Stafford
BOROUGH COUNCIL

Civic Centre
Riverside
Stafford
ST16 3AQ

17 February 2025

Dear Members

Council Meeting

I hereby give notice that a meeting of the Council will be held in the **Council Chamber, County Buildings, Martin Street, Stafford** on **Tuesday 25 February 2025 at 7.00pm** to deal with the business as set out on the agenda.

Tim Clegg

Tim Clegg
Chief Executive

COUNCIL MEETING - 25 FEBRUARY 2025

Mayor, Councillor Frank James

AGENDA

1	Approval of the Minutes of the meeting of Council held on 11 February 2025 published on the Council's website	
2	Apologies for Absence	
3	Declarations of Interest	
4	Announcements (Paragraph 3.2(iii) of the Council Procedure Rules)	
5	Public Question Time - Nil	
6	Councillor Session - Nil	
7	Notice of Motion - Nil	
8	To receive Nominations for the Offices of Mayor and Deputy Mayor for the Municipal Year 2025/26	
		Page Nos
9	Council Tax Resolution 2025/26	3 - 16
	In accordance with Paragraph 17.4(c) of the Council Procedure Rules, a recorded vote will be taken for the above item	
10	Treasury Management Strategy, Minimum Revenue Provision Policy, Annual Investment Strategy 2025-26	17 - 59
11	Localism Act 2011 - Pay Policy Statement 2025-26	60 - 70
12	Proposed Purchase of Civic Centre, Stafford - **CONFIDENTIAL**	To Follow
	Report contains information relating to the financial or business affairs of any particular person (including the Council).	
13	Any items referred from Scrutiny Committee(s)	

Chief Executive

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Agenda Item 9

Council Tax Resolution 2025/26

Committee:	Council
Date of Meeting:	25 February 2025
Report of:	Section 151 Officer - Deputy Chief Executive and Council Solicitor
Portfolio:	Resources

1 Purpose of Report

1.1 To set out the proposed Council Tax for the year 2025/26.

2 Recommendations

2.1 That the proposed Council Tax as set out in the Council Tax Resolution (**APPENDIX 1** of the Report) be approved.

2.2 That in accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 a named vote is taken in relation to the proposed Council Tax.

Reasons for Recommendations

2.4 In setting a budget for any year the Council must comply with the Budget and Council Tax setting requirements as reflected in the Local Government Finance Act 1992 as amended by the Localism Act 2011.

2.5 In accordance with the regulations the Council is required to:

(a) Calculate its Council Tax Requirement (Section 31A) - Replacing budget requirement (Section 32) and determination of the District Council element of Council Tax (Section 33).

(b) Set the overall level of Council Tax inclusive of Staffordshire County Council the Staffordshire Commissioner for Police, Fire and Rescue and Crime; and other precepts (Section 30).

2.6 The Council has received formal notification from the major precepting authorities of the relevant precepts. The Council has received formal notification from all parish/town councils.

2.7 Changes to the Council's Local Council Tax Reduction Scheme require a resolution of Full Council to be made no later than the date that the Council sets its Council Tax levels. No changes are proposed during 2025/26.

3 Key Issues

3.1 Council at its meeting on 11 February 2025 minute C40 determined its Budget for 2025/26 and set a Band D Council Tax at £178.75

3.2 The overall level of Council Tax must be set before the 11 March each year; however, the overall level of Council Tax cannot be set before 1 March unless all precepting authorities have issued their precepts, and the required calculations in accordance with the Local Government Finance Act 1992 have been determined.

3.3 The Council has received notification from the major precepting authorities of the relevant precepts.

3.4 The Council has received notification from the parish/town precepting authorities of the relevant precepts.

3.5 The Council Tax Resolution determining the overall level of Council Tax, and relevant Band A-H levels can therefore be set subject to the determination of Gross Expenditure (Resolution 3a) and Income (Resolution 3b) as required by the calculation being agreed as part of Council approving the borough Council budget for 2025/26.

4 Relationship to Corporate Priorities

4.1 Not applicable

5 Report Detail

5.1 In setting a budget for any year the Council must comply with the Budget and Council Tax setting requirements as reflected in the Local Government Finance Act 1992 as amended by the Localism Act 2011.

5.2 The Localism Act 2011 has made significant changes to the 1992 Act with the main impact for setting a Council Tax being that a billing authority (Stafford Borough Council) is required to calculate a Council Tax Requirement rather than a Budget Requirement.

5.3 This primarily affects the Council Tax Resolution to be made by Council and is a technical rather than procedural issue.

5.4 In accordance with regulations the Council is required to:

(a) Calculate its Council Tax Requirement (Section 31A) - Replacing budget requirement (Section 32) and determination of the Borough Council element of Council Tax (Section 33)

(b) Set the overall level of Council Tax inclusive of Staffordshire County Council; Police and Crime Commissioner Staffordshire; Staffordshire Commissioner Fire and Rescue Authority, and other precepts (Section 30)

5.5 The determination of the Council Tax Requirement (Requirement (a)) is a function of all authorities; however, Requirement (b) is purely a function of this Council as a billing authority.

5.6 The overall level of Council Tax must be set before the 11 March each year; however, the overall level of Council Tax cannot be set before 1 March unless all precepting authorities have issued their precepts, and the required calculations in accordance with the Local Government Finance Act 1992 have been determined.

5.7 Council at its meeting on 11 February 2025 minute C40 approved the General Fund Revenue Budget for 2025/26 and determined the Council Tax for the Borough at £178.75.

5.8 Staffordshire County Council approved its precept at its meeting on 13 February 2025 and the precept proposal for the Staffordshire Commissioner Police, Fire and Crime portfolio was accepted by the Police, Fire and Crime Panel on 3 February 2025 in respect of the Police and 10 February 2025 for Fire.

All Town and Parish Precept have been received.

5.9 The Council Tax Resolution is attached as an **APPENDIX 1** to this report.

5.10 In determining the overall Council Tax Requirement the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 require that a named vote is taken.

5.11 The Council is required to review its Local Council Tax Reduction Scheme each year with any changes being approved by resolution of Council.

6 Implications

6.1 Financial

As detailed in the attached appendix

6.2 Legal

As detailed in the report.

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Council Tax Resolution 2025/26

8 Previous Consideration

None

9 Background Papers

None

Contact Officer:	Chris Forrester and Ian Curran
Telephone Number:	01543 464 334 and 01785 619 220
Ward Interest:	None
Report Track:	Council 25 February 2025
Key Decision:	No

Appendix 1

Council Tax Resolution 2025/2026

Following Minute No C40 of the Council of 11 February 2025 determining the level of net spending for the General Fund Revenue Budget and Transfer to Working Balances for 2025/2026; the Council is recommended to make a Council Tax for 2025/2026 by formally approving the following resolution:-

1 It be noted that under the power delegated to the Council's Section 151 Officer, the Council calculated the Council Tax Base 2025/26

(a) for the whole Council area as 49,634.15 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")] ; and

(b) for dwellings in those parts of its area to which a Parish precept relates as shown below

Parish	Taxbase
Adbaston	227.04
Barlaston	1,040.08
Berkswich	793.14
Bradley	230.05
Brocton	542.38
Chebsey	249.49
Church Eaton	293.83
Colwich	1,890.59
Creswell	877.81
Doxey	904.25
Eccleshall	2,156.93
Ellenhall	65.59
Forton	142.87
Fradswell	84.27

Parish	Taxbase
Fulford	2,285.54
Gayton	86.22
Gnosall	2,011.82
Haughton	457.32
High Offley	388.61
Hilderstone	277.43
Hixon	748.78
Hopton and Coton	844.90
Hyde Lea	187.68
Ingestre	84.10
Marston	88.73
Milwich	199.61
Norbury	200.04
Ranton	189.25
Salt and Enson	184.28
Sandon and Burston	171.18
Seighford	769.32
Standon	330.03
Stone Town	6,403.94
Stone Rural	750.96
Stowe by Chartley	194.15
Swynnerton	1,361.73
Tixall	130.07
Weston	478.00
Whitgreave	88.55
Yarnfield and Cold Meece	814.38
Sub Total	**29,224.94**

Parish	Taxbase
Unparished	
Stafford Town	19,943.11
MOD Contribution in Lieu	466.10
Council Tax Base	**49,634.15**

2 That the Council Tax requirement for the Council's own purposes for 2025/26 (excluding Parish precepts) is calculated at £8,872,104.31.

