



CABINET

25 July 2018

A meeting of the CABINET will be held on Thursday, 2nd August, 2018, 6.00 pm in Committee Room 1, Marmion House, Lichfield Street, Tamworth, B79 7BZ

A G E N D A

NON CONFIDENTIAL

1 Apologies for Absence

2 Declarations of Interest

To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.

When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.

3 Minutes of Previous Meeting (Pages 5 - 8)

4 Update from Chair

5 Question Time:

To answer questions from members of the public pursuant to Executive Procedure Rule No. 13

6 Matters Referred to the Cabinet in Accordance with the Overview and Scrutiny Procedure Rules

- 7 Budget and Medium Term Financial Planning Process 2019/20** (Pages 9 - 24)
(Report of the Leader of the Council)
- 8 Invitation of Tenders for Refurbishment of Castle Ground Toilets** (Pages 25 - 44)
(Report of the Portfolio Holder for Culture and Operational Services)
- 9 Annual Report on the Treasury Management Service and Actual Prudential Indicators 2017/18** (Pages 45 - 64)
(Report of the Portfolio Holder for Assets and Finance)
- 10 Write offs - 01.04.18 to 30.06.18** (Pages 65 - 72)
(Report of the Portfolio Holder for Assets and Finance)

11 Exclusion of the Press and Public

To consider excluding the Press and Public from the meeting by passing the following resolution:-

“That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public”

At the time this agenda is published no representations have been received that this part of the meeting should be open to the public.

- 12 Upgrade of Capita Payment System** (Pages 73 - 94)
(Report of the Portfolio Holder for Assets and Finance)

Yours faithfully



Chief Executive

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors: D Cook, R Pritchard, J Chesworth, S Claymore, S Doyle and
M Thurgood.

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**MINUTES OF A MEETING OF THE
CABINET
HELD ON 5th JULY 2018**

PRESENT: Councillor D Cook (Chair), Councillors R Pritchard (Vice-Chair), J Chesworth, S Claymore, S Doyle and M Thurgood

The following officers were present: Sushil Birdi (Senior Policy and Delivery Officer), Matthew Bowers (Assistant Director Growth & Regeneration), John Day (Corporate Performance Officer), Anica Goodwin (Executive Director Organisation) and Tina Mustafa (Assistant Director Neighbourhoods)

13 APOLOGIES FOR ABSENCE

No apologies for absence were received.

14 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 14th June 2018 were approved and signed as a correct record.

(Moved by Councillor Robert Pritchard and seconded by Councillor Steven Claymore)

15 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

16 QUESTION TIME:

None.

**17 MATTERS REFERRED TO THE CABINET IN ACCORDANCE WITH THE
OVERVIEW AND SCRUTINY PROCEDURE RULES**

None.

18 QUARTER FOUR 2017/18 PERFORMANCE REPORT

Report of the Leader of the Council, to provide Cabinet with a performance and financial health-check. (The report was considered by Corporate Scrutiny Committee on 13th June 2018).

RESOLVED That Cabinet;
Endorsed the contents of this report.

(Moved by Councillor Daniel Cook and seconded by Councillor Robert Pritchard)

19 TAMWORTH LOCAL PLAN REVIEW UPDATE

Report of the Portfolio Holder for Heritage and Growth to update Cabinet on the progress of the Tamworth Borough Council Local Plan 2006-2031 and the application of policies SS1 the Spatial Strategy for Tamworth and EN2 Green Belt. To seek approval not to proceed with the requirement of policies SS1 and EN2 to undertake an early review of the Local Plan.

RESOLVED That Cabinet;

- Noted the information in the report
- Resolved that an early review of the Local Plan is not required for the reasons set out in the report.
- Resolved that a Green Belt Review is not required at present.
- Approved commencement of a review of the Local Plan in 2018/19 in readiness for a potential examination in 2020 with a view to adopting a new local plan in 2020/21 to run for the period 2020-2036
- Agreed a future report is presented to Cabinet detailing the arrangements and agreements to meeting Tamworth's unmet housing and

employment needs.

- Agreed the current Local Development Scheme 9 (LDS) be revised in view of the decisions outlined in this report and that a LDS 10 be presented to a future Cabinet meeting for approval
- Agreed That the Statement of Community Involvement be revised in accordance with new government guidance and a draft document is submitted to Cabinet at a future meeting for approval prior to consultation being undertaken

(Moved by Councillor Steven Claymore and seconded by Councillor Daniel Cook)

20 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That members of the press and public be now excluded from the meeting during consideration of the following item on the grounds that the business involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

(Moved by Councillor Daniel Cook and seconded by Councillor Robert Pritchard)

21 ARRANGEMENTS FOR THE COUNCILS 24HOUR COMMUNITY ALARM SERVICE

Report of the Portfolio Holder for Housing and Neighbourhood Services

RESOLVED: That Cabinet approves the Officers recommendations as contained within the report.

(Moved by Councillor Michelle Thurgood and seconded by Councillor Daniel Cook)

Leader

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CABINET

THURSDAY, 2nd August 2018

REPORT OF THE LEADER OF THE COUNCIL

BUDGET AND MEDIUM TERM FINANCIAL PLANNING PROCESS 2019/20

EXEMPT INFORMATION

None

PURPOSE

To seek agreement to the Proposed Budget and Medium Term Financial Planning Process for General Fund and the Housing Revenue Account for 2019/20.

RECOMMENDATION

That the proposed process for the General Fund and Housing Revenue Account Budget and Medium Term Financial Planning Process for 2019/20 be adopted.

EXECUTIVE SUMMARY

The budget setting process has faced significant constraints in Government funding in recent years - over 50% in real terms since 2010. The 4 year Local Government Finance Settlement confirmed that austerity measures are to continue with Revenue Support Grant (RSG) all but eradicated for most Councils by 2020 – and suggests that the key challenges that the Council is currently addressing are likely to become greater.

The Authority has been proactive in the design and implementation of innovative and effective measures for driving efficiency and reducing cost within the MTFS.

