
Total Provisions	9.551	10.575	12.325	14.075	15.825
Total Reserves and Provisions	285.247	250.467	212.846	195.729	190.668

£m

Adult Social Care & Commissioning

Local Reform and Community Voices	(0.218)
Public Health Grant	(17.366)
War Pensions Scheme Disregard Grant	(0.151)
Social Care in Prisons Grant	(0.152)
Total Adult Social Care & Commissioning	(17.887)

Children's Services

Dedicated Schools Grant (DSG)	(160.287)
Education and Skills Funding Agency (SFA)	(1.066)
Pupil Premium	(0.916)
Supporting Families Grant	(1.057)
Youth Justice Board	(0.663)
Unaccompanied Asylum Seeking Children	(0.092)
Staying Put Payment	(0.121)
Arts Council England - Music Hub Grant	(0.398)
Virtual Schools Grant	(0.232)
Job Entry Targeted Support Programme	(0.225)
Family Hub	(1.369)
Post 16 EFA Funding	(0.137)
KS2 Moderation Grant	(0.012)
Extended Personal Advisor Grant	(0.045)
Restart Scheme	(0.763)
Work and Health Programme	(0.446)
Total Children's Services	(167.829)

Finance

Discretionary Housing Grant	(0.404)
The Private Finance Initiative (PFI)	(1.619)
Fire Revenue Grant (Firelink/New Dimensions)	(0.129)
Housing Benefit Administration Subsidy	(0.902)
Rent Allowance Subsidy	(43.714)
Rent Rebate Subsidy	(10.580)
Home Office Firefighters' Pension Grant	(0.766)
New Burdens	(0.100)
Total Finance	(58.214)

£m

Economy, Regeneration & Commercial

New Homes Bonus Grant	(0.028)
Homes England	(0.110)
Historic England - Conservation	(0.058)
Afghan Locally Employed Staff Scheme	(0.161)
Home for Ukraine Scheme	(0.459)
Building Better Opportunities	(0.148)
European Social Funds	(0.057)
ERDF	(0.165)
Countryside Agency	(0.181)
Syrian Resettlement Grant	(0.098)
Homelessness Prevention Grant	(0.530)
Feed Hygiene Grant	(0.086)
Total Economy, Regeneration & Commercial	(2.081)

Planning and Local Services

The Private Finance Initiative (PFI)	(3.141)
Extended Rights to Free Travel	(0.513)
Urban Tree Challenge Fund	(0.070)
OS - Cycle Training Grant	(0.077)
Local Authority Bus Subsidy (Revenue) Grant	(0.500)
Total Planning and Local Services	(4.301)

Strategic Finance

Local Services Support Grant	(0.088)
Total Strategic Finance	(0.088)

Total Service Specific Grants **(250.400)**

Inflation Schedule 2023-24

	Inflation Factor	Adult Social Care & Commissioning £	Strategic Finance £	Children's Services £	Finance £	Human Resources & Organisational Development £	Chief Executive £	Economy, Regeneration & Commercial £	Planning and Local Services £	General Fund £
Local Government Employees	4.00%	-	6,613,290	-	-	-	-	-	-	6,613,290
Teachers	4.00%	-	33,800	-	-	-	-	-	-	33,800
Soulbury	4.00%	-	35,310	-	-	-	-	-	-	35,310
Youth Workers	4.00%	-	12,040	-	-	-	-	-	-	12,040
Firefighters	4.00%	-	452,220	-	-	-	-	-	-	452,220
Members	4.00%	-	108,600	-	-	-	-	-	-	108,600
Enhanced Pensions	10.10%	-	85,440	106,040	-	-	-	-	-	191,480
Total Pay Inflation		-	7,340,700	106,040	-	-	-	-	-	7,446,740
Gas	4.50%	3,470	-	2,000	16,710	3,090	-	520	3,990	29,780
Electricity	3.00%	3,430	-	4,250	32,360	4,000	-	1,000	54,980	100,020
Water Charges	10.10%	4,950	-	2,420	34,380	3,170	-	1,870	40,040	86,830
Vehicle Fuel	24.00%	26,650	-	5,000	53,670	4,710	-	7,610	659,280	756,920
Business Rates	10.10%	2,500	-	7,230	172,420	5,930	-	460	107,980	296,520
Council Tax	1.99%	130	-	90	190	60	-	310	160	940
Insurance - vehicles	16.00%	-	-	-	10,100	-	-	290	73,660	84,050
Premises Insurance	16.00%	17,220	-	3,570	20,020	32,420	-	440	15,250	88,920
Insurance - Employers Liability / Third Party	16.00%	23,370	-	20,280	26,540	7,340	240	10,700	211,970	300,440
PFI Scheme payments	7.26%	-	-	-	191,430	-	-	-	3,296,230	3,487,660
Concessions to Bus Operators	1.80%	-	-	-	-	-	-	88,330	-	88,330
Social Care Contract Inflation	N/A	13,658,510	-	1,672,010	-	-	-	-	-	15,330,520
Funded by additional income	N/A	(831,710)	-	-	-	-	-	(10,390)	(10,440)	(852,540)
PSAA - Audit Fee Increase	150.00%	-	-	-	255,000	-	-	-	-	255,000
Total Non Pay Inflation		12,908,520	-	1,716,850	812,820	60,720	240	101,140	4,453,100	20,053,390
Increments & Changes to Salaries		475,750	-1,670	296,570	352,310	79,300	45,940	38,490	113,720	1,400,410
Total		13,384,270	7,339,030	2,119,460	1,165,130	140,020	46,180	139,630	4,566,820	28,900,540

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	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Adult Social Care & Commissioning				
Team Manager posts regrading	0.224	-	-	-
Pension costs on staff cover where minimum staffing levels are to be maintained	0.151	-	-	-
Existing saving still needing to be delivered in internal services	0.198	-	-	-
Total Adult Social Care & Commissioning	0.573	-	-	-
Children's Services				
Staff / non staff costs for Children's Homes - new builds and Ofsted recommendation original estimate	0.770	0.620	-	-
Housing adaptation assessments for disabled children	0.196	-	-	-
Interpreting and translation fees	0.130	-	-	-
Short Break services for disabled children	0.375	0.125	-	-
Education Welfare Service	0.144	-	-	-
School Improvement - removal of grant original estimate	0.229	-	-	-
Schools' Safeguarding Team	0.154	-	-	-
SEN Home to School Transport Service	2.026	-	-	-
Children's Homes Night Care Officer posts	0.095	-	-	-
Total Children's Services	4.119	0.745	-	-
Chief Executive				
Service Development	0.059	-	-	-
Total Chief Executive	0.059	-	-	-
Finance				
Information Services - SLA income shortfall	0.324	-	-	-
Information Services - Microsoft Office 365 EA contractual agreement	-	-	0.382	-
Customer Services - Contract price increase	0.150	-	-	-
Local Council Tax Support Grant	0.425	-	-	-
Fire and Rescue Service - Firelink Grant reducing	0.072	0.030	0.030	0.030
Fire and Rescue Service - Data Lines/Comms	0.198	-	0.030	-
Total Finance	1.169	0.030	0.442	0.030
Human Resources and Organisational Development, Culture and Leisure				
Archives Service - Computer Software Licence	0.028	-	-	-
Archives Service - Income shortfall	0.045	-	-	-
Communications - Northumberland News	0.061	-	-	-
Coroners - Increased demand: Increase in Medical Fees, Body Conveyancing and Post-mortem costs	0.388	-	-	-
Democratic Services - Public-i live streaming system - annual licence	0.039	-	-	-
Shortfall in Schools Library Income	0.100	-	-	-
Total Human Resources and Organisational Development, Culture and Leisure	0.661	-	-	-

Recurrent Pressures Schedule 2023-24 to 2026-27

Appendix 6

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Planning and Local Services				
Home to School Transport	2.770	-	-	-
Loss of rental income at Low Prudhoe Depot	0.015	-	-	-
Technical staff to support development of new waste services required under the Environment Act 2021 & National Resources and Waste Strategy	-	0.082	-	-
Supported Bus Services	0.250	-	-	-
Total Planning and Local Services	3.035	0.082	-	-
Cross Directorate/Corporate Services				
Shortfall in 2022-23 Pay Award	5.474	-	-	-
Total Cross Directorate/Corporate Services	5.474	-	-	-
Total Recurrent Pressures	15.090	0.857	0.442	0.030

Growth Schedule 2023-24 to 2026-27

Appendix 7

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Adult Social Care & Commissioning				
Demographic pressures	0.648	0.648	0.648	0.337
Total Adult Social Care & Commissioning	0.648	0.648	0.648	0.337
Chief Executive				
Mobile units maintenance costs	0.035	-	-	-
Total Chief Executive	0.035	-	-	-
Children's Services				
SEN Home to School Transport Service	0.773	0.794	0.658	-
Total Children's Services	0.773	0.794	0.658	-
Human Resources and Organisational Development, Culture and Leisure				
e-licensing	0.050	0.050	-	-
Total Human Resources and Organisational Development, Culture and Leisure	0.050	0.050	-	-
Regeneration, Commercial and Economy				
Borderlands Partnership staffing	0.012	0.048	-	-
Total Regeneration, Commercial and Economy	0.012	0.048	-	-
Corporate Services				
Change in levies (Environment Agency & NIFCA)	0.086	0.025	0.025	0.025
Total Corporate Services	0.086	0.025	0.025	0.025
Total Growth	1.604	1.565	1.331	0.362

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	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Non-Recurrent Pressures				
Adult Social Care & Commissioning				
Adult Social Care Discharge Fund	1.752	2.920	-	-
Adult Social Care Market Sustainability & Improvement Fund	3.563	5.357	-	-
Total Adult Social Care & Commissioning	5.315	8.277	-	-
Chief Executive				
Locality Coordinators	0.199	0.199	-	-
Quality Improvement and Complaints Officer	0.032	-	-	-
Total Chief Executive	0.231	0.199	-	-
Finance				
IT backup and recovery service	0.159	0.159	0.159	0.159
Replacement of WAN contract	0.099	-	-	-
Council Tax Support Fund	0.654	-	-	-
Total Finance	0.912	0.159	0.159	0.159
Human Resources and Organisational Development, Culture and Leisure				
Archives Service - Rental Charges	0.024	0.025	0.026	-
Elections	-	-	0.750	-
Total Human Resources and Organisational Development, Culture and Leisure Services	0.024	0.025	0.776	-
Planning and Local Services				
Highways Materials	0.127	-	-	-
Parks & Green Spaces	0.250	0.250	-	-
Kerbside Glass Recycling Trial	0.050	0.052	-	-
Kerbside Food Waste Collection Trial	0.099	-	-	-
Total Planning & Local Services	0.526	0.302	-	-
Cross Directorate/Corporate Services				
Gas hyper-inflation	1.394	1.189	-	-
Electricity hyper-inflation	3.664	2.853	-	-
Transformation Programme	3.000	3.000	-	-
Total Cross Directorate/Corporate Services	8.058	7.042	-	-
Total Non-Recurrent Pressures	15.066	16.004	0.935	0.159
Non-Recurrent Income				
Finance				
Information Services - Microsoft Office 365 EA contractual	(0.057)	-	-	-
Replacement of WAN contract	-	(0.205)	(0.207)	(0.221)
Total Finance	(0.057)	(0.205)	(0.207)	(0.221)
Housing and Public Protection				
Staff salaries funded from grant	(0.055)	-	-	-
Total Housing and Public Protection	(0.055)	-	-	-
Planning and Local Services				
Change to Income from sale of electricity at EFW plant (PFI Contract)	-	(5.351)	-	-
Highways staff saving	(0.045)	(0.045)	(0.045)	-
Total Planning and Local Services	(0.045)	(5.396)	(0.045)	-
Total Non-Recurrent Income	(0.157)	(5.601)	(0.252)	(0.221)
Total Non-Recurrent Items	14.909	10.403	0.683	(0.062)

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	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Adult Social Care & Commissioning Services				
Care Management savings from the review of individual packages of care	3.000	3.000	3.000	-
Removal of Bailiffgate accommodation budget	0.014	-	-	-
Removal of the Lyndon office accommodation budget	0.018	-	-	-
Surplus LD Nursing budget	0.011	-	-	-
Removal of the Local System Review & Implementation Program budget	0.005	-	-	-
Reduction in block grants	0.046	-	-	-
Increase in income from deputyship fees	0.025	-	-	-
Increase in staff vacancy factor	1.100	-	-	-
Utilisation of Public Health Grant	0.250	-	-	-
Review of fees paid for sleep-in care	0.150	-	-	-
Complete transfer of Berwick day service to more suitable and efficient premises	0.085	-	-	-
Chibburn Court Closure	0.090	-	-	-
Rebasing staffing budget in other direct services	0.135	-	-	-
Total Adult Social Care & Commissioning	4.929	3.000	3.000	-
Children's Services				
Reduction in Out of County Placements	0.285	1.349	0.418	-
Integration of Youth Service into the Family Hub Model	0.212	0.156	-	-
Reduction to historical pension budgets	0.070	0.050	0.050	-
Education & Skills Staffing Efficiencies	0.169	0.071	-	-
Total Children's Services	0.736	1.626	0.468	-
Finance				
Reduction to the contingency	1.451	-	-	-
Restructuring Customer Information Centres	0.085	-	-	-
Information Services - renegotiation and termination of software contracts	0.072	-	-	-
Information Services - decommission Stockton Data Centre	0.051	-	-	-
Place Cube channel shift	0.045	-	-	-
Corporate Finance - removal of vacant post	0.044	-	-	-
Corporate Finance - reduction to non staffing budgets	0.083	-	-	-
Revenues & Benefits - restructure and change to working practices	0.184	-	-	-
Revenues & Benefits - contractual savings	0.012	-	-	-
Procurement - contract rebates	0.100	-	-	-
Procurement - discontinuation of Travel Salary Sacrifice Scheme	0.062	-	-	-
Property - vacation of leasehold premises at Greenwell Lane, Alnwick	0.050	-	-	-
FRS - removal of vacant apprentice post	0.018	-	-	-
FRS - Incident Support Unit Excelerate contract	0.025	-	-	-
FRS - FF&E provision within PFI contract	0.007	-	-	-
FRS - North East Ambulance Service rental income	0.005	-	-	-
FRS - Smoke Alarms	0.010	-	-	-
FRS - Utility savings	0.015	-	-	-
FRS - increase in Fees and charges	0.005	-	-	-
FRS - removal of Vacant posts	0.010	-	-	-
Total Finance	2.334	-	-	-

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Housing and Public Protection				
Non staff savings	0.040	-	-	-
Staff savings	0.057	-	-	-
Increase in fees & charges	0.068	-	-	-
Total Housing and Public Protection	0.165	-	-	-
Human Resources and Organisational Development, Culture and Leisure				
Alternative provision for Tourist Information Centres	0.124	-	-	-
Democratic Services - reduction in Vacancies and non staffing costs	0.102	-	-	-
Communications Service - reduction in Vacancies and non staffing costs	0.089	-	-	-
Reduction in Active Northumberland Management Fee	0.100	0.200	0.200	-
Registrars rent and leasing cost	0.010	-	-	-
Registrars income to offset Coroner's growth	0.380	-	-	-
Total Human Resources and Organisational Development, Culture and Leisure Services	0.805	0.200	0.200	-
Planning and Local Services				
<u>Technical Services</u>				
Increase in concessionary travel charge	0.020	0.010	-	-
Income from Post 16 Transport Fees and Charges	0.016	0.328	0.157	-
Increase to Residents Parking Permit	0.014	-	-	-
Increased income from coastal tourism car parks (increased charge in car parks already with charges)	0.200	-	-	-
Review of streetworks general fees	0.060	-	-	-
<u>Neighbourhood Services</u>				
Bulky Waste	0.026	-	-	-
Replacement Bins	0.002	-	-	-
Trade Waste	0.350	0.150	-	-
Garden Waste	0.156	-	-	-
Rubble at household waste recovery centres over achievement of income	0.015	-	-	-
Increase rubble charges at household waste recovery centres	0.009	-	-	-
Increases to cremation and burial charges	0.020	-	-	-
Increase permit fees for watersports	0.004	-	-	-
Campsite at Druridge Bay	0.050	-	-	-
Morpeth & Prudhoe HWRCs Reduce the opening times	0.060	-	-	-
Grounds maintenance external contracts	0.009	-	-	-
Waste PFI	1.551	0.487	0.585	-
<u>Planning</u>				
Planning Performance Agreements	0.070	-	-	-
Highways design	0.060	0.030	-	-
Income from Planning and Pre-Application Fees	0.407	-	-	-
Planning Performance Agreement/Nationally Significant Infrastructure Projects	0.012	-	-	-
Neighbourhood Planning Staff	0.037	-	-	-
Deletion of vacant posts	0.072	-	-	-
Total Planning and Local Services	3.220	1.005	0.742	-

	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Regeneration, Commercial and Economy				
Review of Arts and Culture Portfolio	0.108	0.013	0.041	-
Concessionary Travel Scheme	0.350	-	-	-
Total Regeneration, Commercial and Economy	0.458	0.013	0.041	-
Cross Directorate/Corporate Services				
Reduction in Employers NI Contribution	1.096	-	-	-
Reduction in Employers Pension Contribution and Lump Sum Contribution	3.302	-	-	-
Total Cross Directorate/Corporate Services	4.398	-	-	-
Total Efficiencies	17.045	5.844	4.451	-

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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 2023-24 (assessment of overall impacts of the package of proposals that have been put forward as part of the budget report for 2023-24).</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 £17.045 million with impacts on a number of the Council's services, and a planned increase in Council Tax of 2.99% plus an additional 2.00% adult social care precept to provide funding specifically for adult social care.</p> <p>All individual budget savings proposals for 2023-24 have been initially screened for potential equality implications, 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,</p>

	<p>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 out of county placements and reviews of how risks are being managed in care plans in adult social care will involve 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 the services. In particular, 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</p>

	<p>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>One of the proposed savings in adult social care involves a reduction in spending on services for disabled people. This saving is expected to come from the ongoing management of risks in individual care and support plans, based on past experience of the work of a specialist team which focuses on reviewing long-term care plans to assess whether they remain the best way to manage risks and support the person’s independence. The level of saving is an estimate of what it may be possible to achieve, rather than a firm plan about how savings will be realised, so equality impacts cannot be fully assessed at this point. No change is proposed as a result of the budget decision to the Council’s eligibility criteria for adult social care, nor are any changes proposed to the Council’s policies which would introduce new restrictions on the range of choices open to adults with care and support needs about how those needs are met. 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 identify ways in which risks to service users can be managed without unnecessarily intrusive supervision, which both reduces costs and improves service users’ quality of life.</p> <p>Any disabled staff affected by proposals in the budget will be supported through the process and any reasonable adjustments required 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 particular Council service. While there are a wide range of barriers to access that can arise for people in this protected group,</p>
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	<p>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 their total 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. It is possible that the proposal to integrate the Youth Service into the Family Hubs might have a potential impact on this group however a separate EIA for that proposal will be carried out as the detail of the proposal is developed and should there be a significant detrimental impact on this group the proposal would be reviewed.</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 take-up 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 substantial 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 for specific 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 particular faiths are in some circumstances slightly advantaged compared to those of other faiths or who are not religious. None of the budget proposals has been assessed as likely to have significant overall</p>
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	<p>differential impacts for people with specific religions or beliefs, but where relevant this issue will be considered during detailed planning for implementation of the proposals.</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, many of the of services available to support LGB people exist outside of the geographical boundaries of the county. 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 remain 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 likely 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>
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	<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 regularly publishes an analysis of its equality information. 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?</p>	<p>Potentially affected:</p> <p>Age Disability Gender identity/Gender reassignment Race Religion or belief Sex Sexual orientation</p> <p>Not potentially affected:</p> <p>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 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</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</p>

