Public Document Pack

Executive Board

Thursday, 11 March 2021
Time: 6.00 pm
Venue: Virtual
Join Here

AGENDA

Information may be provided by each Executive Member relating to their area of responsibility

1. Welcome and Apologies

2. Minutes of the Previous Meeting

Executive Board Minutes February 2021	**3 - 8**

3. Declarations of Interest

DECLARATIONS OF INTEREST FORM	**9**

4. Equality Implications

The Chair will ask Members to confirm that they have considered and understood any Equality Impact Assessments associated with reports on this agenda ahead of making any decisions.

5. Public Forum

To receive written questions or statements submitted by members of the public no later than 4pm on the day prior to the meeting.

6. Questions by Non-Executive Members

To receive written questions submitted by Non-Executive Members no later than 4pm on the day prior to the meeting.

7. Youth MPs Update

To receive an update from the Youth MPs along with any issues they would like to raise.

8. Executive Member Reports

Verbal updates may be given by each Executive Member.

Leader

Adult Services & Prevention

PART 2 – THE PRESS AND PUBLIC MAY BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEMS

Date Published: Wednesday, 03 March 2021
Denise Park, Chief Executive

EXECUTIVE BOARD
Thursday 11th February 2021

PRESENT

COUNCILLOR:	PORTFOLIO:
Councillor Mohammed Khan CBE	Leader of the Council
Councillor Julie Gunn	Children, Young People and Education
Councillor Jim Smith	Environmental Services
Councillor Mustafa Desai	Adult Services and Prevention
Councillor Vicky McGurk	Finance and Governance
Councillor Phil Riley	Growth and Development
Councillor Damian Talbot	Public Health and Wellbeing
Councillor Quesir Mahmood	Digital and Customer Services

EXECUTIVE MEMBER	NON PORTFOLIO
Councillor John Slater	Leader of the Conservative Group

ALL IN ATTENDANCE:

Zara Hyatt	Youth MP
Muhammed Bapu	Deputy Youth MP
Zainab Dassu	Deputy Youth MP

	Item	Action
1	**Welcome and Apologies** The Leader of the Council, Councillor Mohammed Khan, welcomed all to the meeting, particularly the new Deputy Youth MP, Zainab Dassu, and read out the statement explaining that this was a virtual meeting.	
2	**Minutes of the Previous Meeting** The Minutes of the Meeting held on 14th January 2021 were agreed as a correct record.	**Agreed**
3	**Declarations of Interest** There were no Declarations of Interest submitted.	
4	**Equality Implications** The Chair asked Members to confirm that they had considered and understood any Equality Impact Assessments associated with reports on the agenda ahead of making any decisions.	**Confirmed**
5	**Public Forum** No questions had been received from members of the public.	
6	**Questions by Non-Executive Members** In accordance with Part 4 of the Executive Board Procedure Rules	

	Item	Action
	for questions/statements by Non-Executive Members, the following questions/statements had been received, details of which are set out below:-	

Name of Non-Executive Member asking the Question	Subject Area	Executive Member and Portfolio
Councillor Derek Hardman	Griffin Lodge	Councillor Vicky McGurk

Councillor McGurk provided a response to the question and supplementary question arising, advising of the current budget position relating to Griffin Lodge and gave details of the insurance settlement received following the fire in 2013.

7 **Youth MPs Update**

The Youth MP and Deputy Youth MPs verbally reported on recent events and activities including :

Noted

- The appointment of Zainab Dassu as Deputy Youth MP.
- Ongoing discussions on the Mental Health of young people, which was one of the key campaign issues, both nationally and locally.
- The work of the Lancashire Youth Commission and engagement with the Police and Crime Forum on issues affecting young people.
- Attending National Young Inspectors meetings, and it was hoped that a local version could be introduced to empower young people to inspect the services they receive.
- Meetings with the Healthy Living team on initiatives to encourage healthy eating amongst people struggling with food poverty.

Members of the Executive Board thanked the Youth MPs for their update and ongoing positive work to help young people, particularly in the current challenging circumstances.

Executive Member Reports

Leader's Update

Councillor Mohammed Khan verbally reported on the current position relating to the Covid-19 pandemic and on a joint campaign with the Lancashire Telegraph to promote take up of vaccinations.

Children, Young People & Education Update

Councillor Julie Gunn verbally reported that the Lytham Road Adolescence Support Unit had retained its 'Good' rating following a recent Interim Ofsted Inspection.

	Item	Action
8.1	**Adoption Six Monthly Report 2020/21** Members received a report which the Adoption Now, Regional Adoption Agency (RAA) had compiled, with additional local information included by the Blackburn with Darwen, Service Lead. The Report detailed a summary of the period April to September 2020 with analysis, data and patterns to support service development. **RESOLVED -** That the Executive Board notes the Adoption Six Monthly Report alongside Appendix 1.	**Noted**
8.2	**Evidence Based Practice of Children's Advice and Duty Service** A report was submitted detailing the development, implementation and impact of BwD's Children's Advice and Duty Service (CADS) or "The Front Door" to Children's Services. Professor Thorpe and his team were commissioned to undertake a piece of research regarding the functioning of Blackburn with Darwen's Multi Agency Safeguarding Hub in 2019. Recommendations from the findings of this research informed the development of a new multi-agency approach and the development of CADS to determine whether children, young people and their families required a social work service. Appendix 1 detailed the background in more detail. **RESOLVED -** That the Executive Board: Notes the content of the report and endorses and recognises the impact of the implementation of CADS in BwD based on the 52 week evaluation of the model.	**Noted**
8.3	**Corporate Revenue Monitoring Report – Quarter 3 2020/21** The Executive Board received a report outlining the overall revenue financial position of the Council, highlighting any significant issues and explaining variations in the third quarter of the financial year. **RESOLVED –** The Executive Board is asked to approve: • the portfolio cash limit adjustments outlined in Appendix 1. • the Earmarked reserves position shown in Appendix 2 • the variations to revenue expenditure, as listed in Section 6, giving rise to a balance of £8.042 million in the unallocated General Fund revenue reserve.	**Approved**

	Item	Action
8.4	**<u>Corporate Capital Monitoring Report Quarter 3 2020/21</u>** Members received a report on the overall financial position of the Council in respect of the capital programme as at 31st December 2020, highlighting key issues and explaining variations. **RESOLVED -** The Executive Board is asked to approve: • to approve the revised capital programme as per Appendix 1, • to approve the variations to the programme shown in Appendix 2.	**Approved**
9.1	**<u>Creation of a Joint Venture Company and Subsequent Acquisition of former Thwaites Brewery Site Joint Venture Report</u>** A report was submitted, advising that the former Thwaites Brewery site in Blackburn Town Centre was a key strategic redevelopment opportunity of a brownfield site. Thwaites vacated the site in 2018 when the business relocated to new purpose-built premises for their brewery, offices and stables. Demolition of the brewery buildings subsequently commenced and site clearance was completed in 2020. The report recommends involvement by the Council as a minority shareholder in a new Special Purpose Vehicle (SPV) along with Maple Grove Developments Ltd (Maple Grove) as majority shareholder who had now secured exclusivity of the site from the vendors. The site was ideally located and had the potential to have a significant impact on boosting the vitality and vibrancy of Blackburn Town Centre, providing opportunities for a range of redevelopment options including land for new businesses, leisure or housing, and inward investment for the Borough. The minority shareholding by the Council would help to ensure the site was master planned and delivered in a way which maximised positive outcomes for the local area, and also allowed a holistic strategy to be developed, including the adjacent Council-owned former Blackburn Markets site and other Council assets in the area. **RESOLVED –** That the Executive Board: i. Notes the Former Thwaites Brewery site represents a key strategic redevelopment site; ii. Approves the Council to join the Special Purpose Vehicle	**Noted** **Approved**

	Item	Action
	(SPV) as a minority 49% shareholder for the purposes of acquiring the site, preparing the site for development and disposing of land parcels to 3rd parties for development;	
	iii. Approves the acquisition of Properties 2 and 3 shown on Plan A by the Council from the SPV;	**Approved**
	iv. Delegates authority to the Growth Programme Director in consultation with the Executive Member for Growth and Development to commission works such as refurbishment, repair, alteration or demolition works necessary to make Property 3 safe and bring it back into use;	**Approved**
	v. Approves the terms of the Put Option and Options to Purchase;	**Approved**
	vi. Notes the potential for the development to include a mix of commercial, leisure and residential end uses;	**Noted**
	vii. Approves a capital allocation to commit to the SPV which will be in accordance with Council's accounting framework;	**Approved**
	viii. Delegates authority to the Growth Programme Director in consultation with the Strategic Director of Place and Executive Member for Growth & Development to agree final terms for the Shareholders Agreement and legal, financial and ongoing management arrangements of the SPV;	**Approved**
	ix. Delegates authority to the Chief Executive to appoint and remove Council Directors to the SPV; and	**Approved**
	x. Notes that any further acquisitions outside of the Put Option or disposals outside of the Options to Purchase will be subject to Council approval via the usual appropriate mechanisms.	**Noted**
	AT THIS STAGE OF THE PROCEEDINGS THE PRESS AND PUBLIC WERE EXCLUDED FROM THE MEETING.	
11.1	**<u>Creation of a Joint Venture Company and Subsequent Acquisition of former Thwaites Brewery Site Joint Venture Report</u>**	
	Further to the report submitted at Agenda Item 9.1, an additional report was submitted, containing commercially sensitive information.	
	RESOLVED- That the Executive Board: i. Notes the Former Thwaites Brewery site represents a key	**Noted**

	Item	Action
	strategic redevelopment site;	
	ii. Approves the Council to join the Special Purpose Vehicle (SPV) as a minority 49% shareholder for the purposes of acquiring the site, preparing the site for development and disposing of land parcels to 3rd parties for development;	**Approved**
	iii. Approves the acquisition of Properties 2 and 3 shown on Plan A by the Council from the SPV;	**Approved**
	iv. Delegates authority to the Growth Programme Director in consultation with the Executive Member for Growth and Development to commission works such as refurbishment, repair, alteration or demolition works necessary to make Property 3 safe and bring it back into use;	**Approved**
	v. Approves the terms of the Put Option and Options to Purchase;	**Approved**
	vi. Notes the potential for the development to include a mix of commercial, leisure and residential end uses;	**Noted**
	vii. Approves a capital allocation to commit to the SPV which will be in accordance with Council's accounting framework;	**Approved**
	viii. Delegates authority to the Growth Programme Director in consultation with the Strategic Director of Place and Executive Member for Growth & Development to agree final terms for the Shareholders Agreement and legal, financial and ongoing management arrangements of the SPV;	**Approved**
	ix. Delegates authority to the Chief Executive to appoint and remove Council Directors to the SPV; and	**Approved**
	x. Notes that any further acquisitions outside of the Put Option or disposals outside of the Options to Purchase will be subject to Council approval via the usual appropriate mechanisms.	**Noted**
	Signed at a meeting of the Board on 11th March 2021 (being the ensuing meeting on the Board) Chair of the meeting at which the Minutes were confirmed	

DECLARATIONS OF INTEREST IN

ITEMS ON THIS AGENDA

Members attending a Council, Committee, Board or other meeting with a personal interest in a matter on the Agenda must disclose the existence and nature of the interest and, if it is a Disclosable Pecuniary Interest or an Other Interest under paragraph 16.1 of the Code of Conduct, should leave the meeting during discussion and voting on the item.