3 That the following amounts are calculated for the year 2025/26 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

(a) £56,723,148.13 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) £46,313,560.00 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £10,409,588.13 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

(d) £209.73 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £1,537,483.82 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

(f) £178.75 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g) For the following parts of the Council's Area

Parish	Band D £.p
Adbaston	193.25
Barlaston	282.24
Berkswich	232.78
Bradley	242.51
Brocton	207.10
Chebsey	208.31
Church Eaton	202.68
Colwich	306.31
Creswell	191.41
Doxey	201.49
Eccleshall	216.01
Ellenhall	184.02
Forton	187.01
Fradswell	201.56
Fulford	224.78
Gayton	229.62
Gnosall	236.93
Haughton	233.99
High Offley	191.61
Hilderstone	223.62
Hixon	234.84
Hopton and Coton	226.85
Hyde Lea	217.63
Ingestre	219.58
Marston	178.75
Milwich	223.16
Norbury	198.28
Ranton	206.49
Salt and Enson	223.97

Parish	Band D £.p
Sandon and Burston	265.44
Seighford	203.38
Standon	213.08
Stone Town	242.74
Stone Rural	202.22
Stowe by Chartley	282.31
Swynnerton	202.90
Tixall	205.04
Weston	250.01
Whitgreave	196.94
Yarnfield and Cold Meece	214.24

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (1)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) For the following parts of the Council's area

Parish	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Adbaston	107.36	128.83	150.31	171.78	193.25	236.19	279.14	322.08	386.50
Barlaston	156.80	188.16	219.52	250.88	282.24	344.96	407.68	470.40	564.48
Berkswich	129.32	155.19	181.05	206.92	232.78	284.51	336.24	387.97	465.56
Bradley	134.73	161.67	188.62	215.56	242.51	296.40	350.29	404.18	485.02
Brocton	115.06	138.07	161.08	184.09	207.10	253.12	299.14	345.17	414.20
Chebsey	115.73	138.87	162.02	185.16	208.31	254.60	300.89	347.18	416.62
Church Eaton	112.60	135.12	157.64	180.16	202.68	247.72	292.76	337.80	405.36
Colwich	170.17	204.21	238.24	272.28	306.31	374.38	442.45	510.52	612.62
Creswell	106.34	127.61	148.87	170.14	191.41	233.95	276.48	319.02	382.82
Doxey	111.94	134.33	156.71	179.10	201.49	246.27	291.04	335.82	402.98
Eccleshall	120.01	144.01	168.01	192.01	216.01	264.01	312.01	360.02	432.02

Parish	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Ellenhall	102.23	122.68	143.13	163.57	184.02	224.91	265.81	306.70	368.04
Forton	103.89	124.67	145.45	166.23	187.01	228.57	270.13	311.68	374.02
Fradswell	111.98	134.37	156.77	179.16	201.56	246.35	291.14	335.93	403.12
Fulford	124.88	149.85	174.83	199.80	224.78	274.73	324.68	374.63	449.56
Gayton	127.57	153.08	178.59	204.11	229.62	280.65	331.67	382.70	459.24
Gnosall	131.63	157.95	184.28	210.60	236.93	289.58	342.23	394.88	473.86
Haughton	129.99	155.99	181.99	207.99	233.99	285.99	337.99	389.98	467.98
High Offley	106.45	127.74	149.03	170.32	191.61	234.19	276.77	319.35	383.22
Hilderstone	124.23	149.08	173.93	198.77	223.62	273.31	323.01	372.70	447.24
Hixon	130.47	156.56	182.65	208.75	234.84	287.03	339.21	391.40	469.68
Hopton and Coton	126.03	151.23	176.44	201.64	226.85	277.26	327.67	378.08	453.70
Hyde Lea	120.91	145.09	169.27	193.45	217.63	265.99	314.35	362.72	435.26
Ingestre	121.99	146.39	170.78	195.18	219.58	268.38	317.17	365.97	439.16
Marston	99.31	119.17	139.03	158.89	178.75	218.47	258.19	297.92	357.50
Milwich	123.98	148.77	173.57	198.36	223.16	272.75	322.34	371.93	446.32
Norbury	110.16	132.19	154.22	176.25	198.28	242.34	286.40	330.47	396.56
Ranton	114.72	137.66	160.60	183.55	206.49	252.38	298.26	344.15	412.98
Salt and Enson	124.43	149.31	174.20	199.08	223.97	273.74	323.51	373.28	447.94
Sandon and Burston	147.47	176.96	206.45	235.95	265.44	324.43	383.41	442.40	530.88
Seighford	112.99	135.59	158.18	180.78	203.38	248.58	293.77	338.97	406.76
Standon	118.38	142.05	165.73	189.40	213.08	260.43	307.78	355.13	426.16
Stone Town	134.86	161.83	188.80	215.77	242.74	296.68	350.62	404.57	485.48
Stone Rural	112.34	134.81	157.28	179.75	202.22	247.16	292.10	337.03	404.44
Stowe-by-Chartley	156.84	188.21	219.57	250.94	282.31	345.05	407.78	470.52	564.62
Swynnerton	112.72	135.27	157.81	180.36	202.90	247.99	293.08	338.17	405.80
Tixall	113.91	136.69	159.48	182.26	205.04	250.60	296.17	341.73	410.08
Weston	138.89	166.67	194.45	222.23	250.01	305.57	361.13	416.68	500.02
Whitgreave	109.41	131.29	153.18	175.06	196.94	240.70	284.47	328.23	393.88
Yarnfield and Cold Meece	119.02	142.83	166.63	190.44	214.24	261.85	309.46	357.07	428.48
All other parts of the Council’s area	99.31	119.17	139.03	158.89	178.75	218.47	258.19	297.92	357.50

Being the amounts given by multiplying the amounts at (3)(f) and (3)(g) above by the number by which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4 To note that the County Council, the Office of the Police and Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

Valuation Bands

	A £.p	B £.p	C £.p	D £.p	E £.p	F £.p	G £.p	H £.p
Staffordshire County Council	1081.14	1,261.33	1,441.52	1,621.71	1,982.09	2,342.47	2,702.85	3,243.42
Office of the Police and Crime Commissioner	191.71	223.67	255.62	287.57	351.47	415.38	479.28	575.14
Stoke-on-Trent and Staffs Fire Authority	61.18	71.38	81.57	91.77	112.16	132.56	152.95	183.54

5 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2025/26 for each part of its area and for each of the categories of dwellings.

Parish	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Adbaston	1,219.05	1,462.86	1,706.69	1,950.49	2,194.30	2,681.91	3,169.55	3,657.16	4,388.60
Barlaston	1,268.49	1,522.19	1,775.90	2,029.59	2,283.29	2,790.68	3,298.09	3,805.48	4,566.58
Berkswich	1,241.01	1,489.22	1,737.43	1,985.63	2,233.83	2,730.23	3,226.65	3,723.05	4,467.66
Bradley	1,246.42	1,495.70	1,745.00	1,994.27	2,243.56	2,742.12	3,240.70	3,739.26	4,487.12
Brocton	1,226.75	1,472.10	1,717.46	1,962.80	2,208.15	2,698.84	3,189.55	3,680.25	4,416.30
Chebsey	1,227.42	1,472.90	1,718.40	1,963.87	2,209.36	2,700.32	3,191.30	3,682.26	4,418.72
Church Eaton	1,224.29	1,469.15	1,714.02	1,958.87	2,203.73	2,693.44	3,183.17	3,672.88	4,407.46
Colwich	1,281.86	1,538.24	1,794.62	2,050.99	2,307.36	2,820.10	3,332.86	3,845.60	4,614.72
Creswell	1,218.03	1,461.64	1,705.25	1,948.85	2,192.46	2,679.67	3,166.89	3,654.10	4,384.92
Doxey	1,223.63	1,468.36	1,713.09	1,957.81	2,202.54	2,691.99	3,181.45	3,670.90	4,405.08
Eccleshall	1,231.70	1,478.04	1,724.39	1,970.72	2,217.06	2,709.73	3,202.42	3,695.10	4,434.12
Ellenhall	1,213.92	1,456.71	1,699.51	1,942.28	2,185.07	2,670.63	3,156.22	3,641.78	4,370.14
Forton	1,215.58	1,458.70	1,701.83	1,944.94	2,188.06	2,674.29	3,160.54	3,646.76	4,376.12
Fradswell	1,223.67	1,468.40	1,713.15	1,957.87	2,202.61	2,692.07	3,181.55	3,671.01	4,405.22
Fulford	1,236.57	1,483.88	1,731.21	1,978.51	2,225.83	2,720.45	3,215.09	3,709.71	4,451.66
Gayton	1,239.26	1,487.11	1,734.97	1,982.82	2,230.67	2,726.37	3,222.08	3,717.78	4,461.34
Gnosall	1,243.32	1,491.98	1,740.66	1,989.31	2,237.98	2,735.30	3,232.64	3,729.96	4,475.96
Haughton	1,241.68	1,490.02	1,738.37	1,986.70	2,235.04	2,731.71	3,228.40	3,725.06	4,470.08
High Offley	1,218.14	1,461.77	1,705.41	1,949.03	2,192.66	2,679.91	3,167.18	3,654.43	4,385.32
Hilderstone	1,235.92	1,483.11	1,730.31	1,977.48	2,224.67	2,719.03	3,213.42	3,707.78	4,449.34
Hixon	1,242.16	1,490.59	1,739.03	1,987.46	2,235.89	2,732.75	3,229.62	3,726.48	4,471.78
Hopton and Coton	1,237.72	1,485.26	1,732.82	1,980.35	2,227.90	2,722.98	3,218.08	3,713.16	4,455.80
Hyde Lea	1,232.60	1,479.12	1,725.65	1,972.16	2,218.68	2,711.71	3,204.76	3,697.80	4,437.36
Ingestre	1,233.68	1,480.42	1,727.16	1,973.89	2,220.63	2,714.10	3,207.58	3,701.05	4,441.26
Marston	1,211.00	1,453.20	1,695.41	1,937.60	2,179.80	2,664.19	3,148.60	3,633.00	4,359.60