<p>policy change, decision or proposal</p>	<p>on the oldest age groups.</p> <p>However, when developing detailed plans for implementing savings in 2023-24 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>Savings have been proposed within the budget through the integration of the staff employed to deliver youth activities into the “Family Hub” provision, utilising the funding being made available to support the development of our Family Hub 0-19 offer. This will provide the opportunity for a more joined up approach to the delivery of services for families and children across the age range. Whilst there is currently not expected to be a significant adverse impact this issue will be kept under review as plans are finalised.</p> <p>There has been reduced use of public transport by older and disabled people since the start of the Covid pandemic, as a result of which the budget for concessionary fares has been underspending. This is included as a saving, but no changes to the Council’s policy on concessionary fares is proposed, and actual expenditure will continue to be determined by the decisions made by people eligible for concessionary passes.</p> <p>Given the nature of the Council’s statutory responsibilities and taking into account the scale of savings required 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 participate in public life will need to be considered in developing some specific proposals for 2023-24. If more detailed equality impact assessments indicate there could be a disproportionate negative impact those proposals will be reviewed.</p>
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	<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 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>A positive impact for disabled people using care services in Northumberland is anticipated from increased funding provision to care organisations to enable them to continue to pay the “Real Living Wage” in 2023-24. This should help to address workforce retention issues in this sector, which have had adverse impacts on disabled people who need care and support services.</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 required, Members may judge the impact of the budget proposals to be acceptable after other alternatives have been considered.</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 very challenging overall financial position.</p> <p>No major and widespread impact on participation in public life is anticipated, though some changes might</p>
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	<p>have some impact on some people. For example, the impact of proposed increases to car parking fees in some car parks, including Country Parks, on disabled people has been mitigated by allowing Blue Badge scheme pass holders to continue to park at no cost. EIAs on individual savings proposals have considered (or will consider) this issue.</p> <p>There has been reduced use of public transport by older and disabled people since the start of the Covid pandemic, as a result of which the budget for concessionary fares has been underspending. This is included as a saving, but no changes to the Council's policy on concessionary fares is proposed, and actual expenditure will continue to be determined by the decisions made by people eligible for concessionary passes.</p> <p>No major and widespread impact on public attitudes towards disabled people is anticipated, 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 operation 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>The Council offered staff the opportunity to request voluntary redundancy. By definition, people leaving their employment via this route have done so at their own request under the terms of the Council's Voluntary Redundancy Scheme policy. However, should the budget proposals result in further redundancies, there is some evidence that disabled staff may face additional barriers in securing alternative employment. Northumberland County Council is part of the</p>
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	<p>Government's Disability Confident scheme and to help to overcome any adverse 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 be required 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 in the course of 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 participate 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 attitudes towards people who have transitioned or are transitioning has been identified in preparing the budget. Where necessary, further EIAs linked to the</p>
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	<p>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 likely 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 participate 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 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</p>
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	<p>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 likely 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 participate 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 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</p>
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	<p>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 likely 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> <p>The proposed offer to care providers of funding to enable them to pay the "real living wage" to care workers will benefit a low paid workforce which remains predominantly female.</p> <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>No significant issues that would affect the ability of males or females to participate in public life have so far been identified. However, the need for further impact</p>
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	<p>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 2023-24, 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 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 2023-24 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 participate in public</p>
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	<p>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 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 required 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 it is relevant, consider this issue.</p> <p>No significant risk has been identified that the budget</p>
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	<p>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 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>

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.
X	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	<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 add a 2% adult social care precept to council tax 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</p>

	<p>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 been carried out for 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 during the implementation of any of the budget proposals, the need 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>Keith Thompson – Rights Team Manager Stephen Corlett – Senior Manager Irene Fisher – Equality lead</p>
<p>Authorising director or head of service</p>	<p>Maureen Taylor – Interim Executive Director</p>

Date authorised	18 January 2023
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.	

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Budget by Service Area 2023-24

		2022-23 Budget	Virements	Increments	Inflation	Growth	Pressures	Savings	Funding Changes	2023-24 Requested Budget	% Change
		£	£	£	£	£	£	£	£	£	
Adult Social Care & Commissioning	Pay	36,126,430	3,390,730	632,140	-	-	3,007,820	(2,439,730)	-	40,717,390	12.71%
	Non Pay	194,845,790	(124,660)	(156,390)	13,739,730	689,990	5,713,900	(3,648,200)	-	211,060,160	8.32%
	Gross Expenditure	230,972,220	3,266,070	475,750	13,739,730	689,990	8,721,720	(6,087,930)	-	251,777,550	9.01%
	Grants	(17,412,420)	(474,510)	-	-	-	-	-	-	(17,886,930)	2.73%
	Sales, Fees, Charges	(37,522,370)	-	-	(831,210)	(41,990)	(73,770)	169,410	-	(38,299,930)	2.07%
	Other Income	(64,695,620)	(1,634,640)	-	-	-	-	7,590	-	(66,322,670)	2.51%
	Gross Income	(119,630,410)	(2,109,150)	-	(831,210)	(41,990)	(73,770)	177,000	-	(122,509,530)	2.41%
	Net Expenditure	111,341,810	1,156,920	475,750	12,908,520	648,000	8,647,950	(5,910,930)	-	129,268,020	16.10%
Strategic Finance	Pay	2,850,820	110,060	-	85,440	-	-	(411,000)	-	2,635,320	-7.56%
	Non Pay	42,723,610	(4,172,560)	(1,670)	7,146,660	7,877,430	(666,730)	(1,451,410)	430	51,455,760	20.44%
	Gross Expenditure	45,574,430	(4,062,500)	(1,670)	7,232,100	7,877,430	(666,730)	(1,862,410)	430	54,091,080	18.69%
	Grants	(87,910)	-	-	-	-	-	-	-	(87,910)	0.00%
	Other Income	(25,325,850)	1,055,510	-	-	(1,628,420)	-	-	-	(25,898,760)	2.26%
	Gross Income	(25,413,760)	1,055,510	-	-	(1,628,420)	-	-	-	(25,986,670)	2.25%
Net Expenditure	20,160,670	(3,006,990)	(1,670)	7,232,100	6,249,010	(666,730)	(1,862,410)	430	28,104,410	39.40%	
Children's Services	Pay	47,369,310	3,529,120	896,390	105,350	-	3,464,110	(1,581,500)	13,070	53,795,850	13.57%
	Non Pay	192,010,160	(4,713,860)	(530,100)	1,710,330	773,000	3,373,840	(292,850)	10,660,760	202,991,280	5.72%
	Gross Expenditure	239,379,470	(1,184,740)	366,290	1,815,680	773,000	6,837,950	(1,874,350)	10,673,830	256,787,130	7.27%
	Grants	(156,964,940)	675,770	(162,100)	(100)	-	(435,580)	205,530	(11,147,560)	(167,828,980)	6.92%
	Sales, Fees, Charges	(1,599,970)	(46,360)	(29,300)	(160)	-	(17,000)	-	-	(1,692,790)	5.80%
	Other Income	(13,620,410)	957,400	121,680	7,470	-	(444,390)	127,780	473,730	(12,376,740)	-9.13%
	Gross Income	(172,185,320)	1,586,810	(69,720)	7,210	-	(896,970)	333,310	(10,673,830)	(181,898,510)	5.64%
	Net Expenditure	67,194,150	402,070	296,570	1,822,890	773,000	5,940,980	(1,541,040)	-	74,888,620	11.45%
Finance	Pay	35,574,070	518,980	352,310	-	-	2,145,590	(911,950)	-	37,679,000	5.92%
	Non Pay	77,810,830	(1,322,490)	-	812,820	-	2,628,310	(595,160)	-	79,334,310	1.96%
	Gross Expenditure	113,384,900	(803,510)	352,310	812,820	-	4,773,900	(1,507,110)	-	117,013,310	3.20%
	Grants	(58,728,180)	17,280	-	-	-	497,430	-	-	(58,213,470)	-0.88%
	Sales, Fees, Charges	(3,473,630)	(197,800)	-	-	-	(247,000)	(10,000)	-	(3,928,430)	13.09%
	Other Income	(7,518,510)	1,606,900	-	-	-	571,000	(100,000)	-	(5,440,610)	-27.64%
	Gross Income	(69,720,320)	1,426,380	-	-	-	821,430	(110,000)	-	(67,582,510)	-3.07%
	Net Expenditure	43,664,580	622,870	352,310	812,820	-	5,595,330	(1,617,110)	-	49,430,800	13.21%
Human Resources and Organisational Development, Culture and Leisure	Pay	13,165,940	(435,480)	79,300	-	-	729,080	(652,030)	-	12,886,810	-2.12%
	Non Pay	12,021,460	(450,830)	-	169,320	50,000	918,530	(333,970)	-	12,374,510	2.94%
	Gross Expenditure	25,187,400	(886,310)	79,300	169,320	50,000	1,647,610	(986,000)	-	25,261,320	0.29%
	Sales, Fees, Charges	(1,962,700)	-	-	-	-	22,980	(236,980)	-	(2,176,700)	10.90%
	Other Income	(735,290)	434,700	-	-	-	3,000	-	-	(297,590)	-59.53%
	Gross Income	(2,697,990)	434,700	-	-	-	25,980	(236,980)	-	(2,474,290)	-8.29%
	Net Expenditure	22,489,410	(451,610)	79,300	169,320	50,000	1,673,590	(1,222,980)	-	22,787,030	1.32%
Chief Executive	Pay	3,475,320	557,260	45,940	-	-	363,110	(112,910)	-	4,328,720	24.56%
	Non Pay	532,360	31,970	-	240	35,000	(167,200)	-	-	432,370	-18.78%
	Gross Expenditure	4,007,680	589,230	45,940	240	35,000	195,910	(112,910)	-	4,761,090	18.80%
	Sales, Fees, Charges	(470,370)	-	-	-	-	260,300	-	-	(210,070)	-55.34%
	Other Income	(114,550)	-	-	-	-	-	-	-	(114,550)	0.00%
	Gross Income	(584,920)	-	-	-	-	260,300	-	-	(324,620)	-44.50%
Net Expenditure	3,422,760	589,230	45,940	240	35,000	456,210	(112,910)	-	4,436,470	29.62%	

Budget by Service Area 2023-24

Appendix 11

		2022-23 Budget	Virements	Increments	Inflation	Growth	Pressures	Savings	Funding Changes	2023-24 Requested Budget	% Change
		£	£	£	£	£	£	£	£	£	£
Economy, Regeneration & Commercial	Pay	14,761,400	1,449,570	119,670	-	315,400	816,740	(583,720)	-	16,879,060	14.35%
	Non Pay	8,649,050	(298,540)	(1,070)	101,240	-	45,840	(378,920)	-	8,117,600	-6.14%
	Gross Expenditure	23,410,450	1,151,030	118,600	101,240	315,400	862,580	(962,640)	-	24,996,660	6.78%
	Grants	(1,290,640)	(762,550)	(22,240)	-	-	(10,210)	4,690	-	(2,080,950)	61.23%
	Sales, Fees, Charges	(7,510,640)	(1,550)	(1,230)	(20)	-	(5,240)	(614,370)	-	(8,133,050)	8.29%
	Other Income	(6,983,210)	(135,120)	(56,640)	(80)	(302,900)	(52,900)	20,610	-	(7,510,240)	7.55%
	Gross Income	(15,784,490)	(899,220)	(80,110)	(100)	(302,900)	(68,350)	(589,070)	-	(17,724,240)	12.29%
	Net Expenditure	7,625,960	251,810	38,490	101,140	12,500	794,230	(1,551,710)	-	7,272,420	-4.64%
	Planning and Local Services	Pay	32,785,030	1,430,950	(81,620)	-	-	2,479,340	(847,360)	-	35,766,340
Non Pay		88,800,180	(11,387,790)	(38,490)	4,463,540	-	5,737,010	(1,560,840)	68,200	86,081,810	-3.06%
Gross Expenditure		121,585,210	(9,956,840)	(120,110)	4,463,540	-	8,216,350	(2,408,200)	68,200	121,848,150	0.22%
Grants		(4,233,090)	-	-	-	-	-	-	(68,200)	(4,301,290)	1.61%
Sales, Fees, Charges		(15,151,710)	(177,010)	(32,270)	(10,440)	-	(47,080)	(1,008,550)	-	(16,427,060)	8.42%
Other Income		(26,238,420)	10,569,550	266,100	-	-	(612,320)	190,840	-	(15,824,250)	-39.69%
Gross Income		(45,623,220)	10,392,540	233,830	(10,440)	-	(659,400)	(817,710)	(68,200)	(36,552,600)	-19.88%
Net Expenditure		75,961,990	435,700	113,720	4,453,100	-	7,556,950	(3,225,910)	-	85,295,550	12.29%
Total Services		Pay	186,108,320	10,551,190	2,044,130	190,790	315,400	13,005,790	(7,540,200)	13,070	204,688,490
	Non Pay	617,393,440	(22,438,760)	(727,720)	28,143,880	9,425,420	17,583,500	(8,261,350)	10,729,390	651,847,800	5.58%
	Gross Expenditure	803,501,760	(11,887,570)	1,316,410	28,334,670	9,740,820	30,589,290	(15,801,550)	10,742,460	856,536,290	6.60%
	Grants	(238,717,180)	(544,010)	(184,340)	(100)	-	51,640	210,220	(11,215,760)	(250,399,530)	4.89%
	Sales, Fees, Charges	(67,691,390)	(422,720)	(62,800)	(841,830)	(41,990)	(106,810)	(1,700,490)	-	(70,868,030)	4.69%
	Other Income	(145,231,860)	12,854,300	331,140	7,390	(1,931,320)	(535,610)	246,820	473,730	(133,785,410)	-7.88%
	Gross Income	(451,640,430)	11,887,570	84,000	(834,540)	(1,973,310)	(590,780)	(1,243,450)	(10,742,030)	(455,052,970)	0.76%
	Net Expenditure	351,861,330	-	1,400,410	27,500,130	7,767,510	29,998,510	(17,045,000)	430	401,483,320	14.10%
	Corporate Funding	Pay	-	-	-	-	-	-	-	-	-
Non Pay		1,594,820	-	-	-	-	-	-	(1,594,820)	-	-100.00%
Gross Expenditure		1,594,820	-	-	-	-	-	-	(1,594,820)	-	-100.00%
Grants		(123,549,780)	-	-	-	-	-	-	(28,358,500)	(151,908,280)	22.95%
Other Income		(229,906,370)	-	-	-	-	-	-	(19,668,670)	(249,575,040)	8.56%
Gross Income		(353,456,150)	-	-	-	-	-	-	(48,027,170)	(401,483,320)	13.59%
Net Expenditure	(351,861,330)	-	-	-	-	-	-	(49,621,990)	(401,483,320)	14.10%	
General Fund	Net Expenditure	-	-	1,400,410	27,500,130	7,767,510	29,998,510	(17,045,000)	(49,621,560)	-	-



CAPITAL STRATEGY 2023-24 TO 2026-27

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 detailed in the Budget 2023-24 and Medium-Term Financial Plan 2023-27.

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, 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 four 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.

- **Thriving:** We will vigorously secure more and new investment and jobs into the county.
- **Living and Learning:** We will care for our residents, support the most vulnerable in our society and help people to live healthy lives. We will ensure the best education standards for our children and young people
- **Enjoying and Connecting:** We will maintain, protect and enhance the environment, prioritising our commitments on Climate Change. We will deliver high-quality services in all our communities and secure investment in housing and transport across the County.

2. APPROACH TO INVESTMENT PRIORITISATION

2.1. The Capital Programme

The Capital Programme for 2023-24 to 2026-27 has been updated as part of the 2023-24 budget setting process and is due to be considered at full Council on 22 February 2023.

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 project's 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; and (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 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 the Executive Team for review and then full Council 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.
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.

Inclusion in the Capital Programme is not approval to commence a project. A full business case is required to be submitted to Cabinet, via initial assessment by CSG and Executive Team, prior to a project proceeding and expenditure being incurred.

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. Service Delivery Investments - 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 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 satisfy subsidy control requirements.

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 Panel which will comprise of the Cabinet Member for Corporate Services, the Section 151 Officer, the Deputy Section 151 Officer supported by 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 £19.414 million over the four 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 a capital 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 practise 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. New schemes in year which attract 100% external funding will require approval by Cabinet before they are included within the capital programme.

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 considered 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 2023-24 and Prudential Indicators for 2023-24 to 2026-27.