The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. To this end, we pledge to explore and invest in viable and sustainable methods of generating income and moving towards financial independence.

In addition, through the adoption of a 'Demand Management' operating model, the Council will have far greater control upon the alignment of services or 'supply' to the increased needs and expectations of the public or 'demand'. Key to this will be the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the 'need' but the cause, behaviours or decisions creating the need.

This approach will change the organisation and how it works; will require Members to put evidence and insight at the heart of our decision making to ensure that we are transparent about the rationale for our decisions and plans; will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

However, there remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation in 2020/21 arising from:

- The Government's **Fair Funding Review (FFR)** of the distribution methodology including:
 - changes to the needs assessment (which will determine each Council's share of the national funding for Local Government – it is likely that this will reflect the impact of Social Care demands and that funding will be redistributed to Unitary and County Councils to the detriment of District Councils);
 - treatment of relative resources (to determine how much each Council can fund locally through income from fees and charges and council tax); and
 - any transitional arrangements to protect Councils from significant reductions in funding – and the impact from their unwinding from 2021/22.
- **Spending Review 2019 (SR19)** – where the total spending allocation for Government Departments will be set – including national control totals for Local Government spending. It has already been announced that significant additional funding will be diverted to the NHS which could mean further reductions for other Departments including Local Government;
- The ongoing **review of the Business Rates Retention (BRR) scheme** – the Government announced that Councils will be able to retain 75% of business rates collected from 2020/21 rather than 100% as previously planned with work progressing on the design of the new system including the impact of 'rolling in' grants such as Housing Benefit administration and New Homes Bonus;
- The planned **reset of the Business Rates baseline** for each Council from 2020/21 and redistribution of the growth achieved since 2013 (of over £1m p.a.);
- Uncertainty over the ongoing funding for the **New Homes Bonus scheme**, local growth in housing numbers and share of the national pool (including potential increases to the 'deadweight' for which Councils no longer receive grant).

In addition, the next planned national **Business Rates Revaluation** with take effect from 2021/22 – with latest indications that the Government will also aim to introduce a **centralised system for business rate appeals** at the same time to cover future changes arising from the 2021 valuation list.

While we are aware of these forthcoming changes, little to no information is available on the potential impact for individual Councils' finances.

A summary of the indicative Government timetable for the reviews is shown below:

Date	Issues
May 2018	Risk and gearing; appeals and loss payments; updates on Pool prospectus; update on FFR consultation.
July 2018	Resets and measuring growth; Revaluation; BRR transitional arrangements; Pooling; FFR – structure of needs assessment, treatment of relative resources, principles for transitional arrangements.
Oct 2018	Overall short term package and future reform; update on SR 2019; Potential consultation on BRR Baseline reset.
Early 2019	Technical BRR consultation and links to FFR; SR 2019 emerging issues; Potential consultation on BRR Baseline reset.
Mid 2019	Results of consultations (hopefully); SR 2019 emerging issues.
Later 2019	Indicative impact of systemic changes potentially this late
Late 2019 / Early 2020	Provisional Local Government Finance Settlement detailing impact for Councils

We will therefore need to consider the approach to forecasting and planning for these uncertainties balancing the risk to the MTFS against the need for savings and potential service reductions.

Corporate Management Team (CMT) and Cabinet review the most up-to-date budget forecasts on a quarterly basis, and discuss the delivery of the planned savings to support our Medium Term Financial Strategy (MTFS) – as outlined below.

Work is continuing to mitigate the financial position in future years through:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery – online and automation (Interactive Voice Response).
A savings target of £100k p.a. has already been included within the MTFS together with reduced CRM costs of £62k p.a. from 2019/20;
- Recruitment re-justification process – where possible, temporary 12 month appointments are now only being made; there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies/looking at what we can stop doing.

We took the opportunity to increase the vacancy allowance from 5% to 7.5% by 2020/21 c. £45k p.a. year on year for the General Fund, c.£14k p.a. for the HRA (It should be noted that staffing in some services e.g. planning, are key to the delivery of the Council’s economic growth agenda and have significant demand from the public and local businesses but can also experience severe recruitment difficulties – which may lead to the use of market supplements to attract staff).

- Spend freeze – Managers have previously been required to restrict / limit spending to essential spend only (there was a £1.8m underspend in 2017/18 – although arose from windfall income, c. £1m was lower level underspends)

A review of the underspend position is planned with a view to driving out as many savings as possible;

- Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 4 to 5% p.a. (plus asset growth) including:
 - Set up of trading company to develop new income streams;
 - Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);
 - Investments in Diversified Property Funds – ***a savings target to return c.4% p.a. from £12m invested has already been included from 2019/20.***

Note: these would represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

- Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of a fund for transformation (if needed); and
- Targeted Savings – to identify potential areas for review in future years.

As part of the budget process, Policy Changes are required in order to amend base budget provision. As grant and other income levels are reducing, where increased costs are unavoidable then managers should identify compensatory savings. Where savings are identified they must be accompanied by a robust implementation plan. Robust business case templates will have to be submitted to Cabinet and CMT for all Policy Change submissions (Revenue and Capital).

The attached Project Plan at **Appendix A** lists the stages, deadlines and the responsible officers for the production of the budget and medium term financial plan. **Appendix B** contains an outline of the process whilst **Appendix C** shows the flow of key stages over the process period.

Budget Consultation

In addition to the activity planned for the Tamworth Listens process, consultation has been planned to gauge residents', businesses' and other core stakeholders' views on areas of spending or where savings could potentially be made.

The consultation, detailed at **Appendix D**, will be carried out through 3 online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector.

The online residents survey will be promoted using social networking/media sites and through email contact databases. The business survey will be promoted through business social networking sites and business email contact databases. The voluntary and community sector survey will be promoted through email contact databases.