Members declaring an interest(s) should complete this form and hand it to the Democratic Services Officer at the commencement of the meeting and declare such an interest at the appropriate point on the agenda.

MEETING: **EXECUTIVE BOARD**

DATE: **11TH MARCH 2021**

AGENDA ITEM NO.**:**

DESCRIPTION (BRIEF):

NATURE OF INTEREST:

DISCLOSABLE PECUNIARY/OTHER (delete as appropriate)

SIGNED :

PRINT NAME:

(Paragraphs 8 to 17 of the Code of Conduct for Members of the Council refer)

EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Children, Young People and Education
LEAD OFFICERS:	Strategic Director of Children's and Education (DCS)
DATE:	11th March 2021

PORTFOLIO(S) AFFECTED: All

WARD/S AFFECTED: All

KEY DECISION: N

SUBJECT:

Fostering Service Report for Quarter 3 period 1st October to 31st December 2020

1. EXECUTIVE SUMMARY

This report provides information on the management and performance of the Local Authority's Fostering Service and is revised each quarter. This report alongside Appendix 1, provides analysis of the period October to December 2020, and reflects upon data and any patterns within the Service to determine development and progress. This report also outlines how the Service has responded to the COVID-19 pandemic.

2. RECOMMENDATIONS:

That the Executive Board notes the Fostering Service Report for Quarter 3, alongside the Appendix 1 report for further Service delivery information. The Board to also note the detail in relation to the Fostering Friendly Employer programme.

3. BACKGROUND

The Fostering Service Regulations 2011 and the National Minimum Standards for Fostering Services requires that the Council Executive:

a) Receive written reports on the management, outcomes and financial state of the Fostering Service every 3 months;

b) Monitor the management and outcomes of the services in order to satisfy themselves that the service is effective and is achieving good outcomes for children;

c) Satisfy themselves that the provider is complying with the conditions of registration.

The report has been written to address the areas identified above. It will be taken into account by OFSTED when inspecting the service.

2. KEY ISSUES & RISKS

This report and Appendix 1 outlines how the Fostering Service has continued to respond to the Covid-19 pandemic in terms of Service delivery and implementing new, virtual methods of working with foster carers, while supporting placements at this vulnerable time.

- Children in our Care Teams, Fostering and Safeguarding Teams have continued to work collaboratively to 'RAG' rate placements in order of priority throughout Quarters 1, 2 and 3. The aim is to identify additional support needs and to offer enhanced communication with foster carers to promote placement stability during the pandemic. Priority risk assessments for children, young people, foster carers and residential carers has continued throughout the pandemic.

- Placement visits and assessment visits continued throughout the Tier 4 period and continue to be undertaken for the most vulnerable placements, alongside additional support from REVIVE from a therapeutic and emotional well-being perspective. A large proportion of virtual support visits and calls were maintained certainly for those foster carers who were shielding or at higher risk. The Fostering Service increased support calls for those who requested this, or were risk assessed as requiring this.

- The number of males in our care remains the highest gender group, with a consistent pattern each Quarter of the 11-15 years age group being the most significant and more challenging in terms of sufficiency to identify long-term placements. Teenage placements of both genders, as last Quarter, remain the most consistent in terms of challenging to place young people, and the most difficult to identify such placements within fostering both in-house and on a national scale. This has been a constant trend over the past 12 to 18 months.

- There has also been some more frequent movement for a number of teenagers with mental health needs over Quarter 3, having seen several foster placement moves before they have perhaps moved into residential care due to their high level of need. The Service works closely with our Psychologists and Mental Health Practitioner from REVIVE in order to assess and offer therapeutic support in a timely manner to this teenage cohort, and supporting foster carers and our in-house residential staff at the same time with practical strategies to try to prevent placement disruption. Having the support and intervention of REVIVE, with two newly appointed Psychologists, has been beneficial when accessing priority assessments and therapeutic support for teenagers without delay.

- Almost a year into the Covid-19 pandemic, it is more evident that placements are harder to identify for certain age groups. Our foster carers in the main have shown resilience and have been proactive in asking for, and accepting help, over the past 9 months.

- The REVIVE Service is a partnership between Blackburn with Darwen Borough Council's Children's Services and East Lancashire Hospital Trust to provide emotional health support for children known to the Local Authority and is based at Duke Street. REVIVE delivers consultation to Foster Carers, training and direct intervention for emotional health and well-being. There were a total of 31 recorded referrals to the Revive team received in the third quarter; 5 in October; 17 November; 9 in December and 11 of these were from the Assessment and Safeguarding Teams, 20 were referred from social workers working with Children in Our Care. Over this period Revive offered 37 consultations to professionals and carers.

- The main event during this Quarter was the Celebration of Achievement of Children in our Care and Care Leavers. Considering this was the first time the event was held virtually, it was proven to be very successful. Attendance was high and there were performances from 2 young people. All students received a £20 voucher and also meal vouchers to celebrate their successes. The event albeit different this year, was equally as well received and enjoyed by all.

- In December 2020, Leaving Care launched Christmas gift hampers for care leavers, requesting donations from Council employees and partner agencies to donate to this group of young people. The response was overwhelming and the hampers were extremely well received. Likewise, in partnership with Witton Park School, Christmas food parcels were also donated and gratefully received and enjoyed. The Care Leavers Forum was also attended this Quarter by Councillor Gunn and our Head of Service for Corporate Parenting and this was well-attended virtually encouraging young people to share their views and contribute towards Service development.

- This Quarter saw the new Nightsafe at Whalley New Rd commission commence, offering greater placement choice in the Borough for young people over 16 years who require semi-independent living. There still remains a considerable number of our Looked after Children cohort placed within in-house foster placements at 129, with 50 placed with agency foster carers.

- The Fostering Network host a programme to encourage employers to support fostering, in particular, foster carers and their rights. The scheme supports employers to put in place a HR policy which includes flexible working, paid leave for training and panel attendance, and paid leave for settling a child into placement for example. Blackburn with Darwen Fostering Service are enthusiastic to apply for this initiative and roll this out across the Council. There is a HR policy which needs to be adopted in order to be signed up to the initiative, and going forward, Chief Executive and Council-wide sign up to this programme is the aim to promote fostering, and to encourage more of our employees to consider becoming foster carers. This process is in the early stages at present but is a key focus for 2021/22 to achieve this status.

- Blackburn with Darwen are working collaboratively with the DfE and Outcomes UK, with Lancashire, Cumbria and Blackpool as part of a 'SEED' funding bid for which a second grant has been awarded. The objective is to work as a North West cohort to address issues of recruitment, retention, how placements are commissioned in our area and also digital recruitment campaigns. This is an exciting opportunity and one which aims to enhance the number of in-house foster carers in the Borough.

3. POLICY IMPLICATIONS

No Policy implications have been identified.

4. FINANCIAL IMPLICATIONS

The Fostering Budgets are closely monitored as part of the regular portfolio review. The financial pressures facing the service have been recognised by the Council and a cash limit increase of £1.8m has been approved by Executive Board in order to address the predicted overspend.

LEGAL IMPLICATIONS

No legal implications identified.

5. RESOURCE IMPLICATIONS

No additional resource implications.

6. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

7. CONSULTATIONS

None

8. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

9. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

CONTACT OFFICER:	Ailsa Smith, , ailsa.smith@blackburn.gov.uk
DATE:	26/02/2021
BACKGROUND PAPER:	Appendix 1 Fostering Report

<u>Fostering Quarter 3 Report</u>

1st October – 31st December 2020

Executive Report

Quarterly reports to the Executive Board are a requirement of the Fostering Service to meet Standard 25.7 of the National Minimum Standards for Fostering Services. They are a key part of the documentation considered by OFSTED when conducting a Service inspection.

Introduction

Blackburn with Darwen Borough Council's Fostering Service aims to ensure that:

▪ The best foster carers are recruited for our children;

▪ All placements receive high quality support, effectively targeted according to need;

▪ Children are found permanent families without delay;

▪ Children and young people in foster care achieve the best possible outcomes.

This report will reflect how our practice and service support has been adapted in light of the Covid-19 pandemic.

Children in our Care in Foster Care

Children in our Care Teams, Fostering and Safeguarding Teams have continued to work collaboratively to 'RAG' rate placements in order of priority throughout Quarters 1, 2 and 3. The aim is to identify additional support needs and to offer enhanced communication with foster carers to promote placement stability during the pandemic. Priority risk assessments for children, young people, foster carers and residential carers has continued throughout the pandemic. The Independent Reviewing Officers also have had oversight and input into achieving placement stability, offering emotional support to our children and young people and working with Children's Social Care and Education to provide an enhanced support plan in this time of need. The RAG rating of children and foster carers has enabled the most vulnerable and fragile placements to be identified and continually supported, with intervention offered in a timely way.

Placement visits and assessment visits continued throughout the Tier 4 period and continue to be undertaken for the most vulnerable placements, alongside additional support from REVIVE from a therapeutic and emotional well-being perspective. A large proportion of virtual support visits and calls were maintained certainly for those foster carers who were shielding or at higher risk. The Fostering Service increased support calls for those who requested this, or were risk assessed as requiring this.

Quarter 2 saw the start of some placement instability and disruptions with both fostering and residential placements and this has been an ongoing area of vulnerability in Quarter 3. This was anticipated at the point of some children and young people returning to school, and also as a result of the longevity of the pandemic and its impact. There has been an steady increase of the need to commission Agency placements, but it is most important to note that the availability of foster placements saw a reduction possibly as a result of foster carers on a national scale isolating, feeling anxious about accepting new placements, and also the age of many of our foster carers placing them in the vulnerable category. It has been the case that due to Covid-19 and the impact upon Court timescales, some children have remained in foster placements longer than anticipated which has again impacted upon any movement with foster placements and availability to place new children and young people entering care. The table below reflects Quarter 3 data for children in our care who are in foster placements, and it is positive to note that the majority are placed with in-house placements as opposed to agencies.

Quarter 3 data Summary

	As at 31st Dec 2020
No of Children in Foster Care (All)	253
Placement Type	
No. children in Foster Placements (in-house)	129
No. children in Family and Friends placements	74
No. children in Foster Placements (agency)	50

The number of males in our care remains the highest gender group, with a consistent pattern each Quarter of the 11-15 years age group being the most significant and more challenging in terms of sufficiency to identify long-term placements. Teenage placements of both genders, as last Quarter, remain the most consistent in terms of challenging to place young people, and the most difficult to identify such placements within fostering both in-house and on a national scale. This has been a constant trend over the past 12 to 18 months.

Age breakdown for all CIOC Quarter 3	
0-2	39
3-6	39
7-10	45
11-15	92
16+	38

The White British ethnic group, at 82% have a significantly higher number of children in our care overall.

There are 8 children with disabilities in our care in Quarter 3, with one new placement made for this cohort of children over the past three months, which is a positive low figure and demonstrates the supportive Child in Need packages in place to prevent family placement breakdown. One child with disabilities was successfully moved from a residential placement into a long term foster placement which is a hugely positive outcome.