5. MONITORING OF THE CAPITAL PROGRAMME DELIVERY

Officers monitor progress of the Capital Programme monthly 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 the 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	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Adult Services	4.590	4.427	2.000	2.000	2.000
Children's Social Care	1.664	1.435	-	-	-
Economy and Regeneration	83.189	91.994	48.580	47.251	-
Finance	12.150	15.914	6.000	6.000	-
Fire and Rescue Service	1.667	2.016	1.172	1.129	1.330
Housing - GF	1.185	0.643	-	-	-
Housing - HRA	15.603	19.637	24.254	20.863	20.949
IT	3.407	4.419	2.931	0.950	-
Leisure Services	12.810	0.800	-	-	-
Neighbourhood Services	5.238	5.542	7.912	5.757	6.988
Property Services	4.513	6.485	6.852	9.356	0.552
Renewable Energy	13.334	2.700	2.000	-	-
Schools	20.591	31.188	59.963	49.086	8.488
Technical Services / Local Services	49.636	35.749	34.430	25.551	24.431
Total Capital Expenditure	229.577	222.949	196.094	167.943	64.738

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

Capital Funding	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Capital Receipts	3.047	5.589	4.280	2.430	2.230
External Grants	120.510	96.863	59.087	60.933	31.014
GF Borrowing	91.836	106.236	106.163	80.271	13.600
GF Contributions	2.892	0.250	8.171	6.591	-
HRA Borrowing	-	-	-	-	-
HRA Contributions	11.292	14.011	18.393	17.718	17.894
Total Capital Funding	229.577	222.949	196.094	167.943	64.738

CAPITAL PROGRAMME 2023-24 to 2026-27 (SUMMARY)

	2023-2024	2024-2025	2025-2026	2026-2027	TOTAL BUDGET
	(£)	(£)	(£)	(£)	(£)
EXPENDITURE					
Adult Services	4,426,623	2,000,000	2,000,000	2,000,000	10,426,623
Children's Social Care	1,434,773	-	-	-	1,434,773
Economy and Regeneration	91,994,267	48,579,549	47,251,153	-	187,824,969
Finance	15,913,931	6,000,000	6,000,000	-	27,913,931
Fire and Rescue	2,016,101	1,171,700	1,128,500	1,329,938	5,646,239
Housing - GF	643,451	-	-	-	643,451
Housing - HRA	19,637,180	24,253,480	20,863,000	20,949,000	85,702,660
IT	4,418,710	2,931,290	950,000	-	8,300,000
Leisure Services	800,000	-	-	-	800,000
Neighbourhood Services	5,542,152	7,912,000	5,757,000	6,988,000	26,199,152
Property Services	6,484,670	6,851,730	9,356,000	552,000	23,244,400
Renewable Energy	2,700,000	2,000,000	-	-	4,700,000
Schools	31,187,506	59,963,325	49,086,379	8,487,773	148,724,983
Technical Services	35,749,275	34,430,470	25,551,460	24,431,000	120,162,205
TOTAL PROGRAMME	222,948,639	196,093,544	167,943,492	64,737,711	651,723,386
FUNDING					
External Grants	96,862,813	59,087,280	60,933,326	31,013,773	247,897,192
Capital Receipts	5,589,000	4,280,000	2,430,000	2,230,000	14,529,000
GF Revenue Contributions (RCCO)	250,000	8,171,368	6,590,835	-	15,012,203
HRA Contributions (MRR &RCCO)	14,011,180	18,392,480	17,718,000	17,894,000	68,015,660
HRA Borrowing	-	-	-	-	-
GF Borrowing (Balance)	106,235,646	106,162,416	80,271,331	13,599,938	306,269,331
TOTAL FUNDING	222,948,639	196,093,544	167,943,492	64,737,711	651,723,386

CAPITAL PROGRAMME 2023-24 to 2026-27 (Details)

PROJECT TITLE	2023-2024 BUDGET			2024-2025 BUDGET			2025-2026 BUDGET			2026-2027 BUDGET			TOTAL BUDGET (4 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 £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £
Adult Services															
Disabled Facilities Grant	4,058,073	4,058,073	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	10,058,073	10,058,073	-
Tynedale House Fire Doors	368,550	368,550	-	-	-	-	-	-	-	-	-	-	368,550	368,550	-
Adult Services Sub Total	4,426,623	4,426,623	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	10,426,623	10,426,623	-
Children's Social Care															
Children's Homes Provision (3 no. 4-Bed)	1,434,773	-	1,434,773	-	-	-	-	-	-	-	-	-	1,434,773	-	1,434,773
Children's Social Care Sub Total	1,434,773	-	1,434,773	-	-	-	-	-	-	-	-	-	1,434,773	-	1,434,773
Economy and Regeneration															
A1068 Shillbottle Junction Improvements	950,000	-	950,000	-	-	-	-	-	-	-	-	-	950,000	-	950,000
Ashington High Street Investment Programme	841,894	773,983	67,911	157,189	-	157,189	-	-	-	-	-	-	999,083	773,983	225,100
Ashington North East Quarter Re-development Phase 2	2,435,802	-	2,435,802	-	-	-	-	-	-	-	-	-	2,435,802	-	2,435,802
Bedlington Town Centre Redevelopment Phase 1 & 2	590,578	-	590,578	-	-	-	-	-	-	-	-	-	590,578	-	590,578
Energising Blyth Culture Centre and Market Place	7,307,140	6,685,511	621,629	4,018,698	-	4,018,698	475,000	-	475,000	-	-	-	11,800,838	6,685,511	5,115,327
Energising Blyth Future High Street Fund (FHSF)	1,723,580	1,723,580	-	3,502,387	1,406,648	2,095,739	-	-	-	-	-	-	5,225,967	3,130,228	2,095,739
Energising Blyth The Link	1,468,507	1,468,507	-	860,682	-	860,682	-	-	-	-	-	-	2,329,189	1,468,507	860,682
Blyth Town Centre Northern Gateway (Phase 2)	97,211	97,211	-	1,534,285	1,534,285	-	1,681,925	385,104	1,296,821	-	-	-	3,313,421	2,016,600	1,296,821
Energising Blyth Energy Central Phase 1	6,002,085	1,708,125	4,293,960	137,428	-	137,428	-	-	-	-	-	-	6,139,513	1,708,125	4,431,388
Energising Blyth Acquisitions / Delivery Costs	3,375,000	-	3,375,000	5,477,411	-	5,477,411	7,445,706	-	7,445,706	-	-	-	16,298,117	-	16,298,117
Energising Blyth Town Deal 2022-2026	5,879,240	3,665,062	2,214,178	2,576,750	2,177,869	398,881	3,739,214	3,739,214	-	-	-	-	12,195,204	9,582,145	2,613,059
Blyth Relief Road	1,498,000	900,000	598,000	16,873,000	14,576,000	2,297,000	24,918,000	21,864,000	3,054,000	-	-	-	43,289,000	37,340,000	5,949,000
Blyth to Bebside Cycle Corridor	192,532	192,532	-	3,262,329	3,262,329	-	3,244,739	1,123,859	2,120,880	-	-	-	6,699,600	4,578,720	2,120,880
Borderlands - Berwick Maltings	851,000	-	851,000	238,000	-	238,000	-	-	-	-	-	-	1,089,000	-	1,089,000
Borderlands - Carlisle Station	3,987,000	3,987,000	-	-	-	-	1,000,000	1,000,000	-	-	-	-	4,987,000	4,987,000	-
Borderlands - Lilidorei	500,000	500,000	-	-	-	-	-	-	-	-	-	-	500,000	500,000	-
Great Northumberland Forest	551,579	551,579	-	551,579	551,579	-	16,579	16,579	-	-	-	-	1,119,737	1,119,737	-
Hexham HAZ	1,452,347	208,643	1,243,704	-	-	-	-	-	-	-	-	-	1,452,347	208,643	1,243,704
Hexham Town Centre Redevelopment	-	-	-	2,500,000	-	2,500,000	-	-	-	-	-	-	2,500,000	-	2,500,000
Local Cycling and Walking Infrastructure	3,962,244	3,462,244	500,000	2,364,000	-	2,364,000	-	-	-	-	-	-	6,326,244	3,462,244	2,864,000
Newcastle Northumberland Rail Line	44,390,239	14,599,000	29,791,239	583,000	-	583,000	-	-	-	-	-	-	44,973,239	14,599,000	30,374,239
Rural Business Growth	546,678	546,678	-	-	-	-	-	-	-	-	-	-	546,678	546,678	-
Strategic Regeneration Projects	3,391,611	-	3,391,611	3,942,811	-	3,942,811	4,729,990	-	4,729,990	-	-	-	12,064,412	-	12,064,412
Economy and Regeneration Sub Total	91,994,267	41,069,655	50,924,612	48,579,549	23,508,710	25,070,839	47,251,153	28,128,756	19,122,397	-	-	-	187,824,969	92,707,121	95,117,848
Finance															
Capital Contract Price Inflation	5,500,000	-	5,500,000	-	-	-	-	-	-	-	-	-	5,500,000	-	5,500,000
Loan to NELEP - Ashwood	518,725	-	518,725	-	-	-	-	-	-	-	-	-	518,725	-	518,725
Loans to Third Parties (e.g. Advance Northumberland, Other Organisations)	6,895,206	-	6,895,206	6,000,000	-	6,000,000	6,000,000	-	6,000,000	-	-	-	18,895,206	-	18,895,206
Portland Park - Grant to Advance Northumberland	3,000,000	-	3,000,000	-	-	-	-	-	-	-	-	-	3,000,000	-	3,000,000
Finance Sub Total	15,913,931	-	15,913,931	6,000,000	-	6,000,000	6,000,000	-	6,000,000	-	-	-	27,913,931	-	27,913,931
Fire and Rescue															
FRS Berwick Fire Station	500,000	-	500,000	-	-	-	-	-	-	-	-	-	500,000	-	500,000
FRS Fleet Requirement	1,387,629	-	1,387,629	836,000	-	836,000	1,007,000	-	1,007,000	1,001,500	-	1,001,500	4,232,129	-	4,232,129
FRS Officer Support Vehicles (Blue Light Scheme)	56,392	-	56,392	-	-	-	-	-	-	-	-	-	56,392	-	56,392
FRS Risk Critical Equipment	72,080	-	72,080	335,700	-	335,700	121,500	-	121,500	328,438	-	328,438	857,718	-	857,718
Fire and Rescue Sub Total	2,016,101	-	2,016,101	1,171,700	-	1,171,700	1,128,500	-	1,128,500	1,329,938	-	1,329,938	5,646,239	-	5,646,239
Housing - GF															
Community Housing Fund	643,451	643,451	-	-	-	-	-	-	-	-	-	-	643,451	643,451	-
Housing - GF Sub Total	643,451	643,451	-	-	-	-	-	-	-	-	-	-	643,451	643,451	-
Housing - HRA															
HRA Miscellaneous / Other	75,000	-	75,000	75,000	-	75,000	80,000	-	80,000	80,000	-	80,000	310,000	-	310,000
HRA Energy Efficiency	500,000	-	500,000	500,000	-	500,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Chronically Sick and Disabled Persons Grants	691,000	-	691,000	691,000	-	691,000	691,000	-	691,000	691,000	-	691,000	2,764,000	-	2,764,000
Homes England Grant Recovery (re RTB)	75,000	-	75,000	75,000	-	75,000	75,000	-	75,000	75,000	-	75,000	300,000	-	300,000
Affordable Homes	7,467,180	1,737,000	5,730,180	14,080,480	3,281,000	10,799,480	10,960,000	1,990,000	8,970,000	10,900,000	2,100,000	8,800,000	43,407,660	9,108,000	34,299,660
Major Repairs Reserve	10,829,000	-	10,829,000	8,832,000	-	8,832,000	9,057,000	-	9,057,000	9,203,000	-	9,203,000	37,921,000	-	37,921,000
Housing - HRA Sub Total	19,637,180	1,737,000	17,900,180	24,253,480	3,281,000	20,972,480	20,863,000	1,990,000	18,873,000	20,949,000	2,100,000	18,849,000	85,702,660	9,108,000	76,594,660
IT															
CISCO Infrastructure	400,000	-	400,000	100,000	-	100,000	100,000	-	100,000	-	-	-	600,000	-	600,000

CAPITAL PROGRAMME 2023-24 to 2026-27 (Details)

PROJECT TITLE	2023-2024 BUDGET			2024-2025 BUDGET			2025-2026 BUDGET			2026-2027 BUDGET			TOTAL BUDGET (4 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 £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £
Cloud Migration	200,000	-	200,000	-	-	-	-	-	-	-	-	-	200,000	-	200,000
Desk Top Refresh - Phase 2	150,000	-	150,000	500,000	-	500,000	750,000	-	750,000	-	-	-	1,400,000	-	1,400,000
Northumberland WAN and Full Fibre	3,668,710	-	3,668,710	2,331,290	-	2,331,290	100,000	-	100,000	-	-	-	6,100,000	-	6,100,000
IT Sub Total	4,418,710	-	4,418,710	2,931,290	-	2,931,290	950,000	-	950,000	-	-	-	8,300,000	-	8,300,000
Leisure Services															
Berwick Swan Leisure Centre	800,000	-	800,000	-	-	-	-	-	-	-	-	-	800,000	-	800,000
Leisure Services Sub Total	800,000	-	800,000	-	-	-	-	-	-	-	-	-	800,000	-	800,000
Neighbourhood Services															
Fleet Replacement Programme	5,021,977	-	5,021,977	7,912,000	-	7,912,000	5,757,000	-	5,757,000	6,988,000	-	6,988,000	25,678,977	-	25,678,977
Parks - QEII Commemoration Schemes	370,175	-	370,175	-	-	-	-	-	-	-	-	-	370,175	-	370,175
Parks - Parks Enhancement Programme	150,000	-	150,000	-	-	-	-	-	-	-	-	-	150,000	-	150,000
Neighbourhood Services Sub Total	5,542,152	-	5,542,152	7,912,000	-	7,912,000	5,757,000	-	5,757,000	6,988,000	-	6,988,000	26,199,152	-	26,199,152
Property Services															
Choppington Mineral Rights	300,000	-	300,000	-	-	-	-	-	-	-	-	-	300,000	-	300,000
County Hall Refurbishment	600,000	-	600,000	-	-	-	3,900,000	-	3,900,000	-	-	-	4,500,000	-	4,500,000
County Hall Solar PV	-	-	-	98,939	-	98,939	-	-	-	-	-	-	98,939	-	98,939
Cowley Road Depot Refurb & Car Park	2,000,000	-	2,000,000	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Depot Rationalisation	158,000	-	158,000	2,285,000	-	2,285,000	4,885,000	-	4,885,000	552,000	-	552,000	7,880,000	-	7,880,000
Leisure Buildings - Essential Remedial	613,207	-	613,207	1,000,000	-	1,000,000	-	-	-	-	-	-	1,613,207	-	1,613,207
Leisure Buildings - Essential Remedial - Concordia Air Handling Units	119,181	-	119,181	-	-	-	-	-	-	-	-	-	119,181	-	119,181
Leisure Buildings - Essential Remedial - Concordia Glass and Roof Replacement	567,612	-	567,612	-	-	-	-	-	-	-	-	-	567,612	-	567,612
Leisure Buildings - Essential Remedial - Prudhoe Waterworld Wet Change	-	-	-	160,000	-	160,000	-	-	-	-	-	-	160,000	-	160,000
Property Stewardship Fund - Astley Park Depot	100,000	-	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Property Stewardship Fund - Backlog M&E and Fabric	1,180,473	-	1,180,473	1,900,000	-	1,900,000	-	-	-	-	-	-	3,080,473	-	3,080,473
Property Stewardship Fund - Bearl Depot Drainage and New Build	301,561	-	301,561	-	-	-	-	-	-	-	-	-	301,561	-	301,561
Property Stewardship Fund - Powburn Depot Roof	119,636	-	119,636	-	-	-	-	-	-	-	-	-	119,636	-	119,636
Property Stewardship Fund - Public Toilet Refurbishment	325,000	-	325,000	676,063	-	676,063	-	-	-	-	-	-	1,001,063	-	1,001,063
Property Stewardship Fund - Woodhorn Heapstead	-	-	-	731,728	-	731,728	571,000	-	571,000	-	-	-	1,302,728	-	1,302,728
Property Stewardship Fund - Woodhorn Walker Fan Building	100,000	-	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Property Services Sub Total	6,484,670	-	6,484,670	6,851,730	-	6,851,730	9,356,000	-	9,356,000	552,000	-	552,000	23,244,400	-	23,244,400
Renewable Energy															
County Hall Solar Car Port	2,700,000	1,189,568	1,510,432	-	-	-	-	-	-	-	-	-	2,700,000	1,189,568	1,510,432
Climate Change Capital Fund	-	-	-	2,000,000	-	2,000,000	-	-	-	-	-	-	2,000,000	-	2,000,000
Renewable Energy Sub Total	2,700,000	1,189,568	1,510,432	2,000,000	-	2,000,000	-	-	-	-	-	-	4,700,000	1,189,568	3,510,432
Schools															
Berwick Partnership Schools	250,000	-	250,000	8,171,368	-	8,171,368	26,328,632	-	26,328,632	5,146,203	146,203	5,000,000	39,896,203	146,203	39,750,000
Choppington Primary Artificial Pitch	205,000	105,000	100,000	-	-	-	-	-	-	-	-	-	205,000	105,000	100,000
Coquet Partnership Redevelopment	9,132,931	8,600,000	532,931	19,544,472	-	19,544,472	8,644,320	-	8,644,320	-	-	-	37,321,723	8,600,000	28,721,723
Corbridge Middle School - 3G Pitch	492,666	450,000	42,666	-	-	-	-	-	-	-	-	-	492,666	450,000	42,666
Devolved Formula Capital	829,780	829,780	-	591,570	591,570	-	591,570	591,570	-	591,570	591,570	-	2,604,490	2,604,490	-
KEVI New Build Classroom / Sports hall works	-	-	-	2,551,000	1,901,000	650,000	2,079,000	1,679,000	400,000	-	-	-	4,630,000	3,580,000	1,050,000
Kylae House	189,735	189,735	-	-	-	-	-	-	-	-	-	-	189,735	189,735	-
Mobile Classroom Replacement Programme	524,071	524,071	-	-	-	-	-	-	-	-	-	-	524,071	524,071	-
School Condition Programme (SCIP) - Remedials / General Programme	2,928,930	2,928,930	-	2,750,000	2,750,000	-	2,750,000	2,750,000	-	2,750,000	2,750,000	-	11,178,930	11,178,930	-
Seaton Valley Federation of Schools	13,849,515	9,000,000	4,849,515	20,254,915	-	20,254,915	1,250,857	-	1,250,857	-	-	-	35,355,287	9,000,000	26,355,287
Special Educational Need (SEN) Capacity Growth	2,400,000	-	2,400,000	6,100,000	-	6,100,000	7,442,000	-	7,442,000	-	-	-	15,942,000	-	15,942,000
West of County Schools Restructure	384,878	9,000	375,878	-	-	-	-	-	-	-	-	-	384,878	9,000	375,878
Schools Sub Total	31,187,506	22,636,516	8,550,990	59,963,325	5,242,570	54,720,755	49,086,379	5,020,570	44,065,809	8,487,773	3,487,773	5,000,000	148,724,983	36,387,429	112,337,554
Technical Services															
CP - Car Parks General	320,000	-	320,000	467,470	-	467,470	467,460	-	467,460	-	-	-	1,254,930	-	1,254,930
Electric Vehicle Charger Installation	400,000	200,000	200,000	-	-	-	-	-	-	-	-	-	400,000	200,000	200,000
FCERM - Beadnell	687,000	687,000	-	634,000	634,000	-	503,000	298,000	205,000	-	-	-	1,824,000	1,619,000	205,000
FCERM - Branton Surface Water	70,000	70,000	-	21,000	21,000	-	-	-	-	-	-	-	91,000	91,000	-
FCERM - Cresswell Coastal Management	38,000	38,000	-	462,000	347,000	115,000	-	-	-	-	-	-	500,000	385,000	115,000
FCERM - Haydon Bridge	-	-	-	-	-	-	139,000	59,000	80,000	-	-	-	139,000	59,000	80,000
FCERM - Hepscoth FAS	289,000	289,000	-	-	-	-	-	-	-	-	-	-	289,000	289,000	-
FCERM - Kirkwell Cottages	140,000	140,000	-	-	-	-	-	-	-	-	-	-	140,000	140,000	-

CAPITAL PROGRAMME 2023-24 to 2026-27 (Details)