Parish	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Milwich	1,235.67	,482.80	1,729.95	1,977.07	2,224.21	2,718.47	3,212.75	3,707.01	4,448.42
Norbury	1,221.85	1,466.22	1,710.60	1,954.96	2,199.33	2,688.06	3,176.81	3,665.55	4,398.66
Ranton	1,226.41	1,471.69	1,716.98	1,962.26	2,207.54	2,698.10	3,188.67	3,679.23	4,415.08
Salt and Enson	1,236.12	1,483.34	1,730.58	1,977.79	2,225.02	2,719.46	3,213.92	3,708.36	4,450.04
Sandon and Burston	1,259.16	1,510.99	1,762.83	2,014.66	2,266.49	2,770.15	3,273.82	3,777.48	4,532.98
Seighford	1,224.68	1,469.62	1,714.56	1,959.49	2,204.43	2,694.30	3,184.18	3,674.05	4,408.86
Standon	1,230.07	1,476.08	1,722.11	1,968.11	2,214.13	2,706.15	3,198.19	3,690.21	4,428.26
Stone Town	1,246.55	1,495.86	1,745.18	1,994.48	2,243.79	2,742.40	3,241.03	3,739.65	4,487.58
Stone Rural	1,224.03	1,468.84	1,713.66	1,958.46	2,203.27	2,692.88	3,182.51	3,672.11	4,406.54
Stowe-by-Chartley	1,268.53	1,522.24	1,775.95	2,029.65	2,283.36	2,790.77	3,298.19	3,805.60	4,566.72
Swynnerton	1,224.41	1,469.30	1,714.19	1,959.07	2,203.95	2,693.71	3,183.49	3,673.25	4,407.90
Tixall	1,225.60	1,470.72	1,715.86	1,960.97	2,206.09	2,696.32	3,186.58	3,676.81	4,412.18
Weston	1,250.58	1,500.70	1,750.83	2,000.94	2,251.06	2,751.29	3,251.54	3,751.76	4,502.12
Whitgreave	1,221.10	1,465.32	1,709.56	1,953.77	2,197.99	2,686.42	3,174.88	3,663.31	4,395.98
Yarnfield and Cold Meece	1,230.71	1,476.86	1,723.01	1,969.15	2,215.29	2,707.57	3,199.87	3,692.15	4,430.58
All other parts	1,211.00	1,453.20	1,695.41	1,937.60	2,179.80	2,664.19	3,148.60	3,633.00	4,359.60

6 That it is determined in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council’s basic amount of Council Tax for 2025/26 is not excessive in accordance with the principles determined by the Secretary of State under Section 52ZC of that Act.

Agenda Item 10

Treasury Management Strategy, Minimum Revenue Provision Policy, Annual Investment Strategy 2025-26

Committee:	Council
Date of Meeting:	25 February 2025
Report of:	S151 Officer and Deputy Chief Executive - Resources
Portfolio:	Resources Portfolio

The following matter was considered by Audit and Accounts Committee at its meeting on 18 February 2025 and is submitted to Council as required.

1 Purpose of Report

This report is presented to obtain the Council's approval to:-

1.1 Prudential and Treasury Indicators - setting of indicators to ensure that the capital investment plans of the Council are affordable, prudent and sustainable;

1.2 The Minimum Revenue Provision (MRP) Policy;

1.3 Treasury Management Strategy Statement for 2025/26 - to set treasury limits for 2025/26 to 2027/28 and to provide a background to the latest economic forecasts of interest rates; and

1.4 Annual Investment Strategy 2025/26 - to set out the strategy of investment of surplus funds.

2 Recommendations

2.1 That the following be approved:-

(a) The Prudential and Treasury Indicators;

(b) The MRP Policy Statement;

(c) The Treasury Management Policy;

(d) The Annual Investment Strategy for 2025/26.

Reasons for Recommendations

2.2 To note that indicators may change in accordance with the final recommendations from Cabinet to Council in relation to both the General Fund Revenue Budget and the Capital Programme.

3 Key Issues

3.1 The Council is required to approve its treasury management, investment and capital strategies to ensure that cash flow is adequately planned and that surplus monies are invested appropriately.

4 Relationship to Corporate Priorities

4.1 Treasury management and investment activities are interwoven with all of the Council's priorities and their spending plans.

5 Report Detail

Background

5.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Accordingly, a significant function of Treasury Management is ensuring that cash flows are adequately planned and controlled to meet this objective. Any surplus monies are invested with low-risk counterparties, and managed appropriately so that sufficient levels of liquid cash are available to meet any payment obligations as well as offer headroom for unexpected circumstances. Such considerations underpin the day-to-day operations of Treasury Management when determining investment-related outcomes rather than the sole factor of yield that aims to generate higher return on investments with little or no regards to financial risks.

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

5.3 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 or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

5.4 CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including 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."

5.5 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.

This Council has not engaged in any commercial investments and has no non-treasury investments.

Reporting Requirements

Capital Strategy

5.6 The CIPFA 2021 Prudential and Treasury Management Codes require all Local Authorities to prepare a Capital Strategy report which will provide the following:-

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

5.7 The aim of this capital strategy is to ensure that all elected Members on the Full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

5.8 The capital strategy is in the process of being updated and will then come to a Cabinet and Council meeting for adoption.

Treasury Management Reporting

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

5.10 **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report covers:-

- the capital plans (including Prudential Indicators);
- a minimum revenue provision (MRP) 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).

5.11 **A mid-year treasury management report** - This is primarily a progress report and will update members on the capital position, amending Prudential Indicators as necessary, and whether any policies require revision.

5.12 **An annual treasury report** - This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

5.13 **Scrutiny** - The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Accounts Committee.

5.14 The Council has adopted the following reporting arrangements in accordance with the requirements of the CIPFA Code of Practice:-

Area of Responsibility	Council/Committee	Frequency
Treasury Management Strategy/ Annual Investment Strategy/ MRP policy	Full Council	Annually in January/February each year
Treasury Management Strategy/ Annual Investment Strategy/ MRP policy/Monitoring of Prudential Indicators	Full Council	Mid-year

Area of Responsibility	Council/Committee	Frequency
Treasury Management Strategy/ Annual Investment Strategy/ MRP policy - updates or revisions at other times	Full Council	As required
Annual Treasury Outturn Report	Audit and Accounts Committee and Council	Annually by 30 September after the end of the year
Scrutiny of treasury management strategy	Audit and Accounts Committee	Annually in February before the start of the year

Treasury Management Strategy for 2025/26

5.15 The Strategy for 2025/26 covers two main areas:-

Capital issues

- the capital expenditure plans and the associated Prudential Indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

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

Training

5.17 The CIPFA Treasury Management 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.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

5.18 Training has been undertaken by members of the Audit and Accounts Committee in January 2020 but there has been a gap in training due to the Covid pandemic and lockdown restrictions since. Training is planned to be delivered over the next twelve months.

Treasury Management Consultants

5.19 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

5.20 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 our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our 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 their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The Capital Prudential Indicators 2025/26 - 2027/28

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

Capital expenditure

5.22 This Prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts, which include a review of current schemes together with the continuation of the applicable rolling programme schemes, but to note these may change as part of the scrutiny process and finalisation of the Budget.

5.23 Any change to the forecast and any new growth bids will be separately identified in future Budget Reports and reflected in this indicator as reported to Full Council.

