NORWICH City Council

Cabinet

SUPPLEMENTARY AGENDA

Date: **Wednesday, 17 January 2024**
Time: **17:30**
Venue: **Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH**

Committee members:

Councillors:

Stonard (chair)
Jones (vice chair)
Fulton-McAlister
Giles
Hampton
Kendrick
Kidman
Packer

For further information please contact:

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communication for all

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Agenda

EXEMPT ITEMS:

(During consideration of these items the meeting is not likely to be open to the press and the public.)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12 A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, members are asked to decide whether, in all circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

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Date of publication**: Friday, 12 January 2024**

NORWICH City Council

Item 10

Committee Name: Cabinet
Committee Date: 17/01/2024
Report Title: An update on Health, Safety and Compliance in Council Homes and Buildings

Portfolio:	Councillor Jones, Deputy Leader and Cabinet member for Housing and Community Safety
Report from:	Executive director of community services
Wards:	All Wards

OPEN PUBLIC ITEM

Purpose
To provide an update to members about health, safety and compliance management and improvement in council homes and buildings.

Recommendation:
It is recommended that members note the new internal governance arrangements set out in Section 8 following the removal of the Regulatory Notice on the 13 December 2023.

Policy Framework

The Council has five corporate priorities, which are:
- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report addresses the following corporate priorities.
- People live independently and well in a diverse and safe city.
- Norwich has the infrastructure and housing it needs to be a successful city.

The Council's Housing Strategy *'Fit for the Future' A Council Housing Strategy for Norwich*' sets priorities for the Council's homes and estates for the period 2020 to 2026. It identifies four primary goals, these are:
- Delivering new homes
- Maintaining and improving condition of existing housing
- Improving the use and management of our existing housing stock
- Improving our neighborhoods

The Council’s Strategic Asset Management Framework 2022 sets out six policy themes including ‘compliant and financially resilient management of assets’.

Report Details

1. Norwich City Council (NCC) is landlord of approximately 14,500 council homes and the freeholder for the buildings in which approximately 3,000 leaseholder homes are situated. It also owns over 300 non-housing assets in the general fund, some of which are let to multiple tenants and others which include multiple buildings within the asset (e.g., Eaton Park).

2. Registered providers of social housing (including councils and housing associations) are governed by the Regulator of Social Housing (RSH). The objectives of the RSH are set out in the Housing and Regeneration Act 2008. At the core of the RSH regulation is a set of standards which registered providers' landlords must comply with.

3. In November 2021, members considered the outcomes of a review by the RSH following the self-reporting by NCC on 28th July 2021 of a breach of the home standard. The RSH found that NCC had breached the Homes Standard and published a Regulatory Notice. The RSH did not feel it necessary to take enforcement action against NCC because they were assured of NCC's plans to improve services and return to full compliance.

Removal of the Regulatory Notice

4. Senior Officers have met with the RSH monthly, to report and discuss compliance progress. On the 13th of November 2023, NCC requested the removal of the regulatory notice, following a comprehensive programme to rectify the failures.

5. The RSH has considered the request, and they removed the regulatory notice on the 13th of December 2023, please see Appendix 1. The RSH stated the following:

   '*Following careful consideration of the information provided I can confirm that we are content that the evidence provided by the Council satisfactorily addresses the areas of non-compliance which led to the publication of the notice. With this in mind, we have taken the decision to discharge the Voluntary Undertaking which was accepted under section 125 of the Housing & Regeneration Act 2008. We will also now remove the regulatory notice which set out the Council's previous breach of the consumer standards.*'

6. It was agreed in November 2021, that whilst the regulatory notice remained in place, a quarterly progress update would be provided to Cabinet. This is the seventh and final update to Cabinet and includes information up to the 31st of December 2023. Compliance will in future be monitored through the performance reports and the risk register as necessary.

New Internal Governance Arrangements

7. The Compliance Delivery Group (CDG) and the Health and Safety Compliance Board will continue to meet until the 31st of March 2024.

8. As a result of the removal of the regulatory notice, a new framework will be adopted to provide internal governance and assurance, which is as follows:

The Health and Safety Board - the Board has been established since 2022 and activity of the Health and Safety Compliance Board will be managed through the Health and Safety Board from the 1st April 2024.

As part of the transition the Health and Safety Board will meet to receive updated information, to consider progress, and agree further actions to be taken. The Board will have oversight of both housing, and non-housing property compliance within the NCC property estate. In January and February 2024, Senior Management will undertake a review of arrangements moving forwards.

The CDG have been invited to the Health and Safety Board in February and March 2024 to provide a detailed overview of the outstanding workstreams and risks to ensure compliance is successfully managed moving forwards.

The Housing Portfolio Holder will receive monthly performance information demonstrating compliance with the housing health and safety measures.

Compliance Improvement Plan

9. The compliance improvement plan (CIP) has been separated into housing and non-housing areas to support focused engagement with the RSH on housing matters and provide clear internal reporting of progress against identified actions across both areas.

Housing Compliance Improvement Plan

10. The table below provides a summary of progress for the Housing CIP which has two phases with activity prioritised based on risk assessment. The first phase was planned for completion by the 30.11.22 and the second by the 31.05.23.

Housing CIP Summary	**Phase 1 – 30.11.22**	
Activity	**RAG September 2023**	**Update**
Policies, procedures	100%	Final version of key compliance policies created and adhered to by staff.
Strategic oversight and governance	100%	Ongoing and meeting monthly to monitor progress.
Financial resources	100%	Complete
Staff and contractors	100%	Interim specialist resourcing in place.
Data management	100%	A comprehensive review of the block structures in NEC Housing has concluded and new hierarchies have been built.
KPI reporting and performance	100%	Business as usual reporting is in place.

Housing CIP Summary	Phase 2 – 31.05.2023	
Activity	**RAG September 2023**	**Update**
Staff and contractors	89%	A national campaign has launched to recruit senior leadership roles and appointments have been made for the Director of Property Services (Housing) and Head of Building Safety and Compliance and they are due to commence in March 2024. Interim senior management staffing arrangements have been extended to March 2024. The new structures for the Property Services function have formally took effect on the 27th of November 2023.
Data management	83%	Work has commenced to build compliance programmes.
KPI reporting and performance	100%	Business as usual reporting is in place.
Requirements of the Building Safety Act	95%	A project has been initiated and a 6-month trial has been approved to create a forum to engage a Higher-Risk Residential Building (HRRB).
Information and advice to residents	88%	A project has been initiated and a 6-month trial has been approved to create a forum to engage a Higher-Risk Residential Building (HRRB).
Information, advice, and training to Members*	20%	Training delayed due to the providers availability and ascertaining suitable training dates for quarter 1 (2024).

11. The actions outstanding are reliant on several workstreams which have taken longer than originally anticipated.

12. To ensure the outstanding actions on the Housing CIP remain subject to scrutiny, the Compliance Delivery Group meetings have been extended to March 2024 and will continue to advise on progress to the Health and Safety Board.

General Fund Compliance Improvement Plan

13. General Fund (non-housing) properties were prioritised to ensure that resource is focused on high risk, high liability assets first. Assets have been split into one of the following groups:
    - High priority – properties we occupy or use for delivery of services or where we have full repairing and insuring liabilities (typically where the asset is multi-tenanted) or general fund properties with sleeping accommodation above.
    - Medium priority – tenanted properties where some repairing liabilities fall to us as the landlord, or low risk operational assets which have limited compliance requirements (e.g., surface car parks).
    - Low priority – tenanted properties where no repairing liabilities fall to landlord or unoccupied assets such as land / statues etc.

14. Non-housing properties are split between assets where the council is the responsible person for compliance and assets where the tenant is the responsible person for compliance. High priority assets are assets which are operational or vacant and therefore the Council is the responsible person and multi-tenanted assets where there is joint responsibility between the council and tenant. Most of the non-housing stock is tenanted, and statutory compliance responsibilities fall on the tenants. These assets are in the medium and low priority risk area. For high priority assets the compliance improvement plan is around 95% complete. Work is in progress to move towards BAU on high priority assets, this includes gaining new fire risk assessments, compartmentation, and fire door surveys on some assets, these have generated some new remedial actions on high priority assets which are being progressed (and fall outside the baseline figures used to calculate the 95% figure).

15. For high priority operational assets there are just a small number of remedial items left to resolve, these are in hand and contractors are lined up to resolve these. The team are now focusing efforts on lower risk operational assets, for example surface car parks and parks, these are all being visited to undertake a fresh audit of compliance requirements so far 33 sites have been visited.

16. In relation to tenanted properties, an initial letter and escalation letters (if required) were sent to tenanted assets asking tenants to supply compliance documentation, but the response rate was poor.

17. Therefore, a policy has now been adopted to manage compliance in tenanted properties and to provide escalation of tenant compliance issues. In summary, this involves:

    a. Providing guidance and information to tenants on how to meet their compliance obligations and seeking confirmation from tenants that compliance documentation and remedial actions are up to date.
    b. Undertaking visits to tenants (at least every other year) in order to improve tenant liaison and undertake a visual inspection of the property.
    c. Escalate tenant compliance matters where there is evidence, following inspection, of compliance issues, initially via correspondence with tenants and then escalation via enforcing lease provisions. Not to take further actions where visual inspections do not identify evidence of compliance issues.

18. Initial visits to tenanted properties will commence in the new year once vacant posts have been recruited too. Action is however already progressing in relation to a small number of tenanted assets where there are known compliance matters which require resolution. Increasingly a number of issues are being identified with tenanted properties and the team are reviewing resource requirement to ensure we have the ability to drive forward the solutions once issues are identified.