PROJECT TITLE	2023-2024 BUDGET			2024-2025 BUDGET			2025-2026 BUDGET			2026-2027 BUDGET			TOTAL BUDGET (4 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 £	GROSS BUDGET £	EXTERNAL FUNDING £	NCC FUNDING £
FCERM - Loansdean	45,000	45,000	-	-	-	-	-	-	-	-	-	-	45,000	45,000	-
FCERM - Lynemouth Bay Landfill Remediation Scheme	50,000	-	50,000	3,329,000	550,000	2,779,000	-	-	-	-	-	-	3,379,000	550,000	2,829,000
FCERM - Meggie's Burn	6,000	6,000	-	33,000	33,000	-	11,000	11,000	-	-	-	-	50,000	50,000	-
FCERM - Pilgrims Way SW	57,000	57,000	-	29,000	29,000	-	-	-	-	-	-	-	86,000	86,000	-
FCERM - Seaton Delaval	65,000	65,000	-	-	-	-	-	-	-	-	-	-	65,000	65,000	-
FCERM - Spa Well Groundwater, Spittal	30,000	-	30,000	-	-	-	-	-	-	-	-	-	30,000	-	30,000
FCERM - Stocksfield & Riding Mill	-	-	-	74,000	15,000	59,000	-	-	-	-	-	-	74,000	15,000	59,000
Highways Laboratory Expansion	445,000	-	445,000	-	-	-	-	-	-	-	-	-	445,000	-	445,000
Highway Maintenance Investment in U and C roads and Footways	-	-	-	4,450,000	-	4,450,000	-	-	-	-	-	-	4,450,000	-	4,450,000
LTP - Local Transport Plan	23,563,000	23,563,000	-	23,426,000	23,426,000	-	23,426,000	23,426,000	-	23,426,000	23,426,000	-	93,841,000	93,841,000	-
Storm Arwen	100,000	-	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Cramlington S106 Improvements	300,000	-	300,000	-	-	-	-	-	-	-	-	-	300,000	-	300,000
New Hartley S106 Improvements	100,000	-	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Members Local Improvement Schemes	1,505,000	-	1,505,000	1,505,000	-	1,505,000	1,005,000	-	1,005,000	1,005,000	-	1,005,000	5,020,000	-	5,020,000
Salt Barns	1,223,275	-	1,223,275	-	-	-	-	-	-	-	-	-	1,223,275	-	1,223,275
Todstead Landslip	6,316,000	-	6,316,000	-	-	-	-	-	-	-	-	-	6,316,000	-	6,316,000
Technical Services Sub Total	35,749,275	25,160,000	10,589,275	34,430,470	25,055,000	9,375,470	25,551,460	23,794,000	1,757,460	24,431,000	23,426,000	1,005,000	120,162,205	97,435,000	22,727,205
TOTAL	222,948,639	96,862,813	126,085,826	196,093,544	59,087,280	137,006,264	167,943,492	60,933,326	107,010,166	64,737,711	31,013,773	33,723,938	651,723,386	247,897,192	403,826,194

Project	GROSS BUDGET	EXTERNAL FUNDING	NCC FUNDING	Description
	£m	£m	£m	
Adult Services				
Supported Housing	(2.000)	-	(2.000)	External funding from the Adult Social Care Capital fund will be used to develop capacity in the supported housing market. Therefore, this internal funding is no longer required.
Children's Social Care				
Children's Homes Provision (3 no. 4-Bed)	0.550	-	0.550	Budget increase is due to a house being purchased for a family with two disabled children. It was decided to be easier to take the funding for the house purchase out of the Children's Home budget as it would not be fully spent in year. Once the house purchase has gone through the relevant approval procedures then the £550k will be returned to the Children's Homes budget in 2023-24.
Economy and Regeneration				
A1068 Shilbottle Junction Improvements	0.950	-	0.950	New budget to design and construct junction improvements at the A1068 junction in Alnwick to be recovered from Section 106 contributions from new businesses attracted to the Business Park.
Ashington High Street Investment Programme	0.999	0.774	0.225	New project funded by the North of Tyne Combined Authority and the Council to revitalise the Town Centre and High Street.
Bedlington Town Centre Redevelopment Phase 1 & 2	0.591	-	0.591	Increase in budget based on latest cost estimates.
Blyth Relief Road	0.364	0.854	(0.490)	Increase in budget based on latest cost estimates.
Great Northumberland Forest	1.120	1.120	-	New budget allocation externally funded to plant millions of trees across the County by 2030 to assist with climate change, biodiversity decline, promoting health and wellbeing, and supporting a thriving local economy.
Local Cycling and Walking Infrastructure	3.826	3.462	0.364	Increase in budget to include the external funding bid for the Blyth Town Centre to South Beach and Ashington Town Centre to North Seaton routes.
Rural Business Growth	0.036	0.036	-	Increase in budget based on latest cost estimates and external funding available.
Hexham HAZ	(0.226)	(0.227)	0.001	Reduction in anticipated external funding.
Hexham Town Centre Redevelopment	(2.000)	-	(2.000)	Budget revised to reflect current state of negotiations over potential land acquisition.
Newcastle Northumberland Rail Line	(45.325)	(62.825)	17.500	The revision reflects the anticipated budget required for the completion of the scheme by the Council and excludes the funds being paid directly to Network Rail by the Department for Transport.
Strategic Regeneration Projects	(4.266)	-	(4.266)	The budget is provided to enable the delivery of economic regeneration projects. The budget has changed due to funds being allocated to identified projects and an allocation advanced to 2022-23 to smooth the profile.
Finance				
Capital Contract Price Inflation	5.500	-	5.500	General contract price increase
Loan to NELEP - Ashwood	0.240	-	0.240	The revision reflects the additional borrowing required for the development of the Enterprise Zone site for commercial use to support new premises for industrial occupiers including high value manufacturing organisations and job creation.
Loan to NELEP - Fairmoor, Morpeth	(3.536)	-	(3.536)	Project removed.
Loans to Third Parties (e.g. Advance Northumberland, Other Organisations)	(40.563)	-	(40.563)	Budget revised to remove prior year slippage, and reduce annual third party loan provision
Fire and Rescue				
FRS Risk Critical Equipment	(0.169)	-	(0.169)	Requirement to realign (bring forward) the replacement of personal protective equipment (PPE) to comply with national guidance.
Housing - HRA				
HRA Miscellaneous / Other	0.085	-	0.085	Inclusion of anticipated budget requirements for 2026-27.

Chronically Sick and Disabled Persons Grants	0.705	-	0.705	Inclusion of anticipated budget requirements for 2026-27.
Homes England Grant Recovery (re RTB)	0.075	-	0.075	Inclusion of anticipated budget requirements for 2026-27.
Major Repairs Reserve	8.603	-	8.603	Inclusion of anticipated budget requirements for 2026-27.
HRA Energy Efficiency	(0.500)	-	(0.500)	Budget reduced as some costs are being covered within the Major Repairs Reserve as match funding against new Energy Efficient Schemes.
Affordable Homes	(0.069)	1.070	(1.139)	New programme of Affordable Housing proposed, due to timing of schemes and remodeling of the finances.
IT				
Cloud Migration	0.100	-	0.100	Budget revised due to funding 2022-23 overspend on Desktop Refresh (below) budget returned in 2023-24.
Northumberland WAN and Full Fibre	6.100	-	6.100	New budget for the provision of a Wide Area Network (20 year contract)
Desk Top Refresh - Phase 2	(0.100)	-	(0.100)	Budget revised due to £0.100 million used in 2022-23 to fund overspend. Budget was taken from Cloud Migration project in 2022-23 which was underspent to fund in year overspend and is being returned in 2023-24. (as above)
Neighbourhood Services				
Fleet Replacement Programme	12.549	-	12.549	Inclusion of anticipated budget requirements for 2025-26 and 2026-27.
Parks - QEII Commemoration Schemes	0.370	-	0.370	A new budget to create a number of park commemoration schemes that can form a countywide celebration of the life of the late Queen Elizabeth II.
Property Services				
Property Stewardship Fund - Woodhorn Heapstead	0.704	-	0.704	Increase in budget based on latest cost estimates and extent of work required.
Hexham Tyne Mills Depot	(0.650)	-	(0.650)	Requirements for the scheme are being reviewed as part of the wider Depot Rationalisation programme.
Schools				
Devolved Formula Capital	2.604	2.604	-	The revision reflects the additional grant funding anticipated from central government to support minor capital works in schools over 2023-27.
Coquet Partnership Redevelopment	13.601	8.600	5.001	The scheme has been updated to reflect the approval by Council to move the whole Coquet partnership from a 3 tier to 2 tier model and the inclusion of additional special school provision in the partnership.
KEVI New Build Sports Block	4.630	3.580	1.050	This is a new addition to the Capital Programme and will utilise the Basic Need grant previously reported separately.
School Condition Programme (SCIP) - Remedials / General Programme	1.920	1.920	-	Updated allocation of external grant funding that will be used to meet significant capital projects across Northumberland Schools.
Special Educational Need (SEN) Capacity Growth	15.942	-	15.942	Linked to the Special Needs Schools Line Below. The original was including the High Needs Provision Capital Allocation Grant that is separate. This will be used for creating additional places at Barndale, Cleaswell Hill, Emily Wilding Davison and Hillcrest Special Schools.
Basic Need - Other	(1.327)	(1.327)	-	The grant allocation will be utilised in support of the KEVI New Build Sports Block and is reflected in the funding on that scheme.
Berwick Partnership Schools	(0.500)	-	(0.500)	This is now in with the Berwick Partnership Redevelopment starting in 2024-25
Seaton Valley Federation of Schools	(4.265)	-	(4.265)	Reduced scope and timeframe of the overall redevelopment.
Special Needs Schools	(14.294)	(0.840)	(13.454)	This has now been replaced by the Special Educational Need (SEN) Capacity Growth project.
Technical Services				
FCERM - Beadnell	0.075	-	0.075	Improved cost certainty following the completion of the feasibility study with the funding profiles updated to align with the Environment Agency programme.
FCERM - Branton Surface Water	0.091	0.091	-	A new project funded by Environment Agency grant to support surface water management works to better protect residential properties from the risk of flooding.
FCERM - Cresswell Coastal Management	-	(0.115)	0.115	Increase in budget based on latest cost estimates and to reflect the Environment Agency's programme.

NET MOVEMENT IN CAPITAL PROGRAMME 2023-24 to 2026-27 (EXC. SLIPPAGE)

FCERM - Hepscott FAS	0.089	0.139	(0.050)	Improved cost certainty following the completion of the feasibility study with the funding profiles updated to align with the Environment Agency programme.
FCERM - Pilgrims Way SW	0.086	0.086	-	Improved cost certainty following the completion of the feasibility study with the funding profiles updated to align with the Environment Agency programme.
FCERM - Spa Well Groundwater, Spittal	0.030	-	0.030	A new project to install drainage to manage emerging groundwater flows.
Highway Maintenance Investment in U and C roads and Footways	4.450	-	4.450	Further support to improve the County's rural roads and footpaths.
Todstead Landslip	-	(1.863)	1.863	The original scheme included a contribution from the Local Transport Plan (LTP). This has been returned to the LTP to be spent on other highways related issues and replaced with a contribution from the Severe Weather Reserve and Loans to Third Parties budget.
Electric Vehicle Charger Installation	(0.800)	(0.400)	(0.400)	A review of the programme is being undertaken to establish the current usage of the existing and proposed chargers, to identify where gaps in provision exist and to identify future funding opportunities.
FCERM - Alnwick	(0.490)	(0.410)	(0.080)	The scheme has been reprofiled in the Environment Agency's programme to begin in 2027-28 subject to finding the required additional funding.
FCERM - Berwick	(0.516)	(0.485)	(0.031)	The scheme has been reprofiled in the Environment Agency's programme to begin in 2027-28 subject to finding the required additional funding.
FCERM - Haydon Bridge	(0.484)	(0.464)	(0.020)	Improved cost certainty following the completion of the feasibility study with the funding profiles updated to align with the Environment Agency programme.
FCERM - Lynemouth Bay Landfill Encapsulation	(1.950)	(1.950)	-	Revised profiling to reflect timing of receipt of all necessary regulatory consents and environmental and weather constraints affecting when works can be undertaken and forecast reduced level of external funding.
FCERM - Stocksfield & Riding Mill	(0.554)	(0.513)	(0.041)	Improved cost certainty following the completion of the feasibility study with the funding profiles updated to align with the Environment Agency programme.
TOTAL	(37.599)	(47.083)	9.484	

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CAPITAL PRUDENTIAL INDICATORS 2023-24 to 2026-27

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	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Adult Services	4.590	4.427	2.000	2.000	2.000
Children's Social Care	1.664	1.435	-	-	-
Economy and Regeneration	83.189	91.994	48.580	47.251	-
Finance	12.150	15.914	6.000	6.000	-
Fire and Rescue Service	1.667	2.016	1.172	1.129	1.330
Housing - GF	1.185	0.643	-	-	-
Housing - HRA	15.603	19.637	24.254	20.863	20.949
IT	3.407	4.419	2.931	0.950	-
Leisure Services	12.810	0.800	-	-	-
Neighbourhood Services	5.238	5.542	7.912	5.757	6.988
Property Services	4.513	6.485	6.852	9.356	0.552
Renewable Energy	13.334	2.700	2.000	-	-
Schools	20.591	31.188	59.963	49.086	8.488
Technical Services / Local Services	49.636	35.749	34.430	25.551	24.431
Total Capital Expenditure	229.577	222.949	196.094	167.943	64.738

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

Capital Funding	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Capital Receipts	3.047	5.589	4.280	2.430	2.230
External Grants	120.510	96.863	59.087	60.933	31.014
GF Borrowing	91.836	106.236	106.163	80.271	13.600
GF Contributions	2.892	0.250	8.171	6.591	-
HRA Borrowing	-	-	-	-	-
HRA Contributions	11.292	14.011	18.393	17.718	17.894
Total Capital Funding	229.577	222.949	196.094	167.943	64.738

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 £119.533 million over the next four years and is shown below.

The Council is asked to approve the following CFR projections:

Capital Financing Requirement (CFR)	2021-22 Actual £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
General Fund CFR	967.263	996.614	1,067.509	1,121.555	1,153.799	1,116.147
HRA CFR	104.871	104.871	104.871	104.871	104.871	104.871
Overall CFR	1,072.134	1,101.485	1,172.380	1,226.426	1,258.670	1,221.018
Movement in Year		29.351	70.895	54.046	32.244	-37.652

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	2021-22 Actual %	2022-23 Estimate %	2023-24 Estimate %	2024-25 Estimate %	2025-26 Estimate %	2026-27 Estimate %
General Fund	9.0	14.6	10.1	12.7	11.9	12.4
HRA	10.8	9.3	7.2	8.5	9.1	8.2

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

Net Income from Commercial and Service Investments as % of net revenue stream

This indicator identifies the authority's reliance on income from Commercial and Service Investments such as loans to Advance Northumberland, Northumbria Healthcare NHS Foundation Trust and Newcastle Airport etc. In Northumberland's case, all of the income is in relation to interest received on loans provided to third parties in support of the Council's service and policy objectives. These facilities are not provided to generate a financial return or gain for the Council.

Ratio of Income from Commercial and Service Investments to net revenue stream	2021-22 Actual %	2022-23 Estimate %	2023-24 Estimate %	2024-25 Estimate %	2025-26 Estimate %	2026-27 Estimate %
Overall	4.3	4.0	3.9	4.0	4.2	4.0

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	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Borrowing	1,156.913	1,334.817	1,412.108	1,227.865
Other long term liabilities	72.813	73.425	67.590	61.262
Total	1,229.726	1,408.242	1,479.698	1,289.127

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 borrowing to be. It is only a guide and may be breached or undershot without significant concern, as borrowing 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	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m
Borrowing	964.094	1,112.348	1,176.757	1,023.221
Other long term liabilities	60.678	61.187	56.325	51.052
Total	1,024.772	1,173.535	1,233.082	1,074.273

Treasury Management Limits on Activity

There are two debt related treasury activity limits. The purpose of these is 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 2023-24	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 2023-24	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

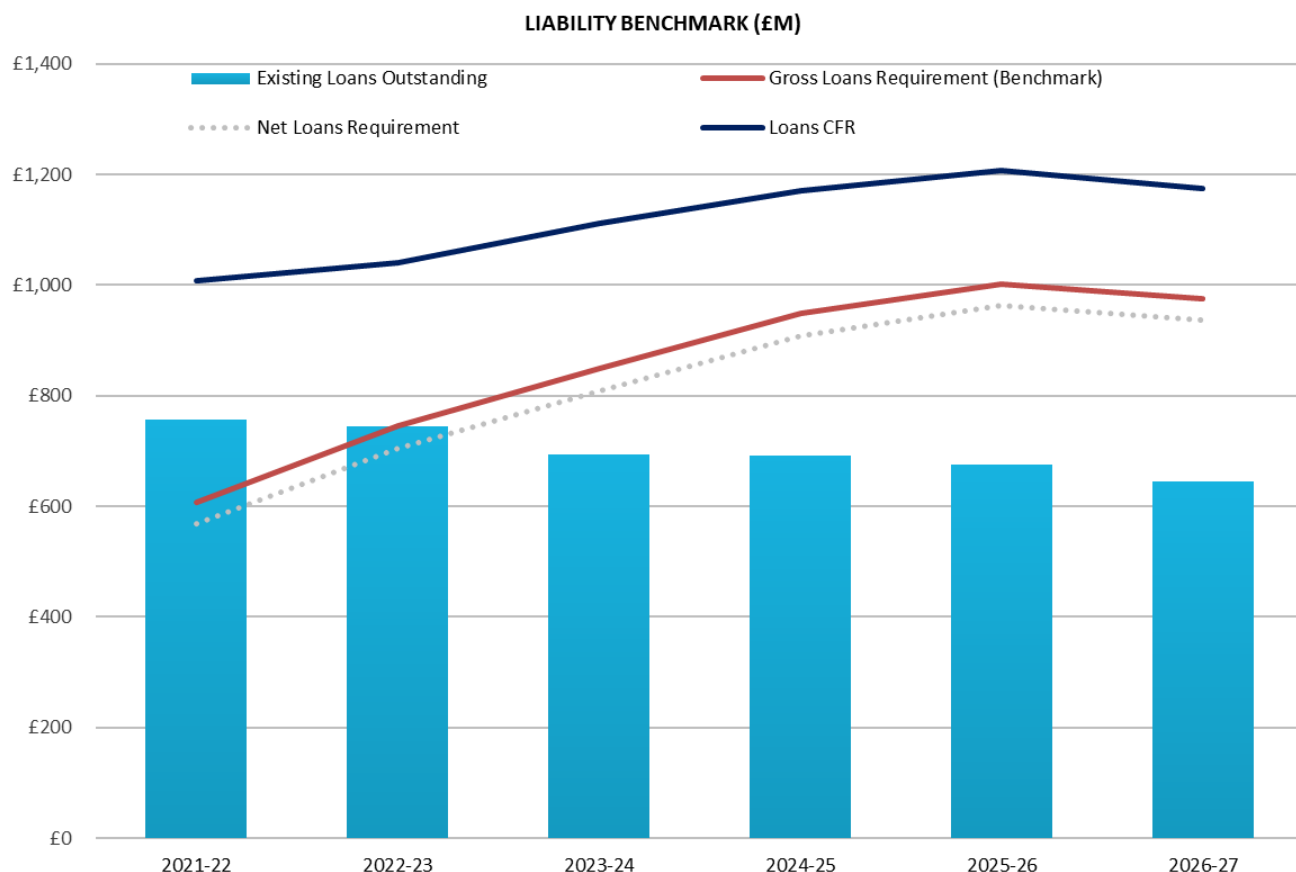
These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator:

Maximum principal sums invested which can be held for over 365 days	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Principal sums invested > 365 days	120	120	120	120

Liability Benchmark

The liability benchmark is a graphical projection of the amount of loan debt outstanding which the authority needs each year into the future, in order to fund its existing debt liabilities, planned prudential borrowing and other cash flows. In essence it compares the existing external borrowing (i.e. loans outstanding) against the future 'gross loans requirement' (i.e. need); with the gap representing the future need to borrow (externally). It should be noted that the 'loans requirement' figures assumes all available investment balances (except, in the case of the gross loans requirement, a provision to cover day-to-day liquidity / cash flow requirements) will be used to support the borrowing need, in lieu of borrowing externally.



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	2023-24 %	2024-25 %	2025-26 %	2026-27 %
Estimated % of CFR (exc. PFI) funded from internal borrowing – Average for Year	25.2	20.2	17.5	16.9

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	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Notional cost of externalising internal borrowing	0.255	0.565	1.432	2.017

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.