Placement Stability

The Department uses a definition of placement stability based on 3 or more placements in a 12 month period that is calculated on a cumulative basis over the year. The average for England is measured against the figures for 2013/14 when it was 10.7%; the comparable authority percentage for the same year was 10.1%. Since August 2017, placement stability has been deteriorating. This is not an issue specific to the Fostering Service but reflects instability for all types of placements and is an issue for Local Authorities overall. At the end of Quarter 2 the number of children and young people experiencing 3 or more placement moves was very low, at 1.8%. Quarter 3 has seen an increase month by month, with 5.8% having three plus moves at the end of December. This is still lower than the national average, but does reflect a steady increase. Reasons for this relate to parent and child assessment placements in Care Proceedings, with the child being removed and placed in foster care then eventually an adoptive placement or achieving a Special Guardianship Order for example. There has also been some more frequent movement for a number of teenagers with mental health needs over Quarter 3, having seen several foster placement moves before they have perhaps moved into residential care due to their high level of need.

The Service works closely with our Psychologists and Mental Health Practitioner from REVIVE in order to assess and offer therapeutic support in a timely manner to this teenage cohort, and supporting foster carers and our in-house residential staff at the same time with practical strategies to try to prevent placement disruption. Having the support and intervention of REVIVE, with two newly appointed Psychologists, has been beneficial when accessing priority assessments and therapeutic support for teenagers without delay.

Table reflecting 3 or more placement moves:

Year to date	Sep	Oct	Nov	Dec
LAC with 3 or more placements (cumulative)	7	16	19	22
Total no. of LAC	394	380	380	377
% Stability of LAC placements 2020/21	**1.8%**	**4.2%**	**5.0%**	**5.8%**

Almost a year into the Covid-19 pandemic, it is more evident that placements are harder to identify for certain age groups. Our foster carers in the main have shown resilience and have been proactive in asking for, and accepting help, over the past 9 months.

Disruption meetings are held for any long term matched foster placement that breaks down, and learning taken from the findings. Teenagers are another high percentage group who have three or more placements, consistently due to behavioural needs and challenges for foster carers to manage in the longer term. Changes in educational placement also impact significantly upon placement stability. It can be challenging for the young person to emotionally invest in further foster placements when the first has disrupted. This is when the Service refers to REVIVE where consultations and assessments take place to support this group of young people and their carers.

There is a focus on establishing a support package for teenagers at the point of a new placement commencing, to try to reduce the likelihood of disruption. This support may come from The SEEDS Adolescent Support Unit, with Revive intervention.

Matching and Ethnicity

There has been one non-culturally matched placement this Quarter, the young person had a pre-established relationship with the foster carer and it was felt this was a positive match. During this Quarter, there was one referral received for an unaccompanied asylum seeker believed to have travelled from Afghanistan and who spoke only Pashto. The service was able to find a positive match in an agency placement who specifically cared for young people who spoke this language.

Engagement with Children & Young People and the VOICE Group

The impact of Covid-19 has had a significant impact upon the more typical methods of engagement and participation, towards virtual methods with children and young people. While this works for many, there is still a cohort of children and young people who prefer face to face interaction and feel virtual or telephone communication does not work for them. The VOICE group is taking place virtually throughout Quarter 3. Young People met with senior leaders and discussions around corporate parenting took place, and they will also meet to discuss the Corporate Looked after Children's pledge in the coming weeks. Some small group meetings have taken place facilitated by the Fostering Support Officer and feedback has been positive at being able to hold these face to face groups to offer support and listen to young people's wishes and feelings. The Sons and Daughters Group is currently on hold due to the pandemic but will resume at the earliest opportunity.

Feedback from Children in Foster Care:

Children and young people, and foster carers, have made the following comments over Quarter 3:
'I am enjoying learning at home it is much more fun'
'We go for long walks and spend more time together at weekends'
'I preferred home schooling than being back in class!'
'I feel anxious about Covid, I just want things to be more normal again'

Foster Carer and their Birth Children:
'Family Time can be hard for us (foster carers) we worry that birth parents aren't being safe'
'S has really settled in since he came to live with us, he is like part of the family now'
'Family Time gets my mum stressed when it is face to face but we know it has to take place'

Birth Parents told us:
'Family Time is face to face again now, it was tough doing this over Skype'
'I feel like (she) is happy in her placement, she gets on well with her foster carers, they do lots of fund things'
'All the risk assessments drive me mad with Covid and seeing my son'

Promoting Children's Health, Emotional Development, Education and Leisure:

Looked After Children and young people are encouraged to participate in a variety of activities in which they can succeed and are supported in achieving better outcomes. All local Looked After Children and care leavers are provided with a Be Active card, which enables them to access free sport and leisure activities within the Borough, albeit this has been largely suspended during the pandemic. Foster carers are provided with a MAX Card, which offers heavily discounted access to a range of leisure parks and facilities around the North West. This is funded by the Fostering Service in partnership with the Foster Carer Association.

Children in foster care have regular medicals at the statutory frequency appropriate for their age. There is a Designated Nurse for Looked After Children, who takes an active role in following up health issues and assisting with health promotion work. Foster carers have a Health Passport for each child in their care, which is a record of all of the child's health details. LAC Medicals were impacted initially due to Covid-19 with some delay in Quarters 1 and 2, but there has been regular communication around this and in Quarter 3 this has started to see improvement. The impact on all medical appointments nationally has been affected. The Health Sub-Group meets bi-monthly and this enables both Health and Social Care professionals to discuss pathways and how to resolve any health related issues for looked after children and care leavers, as well as issues of concern for foster carers and also adopters. It is hoped that in Quarter 4 a foster carer representative will be identified to participate in the Health Sub-Group.

There are 8 Looked After Children in foster care, who are registered as having a disability. Foster carers are provided with the relevant training and support to meet the specific needs of the child in placement and they are able to access support from the Children with Disabilities Team with aids and adaptations, Disability Links registration and information and advice where needed.

In relation to emotional wellbeing, Looked After Children have access to Clinical Psychology and related services through REVIVE and the East Lancashire Child and Adolescent Service (ELCAS) also known as Children and Adolescent Mental Health Service (CAMHS). The REVIVE Service is a partnership between Blackburn with Darwen Borough Council's Children's Services and East Lancashire Hospital Trust to provide emotional health support for children known to the Local Authority and is based at Duke Street. REVIVE delivers consultation to Foster Carers, training and direct intervention for emotional health and well-being. There were a total of 31 recorded referrals to the Revive team received in the third quarter; 5 in October; 17 November; 9 in December and 11 of these were from the Assessment and Safeguarding Teams, 20 were referred from social workers working with Children in Our Care. Over this period Revive offered 37 consultations to professionals and carers.

In Quarter 4, the newly appointed Play Therapist will commence in post in January 2021.

In line with Standard 8 of the National Minimum Standards for Fostering Services, the Department implements a written education policy prepared in partnership with the Virtual Head Teacher and the Education Manager for Children in Our Care. The Virtual Head's role is to ensure that the educational needs of all Children in our Care are being met and that levels of achievement and aspiration among our children and young people are raised. Termly briefings are held with a group of social workers, managers and Designated Teachers and Head Teachers to consider ways to improve achievement and attainment.

The Pupil Premium allowance, previously paid to schools to support Children in our Care to achieve in school, is managed by the Virtual Head who has a system in place to administer and ensure the money is spent appropriately to enhance educational achievements. The Virtual Head quality assures all Personal Education Plans (PEPs). At the end of Quarter 2 and throughout Quarter 3, children and young people returned back into schools and this provided much needed 'normality' for many, but increased anxiety for some. There have been very close co-working relationships between the Virtual Head and the Children in our Care Teams to identify and support those vulnerable young people and their carers. RAG rating of children and placements has continued since March 2020 to help identify those who are 'red' and more vulnerable or at risk of support and intervention.

The Education Manager, where necessary, actively intervenes with Schools to promote the needs of children in Foster Care. As part of the preparation and assessment process and through the Foster Carer Agreement, Foster Carers are set a clear expectation that they will promote and support children's educational attainment. The ways in which Foster Carers meet children's educational needs are monitored through the foster carer review process and supervisory visits. Foster Carers regularly receive training around 'Promoting Educational Achievement for Children in Our Care'.

The Fostering Service send out communication to all foster carers to alert them to priority news and updates and this is done via SMS messaging and emails. The Fostering Team Manager and Senior Managers have been meeting monthly with the Foster Carer Association to ensure any concerns and queries are communicated to all.

In Quarter 3, Schools were open once more to all students and the Virtual School continued to monitor and support pupils when required. Attendance of Children in our Care continued to be very good running at 94%. The main event during this Quarter was the Celebration of Achievement of Children in our Care and Care Leavers. Considering this was the first time the event was held virtually, it was proven to be very successful. Attendance was high and there were performances from 2 young people. All students received a £20 voucher and also meal vouchers to celebrate their successes. The event albeit different this year, was equally as well received and enjoyed by all.

Transitions

Children and young people in foster care are supported to make a positive transition to adult life and Foster Carers attend training on 'Transitions' which focuses on their role in developing young people's skills to live independently, as they progress towards adulthood. The Children in Our Care Team and the Fostering Service also encourage carers and young people to consider 'Staying Put' post 18 years. The Leaving Care Service attends Reviews to discuss Staying Put with foster carers for young people aged 17 years.

The Leaving Care Service has the Investing in Children Award, and the Service was rated as 'Good' by Ofsted from the last 2017 inspection. The Leaving Care Service has achieved one Staying Put placement this Quarter, and also continues to offer supported lodgings and supported accommodation which increases choice for young people leaving foster care and residential placements in favour of semi-independence. The Nightsafe at St Silas project continues to be a valuable resource for young people and referrals continue to be managed by the Leaving Care Team. The joint commission between Nightsafe and the Local Authority commenced in Quarter 3 with a post 16 provision being established at Whalley New Road to create further supported accommodation placements for this age group 16 plus. At the end of this Quarter there were three young people in placement and they had settled in well. This is another much needed provision for our post 16 group of looked after young people, with a commitment to keeping them in the Borough with a mix of independence and support in placement.

The Leaving Care Service has eight advisors. Three advisors are working with the 16 to 18 year old age group resolving issues with accommodation, education, training and employment and Staying Put. Five advisors are providing advice and guidance to the 21 to 25 year old age group, and in addition, all advisors have a caseload of at least twenty 18 to 21 year olds for whom they provide general support.

In December 2020, Leaving Care launched Christmas gift hampers for care leavers, requesting donations from Council employees and partner agencies to donate to this group of young people. The response was overwhelming and the hampers were extremely well received. Likewise, in partnership with Witton Park School, Christmas food parcels were also donated and gratefully received and enjoyed.

The Care Leavers Forum was also attended this Quarter by Councillor Gunn and our Head of Service for Corporate Parenting and this was well-attended virtually, encouraging young people to share their views and contribute towards service development.

Children and young people with disabilities who are in our care are also referred at 17 years of age to Adult Social Care for an assessment of need prior to turning 18 years, and there is a period of twelve months for planning to be undertaken around post 18 years provision. This process prevents any delay in identifying post 18 provision for young people with specific care needs and/or specific needs for their physical living arrangements with adaptations required.

Care Planning

The Care Planning and Fostering (Miscellaneous Amendments) (England) Regulations 2015 provide a revised definition of 'permanence' for Children Looked After, including for the first time the definition of a long term foster placement. The responsibilities of the Local Authority in assessing the ability of the foster carer to meet the needs of the child now and in the future, and identifying any support services needed to achieve this are also set out. Local Authorities are required to achieve long term matching within reasonable timescales. The Regulations introduce new duties for ceasing to look after a child.