19. A summary of the non-housing compliance improvement plan and progress is outlined below, which is planned for completion by the 31.01.2024:

Non-Housing CIP Summary – 31.01.2024		
Activity	**RAG April 2023**	**Update**
Asset prioritisation	100%	Complete
Staff and contractors	100%	Complete
High priority compliance mapping	100%	Complete
High priority landlord remedial works	95%	There are a small number of remaining remedials which are ordered with contractors and some new policies and procedures due to be adopted and rolled out shortly to allow completion. The position is the same as last quarter although the policies needed are in draft and contractors are now on site.
High priority tenant letters	100%	Complete
High priority tenant responses and action	100%	The action has been marked as complete, as team will adhere to the Tenant Compliance Policy. Where responses have been received these are however being worked through and action being taken to ensure tenant compliance.
Medium & Low Priority Compliance Mapping	60%	A fresh audit of sites is underway, the aim is to move this to a BAU dashboard for reporting to the Health and Safety Board.
Medium & Low Priority Landlord Remedial Works	75%	Most assets now visited with any new compliance requirements being instructed in tandem.
Medium & Low Priority tenant letters	100%	Complete
Medium & Low priority tenant responses and action	100%	The action has been marked as complete, as team will adhere to the Tenant Compliance Policy. Where responses have been received these are however being worked through and action being taken to ensure tenant compliance.
Legal Review of Leases	100%	Complete
Dashboard	50%	The aim is now to replace the dashboard with a BAU report for reporting to the Health and Safety Board.
Commercial tenant guide update	100%	Complete
Programmed maintenance review	100%	Programme is a live working document

Financial resources and controls	100%	Complete but subject to review and monitoring
Tenant escalation policy	100%	This is now complete

20. The actions outstanding are reliant on several workstreams which have taken longer than originally anticipated and they will continue to remain subject to scrutiny by the Health and Safety Board.

Housing Compliance Dashboard

21. To enable progress to be reported and monitored effectively, a compliance dashboard has been developed. The dashboard is updated monthly and reported to the Compliance Delivery Group and the Health, Safety and Compliance Board.

22. Overdue work and current work are monitored separately. All inspections and remedial works outstanding as of the 31st of December 2021 are 'overdue works'. All actions since that date are monitored to be completed within required timescales and are termed 'business as usual.' This approach has been agreed with the RSH.

Overdue Works

23. All works outstanding as of the 31st of December 2021, where access has been gained, have been completed across the following areas: gas safety; water hygiene; electrical safety, lifts, and asbestos.

24. Where access to a home has not been possible and has prevented work being completed the appropriate tenancy support/action is being taken to enable completion of works as swiftly as possible. The housing teams are undertaking this work.

25. The fire safety programme was completed on the 17th of October 2023, and the remaining actions relate to fire doors.

26. A fire door programme has been created and shared with the RSH, and the remaining actions will be completed by the 06th of September 2024.

27. The position as of the 30th of November 2023 is set out in the tables below:

	Position in Nov 2021	**November 2023**	**RAG**
Gas Safety	Compliant**	Compliant **	☑
	Additional comments: All safety inspections have been completed as required		

	Position in Nov 2021	November 2023	RAG
Lifts	Compliant**	Compliant**	☑
	Additional comments: All safety inspections have been completed as required		

	Position in Nov 2021	November 2023	RAG
Water Hygiene	Up to 500 Water Hygiene surveys required	Compliant **	☑
	Additional comments: All safety inspections have been completed as required		

	Position in Nov 2021	November 2023	RAG
Asbestos	68 inspections required in communal areas	Compliant** HRRB management Surveys	☑
		Compliant** SpH management Surveys outstanding	☑
		Compliant ** LRB management surveys outstanding*	☑
	Remedial actions - position unknown	Compliant** HRRB remedial actions	☑
		Compliant** SpH remedial actions	☑
		Compliant** LRB remedial actions	☑
	Additional comments: All safety inspections have been completed as required		

	Position in Nov 2021	November 2023	RAG
Electrical Safety	105 Communal EICR's overdue	Compliant **	☑
	806 Domestic EICR's overdue	2 HRRB inspections overdue	➔
		Compliant** SPH inspections	☑
		18 LRB inspections overdue	⬆
	Remedial actions position to be confirmed.	Compliant ** HRRB remedial actions	☑
		Compliant ** SpH remedial actions	☑
		2 LRB remedial actions overdue	⬆

	Additional comments: The HRRB inspections outstanding are all cases where the contractor has not been able to gain access to the property; these are being progressed through the housing team where additional focused resources are now in place. Legal action to gain access will be taken where necessary. All priority 1 and 2 remedial actions arising from inspections are now being completed at the time of the inspection to enable certification to be achieved without delay. Overdue remedial actions in all areas are reducing.		

	Position in Nov 2021	November 2023	RAG
Fire Safety	All HRRB FRA's completed.	Compliant** HRRB inspections	☑
	2 SpH overdue FRA's	Compliant ** SpH inspections	☑
	650 LRB FRA's outstanding (Please note, incorrect number was initially reported)	Compliant ** LRB inspections	☑
		3 HRRB remedial actions overdue	➔
		5 SpH remedial actions overdue	➔
		111 LRB remedial actions overdue	➔
	Additional comments: Fire risk assessments (FRA) for all high-risk residential buildings, specialist housing and lower risk buildings have been completed. Contractors have been appointed to undertake the outstanding remedial works and these are gradually reducing, but there are some access issues to individual properties. In addition to the original 1700 FRAs required, a further 570 sites required an external wall assessment but no FRA (as no communal area). These have now all been assessed by the contractor. There have been 4 additional operational assets identified and added into the contract, along with 3 commercial sites where NCC are the landlord and responsible for the communal areas/means of escape. These have now had FRAs carried out. All HRRBs have now been registered with the Building Safety Regulator (BSR) and work is ongoing preparing building safety cases for all in scope premises. Draft Building Safety case(s) (BSC) for the 1st block is progressing and almost complete, and intrusive surveys have been carried out on the towers cladding system and revealed a limited amount combustible cladding which is currently being removed. Fire engineers have been appointed to provide final Fire Risk Assessment External Wall (FRAEW) using PAS9980 methodology. As part of the fire risk assessment process, we have commissioned surveys of some of the fire doors within our blocks. These surveys highlighted some concerns with the quality of the installation and the materials that had been used. After further specialist assessment and testing, we have identified that some doors may not perform as required in the event of a fire. We have updated our fire risk assessments to reflect this and shared our findings with the Norfolk Fire and Rescue Service (NFRS). We have put in place a series of measures to mitigate the risks associated with the doors and have		

	written to our affected residents to share some updated advice and to arrange to visit their home. We are working closely with NFRS to assist any vulnerable residents that we identify, and NFRS have been supportive of the approach that we have taken so far. We have also shared information with the RSH and will continue to share our progress with them during our monthly meetings. A replacement door programme has now been agreed and is likely to commence in January 2024. This will be prioritised based on risk, starting with HRRB, followed by Sheltered schemes and then the low-rise blocks.

Please note the following abbreviations:

HRRB	High Risk Residential Building
SpH	Specialised Housing
SpH LL	Specialised Housing Landlord service
SpH Dom	Specialised Housing domestic property
LRB	Lower risk Buildings
FRA	Fire risk assessment

** Properties are compliant if they have a safety certificate or are being managed in accordance with the council's no access process.

Non housing assets data

28. To enable progress to be reported and monitored effectively, a non-housing compliance dashboard has been developed. The dashboard is updated monthly and reported to the Health, Safety and Compliance Board. The team are now reviewing how this can be moved to a BAU dashboard with the view that in the future this is reported to the Health and Safety Board.

29. Progress against the non-housing compliance dashboard has accelerated in the last two months following the improvement of data. However, that data is still currently held in shared folders and spreadsheets. An improved IT system is required and has been procured, the first phase which involves an online database of assets will go live in January. System development in due course will enable reporting on programmed maintenance and compliance. The details and timescales for this are being mapped out.

30. The current position in terms of high-risk operational building compliance is recorded in the table below. There remain 4 outstanding matters which is the same as last quarter, these are in hand but taking slightly longer to resolve, partly due to delays with contractors. Contractors are now lined up with a start date for these and one item requires review of policy which is being taking forward by the Health and Safety Board.

31. High risk operational building compliance:

Fire	1 high risk and 2 medium risk actions remain, orders and action plans are in place to resolve this last remaining actions.
Electrical	All condition reports are up to date 1 remaining remedial with order raised to resolve.

Water	All buildings have an up-to-date risk assessment with no outstanding actions
Asbestos	All buildings have been surveyed and no high-risk material outstanding.
Gas	Gas servicing is up to date
Lifts	All lifts have up to date service records and are on a service/inspection plan.
Fire Installations	All up to date

Compliance Risk Register

32. The Health, Safety and Compliance Board has developed a risk register that is reflected through into the Council's corporate risks. The register is regularly reviewed and has been updated and approved by the CDG, whilst the HSCB will review the risk register in January 2024.

Next Steps

33. The compliance team will continue to collaborate closely with colleagues in housing management and tenancy support to ensure access is gained to properties to conduct the necessary inspections and works, whilst minimising inconvenience to residents.

34. Outstanding actions on the Housing CIP, which have not been completed in line with deadlines will be addressed. Please note, the deadlines will remain subject to scrutiny by the Compliance Delivery Group and the Health and Safety Board to ensure progress is made.

35. A training programme will continue and is being developed for all with responsibility and accountability for compliance.

36. Work is continuing to secure appropriate permanent staff for senior management roles and appointments have been made for the Director of Property Services (Housing) and Head of Building Safety and Compliance and they are due to commence in March 2024.

37. Commission a data audit and a review of data governance upon completion of the compliance programmes.

38. The Compliance Delivery Group will provide a report to the Health and Safety Board in February and March 2024 to provide a detailed overview of the outstanding workstreams and risks to ensure compliance is successfully managed moving forwards.

Engagement

39. Web content has been kept up to date to provide additional information and helpful FAQ's relating to the key issues.

40. Residents have several different options to contact us about compliance and to raise any questions or concerns.

41. In February 2023, Senior Management will inform the Tenant Involvement Panel of key aspects of the programme of works where applicable.