Northumberland

County Council

ANNUAL MINIMUM REVENUE PROVISION POLICY STATEMENT 2023-24

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 former 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 2023-24. 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 2023-24

1. INTRODUCTION

1.1. Background

This Treasury Management Strategy Statement details the expected activities of the Treasury Management function for the financial year 2023-24. 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 the interest cost 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 2021, and the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021.

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 former 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.

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future Treasury Management Strategy Statement and Annual Investment Strategy reports and the risk management framework

CIPFA published revised Treasury Management and Prudential Codes on 20th December 2021 which included revisions to the reporting framework from the 2023-24 financial year.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

a) Treasury Management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use.

b) Service Delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

NCC Context: This covers the shares held in Newcastle Airport and Advance Northumberland, along with the loans provided to Advance Northumberland, the North East Local Enterprise Partnership (NELEP) and other third parties.

c) Commercial Return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in

budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

NCC Context: The Council does not have any investments in this category.

The revised Treasury Management Code also requires authorities to implement the following:

- Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;

NCC Context: This indicator was adopted by NCC in 2022-23, following the publication of the draft proposals.

- Long-term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

NCC Context: The Council currently does not have any long-term investments.

- Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year;

NCC Context: The Council currently does not have any pooled funds / investments.

- Reporting to members is to be done quarterly. Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;

NCC Context: Going forward, quarterly reports will be provided to Cabinet as part of the revenue and capital budget monitoring, in addition to the existing Treasury Management Strategy Statement, Mid-Year Review and Final Outturn reports to Audit Committee.

- Environmental, Social and Governance (ESG) issues to be addressed within an authority's treasury management policies and practices (TMP1).

NCC Context: This is a developing area, the Code states that it is not implied that it currently needs to include ESG scoring or other real-time ESG criteria at individual investment level. Moving forward, the Council will look to work with its treasury management advisor to establish a consistent approach to ESG monitoring across the various investments.

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.

Service delivery or non-treasury investments tend to relate to s1 expenditure powers under the Act and in the Council's case relate to 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.

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. However, paragraph 5.8 does provide a summary of the Council's "service delivery investments" or non-treasury managements investments.

1.3. Basis and Content of Treasury Management Strategy for 2023-24

The proposed strategy for 2023-24 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 2023-24.
- Annual Investment Strategy for 2023-24.
- 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 principle 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 2022

2.1. Current Borrowing

The Council's borrowing at 30 November 2022 is shown below:

	General Fund £m	HRA £m	Total Principal 30 Nov 2022 £m	Weighted Average Rate %
Public Works Loan Board Loans	409.560	40.204	449.764	2.65
LOBOs	153.500	23.000	176.500	3.95
Market / Local Authority (>1 year)*	111.000	8.100	119.100	2.80
Salix	0.037	-	0.037	-
Short Term loans* (<1 year)	-	-	-	-
TOTAL EXTERNAL BORROWING	674.097	71.304	745.401	2.98

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

Total external borrowing has decreased by £11.529 million from £756.930 million at the start of year to £745.401 million at 30 November 2022. Following further repayments of £40.023 million and £40.000 million new borrowing scheduled for February and March 2023, the year-end figure is expected to be around £745.378 million.

2.2. Current Investments

The table below summarises the investment position at 30 November 2022:

	Total Principal 30 Nov 2022 £m	Weighted Average Rate %
Money Market Funds and Call Accounts	76.850	2.99
Fixed Term Investments – Short Term (<1 year)*	75.000	2.64
Fixed Term Investments – Long Term (>1 year)*	10.000	3.12
TOTAL EXTERNAL INVESTMENTS	161.850	2.83

* 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 its service is to assist the Council to formulate a view on interest rates. The following table

gives Link's central view of rates for 2023-24 (at 08 November 2022). A longer view and more detailed forecast are included at Annex 1.

	Quarter 1 (Q/E Jun 2023)	Quarter 2 (Q/E Sep 2023)	Quarter 3 (Q/E Dec 2023)	Quarter 4 (Q/E Mar 2024)
Bank Rate	4.50%	4.50%	4.50%	4.00%
5-year PWLB	4.20%	4.10%	4.00%	3.90%
10-year PWLB	4.40%	4.30%	4.20%	4.00%
25-year PWLB	4.60%	4.50%	4.40%	4.30%
50-year PWLB	4.30%	4.20%	4.10%	4.00%

3.1. Economic Outlook (early December 2022)

Link's central forecast reflects a view that the Bank of England's Monetary Policy Committee will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.50%.

Further down the road, it is anticipated the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgement: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The Consumer Price Index(CPI) measure of inflation will peak at close to 11.00% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.70%. With further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

Regarding the plan to sell £10 billion of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.

In the upcoming months, forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies, and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.

In addition, the Bank's central message that Gross Domestic Product (GDP) will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Consumers are still estimated to be sitting on over £160 billion of excess savings left over from the pandemic, which could cushion some of the impact of the above challenges; albeit these

savings are held by more affluent people, whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments. Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also)

3.2. Forecast for Treasury / Gilt Yields and PWLB Rates

Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).

Link's view is that the markets have, for the most part, already built in all the effects on gilt yields of the poor inflation outlook and likely increases in Bank Rate. However, markets are volatile and sudden opposing movements in gilt yields across the whole spectrum of the curve is possible.

3.3. Significant Risks to the Forecasts

Downside Risks

- Labour and supply shortages prove more enduring and disruptive and depress economic activity.
- The Bank of England acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside Risks

- 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 and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.
- The Government acts too slowly to increase taxes and/or cut expenditure to balance the public finances, in the light of the cost-of-living squeeze.
- The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term US treasury yields rise strongly, if inflation numbers disappoint on the upside, and pull gilt yields up higher than currently forecast.

3.4. The Balance of Risks to the UK

The overall balance of risks to economic growth in the UK is to the downside. Indeed, the Bank of England projected two years of negative growth in their November Quarterly Monetary Policy Report.

4. THE BORROWING STRATEGY 2023-24

4.1. Introduction

The Council borrows to fund the Capital Programme, including loans to third parties for service / policy reasons (such as those to Advance Northumberland and Northumbria Healthcare NHS Foundation Trust etc.). The Council's 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 15.

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)	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Opening CFR (exc. PFI)	1,040.808	1,111.193	1,170.101	1,207.618
Increase in CFR (exc. PFI)	70.385	58.908	37.517	(31.924)
Closing CFR (exc. PFI) [Need to Borrow]	1,111.193	1,170.101	1,207.618	1,175.694

External Borrowing Forecast (exc. PFI)	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Opening External Borrowing (exc. PFI)	745.378	863.826	956.524	1,005.468
Increase / (Decrease) in External Borrowing (exc. PFI)	118.448	92.698	48.944	(31.061)
Closing in External Borrowing (exc. PFI)	863.826	956.524	1,005.468	974.407
Under / (Over) Borrowing	247.367	213.577	202.150	201.287

4.3. Proposed Borrowing Strategy

Given the current volatility in financial markets and the elevated interest rates that are forecast over the next year or two, it is proposed to maximise the use of internal / under borrowing (see paragraph 4.2 above) and keep any external borrowing to a minimum.

As identified in the above table, by the end of 2023-24, 22.26% (£247.367 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 2023-24 this is estimated at 4.40% or around £11.942 million (based on the average mid-year internal borrowing position). Taking into consideration the forecast average cost for new external borrowing (i.e. average interest rate on actual loans) for 2023-24 of 4.49%, this equates to a notional saving of 0.49% or around £0.255 million (or alternatively the notional cost of externalisation).

Maintaining an under-borrowing position will minimise short term net revenue costs, but 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 15), 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 2023-24 (estimated at around £170.000 million, after taking into consideration maturing loans of £51.552 million) and going forward to fund the proposed Capital Programme.

Considering that interest rates are anticipated to remain high over the next year or two before gradually easing back to more normal levels, and the risks within the economic forecast, it is envisaged better value will generally be obtained at the shorter end of the interest rate curve. The external borrowing requirement is therefore expected to be met primarily from shorter term / temporary borrowing (up to 2 years); although medium to longer term borrowing may also be considered to provide a degree of longer-term certainty, if for example there was a sudden dip in rates.

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. UK Municipal Bond Agency and European Investment Bank

The UK Municipal Bond Agency may be in a position to offer loans to local authorities, 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.

4.7. Compliance with Prudential Code – Borrowing

The Prudential Code 2021 specifies that it is not prudent for local authorities to make any investment or spending decision that will increase the Capital Financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.

The Section 151 Officer confirms that any new borrowing directly and primarily in relation to the functions of the Council, and no borrowing will be taken to invest primarily for financial return.

5. ANNUAL INVESTMENT STRATEGY 2023-24

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, investment returns are expected to improve in 2023-24. Link Asset Services first forecast an increase in Bank Rate in December 2021. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

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:

	2023-24	2024-25	2025-26	2026-27	2027-28
Budgeted Rate	4.40%	3.30%	2.60%	2.50%	2.80%

5.3. Investment Strategy

As proposed in section 4 above, it is expected that during 2023-24 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 former 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”).

Investments will be made whilst considering the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage cash flow volatility; where surplus cash sums can be identified, longer term investments will be considered where there is value..

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).

5.4. 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 4-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.

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

In accordance with the above guidance from the former 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 both 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.

5.6. 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 Annex 2).

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 investigate 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 former 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 former 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 the Finance Managers. There is currently no proposed change to this practice.

5.7. 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 2023-24 the Council’s external investment balances will fluctuate throughout the year within a range between £39.674 million and £114.217 million.

To ensure liquidity a minimum of 20.00% 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 below borrowing rates, and there is a requirement for liquid funds to support the under-borrowing position, it is envisaged the Council will generally 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.

5.8. Service Delivery / 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 'service delivery' / 'non-treasury' activities; namely the investment shares NIAL Holdings (Newcastle Airport) [valued at £13.490 million as 31 March 2022], Advance Northumberland [£4.338 million], Northumberland Enterprise Holdings Ltd [£0.300 million], and the loans to Newcastle Airport, Northumbria Healthcare NHS Foundation Trust, Advance Northumberland and other organisations.

These non-core 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.

CIPFA's Treasury Management Code's definition of 'Investments' covers all the financial assets of the organisation, as well as other non-financial assets that the organisation holds primarily for financial returns, such as commercial property portfolios. Similarly, the former MHCLG's investment guidance recommends 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 shown below:

Borrower	Estimated Balance at 1 Apr 2023 £m	Weighted Average Interest Rate	Forecast Interest Income 2023-24* £m
Northumbria Healthcare NHS Foundation Trust	89.588	3.57%	2.458
Advance Northumberland Group	274.569	5.67%	14.214
Newcastle Airport	11.916	8.60%	-
North East Local Enterprise Partnership	10.507	3.34%	0.437
Northumberland College	5.767	4.14%	0.258
Northumberland Aged Miners	1.382	3.50%	0.048
Cramlington Town Council	0.291	4.00%	0.012
Active Northumberland	0.156	3.25%	0.005
Newcastle City Council	0.171	5.00%	0.009
Alnwick Juniors	0.152	0.00%	-
Arts Groups (The Maltings, Alnwick Playhouse)	0.062	3.87%	0.002
Calvert Trust	0.086	2.10%	0.002
Alnwick Youth Hostel	0.139	2.10%	0.004
Haltwhistle Pool	0.044	2.10%	0.001
Northumberland Community Bank	0.050	2.54%	0.001
Other Parish/Town Councils and Housing Associations	0.064	14.12%	0.008
Alexa's Animal Charity	0.118	2.40%	0.003
Total	395.062	5.18%	17.462

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

**No interest payments are due from Newcastle International Airport in 2023-24.

The Medium-Term Capital Programme for 2023-24 to 2026-27 includes a provision of £18.895 million for further loans to Advance Northumberland and other third parties, plus an additional £0.519 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 income).

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.

5.9. 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 SONIA (Sterling Overnight Index Average) 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 2023-24 to 2026-27

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 three successive financial years. Prudential Indicators for 2023-24 to 2026-27 are set out in Appendix 15.

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.

Former 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.

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

The 2023-24 policy is unchanged from that approved for 2022-23.

The Council is recommended to approve the Annual Minimum Revenue Provision Policy Statement including Additional Voluntary Provision as detailed within Appendix 16.

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	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.

The following minor changes have been made to the 2023-24 practices:

- references to the underlying codes of practice, which were revised for 2023-24;
- consideration of Environmental, Social and Governance (ESG) issues (TMP1);

- banking contract details (TMP1, para 1.2.3 and TMP11, para 11.1.1);
- inflation and interest rate references (TMP1, para 1.5.1); and
- reference to the Principal Accountant post and its role within the treasury management function (TMP 5, para 5.4.6).

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 Audit Committee, and then Council, and quarterly updates submitted to Cabinet, 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 June 2022 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 Cabinet.

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 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.

Quarterly Reports (New Requirement from 2023-24)

In addition to the three major reports detailed above, from 2023-24 quarterly reporting is also required. These additional reports do not have to be reported to Full Council. Quarterly reports on the performance of the Council’s treasury management activity will therefore be provided to Cabinet as part of the revenue and capital budget monitoring.

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	Audit Committee / Full Council	Annually by 31 July to Audit Committee and 30 September to Full Council
Treasury Management Budget Monitoring Reports	Incorporated within the Budget Monitoring report and reported separately to Cabinet	Quarterly
Mid-Year Review Report	Audit Committee / Full Council	Annually by November to Audit Committee and 31 January to Full Council
Updates or revisions to Treasury Management Strategy / Annual Investment Strategy / MRP policy	Audit Committee / 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 2021.

CIPFA Prudential Code for Capital Finance in Local Authorities 2021.

Guidance on Local Government Investments The Local Government Act 2003,
Local Authorities (Capital Finance and Accounting) Regulations 2012 (S.I.2012/265)

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ECONOMIC FORECAST - NOVEMBER 2022

Annex 1

LINK ASSET SERVICES	End Q3 2022	End Q1 2023	End Q2 2023	End Q3 2023	End Q4 2023	End Q1 2024	End Q2 2024	End Q3 2024	End Q4 2024	End Q1 2025	End Q2 2025	End Q3 2025	End Q4 2025
Bank Rate	3.50%	4.25%	4.50%	4.50%	4.50%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%	2.50%	2.50%
3 ave earnings	3.60%	4.30%	4.50%	4.50%	4.50%	4.00%	3.80%	3.30%	3.00%	3.00%	2.80%	2.50%	2.50%
6 ave earnings	4.20%	4.50%	4.60%	4.50%	4.20%	4.10%	3.90%	3.40%	3.10%	3.00%	2.90%	2.60%	2.60%
12 ave earnings	4.70%	4.70%	4.70%	4.50%	4.30%	4.20%	4.00%	3.50%	3.20%	3.10%	3.00%	2.70%	2.70%
5 year PWLB	4.30%	4.30%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.20%	3.10%
10 year PWLB	4.50%	4.50%	4.40%	4.30%	4.20%	4.00%	3.90%	3.70%	3.60%	3.50%	3.40%	3.30%	3.20%
25 year PWLB	4.70%	4.70%	4.60%	4.50%	4.40%	4.30%	4.10%	4.00%	3.90%	3.70%	3.60%	3.50%	3.50%
50 year PWLB	4.30%	4.40%	4.30%	4.20%	4.10%	4.00%	3.80%	3.70%	3.60%	3.40%	3.30%	3.20%	3.20%

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 and North of Tyne 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 and North of Tyne 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.

The following minor changes have been made to the 2023-24 practices:

- References to the underlying codes of practice, which were revised for 2023-24;
- Consideration of Environmental, Social and Governance (ESG) issues; (TMP1)
- Bank contract details; (TMP1, para 1.2.3 and TMP11, para 11.1.1)
- Inflation and interest rate references; and , (TMP1, para 1.5.1)
- Reference to the Principal Accountant post and its role within the treasury management function (TMP 5, para 5.4.6)

The former 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. TMP1 RISK MANAGEMENT

1.1. CREDIT AND COUNTERPARTY RISK MANAGEMENT

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 lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques will be limited to those set out in TMP4 Approved investments, methods and techniques and listed in the schedule. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Details of policy on which counterparties the Council will lend is appended to the Annual Treasury Management Policy and Strategy Statement.

The Council recognises that Environmental, Social and Governance (ESG) issues, such as climate change, can have significant future investment implications. The

Council is keen to be a responsible investor and where possible will consider ESG risks as part of its investment process.

1.2. LIQUIDITY

1.2.1. 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.

1.2.2. 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.

1.2.3. 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, and interest is charged at 1.5% over Bank Rate. An unauthorised overdraft (above the £500,000 limit) will be charged at 3.00% over Bank Rate. The overdraft is assessed on a group basis for the Council's accounts

1.3. INTEREST RATE

1.3.1. Details of approved interest rate exposure limits

Please refer to Prudential Indicators Appendix 15.

1.3.2. 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.

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

The maximum proportion of interest on borrowing which is subject to variable rate interest permissible is 50.00%.

The minimum proportion of interest on borrowing which is subject to variable rate interest permissible is 0.00%.

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

The minimum proportion of interest on borrowing which is subject to fixed rate interest permissible is 50.00%.

The maximum proportion of interest on borrowing which is subject to fixed rate interest permissible is 100.00%.

1.3.5. 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.

1.4. EXCHANGE RATE

1.4.1. 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.

1.5. INFLATION

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

There is significant uncertainty with economic forecasts. Short term investment rates are expected to remain around Bank Rate, at around 4.00 to 4.50% for most of 2023-24. Inflation is expected to remain high (11.10% as at October 2022) before starting fall in the second half of 2023 back to nearer the Bank of England's target level of 2.00% in 2024.

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.

1.5.2. 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.

1.6. CREDIT AND COUNTERPARTY POLICIES

1.6.1. 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 £35.000 million.
- h) Investment in the building society sector should be limited to 30.00% of the average annual investment balances.

1.6.2. 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.

1.7. REFINANCING

1.7.1. 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 25.00%.
- c) The limit on the proportion of borrowings on which interest is payable at variable rates is 50.00%,

The Council will seek to limit refinancing exposure by ensuring that no more than 25.00% of the loan portfolio matures in any one year.

1.7.2. Projected capital investment requirements

As part of the annual budget setting process a plan for capital expenditure for the Council is produced. The capital plan will be used to determine the borrowing requirements, and prepare the associated revenue budget requirements, which include interest and principal repayments (namely, the Minimum Revenue Provision or MRP).

1.7.3. 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 15.

1.8. LEGAL AND REGULATORY

1.8.1. 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, 2017 and 2021)
- b) The Prudential Code for Capital Finance in Local Authorities 2003 (revised 2009, 2011 2017 and 2021)
- 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

1.8.2. 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.

1.8.3. 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 holds 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 the Building Society Act 1986.

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

1.8.4. 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.

1.9. FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT

1.9.1. 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; and,
 - 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; and,
 - Payments are checked and authorised by an agreed bank signatory. The list of signatories having previously been agreed with the current provider of the Council's banking services.
- h) Substantiation:
- A quarterly reconciliation is carried out matching transactions from the treasury management spreadsheets to the financial ledger codes.

1.9.2. 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.

1.9.3. 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 £5.000 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 'Business Interruption' cover as part of its property insurance with Zurich Municipal.