The Fostering Service

The Fostering Service is structured into three teams, including the Permanence Team, which launched on 1st July 2018. The Team completes all assessments of family members/connected persons from Child Protection to Public Law Outline pre-proceedings, and Care Proceedings, as highlighted in the Ofsted Action Plan. There are four full time Social Workers and one working four days per week. The Special Guardianship Social Worker is part time and continues to experience capacity issues due to the increasing number of Special Guardianship applications, and a review of SGO support is currently underway.

A new Supervising Social Worker in the mainstream fostering team commenced a full-time position during Quarter 3. A part-time Supervising Social Worker commenced maternity leave and this is being covered by an experienced agency worker. The mainstream team has managed several staff absences this Quarter, 3 of which were a direct result of COVID 19.

One assessing social worker has been recruited into the Permanence Team, there are no vacancies currently. All of the Permanence social workers have been undertaking home visits throughout the pandemic due to the complex nature of the assessments being undertaken for Court and kinship placements. Assessments continue to be all over the UK with the social workers needing to complete home visits to South Wales and Scotland for example. The pandemic has not prevented any assessments of potential new foster carers, family and friends carers or proposed Special Guardianship carers from taking place and this has been 'business as usual' with risk assessments and PPE in place.

It is hugely positive that the number of Special Guardianship Order applications have been almost doubled over the past 18 months, achieving positive outcomes for children and young people and securing their permanence with kinship or connected carers.

Foster Carer Recruitment and Retention

Quarter 3, in the lead up to Christmas, is always a quieter time for recruitment and this has followed suit from previous years. There was 1 fostering household approval for this Quarter, taking the current total to an approval rate so far of 9 new fostering households for Quarters 1 to 3, with an aim of another 3 approvals in Quarter 4 to take the total for the year to 12.

The bus stop campaign was launched this Quarter and has had some success with the posters below, attracting enquiries alongside the more popular recruitment channels such as Facebook and Twitter, Google ads and the Heart Radio North West advertising campaign which continues to reach a growing audience. There are monthly online recruitment sessions held and advertised via social media, which has had a varying degree of interest from potential applicants. Last Quarter there were between 5-6 applicants dialling in for the sessions, this Quarter saw a reduction in the run up to the

Christmas period. Being visible on social media and also maintaining a presence in the community continues to be the aim, albeit with the shift being more towards digital recruitment this year as a result of the pandemic.

One example of Bus Stop advertising in the Borough:

The impact of Google Ads has increased our registrations of interest overall throughout the pandemic, alongside the continued advertising on Twitter, Facebook and our Let's Foster website. Promoting our foster carer support offer has been the aim so far this year alongside a pay rise for all foster carers awarded in Quarter 2.

Blackburn with Darwen are part of the North West collaboration with Outcomes UK, successfully being awarded phase 2 of the DfE SEED funding to undertake research into digital marketing campaigns, and a focus primarily upon those children who are more challenging to place such as teenagers and larger sibling groups. Lancashire County Council, Cumbria and Blackpool are also part of this collaboration. They too have seen a decline in fostering approvals over the past 6 months. UCLAN are supporting the initiative, undertaking research into marketing strategies and campaigns that are most successful from a digital perspective, which as a Local Authority we will be keen to implement new ideas and campaigns that are recommended as being more successful in attracting foster carers.

There are currently 71 mainstream foster carer households at present for Blackburn with Darwen which is on average the annual figure each year. The Service has seen some challenges in terms of foster carers becoming Shared Lives Carers or being assessed to adopt the child in their care, which is hugely positive for the child but does by default then reduce the number of foster carers available for placements.

<u>**Fostering Friendly Employer Status:**</u>

The Fostering Network host a programme to encourage employers to support fostering, in particular, foster carers and their rights. Nearly 40 percent of foster carers combine their role with other paid work, so having a supportive employer makes all the difference. The scheme supports employers to put in place a HR policy which includes flexible working, paid leave for training and panel attendance, and paid leave for settling a child into placement for example. This encourages more employees to apply to become foster carers knowing that they have the support of their current employer, and also supports employers with an agreed programme for staff over the year as a planned approach.

Blackburn with Darwen Fostering Service are enthusiastic to apply for this initiative and roll this out across the Council. There is a HR policy which needs to be adopted in order to be signed up to the initiative, and going forward, Chief Executive and Council-wide sign up to this programme is the aim to promote fostering, and to encourage more of our employees to consider becoming foster carers. This process is in the early stages at present but is a key focus for 2021/22 to achieve this status.

Foster Carer Training

During this Quarter period, there has not been face to face foster carer training available due to the pandemic and the restrictions with indoor meetings. The Service liaised with work- force development and also responded to what the foster carers themselves have asked for in respect of specific subject training. This was opened up on a virtual platform and made available through 'Me Learning' for all foster carers to access, in order to offer a variety of mandatory and bespoke training courses to be accessed online.

From December 2020, foster carers started to access a more varied training programme. This included examples such as Safeguarding, Equality and Diversity, LGBT Awareness, Disability Awareness, Autism Awareness, Epilepsy Awareness, Diabetes Awareness, Understanding the Behaviours of Children and Young People, Eating disorders, Effective communication with Children and Families, Loss and Bereavement, Substance Misuse, Suicide prevention and Managing Continence.

Feedback received has been that foster carers are accessing these training programmes and finding the content useful, and this continues to be explored during their supervision. Foster carers have stated they are missing the face to face group sessions and completing training alongside others. Some foster carers continue to have anxieties around attending direct face to face training and prefer at this time to complete online training. The courses can be accessed at any time and are flexible.

In response to this, and for the next Quarter 4, the Service is offering virtual workshops and training sessions through MS Teams, which include; Attachment and Trauma delivered by the Psychologist from Revive, Pathway Plans; The role of a Leaving Care worker, PACE/Child Sexual Exploitation. Allegation training and a Tax workshop with The Fostering Network is also to be offered, alongside Education 'Question & Answer' sessions with the Virtual Schools Team being planned. The Fostering Service is also offering group support sessions which will take place on a monthly basis.

The Permanence Team are holding monthly support groups also for Special Guardians and family and friends carers, with guest speakers. Grandparents Plus membership is also in place until May 2021 which offers practical and emotional support to all.

Fostering Panel and Review Panel

During Quarter 3 there have been a total of 6 assessments presented to the main Fostering Panel to consider for approval. One mainstream assessment was approved and this has already provided an additional 2 placements for the service this Quarter. A further assessment was a reassessment to consider approval of a mainstream carer as a single applicant. A further 4 assessments were Regulation 24 for temporary approval of connected family and friends carers.

There were no evaluation forms received during this period and panel have considered whether alternative methods should be used to capture the feedback and experiences of attendees at panel since these have been held on a virtual platform. The panels are held via MS Teams and are now running smoothly, enabling panel to run with applicants in attendance.

The Annual Review Panel has been held due to COVID restrictions as a review of annual reports carried out by the Agency Decision Maker, as opposed to a virtual panel. Within this Quarter period, there has been a total of 24 annual reviews presented. In the next Quarter 4, it has been agreed that Annual Review Panel will resume being carried out on a virtual platform with a panel chair as per previous arrangements prior to the pandemic, to provide Supervising Social Workers and Foster Carers the opportunity to share their experiences of the last 12 months of their approval. It is not a requirement that Annual Reviews take place in panel format, but the Service wishes to continue with this format as it is not only good practice, but enables both fostering social workers and foster carers to reflect on the past year and discuss challenges, achievements and learning going forward.

Complaints

There have been no complaints during Quarter 3.

Compliments

There have been no compliments received during this Quarter 3 period.

Allegations

There has been one allegation made during this period from October to December, by a young person and this is currently still under investigation. The allegation was appropriately dealt with and the young person has since moved into an alternative placement. There has been LADO involvement.

Specific Incidents and Restraints

There have been 15 specific incident notifications received.

Bullying Reports

There has been 1 report of bullying this Quarter period. The young person placed in foster care confided in his carers that he had been a victim of bullying within school. Carers sought appropriate advice from the child's social worker and their allocated supervising social worker. Seeking further advice and guidance from the young person's school, resulted in a meeting being convened with school the young person was supported and safeguarded in school.

Serious illness and accidents

There have been 4 reports in Quarter 3, all resulted in attendance at A&E and were appropriately responded to and recorded. The children and young people were treated and have made a recovery.

Missing From Home

Quarter 3 saw 5 reports of Missing from Home involving 4 young people. All were appropriately recorded via Engage and interviews offered or had taken place with the young people safely located.

Exemptions

At the end of Quarter 3, no exemptions were in place and no new requests made.

Engagement with Foster Carers

Blackburn with Darwen has a Foster Carer Association (FCA), which did meet regularly, and has an Elected Committee. The Chair of the FCA sits on the Corporate Parenting Specialist Advisory Group. The FCA has its own website, which is used to communicate messages and news updates about events. The foster carer support group also meets regularly and is attended by the Children's Services Elected Member.

Since the pandemic in March 2020, all FCA face to face meetings have been suspended. The rising number of Covid-19 cases in the Borough, and the number of vulnerable foster carers due to health or age related reasons, has meant that support from the FCA is via phone calls, email and social media. New dates were set in Quarter 2 but the decision was made to postpone until further notice and this has been the case throughout Quarter 3 with support being via phone calls and email primarily.

The FCA have been attending virtual meetings with the Head of Service, Service Lead and Fostering Team Manager on a frequent basis to ensure any concerns and queries are addressed.

There remains a Local Authority commission in place with The Fostering Network, for advice and mediation support, which is readily accessible if and when needed by foster carers in the Borough.

There has been a need to increase communication during the pandemic on subjects such as education, school places and family time and regular SMS text message alerts and emails have been sent out to all on a frequent basis to maintain communication links in addition to what they will receive from their Supervising Social Worker. The Fostering Service also RAG rate foster carers in terms of red being those who are perhaps more vulnerable with health needs, or may require additional support.

Short Break Foster Care

There are currently 11 approved short break carers. Short break carers have been providing short term/long-term placements alongside short break support prior to the pandemic. All short breaks have been suspended, due to the carers' personal preferences and health needs of many of the short breaks carers, and there has been an understandable reluctance and anxiety about recommencing the provision of short breaks, certainly with local Covid-19 figures rising and many who are in the vulnerable category. One short break arrangement has recommenced following a robust plan. The Service continues to review short breaks provision to recommence this at the very earliest opportunity.

Commissioned Placements

There has been an increase in both Independent Foster Placements and Residential placement requests since Quarter 2 and throughout Quarter 3. The most significant challenge to date remains identifying placements for teenagers, and more specifically with mental health needs which has seen an increase once more in Quarter 3. It is evident that when placement requests are being sent out on the North West Framework for both Fostering and Residential, the number of placements being identified is at an all-time low with very little being identified. This undoubtedly creates a problem when trying to place teenagers and the Covid-19 pandemic has certainly had an impact with foster placements and carers feeling unable to accept new placements during these uncertain times. This Quarter saw the new Nightsafe at Whalley New Rd commission commence, offering greater placement choice in the Borough for young people over 16 years who require semi-independent living. There still remains a considerable number of our Looked after Children cohort placed within in-house foster placements at 129, with 50 placed with agency foster carers. The SEED funding collaboration with North West Local Authorities has enabled four Fostering Exchange Days to be held virtually, where the harder to place children and young people are presented as a profile to Independent

Fostering Agencies looking to identify long term placements. We have seen two young people placed successfully via this approach, one of whom moved from residential into a long term foster placement. Nightsafe at St Silas is also well utilised for the post 16 cohort with some positive placements and steps towards independent living made. The table below provides an overview of the type of placements commissioned at the end of Quarter 3.