Capital Expenditure	**2023/24 Actual**	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**	**2027/28 Estimate**	**Unallocated**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Community Portfolio	1,361	2,590	1,522	1,522	1,522	3,434
Environment Portfolio	190	985	2,087	50	50	101
Leisure and Culture Portfolio	1,544	1,972	91	0	0	16
Economic Development and Planning	6,673	10,329	7,930	0	0	3,500
Resources Portfolio	5	306	156	50	0	750
Total	**9,773**	**16,182**	**11,786**	**1,622**	**1,572**	**7,801**

5.24 In addition to the above Capital Programme, the expenditure and borrowing of the Council may increase as a result of match funding requirements for bids in relation to such projects like the Future High Streets Fund. Such capital schemes and business cases will be subject to reports to Cabinet and Council and their respective approvals. If a borrowing requirement emerges, the Council shall consider the use of the Public Works Loan Board (PWLB) discount rate as well other sources of funding as prescribed under paragraph 5.65. An appraisal will be undertaken to determine and ensure that, amongst other things, any new borrowings are affordable and work within the Prudential Indicators limits before entering into such borrowing facilities.

5.25 Other long-term liabilities - The financing need excludes other long-term liabilities, such leasing arrangements which already include borrowing instruments.

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

Capital expenditure	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	Unallocated
	£'000	£'000	£'000	£'000	£'000	£'000
Total Spend	9,773	16,182	11,786	1,622	1,572	7,801
Financed by:						
Capital receipts	737	542	134	0	50	6
Capital grants/ contributions	8,969	14,219	6,596	1,603	1,522	3,478
Revenue	67	1,421	5,056	19	0	4,317
Net financing need for the year	0	0	0	0	0	0

5.27 The capital financing of the programme will similarly be reviewed as part of the Budget process and any change will be separately identified in future Budget Reports and reflected in this indicator.

The Council's borrowing need (the Capital Financing Requirement)

5.28 The second Prudential Indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

5.29 The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life and so charges the economic consumption of capital assets as they are used.

5.30 The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PPP lease provider and so the Council is not required to separately borrow for these schemes. As at the end of 2023/24, the Council currently has £1.477m of such Finance Leases within the CFR. However, it is anticipated that this figure will rise during 2025/26 in respect of the new IFRS 16 leasing requirements. Further work will be undertaken to ensure that this is reflected in the calculations when appropriate.

5.31 The Council is asked to approve the following CFR projections, subject to any changes arising from the budget process:-

Capital Financing Requirement (CFR)

	2023/24 Actual £'000	**2024/25** Estimate £'000	**2025/26** Estimate £'000	**2026/27** Estimate £'000	**2027/28** Estimate £'000
Total CFR	3,587	3,425	4,765	4,633	4,555
Movement in CFR		(162)	1,340	(132)	(78)

Movement in CFR represented by

	2023/24 Actual £'000	**2024/25** Estimate £'000	**2025/26** Estimate £'000	**2026/27** Estimate £'000	**2027/28** Estimate £'000
Net financing need for the year	0	0	0	0	0
Less MRP and other financing movements	(191)	(162)	1,340	(132)	(78)
Movement in CFR	(191)	(162)	1,340	(132)	(78)

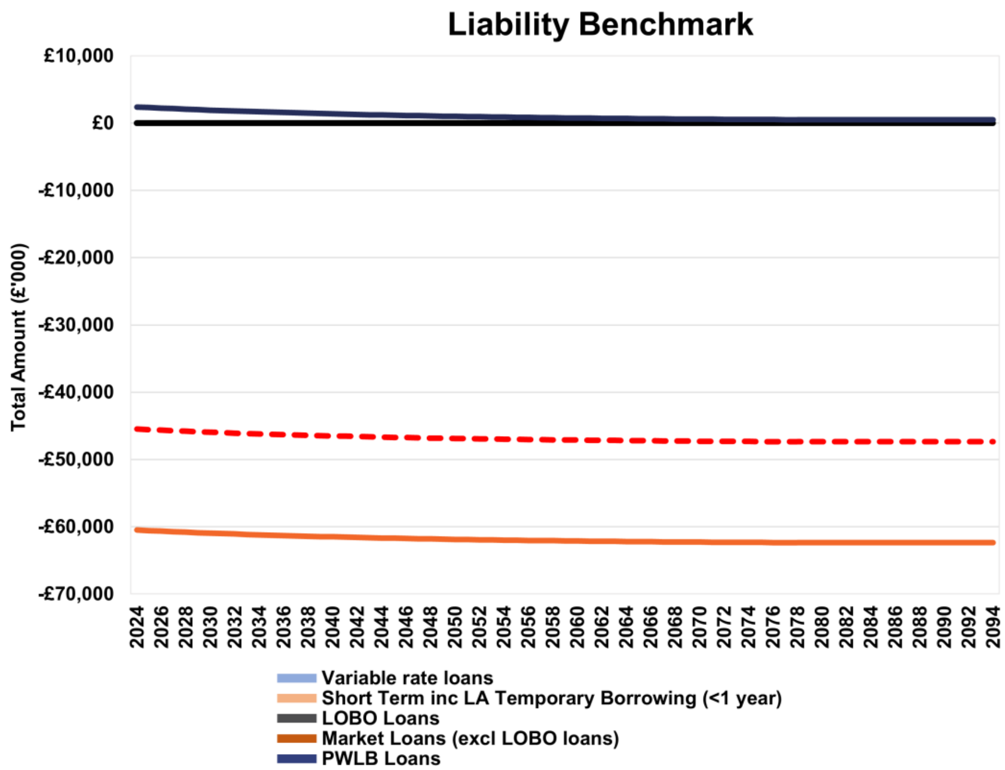
Liability Benchmark

5.32 A third Prudential Indicator for 2025/26 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:-

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.



As the Council's Treasury position is debt-free across the entire forecast period, the Council's Liability Benchmark is also negative across the same time horizon. The Graph therefore indicates that there is no present need to borrow given the Council's current resources and capital intentions.

Core funds and expected investment balances

5.33 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources (£m)	**2023/24 Actual £'000**	**2024/25 Estimate £'000**	**2025/26 Estimate £'000**	**2026/27 Estimate £'000**	**2027/28 Estimate £'000**
Fund balances / reserves	38,499	40,607	38,132	39,468	33,731
Unallocated Reserves	1,569	1,983	2,045	852	852
Capital receipts	1,055	550	416	416	360
Capital grants unapplied	10,983	9,370	5,572	2,069	2,125
Provisions	2,363	1,862	-	-	-
Section 106 (Other) 6000-7853	3,785	2,352	1,352	1,352	1,352
Section 106 (Other) Revenue	2,454	1,455	1,455	1,455	1,455
Total core funds	**60,708**	**58,179**	**48,972**	**45,612**	**39,875**
Working capital*	(1,892)	5,000	5,000	5,000	5,000
Under/over borrowing	2,110	2,025	1,944	1,866	1,791
Expected investments	**60,490**	**51,154**	**42,028**	**38,746**	**33,084**

*Working cashflow requirement shown are estimated year-end; these may be higher mid-year.

Minimum revenue provision (MRP) Policy Statement

5.34 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing, it is required to make a provision each year through a revenue charge (the Minimum Revenue Provision - MRP).

5.35 The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2024) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent. The Government considers that the methods of making prudent provision include the options set out in the statutory guidance. However, this does not rule out or otherwise preclude an authority from using an alternative method should it decide that is more appropriate. Any method used is subject to the conditions in paragraphs 61 to 65 of the Guidance as far as these are relevant. The MRP Policy Statement requires Full Council approval in advance of each financial year.

5.36 The Authority is recommended to approve the following MRP Statement:

Under powers delegated to the Section 151 Officer, the Council's Annual MRP provision for expenditure incurred after 1 April 2008 which forms part of supported capital expenditure will be based on either the uniform rate of 4% of the Capital Financing Requirement (CFR) or as the principal repayment on an annuity basis with an appropriate annual interest rate, starting in the year after the asset becomes operational

The Council's Annual MRP provision for all unsupported capital expenditure incurred on or after 1 April 2008 will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments or as the principal repayment on an annuity with an appropriate annual interest rate , starting in the year after the asset becomes operational.

5.37 Capital expenditure incurred during 2025/26 will not be subject to an MRP charge until 2026/27, or in the year after the asset becomes operational.

5.38 The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

5.39 In the case of leases where a right-of-use asset is on the balance sheet, the prudent charge to revenue can be regarded being equal to the element of the rent/charge that goes to write down the balance sheet liability. Where a lease (or part of a lease) is brought onto the balance sheet, having previously been accounted for off-balance sheet, the MRP requirement would be regarded as having been met by the inclusion in the charge for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement.