Timetable

Significant milestones in the process, detailed at **Appendix A**, are planned as:

- a) Consultation process - results to Cabinet 8th November;
- b) Base budget and technical adjustments to Cabinet 29th November;
- c) Cabinet to consider Council Taxbase calculation on 29th November and Business Rates Forecast on 24th January;
- d) Cabinet proposals to a Leaders Budget Workshop 6th December;
- e) Provisional RSG settlement assessment to Corporate Management Team and EMT in December;
- f) Joint Scrutiny Committee (Budget) to be held on 30th January 2019;
- g) Final Budget and Medium Term Plan reports to Cabinet 21st February 2019;
- h) Budgets set at Council 26th February 2019.

It should be noted that the complexity of some of the issues and the reliance on the Government for Business Rates Retention and RSG data to report might mean that some reports have to be treated as urgent items and/or are considered at a later meeting.

Members are asked to endorse the process to be followed.

OPTIONS CONSIDERED

None

RESOURCE IMPLICATIONS

There are no financial or resource implications arising from the implementation of the Budget and Medium Term Planning Process.

LEGAL/RISK IMPLICATIONS

It is considered that a Medium Risk to the achievement of the planned timetable exists due to the potential for a delay in the:

- Provision of information from managers; and
- Publication of the Local Government Finance Settlement information for each individual authority by the Ministry of Housing, Communities & Local Government (MHCLG).

There also remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation in 2020/21 arising from the Fair Funding Review, review of the Business Rates Retention (BRR) scheme, reset of the Business Rates baseline, Spending Review 2019 and the ongoing uncertainty over the funding for the New Homes Bonus scheme - as well as other changes arising from the Government's Welfare Reform Agenda.

In addition, the next planned national **Business Rates Revaluation** with take effect from 2021/22 – with latest indications that the Government will also aim to introduce a **centralised system for business rate appeals** at the same time to cover future changes arising from the 2021 valuation list.

While we are aware of these forthcoming change, little to no information is available on the potential impact for individual Councils' finances.

The Key Risks are:

- The impact of uncertain economic conditions, following the decision to leave the EU – there is a higher level of uncertainty than in previous budget setting processes. It is suggested that, given the uncertainty, there should be a clear plan to focus on balancing the next 3 years' budget position for the General Fund (5 years for the HRA);
- The impact of the Government's **Fair Funding Review (FFR)** of the distribution methodology including changes to the needs assessment (which will determine each Council's share of the national funding for Local Government – it is likely that this will reflect the impact of Social Care demands and that funding will be redistributed to Unitary and County Councils to the detriment of District Councils);
- Achievement of the anticipated growth in business rates income – in line with the assumed baseline and tariff levels set (& subject to the impact of the planned reset in 2020/21);
- **Spending Review 2019 (SR19)** – where the total spending allocation for Government Departments will be set – including national control totals for Local Government spending. It has already been announced that significant additional funding will be diverted to the NHS which could mean further reductions for other Departments including Local Government;
- Uncertainty over the work progressing on the system for Councils to keep up to 100% (with current indications of 75%) of the business rates collected by 2020 (and the associated impact on the Council's business rates income and associated baseline and tariff levels);
- Delivery of the planned Commercial Investment and Regeneration Strategy actions and associated improved investment returns of 4%-5% p.a. arising from the investment of £24m from the capital receipt received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFS in the long term);
- The work continuing on a number of actions to address the longer term financial position;

- Uncertainty over the ongoing funding for the New Homes Bonus scheme and share of the national pool (including potential increases to the 'deadweight' for which Councils no longer receive grant) and achievement of anticipated growth in new homes within the Borough / the associated dependency on the New Homes Bonus income to address / reduce the funding shortfall for the General Fund; and
- The challenge to continue to achieve high collection rates for council tax, business rates and housing rents – in light of further austerity, economic conditions and uncertainty.

REPORT AUTHOR

Stefan Garner, Executive Director Finance, Telephone: 01827 709242

LIST OF BACKGROUND PAPERS

'Investing in the Future of Tamworth' (Tamworth Commercial Investment Strategy to Promote Growth and Regeneration) - Cabinet 16th June 2016

Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2018/19, Council 27th February 2018

APPENDICES

Appendix A

Project Plan for the Budget and Medium Term Financial Planning Process for the year 2019/20

Appendix B

Outline of the Budget and Medium Term Financial Planning Process

Appendix C

Flowchart of the Budget & Medium Term Financial Planning Process

Appendix D

2019/20 Budget Consultation

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Budget and Medium Term Financial Planning Process for 2018/19			
	Project Plan	Deadline	Responsible Officer/s
1	Review of the 2018/19 process, formulation of 2019/20 process and report, to Cabinet 2 nd August, including:	31/07/2018	Executive Director Finance (EDF)
	<ul style="list-style-type: none"> Review of potential budget issues; 	31/07/2018	EDF / Assistant Director Finance (ADF)
	<ul style="list-style-type: none"> The Budget Consultation process. 	31/07/2018	EDF / Knowledge & Performance Manager
2	Policy Changes		
	<ul style="list-style-type: none"> Circulation to Directors of provisionally approved policy changes for 2018/19 onwards - for confirmation or otherwise; 	31/08/2018	Accountants
Page 17	<ul style="list-style-type: none"> Any unavoidable cost increases arising from, for example, legislative or demand led changes (e.g. reduced income), be identified and included together with completion of 2017/18 outturn review; 	30/09/2018	CMT/Accountants
	<ul style="list-style-type: none"> Return of responses with Business Cases completed for new proposals, to Corporate Accountancy for collation; 	30/09/2018	CMT/Accountants
	<ul style="list-style-type: none"> Meeting of CMT to review all Revenue Policy Changes proposals on 17th October; 	17/10/2018	EDF / Accountants
	<ul style="list-style-type: none"> Responses to be presented to Executive Management Team 5th November for initial consideration. 	17/10/2018	EDF / Accountants
3	Capital Programme		
	<ul style="list-style-type: none"> Directors to review & confirm the provisionally approved capital schemes already contained within the 5 year capital programme (including a 'block allocation' for Cabinet approval of new schemes during the year); 	30/09/2018	CMT/Accountants
	<ul style="list-style-type: none"> Impact of any updated Stock Condition data assessed 	30/09/2018	Assistant Director Assets
	<ul style="list-style-type: none"> Formulation of new 5 year programme including appraisal forms to be submitted to the Asset Strategy Group (ASG) prior to submission to Executive Management Team; 	30/09/2018	CMT/Accountants
	<ul style="list-style-type: none"> Capital Programme report to CMT 17th October, Executive Management Team 5th November. 	17/10/2018	CMT/Accountants