Placement Type as of Dec 2020	
Adoptive Placements	19
Foster Placements (in-house)	129
Foster Placements (agency)	50
Friends & Family	74
Placed with Parents	61
Independent Living	0
Children's Homes (in-house)	5
Children's Homes (agency)	21
Secure	0
Prison/HMYOI	1
NHS	1
Residential Accom Not Subject to CH Regulations	11
Other	5
Residential School	0

Budget

Current placement pressures in-house and across the independent fostering agency landscape continue to place the commissioning budget under pressure. The Case Tracking and Commissioning Panel monitors placements and ensures that there are robust plans for those that could be brought back to in-house provision. The financial position across both of these areas is closely monitored throughout the year. Pressures for this financial year are due to the demands on the Service with the numbers of children in our care, placement sufficiency and stability. Placements for teenagers and those with complex needs are the most costly, and largely in residential or therapeutic placements.

The Local Authority are working in partnership with Health colleagues to negotiate joint funding of placements for those children and young people with significant needs, this continues on a monthly basis as part of the 0-25's commissioning panel.

New Service Priorities and Updates for 2020/21:

1. The management team will continue to monitor compliance with Fostering Regulations and National Minimum Standards and will increase the number of case file audits completed each month to support this.

2. Placement sufficiency and stability will continue to be a key area of focus, with areas for learning taken from disruption meetings and case auditing. Blackburn with Darwen are part of the cohort of North West Authorities collaboration for the DfE SEED funding and research project, which looks specifically at recruitment, retention, sufficiency and producing a Market Position Statement. The aim is to form a new local commissioning framework and hold regular Exchange Days to focus on long term matching opportunities. **Update Dec 2020: Virtual Exchange Days with three other North West Authorities will take place every 8 weeks and will place focus upon family finding. To date, three virtual events have taken place successfully. The local commissioning framework is currently an ongoing process.**

3. The Fostering Friendly Employer scheme will be outlined in Quarter 4 and presented for Chief Executive and Council-wide sign up in line with The Fostering Network programme recommendations, establishing a HR Policy that will support Council employees who are, or wish to become, foster carers. The HR Policy will be progressed for initial sign up by Council Leaders in Quarter 4.

4. Recruitment will focus upon emergency and short break foster carers, to respond to the increasing demand for urgent placements for teenagers. This will also enable a support package of short breaks to be considered for those young people who are more challenging to place and/or in fragile placements currently and will seek to assist with placement stability alongside our Revive offer.
The recruitment of foster carers will continue to be a priority and given the current climate the focus is social media and digital recruitment campaigns as well as radio advertising. **Update: The DfE Seed funding project will assist BwD and other LA's with digital marketing and recruitment for harder to place children and young people, specifically teenagers.**

5. The delivery of a comprehensive training offer will be outlined and implemented online until face to face training can resume. This will be coordinated with ME-Learning and Foster Talk, along with Nurturing Attachments training from REVIVE Psychologists for foster carers. **Update Dec 2020: as outlined in the report, an extensive Me Learning offer is now in place. Face to face training will look to resume in line with Central Government Covid guidelines and restrictions.**

6. A review of short breaks fostering will commence in Quarter 4. Alongside this review, ongoing Covid risk assessments will be carried out to try to progress with the re-introduction of short breaks working collaboratively with short breaks carers.

7. A virtual Fostering Forum will take place in March 2021.

Pamela Price
Service Lead, Placements

EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Digital and Customer Services
LEAD OFFICERS:	Strategic Director of Resources (SIRO)
DATE:	Thursday, 11 February 2021

PORTFOLIO(S) AFFECTED:	Digital and Customer Services
WARD/S AFFECTED:	(All Wards);
KEY DECISION:	**Y**

SUBJECT:

Renewal of the Councils Microsoft licence agreement for server and database licences

1. EXECUTIVE SUMMARY

This report seeks approval to enter into a new 3 year contract for Microsoft server and database licences along with the associated financial implications.

2. RECOMMENDATIONS

That the Executive Board:

1. Further to the approval of the Capital Programme at Finance Council on 1st March 2021, the Executive Board is asked to approve the reallocation of £377,000 from the earmarked ICT Capital Reserve for Microsoft licences for the Councils server and database estate.
2. Approves a revenue budget increase of £49,000 from year 2 of the agreement to offset the additional costs.

3. BACKGROUND

The Council entered into an agreement previously with Microsoft in 2018. The SCE (Server and Cloud Enrolment scheme) is the most cost effective way to cover the Councils requirement for licences on its SQL estate (database environment), server estate and also for Sharepoint. This agreement was for a three year period and is due to end on the 31st March 2021, in order to retain the software assurance on these products a new agreement is required. Pricing for the new agreement is set by government with Microsoft, the department is planning to execute the agreement with Phoenix Software Limited through the KCS framework with the supplier providing the licences at cost.

4. KEY ISSUES & RISKS

If the Council does not renew these agreements then we will be in breach of Microsoft licencing terms as software assurance is required to run the software in the current format. The Council periodically has audits from Microsoft which would pick up any licencing shortfall and would result in the Council having to purchase licences again at a much higher cost.
The new agreement will allow the Council to deploy any new versions of the software released over the term of the agreement allowing us to keep up to date with the latest software available. The agreement will fix the price of the agreement for the next three years.

5. POLICY IMPLICATIONS

The new agreement will help deliver a fit for purpose organisation by allowing the Council to deploy the latest version of any software release over the term of the agreement.

6. FINANCIAL IMPLICATIONS

Costs for the renewal are £573,760.08 which will be split into 3 equal payments of £191,253.36. The licence cost are split between capital and revenue this is due to the Council having a mix of perpetual and subscription licences and are outlined below;

Capital Costs	Annual Price	Contract Cost
Sharepoint Licences	£5,780.40	£17,341.20
Database Licences	£76,511.52	£229,534.56
Server Licences	£43,111.68	£129,335.04
Total	£125,403.6	£376,210.80
Revenue Costs		
Database Licences	£28,596.96	£85,790.88
Server Licences	£37,252.8	£111,758.40
	£65,849.76	£197,549.28

The Capital element of the cost will be met through Corporate ICT earmarked reserves. The department currently only holds an annual revenue budget of £17k for server licences which leaves a £49k shortfall. For year one the shortfall will be funded through the ICT digital reserves with this being built into the ITM&G budget from year 2.

The shortfall in the current budget is due to additional licences being required for new servers to support the Council due to the increase on demand on infrastructure as services become more digitised and the Council holds more data. Previously the Council has invested in perpetual licences which involved an upfront purchase cost and then an annual payment for software assurance. Over recent years Microsoft and Government has been driving the move to more cloud base services resulting in the difference in annual costs between perpetual and subscription licences narrowing considerably. Whereas the department would normally have purchased the licences and treated as capital expenditure the new pricing model means it is far more cost effective to have subscription licences which are treated as revenue.

7. LEGAL IMPLICATIONS

The procurement process used under the KCS framework complies with the requirements of the Council's Contract and Procurement rules and the Public Contracts Regulations 2015.

8. RESOURCE IMPLICATIONS

There are no resource implications associated with this decision.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1	☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.
Option 2	☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.
Option 3	☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

No public consultation has taken place.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

CONTACT OFFICER:	Peter Hughes, , peter.hughes@blackburn.gov.uk
DATE:	12/02/2021
BACKGROUND PAPER:	None

EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Growth and Development
LEAD OFFICERS:	Director of Environment & Operations
DATE:	Thursday, 11 March 2021

PORTFOLIO(S) AFFECTED:	Growth and Development
WARD/S AFFECTED:	(All Wards);
KEY DECISION:	**Y**

SUBJECT:
Repair and restoration of Darwen Jubilee Tower

1. EXECUTIVE SUMMARY

Darwen Tower is a Grade 2 listed octagonal Jubilee Tower which was built in 1898 by public subscription to celebrate Queen Victoria's Diamond Jubilee. The Tower is located high upon Darwen Moors and is exposed to the elements, it is in very poor condition and needs to be repaired and restored.

The Board of the Darwen Town Deal invited the Council to submit an application for funding to repair the Tower. After considering the application, the Board subsequently awarded a maximum of £225,000 towards the cost of repairing the Tower. This funding coupled with the £70,000 raised through local fund raising efforts led by Darwen Rotary and a £10,000 contribution from Blackburn with Darwen Borough Council provides sufficient funding to complete the necessary repairs to Darwen Jubilee Tower.

A procurement process is underway to select a main building contractor to repair the Tower. Five specialist historic building contractors, all of which have experience of restoring Grade 2 listed buildings, have been invited to submit a tender for the works required. The contract will be awarded in March 2021 with the successful contractor starting works on site in April 2021. There is requirement to use Lime Mortar to repoint walls of the Tower to ensure they are weatherproof and watertight. The use of Lime Mortar requires dry weather with ambient temperatures above 5oC, so whilst the works are programmed to commence in April 2021, it is weather dependent. Nevertheless, we are confident that the repair works will be completed between April and September 2021.

The repair works involves the transportation of building materials, heras fencing and scaffolding onto site. Vehicular access can only take place along Belgrave Road and along the main access track to the Tower. The main track has been ravaged by heavy rainfall and the harsh winter weather and is in a very poor condition. The Council's highways service will undertake repairs to the main access track in March 2021 to enable the building contractor to deliver the building materials and equipment to the Tower.

The Tower is located within the West Pennine Moors, Site of Special Scientific Interest (SSSI) which supports an extensive assortment of habitats and wildlife. The Council must ensure that wildlife will not be harmed by the proposed repair works with particular emphasis on the protection of Bats and of Ground Nesting Birds. The Council has commissioned an ecologist to produce a

Method Statement containing reasonable avoidance measures to ensure the protection of Bats and of Ground Nesting Birds whilst the repair works are carried out.

Planning approval in support of the works set out in this report was achieved on 21 January 2021.

2. RECOMMENDATIONS

That the Executive Board:

- Notes the contents of the report and the procurement process to appoint a main building contractor to repair Darwen Jubilee Tower.

- Approves adding the project to the Capital Programme on the basis of the funding set out below.

- Notes that the Director of Place shall award the contract following the procurement process, in consultation with the Executive Member for Growth and Development.

3. BACKGROUND

Darwen Tower is a Grade 2 listed octagonal Jubilee Tower on Beacon Hill known by the name of the town it overlooks. The Tower was built in 1898 by public subscription to celebrate Queen Victoria's Diamond Jubilee.

The location of the Tower is what makes it iconic, but it is also its weakest feature, being cited on top of a hill is wonderful for visibility but the building condition report outlines the physical deterioration that has occurred as a result of being so exposed to the elements. The roof has already been replaced twice but more difficult and less visible issues with the building also need remedial work.