5.40 The Council are satisfied that the policy for calculating MRP set out in this Policy Statement will result in the Council continuing to make prudent provision for the repayment of debt, over a period that is on average reasonably commensurate with that over which the expenditure provides benefit.

5.41 The Section 151 Officer will, where it is prudent to do so, use discretion to review the overall financing of the Capital Programme and the opportunities afforded by the regulations, to maximise the benefit to the Council whilst ensuring the Council meets its duty to charge a prudent provision.

5.42 (i) **Capital Loans**: Regulation 27(4) allows a local authority to exclude capital loans that are financed by debt from the requirement to make MRP, provided the loan is not a commercial loan.

A commercial loan is defined in regulation 27(5) as a loan from the authority to another entity for a purpose which, if the authority were to undertake itself, would be primarily for financial return; or, where the loan is itself capital expenditure undertaken primarily for financial return.

Local authorities must make MRP with respect to any debt used to finance a commercial capital loan.

A local authority may choose not to charge MRP in respect of the financing by debt of a loan issued by an authority to any person or body, where -

(a) the loan is treated as capital expenditure in accordance with regulation 25(1)(b); that is to say, loans and grants towards capital expenditure by third parties.

(b) the loan is not a commercial loan, and

(c) the local authority has not recognised, in accordance with proper practices, any expected or actual credit loss in respect of that loan.

This Council has not issued capital loans that are categorised as commercial and, accordingly, is not required to make MRP on this basis.

(ii) **Capital Receipts:** For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

5.43 **MRP Overpayments**: Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

The Council has previously not made any VRP overpayments.

Affordability Prudential Indicators

5.44 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

5.45 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. The figures below show a negative ratio due to the investment income being recevied by the council on its treasury investments.

%	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Ratio of financing costs	-19.9%	-16.7%	-11.9%	-11.7%	-10.6%

Borrowing

5.46 The capital expenditure plans above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / Prudential Indicators, the current and projected debt positions, and the Annual Investment Strategy.

Current portfolio position

5.47 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2023/24 Actual £'000	**2024/25 Estimate £'000**	**2025/26 Estimate £'000**	**2026/27 Estimate £'000**	**2027/28 Estimate £'000**
External Debt:					
PWLB debt at 1 April	0	0	0	0	0
Expected change in Debt	0	0	0	0	0
Other long-term liabilities (OLTL)	1,580	1,477	1,400	2,821	2,767
Expected in-year change in OLTL	(103)	(77)	1,421	(54)	(3)
Actual gross debt at 31 March	1,477	1,400	2,821	2,767	2,764
The Capital Financing Requirement	3,587	3,425	4,765	4,633	4,555
Under / (over) borrowing	**2,110**	**2,025**	**1,944**	**1,866**	**1,791**

5.48 Within the range of Prudential Indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

5.49 The Deputy Chief Executive Resources reports that the Authority complied with this Prudential Indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

Treasury Indicators: limits to borrowing activity

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

Operational boundary	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Debt	2,385	2,385	17,385	17,385	17,385
Other long-term liabilities	1,477	1,400	2,821	2,767	2,764
Total	3,862	3,785	20,206	20,152	20,149

5.51 **The Authorised Limit for External Debt**. This is a key Prudential Indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

2. The Council is asked to approve the following authorised limit:-

Authorised limit	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Debt	5,385	5,385	20,385	20,385	20,385
Other long-term liabilities	1,477	1,400	2,821	2,767	2,764
Total	6,862	6,785	23,206	23,152	23,149

Prospects for interest rates

5.52 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 11 November 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

5.53 Following the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30 October Budget, Link's central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing and tax rises, and a tepid GDP performance.

Link's central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November).

Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.

5.54 **PWLB rates:** Regarding Link's PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

Thus far, little has been mentioned on US President election. Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.

Link's revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note that the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides.

Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below:-

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now (end of Q3 2026)	Target borrowing rate previous (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

5.55 **Borrowing advice:** Link's long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

The advisors suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%

Average earnings in each year	Now	Previously
Years 10+	3.50%	3.50%

Link will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

5.56 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Link's interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of +/- 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Borrowing Strategy

5.57 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2025 even if some rate cuts arise.

5.58 Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Deputy Chief Executive Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

5.59 Any decisions will be reported to Members appropriately at the next available opportunity.

Treasury management limits on activity

5.60 **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.

5.61 The Council is asked to approve the following treasury indicators and limits:-

Maturity structure of fixed interest rate borrowing 2025/26

	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2025/26

	Lower	Upper
Under 12 months	0%	75%
12 months to 2 years	0%	75%
2 years to 5 years	0%	75%
5 years to 10 years	0%	75%
10 years and above	0%	75%

Policy on borrowing in advance of need

5.62 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

5.63 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Rescheduling

5.64 Debt rescheduling of external borrowing can help with migitating against exposure to the risk of interest rate movements, lower the cost of servicing debt and alter the maturity profile to avoid refinancing risk.

The Council's current debt portfolio does not consist of borrowing but of leases and, accordingly, debt rescheduling will not occur.

New Financial Institutions as a Source of Borrowing and/or Types of Borrowing

5.65 Currently, the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so - generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a "cost of carry" or to achieve refinancing certainty over the next few years).
- UK Municipal Bonds Agency
- UK Infrastructure Bank - where the project meets its investment principles (namely, economic regeneration and tackling climate change), the Infrastructure Bank offers loans at the relevant Gilts rate + 60 basis points (20 basis points lower than the PWLB Certainty rate) and can match the length of the loan and repayment profile to needs of the project.

Our treasury advisors will keep us informed as to the relative merits of each of these alternative funding sources.

Annual Investment Strategy

Investment policy - management of risk

5.66 The Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority's investment policy has regard to the following:-

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

5.67 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. Consistent with the spirit of the Code's treaury management practices (namely, TMP1 on credit and counterparty risk management), the Council shall be mindful of environmental, social and governance (ESG) considerations in its decision-making outcomes. To that end, the Council will not knowingly invest directly with financial participants whose activities and practices pose a risk of serious damage or whose activities are inconsistent with the Council's mission and values. In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

5.68 The above guidance from the MHCLG and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

5.69 This Authority has defined the list of types of investment instruments that the Treasury Management Team are authorised to use, as per **APPENDIX 2**. This Authority has defined the list of types of investment instruments that the Treasury Management Team are authorised to use, as per **APPENDIX 2**. These financial instruments can be separated into two categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.

5.70 **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 50% of the total investment portfolio.

5.71 **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in the **APPENDIX 2**.

5.72 **Transaction limits** are set for each type of investment in **APPENDIX 2**.

5.73 The Council will set a limit for the amount of its investments which are invested for longer than 365 days.

5.74 Investments will only be placed with counterparties from countries with a specified minimum sovereign rating.

5.75 The Council has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

5.76 All investments will be denominated in sterling.

5.77 As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. More recently, a further extension to the over-ride to 31.3.25 has been agreed by Government.

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

Creditworthiness policy

5.79 The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:-

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

5.80 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:-

- Yellow - 5 years *

- Dark pink - 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink - 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple - 2 years
- Blue - 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange - 1 year
- Red - 6 months
- Green - 100 days
- No colour - not to be used

5.81 The Link creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

5.82 Typically, the minimum credit ratings criteria the Council uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

5.83 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of our creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

5.84 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, information on any external support for banks to help support its decision making process.

5.85 The Council has determined that it will only use approved counterparties from the UK and countries with a minimum sovereign credit rating of AA- from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in **APPENDIX 3**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Creditworthiness

5.86 Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS Prices

5.87 Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Investment Strategy

5.88 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the Consumer Price Index (CPI) measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

5.89 Accordingly, while most cash balances are required in order to manage the peaks and troughs of cash flows, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

5.90 **Investment returns expectations.** It should be observed that there is a relationship with inflation and interest rates. Rise in inflation will invariably lead to a rise in interests. The same wisdom holds turn from the opposite situation. Holding true to this relationship, the Bank of England opted to increase Bank Rate on 14 successive occasions, starting around mid-December 2021. At the beginning of April 2022, Bank Rate was set at 0.75% and moved up in stepped increases of either 0.25% or 0.5% thereafter, reaching 4.25% by the end of 2022/23 and peaked at 5.25% on 3 August 2023. By the end of the financial year, no further increases were anticipated and accordingly held at 5.25%, However, there was indeed market expectation that the first in Bank Rate would occur in either June or August 2024. Consistent with this expectation, the BoE announced its first Bank Rate. On 1 August 2024, interest rates dropped by 25 basis points (i.e. 0.25%), thereby becoming 5%. Such announcement represented the first cut to rates since March 2020, therefore. The second rates cut occurred 7 November, lowering base rate by another 25 basis points to 4.75%. Based on current market conditions and intelligence, it is anticipated that continuing gradual fall in inflation will, in turn, lead to a fall in Bank Rate. It is projected that Bank Rate could decline as far as 3.50% by the tail-end of 2027.