	Project Plan	Deadline	Responsible Officer/s
4	Charges for Services – Updated recharges basis adjusted for any structural issues, proposals to be discussed at CMT 17 th October, base recharges to be completed by 17 th October to allow consultation period (to December 2018).	17/10/2018	CMT/Accountants
5	Consideration of responses – including an analysis of the impact of such on the overall financial position of the Council at CMT 16 th October, Executive Management Team 6 th November and Cabinet 30 th November, to formulate/consider budget proposals in detail prior to Leaders Budget Workshop review 7 th December.	17/10/2018	CMT/Accountants
6	Consideration of the adjusted base budget, at CMT 17 th October / Executive Management Team 5 th November / Cabinet 29 th November.	17/10/2018	EDF/ADF/Accountants
7	Budget Consultation – Cabinet receive 8 th November, the results of the consultation process.	20/10/2018	Knowledge & Performance Manager
8	Approval of the Council Tax Base Calculation for 2019/20 - to Cabinet 29 th November.	17/11/2018	Head of Revenues
Page 10 of 8	A meeting of Cabinet on 29 th November to receive/confirm budget proposals for Budget Workshop consideration.	29/11/2018	EDF/ADF
	Leaders Budget Workshop 6 th December.	06/12/2018	Leader
11	Local Government Finance Settlement (LGFS) implications - to CMT / Executive Management Team 20 th December.	20/12/2018	EDF/Accountants
12	Draft Budget & MTFs Report to Executive Management Team 14 th January / Cabinet 24 th January and Joint Scrutiny Committee (Budget) 30 th January.	08/01/2019	EDF/ADF
13	Final Business Rates forecast for 2019/20 - to Cabinet 24 th January.	17/01/2019	EDF/ADF/ Head of Revenues
14	Implications of the final Business Rates forecast & LGFS information to be considered/built into the budget proposals (as soon as available).	January 2019	EDF/ADF/Accountants
15	Final Budget & MTFs Report to CMT on 6 th February / Executive Management Team 11 th February.	31/01/2019	EDCS/DOF
16	Final budget reports considered by Cabinet on 21 st February who would recommend a budget to the Council meeting on 26 th February.	14/02/2019	EDCS/DOF

Outline of the Budget and Medium Term Financial Planning Process

Reasons for Producing Budgets

Budgets are required to plan for forthcoming activities in meeting the objectives of the Council as a whole. Legally, the Council is required by legislation to set its budget (balanced funding/spend) and the associated Council Tax by 11th March each year.

The budget represents the Council's plans in financial terms and acts as a method of measuring performance against the achievement of these objectives. Variances from the budget are highlighted to Senior Management on a monthly basis and Members Quarterly.

Budgets assist in bringing together views, opinions and decisions of all stakeholders such as Members, Local Residents, Focus Groups and the Business Community.

The Budget Process

The budgets for the next financial year are compiled in the 'budget process' that runs mainly from September to March each year (some preparatory work / forecasts are prepared from July).

Day to day responsibility for setting budgets and financial performance monitoring may be delegated to appropriate line managers/senior officers, as appropriate.

A brief summary of the stages involved in the budget process are as follows:

- **Review / Formulation of Budget Process**

Following a review of the previous year's process, the outline process to be followed is formulated / agreed by the Corporate Management Team and Cabinet.

- **Consideration of Policy Changes**

Planned changes to services (provisionally approved during the previous budget process) are issued for confirmation. Budget Managers are also required to consider any unavoidable increased costs (arising from, for example, legislative or demand led changes e.g. reduced income) and targets for budget savings. They will be aware of the objectives of the Council as a whole within the Corporate Plan and should therefore be looking to incorporate changes or additions into their future plans.

As grant and other income levels are reducing, where increased costs are unavoidable then managers should identify compensatory savings. Where savings are identified they must be accompanied by a robust implementation plan. Robust business case templates will have to be submitted to Cabinet and CMT for all Policy Change submissions (Revenue and Capital).

- **Capital Programme**

Managers are asked to review provisionally approved schemes (within the medium term capital programme) and submit new / revised capital appraisal forms for consideration, and prioritisation within available resources, by CMT, the Asset Strategy Group and Cabinet.

- **Budget Consultation**

In addition to the activity planned for the Tamworth Listens process, consultation has been planned to gauge residents', business and other core stakeholders' views on areas of spending or where savings could potentially be made.

The consultation will be carried out through three online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector. The online residents survey will be promoted using social networking/media sites and through email contact databases. The business survey will be promoted through business social networking sites and business email contact databases. The voluntary and community sector survey will be promoted through email contact databases.

- **Formulation of Budget Forecast & Base Budgets**

Managers should consider their future activities and spending requirements before discussions with their Accountant. Managers should identify any minor changes in expenditure or income or highlight other areas of concern with their Accountant prior to the finalisation of the base budget working papers. Regular review / monitoring during the year assist in this process.

It is important that managers assess budget figures carefully and do not merely increase the original budgets by the given inflation percentage. Managers should consider the previous year's level of expenditure when looking at budgets and decide if this is to be a normal level or an exception. A zero based budgeting approach to deliver service needs is required especially in a period of resource constraints.

In the main, the recalculation of the base budget involves changes that have already been approved or are outside the control of managers (e.g. inflation, pay award etc). Major alterations to budgets or proposals involving significant changes in service delivery need to be raised and submitted for approval through the policy changes process.