42. For tenanted non-housing properties, tenants have been contacted to ensure they are familiar with their compliance responsibilities and that these are aligned with the Council's responsibilities as landlord.

Implications

Financial and Resources

43. This report is to provide an update on the expenditure against the additional resources allocated to the compliance budgets.

44. On 12th November 2021, Cabinet approved budget virements to create additional 2021/22 revenue budgets of £1.272m to support the CIP and approved the creation of a new HRA Compliance earmarked reserve that enabled any unspent revenue budgets at the end of 2021/22, to be carried forward and utilised in 2022/23. In addition, on 30th November 2021, Council approved an increase to the 2021/22 HRA capital programme of £1.000m, with the intention that approval would be sought for any underspend to be carried forward through the usual capital carry-forward process for utilisation in 2022/23.

45. The revenue underspend of £0.840m in 2021/22 was moved to an earmarked reserve to support additional expenditure in 2022/23. The capital underspend of £1.000m was carried forward and to enable further capital expenditure in 2022/23. In addition, HRA revenue budgets totaling £0.662m plus an HRA capital budget of £1.000m were approved as part of the 2022/23 HRA budget.

46. At the end of 2022/23, the compliance revenue outturn was £0.662m leaving £0.713m remaining in the compliance earmarked reserve and the capital underspend of £1.3m was carried forward to enable further expenditure in 2023/24. In addition, £0.459m of revenue budgets and a £1.000m capital budget were approved for 2023/24 to support ongoing compliance work.

47. The 2023/24 budget position as at period 9 (31st December 2023) is shown in the tables below:

Revenue Cost	Compliance Earmarked Reserve £	2023/24 Compliance Budget £	2023/24 Current Actuals £	Remaining Revenue Funding £
Additional Specialist Resource	408,387	258,505	338,695	328,197
Compliance Remedial works	304,561	200,000	104,222	304,561
Total	**712,948**	**458,505**	**442,917**	**632,757**

Capital Cost	2022/23 Underspend Brought Forward	2023/24 Compliance Budget £	2023/24 Current Actuals £	Unspent Budget to date
HRA Major compliance upgrades	1,300,000	1,000,000	325,376	1,974,624

Legal

48. The legal implications of the RSH notice and process were established in the report to Cabinet on 12 November 2021. The position remains unchanged for the purpose of this update report.

49. Legal advice has been obtained with regards to the respective Council and tenant responsibilities relating to leased properties in the general fund. We are continuing to review the position and take further advice regarding responsibilities based on individual responses from tenants and the relevant lease terms.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address
Equality and Diversity	None
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None
Environmental Impact	None

Risk Management

50. The critical risk register for this project is attached in Appendix 2.

Other Options Considered

51. This is an update report following decision made by cabinet in November 2021.

Reasons for the decision/recommendation

52. Following a comprehensive programme to rectify the compliance failures, the RSH has removed the Regulatory Notice. NCC are committed to ensure compliance is successfully managed moving forwards and will adopt a new framework. The new framework provides internal governance and assurance for the long-term sustainability of maintaining compliance in the future.

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Contact Officer: Interim Head of Building Safety and Compliance
Name: Paul Cook
Telephone number: 01603 989570
Email address: paulcook@norwich.gov.uk

Appendix 1

Norwich City Council's compliance with the regulatory standards

Regulator of Social Housing

Regulator of Social Housing
Level 1A – City Tower
Piccadilly Plaza
Manchester M1 4BT

T: 0300 124 5225
E: enquiries@rsh.gov.uk
W: www.gov.uk/rsh

12 December 2023

Louise Rawsthorne
Chief Executive
Norwich City Council

Sent by email to: louiserawsthorne@norwich.gov.uk

Dear Louise

Norwich City Council's compliance with the regulatory standards

I am writing in relation to Norwich City Council's request to remove the Regulatory Notice, published in October 2021, which concluded the Council's non-compliance with our consumer standards.

Following careful consideration of the information provided I can confirm that we are content that the evidence provided by the Council satisfactorily addresses the areas of non-compliance which led to the publication of the notice. With this in mind, we have taken the decision to discharge the Voluntary Undertaking which was accepted under section 125 of the Housing & Regeneration Act 2008. We will also now remove the regulatory notice which set out the Council's previous breach of the consumer standards. This is scheduled for Wednesday 13 December 2023 at around 9.30am.

In the meantime, I wanted to thank you and your colleagues for the positive and constructive engagement. Lastly, you are welcome to share the contents of this letter as confirmation of our conclusion in advance of the removal of the regulatory notice from our website.

If you have any questions or it would be helpful to discuss, please do not hesitate to contact me.

Yours sincerely

Jonathan Driscoll
Assistant Director Regulatory Engagement

The address for service of any legal documents on RSH is:
Level 1A, City Tower, Piccadilly Plaza,
Manchester M1 4BT

Appendix 2

Risk Management

A detailed project risk register has been developed. Set out below are the overarching and critical risks to the compliance programme.

Risk	**Consequence**	**Controls Required**
Inadequate systems to record and manage data.	Inaccurate information resulting in insufficient progress in key areas and ineffective management of Health and Safety Compliance. Serious detriment to tenants/ leaseholders.	Risk based programme in place. NEC system implementation. Skilled additional capacity.
Lack of contractor supply chain capacity.	The CIP cannot be delivered swiftly, and tenants remain at risk for an extended period.	Widen the pool of contractors being used. Work with EPL to identify potential contractors.
Skills and expertise not sufficient to manage the program in NCC.	Delayed decision making and inability to progress the work required. Tenants remain at risk for an extended period.	Skilled temporary resources to oversee the programs of works are in place. Undertake permanent recruitment of key posts.
Loss of experienced staff currently delivering compliance activity.	Compliance catch up works not progressed in a timely way.	A new structure has been implemented. Undertake required training of key staff.
Incomplete or out of date policies and procedures.	Actions are incorrect, not meeting statutory requirements. Inadequate support for staff.	Policies and procedures updated and being adhered to by staff.
Undertake a quality review, back 5 years, of all Fire Safety improvement works	Poor quality work does not meet the required standard. Tenants remain at risk	Validation of existing data through the annual inspection programme. Targeted surveys by specialist Fire safety contractor.

NORWICH
City Council

Item 12

Committee name: Cabinet

Committee date: 17/01/2024

Report title: Treasury Management Mid-Year Review Report 2023/24

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Interim chief finance officer (S151)

Wards: All wards

OPEN PUBLIC ITEM

Purpose

This report sets out the Council's Treasury Management performance for the first six months of the financial year to 30 September 2023. This report was presented to the Council's Treasury Management committee in November 2023. Who agreed the recommendations set out in paragraph 5.

Recommendation:

Cabinet is asked to:

(1) note the contents of the report and in particular the treasury management activity undertaken in the first six months of the 2023/24 financial year.

(2) propose that this report be considered and agreed by Council.

Policy Framework

The Council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate priority.

This report meets the treasury management strategy policy adopted by the Council.

Background

1. CIPFA (the Chartered Institute of Public Finance & Accountancy) 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."

2. This report primarily reviews the council's treasury management activity during the first six months of the financial year 2023/24 including a Quarter 1 update at Appendix A and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

3. The original Treasury Management Strategy (TMS) and Prudential Indicators were reported to and approved by Council on 21 February 2023 and, as the original decision-making body, subsequent monitoring reports should also be considered by Full Council.

4. This Council has adopted the new CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code. This requires that the prime objective of treasury management activity is the effective management of risk, and that borrowing activities are undertaken on a prudent, affordable and sustainable basis.

5. On 20 November 2023, the Treasury Management Committee resolved to:

   (1) note the contents of the report and in particular the treasury management activity undertaken in the first six months of the 2023/24 financial year;

   (2) agree the updated Minimum Revenue Provision (MRP) Policy as set out in appendix B;

   (3) note the Voluntary Minimum Revenue Provision of £1.300m provided to date in relation to Lion Homes (Norwich) Ltd.

   (4) propose that this report be considered and agreed by cabinet.

Investment Strategy

6. The TMS for 2023/24, which includes the Annual Investment Strategy, was approved by the council on 21 February 2023. It sets out the Council's investment priorities as being:
   - Security of capital.
   - Liquidity of capital; followed by
   - Yield.

7. No policy changes have been made to the investment strategy and the Council will therefore, continue to aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.

8. The Council held £112m of investments as at 30 September 2023. Table 1 below shows the movement in investments for the first six months of the year. The main components of the decrease between March and September were the usual precept payments and the prepayment of a pension fund contribution. The balance reflects the normal receipt of income and government grants towards the beginning of the year where amounts have not yet been expended.

9. The Council continues to consider the broader impact of its investments and a new element of the Treasury Management code will also require consideration of Environmental, Social and Governance (ESG) policies in placing future investments. Currently the Council has placed £10m in the Standard Chartered Bank Sustainable deposit fund; the deposit guarantees that investment is referenced against sustainable assets, both existing and future. The investments are referenced against the United Nations Sustainable Development Goals (SDGs) thus funds are put to work addressing some of the world's biggest long-term threats including, but not limited to, climate change, health, financial inclusion, and education.

10. As set out in the 2023/24 TMS a fourth money market fund with ESG credentials was set up in June with Legal & General Investment Management (LGIM) and is now in use.