1.10. MARKET VALUE OF INVESTMENTS

1.10.1. 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 SONIA (Sterling Overnight Index Average). 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	*	*

On Balance Sheet	Fixed	Variable
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

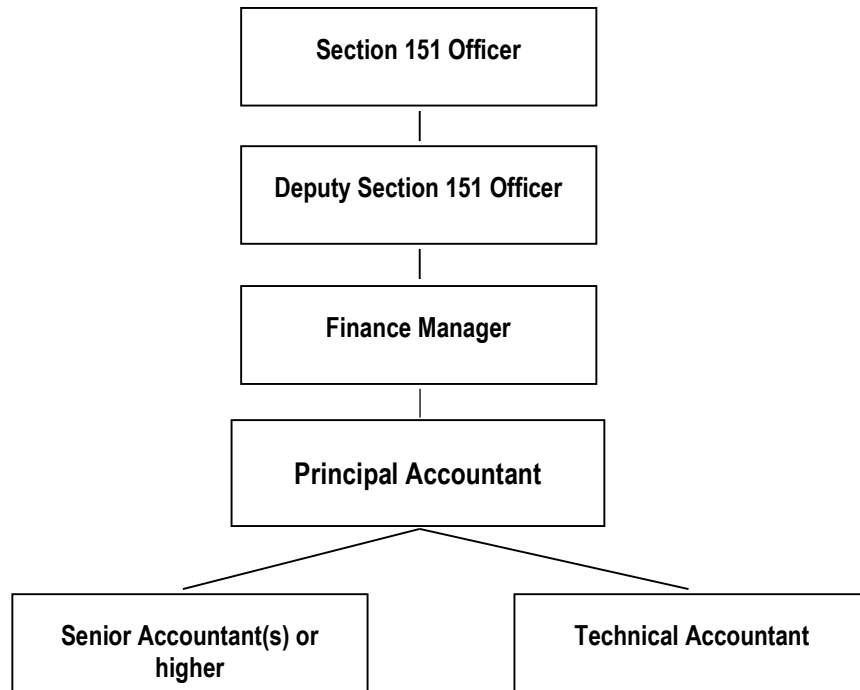
5.1. LIMITS TO RESPONSIBILITIES/DISCRETION AT COMMITTEE/POLICY BOARD LEVELS

- 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 the power to borrow and invest to the appropriate members of Corporate Finance staff as follows; 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, Mid-year review and Quarterly update reports.

5.4.5. Finance Manager

The responsibilities of this post will be:

- a) Line management of the Principal Accountant overseeing the Treasury Management function on a day to day basis.
- 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. Principal Accountant

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) Maintaining relationships with third parties and external service providers.
- d) Identifying and recommending opportunities for improved practices.
- e) Reviewing the annual Treasury Management Strategy, Capital Strategy, Outturn and Mid-year review reports

5.4.7. 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.

5.4.8. 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, and two quarterly updates.
- 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 Technical Accountant 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 year's 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; Department for Leveling Up, Housing and Communities income.
- b) Schedule of Payment of the Dedicated Schools Grant from the Department for Education (DFE);
- c) Revenue payments dates and amounts.
- d) Notifications from the Corporate Finance Team of any significant grants expected during the year.
- e) Schedule of payroll payment dates supplied by the Payroll section with an estimated amount based on the previous year's 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

The Council's 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 further training is expected to be delivered in 2022. 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:
E7 Ground Floor
Turing House
Radbroke Hall
Knutsford
WA16 9EU
- ii) The contract was awarded in November 2022 and is for 5 years.
- iii) 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 current contract is for 3 years and expires October 2024.

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 Strategy Statement

Annual Treasury Report



Northumberland County Council

COUNTY COUNCIL

22 February 2023

Council Tax Discretionary Discount and Council Tax Support Hardship Schemes 2023-24

Report of Councillor Richard Wearmouth – Deputy Leader and Portfolio Holder for Corporate Services

Executive Director: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

1. Purpose of Report

1.1 The purpose of this report is to propose that Members implement:

- a) a one-off discount equivalent to a 1.00% reduction in Band D council tax (Northumberland County Council element of council tax only) for households that do not receive Council Tax Support (subject to a number of exclusions shown at paragraph 4.9). The discount will be equivalent to £17.21 in 2023-24 and will be applied to council tax bills once all other discounts have been applied.
- b) a Council Tax Support Hardship Scheme for 2023-24 where a reduction of up to £175 will be made to council tax bills for all working age Council Tax Support claimants; and those pensionable age Council Tax Support claimants that do not receive 100.00% Council Tax Support, once all other discounts have been applied
- c) These reductions to the council tax bills will be made in order to alleviate financial hardship and cushion the impact of the Government's recommended 2.99% council tax increase.
- d) The discount and hardship payments will be funded from the surplus remaining in the Collection Fund Smoothing Reserve which the Council was required to set aside as a result of the Covid-19 pandemic. It is proposed that a reserve entitled Council Tax Support Hardship and Discretionary Discount Schemes Reserve is created to cover the cost of these schemes.

2. Recommendations

- 2.1 Members are requested to agree a Council Tax Support Hardship Scheme, where a reduction of up to £175 is made to council tax bills for all working age Council Tax Support claimants, once all other discounts have been applied. The cost of this scheme will be £2.633 million.
- 2.2 Members are requested to agree a Council Tax Support Hardship Scheme, where a reduction of up to £175 is made to council tax bills for all pensionable age Council Tax Support claimants, once all other discounts have been applied. The cost of this scheme will be £0.551 million.
- 2.3 Members are requested to agree that a local discretionary discount equivalent to 1.00% of the proposed Band D council tax for 2023-24 (Northumberland County Council, council tax element) is applied to council tax bills in 2023-24 (only), following the application of all other discounts, for all households not in receipt of Council Tax Support; and excluding the exemptions shown in paragraph 4.9. The discount equates to £17.21 per household. The cost of this scheme will be £2.140 million.
- 2.4 Members are requested to agree to transfer the balance of £6.588 million from the Collection Fund Smoothing Reserve in financial year 2022-23 to a reserve entitled Council Tax Support Hardship and Discretionary Discount Schemes Reserve to cover the cost of these schemes.
- 2.5 Members are requested to agree to fund the proposed Council Tax Support Hardship Schemes described in 2.1 and 2.2 above, up to a maximum of £3.184 million from the Council Tax Support Hardship and Discretionary Discount Schemes Reserve for 2023-24.
- 2.6 Members are requested to agree to fund the proposed Local Discretionary Discount as described in 2.3 above, up to a maximum of £2.140 million from the Council Tax Support Hardship and Discretionary Discount Schemes Reserve for 2023-24.
- 2.7 Members are requested to agree that once the above-mentioned allocations are exhausted that no further Hardship Scheme or Local Discretionary Discount payments are made in 2023-24.
- 2.8 Members are requested to agree that the appropriate expenditure and income budgets are created in the financial year 2023-24 in line with the agreed recommendations in 2.1 to 2.6.

3. Link to Corporate Plan

- 3.1 The Council's budget is aligned to the priorities outlined in the Corporate Plan 2021-24 "A Council that Works for Everyone".

4. Key issues

- 4.1 The Council is mindful of the current cost of living crisis that the residents of Northumberland are facing, as well as the significant inflationary pressures that the local authority is also experiencing.
- 4.2 There is an assumption in the Government's allocation of resources to the Council for 2023-24, that the Council will increase council tax by 3.00% and implement an adult social care levy increase of 2.00% for financial year 2023-24.
- 4.3 Whilst the Council is recommending these increases to Members, it is proposing to alleviate the financial pressure on all households in Northumberland by implementing Hardship Schemes for all working age Council Tax Support claimants and pensionable age Council Tax Support claimants; and a Local Discretionary Discount Scheme for the remaining Council Tax paying households. There will be exclusions for the Local Discretionary Discount Scheme, and they are described in paragraph 4.9 below.
- 4.4 The Hardship Scheme payment of up to £175 will be applied to the council tax bills of working age Council Tax Support claimants after all other discounts and after the Government's mandatory Council Tax Support Fund scheme of £25 which will reduce the bills of all Council Tax Support claimants.
- 4.5 There are currently 24,893 Council Tax Support claimants of which 15,044 are working age claimants who would receive this support. The maximum cost to the Council will therefore be £2.633 million.
- 4.6 The examples shown at Appendix A illustrate how this Hardship Scheme payment will affect the bills of working age Council Tax Support claimants (there is also an illustration for bands A, D and H comparing 2022-23 and 2023-24).
- 4.7 It is estimated that there are 5,870 pensionable age Council Tax Support claimants who will have no council tax liability in 2023-24. However, there are currently 3,704 Council Tax Support claimants of pensionable age who after all other discounts (Council Tax Support and the Government Hardship Payment of £25) will have a residual amount of council tax to pay in 2023-24. It is proposed that they too receive a Hardship Scheme payment of up to £175. Based on the current year's remaining liability for this cohort of residents, the maximum cost to the Council for this element of the Hardship Scheme is estimated to be £0.551 million.
- 4.8 There are 159,059 properties in Northumberland that attract council tax with 24,893 in receipt of Council Tax Support. Included in that number is also 3,537 second homes, 3,725 empty properties and 2,622 properties that qualify for 100.00% exemption from council tax. Therefore, 124,282 households that do not receive council tax support and are not excluded from this discount (see

paragraph 4.9) will receive a discount to their council tax bill of £17.21 at a total cost of approximately £2.140 million.

4.9 The discount of £17.21 will be applied to the bills of all households that are not in receipt of Council Tax Support and not excluded, on 1 April 2023 only. Exclusions will apply as follows:

- a) Residents will not receive another discount should they move house during the financial year 2023-24.
- b) Anyone moving into Northumberland after 1 April will not receive the discount.
- c) Owners of properties classified as empty properties on the council tax register will not receive the discount. There are currently 3,728 empty properties registered with the Council.
- d) Owners of properties classified as second homes on the council tax register will not receive the discount. There are currently 3,537 second home registered with the Council.
- e) Exempt properties - the following list is an example of exempt properties under council tax legislation, but is not exhaustive:
 - properties occupied only by students,
 - properties where residents are in care,
 - properties where residents are in prison,
 - properties where the resident is severely mentally impaired,
 - properties occupied by armed forces personnel,
 - properties where the mortgagee is in possession of the property,
 - properties left empty when the resident is deceased and probate has not been granted,
 - properties where occupation is prohibited by law,
 - properties occupied by residents who are severely mentally impaired.

There are currently 2,622 exempt properties registered with the Council.

- f) Households in receipt of Council Tax Support will not receive the discount, they will instead receive the Hardship Scheme payment which is of greater value.

4.10 The examples shown at Appendix B illustrate how the Local Discretionary Discount scheme will affect the council tax bills of non-Council Tax Support claimants.

IMPLICATIONS ARISING OUT OF THE REPORT

Policy: The report supports all of the priorities outlined in the Corporate Plan 2021-24 “A Council that Works for Everyone”.

Finance and value for money: The report recommends that a Hardship Scheme is introduced for financial year 2023-24 and that a payment of up to £175 is allocated to all council tax bills for working age council tax support claimants (after all other discounts have been applied). The maximum cost of this will be £2.633 million.

The report recommends that a Hardship Scheme is introduced for those Council Tax Support claimants of pensionable age that have a residual council tax liability in 2023-24. The maximum cost of this is estimated to be £0.551 million.

This report also recommends that the Northumberland County Council, council tax element of all council tax bills is discounted by £17.21 in 2023-24 (after all other discounts have been applied). The cost of this will be a maximum of £2.140 million.

All schemes will be funded from the surplus in the Collection Fund Smoothing Reserve which will be transferred to a reserve entitled “Council Tax Support Hardship and Discretionary Discount Schemes Reserve”.

Legal: The Council has approved a number of revenues and benefits policies including the Council Tax Discounts Policy which makes provision for these one-off proposals for 2023-24. The proposals are possible under Section 13A 1(c) of the Local Government Finance Act 1992.

Human Resources: There are no human resources implications within this report.

Property: There are no property implications within this report.

Equalities: Households paying council tax in Northumberland on 1 April 2023 will benefit from these proposals.
(Impact Assessment attached)

N/A X

Risk Assessment:	There are no risks associated with this proposal.
Carbon Reduction:	There are no carbon reduction implications within this report.
Crime & Disorder:	There are no crime and disorder implications within this report.
Customer Considerations:	Households paying council tax in Northumberland on 1 April 2023 will benefit from these proposals.
Consultation:	Council Members.
Health & Wellbeing	The Council's budget is founded on the principle of promoting inclusivity. The financial wellbeing of resident council taxpayers will be improved as a result of the implementation of these proposals.
Wards:	All wards in Northumberland are affected by this proposal.

BACKGROUND PAPERS:

Date	Report to	Report
2 November 2022	Full Council	Approval of the Council Tax Support Scheme for 2023-24
13 December 2022	Cabinet	Setting of the Council Tax Base 2023-24
22 February 2023	Council	Budget 2023-24 and Medium-Term Financial Plan 2023-27
22 February 2023	Council	Council Tax 2023-24

Report sign off

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

	Name
Interim Monitoring Officer	Suki Binjal
Section 151 Officer	Jan Willis
Relevant Executive Director (Interim)	Jan Willis
Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Richard Wearmouth

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	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
NCC Council Tax	1,147.33	1,338.56	1,529.78	1,721.00	2,103.44	2,485.89	2,868.33	3,442.00
Adult Social Care Precept	176.20	205.57	234.93	264.30	323.03	381.77	440.50	528.60
Gross Amount Due	1,323.53	1,544.13	1,764.71	1,985.30	2,426.47	2,867.66	3,308.83	3,970.60
Council Tax Support @ 92%	(1,217.65)	(1,420.60)	(1,623.53)	(1,826.48)	(2,232.35)	(2,638.25)	(3,044.12)	(3,652.95)
Sub total	105.88	123.53	141.18	158.82	194.12	229.41	264.71	317.65
Government Hardship Payment	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)
NCC Hardship Payment	(80.88)	(98.53)	(116.18)	(133.82)	(169.12)	(175.00)	(175.00)	(175.00)
Council Tax to Pay (annual)	Nil	Nil	Nil	Nil	Nil	29.41	64.71	117.65
Number of properties	20,104	2,675	1,216	542	221	102	30	3
Number of properties (working age council tax support claimants)	12,646	1,369	580	247	125	61	14	2

Note: These figures do not include the precepts for Northumbria Police Authority or the parish and town councils. They assume that working age council tax claimant households receive the full 92% council tax support. They do not assume that the household receives any other discounts. If the household does receive other discounts (e.g. single person's discount) then those discounts would be applied before the Hardship Scheme Payment.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
NCC Council Tax	1,147.33	1,338.56	1,529.78	1,721.00	2,103.44	2,485.89	2,868.33	3,442.00
Adult Social Care Precept	176.20	205.57	234.93	264.30	323.03	381.77	440.50	528.60
Northumbria Police Authority Precept (2022-23 value)	102.56	119.65	136.75	153.84	188.03	222.21	256.40	307.68
Highest Parish Precept (2022-23 value) - Blyth Town Council	86.79	101.26	115.72	130.19	159.12	188.05	216.98	260.38
Gross Amount Due	1,512.88	1,765.04	2,017.18	2,269.33	2,773.62	3,277.92	3,782.21	4,538.66
Council Tax Support @ 92%	(1,391.85)	(1,623.84)	(1,855.81)	(2,087.78)	(2,551.73)	(3,015.69)	(3,479.63)	(4,175.57)
Sub total	121.03	141.20	161.37	181.55	221.89	262.23	302.58	363.09
Government Hardship Payment	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)
NCC Hardship Payment	(96.03)	(116.20)	(136.37)	(156.55)	(175.00)	(175.00)	(175.00)	(175.00)
Council Tax to Pay (annual)	Nil	Nil	Nil	Nil	21.89	62.23	102.58	163.09

Note: For illustration purposes these figures include the 2022-23 precept for Northumbria Police Authority and the highest cost precept for a Town Council in 2022-23 (Blyth Town Council). Both precepts are likely to change for 2023-24. They assume that working age council tax claimant households receive the full 92% council tax support. They do not assume that the household receives any other discounts. If the household does receive other discounts (e.g. single person's discount) then those discounts would be applied before the Hardship Scheme Payment.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
NCC Council Tax	1,147.33	1,338.56	1,529.78	1,721.00	2,103.44	2,485.89	2,868.33	3,442.00
Adult Social Care Precept	176.20	205.57	234.93	264.30	323.03	381.77	440.50	528.60
Northumbria Police Authority Precept (2022-23 value)	102.56	119.65	136.75	153.84	188.03	222.21	256.40	307.68
Lowest Parish Precept (2022-23 value) - Doddington Parish Council	3.65	4.26	4.87	5.48	6.70	7.92	9.13	10.96
Gross Amount Due	1,429.74	1,668.04	1,906.33	2,144.62	2,621.20	3,097.79	3,574.36	4,289.24
Council Tax Support @ 92%	(1,315.36)	(1,534.60)	(1,753.82)	(1,973.05)	(2,411.50)	(2,849.97)	(3,288.41)	(3,946.10)
Sub total	114.38	133.44	152.51	171.57	209.70	247.82	285.95	343.14
Government Hardship Payment	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)
NCC Hardship Payment	(89.38)	(108.44)	(127.51)	(146.57)	(175.00)	(175.00)	(175.00)	(175.00)
Council Tax to Pay (annual)	Nil	Nil	Nil	Nil	9.70	47.82	85.95	143.14

NOTE: For illustration purposes these figures include the 2022-23 precept for Northumbria Police Authority and the lowest cost precept for a Parish Council in 2022-23 (Doddington Parish Council). Both precepts are likely to change for 2023-24. They assume that working age council tax claimant households receive the full 92% council tax support. They do not assume that the household receives any other discounts. If the household does receive other discounts (e.g. single person's discount) then those discounts would be applied before the Hardship Scheme Payment.

Examples of the council tax charges for working age claimants for 2023-24 compared to 2022-23

Appendix A

Based on highest parish precept in 2022-23	Band A				Band D				Band H			
	2023-24	2022-23	Annual Increase	Weekly Increase	2023-24	2022-23	Annual Increase	Weekly Increase	2023-24	2022-23	Annual Increase	Weekly Increase
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
NCC Council Tax	1,147.33	1,114.03	33.30	0.64	1,721.00	1,671.04	49.96	0.96	3,442.00	3,342.08	99.92	1.92
Adult Social Care Precept	176.20	150.90	25.30	0.49	264.30	226.35	37.95	0.73	528.60	452.70	75.90	1.46
Northumbria Police Authority Precept	102.56	102.56	-	-	153.84	153.84	-	-	307.68	307.68	-	-
Blyth Town Council Precept	86.79	86.79	-	-	130.19	130.19	-	-	260.38	260.38	-	-
Gross Amount Due	1,512.88	1,454.28	58.60	1.13	2,269.33	2,181.42	87.91	1.69	4,538.66	4,362.84	175.82	3.38
Council Tax Support @ 92%	(1,391.85)	(1,337.94)	(53.91)	(1.04)	(2,087.78)	(2,006.91)	(80.87)	(1.56)	(4,175.57)	(4,013.81)	(161.74)	(3.11)
Sub Total	121.03	116.34	4.69	0.09	181.55	174.51	7.04	0.14	363.09	349.03	14.08	0.27
Government Hardship Payment	(25.00)	-	(25.00)	(0.48)	(25.00)	-	(25.00)	(0.48)	(25.00)	-	(25.00)	(0.48)
NCC Hardship Payment	(96.03)	(116.34)	20.31	0.39	(156.55)	(174.51)	17.96	0.35	(175.00)	(200.00)	25.00	0.48
Council Tax to Pay	0.00	0.00	(0.00)	(0.00)	(0.00)	0.00	0.00	0.00	163.09	149.03	14.08	0.27

For illustration purposes these figures include the 2022-23 precept for Northumbria Police Authority and the highest cost precept for a Town Council in 2022-23 (Blyth Town Council). Both precepts are likely to change for 2023-24. They assume that working age council tax claimant households receive the full 92% council tax support. They do not assume that the household receives any other discounts. If the household does receive other discounts (e.g. single person's discount) then those discounts would be applied before the NCC Hardship Scheme Payment.