It should be borne in mind that financial guidance requires Budget Managers to be consulted (by the relevant Accountant) in the preparation of the budgets for which they will be held responsible and that they are required to accept accountability for their budgets and the service to be delivered.

As part of the Governance process, there is a responsibility for Budget Managers to ensure that they are consulted and confirm that their budgets are accurate, complete and acceptable.

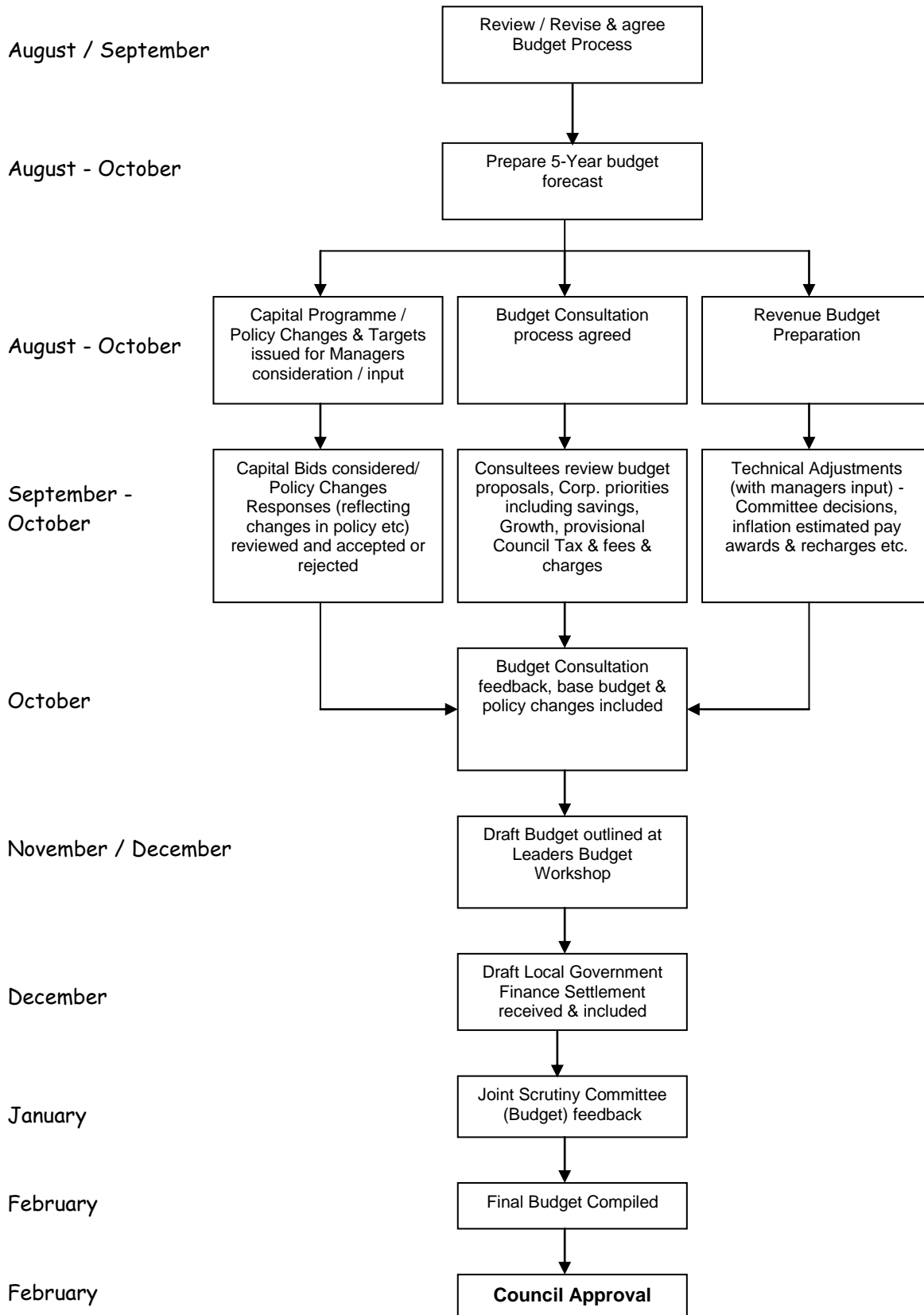
- **Compilation of Overall Budget figures**

Once all the budget working papers have been prepared, an overall net expenditure figure for the Council can be assessed in terms of affordability and whether funding for these levels of expenditure is available. It may be that Managers would be required to identify savings in their budgets, dependent on guidance from Senior Managers and Members.

- **Final Budget Approved by the Council in February**

The final budgets are approved by Members at the Cabinet meeting, usually in February. No further amendments can be made after this point. The full Council approves the budget at its meeting in February.

The Budget & Medium Term Financial Planning Process 2019/24



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Tamworth Borough Council 2018 Budget Consultation

Background

As part of a regular annual process Tamworth Borough Council reviews its Council Tax and Charges Strategy for the development of the budget. This process ensures that funding is put into areas of highest priority. An important element of this process is to understand the views of residents, tenants, businesses, and local voluntary groups on what these priorities are.

Overview

Consultation on the key issues affecting the 2019/20 budget consultation will be carried out through three surveys;

- A residents survey – on line and postal, promoted using social networking/media sites and through email contact databases,
- A business survey – on line, promoted through business social networking sites and business email contact databases,
- A voluntary and community sector survey – on line, promoted through email contact databases at the CVS.

Timetable

Planning	from 1 st May 2018
Postal survey posted (Residents)	from 1 st August 2018
Online survey (Residents)	launched 1 st August 2018
Online survey (Businesses)	launched 1 st August 2018
Online survey (V&CS)	launched 1 st August 2018
Surveys closes and taken offline	14 th September 2018
Budget Consultation Report at Executive Leadership Team	17 th October 2018
Budget Consultation report at Cabinet	8 th November 2018

Objectives

- Identify important priorities to target for savings,
- Advise on acceptable levels of fees, charges and council tax,

A small budget has been set aside within the Corporate Consultation budget to undertake this work.