Table 1

Investments	**Actual**		**Actual**
	31-Mar-23	**Movement**	**30-Sep-23**
	£000	**£000**	**£000**
Short term investments:			
Banks	25,000	10,000	35,000
Building Societies	0.000	6,000	6,000
Local Authorities	20,000	0.000	20,000
Cash Equivalents:			
Banks	14,600	1,743	16,343
Non- UK Banks	5.000	5,000	10,000
Building Societies	10,000	(10,000}	0,000
Local Authorities	45,000	(45,000)	0,000
Money Market Funds	12,000	10,000	22,000
UK Government	0.000	3,000	3,000
Total	**131,600**	**19,257**	**112,343**

11. In setting its Treasury Management budgets the council set an investment interest income budget target of £4.032m for 2023/24 (2022/23 £0.220m). The budget target reflected the forecast increasing interest rate environment available for short term investments. So far return on investments has resulted in £ 2.222m of actual interest being achieved to the end of September 2023 by the Treasury Management Team. Forecasts show that the actual outturn is estimated to be above budget at around £4.500m. The Council's Treasury Advisors (Link) have recently issued their latest interest rate forecast which indicates that they expect that interest rates to stabilise before starting to fall later in 2024. Interest earned will be apportioned between the General Fund and the HRA with an estimated £2.100m of the forecast £4.500m for 2023/24 being due to the HRA.

12. It is anticipated that cash balances will gradually decrease during the second half of the year.

13. The Interim Chief Finance Officer (S.151) confirms that all investment transactions undertaken during the first six months of 2023/24 were within the approved limits as laid out in the Annual Investment Strategy.

BALANCE SHEET POSITION

External Borrowing

14. Table 2 below shows that as at 30 September the Council had external borrowing of £207.231m, of which £158.631m relates to the Housing Revenue Account (HRA). In the first six months of the year the Council has not completed any borrowing. There has been one repayment of £4m debt to the PWLB however no further repayments are scheduled the remainder of this financial year. The next repayment of £2.500m is due September 2024.

    Table 2 shows the current and forecast borrowing position. This position assumes that there will be no borrowing in the current year.

Table 2

Long Term Borrowing	Actual 31-Mar-23	Actual 30-Sep-23	TMSS Forecast 31-Mar-24	Revised Estimate 31-Mar-24
	£000	**£000**	**£000**	**£000**
Public Works Loan Board	205,648	201,648	201,648	201,648
Money Market	5,000	5,000	5,000	5,000
3% Stock (Perpetually irredeemable)	499	467	467	467
Other financial intermediaries (Salix)	131	105	79	79
Corporate Bonds and External Mortgages	11	11	11	11
Total	**211,289**	**207,231**	**207,205**	**207,205**

Future Economic forecasts

15. For the period to September, the Monetary Policy Committee (MPC) has increased interest rates at each meeting in 2023 up until the September meeting when the decision was made to keep the base rate unchanged at 5.25%. Rates are currently at their highest level since the Global Financial Crisis. The UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are still facing a squeeze on their real incomes.

Interest rate forecasts

16. The Council's treasury advisors, Link Group, have updated their forecast for Bank Rate. Table 3 below shows their interest rate forecasts through to December 2026.

Table 3

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

Source: Link Treasury 2023 (PWLB rates include adjustments for Certainty rate discounts)

17. The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

18. These forecasts will be kept under close review and the impact will feed through into in year budget monitoring position, the 2024/25 budget and MTFS.

Economic Outlook and Commentary

19. In summary, the Bank of England (BoE) Monetary Policy Committee has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control. The financial markets are still pricing in that the base rates will remain at higher levels until the latter part of 2024 when interest rates are forecast to slowly fall.

20. In its latest monetary policy meeting on 20 September, the BoE left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the BoE that it has already raised rates far enough. The minutes show the decision was “finely balanced”. Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

21. Like the US Federal Reserve, the BoE wants the financial markets to believe in the “higher for longer narrative”, suggesting that interest rates have not necessarily peaked and there could, if there was evidence of more persistent inflation pressures, be “further tightening policy”. Governor Bailey stated, “we’ll be watching closely to see if further increases are needed”. The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long”.

22. This narrative makes sense as the BoE does not want the financial markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the BoE the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

PWLB Rates

23. As the interest forecast table for PWLB (borrowing) rates above shows, the rates will stabilise over the forecast period for about a year, after which rates are expected to fall.

Debt Rescheduling

24. No debt rescheduling was undertaken during the first six months of 2023/24. It is not anticipated that the Council will undertake any rescheduling activity during the remainder of the financial year. The council retains some higher rate borrowings and if rates continue to rise there may be some opportunities for debt rescheduling if this proves cost effective. Until borrowing rates fall the Council is unlikely to consider additional loans to finance its unfinanced borrowing.

Prudential Indicators

25. This part of the report is structured to provide an update on:

- The changes to the Council's capital expenditure plans;
- How these plans are being financed;
- The impact of changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing.

Capital Expenditure & Financing

26. The 2023/24 capital programme budgets were approved as part of the budget report to full Council on 21 February 2023. The quarter 2 budget monitoring report shows approved revisions to the capital budgets to include the 2022/23 capital carry forwards, new capital schemes approved during the year and the re-profiling of some capital budgets into future years. The current capital programme budget is shown in Table 4 along with the mid-year estimate. A detailed breakdown of capital programme schemes can also be found in the quarter 2 2023/24 budget monitoring report.

Table 4

	2023/24 Original Budget	**2023/24 Revised Budget**	**2023/24 Forecast Outturn**
	£000	**£000**	**£000**
General Fund capital expenditure	25,595	20,840	20,483
General Fund capital loans	3,000	1,000	1,000
HRA	35,656	33,544	33,247
Capital Expenditure	**64,251**	**55,384**	**54,730**
Financed by:			
Capital receipts	22,090	11,306	11,120
Capital grant and contributions	16,503	16,552	16,311
Capital & earmarked reserves	15,918	20,642	20,415
Revenue	6,740	5,884	5,884
Total Resources	**61,251**	**54,384**	**53,730**
Net borrowing need for the year	**3,000**	**1,000**	**1,000**

Table 4 shows how the revised capital programme will be financed and shows a significant decrease in the net borrowing need for the year compared to the figure anticipated when Council approved the Treasury Management Strategy. The reason borrowing need for the year has decreased is due to the loan requirement for the council's wholly owned subsidiary, Norwich Regeneration Limited being re-profiled into future years.

A further consequence of this is that the council's forecast Capital Financing Requirement (CFR) for 2023/24 shown in Table 5, is lower than initially anticipated.

The Capital Financing Requirement (CFR)

27. Table 5 below shows the Councils CFR, which is the underlying external need to borrow for a capital purpose.

Table 5

	2023/24 Original Estimate	2023/24 Revised Estimate
	£000	**£000**
Opening General Fund CFR	**112,652**	**112,112**
Movement in General Fund CFR	3,384	(416)
Closing General Fund CFR	**116,036**	**111,696**
Movement in CFR represented by:		
Borrowing need (NRL loan requirement)	3,000	1,000
Loan repayment	(16)	(16)
Appropriations		
Less MRP and other financing adj.	400	(1,400)
Movement in General Fund CFR	**3,384**	**(416)**
Opening HRA Fund CFR	**208,533**	**208,532**
Movement in HRA CFR	690	0
Closing HRA CFR	**209,223**	**208,532**
TOTAL CFR	**325,259**	**320,228**

Prudential Indicators relating to Borrowing Activity

28. Authorised Limit – This represents the legal limit beyond which borrowing is prohibited and needs to be set and revised by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The limit represents the CFR (assumed fully funded by borrowing) plus a margin to accommodate any unplanned adverse cash flow movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The authorised limit has not been breached; Table 2 above indicates that the level of external borrowing at September 2023 was £207m estimated to remain around the same level by March 2024 and is well within the authorised limit in Table 6.

Table 6

Prudential Indicator	2023/24
	£000
Authorised Limit for external debt	**355,259**

29. Operational Boundary – This indicator is based on the probable external debt during the year; it is set deliberately lower than the authorised limit. This limit acts as an early warning indicator should borrowing be approaching the Authorised Limit. This limit may be breached on occasion under normal circumstances, but sustained or regular breaches should trigger a review of borrowing levels. The operational boundary has not been breached and current external borrowing is well below the Operational Boundary.

Table 7

Prudential Indicator	2023/24
	£000
Operational boundary for external debt	**325,259**

30. Liability Benchmark -CIPFA introduced the liability benchmark as a new Prudential Indicator for 2023/24. The liability benchmark is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. Chart 1 below shows the Benchmark if no additional borrowing is taken over the maturity of all loans.