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

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

It should be observed, however, that as there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

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

The Authority is asked to approve the Treasury Indicator and limit:-

Maximum principal sums invested > 365 days

	2025/26	**2026/27**	**2027/28**
Principal sums invested > 365 days	£10m	£10m	£10m

5.93 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 365 days) in order to benefit from the compounding of interest whilst preserving the security of invested funds and liquidity.

Investment risk benchmarking

5.94 This Council will use an investment benchmark to assess the investment performance of its investment portfolio of overnight, 7 day, 1, 3, 6 or 12 month compounded/SONIA.

End of year investment report

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

6 Implications

6.1 Financial

Included in this Report

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

The Council regards security of the sums it invests to be the key objective of its Treasury Management activity. Close management of counterparty risk is therefore a key element of day-to-day management of treasury activity. The practices designed to ensure that risks are managed effectively are set out in the Treasury Management Practices available on the Council's website.

6.5 Equalities and Diversity

The Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Economic Update (provided by Link Asset Services as of 12 December 2024)

Appendix 2: Treasury Management Practice (TMP1) - Credit and Counterparty Risk Management

Appendix 3: Approved Countries for Investment

Appendix 4: Treasury Management Scheme of Delegation

Appendix 5: The Treasury Management Role of The Section 151 Officer

8 Previous Consideration

Audit and Accounts Committee - 18 February 2025 - Minute No TBC

9 Background Papers

Available in Financial Services

Contact Officer:	Chris Forrester
Telephone Number:	01543 464334
Ward Interest:	Nil
Report Track:	Audit and Accounts Committee 18 February 2025
	Council 25 February 2025
Key Decision:	Yes

Appendix 1

Economic Update (Provided by Link Asset Services as of 12 December 2024)

The third quarter of 2024 (July to September) saw:

- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
- Core CPI inflation increasing from 3.3% in July to 3.6% in August;
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
- 10-year gilt yields falling to 4.0% in September.

Over the aforementioned period, the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the fallout from the Chancellor's Budget on 30 October.

If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The RPI measure has also increased significantly to 3.4% y/y.

How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing and tax rises in the June 2025 Spending Review (pushed back from the end of March), and a tepid GDP performance.

Regarding having a sufficiently large pool of flexible and healthy workers, the initial outlook does not look bright. Research from Capital Economics has alluded to an increase of some 500,000 construction workers being needed to provide any chance of the Government hitting its target of 300,000 new homes being built in each of the next five years (234,000 net additional dwellings in England in 2022/23). But the last time such an increase was needed, and construction employment is currently at a nine-year low, it took 12 years to get there (1996 to 2008). Also note, as of October 2024, job vacancies in the construction sector were still higher than at any time in the 20 years preceding the pandemic.

Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.

Against, this backdrop, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.

Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May - which would see Bank Rate fall to 4.25% - but further cuts, thereafter, are highly likely to be even more data-dependent.

If we focus on borrowing, a term we are likely to hear throughout 2025 is “bond vigilante”. Essentially, this represents a generic term for when the market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss/Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. Throw into the mix the uncertain outcome to German elections, and there is plenty of bond investor concern to be seen.

Staying with the US, Donald Trump’s victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.

In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% y/y, 0.3% m/m), as has the November Producer Prices Data (up 3.0 y/y v a market estimate of 2.6% y/y, 0.4% m/m v an estimate of 0.2% m/m) albeit probably insufficient to deter the FOMC from cutting US rates a further 0.25% at its December meeting. However, with Trump’s inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.

Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank’s August rate cut signalled the start of its loosening cycle. More recently, however, 10 year gilt yields have spiked back up to 4.35%.

The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8.304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any further rally (or not) is likely to be the breadth of AI’s impact on business growth and performance.

MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024

- On 9 May, the Bank of England’s Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20 June.

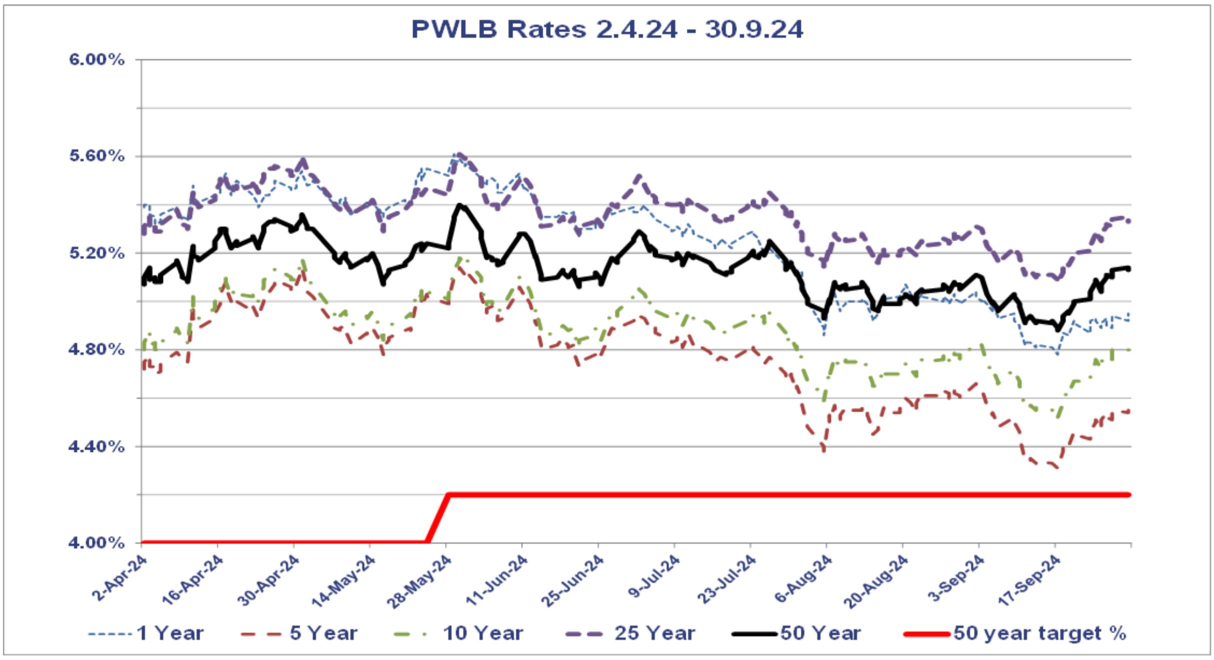
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.

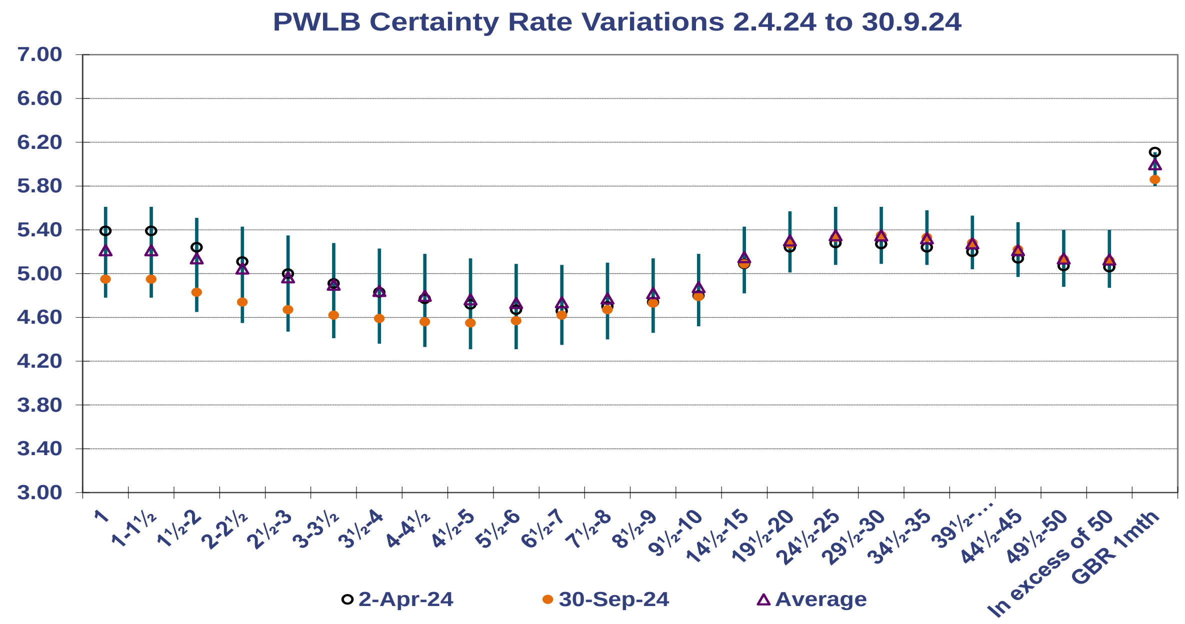
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.

- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

PWLB RATES 2 APRIL 2024 - 30 SEPTEMBER 2024





HIGH/LOW/AVERAGE PWLB RATES FOR 2 APRIL 2024 – 30 SEPTEMBER 2024

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%

Appendix 2

Treasury Management Practice (TMP1) - Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of 50% will be held in aggregate in non-specified investments.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:-

	Minimum credit criteria / colour band	**Max % of total investments/ £ limit per institution**	**Max. maturity period**
DMADF – UK Government	Yellow	100%	6 months (max. is set by the DMO*)
UK Government gilts	UK sovereign rating	£6 million	5 years
UK Government Treasury bills	UK sovereign rating	£6 million	12 months
Bonds issued by multilateral development banks	AAA	£6 million	5 years
Money Market Funds CNAV	AAA	£9 million	Liquid
Money Market Funds LNVAV	AAA	£9 million	Liquid

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
Money Market Funds VNAV	AAA	£9 million	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£6 million	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£6 million	Liquid
Local authorities	N/A	£3 million	12 months
Call Accounts	N/A	£6 million	Liquid
Term deposits with housing associations	Blue Orange Red Green No Colour	£3 million	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£6 million	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£6 million	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£6 million	12 months

* DMO – is the Debt Management Office of HM Treasury

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Appendix 3

Approved Countries For Investments

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

Australia

Denmark

Germany

Netherlands

Norway

Singapore

Sweden

Switzerland

AA+

Canada

Finland

U.S.A.

AA

Abu Dhabi (UAE)

AA-

Belgium

France

U.K.

Appendix 4

Treasury Management Scheme of Delegation

Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

Committees/Council

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Appendix 5

The Treasury Management Role of the Section 151 Officer

The s151 (responsible) officer:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;

Agenda Item 11

Localism Act 2011 - Pay Policy Statement 2025-26

Committee: Council

Date of Meeting: 25 February 2025

Report of: Head of Transformation and Assurance

Portfolio: Resources Portfolio

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1 Purpose of Report

1.1 To agree the Pay Policy Statement for 2025-26 as required by Sections 38 and 39 of the Localism Act 2011.

2 Recommendation

2.1 That Council approve the Pay Policy Statement as set out in **APPENDIX 1**.

Reasons for Recommendations

2.2 The Localism Act 2011 requires English and Welsh Local Authorities to prepare a Pay Policy Statement which has to be approved by Council by the end of March each year.

3 Key Issues

3.1 The purpose of a Pay Policy Statement is to provide transparency concerning the Council's approach to setting the pay of its employees in line with Chapter 8 of the Localism Act 2011 and the provisions of the guidance issued under s40 (i.e. Openness and accountability in local pay) by identifying:

- A Local Authority's policy on the level and elements of remuneration for each chief officer.
- A Local Authority's policy on the remuneration of its lowest paid employees (together with a definition of "lowest paid employees").
- A Local Authority's policy on the relationship between the remuneration of its chief officers and its other officers.
- A Local Authority's policy on other specific aspects of chief officers' remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

3.2 For these reasons a pay policy statement has been prepared for approval and publication.

4 Relationship to Corporate Priorities

4.1 This report contributes to corporate priority 4 To be a well-run, financially sustainable and ambitious organisation, responsive to the needs of our customers and communities and focussed on delivering our objectives.

5 Report Detail

5.1 Section 38 (1) of the Localism Act 2011 requires English (and Welsh) local authorities to prepare an annual pay policy statement.

5.2 The statement has to compare the policies on remunerating chief officers and other employees, and to set out the policy on the lowest paid. The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in-kind, increases in/enhancements of pension entitlements, and termination payments.

5.3 In terms of process, the Pay Policy Statement must be:

- approved formally by the full Council.
- approved by the end of March each year.
- published on the Authority's website (and in any other way the Authority chooses)
- complied with when the Authority sets the terms and conditions for a Chief Officer.

The statement can be amended in-year.

5.4 The Act also requires an Authority to have regard to any statutory guidance on the subject issued or approved by the Secretary of State. Statutory recommendations have been issued on pay multiples (within a wider code of recommended practice) on data transparency and a broader set of statutory guidance on the publication of pay policy statements. The statutory guidance emphasises that each Local Authority has the autonomy to take its own decisions on pay and pay policies.

5.5 The Act sets out that in the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive, and seen as such. Each Local Authority will have its own way of balancing those factors, with legitimately differing emphases reflecting differing circumstances.

5.6 As well as being required to set out certain of its policies on pay, a Local Authority is required to use the pay policy statement to set out its policies on paying charges, fees (such as for the local returning officer or joint authority duties) allowances and benefits in kind.

5.7 Although not required by the Act or statutory guidance, in order to support the need for transparency the pay policy statement should include the percentage rate at which the employer's pension contributions have been set for the year in question together with the employee contribution rates.

5.8 The pay awards for NJC Green Book Employees from 1 April 2025 is currently under national negotiation between the employers and trade unions at the time of writing. On this basis figures quoted for employee salaries in Annex 1 are as of 1 April 2024.

6 Implications

6.1 Financial

The approval of the Council's pay policy statement does not commit any additional expenditure over and above that approved for the next financial year 2025/26.

6.2 Legal

The legal implications are set out in the main body of this report.

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equalities and Diversity

Pay and conditions for employees are applied fairly and equitably under the Council's job evaluation scheme. Any differentials arising in pay between employees arise from the job evaluation scheme or from the effect of TUPE protections where applicable.

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Pay Policy Statement 2025-26

7 Previous Consideration

None

8 Background Papers

None

Contact Officer: Suzanne Dutton

Telephone Number: 01543 464426

Ward Interest: N/A

Report Track: Council 25 February 2025 (Only)

Key Decision: N/A

Appendix 1

STAFFORD BOROUGH COUNCIL

PAY POLICY STATEMENT 2025-26

Introduction and Purpose

Under section 112 of the Local Government Act 1972, Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out Stafford Borough Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011 and associated guidance, and the Local Government (Transparency Requirements) Regulations 2015. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees in line with Chapter 8 of the Localism Act 2011 and the provisions of the guidance issued under s40 (i.e. ‘Openness and accountability in local pay’) by identifying:

- the methods by which salaries of all employees are determined.
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation.
- those responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

Once approved by full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

Legislative Framework

In determining the pay and remuneration of all its employees, the Council will comply with all relevant employment legislation. This includes:

- The Equality Act 2010
- The Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000
- The Agency Workers Regulations 2010, and where relevant
- The Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified.

Pay Structure

The Authority concluded its Negotiations toward a Single Status Agreement during 2010. The details of the Agreement covering all employees within the scope of the National Joint council (NJC) for Local Government Services ("Green Book") were agreed at Council on 28 September 2010. The Agreement introduced a harmonised set of terms and conditions for all Council employees with effect from 1 October 2010.

The minimum and maximum rates of pay of employees within scope of the Single Status Agreement are based on either the national pay spine and/or locally negotiated rates of pay or national minimum wage legislation including Apprentice rates of pay as appropriate dependent on age.

National pay awards to be effective from 1 April 2025 (NJC Green Book) remain under national negotiation between the employers and the trade unions and are unresolved at the time of writing. On this basis, the figures used in this statement are based on 1 April 2024 rates of pay.

The Council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated in the pay spine and will implement any amended pay or grading structure that may arise from such national negotiations.

The grading of job roles is determined by reference to the NJC Job Evaluation Scheme, and the Hay Evaluation scheme as adopted by the Council. The exception to this is circumstances where, as part of shared service arrangements or other relevant transfers of personnel, employees have transferred to Stafford Borough Council under the TUPE regulations with protected pay and terms and conditions of employment. Those terms and conditions will remain in place until such time as there is an economic, technical, or organisational reason for changing them, as is required under the TUPE legislation.