Tamworth Listens

In addition, the activity scheduled for 'Tamworth Listens' includes:

Tamworth Listens Question Time Event	TBA
Tamworth Listens Report at State of Borough Debate	TBA

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THURSDAY, 2 AUGUST 2018

REPORT OF THE PORTFOLIO HOLDER FOR CULTURE & OPERATIONAL SERVICES**INVITATION OF TENDERS FOR REFURBISHMENT OF CASTLE GROUND TOILETS****EXEMPT INFORMATION****PURPOSE**

This report seeks approval to invite tenders for the refurbishment of the Public Conveniences in the Castle Grounds.

RECOMMENDATIONS

It is recommended that.

1. Authority to invite tenders for the refurbishment of the Public Conveniences in the Castle Grounds is delegated to the Assistant Director Assets in consultation with the Procurement Officer.
2. Authority to award a contract to the most economically advantageous Contractor is delegated to the Executive Director Communities in consultation with the Head of Legal and Democratic Services with the approval of the Portfolio Holder for Culture & Operational Services.

EXECUTIVE SUMMARY

The project for the refurbishment of the Castle Grounds toilets was identified as part of the 2018/19 budget setting process with a budget of £180,000 being approved.

The aim of the project is to provide a low maintenance facility with at least one 'changes places suite' for use by disabled people; it is also anticipated that by changing the layout of the facilities and the materials used the operating hours can be extended from what is offered at present making the facilities more accessible to the public using the Castle Grounds.

The fittings and fixtures within the Castle Grounds toilets are now reaching end of life and will require replacement either as a major project or as a series of ongoing repairs. If these works are not dealt with as a wider refurbishment project there will be costs associated with ongoing repairs and over time these are likely to exceed the cost of renewal.

Since reviewing the operating hours of the facilities and withdrawing the attendants there has been a slight increase in the occurrences of vandalism, a rise in the level of complaints about cleanliness and rise in complaints around the reduced operating hours.

The proposed refurbishment works will produce a modern, easy clean and low maintenance facility, will provide for enhanced disabled access facilities and will extend the overall operating hours for public use.

It is anticipated that tenders will be invited from suitably qualified contractors on a 'design & build' basis during the summer months with the aim of completing the refurbishment works over the winter months. Tenders will be invited on an open basis through the 'in-tend' system. The Council will provide details of the desired outcomes and an outline performance

specification with the detailed design being carried out by the appointed Contractor.

Prior to award of the contract there will be consultation on the final designs with the Portfolio Holder for Culture & Operational Services when the design proposals will be shared.

OPTIONS CONSIDERED

The main alternative to full refurbishment would be an ongoing regime of component replacement. This would result in significant revenue costs over an extended period of time. It would also fail to address the demands for increased operating hours and for the provision of improved disabled access facilities.

Failure to either refurbish as set out in this report or continue with the ongoing maintenance regime will render the facilities unusable in a relatively short space of time.

RESOURCE IMPLICATIONS

The approved capital budget in 2018/19 for this project is £180,000 with net additional ongoing revenue funded maintenance cost of £10,000 per annum.

LEGAL/RISK IMPLICATIONS BACKGROUND

Failure to attract tenders.	It is unlikely that a project of this size and nature will fail to attract interest. Expressions of interest will be monitored on in-tend and should there be a lack of interest the Council will approach contractors.
Tenders exceed budget available.	The scheme may need to be reviewed to ensure that the contract can be delivered on budget. The contract budget was set following tentative discussions with contractors.
Planning issues prevent project proceeding.	The successful contractor will be required to work with the planning team to devise a scheme that will meet planning requirements. Tentative discussions with the planning team indicate that the project would be supported.

SUSTAINABILITY IMPLICATIONS

The proposed refurbishment should result in a facility that requires less maintenance, and will use less water and electricity.

No other sustainability implications have been identified.

BACKGROUND INFORMATION

REPORT AUTHOR

Paul Weston, Assistant Director Assets

LIST OF BACKGROUND PAPERS

Capital bid – Castle Grounds Toilets

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CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

**START
YEAR:**

2018

BRIEF DESCRIPTION OF PROJECT:

Refurbishment of public conveniences in Castle Grounds to provide a low maintenance, vandal resistant facility complete with a 'Changing Places' compliant facility for disabled children and adults. Updated design will also allow for year-round access.

PROJECT LEADER:

Paul Weston

PROJECT SCORE

18

SECTION 1

CAPITAL COSTS (Please attach supplementary information/ quotations in support of your estimates)

EXPENDITURE (describe)	CASHFLOW £000					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Refurbishment of toilets	180.0	-	-	-	-	180.0
	-					-
						-
						-
						-
						-
Total Capital Cost	180.0	-	-	-	-	180.0
INCOME (EXTERNAL FUNDING)						-
						-
						-
						-
						-
						-
Total Capital Income	-	-	-	-	-	-
Net Capital Cost	180.0	-	-	-	-	180.0

CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

START
YEAR:

2018

SECTION 2

ADDITIONAL REVENUE IMPACT

Element	£000					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	ONGOING
EXPENDITURE / (-) REDUCTION IN EXPENDITURE						
Employee Costs (describe purpose) <i>(Design/ project supervision costs should be included in the capital expenditure in Section 1)</i>						
Maintenance Costs (describe) 364 day per annum cleansing and full maintenance service.	18	18	18	18	18	18
Other Costs (describe) Reduced maintenance costs	-8	-8	-8	-8	-8	-8
Total Additional Revenue Costs for Project	10	10	10	10	10	10
(-) INCOME / REDUCTION IN INCOME (describe)						
Total Additional Revenue Income for project	0	0	0	0	0	0
Net Additional Revenue Impact	10	10	10	10	10	10

CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

START
YEAR:

2018

SECTION 3

Has an Equalities Impact Assessment been completed for this project ? (YES/ NO)