In July 2020, the Council was invited to submit an application to repair Darwen Tower the Board of The Darwen Town Deal. The Board considered the application and subsequently approved a maximum contribution of up to £225,000 from the Town Deal's accelerated projects fund towards the cost of repairing and restoring the Tower.

The Town Deal funding coupled with c.£70,000 generated from fund raising led by Darwen Rotary and a £10,000 contribution from the Council will provide sufficient funding to undertake the repairs necessary to ensure the long-term sustainability of the Tower and allow this landmark to remain open to the public for future generations.

The capital works comprise of repair to the rainwater disposal system, repair to the weathering and deck of the upper observation level, repointing and consolidation of the walls, replacement of polycarbonate windows, improvements to access and installation of interpretation boards.

Given the Grade 2 listed status of the Tower, there is requirement to use Lime Mortar to repoint walls to ensure they are weatherproof and watertight. These works will need to be undertaken in dry weather with ambient temperatures above 5oC. The Council will appoint the specialist building contractor in March 2021 with the Darwen Town Deal funding fully committed by 31 March 2021. The building works will commence in April 2021 and will be completed by September 2021.

The proposed repair works involve the transportation of building materials, heras fencing and scaffolding onto site. Vehicular access must only take place along Belgrave Road and along the main access track to the Tower.

The Council's highways service will undertake repairs to the main access track in March 2021 to enable the building contractor to deliver the building materials and equipment to the Tower in April

2021. The required planning approvals in support of this scheme were secured on 21 January 2021.

4. KEY ISSUES & RISKS

Due to the sites location within the West Pennine Moors SSSI, and the requirements of the Wildlife and Countryside Act 1981 (as amended), the Council must ensure that wildlife will not be harmed by the proposed repair works.

In order to ensure wildlife is protected, the Council has commissioned an Ecologist and Bat Consultant to produce a Method Statement which contains reasonable avoidance measures to protect Bats and Ground Nesting Birds.

A scoping survey visit has been undertaken to assess Darwen Jubilee Tower for bat roosting potential and to assess the likelihood of the repair works causing disturbance to ground nesting birds. The Tower was observed to offer negligible to low potential for roosting bats, where gaps and crevices were present, they are generally shallow and exposed, therefore the presence of bats within the Tower structure is unlikely.

The Tower is located in an area of heather moorland which is considered to be optimal nesting habitat for moorland birds. However within the immediate vicinity of the Tower, there is high footfall from people visiting the Tower and the location is popular with dog walkers, with dogs commonly off the lead. For these reasons, it is considered unlikely that ground nesting is taking place on the moorlands close to the Tower.

Prior to work commencing, walkover surveys will be carried out in March/April 2021 to confirm presence/absence and location of ground nesting birds on site, both in the vicinity of the Tower and along the access track. If nesting birds are identified these will be clearly identified to contractor site managers and project managers and appropriate mitigation instigated.

Heras fencing around the tower base will be fitted with screening material, as necessary, to minimise visual impact of human activity. The screen will obscure the plant and workforce from the nesting birds. Regular monitoring of the nesting birds and young will continue for the duration of works to ensure no disturbance.

An ecologist will also be present on-site during the initial works to ensure that the operations do not cause disturbance to nesting birds and to determine if further monitoring/supervision is required.

5. POLICY IMPLICATIONS

The repairs to Darwen Jubilee Tower and installation of interpretation boards will encourage more people to walk onto the Moors and to visit the Tower. The repairs to the main track will also improve public access onto the Moors. These improvements will promote physical activity and support the Council’s commitment to increasing the health and wellbeing of residents of the Borough.

6. FINANCIAL IMPLICATIONS

A maximum budget of £305,000 has been secured for the repair of Darwen Jubilee Tower. The budget is made up of £225,000 from the Town Deal’s accelerated projects fund, £70,000 generated from fund raising led by Darwen Rotary and a £10,000 contribution from the Council.

Based on pre-tender estimates, the available funding is sufficient to undertake the necessary repairs to ensure the long-term sustainability of the Tower and allow this landmark to remain open to the public for future generations.

The tender and specification for the repair of Darwen Jubilee Tower has been placed on The Chest: North West Procurement Portal as a Restricted tender. Five specialist historic building contractors, all of which have experience of restoring Grade 2 listed buildings, have been included on the select list and have been invited to submit a tender for the works required.

Tenders that have passed the Selection stage will be evaluated to determine the most economically advantageous Tender, with 50% of the score awarded to Price and 50% of the score awarded to Quality. The procurement timetable is detailed below

Stage	Date(s)/time
Approval of procurement strategy	w/c 4 January 2021
Issue of Invitation to Tender	1 February 2021
Submission of Tenders via The Chest e tendering portal only	No later than 12 noon 26 February 2021 (deadline for clarifications is 5pm, 18 February)
Evaluation of Tenders	5 March 2021
Senior Officer/Executive member approval and decision published	12 March 2021
Notification of result of evaluation	15 March 2021
Standstill period	15 March – 24 March 2021
Expected date of award of Contract	25 March 2021

7. LEGAL IMPLICATIONS

The tender and specification for the repair of Darwen Jubilee Tower has been placed on The Chest: North West Procurement Portal as a Restricted tender in accordance with Council contract procurement procedure rules and procurement law.

Officers in the Contracts and Procurement team will review the submitted tenders to ensure the contract is awarded in compliance with procurement law. The contract shall be in a form approved by legal officers in the Contracts and Procurement team.

The Ministry of Housing, Communities and Local Government have confirmed that the Council do not need to refer the application to them as none of the Historic Amenities Societies have objected to the Listed Building consent application.

Prior to the commencement of the repair works on the Tower, it will be necessary to temporarily divert the Public Right of Way leading up to the Tower and the Public Right of Way which is located close to the Tower.

8. RESOURCE IMPLICATIONS

Officers from Environmental Services, Corporate Property Services and the Procurement Services will be involved managing and overseeing the project. The officers will be aided by JubbClews, a chartered surveyors practice accredited by the RICS in historic building conservation.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

As part of the Listed Building Consent process, the Council carried out the following consultations:

- Officers in Planning services notified:
    - Three Ward Councillors:
    - Darwen Town Council
    - Natural England
    - Historic England
    - The National Historic Amenity Societies:
        - Society for the Protection of Ancient Buildings
        - The Georgian Group
        - The Victorian Society
        - The Twentieth Century Society
        - The Council for British Archaeology
    - Lancashire Archaeology Advisory Service
    - Greater Manchester Ecology Unit

A Press Notice advertising the proposals was placed in the Lancashire Telegraph and site notices were erected at Sunnyhurst Woods, Ryal Fold and Bury Fold Lane

Commons registration Act 1965:– Council has written to the eight people listed on the register of common land who have commoners' rights over the Moors to inform them that the Council has submitted a Listed Building Consent application to restore Darwen Jubilee Tower along with a web link to the listed building consent application in full. One of the people with commoner's rights has provided feedback that ground nesting birds should be protected during the nesting season when the repair works are being undertaken.

MHCLG – The Council has consulted with the Ministry for Housing, Communities and Local Government, we have had confirmation that we do not need to refer the application to MHCLG as none of the Historic Amenities Societies have objected to the application.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

CONTACT OFFICER:	Martin Eden, Director of Environment and Operations martin.eden@blackburn.gov.uk
DATE:	12 February 2021
BACKGROUND PAPER:	

EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Finance and Governance
LEAD OFFICERS:	Director of Finance
DATE:	11 March 2021

PORTFOLIO/S AFFECTED:	Finance and Governance
WARD/S AFFECTED:	All
KEY DECISION:	**YES** ☒ **NO** ☐

SUBJECT: TREASURY MANAGEMENT STRATEGY REPORT 2021/22

1. EXECUTIVE SUMMARY

1.1 Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the Treasury Management Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

2. RECOMMENDATIONS

It is recommended that the Executive Board:

2.1 approves the proposed Treasury Management Strategy for 2021/22, detailed in Appendix 1, including the proposed Treasury Management Indicators.

3. BACKGROUND

3.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

3.2 Investments held for service purposes or for commercial profit are considered in the Capital Strategy report, approved by Finance Council in March 2021.

1. RATIONALE

4.1 The Council is required to approve a Treasury Management Strategy before the start of each financial year. It must also set Treasury and Prudential Indicators and a policy for determining a "prudent" level of Minimum Revenue Provision for repayment of debt, which is consistent with the Council's Medium Term Financial Strategy (MTFS).

5. KEY ISSUES

5.1 Working within the regulatory and professional frameworks, the Council considers and agrees an annual Treasury Management Strategy before the start of each year. This is followed up with a mid-year Strategy Review, considered alongside the Annual Outturn Report, summarising the position for the previous financial year. The key requirements for the Council are to maintain its two investment priorities, the security of capital and the liquidity of investments.

6. POLICY IMPLICATIONS

6.1 The policy implications arising from the Treasury Management Strategy are contained within the overall Budget Strategy of the Council.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications arising from the Treasury Management Strategy are also contained within the overall Budget Strategy of the Council.

8. LEGAL IMPLICATIONS

8.1 Under the Local Government Act 2003, the Council is required to have regard to CIPFA's *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.*

9. RESOURCE IMPLICATIONS

9.1 None as a direct consequence of this report.

10. EQUALITY AND HEALTH IMPLICATIONS
Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

11. CONSULTATIONS

11.1 The issues raised in this report have been discussed previously with Audit and Governance Committee and Treasury Management Group.

12. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

13. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	**1.0**

CONTACT OFFICER:	**Jody Spencer-Anforth (Ext 507748)**
DATE:	March 2021
BACKGROUND PAPER:	None

Appendix 1

TREASURY MANAGEMENT STRATEGY 2021/22

1 Introduction

1.1 The Authority both borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

1.2 Treasury risk management for local authorities is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires each authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

1.3 Investments held for service purposes or for commercial profit are considered in a different report, the Capital Strategy.

1.4 Should the assumptions on which this report is based change significantly, it may be necessary to seek approval to a revised Treasury Management Strategy. Such circumstances could include, for example, a large unexpected change in interest rates, or in the Authority's capital programme or in the level of investments made or borrowing required.