The level of remuneration is not variable dependent upon the achievement of defined targets, except for progression through any incremental scale of any relevant grade being subject to overall satisfactory performance., There is provision for the acceleration of increments within any grade to take account of changes to duties and responsibilities or outstanding contribution.

All other pay related allowances are the subject of either national or local determination having been determined from time to time in accordance with national collective bargaining machinery and/or as determined by local negotiation with local trade union representatives.

In determining its pay and grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to be able to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate and to respond to variations in regional or national pay rates. From time to time, it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

Local Government Pension Scheme

Subject to qualifying conditions, all employees have a right to join the Local Government Pension Scheme. In addition, the Council operates pensions 'Auto Enrolment' as required by the Pensions Act 2008. The table below sets out the employee pension contribution bands which will have been in place from 1 April 2024. At the date of writing employee pension contribution bands have not been confirmed for 2025/26.

2024/25 rates

Band	Whole-time equivalent pay range	Main Section Employee contribution rate (%)	50/50 Employee contribution rate (%)
1	Up to £17,600	**5.5%**	**2.75%**
2	£17,601 to £27,600	**5.8%**	**2.90%**
3	£27,601 to £44,900	**6.5%**	**3.25%**
4	£44,901 to £56,800	**6.8%**	**3.40%**
5	£56,801 to £79,700	**8.5%**	**4.25%**
6	£79,701 to £112,900	**9.9%**	**4.95%**
7	£112,901 to £133,100	**10.5%**	**5.25%**
8	£133,101 to £199,700	**11.4%**	**5.70%**
9	£199,701 or more	**12.5%**	**6.25%**

The Employer contribution rates are set by Actuaries advising the Staffordshire Pension Fund and are reviewed on a regular basis in order to ensure the scheme is appropriately funded. The Employer contribution rate for Stafford Borough Council for 2025/26 remains unchanged from 1 April 2023 at 22%.

In relation to payments to the Local Government pension scheme, these are made up of two separate elements, these being the primary rate (22%) which is paid as a percentage based on actual salary costs and a secondary contribution which is a fixed element payable each year notified by the pension authority as part of the triennial valuation of the pension fund.

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within s43 of the Localism Act. The posts falling within the statutory definition are those officers who comprise the senior management team of the Council (the Leadership Team) reporting to the shared Chief Executive and whose salary exceeds £50k per annum (as required by the Local Government (Transparency Requirements) Regulations 2015). The national conditions of service, which apply to Chief Officers of the Council, and which are incorporated into contracts of employment are those set out in the Joint National Council for Chief Officers / Chief Executives terms and conditions of employment. Details of their annual salary and other additional payments as of 1 April 2024 (1 April 2025 pay award pending) are as follows:

Post	Range/Fixed Salary (£)	
Shared Chief Executive (Note 1 & 1a)		149,067.80
Deputy Chief Executive Place (Note 1a)	101,153.15	111,800.85
Deputy Chief Executive Resources and Section 151 Officer (Note 1b)	101,153.15	111,800.85
Head of Operations (Note 1a)	79,857.75	90,505.45
Head of Economic Development and Planning (Note 1a)	79,857.75	90,505.45
Head of Law and Governance (Note 1a)	79,857.75	90,505.45
Head of Transformation and Assurance (Note 1a)	79,857.75	90,505.45
Head of Wellbeing (Note 1b)	79,857.75	90,505.45
Head of Housing and Corporate Assets (Note 1b)	79,857.75	90,505.45
Head of Regulatory Services (Note 1b)	79,857.75	90,505.45

Note 1 - Single fixed salary pay point.

Note 1a - These posts are employed by Stafford Borough Council but also provide services to our Shared Services Partner, Cannock Chase Council. The salary costs of these posts are shared with Cannock Chase Council.

Note 1b -These posts are employed by our Shared Service partner, Cannock Chase Council. The salary costs of these posts are shared with Stafford Borough Council.

Stafford Borough Council and Cannock Chase District Council agreed to share all services (expect for Housing HRA functions and Elections) with effect from 1 April 2023. This agreement also included the implementation of a Joint Leadership Team structure and the associated agreement of revised Terms and Conditions for Chief Officers. These terms and conditions offer an all-inclusive salary package.

The pay structure for Chief Officers is determined by reference to Hay Job Evaluation, benchmarking of comparable roles and responsibilities and recruitment and retention issues.

The Council does not apply any bonuses or performance related pay to its Chief Officers or any other employee.

Additions to Salary of Chief Officers

In addition to basic salary, as set out below are details of other elements of potential ‘additional pay’ which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the normal course of work.

(i) Where appropriate and subject to operational circumstances - for officers who are unable to utilise their full leave entitlement, payment for untaken leave is permitted. This discretionary provision applies to all Chief Officers. (Other employees have the option to buy additional annual leave).

(ii) Recognition Payments (including honoraria, acting-up payments, ex-gratia payments) - subject to approval such additional payments are permissible to recognise additional duties and responsibilities which occur over and above normal contractual obligations. The provision of such payments is available to all Council employees dependent on circumstances.

(iii) Returning Officer Fees - a range of fees are payable to the Chief Executive for his role as returning officer for local elections for Stafford Borough Council. The fees are based on indicative rates set by Staffordshire County Council for all Local Authorities in Staffordshire. The rates for 2025/26 are yet to be published and on this basis the rates set out below reflect the 2024/25 rates. Any agreed increase to these rates for 2025/26 is anticipated to be in line with the County Council's anticipated approach to budget setting for staffing costs.

Depending on the type of election, fees range from £118.77 per 1,000 or part, thereof, electors for either a standalone borough or parish election, with a maximum of £475.08 per ward; to £157.30 per 1,000 or part, thereof, electors for combined borough and parish elections, with a maximum of £629.23 per ward. Additionally, there are fees of £18.40 per ward for the issue and receipt of ballot papers; a supervisory fee of £39.62 per ward up to four wards, then £19.81 per ward thereafter, for poll cards; and £57.43 for every uncontested ward for which an election is held for a borough or parish councillor(s).

Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment/appointment of chief officers is set out in Section 10, Part 3 of the Council's Constitution (The Constitution | Stafford Borough Council (staffordbc.gov.uk) When recruiting to all posts the Council will take full and proper account of its own Recruitment, and where appropriate, Redeployment Policies. This policy does not exclude the possibility of recruiting former Chief Officers either from this Council or any other provided that a valid business case exists to do so. However, such occurrences are unlikely to be approved without a break in continuity of service being affected.

This policy does not prevent the Council from any future use of the flexibility within the Local Government Pension Scheme to agree "flexible retirement" where a suitable business case exists. The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and as agreed by Council.

Where the Council is unable to recruit to a post at the designated grade and/or salary, it will consider the use of temporary market forces supplements in accordance with its relevant policies, or review grades in light of market related information. Any decision as to the remuneration of chief officer posts is to be determined by Council.

Where the Council remains unable to recruit Chief Officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

The Council does not currently have any Chief Officers engaged under any such arrangements.

Payments on Termination

The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with the provisions of the 2014 Local Government Pension Scheme.

Any other payments falling outside the provisions, or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee, or panel of elected members with delegated authority to approve such payments in line with any prevailing legislation governing termination payments.

Publication

Upon approval by full Council, this statement will be published on the Council's Website*.* In addition, for posts where the full-time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts includes a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year.
- any bonuses so paid or receivable by the person in the current and previous year; (not applicable) any sums payable by way of expenses allowance that are chargeable to UK income tax.
- any compensation for loss of employment and any other payments connected with termination.
- any benefits received that do not fall within the above

Lowest Paid Employees

From 1 April 2024 (April 2025 Green Book Pay Award pending) the lowest paid persons employed under a contract of employment with the Council are paid in accordance with the minimum hourly rate currently in use within the Council's grading structure. This is £12.45 per hour, which equates to £24,027 per annum. The Council, from time to time, employs other categories of workers who are not included within the definition of 'lowest paid employees' as they are employed under the Government's national minimum wage legislation dependent on age.

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than **20** times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the mean average salary of the whole of the authority's workforce.

The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee (£24,404) and the shared Chief Executive post (£149,067.80) as **1:6.1** and between the lowest paid employee (£24,404) and the average Chief Officer employed by Stafford Borough Council (£93,344.80) as **1: 3.8.**

The multiple between the median full time equivalent earnings (£31,067) and the Chief Executive is **1: 4.79**) and between the median full time equivalent earnings (£31,067) and average Chief Officer (excluding the shared Chief Officer positions, (£93,344.80) is **1: 3.**

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

Accountability and Decision Making

In accordance with the Council's Constitution, Council, and/or Cabinet are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council. The Constitution sets out the various delegations to Chief Officers.