2022-23 figures used. These figures are likely to change for 2023-24

Example of the council tax charges for all other households (not including Council Tax Support households and scheme exclusions) for 2023-24

Appendix B

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
NCC Council Tax	1,147.33	1,338.56	1,529.78	1,721.00	2,103.44	2,485.89	2,868.33	3,442.00
Adult Social Care Precept	176.20	205.57	234.93	264.30	323.03	381.77	440.50	528.60
Gross Amount Due	1,323.53	1,544.13	1,764.71	1,985.30	2,426.47	2,867.66	3,308.83	3,970.60
NCC Local Discretionary Discount	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)
Council Tax to Pay (annual)	1,306.32	1,526.92	1,747.50	1,968.09	2,409.26	2,850.45	3,291.62	3,935.39
Council Tax element reduction	1.50%	1.29%	1.12%	1.00%	0.82%	0.69%	0.60%	0.50%
Number of properties	65,495	24,029	19,639	16,807	10,997	6,940	4,261	503

Note: These figures do not include the precepts for Northumbria Police Authority or the parish and town councils. They do not assume that the household receives any other discounts. If the household does receive other discounts (e.g. single person's discount) then those discounts would be applied before the Local Discretionary Discount.

Example of the council tax charges for all other households (not including Council Tax Support households and scheme exclusions) for 2023-24

Appendix B

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
NCC Council Tax	1,147.33	1,338.56	1,529.78	1,721.00	2,103.44	2,485.89	2,868.33	3,442.00
Adult Social Care Precept	176.20	205.57	234.93	264.30	323.03	381.77	440.50	528.60
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Highest Parish Precept (2022-23 value) - Blyth Town Council	86.79	101.26	115.72	130.19	159.12	188.05	216.98	260.38
Gross Amount Due	1,512.88	1,765.04	2,017.18	2,269.33	2,773.62	3,277.92	3,782.21	4,538.66
NCC Local Discretionary Discount	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)
Council Tax to Pay (annual)	1,495.67	1,747.83	1,999.97	2,252.12	2,756.41	3,260.71	3,765.00	4,521.45
Council Tax element reduction	1.50%	1.29%	1.12%	1.00%	0.82%	0.69%	0.60%	0.50%

Note: For illustration purposes these figures include the 2022-23 precept for Northumbria Police Authority and the highest cost precept for a Town Council in 2022-23 (Blyth Town Council). Both precepts are likely to change for 2023-24. They do not assume that the household receives any other discounts. If the household does receive other discounts (e.g. single person's discount) then those discounts would be applied before the Local Discretionary Discount.

Example of the council tax charges for all other households (not including Council Tax Support households and scheme exclusions) for 2023-24

Appendix B

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p	£ : p
NCC Council Tax	1,147.33	1,338.56	1,529.78	1,721.00	2,103.44	2,485.89	2,868.33	3,442.00
Adult Social Care Precept	176.20	205.57	234.93	264.30	323.03	381.77	440.50	528.60
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Lowest Parish Precept (2022-23 value) - Doddington Parish Council	3.65	4.26	4.87	5.48	6.70	7.92	9.13	10.96
Gross Amount Due	1,429.74	1,668.04	1,906.33	2,144.62	2,621.20	3,097.79	3,574.36	4,289.24
NCC Local Discretionary Discount	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)	(17.21)
Council Tax to Pay (annual)	1,412.53	1,650.83	1,889.12	2,127.41	2,603.99	3,080.58	3,557.15	4,272.03
Council Tax element reduction	1.50%	1.29%	1.12%	1.00%	0.82%	0.69%	0.60%	0.50%

Note: For illustration purposes these figures include the 2022-23 precept for Northumbria Police Authority and the lowest cost precept for a Parish Council in 2022-23 (Doddington Parish Council). Both precepts are likely to change for 2023-24. They do not assume that the household receives any other discounts. If the household does receive other discounts (e.g. single person's discount) then those discounts would be applied before the Local Discretionary Discount.

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Northumberland County Council

CABINET

14 FEBRUARY 2023

APPROVAL OF REVENUES and BENEFITS POLICIES FOR 2023-24

Report of Councillor Richard Wearmouth – Deputy Leader and Portfolio Holder for Corporate Services

Executive Director: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Purpose of report

The purpose of this report is to update Members on the policies governing the administration of Revenues and Benefits and seek approval for the updates and amendments highlighted.

Recommendation

Cabinet to recommend County Council to:

- **Approve the Revenues and Benefits Policies attached as Appendix 1 to Appendix 9.**
- **Approve (subject to the Levelling-Up and Regeneration Bill receiving Royal Assent by 31 March 2023) implementing the 100% Empty Homes premium after one year from 1 April 2024.**
- **Make a determination (subject to the Levelling-Up and Regeneration Bill receiving Royal Assent by 31 March 2023) to implement a 100% premium for second homes to increase the council tax charge to 200% from 1 April 2024.**

Link to Corporate Plan

Effective income collection and support for businesses and residents are critical to the overall objectives set out in the Corporate Plan. Efficient income and support management contributes to the availability of resources for deeper or wider service provision.

Key issues

1. There are a number of policies used by the Revenues and Benefits service in their day-to-day administration of council tax, business rates, housing benefit and council tax support and sundry debt.
2. Some of the policies are mandatory and guided by legislation and others have a discretionary element. The current policy details are highlighted below in paragraph 14.

3. The policies are annually reviewed and any updates and amendments will be made and approved as part of this process. In previous years this has been included within the Budget and Council Tax setting report approved at County Council each February.
4. It has been necessary to amend the following policies for the 2023-24 financial year:
 - Council Tax Discount Policy (see Appendix 2)
 - Corporate Debt Policy (See Appendix 3)
 - Rate Relief Policy (See Appendix 5)
5. The Council Tax Discount Policy (see Appendix 2) has been updated to include a £25 Council Tax Support Fund payment funded by Government for all working age and pensioner age council tax support claimants who have a 2023-24 council tax liability of more than £25. In addition, the Council will also be providing a hardship scheme for working age and pensioner council tax support claimants of up to £175 for 2023-24.
6. The Council Tax Discount Policy (see Appendix 2) has also been updated for 2023-24 to include a Council Tax Discount payment of £17.21 that will be awarded to council taxpayers who on 1 April 2023, are liable for council tax for their main residence in Northumberland. The £17.21 payment represents the equivalent of a 1% reduction against the Band D County Council element for 2023-24. Exclusions for the discount will be exempt property, those in receipt of council tax support where more generous support is available, empty properties and second homes. Appendix 1 has been added to the Policy and gives more detail on the eligibility and award of the discount.
7. The Council Tax Discount and £175 Hardship Fund payments for 2023-24 payments will be funded from the surplus remaining in the Collection Fund Smoothing Reserve which the Council was required to set aside as a result of the Covid-19 pandemic and the remaining funding left, after making the £25 mandatory awards, from the Council Tax Support Fund allocation from the Government.
8. The Rate Relief Policy (See Appendix 5) has been amended to update the policy with schemes that the Government has introduced since the last update in February 2022. There has also been a national revaluation of all business rates properties for 2023. The updates are for:
 - Retail, Hospitality and Leisure Business Rate Relief Scheme for 2023-24 - this introduces relief at 75% for qualifying businesses (this relief is 50% for 2022-23)
 - Transitional Relief Scheme for 2023 Revaluation - this scheme limits the effects on increased rate bills following the 2023 Revaluation and allows full benefit where business rates reduce.
 - Supporting Small Business Scheme - this will cap business rates bill increases at £600 per year for any business losing eligibility for some or all of the Small Business Rate Relief or Rural Rate Relief as a result of the 2023 Revaluation
9. All of the above amendments to the Rate Relief Policy will result in additional relief being applied to the business rates account which will reduce the overall business rates liability.
10. The Council Tax Support Scheme for 2023-24 is not included in this report as it was approved at County Council on 2 November 2022 as part of a separate decision-making process.

The Levelling-Up and Regeneration Bill

11. The Government's Levelling-Up and Regeneration Bill is currently going through Parliament. It has been through the House of Commons stage and is now at the Committee Stage going through the House of Lords.
12. Part of the Bill relates to council tax and will give the Council additional discretion on the levels of council tax that can be charged billing authorities can charge on some classes of dwellings. The purpose of these measures is to utilise them as a tool to bring homes back into use for local communities and help provide affordable housing.
13. If, as expected, the Levelling-Up and Regeneration Bill receives Royal Assent by 31 March 2023 the following options can be implemented with effect from 1 April 2024.

Empty Homes Premium

14. Currently billing authorities have the discretion to charge an empty homes premium of 100% after a property has been unoccupied and substantially unfurnished for a period of more than 2 years. The Council has that policy in place.
15. The Levelling-Up and Regeneration Bill will give discretion and allow the Council to implement the empty homes premium after one year instead of the current two. Based on current figures there are 636 properties which had been unfurnished and unoccupied between one and two years. Using average council tax band charges, if the empty homes premium were to be introduced at one year an estimated £1.077million of additional council tax could be raised.

Second Homes

16. At present second homes (properties that are unoccupied and substantially furnished) are charged 100% Council Tax. That is the maximum level of council tax under current legislation.
17. The Levelling-Up and Regeneration Bill will allow the Council to charge up to an additional 100% on second homes. The definition of a second home under council tax legislation is a property where there is no resident of the dwelling and where it is substantially furnished. Therefore, furnished lets for periods in between tenants also comes under this definition.
18. Any decision made to implement an extra charge on second homes, needs to be made by way of a determination at least one year before the beginning of the financial year to which it relates (by 31 March 2023).
19. A notice also needs to be published in a local newspaper within 21 days of the actual determination being made. There is no requirement for a notice to be published regarding the empty homes premium, and the one year determination requirement is also not needed.
20. Several councils have made their determinations based on implementing the changes subject to the legislation being in place by 31 March 2023.
21. Based on current data there are 3,502 properties classed as second homes in the council tax system. Based on average band charges increasing the charge for second homes by the maximum 100% an additional £6.518 million.

*It should be noted that whilst this is the potential increase in income, the money would still need to be collected.

22. Based on the Council's current policy for Empty Homes Premiums and Second Homes it is proposed (subject to the Levelling-Up and Regeneration Bill receiving Royal Assent by 31 March 2023) to seek a decision in principle:
- To charge the 100% Empty Homes Premium after 1 year with effect from 1 April 2024
 - To make a determination to charge an additional 100% council tax premium for property designated as a second home to come into effect from 1 April 2024.
23. The Council Tax Discount Policy will be updated to include both of the above changes for 2024-25 if they are approved.

Background

24. The Revenues and Benefits service has a suite of policies that govern the collection and enforcement administration of council tax, business rates, housing benefit and sundry debt income.
25. Some of the policies are regularly amended due to changing legislation, introduction of new legislation, relief schemes or the granting of additional discretions.
26. A summary of each policy is provided below for information, and where there are proposed changes, details of the changes are highlighted below.

Caravans and Chalets Policy (see Appendix 1)

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.

There are no proposed amendments to this policy.

Council Tax Discount Policy (see Appendix 2)

This policy sets out the treatment of local discretionary discounts, empty property (including empty home premiums of 100%, 200% and 300%), uninhabitable property, second homes for council tax and care leavers.

The policy also includes the Government's COVID Hardship Fund payments of up to £150 awarded to working age council tax support claimants in 2020-21 and the Council's own Hardship Schemes of up to £300 for 2021-22 and £200 for 2022-23.

The policy has been updated for 2023-24 in order to introduce the following schemes to provide support to residents and council tax support claimants in recognition of the increased challenges and pressures caused by the cost-of-living crisis:

Council Tax Discount for 2023-24

For the 2023-24 financial year a council tax discount will be awarded under Section 13A 1(c) Local Government Finance Act 1992 amounting to £17.21. The discount will be awarded to council tax-payers liable for council tax on their main residence on 1 April 2023.

The £17.21 discount is equivalent to a 1.00% reduction in the Band D amount for the Northumberland County Council element of the council tax charge only. Properties in

council tax Bands A to C will get the equivalent of more than 1% and Bands E to H slightly less.

Council taxpayers who qualify for Council Tax Support will not be eligible for this discount as they will instead receive more generous reduction(s) in their council tax liability by way of the Government's Council Tax Support Fund and the Council's own 2023-24 Cost of Living Hardship Fund (see below)

Properties exempt from council tax; empty properties and second homes will also not be eligible for this discount.

Appendix 1 has been added to this policy and sets out full details and eligibility for the Council Tax Discount for 2023-24

Council Tax Support Fund for 2023-24

On 19th December 2022, the Government announced additional funding for local authorities to support the most vulnerable households in England. The funding is for councils to deliver additional support to households already receiving council tax support, whilst also providing councils with the resources and flexibility to determine the local approaches to support other vulnerable households in their area. The Council's allocation is £654,441.

The expectation is that councils should use the majority of the funding allocations to reduce bills for current working age, and, pension age local Council Tax Support claimants by up to £25.

Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills.

Council Tax Support Hardship Fund for 2023-24

From the surplus of funding received for the Council Tax Support Fund for 2023-24 (above) and from its own funds the Council will provide a Council Tax Support Hardship Fund payment of up to £175 to reduce the council tax liability for all working age and pensionable age council tax support claimants.

Corporate Debt Policy (See Appendix 3)

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, sundry debt for council services and overpaid salaries and wages.

The policy consists of a number of separate 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 and Council Tax Benefit/Support Overpayments Policy** – sets out the policy for the administration and recovery of overpayments. No amendment has 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 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 amendment has been made to this annex;
- Annex 8 **Overpaid Salaries and Wages Policy** - sets out the approach to the recovery of salary overpayments. Minor wording 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. Minor wording changes have been made to this annex;

The following minor amendments have been made to this policy:

Annex 2 - Council Tax and NNDR Court Costs and Fees Policy - The Official Receiver's deposit amounts have been updated for bankruptcy and liquidation proceedings.

Annex 4 - Methods of Payment Policy – paragraph 4 has been amended to include that payments can be made by debit/credit card at customer information centres, and, paragraph 5 has been amended to reflect point out that a direct debit should be set up for the customer in advance of an invoice being raised.

Annex 6 - Sundry Debt Policy - New paragraph at 5.6 has been inserted to state that invoices will be sent by email where possible.

Annex 8 - Overpaid Salaries and Wages Policy – the Payroll email address has been updated.

These minor amendments do not make any changes to the actual policy intentions.

Discretionary Housing Payment Policy (See Appendix 4)

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.

There are no proposed amendments to this policy.

Rate Relief Policy (See Appendix 5)

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

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).

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
- Business Rates Revaluation Relief
- Pub Relief:
- Newspaper Relief
- Retail Discount Scheme 2019-20
- Extension of the Nursery Discount Scheme for 2021-22
- Expanded Retail Discount Scheme 2020-21
- Nursery Relief Scheme 2020-21
- Extension of Expanded Retail Discount Scheme for 2021-22
- Extension of Expanded Retail Discount Scheme for 2021/22
- Public Lavatories Rate Relief
- Retail, Hospitality and Leisure Business Rate Relief Scheme for 2022-23
- Local Discretionary Discounts.

The policy has been amended and updated to reflect the following:

- Transitional Relief Scheme for 2023 Revaluation – this scheme limits the effects on increased rate bills following the 2023 Revaluation and allows full benefit where business rates reduce.
- Retail, Hospitality and Leisure Business Rate Relief Scheme for 2023-24 – this introduces relief at 75% for qualifying businesses (this relief is 50% for 2022-23)
- Supporting Small Business Scheme – this will cap bill increases at £600 per year for any business losing eligibility for some or all of the Small Business Rate Relief or Rural Rate Relief as a result of the 2023 Revaluation.

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 Pensions and Armed Forces Compensation Disregard Policy (See Appendix 6)

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.

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

The policy has been in place since 2009-10 and 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 when assessing entitlement to Housing Benefit/Council Tax Support.

There are no proposed amendments to this policy.

Counter Fraud Policy (See Appendix 7)

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.

There are no proposed amendments to this policy.

Bribery and Corruption Policy (See Appendix 8)

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.

There are no proposed amendments to this policy.

Anti-Money Laundering Policy (See Appendix 9)

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.

There are no proposed amendments to this policy.

Implications

Policy	<p>The following policies have been amended:</p> <ul style="list-style-type: none"> • Council Tax Discount Policy • Rate Relief Policy • Corporate Debt Recovery Policy
Finance and value for money	<p>The policies included in the report cover those in the Revenues and Benefits service that impact on the management of income and the support available for businesses and residents. The policies have an impact on the income contained within the 2023-24 budget.</p>
Legal	<p>Revenues and Benefits policies are subject to the relevant legislation and statutory instruments. The policy updates highlighted in this report are in line with those legislative requirements.</p> <p>The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council.</p>
Procurement	<p>No implications</p>
Human Resources	<p>No implications</p>
Property	<p>No implications</p>
<p>Equalities (Impact Assessment attached)</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>	<p>EIA has not been fully carried out, although consideration has been given as to whether that was necessary and whether there were any impacts on those residents who have protected characteristics, with regard to the policy changes for 2023-24.</p> <p>The policy updates for the Rate Relief policy are introduced nationally by the Government and the Council is under a duty to implement those. The amendments made to the Council Tax Discount Policy with the Council Tax Discount for 2023-24 will reduce liability for resident and will not have a positive or negative effect on residents with protected characteristics who will be entitled to the discount where they are liable for council tax.</p> <p>Some residents who have protected characteristics will not have liability for council tax, for example, those with Severe Mental Impairment do not have council tax liability due to a full exemption.</p> <p>The Council Tax Support Fund from Government and the Council's Council Tax Support Hardship Fund provided more generous assistance for residents with a payment of £25 and then an additional payment of up to £175 for working age and pension age claimants.</p>
Risk Assessment	<p>No implications</p>

Crime & Disorder	No implications
Customer Consideration	The policy updates apply to businesses and residents of the County based upon an eligibility requirement for the particular schemes
Carbon reduction	No implications
Wards	All wards are affected by this proposal

Background papers:

County Council Report – 23 February 2022
County Council minutes – 23 February 2022

Report sign off

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

	Full Name of Officer
Monitoring Officer/Legal	Suki Binjal
Interim Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
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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.
--

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 year 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 received £4.578 million from the Local Council Tax Support grant 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.

COVID-19 hardship fund 2022-23

From the surplus of funding received in 2020-21 and 2021-22 financial years the Council will use the remaining funds to reduce the council tax liability for all working age council tax support claimants for the 2022-23 financial year up to a maximum of £200.

Council Tax Support Fund for 2023-24

On the 19th December 2022, the Government announced additional funding for local authorities to support the most vulnerable households in England. The funding is for councils to deliver additional support to the 3.8 million households already receiving council tax support, whilst also providing councils with the resources and flexibility to determine the local approaches to support other vulnerable households in their area. The Council's allocation is £654,441.