Chart 1

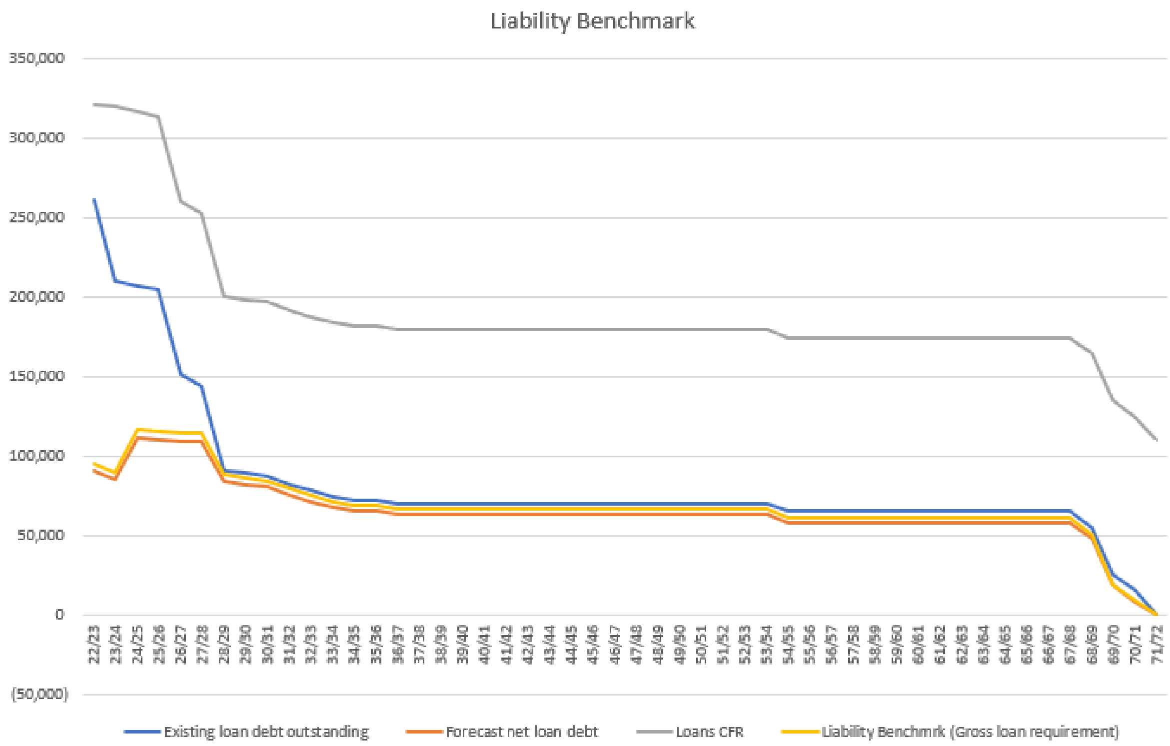
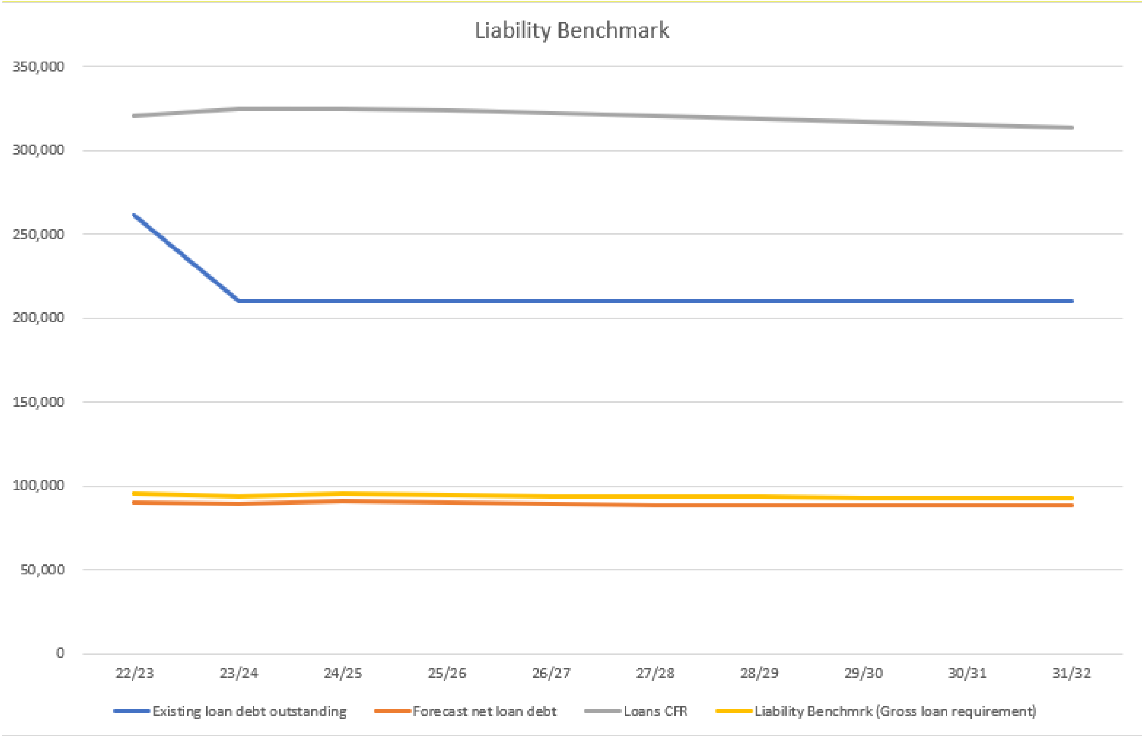


Chart 2 shows the same Benchmark but reflects maturing loans being are refinanced when they mature.

Chart 2



The liability benchmark is presented as a chart of four balances which are:

- Existing loan debt outstanding: the authority's existing loans which are still outstanding in future years;
- Loans CFR: 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 taking account of approved prudential borrowing;
- Net loans requirement: the authority's gross loan debt, less treasury management investments, at the last financial year end, projected into the future based on its approved prudential borrowing, planned MRP and any other forecast major cash flows and;
- Liability benchmark (or Gross Loans Requirement) = Net loans requirement + short term liquidity allowance.
- Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position which will result in excess cash requiring investment. The graph above is in line with the Approved MTFS which also includes the Treasury Managements Strategy.

Borrowing Activity

31. The Authority has continued the prudent approach of utilising internal borrowing to fund its borrowing requirement where cash levels permit or interest rates mitigate against taking on external debt; overall the strategy is designed to reduce external borrowing costs. In the first six months of the year the Council has not borrowed any new loans or refinanced any maturing loans.

32. Long-term fixed interest rates are expected to initially remain high and then begin to fall over the five-year treasury management planning period. The Interim Chief Finance Officer (S.151), under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates or opportunities at the time, taking into account the associated risks e.g. counterparty risk, cost of carry and impact on the Medium-Term Financial Strategy as well as risk of future more significant interest rate increases.

33. Opportunities for debt restructuring will be continually monitored alongside interest rate forecasts. Action will be taken when the Executive Director, Corporate & Commercial Services (S.151 officer) feels it is most advantageous.

Investment Performance

34. The objectives of the Council's investment strategy are firstly the safeguarding of the repayment of the principal and interest of its investments, and secondly ensuring adequate liquidity. The investment returns (yield) being a third objective, consummate to achieving the first two.

35. The Council held £112m of financial investments at 30 September 2023 with the investment profile being shown in Table 1 earlier in this report.

Risk Benchmarking

36. The Investment Strategy for 2023/24 includes the following benchmarks for liquidity and security.

Liquidity

37. The Council has no formal overdraft facility and seeks to maintain liquid short-term deposits of at least £1 million available with a week's notice.

38. The Council participates in Investment Portfolio Benchmarking Analysis undertaken by Link. The Average return on investment for the Council as at 30 September 2023 was 5.49% against a SONIA-swap average rate of 5.32% resulting in performance above benchmark by 0.17%. Additionally, the Council's investment return outperforms its Benchmarking group average and Non-Metropolitan District group average. The Interim Chief Finance Officer (S.151 officer) can report that liquidity arrangements were adequate during the year to date.

Security

40. The Benchmarking Analysis shows that the weighted average credit risk of the portfolio at the end of the period was 3.38% which is below its Benchmarking group average and Non-Metropolitan District group average. Link have also confirmed that the Council's maximum security risk benchmark for the portfolio at 30 September 2023 was 0.015% which equates to a potential loss of £16.9k on an investment portfolio of £112m. This credit risk indicator is lower than the anticipated maximum risk of 0.040% in the Treasury Management Strategy.

41. At 30 September 2023 100% of the investment portfolio was held in low risk specified investments.

42. The Interim Chief Finance Officer (S.151 officer) can report that the investment portfolio was maintained within the overall benchmark during the year to date.

Minimum Revenue Provision Policy (MRP)

43. The Council is required to approve an MRP policy in advance of each year. Council approved the 2023/24 policy on 21 February 2023.

44. The Council reserves the right to make voluntary MRP charges in light of its prudent approach to providing for the underlying need to borrow. It will examine how this might be modelled and create a resource to hold these additional resources.

45. The Council will be updating its MRP policy in light of a detailed review by Link Asset Services, a specialist provider in technical advice to local government on treasury and capital financing matters. This review was undertaken in part to ensure that the Council was adequately providing for its future borrowing requirements and equally where any opportunities to reduce the impact on the General Fund were considered. A revised MRP Policy is attached at Appendix B.

46. Regardless of all options considered, the overriding concern was to ensure that the Council is in line with existing MRP regulations and that it was prepared for potential future changes. There has been concern in Government regarding councils not following regulations and it was imperative that we received this assurance during the process as the Section 151 Officer primary considerations are prudence, affordability, legality and sustainability. That guarantee was provided and this gave the council the confidence to move forward with the update to the policy.

Regulatory Update

Proposed changes to IFRS 16 Leases and the likely impact for the Local Authority Accounting Code.

47. Although the standard was issued in January 2012, authorities are expected to comply from 1 April 2024. The current classification of leases into operating and finance will no longer apply with the exceptions of leases of 12 months or less and leases of low value. This change will therefore impact the Council's CFR but have no borrowing impact. A lot will depend on the evaluation of contracts and their implications. The potential impacts of the new standard will be covered in the 2023/24 Treasury Management Strategy.

Treasury Management and Prudential Codes

48. There have been no further changes to the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) and new Prudential Code for Capital Finance in Local Authorities (Prudential Code) since its publication in December 2021.

49. The prudential code includes a liability benchmark indicator which is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. Details of the Liability Benchmark are included at Paragraph 30.

50. The Prudential Code also addresses the risks associated with commercial investments (see paragraphs 47-51), including property acquisitions, known as debt for yield transactions. Councils are now required to review assets held for investment purposes against ongoing borrowing requirements. The code requires Councils to consider disposal of investments to finance borrowing where the sale of an investment is financially viable.

Commercial Investments

51. Norwich City Council currently has £99.223m of Investment Property on its balance sheet (31 March 2023) and, as it is in a net borrowing position, is directly impacted by the requirements of the prudential code.

52. The Prudential Code requires that authorities 'must not borrow to invest for the primary purpose of financial return'. This statement is not intended to require the forced sale of existing commercial investments, whether commercial properties or financial investments. Selling these investments and using the proceeds to net down debt does, however, reduce treasury risks and is therefore an option which should be kept under review, especially if new long-term borrowing is being considered.

53. The Code requires that authorities which are net borrowers, should review options for exiting their financial investments for commercial purposes in their annual treasury management or investment strategies. The options should include use of the sale proceeds to repay debt or reduce new borrowing requirements. They should not take new borrowing if financial investments for commercial purposes can reasonably be realised, based on a financial appraisal which takes account of financial implications and risk reduction benefits.