No

If NO reason why it has not been completed:

Relates to requirement to maintain property and is not a direct service to persons. Wid

To be considered for financing from Prudential Borrowing ? (YES/ NO)

No

If YES Section 4 must be completed in consultation with Corporate Finance otherwise go to Section 5

SECTION 4 (Section to be completed in consultation with Corporate Finance)

PRUDENTIAL / TREASURY IMPLICATIONS - assumes borrowing undertaken at start of year

Borrowing Required £000					
Payback Period/ Period of Loan (years)					
Assumed Loan Interest Rate					

Revenue impact:	YEAR 1 £000	YEAR 2 £000	YEAR 3 £000	YEAR 4 £000	YEAR 5 £000
Interest Payable					
Additional Minimum Revenue Provision (MRP)					
Change in Item 8 Dr (Charge to HRA re share of debt)					
Voluntary Revenue Provision for Repayment of Debt					
Project Savings (-) / Costs (detailed above)					
Total Additional Revenue Impact	0	0	0	0	0

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SECTION 5

HUMAN RESOURCES IMPLICATIONS

Purpose	Potential grade / Salary	FTE (+ / -)
None - all works would be delivered using existing staff and external contractor arrangements.		

SECTION 6

ALTERNATIVES CONSIDERED (must complete 'Do Nothing'. If appropriate attach appraisal)

Alternative	Risk (H/M/L)	Net Costs		Reasons for Rejection
		Capital	Revenue	
DO NOTHING	H	0	75	Internal fittings and fixtures have reached end of life and will require major repair/renewal.
Complete as a response repair	M	0	75	Components will still fail and will have to be dealt with in a reactive manner which will be more expensive.

CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

**START
YEAR:**

2018

SECTION 7

CONSULTATION

It is vital that all appropriate managers are consulted.

ALL ICT schemes to be submitted via Information & Communication Technology Section

<u>Name/ Job Title</u>	<u>Comments</u>	<u>Signature (must be provided on</u>

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SECTION 8

PROJECT PLAN

<u>Key Stages for Monitoring:</u>	<u>Month / Year</u>
Award Tender (if applicable)	March-18
Start of Contract / Works	May-18
Completion of Contract / Works	November-18
Post Implementation Review (PIR)	December-18

SECTION 9

METHOD OF EVALUATION (FOR PIR)

<u>Success/ Evaluation Factor</u>	<u>Target</u>	<u>Target Date</u>	<u>Source of Information</u>
All identified works have been completed.	100%		Post inspection of works

CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

START
YEAR:

2018

SECTION 10

RISK ASSESSMENT (4 = High, 1 = Low)
(Capital Costs, Revenue Impact, Project Delivery etc)

Risk (Threat/ Opportunity to achievement of objective)	Impact (Severity) [I]	Likelihood (Probability) [L]	Risk Score [I x L]	Risk Treatment Measures	Impact (Severity) [I]	Likelihood (Probability) [L]	Residual Risk Score [I x L]	Responsible
Insufficient Capacity to deliver project	3	2	6	Make use of external contractors to ensure sufficient capacity or where needed bring on board external support.	2	2	4	P Weston
Insufficient budget post contract award	4	2	8	Ensure budget estimates are in place and contingency applied before budgets approved.	2	2	4	P weston
Lack of interest from suppliers/contractors	4	2	8	Use in-tend, existing suppliers and make contact with new suppliers to ensure interest in project.	2	1	2	P Weston
Inclement weathers delays delivery or impacts on cost	3	3	9	Programme works around anticipated weather patterns.	2	2	4	P Weston
Component failiure prior to renewal	4	2	8	Programme works to ensure that components are replaced before they fail.	2	1	2	P Weston
Projects overspend	4	2	8	Ensure sufficient budgets in place prior to commencement and monitor closely throughtout.	2	2	4	P Weston
			0				0	
			0				0	

CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

START
YEAR:

2018

SECTION 11

PROJECT SCORING (EACH SECTION MUST BE COMPLETED)

CORPORATE PRIORITIES

Score = 6

(please tick)

1. Living a quality life in Tamworth

- More people will live longer, healthier lives
- Fewer children will be obese and run the risk of heart disease and diabetes
- People will feel safer and less fearful of crime and anti-social behaviour
- The built and natural environments will be conserved to the highest possible standards
- More people will be living independent lives with access to facilities
- There will be fewer vulnerable people requiring specialised services

2. Growing stronger together in Tamworth

- More businesses will locate and succeed in Tamworth
- People will have access to a full range of quality housing options
- Local infrastructure and connectivity will support an active workforce and help grow the economy
- The Council will be recognised as both business friendly and business like in the way it facilitates and
- Tamworth Town Centre will be regenerated and complement the outstanding retail and leisure offer
- Tamworth will mean "a great place to live" not simply "a place with more houses".
- The Council will have a Commercial Investment and Regeneration Strategy and an associated trading

3. Delivering quality services in Tamworth

- Customer Satisfaction levels will be maintained above 90%
- Access to all Council Services will be improved
- The Council will set and maintain service standards that will be consistent, accessible and delivered by
- We will save you time and money by doing business with you "On-line"
- Fewer customers will have to visit the Council offices to resolve their issues

CORPORATE CAPITAL STRATEGY

Score = 3

Corporate Capital Strategy Objectives: a) Invest to Save
b) Maintenance of Services & Assets
c) Protection of Income Streams
d) Avoidance of Cost

Impact of capital project (please tick one):

- High
- Medium/ High

CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

**START
YEAR:**

2018

Medium/ Low

Low

GOVERNMENT PRIORITIES

Score= 1

(please tick one):

Government Initiative/ Priority

Grant/ Other Funding

None of the above

CAPITAL APPRAISAL FORM (FULL APPRAISAL - 2018/19 PROCESS)

SCHEME TITLE:

GF - Refurbishment of Castle Grounds Toilets

**START
YEAR:**

2018

SECTION 12

Required Signatures for hard copy print

Appraisal submitted by:

Director:

Corporate Finance:

Printed Copy)

Timescale/ Review
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CABINET

2 AUGUST 2018

COUNCIL

11 SEPTEMBER 2018

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2017/18

PURPOSE

The Annual Treasury report is a requirement of the Council's reporting procedures. It covers the Treasury activity for 2017/18, and the actual Prudential Indicators for 2017/18.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes in accordance with Regulations issued under the Local Government Act 2003. It also provides an opportunity to review the approved Treasury Management Strategy for the current year and enables Members to consider and approve any issues identified that require amendment.