2 Economic Context, Credit Outlook and Interest Rates

2.1 The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.

2.2 The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

2.3 UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

2.4 GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

2.5 GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

2.6 The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

2.7 Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

2.8 The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

2.9 Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

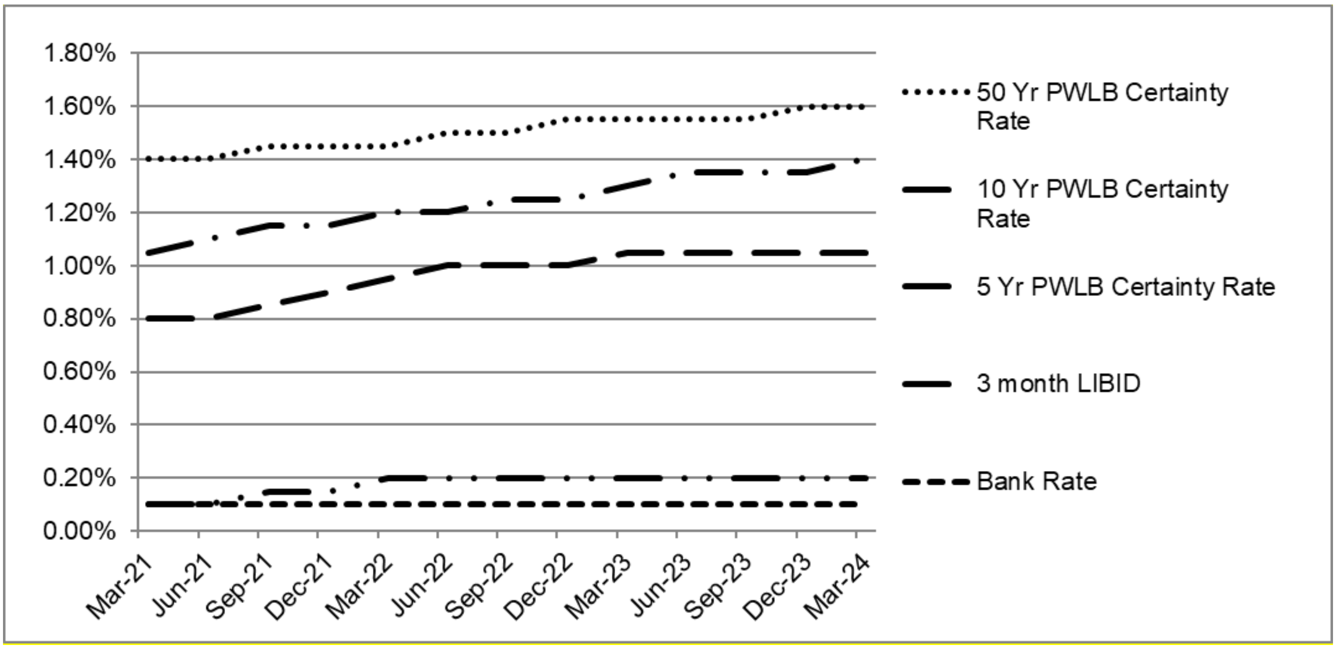
2.10 The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

2.11 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

2.12 The Council's latest interest rate forecast, reflecting advice from Arlingclose, is shown below.

The PWLB rates relate to potential long-term borrowing, and the LIBID (London Interbank Bid Rate) to short-term borrowing and investment.

This is a realistic view of potential rates, however it must be recognised that downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period comes to an end.



For the purpose of setting the budget for 2021/22, it was assumed that:

- any new investments would be at low rates, averaging around 0.05%,
- short-term borrowing would be available at an average of around 0.75% and
- new long-term loans would be available, if required, at rates around 1.50%.

3 Borrowing Strategy

3.1 At the end of December 2020 the Council held around £308.1M of borrowing:

Table 1: Existing Debt and Investment Portfolio Position

	£m
Short-Term Debt – maturing 20/21	41.0
Short-Term Debt – maturing 21/22	43.3
Long-Term Debt	147.8
Lancashire County Council (LCC) Debt	14.0
Debt re PFI Arrangements	62.1
Gross Borrowings	**308.1**
This was offset by investments of:	66.4
Net Borrowing (gross borrowing less investments)	241.7
Net Borrowing (if LCC and PFI debt are excluded)	**165.6**

3.2 The Council's CFR (Capital Financing Requirement) is the key measure of the Council's borrowing **need** in the long term. It is

the accumulated need to borrow **to finance capital spend** (not funded from grants, etc.)

LESS the accumulated Minimum Revenue Provision (MRP) charges already made - councils must make a prudent MRP charge in their accounts, to finance their debt –

LESS any capital receipts applied to finance outstanding debt.

The CFR tends to increase if capital spend financed from borrowing exceeds MRP.

3.3 Forecast changes in CFR and borrowing needs are shown in the table below:

Table 2: Balance Sheet Summary and Forecast

	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	300.7	299.3	301.5	295.0	291.8
Less: CFR re Other debt liabilities *	-84.8	-84.5	-84.2	-83.8	-83.4
Loans CFR	**215.9**	**214.8**	**217.3**	**211.2**	**208.4**
Less: External borrowing **	-149.9	-145.7	-141.8	-138.2	-134.9
Internal borrowing	**66.0**	**69.1**	**75.5**	**73.0**	**73.5**
Less: Usable reserves ***	-41.6	-58.7	-53.2	-50.2	-48.2
Plus/Minus: Working capital	2.2	16.6	-6.4	-6.7	10.9
Remaining Net borrowing NEED	**26.5**	**27.1**	**16.0**	**16.1**	**36.3**

Net borrowing NEED addressed by		
Short Term borrowing	**84.0**	**78.3**
Treasury Investments	**-57.5**	**-51.2**

* CFR regarding PFI liabilities and transferred debt that form part of the Council's total debt
** only loans to which the Council is committed over the longer term
*** includes schools balances and grants received in advance of need

The Council's usable reserves and working capital allow less borrowing to be taken than would otherwise be required. This is sometimes termed internal borrowing.

The Council's "Loans CFR" initially increases, due to the levels of prudential borrowing under its Capital Programme plans. Thereafter, unless the level of prudential borrowing is increased beyond current plans, it will start to fall in later years, as the level of MRP being made would then be larger than the increase in CFR resulting from additional spend financed from borrowing.

3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that total debt should be lower than the highest forecast CFR over the next three years. The Council expects to comply with this recommendation during 2021/22.

3.5 The authority will continue to need to take borrowing in support of funding its capital programme. The chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

3.6 Given the significant cuts to public expenditure and in particular to local government funding, the proposed borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council can reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

3.7 The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

3.8 The Authority has previously raised much of its long-term borrowing from the PWLB, but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; if the Council was to undertake such activities, alternative long term funding options would need to be explored. It is likely that this would take longer to arrange, and the process would require additional resources to complete. The interest rates at which such borrowing could be obtained are uncertain but may be at rates higher than those currently available from the PWLB.

3.9 One alternative option is that the Council may arrange forward starting loans during 2020/21, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. The authority will continue to maintain a flexible approach to borrowing.

3.10 In addition, the Council may take further short-term loans to cover cash flow requirements.

3.11 The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Lancashire County Council Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised much of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, which may be available at more favourable rates.

3.12 **Debt Rescheduling**: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

3.13 The Council still has £13M of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £8M of these LOBOs have options which may be exercised during 2021/22, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority may take the option to repay LOBO loans at no cost if it has the opportunity to do so. It is not currently expected that the Council will take any further LOBO loans - however in order to allow for some flexibility, the Council will limit its total exposure to LOBO loans to £25M.

3.14 The UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. Blackburn with Darwen BC was one of a number of local authorities investing in the Agency to help to establish it. It issues bonds on the capital markets and lends the proceeds to local authorities.

This is a more complicated source of finance than the PWLB for two reasons:

(a) borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and

(b) there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

Any decision to borrow from the Municipal Bonds Agency will be subject to a separate report to Executive Board.

4 Treasury Investment Strategy

4.1 On a day-to-day basis the Council can hold significant surplus funds representing income received in advance of expenditure requirements, in addition to balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged from £20 million to £110 million, reflecting in particular the profiles of capital spending, grant funding, short-term borrowing levels and long-term debt repayments. Treasury investment levels are expected to reduce over the forthcoming year.

4.2 Both the CIPFA Code and the MHCLG Guidance require the Council to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investments before seeking the highest rate of return, or **yield**. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving low investment income. Where balances are expected to be invested for more than one year, the Council will try, whilst balancing the above, to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

4.3 The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

4.4 The Council uses a cash flow model to determine the period for which funds may prudently be committed. The forecast is compiled on a prudent basis, to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Furthermore, a prudent level of funds is maintained in ‘instant access’ investments, to cover most likely eventualities. However to mitigate risk further, it is possible to borrow funds to cover short-term needs.

4.5 The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

4.6 Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into secure higher yielding asset classes during 2021/22. This is especially the case for amounts estimated to be available for longer-term investment. All of the Authority’s surplus cash is currently invested in short-term unsecured bank deposits and money market funds along with fixed term deposits with other local authorities and the Debt Management Office (DMO). This diversification will represent a change in strategy over the coming year, however the security of the investments will be the primary consideration in line with the measures outlined below.

4.7 In order to prioritise the security of investments, the Council sets limits on the amounts placed with different institutions and as to the duration of the investment. This is to maintain a diversified investment portfolio and to align amounts and durations of investments to the perceived risks associated with different counterparties.

4.8 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

4.9 The Council uses credit ratings from all the three main rating agencies (Fitch Ratings Ltd, Moody’s Investors Service Ltd and Standard & Poor’s Financial Services LLC) to assess the risk of loss of investments. The lowest available credit rating will be used to determine credit quality. In order to make the limits straightforward to manage, limits are based on the Long-term ratings, as these ratings are those that address credit risk directly. Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade.

The ratings are obtained and monitored by the Council’s Treasury Advisers, Arlingclose, who will notify the Council of changes as they occur.

4.10 Credit ratings are a significant factor in assessing the creditworthiness of organisations however the Council understands that they are not perfect predictors of investment default. Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the specified criteria.

4.11 Investment limits are applied at the point at which new investments are made. They are set at cautious levels, allowing for the fact that circumstances may change while investments run their course

It is proposed that if the investment criteria for a counterparty are no longer met, then:

- no new investments will be made,
- any existing investments that can be recalled at no cost will be recalled and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

4.12 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch"), so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Where a credit rating agency awards a different rating to a particular class of investment instrument as opposed to the credit rating of the counter-party as a whole, the Council will base its investment decisions on the instrument credit rating rather than the counterparty credit rating.

4.13 **Treasury Investment Criteria for 2021/22**

The proposed criteria are at essentially the same levels as were agreed for last year. It is proposed that the Council may invest its surplus funds with any of the counterparty types in the table immediately below, subject to the cash and time limits shown and to other limits also set out successively below.

Approved Investment Counterparties	Time Limit	Cash Limit	Sector Limit
The UK Government	50 years	Unlimited	N/A
Local Authorities* & Other Government Entities	364 days	£5M each	Unlimited
** as defined in the Local Government Act 2003*			
Banks and Building Societies – Secured			
long-term credit ratings no lower than AA- (or equivalent)	364 days	£5M each	Unlimited
long-term credit ratings no lower than AA (or equivalent)	364 days	£4M each	
long-term credit ratings no lower than A- (or equivalent)	364 days	£3M each	
Banks and Building Societies – Unsecured			
long-term credit ratings no lower than AA- (or equivalent)	9 months	£5M each	Banks – Unlimited Building societies - £6M in total
long-term credit ratings no lower than AA (or equivalent)	6 months	£4M each	
long-term credit ratings no lower than A- (or equivalent)	4 months	£3M each	
The Council's **current account banker** – provided long-term credit rating no lower than BBB- (or equivalent)	next day	£3M each	
Corporates or **Registered Providers** with long-term credit ratings no lower than A- (or equivalent)	4 months	£3M each	£5M in total
Money Market Funds			
long-term credit ratings no lower than A- (or equivalent)	N/A	£5M each	Unlimited
unrated or long-term credit ratings under A- (or equivalent)	N/A	£4M each	
Strategic Pooled Funds and Real Estate Investment Trusts (incl. money market funds)			
long-term credit ratings no lower than A- (or equivalent)	N/A	£5M each	£10m in total
unrated or long-term credit ratings under A- (or equivalent)	N/A	£4M each	

Other Investment Limits	Cash Limits
Any group or organisation under the same ownership	Group or overall limit same as would be set for parent company
Foreign Countries – limited to those with sovereign credit rating of AA+ or better (from all agencies)	£5M each
UK investments will not be limited by the UK's sovereign credit rating	
Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.	