54. This enables authorities to weigh the risk reduction benefits of sale against the loss of income and the current sale value of the investments; the code guidance also makes it clear that where an authority has existing commercial properties, the Code's requirement that an authority must not borrow to invest for the primary purpose of financial return, is not intended to prevent authorities from appropriate capital repair, renewal or updating of existing properties.

55. The Council has undertaken a review of its investment portfolio to determine asset returns and the potential cost of disposal.

Maturity Indicator

56. The code sets out the need for a maturity indicator which is closely related to the liability benchmark; as the liability benchmark provides the methodology for producing maturity ranges appropriate to the authority's own committed borrowing profile and provides a projection of future debt outstanding around which to set the upper and lower limits for each maturity range.

Long Term Treasury Management Investments

57. The scope of this indicator has been clarified to relate explicitly to the authority's investments for treasury management purposes only. Investments taken or held for service purposes or commercial purposes should not be included in this indicator.

58. Authorities must not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed Organisations must not borrow earlier than required to meet cashflow needs unless there is a clear business case for doing so and must only do so for the current capital programme, to finance future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the organisation.

Interest Rate Exposure Indicator

59. The Code requires each authority to set out its strategy for managing interest rate risks with such indicators as are appropriate. The indicators used should cover at least the forthcoming year and the following two years, in line with other prudential indicators. Authorities may find it helpful to use the measure required for the Financial Statements, which sets out the cost of a 1% increase in interest rates.

60. The liability benchmark chart can be used to portray interest rate risk, by splitting existing loans outstanding into its interest risk characteristics, e.g. fixed rate loans, variable rate loans, etc.

Credit risk

61. Authorities are asked to consider credit risk indicators appropriate to themselves. One simple measure which some authorities use is an overall credit score, i.e., the weighted average credit rating of the authority's treasury management investments.

Price risk

62. Authorities are asked to ensure that their reporting of investments which are materially exposed to movements in fair value includes an appropriate measure of price risk and reporting on movements in fair value. Authorities with commercial property portfolios, such as Norwich CC should establish a view of fair value at each year end. This is required in any case for the investment risk indicators and reporting under the Statutory Investment Guidance

Treasury Management Practice (TMP) changes

63. Each authority is required to adopt a number of Treasury Management Practices and the code changes have proposed changes to be made to some of these; some are minor wording changes to clarify or assist in interpretation however, there is now a requirement in TMP1 on counterparty credit risk for an authorities counterparty policy to set out the organisation's policy and practices relating to environmental, social and governance (ESG) investment considerations in relation to those counterparties.

64. The TMP requires an authority to assert that "its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited or investments made. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements. This will set out the organisation's policy and practices relating to environmental, social and governance (ESG) investment considerations."

Training, Knowledge and Skills

65. Revisions to TMP 10 on the training skills and knowledge now requires a knowledge and skills schedule to be maintained for all those involved in Treasury Management functions.

Consultation

66. The report is the mid-year position statement for Treasury Management activity. The report was considered by the newly formed Treasury Management Committee who noted and endorsed the report for consideration at Cabinet and Council.

Implications

Financial and Resources

67. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget. This report is for information only and there are no proposals in this report that would reduce or increase resources.

Legal

68. The Council must have regard to the provisions of the Treasury Management code of practice when undertaking and reporting on its treasury activities. The requirement for Council to approve its Treasury Management Strategy and to receive reports, on its treasury management performance, are requirements of the Code of Practice.

69. The mid-year report must set out performance against the approved Prudential Indicators and any breaches of them.

Statutory Considerations

Consideration	**Details of any implications and proposed measures to address:**
Equality and Diversity	None
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None
Environmental Impact	Sustainable investment products are an area of growth in the market. These options will be considered where the investments are in line with approved Treasury Management Strategy. Security, liquidity and yield remain the cornerstones of the Treasury Management Strategy, and it is vital that all investments continue to ensure the security of council funds as a priority and remain compatible with the risk appetite of the council and its cash flow requirements.

Risk Management

70. Managing risk is a major part of treasury management activity. All the limits and indicators in place to reduce the level of risk have been adhered to so that risks are at an acceptable level as in the treasury management strategy.

Risk	Consequence	Controls Required
Future interest rate changes can offer both opportunity and risk. Cashflow requirements are know to avoid the need for unplanned borrowing or overdraft facilities to meet expenses as they fall due.	Future loan interest rate changes need to be assessed against the cost of borrowing and the council's ability to fund expenditure from its own cashflows (internal borrowing). Investment rates offer an opportunity to generate income in support of council priorities subject to the achievement of security and liquidity considerations.	To mitigate the risk, we will work closely with our treasury advisors to review interest rate forecasts to assess when we should borrow. Surplus cash for investing is only available on a short-term basis until required to meet on-going or capital expenditures. The existence of reserves provides some longer-term opportunities to generate investment returns but must be undertaken alongside an assessment of risk and knowledge of the council's cashflow requirements.

Other Options Considered

71. No other options have been considered. The report is to inform the treasury management committee and the council of the treasury activity for the period 1 April 2023 to 30 September 2023.

Reasons for the decision/recommendation

72. To ensure the treasury management committee and Council are kept informed of treasury activity in line with the Financial Regulations.

Background papers: None

Appendices:

Appendix A - **Treasury Management First Quarter Review Report 2023/24**

Appendix B – **Minimum Revenue Provision (MRP) Policy Statement 2023-24**

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Appendix A

Treasury Management First Quarter Review Report 2023/24

1. Due to committee timings it was not possible to include a 2023/24 Quarter one Treasury Management Activity report on the agenda for the July Treasury Management Committee. For completeness a quarter one commentary and key Prudential Indicator tables are included Below.

Investment Strategy

2. There were no breaches to report in the first quarter against any of the key Prudential Indicators.

3. The Council held £117m of investments as at 30 June 2023. Table 1 below shows the movement in investments for the first three months of the year. The main components of the decrease between March and June were the usual precept payments and the prepayment of a pension fund contribution. The balance reflects the normal receipt of income and government grants towards the beginning of the year where amounts have not yet been expended.

Table 1

Investments	**Actual**		**Actual**
	31-Mar-23	**Movement**	**30-Jun-23**
	£000	**£000**	**£000**
Short term investments:			
Banks	25,000	0	25,000
Building Societies	0.000	0	0
Local Authorities	20,000	-10,000	10,000
Cash Equivalents:			
Banks	14,600	1,517	16,117
Non- UK Banks	5,000	0	5,000
Building Societies	10,000	-4,000	6,000
Local Authorities	45,000	-20,000	25,000
Money Market Funds	12,000	15,000	27,000
UK Government	0.000	2,500	2,500
Total	**131,600**	**-14,983**	**116,617**

4. In setting its Treasury Management budgets the council set an investment interest income budget target of £4.032m for 2023/24 (2022/23 £0.220m). The budget target reflected the forecast increasing interest rate environment available for short term investments. The Link forecast interest rates to the end of June are shown below in Table 2. As at 30th June return on investments has resulted in £ 0.427m of actual interest being achieved to the end of June 2023 by the Treasury Management Team. Forecasts show that the actual outturn is estimated to achieve or exceed budget.

Table 2

Link Group Interest Rate View 26.06.23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

BALANCE SHEET POSITION

External Borrowing

5. Table 3 below shows that as at 30 June the Council had external borrowing of £211.231m, of which £158.631m relates to the Housing Revenue Account (HRA). In the first three months of the year the Council has not completed any borrowing or repayments. The next repayment of maturing loan totals £4m and is due in July 2023. Currently there are no proposals to borrow in the current financial year.

Table 3

Long Term Borrowing	Actual 31-Mar-23	Actual 30-Jun-23	TMSS Forecast 31-Mar-24	Revised Estimate 31-Mar-24
	£000	**£000**	**£000**	**£000**
Public Works Loan Board	205,648	205,648	201,648	201,648
Money Market	5,000	5,000	5,000	5,000
3% Stock (Perpetually irredeemable)	499	467	467	467
Other financial intermediaries (Salix)	131	105	79	79
Corporate Bonds and External Mortgages	11	11	11	11
Total	**211,288**	**211,231**	**207,205**	**207,205**

Capital Expenditure

6. The 2023/24 capital programme budgets were approved as part of the budget report to full Council on 21 February 2023. The first quarter (Q1) budget monitoring report shows approved revisions to the capital budgets. The Q1 capital programme budget is shown in Table 4 along with the Q1 estimate. A detailed breakdown of capital programme schemes can also be found in the quarter one 2023/24 budget monitoring report to Cabinet. A capital financing review was not completed for Q1 but has been completed for Q2.

Table 4

	2023/24 Original Budget	2023/24 Revised Budget	2023/24 Forecast Outturn
	£000	**£000**	**£000**
General Fund capital expenditure	25,595	38,659	24,778
General Fund capital loans	3,000	1,000	1,000
HRA	35,656	45,769	41,141
Capital Expenditure	**64,251**	**85,428**	**66,919**

Capital Financing Requirement (CFR)

7. Table 5 below shows the Councils CFR, which is the underlying external need to borrow for a capital purpose.

Table 5

	2023/24 Original Estimate	2023/24 Revised Estimate
	£000	**£000**
Opening General Fund CFR	**112,652**	**112,112**
Movement in General Fund CFR	3,384	(416)
Closing General Fund CFR	**116,036**	**111,696**
Movement in CFR represented by:		
Borrowing need (NRL loan requirement)	3,000	1,000
Loan repayment	(16)	(16)
Appropriations		
Less MRP and other financing adj.	400	(1,400)
Movement in General Fund CFR	**3,384**	**(416)**
Opening HRA Fund CFR	**208,533**	**208,532**
Movement in HRA CFR	690	0
Closing HRA CFR	**209,223**	**208,532**
TOTAL CFR	**325,259**	**320,228**

Prudential Indicators relating to Borrowing Activity

8. Authorised Limit – This represents the legal limit beyond which borrowing is prohibited and needs to be set and revised by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The limit represents the CFR (assumed fully funded by borrowing) plus a margin to accommodate any unplanned adverse cash flow movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The authorised limit has not been breached; Table 3 above indicates that the level of external borrowing at June 2023 was £211m, is estimated to remain

around the same level by March 2024 and is well within the authorised limit in Table 6.