The expectation is that councils should use the majority of the funding allocations to reduce bills for current working age, and, pension age local Council Tax Support claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills.

Council Tax Support Hardship Fund 2023-24

From the surplus of funding received for the Council Tax Support Fund for 2023-24 (above) and from its own funds the Council will provide a Council Tax Support Hardship Fund payment of up to £175 to reduce the council tax liability for all working age and pensionable age council tax support claimants.

Council Tax Discount for 2023-24

For the 2023-24 financial year a council tax discount will be awarded under Section 13A 1(c) amounting to £17.21 to council tax-payers liable for council tax on their main residence.

The £17.21 discount is equivalent to a 1.00% reduction in the Band D amount for the Northumberland County Council element of the council tax charge only.

Council taxpayers who qualify for Council Tax Support will not be eligible for this discount as they will instead receive more generous reduction(s) in their council tax liability by way of support from the hardship payments.

Properties exempt from council tax; empty properties and second homes will also not be eligible for this discount.

Appendix 1 to this policy sets out full details and eligibility for the Council Tax Discount for 2023-24.

The Council Tax Discount and £175 Hardship Fund payments for 2023-24 payments will be funded from the surplus remaining in the Collection Fund Smoothing Reserve which the Council was required to set aside as a result of the Covid-19 pandemic, and, the residual funding from the Council Tax Support Fund allocation received from the Government.

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 Senior Revenues Manager and S151 Officer

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.

Council Tax Discount 2023-24

1. Purpose

For the 2023-24 financial year a council tax discount will be awarded under Section 13A 1(c) Local Government Finance Act 1992 amounting to £17.21. The discount will be awarded to council tax-payers liable for council tax on their main residence on 1 April 2023 (except for the exclusions set out in Section 8 below).

The £17.21 discount is equivalent to a 1.00% reduction in the Band D amount for the Northumberland County Council element of the council tax charge only. Properties in Bands A to C will get the equivalent of more than 1% and Bands E to H slightly less.

Council taxpayers who qualify for Council Tax Support will not be eligible for this discount as they will instead receive more generous reduction(s) in their council tax liability by way of the Government's Council Tax Support Fund and the Council's own 2023-24 Cost of Living Hardship Scheme payments.

2. Funding

All payments made as a Council Tax Discount 2023-24 will be borne by Northumberland County Council's General Fund.

3. Awards

The Council Tax Discount 2023-24 is being paid to assist Council Taxpayers who live within the Northumberland County Council area for the 2023-24 financial year only.

The discount will be awarded automatically onto the council tax account where the eligibility criteria are met in full. The discount will show as a reduction on the 2023-24 annual council tax bills for eligible households.

No discount will be awarded where any taxpayer fails to meet the criteria, likewise, where, subsequent to an award being made, it is established that eligibility was not met in full, any amount awarded shall be reclaimed.

The discount will only be made to resident council taxpayers of Northumberland County Council who, on or before the 1 April 2023, are known by the Council's Revenues & Benefits service to be liable to pay council tax on 1 April 2023 in respect of a dwelling listed on the Valuation Office Agency's valuation list.

4. Effective date

To receive a discount the eligibility criteria must be met on 1 April 2023.

5. Eligibility

In order to receive a discount award all of the following criteria must be met on the effective date of 1 April 2023:

- The premises must be shown as a chargeable dwelling on the Council's Council Tax Valuation list
- The chargeable dwelling must be considered to be the taxpayer's sole or main residence
- The council taxpayer must be the liable person as defined by section 6 of the Local Government Finance Act 1992
- The taxpayer must be liable for an amount of Council Tax on 1 April 2023
- The property must not be exempt from Council Tax by way of the Council Tax (Exempt Dwellings) Order 1992 S.I. 558 (as amended)
- The property must not be classes as empty (vacant and substantially unfurnished)
- The property must not be classed as a second home (unoccupied and substantially unfurnished)

6. Awards

Where the Council determines that a discount will be awarded, the amount will be a single one-off payment of up to £17.21.

The discount shall be credited directly to the taxpayer's Council Tax account and will be used to reduce the Council Tax liability for the financial year 2023-24 only.

The discount will show as a reduction on the 2023-24 annual council tax bill

Where there is no Council Tax liability for 2023-24 no award shall be made.

Taxpayers who move into a property after 1 April 2023 will not be eligible for the discount.

In the case of persons who are jointly and severally liable for Council Tax on a single chargeable dwelling, only one discount will be awarded.

7. Subsequent Changes to liability

Any changes to the Valuation List (in terms of either the Council Tax band or the inclusion of a chargeable dwelling) after the effective date, including changes backdated to this date, will be ignored for the purposes of eligibility.

Any changes to Council Tax liability will be ignored for the purposes of eligibility, except where the liability ends prior to 1 April 2023.

Where a discount has been awarded to the 2023-24 financial year and the Council is made aware that Council Tax liability ceased either on or before 31st March 2023, the discount will be reclaimed.

Where a taxpayer successfully claims council tax support from the date that council tax is set (24 February 2023) to 31 March 2023 the discount will be removed, and they will receive the more generous support from the Council Tax Support Fund and Cost of Living Hardship Fund.

8. Exclusions

For the avoidance of doubt, **no** discount shall be paid whatsoever, where:

- The person liable for council tax is the owner rather than the occupier by way of the Council Tax (Liability for Owners) Regulations 1992 (as amended); for
 - Nursing Homes
 - Houses of Religious communities
 - Houses of Multiple Occupation
 - Residences of staff who live in houses occupied by an employee
 - Residences of Ministers of Religion
- An amount of Council Tax Support has been granted on 1 April 2023
- Owners of properties classified as an empty property (vacant and substantially unfurnished) on the council tax system on 1 April 2023.
- Owners of properties that are classified by the Council to be a second home (unoccupied and substantially furnished) on the council tax system on 1 April 2023
- Any person moving into Northumberland after 1 April 2023 will not receive the discount.
- Property that is exempt from council tax by way of the Council Tax (Exempt Dwellings) Order 1992 S.I. 558 (as amended). Those exemptions cover the following classes, some of which only apply for a specific length of time.

Unoccupied properties

Class B - Unoccupied dwellings owned by a charity (exempt for up to 6 months)

Class D - Dwellings left unoccupied by people in prison

Class E - Dwellings left unoccupied by long-stay hospital patients and also by people who move permanently into a nursing home or residential home

Class F - Dwellings left unoccupied by deceased persons where Grant of Probate / Letters of Administration has not been obtained, and for a period of 6 months after such grant has been obtained

Class G - Dwellings where occupation is prohibited by law

Class H - Dwellings held vacant for a minister of religion

Class I - Dwellings left unoccupied by people receiving care

Class J - Dwellings left unoccupied by people providing care

Class K - Dwellings left unoccupied by students

Class L - Unoccupied dwellings where the mortgage was repossessed

Class Q - Unoccupied dwellings in the possession of a trustee in bankruptcy

Class R - A dwelling consisting of a Pitch or a Mooring which is not occupied by a caravan, or, as the case may be, a boat

Class T - Dwellings forming part of another dwelling which cannot be let separately

Occupied properties

Class M - Students Halls of Residence

Class N - Dwellings occupied wholly by students

Class O - Armed Forces accommodation

Class P - Visiting Forces accommodation

Class S - Dwellings occupied only by a person or persons aged under 18

Class U - Dwellings occupied only by a person or persons who is, or are, Severely Mentally Impaired

Class V - Dwellings occupied by Diplomats, persons who have diplomatic immunity and certain members of their household

Class W - Dwellings which form part of a single property and which are occupied by an elderly, severely mentally impaired or disabled relative of a person which lives in the other part of the property

Statutory Instrument 558 of 1992 (as amended) is used to determine eligibility to exemption and gives more detail on the specific requirements for each class of exemption set out above.

9. Appeals

Requests for a review where a discount has not been awarded will be dealt with by the Senior Revenues Manager. That decision will be final.



Northumberland
County Council

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 came 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/Winding-up Proceedings

The petitioning creditor's costs associated with bankruptcy/winding-up proceedings are:

Fixed Costs (in accordance with the statutory scale of fees and charges currently in force).

£280.00/£280.00	Court Fee – payable on filing of petition (non-refundable)
£1,500.00/£2,600.00	Official Receiver's Deposit - payable on filing of petition (£1,450.00/£2,550.00 is refundable if a petition is withdrawn or dismissed)

Typical Variable Costs (to be claimed in the bankruptcy/winding-up proceedings)

£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/winding-up.

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.

5. 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 or Paypoint outlet
 - At Council Customer Service/Information Centres by debit or credit card using the relevant account number or invoice number.
5. For sundry debts, a direct debit should, wherever possible, be set up for the customer in advance of an invoice being raised.
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.
- 5.6 Invoices will be sent to customers by email where possible.

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: payroll@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 – Automated SL01/IL01 letter is issued.

2nd Action - Contact the tenant by phone. 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.

3rd Action - next missed payment, arrears rising – Automated SL02/ Officer decision to send IL02 letter

4th 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:-

Income 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

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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 / Universal Credit with housing costs 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.

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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.

- 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.
- 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.
- 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.
- The criteria will enable decisions to be based on the relative worth of a small range of key community benefits.
- 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
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

Community Benefit	Reason for including	Corporate Plan Principles
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
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?

Factor	Evidence (not exhaustive)	Judgement criteria
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 – 2017 Revaluation

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

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 & 2021/22

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.
80. As announced at the Budget on 3 March 2021 by the Chancellor, the government will continue to provide eligible nursery properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021. This will be followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £105,000 per business for other eligible properties.

Expanded Retail Discount Scheme 2020/21

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. Annex 4 below lists the types of properties eligible for this 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).

Expanded Retail Discount Scheme 2021/22

83. On 3 March 2021 the government confirmed that the Expanded Retail Discount would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022.
84. The government confirmed that there would be no cash cap on the relief received for the period from 1 April 2021 to 30 June 2021. From 1 July 2021, relief will be capped at £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have

been required, to close, based on the law and guidance applicable on 5 January 2021. Annex 4 below sets out the types of properties eligible for this relief.

Retail, Hospitality and Leisure Business Rates Relief scheme 2022/23

85. At the Budget on 27 October the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties worth almost £1.7 billion in 2022/23.
86. The 2022/23 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 50% relief, up to a cash cap limit of £110,000 per business.
87. As this is a temporary measure for 2022/23 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. Annex 4 below sets out the types of properties eligible for this relief.

Public Lavatories

88. In 2021 the Non-Domestic Rating (Public Lavatories) Bill came into force which gives public lavatories 100% relief from business rates, it applies retrospectively from 1 April 2020.
89. The relief will not apply to toilets of a larger unit of rateable property (a hereditament”), for example, toilets in public libraries. It amends Part 3 of the Local Government Finance Act 1988 to ensure that, in relation to an eligible hereditament which consists wholly or mainly of a public lavatory, the chargeable amount will be zero. This provides, in effect, a 100% mandatory relief for eligible public lavatories in England and Wales.
90. The relief will be applied automatically to the business rates account.

Transitional Relief Scheme 2023/24

91. Transitional relief limits how much a ratepayers business rate bill can change each year as a result of a business rates revaluation. The next revaluation will come into effect on 1 April 2023.
92. The Government has introduced a Transitional Relief Scheme for the 2023 Revaluation that will come into force on 1 April 2023.

For ratepayers whose bills increase as a result of the 2023 Revaluation the following table shows the maximum increases

Rateable value	2023 to 2024	2024 to 2025	2025 to 2026
Up to £20,000 (£28,000 in London)	5%	10% plus inflation	25% plus inflation
£20,001 (£28,001 in London) to £100,000	15%	25% plus inflation	40% plus inflation
Over £100,000	30%	40% plus inflation	55% plus inflation

For ratepayers whose bills decrease as a result of the 2023 Revaluation that decrease will not be phased in and will be passed on in full

Retail, Hospitality and Leisure Business Rates Relief scheme 2023/24

93. At the Budget on 17 November the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties for 2023/24
94. The 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business.
95. As this is a temporary measure for 2023/24, 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. Annex 4 below sets out the types of properties eligible for this relief.

Supporting Small Business Relief - 2023 Revaluation

96. At the 2022 Autumn Statement the Chancellor announced that the 2023 Supporting Small Business (SSB) scheme will cap bill increases at £600 per year for any business losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation. SSB was first introduced at the 2017 revaluation to support ratepayers facing bill increases greater than the Transitional Relief caps due to loss of Small Business Rate Relief or Rural Rate Relief.
97. For the period 2023/24 to 2025/26, 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 2023 Supporting Small Business relief.

98. 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
99. 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.

Rate Relief Decisions and Appeals

100. 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 Senior Revenues Manager and S151 Officer. Costs in excess of £100,000 are delegated to the Chief Executive.
101. Rate relief decisions for Hardship, Section 44a and Local Discretionary Discounts are delegated to the Senior Revenues Manager and S151 Officer where the cost to the Council of granting relief is up to £100,000. Costs in excess of £100,000 are delegated to the Chief Executive.
102. Requests for a review of a decision will be delegated to the Service Director – Finance. If the review relates to a case determined by the Chief Executive the relevant Portfolio Holder will carry out the review.
103. 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.
104. 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.

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"/>
4 Are the fees/costs reasonable for the service or facilities provided, which support accessibility and encourage participation / use?	No	Some	Actively		<input type="text"/>
5 Is the building used by the organisation available to the community and other organisations?	0	5	10		<input type="text"/>
6 Is the organisation affiliated to a local or national representative body?	No	Yes			<input type="text"/>
7 Does the organisation provide education, training or coaching for its users/members?	0	10			<input type="text"/>
8 Does the organisation attract grant aiding or generate income through fund raising activities or self help?	No	Some Use	Substantial		<input type="text"/>
9 Does the service support or assist in the provision of a service to help the Council to achieve its objectives?	0	3	10		<input type="text"/>
	0	10			<input type="text"/>
	None	Limited	Substantial		<input type="text"/>
	0	3	10		<input type="text"/>
	0	10			<input type="text"/>
	No	Yes			<input type="text"/>
	0	10			<input type="text"/>
	No	Yes			<input type="text"/>
	0	20			<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, 2021/22 and Retail, Hospitality and Leisure Business Rates Relief scheme 2022/23 and 2023/24

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 BENEFIT 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

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:

Corporate Fraud Team

Telephone: 01670 624359

Email: fraudline@northumberland.gov.uk



Northumberland
County Council

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:

Corporate Fraud Team
Telephone: 01670 624359
Email: fraudline@northumberland.gov.uk



Northumberland
County Council

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:

Corporate Fraud Team

Telephone: 01670 624359

Email: fraudline@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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Northumberland County Council

Corporate Services and Economic Growth Overview & Scrutiny Committee

Work Programme and Monitoring Report 2022-2023

1. Terms of reference:

- (1) To maintain an overview of the Council's Annual Budget and Budgetary Management via the Medium Term Financial Plan.
- (2) To review the state of Northumberland and the County Council's activity in delivering its Corporate Plan.
- (3) To maintain an overview of the Council's performance management arrangements; highlighting areas of poor performance and monitoring recovery delivery plans.
- (4) To maintain an overview of the Management Agreements in place between the Council and Advance Northumberland.
- (5) To monitor, review and make recommendations about:
 - Corporate Services: Organisational Development, Health and Safety, ICT Strategy, Corporate Governance, Financial Services, Procurement Strategy, Risk Strategy, Shared and Traded Services
 - Partnership development coordination with local organisations
 - Relationships with external bodies
 - Regeneration and Economic Development
 - Strategic Transport Network and Infrastructure
 - Employability, Skills, and removing barriers to work
 - Capital Programme and Asset Management
 - Support to VCS organisations and the Council's relationship with town and parish councils.

Northumberland County Council
Corporate Services and Economic Growth Overview and Scrutiny Committee Work Programme 2022-2023

13 March 2023

Advance Northumberland

To receive an annual update on Advance Northumberland's operations.

3 April 2023

Strategic Change Programme – Option Reports

Following approval of the Business Case for the Programme by Cabinet in January, the OSCs will be consulted on further service option reports.

Northumberland County Council
Corporate Services and Economic Growth Overview and Scrutiny Committee Monitoring Report 2022-2023

Ref	Date	Report	Decision	Outcome
1.	11 July 2022	Annual Workforce Report	RESOLVED members agreed to note and support the recommendations in the report.	The Committee will continue to receive annual updates.
2.	11 July 2022	Debt Recovery Update	RESOLVED that the information in the report be noted.	A further update will be presented to the Committee in December.
3.	11 July 2022	Green Homes Grant	RESOLVED that the information be noted.	No further action required at this stage.
4.	11 July 2022	Advance Northumberland Ltd and its subsidiaries– Request for Reserved Matter Approval	<p>RESOLVED to advise the Cabinet that it supported the recommendations contained in the report on the condition the following are included:</p> <ol style="list-style-type: none"> 1. With regards to the Shareholder Representative Role Profile, the wording be amended to provide greater clarity on the role the Shareholder Representative should carry out at board meetings. Members suggested the wordings to be: <ol style="list-style-type: none"> iii. <i>To attend and play an active role at board meetings of the Company whilst recognising the authority to make decisions lies with the board of the Company.</i> 2. The Committee would like a further report in 6 months, if appropriate, to review the implementation of the proposed new Articles of Association and the Shareholder Representative Role Profile. 	Cabinet approved the comments made by the OSC when it determined the report on 12 July 2022.

5.	11 July 2022	Trading Companies' Financial Performance 2021-22 – End of March	RESOLVED that the report be noted.	The Committee will continue to receive quarterly updates.
6.	10 October 2022	Council Tax Support Scheme 2023/24	RESOLVED that the recommendations be supported.	Cabinet considered the Committee's comments when it determined the report on 11 October 2022.
7.	10 October 2022	Broadband Connectivity	RESOLVED that the information in the report be noted.	The Committee will continue to monitor this issue as appropriate.
8.	10 October 2022	Budget Consultation	RESOLVED that the information be noted and suggestions be examined for inclusion in the Budget Consultation 2022/23.	The Committee will receive details of the outcome of the consultation as part of the budget setting process in February.
9.	10 October 2022	Covid Grants and Financial Assistance to Business	RESOLVED that the information in the report be noted.	No further action required at this stage.
10.	10 October 2022	Trading Companies' Financial Performance	RESOLVED that the information in the report be noted	The Committee will continue to receive quarterly updates.
11.	12 December 2022	Budget 2023-24 and MTFP 2023-27	RESOLVED that the information in the report be noted.	The Committee consider the budget proposal in February.
12.	12 December 2022	Council-owned Company Governance Framework	RESOLVED to advise the Cabinet that it supported the recommendations contained in the report, subject to consideration of the issues highlighted.	The Cabinet considered the Committee's views prior to determination of the report.
13.	12 December 2022	Debt Recovery Update	RESOLVED that the report be noted.	The Committee will continue to receive regular updates.
14.	12 December 2022	Economic Development	RESOLVED that the report be noted.	The Committee will continue to receive regular updates.

15.	16 January 2023	Strategic Change Business Case	RESOLVED to advise the Cabinet that it supported the recommendations contained in the report, subject to consideration of the issues highlighted above.	The Cabinet considered the Committee's views prior to determination of the report.
16.	16 January 2023	Trading Companies' Financial Performance	RESOLVED that the information in the report be noted.	The Committee will continue to receive quarterly updates.