4.14 **Government:** Loans to, and bonds and bills issued or guaranteed by, national government, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

4.15 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

4.16 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Unsecured investments with banks rated below A- (but no lower than BBB-) will be restricted to overnight deposits with the Council's Current Account bank, if applicable. A high level of monitoring of the credit-worthiness of the Current Account banker will be maintained if its ratings fall this low and this option will not be taken up if there are concerns.

In addition to investment balances, the Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be monitored and minimised, so far as practicable. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

4.17 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the government and, as providers of public services, they retain a likelihood of receiving government support if needed.

4.18 **Corporates:** this covers loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

4.19 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

4.20 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

4.21 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

4.22 **Strategy for 2021/22**

Cash flow surpluses can be considered as falling into three categories -

(a) **Short-term funds** that are required to meet cash flows occurring in the next month or so, and for which the preservation of capital and liquidity is therefore of paramount importance. Generating investment returns is of limited concern here, although should not be ignored. Instant access AAA-rated money market funds and bank deposit accounts will be the main methods used to manage short-term cash.

(b) **Medium-term funds** that may be required in the next one to twelve months will be managed concentrating on security, with less importance attached to liquidity but a slightly higher emphasis on yield. The majority of investments in this period will be in the form of fixed term deposits with banks and building societies. A spread of counterparties and maturity dates will be maintained to maximise the diversification of credit and interest rate risks.

(c) **Long-term funds** that are not required to meet any liquidity need and can be invested with a greater emphasis on achieving higher returns. Security remains fundamental however, as any losses from defaults will impact on the total return. Liquidity is of lesser concern, although it should still be possible to sell investments with due notice if large cash commitments arise unexpectedly. This is where a wider range of instruments, including structured deposits, certificates of deposit, gilts, corporate bonds and pooled funds in bond, equity and property funds, which could be used to diversify the portfolio.

The overall Investment Strategy will be to prioritise security of funds and maintain a mix of short-term (largely instant access) and medium-term investments to generate investment income as market conditions permit. As the Council expects to have funds available for long-term investment, the Council will consider its options for such funds, including potential investment in strategic pooled funds.

With short-term interest rates still significantly lower than long-term rates, due consideration will also be given to continuing to use surplus funds to defer making long-term borrowing or even make early repayments of long-term borrowing. In addition to the savings on the interest rate differential, this strategy will also reduce the Council's exposure to credit risk and interest rate risk. In the context of the borrowing strategy, it is likely that most investments will continue to be in instant access and short-term deposits, to manage the Council's liquidity.

The counterparty limits set out above, do allow for a wider range of investment opportunities to be taken up than have been used by the Council to date. Should the circumstances arise under which this would be appropriate, this would allow an increased diversification of the overall portfolio and in some instances, increase the security of investments made. The take up of any new investment opportunities will be closely managed by Officers in the Treasury Management Group, following advice given by the Council's Treasury Management Advisers.

5 Budget Implications

5.1 Excluding PFI costs (which are offset by Government grant funding), the budget for debt interest payable in 2021/22 is £6.5 million (including the interest element of payments to LCC for debt managed on our behalf), reflecting:

(a) £5.9 million interest payable, at an average interest rate of around 3.7%, on the long-term debt portfolio (forecast to average £154 million over the year),

(b) up to £0.6 million for short-term borrowing, at interest rates averaging 0.75%.

Projected investment income in 2021/22 is around £15,000, based on an average investment portfolio of circa £23 million, and interest rates averaging 0.05%.

If actual levels of investments and borrowing and/or actual interest rates differ from those forecast, performance against budget will be correspondingly different.

6 Using Derivatives

6.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

6.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

6.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

6.4 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

7 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators:

Refinancing Risk - Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk - i.e. to prevent too much debt maturing at any one time, with a risk the Council will have to refinance at the rates then prevailing. The limits for up to 24 months continue to be relaxed to allow for a higher level of short-term borrowing.

The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	50%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	30%	0%
10 years and above	95%	25%

This indicator applies to the financial years 2021/22, 2022/23, and 2023/24, from the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. Where there is a prospect that a LOBO may be called, this has been reflected in setting these limits.

Principal Sums Invested for Periods Longer than a Year

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2021/22 £M	2022/23 £M	2023/24 £M
Limit on principal invested beyond year end	7.0	5.0	3.0

The Indicators above are "standard" Treasury Management Indicators that are generally adopted by local authorities, in line with individual circumstances. These indicators have not directly addressed the key treasury priorities of Security and Liquidity, though these issues are already closely tracked throughout the year. However, working in conjunction with the Council's Treasury Advisers, options for the formal monitoring of performance in regard to these priorities remain under consideration.

Interest Rate Risk

CIPFA has withdrawn the previous recommendation for standard indicators for Upper Limits on Fixed and Variable Interest Rate Risk. Nonetheless, this Council recognises that it must have regard to the risk that fluctuations in interest rates could create an unexpected burden on its finances, and will therefore continue to monitor its exposure to Fixed and Variable Interest Rate Risk. In addition, without setting a formal limit, this Council will also monitor, on an ongoing basis, the potential impact of a 1% change in interest rates on its current borrowing and investment portfolio.

The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be:

	2021/22 £M	2022/23 £M	2023/24 £M
Upper limit on Fixed Interest rate exposures	245.3	227.4	212.6
Upper limit on Variable Interest rate exposures	108.6	100.1	93.1

8 Other Matters

Markets in Financial Instruments Directive (MiFID)

The Authority has opted up to professional client status with its providers of financial services, including advisers, brokers and some fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Director of Finance believes this to be the most appropriate status.

9 Other Options Considered

The MHCLG Investment Guidance and the CIPFA Code of Practice do not prescribe any particular treasury management strategy for local authorities to adopt.

Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

The Director of Finance, having consulted with the Executive Member for Finance and Governance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness.

EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Finance and Governance
LEAD OFFICERS:	Strategic Director of Place
DATE:	Thursday, 11 March 2021

PORTFOLIO(S) AFFECTED:	Finance and Governance
WARD/S AFFECTED:	(All Wards);
KEY DECISION:	**Y**

SUBJECT:
Public Sector Decarbonisation Scheme

1. EXECUTIVE SUMMARY

The Council has been awarded a capital grant of £2.25m from the Government's Public Sector Decarbonisation Scheme to implement energy efficiency and renewable energy schemes in the Council's estate. The report seeks approval to accept the award.

2. RECOMMENDATIONS

That the Executive Board:

Approves acceptance of the grant and to add the scheme to the capital programme for 2021/22.

3. BACKGROUND

The Public Sector Decarbonisation Scheme is a capital grant to help public sector organisations to decarbonise their estate, in particular to decarbonise heat generation. The Government's £1bn scheme was announced in October 2020 and bids invited by 11th January 2021 for schemes to be implemented by 30th September 2021.

A Low Carbon Skills Fund was launched at the same time to provide resource to purchase specialist help for scheme development where this did not exist in-house. The Council secured a grant from this fund on 9th December and commissioned Capita to assist with project development.

A bid for £2.25m was submitted on 11th January 2021. The programme comprises 10 buildings and 5 technologies:

Site	Heating	Lighting	Solar	BMS	UPS
Allocation	£792,061	£738,816	£431,794	£174,160	£116,140
Blackburn Technology Management Centre	✓	✓	✓	✓	
Eanam Wharf Business Development Centre	✓	✓		✓	
Blackburn Enterprise Centre			✓	✓	
Blackburn Leisure Centre			✓	✓	
Darwen Leisure Centre		✓	✓	✓	
Witton Park Sports Arena			✓	✓	
Blackburn Market		✓		✓	
Darwen Market		✓		✓	
Blackburn Central Library		✓		✓	
Data Centre			✓	Depot ✓	✓

Heating: Replacement of 30 year old storage heaters with heat pumps.
Lighting: Replacement of fluorescent lights with LEDs.
Solar: Installation of solar PV arrays on roofs.
Building Management Systems (BMS): Replacement of obsolete equipment and upgrading of end of life units to provide better environmental control.
Uninterrupted Power Supply (UPS): Replacement of inefficient equipment at the Data Centre.

The cost per tonne of CO_2 saved is below the threshold set by the grant. The bid has been approved on the basis of this programme and so is fixed.

The programme is expected to save 290 tonnes of carbon dioxide a year and reduce energy bills by c. £200,000 pa. The Decarbonisation Programme will contribute to the Council's Climate Emergency Declaration to be carbon neutral by 2030. It will reduce emissions from the Council's estate by around 5%.

Due to the huge volume of applications (the national programme was over-subscribed to £2.3bn) Salix Finance, the scheme administrators, negotiated a different approach with Government. Instead of a grant awarded by Salix, a S31 grant has been awarded, meaning the Council will receive the funding in advance and not in arrears. The implementation period has been extended to 30th September 2021.

Capita will project manage the technical aspects of programme delivery. The project team will comprise officers from Place and Finance. Martin Kelly, Strategic Director of Place, is the senior sponsor for the project.

As a separate point, in accepting the grant the Council commits to the preparation of a heat decarbonisation plan by September 2021. This is a welcome obligation as it will help the Council to identify and plan for the replacement of heating infrastructure to contribute to its own carbon neutral objective and prepare for changes in policy and regulation from Government. Preparation of a decarbonisation of heat plan does not commit the Council to its implementation.

4. KEY ISSUES & RISKS

The principal risk is failing to complete the programme on time. Over-runs may be negotiated with the fund administrators, but there is no guarantee of an extension being granted. Tight project management of what is believed to be a manageable programme is essential and feasible with the Project Team in place.

Programme costs are reasonably robust, given the speed of development with Salix, as they are based on quotations, market prices and specialist knowledge and the programme will be managed to ensure it remains within budget and meets its objectives. It is a condition of the grant that firm costs along with other details are supplied to Salix. Therefore there will be an opportunity to re-negotiate on the details of the programme, if this is needed. The grant allocation will not, however, be increased. The Council's carbon management programme capital allocation could be used to top-up the fund if considered necessary and or to extend programme benefits. Any such request would be the subject of a further report to the Executive Board.

Should the programme come in under budget that portion of grant would be returned to Government.

5. POLICY IMPLICATIONS

The programme helps to implement the Council's Climate Emergency Action Plan and Declaration to be carbon neutral by 2030 by reducing emissions of carbon dioxide from the Council's own estate.

6. FINANCIAL IMPLICATIONS

All capital expenditure will be met from the S31 grant from the Public Sector Decarbonisation Scheme. The Council is required to sign a grant acceptance letter.

7. LEGAL IMPLICATIONS

The expenditure of the grant will be made in accordance with the Councils Contract and Procurement Procedure Rules.

8. RESOURCE IMPLICATIONS

Time, expertise and commitment will be required from officers from Place and Finance until the project concludes.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

N/A

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

CONTACT OFFICER:	Gwen Kinloch, , gwen.kinloch@blackburn.gov.uk
DATE:	26th February 2021
BACKGROUND PAPER:	