Table 6

Prudential Indicator	2023/24
	£000
Authorised Limit for external debt	**355,259**

9. Operational Boundary – This indicator is based on the probable external debt during the year; it is set deliberately lower than the authorised limit. This limit acts as an early warning indicator should borrowing be approaching the Authorised Limit. This limit may be breached on occasion under normal circumstances, but sustained or regular breaches should trigger a review of borrowing levels. The operational boundary has not been breached and current external borrowing is well below the Operational Boundary.

Table 7

Prudential Indicator	2023/24
	£000
Operational boundary for external debt	**325,259**

10. Liability Benchmark - CIPFA introduced the liability benchmark as a new Prudential Indicator for 2023/24. The liability benchmark is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. Chart 1 below shows the Benchmark if no additional borrowing is taken over the maturity of all loans.

Chart 1

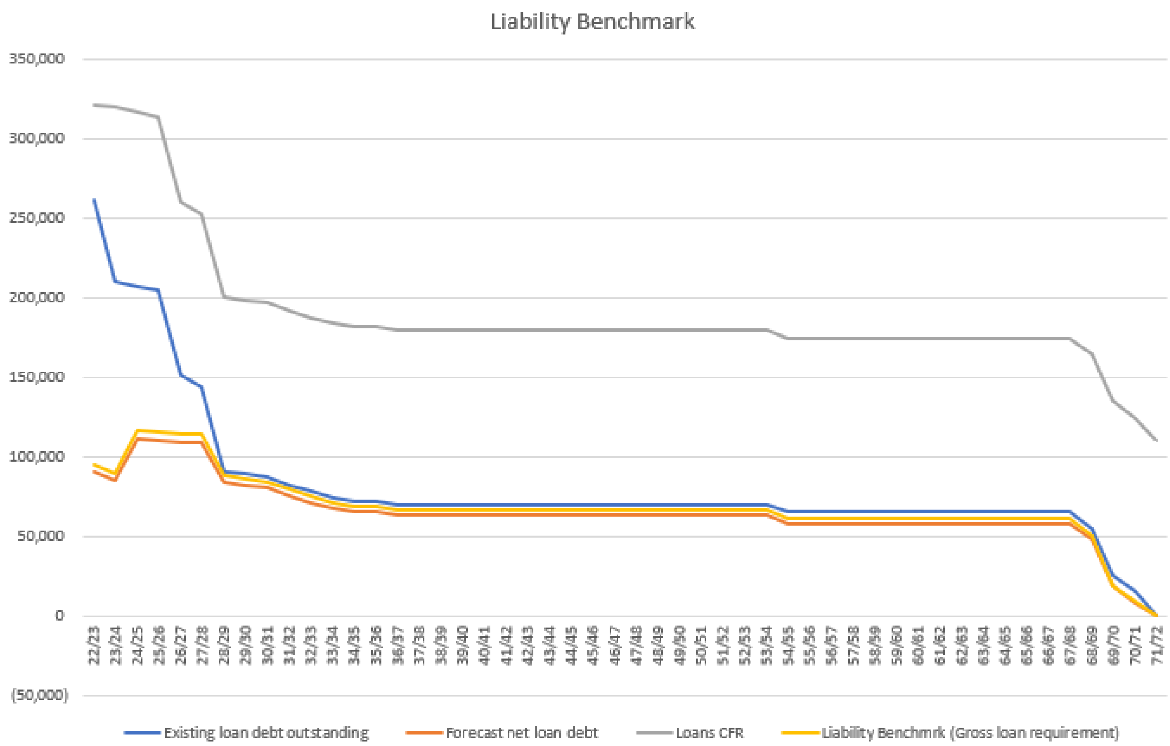
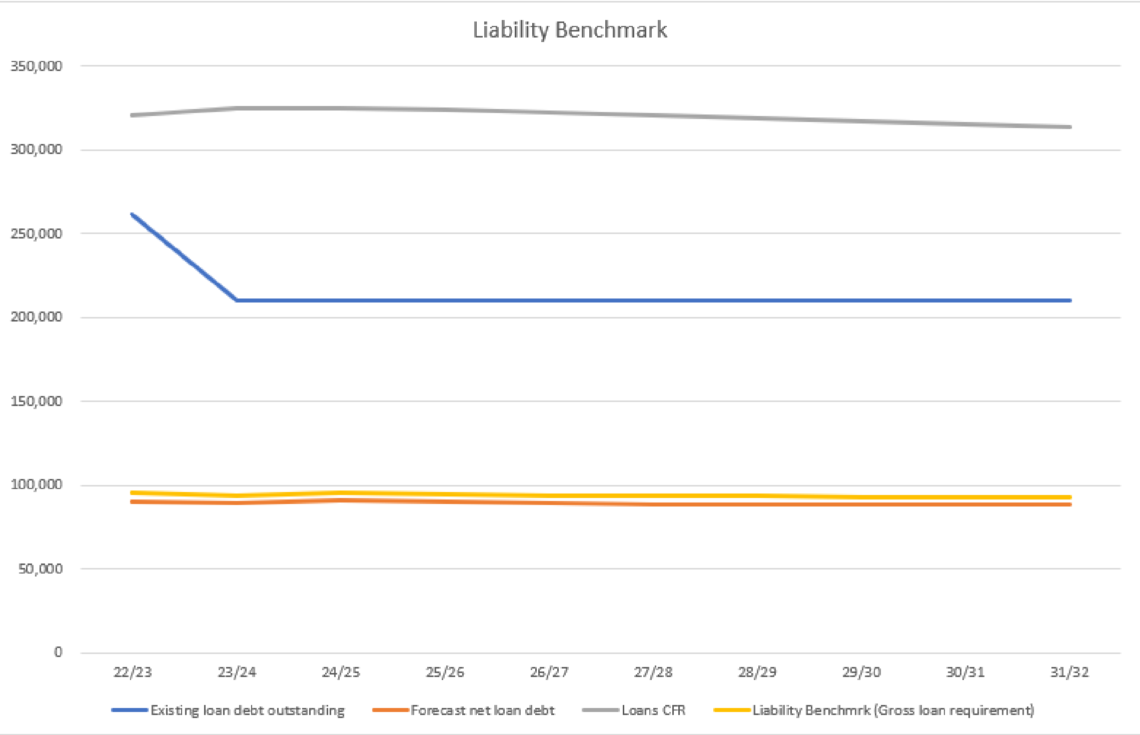


Chart 2 shows the same Benchmark but reflects maturing loans being are refinanced when they mature.

Chart 2



Appendix B - Minimum Revenue Provision (MRP) Policy Statement 2023-24

Council is recommended to approve the following:

(1) The Authority's MRP policy has been amended for 2023/24 following a comprehensive review of MRP charges and methodology. This updated policy reflects the new MRP calculation methods to be implemented.

(2) For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation and will take account of the regulatory calculated Adjustment A.

(3) Unsupported borrowing will be subject to MRP under option 3 of the guidance (Asset Life Method). MRP will be based on the estimated life of the assets in accordance with the statutory guidance using the annuity method, calculated on a weighted average basis.

(4) MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset lives as recommended by the statutory guidance.

(5) The interest rate applied to the annuity calculations will reflect the market conditions at the time, and will for the current financial year be based on PWLB annuity rates.

(6) Where applicable, repayments included in annual PFI or finance leases are applied as MRP.

(7) MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory minimum revenue provision (MRP), i.e. voluntary revenue provision or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The amount of VRP overpayments up to 31st March 2023 was £1.300m

(8) MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.

(9) For capital loans to third parties the MRP policy is not to provide MRP on loans where there is an agreed repayment plan.

NORWICH City Council

Item 13

Committee name: Cabinet

Committee date: 17/01/2024

Report title: Minimum Revenue Provision (MRP) Policy Change 2023-24

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Interim chief finance officer (S151)

Wards: All Wards

Purpose

This report sets out a proposal to change the council's approach to charging a Minimum Revenue Provision (MRP) in accordance with statutory guidance which is designed to ensure that resources are available to meet the repayment of borrowing.

Recommendation:

That Cabinet recommends to the Council that it should adopt the policy changes set out in the detailed report appended.

Policy Framework

The Council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate priority.

Report Details

1. Background

1.1. In accordance with the Local Government Act 2003, the Authority is required to set aside resources each year through a revenue charge known as the Minimum Revenue Provision (MRP). This ensures that borrowing undertaken to fund capital expenditure can be repaid and is therefore ‘affordable’.

1.2. The Authority is required to determine a level of MRP it considers to be prudent, whilst having regard to the current MRP Guidance issued by MHCLG (now renamed DLUHC) in 2018. The Guidance sets out four ready-made options for determining MRP which it considers to be prudent but does not rule out alternative approaches providing that they achieve the objective of providing resources for the repayment of borrowing when it is due.

1.3. Prior to the new capital financing system (2008) borrowing was largely supported by revenue resources provided by the government through the financial settlement (Supported borrowing). Since the change to the capital financing regulations no support is provided to councils by the government and councils must ensure that borrowing is ‘affordable’ and can be repaid. In part this is achieved by setting aside revenue resources from its budget so that borrowing can be repaid when it falls due (The MRP).

1.4. The overriding requirement of the Guidance is to make a prudent provision which ensures that debt is repaid over a period that broadly matches the asset life. In the light of recent council failures associated with high levels of unsustainable debt and a concern that prudent approaches were not always being followed the government has also been consulting on changes to the regulations in this area which would tighten the discretions that councils have.

1.5. The Guidance requires that before the start of each financial year the Authority prepares a statement of its policy on making MRP in respect of the forthcoming financial year and submits it to full Council for approval. The proposed policy statement for 2023/24 is set out in full as Appendix A.

1.6. The policy includes reference to amounts previously provided in relation to a Voluntary Revenue Provision (VRP) - this is any amount above the Minimum Revenue Provision. Previously the council has set aside a VRP in relation to loans it considered to be at risk of non-repayment; again a prudent approach. The council now considers that this risk has reduced and is therefore proposing to reverse the VRP made in 2023/24.

1.7. The government has recently consulted on changes to the 2003 MRP regulations with an intention to make it explicit that (i) capital receipts may not be used in place of the revenue charge, and (ii) there should be no intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. The proposed changes are expected to be implemented in April 2024.

2. Proposed changes to MRP Policy

2.1. A review of the Authority's MRP policy has been undertaken by the council's treasury management advisors; Link Group (Link). The objective of this was to review the council's current policy and identify opportunities to move to an appropriate and cost effective MRP strategy whilst ensuring that the provision remains prudent and compliant with statutory guidance. The review identified various options which could be implemented within statutory guidance and officers are proposing to adopt the policies which are deemed best suited to Norwich CC.

2.2. The Authority's current MRP policy for supported borrowing and historic debt prior to 2008 is calculated on an annuity method over 50 years. It is not proposed to amend this policy. However, it is worth noting this policy uses an adjustment (Adjustment A), which ensures the same amount of pre-2008 debt liability is written down as previously. This is a prudent approach as it ensures that taxpayers are not being charged for a higher level of debt liability.

2.3. The current method for calculating MRP for unsupported borrowing is the annuity method over the individual asset's useful life.

2.4. Link have carried out extensive research on current MRP policies in England and have observed that the annuity method of calculating MRP is used by over 60% of Authorities throughout the country. The annuity method is also one of the government's standard approaches to setting the MRP using either the asset life or weighted average asset life methodology.

2.5. Link have suggested that an alternative annuity method which calculates asset lives on a weighted average basis would have the benefit of a reduction in MRP charges in the near term. It is considered that this option is as prudent as the current policy since the asset lives currently being used will not be changed.

2.6. Officers are proposing that the Council implements this option – the MRP savings for the first 5 years, in relation to the unsupported (pre 2008) position, is shown below, and the full financial impact of the proposed change across the whole Capital Financing Requirement (underlying need to borrow) is provided in Appendix B.

Unsupported borrowing:

Year	**Original charge** **£'000**	**Revised charge** **£'000**	**(Saving) / Cost** **£'000**
2023/24	1,145	588	(557)
2024/25	1,176	617	(559)
2025/26	1,207	647	(560)
2026/27	1,240	678	(561)
2027/28	1,273	711	(562)
5y TOTAL			**(2,800)**

2.7. The main advantages of the change in policy are:

- The weighted average method of calculation for unsupported borrowing is a much simpler calculation than the current method, providing for more concise and user-friendly working papers.
- The MRP charges in the near term will be reduced.
- It is as prudent as the current policy since the asset lives currently being used will not be changed.
- The overall impact on a net present value basis is a £4.6m benefit

2.8. Main disadvantages of the changes in policy:

- The proposed changes will lead to a higher Capital Financing Requirement than under the Authority's current MRP policy; this might be interpreted as an increase to the council's level of indebtedness.
- The repayment period is slightly extended (by 2 years)

2.9. It is important to note that this change in calculating the MRP does not affect the level of actual external debt which is determined by reference to the council's overall cash position. The Capital Financing Requirement (CFR) is a determination of the council's underlying need to borrow that increases where capital expenditure which is not funded by capital receipts, grants or revenue contributions must therefore be funded by borrowing. The CFR reduces by the annual amount of the CFR or where a decision to pay down the CFR is taken – for example by applying capital receipts or other non-borrowed sources of finance.

2.10. The current MRP policy for third party loans is not to provide MRP on loans where there is an agreed repayment plan. It is likely that this will not be permitted under regulations further drafts of which were provided on 22 December 2023 and are currently being evaluated. If such a change were made MRP would be payable on all external loans to third parties such as Norwich Preservation Trust and the council's wholly owned companies. Any required changes as a result of changed regulations will be included in the council's final budget papers.

2.11. The regulations allow the Authority to review its policy every year and set a policy that it considers prudent at that time. The impact of a revised MRP policy will be kept under regular review to ensure that the annual provision is prudent.

3. Implications

Financial and Resources

3.1. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget. This report is to support a decision which will change the way that resources are used to enable the repayment of borrowing.

3.2. The impact of the changes will reduce the level of resources provided in the early years of the policy and increase those in later years. The Chief Finance Officer is clear that the proposed approach remains prudent. The Treasury Management committee considered and approved the proposed changes at their November 2023 meeting.

3.3. Overall, at today's prices the benefit is £4.6m (Appendix B).

Legal

3.4. The Council must have regard to the provisions of the Treasury Management code of practice when undertaking and reporting on its treasury activities. The requirement for Council to approve its Treasury Management Strategy and to receive reports, on its treasury management performance, are requirements of the Code of Practice.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	None
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None
Environmental Impact	None

Risk Management

3.5. Managing risk is a major part of treasury management activity. Statutory limits, indicators and policies are in place to reduce the level of risk including that levels of borrowing must be affordable.

Risk	Consequence	Controls Required
Future interest rate changes can offer both opportunity and risk.	Future loan interest rate changes need to be assessed against the cost of borrowing and the council's ability to fund expenditure from its own cashflows (internal borrowing).	To mitigate the risk, we will work closely with our treasury advisors to review interest rate forecasts to assess when we should borrow.

Other Options Considered

3.6. The approach to making a MRP could remain as it currently is or the council could adopt other approaches either suggested by the government or other prudent approaches.

3.7. As part of their review Link discussed other approaches and techniques which were not considered to be as appropriate or did not deliver the overall savings as those recommended.

Reasons for the decision/recommendation

3.8. To ensure the treasury management committee and Council are kept informed of treasury activity in line with the Financial Regulations.

3.9. The report recommends a change to the council's approach to providing a MRP which has a positive impact on the council's overall finances particularly in the short term.

Background papers: None

Appendices:

Appendix A – MRP policy statement

Appendix B – Impact of proposed changes

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IN TRAN communication for all	If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.

Appendix A - Minimum Revenue Provision (MRP) Policy Statement 2023-24

Council is recommended to approve the following:

- The Authority's MRP policy has been amended for 2023/24 following a comprehensive review of MRP charges and methodology. This updated policy reflects the new MRP calculation methods proposed to be implemented.
- For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation and will take account of the regulatory calculated Adjustment A.
- Unsupported borrowing will be subject to MRP under option 3 of the guidance (Asset Life Method). MRP will be based on the estimated life of the assets in accordance with the statutory guidance using the annuity method, calculated on a weighted average basis.
- MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset lives as recommended by the statutory guidance.
- The interest rate applied to the annuity calculations will reflect the market conditions at the time, and will for the current financial year be based on PWLB annuity rates.
- Where applicable, repayments included in annual PFI or finance leases are applied as MRP.
- MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory minimum revenue provision (MRP), i.e. voluntary revenue provision or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The amount of VRP overpayments up to 31st March 2023 was £1.300m.
- MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.
- For capital loans to third parties the MRP policy is not to provide MRP on loans where there is an agreed repayment plan.

Appendix B – MRP Policy change full calculations – Unsupported borrowing

Financial year	**Current repayment £'000**	**Revised repayments £'000**	**(Reduction)/ cost £'000**	**NPV £'000**
2023/24	1,145	588	(557)	(538)
2024/25	1,176	617	(559)	(522)
2025/26	1,207	647	(560)	(506)
2026/27	1,240	678	(561)	(489)
2027/28	1,273	711	(562)	(473)
2028/29	1,307	746	(561)	(457)
2029/30	1,342	782	(560)	(441)
2030/31	1,379	820	(559)	(424)
2031/32	1,370	860	(510)	(374)
2032/33	1,344	902	(442)	(313)
2033/34	1,381	945	(436)	(298)
2034/35	1,419	991	(428)	(283)
2035/36	1,459	1,039	(419)	(268)
2036/37	1,499	1,090	(409)	(253)
2037/38	1,541	1,143	(398)	(237)
2038/39	1,584	1,199	(385)	(222)
2039/40	1,628	1,257	(371)	(207)
2040/41	1,673	1,318	(355)	(191)
2041/42	1,720	1,382	(338)	(176)
2042/43	1,768	1,449	(319)	(160)
2043/44	1,789	1,519	(269)	(131)
2044/45	1,839	1,593	(245)	(115)
2045/46	1,890	1,671	(220)	(100)
2046/47	1,944	1,752	(192)	(84)
2047/48	1,999	1,837	(161)	(68)
2048/49	2,055	1,926	(129)	(53)
2049/50	2,088	2,020	(68)	(27)
2050/51	2,147	2,118	(29)	(11)
2051/52	2,207	2,221	14	5
2052/53	2,270	2,329	59	21
2053/54	2,334	2,442	109	37
2054/55	2,400	2,561	161	54
2055/56	2,468	2,685	218	70
2056/57	2,538	2,816	278	86
2057/58	2,610	2,953	343	103
2058/59	2,400	3,096	697	202
2059/60	2,464	3,247	783	219
2060/61	2,530	3,405	875	237
2061/62	2,597	3,570	973	254
2062/63	2,667	3,743	1,077	272
2063/64	2,657	3,925	1,268	309
2064/65	2,663	4,116	1,453	343
2065/66	2,675	4,316	1,641	374
2066/67	2,493	4,526	2,033	447
2067/68	2,491	4,746	2,255	479
2068/69	2,072	0	(2,072)	(426)
2069/70	1,561	0	(1,561)	(310)
Total	**90,298**	**90,298**	**(0)**	**(4,643)**