RECOMMENDATIONS

That Cabinet ask Council to;

- 1. Approve the actual 2017/18 Prudential and Treasury Indicators within the report and shown at Appendix 1; and**
- 2. Accept the Annual Treasury Management Report for 2017/18.**

EXECUTIVE SUMMARY

This report covers Treasury operations for the year ended 31st March 2018 and summarises:

- the Council's Treasury position as at 31st March 2018; and
- Performance Measurement

The key points raised for 2017/18 are

1. The Council's Capital Expenditure and Financing 2017/18
2. The Council's Overall Borrowing Need
3. Treasury Position as at 31st March 2018
4. The Strategy for 2017/18
5. The Economy and Interest Rates
6. Borrowing Rates in 2017/18
7. Borrowing Outturn for 2017/18

8. Investment Rates in 2017/18
9. Investment Outturn for 2017/18
10. Performance Measurement
11. Other Issues

The Treasury Function has achieved the following favourable results:

- The Council has complied with the professional codes, statutes and guidance;
- There are no issues to report regarding non-compliance with the approved prudential indicators;
- The Council maintained an average investment balance externally invested of £61.3m and achieved an average return of 0.54% (budgeted at £50.3m and an average return of 0.50%).
- This result compares favourably with the Council's own Benchmarks of the average 7 day and the 3 month LIBID rates for 2017/18 of 0.22% and 0.29%;
- The closing weighted average internal rate on borrowing has reduced in year to 4.05% (4.26% for 2016/17);
- The Treasury Management Function has achieved an outturn investment income of £331k compared to a budget of £260k as a result of both investment balances and average interest rates being higher than budgeted.

During 2017/18 the Council complied with its legislative and regulatory requirements.

The Executive Director Finance confirms that there was no overall increase in borrowing within the year and the Authorised Limit was not breached. On two occasions during 2017/18 the approved counterparty limits within the Annual Investment Strategy were exceeded:

- The first occurred on 22nd December 2017 when early payments of business rates resulted in £1.696m being held within the Lloyds Bank account, which exceeded the approved limit of £1m by £696k for a period over the weekend and Christmas bank holiday.
- The second occurred on 2nd January 2018 when the repayment of a £2m investment resulted in £2.048m being held in the Lloyds Bank account, exceeding the approved limit by £1.048m overnight.

At 31st March 2018, the Council's external debt was £63.060m (£63.060m at 31st March 2017) and its external investments totalled £60.77m (£50.119m at 31st March 2017) – including interest credited but excluding impaired investments.

RESOURCE IMPLICATIONS

There are no financial implications or staffing implications arising directly from the report.

LEGAL/RISK IMPLICATIONS

The Council is aware of the risks of passive management of the Treasury Portfolio and with the support of Link Asset Services, the Council's current Treasury advisers, has proactively managed its debt and investments during the year.

SUSTAINABILITY IMPLICATIONS

None

REPORT AUTHOR

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, telephone 01827 709242 or email stefan-garner@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

- Local Government Act 2003;
- Statutory Instruments: 2003 No 3146 & 2007 No 573;
- CIPFA Code of Practice on Treasury Management in Public Services;
- Treasury Management Strategy 2017/18 (Council 21st February 2017);
- Treasury Management Mid-Year Review 2017/18 (Council 12th December 2017);
- Treasury Outturn Report 2016/17 (Council 12th September 2017);
- CIPFA Treasury Benchmarking Club Report 2017;
- Treasury Management Strategy 2018/19 (Council 27th February 2018).

APPENDICES

Appendix 1 – Prudential and Treasury Indicators

Appendix 2 – Borrowing and Investment Rates

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2017/18 the minimum reporting requirements were complied with:

- an annual treasury strategy in advance of the year (Council 21st February 2017)
- a mid-year (minimum) treasury update report (Council 12th December 2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

In addition, Cabinet has received quarterly Treasury management updates as part of the Financial Healthcheck Reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to provide scrutiny of all of the above Treasury Management Reports to the Audit and Governance Committee. Member training on Treasury Management issues was provided in February 2018, and will also be provided as and when required in order to support members' scrutiny role.

During 2017/18, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows.

Prudential & Treasury Indicators	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Actual £m
Capital Expenditure			
Non HRA	1.408	2.421	1.545
HRA	7.351	16.413	7.655
Total	8.759	18.834	9.200
Capital Financing Requirement			
Non HRA	0.943	1.885	0.885
HRA	68.041	75.255	68.041
Total	68.984	77.140	68.926
Gross Borrowing			
External Debt	63.060	65.060	63.060
Investments			
Longer than 1 year	-	-	-
Less than 1 year	51.211	58.143	60.805
Total	51.211	58.143	60.805
Net Borrowing	11.849	6.917	2.255

It should be noted that **£27.304m** of scheme spend has been re-profiled into 2018/19 (also including re-profiling from previous years) which has increased investment balances.

The Executive Director Finance confirms that there was no overall increase in borrowing in year and the statutory borrowing limit (the authorised limit) was not breached.

The financial year 2017/18 continued the challenging investment environment of previous years, namely low investment returns.

1. The Council's Capital Expenditure and Financing 2017/18

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply internal funds, the capital expenditure would give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Actual £m
Capital Expenditure	1.408	2.421	1.545
Financed in year	1.408	2.421	1.545
Unfinanced capital expenditure	-	-	-
HRA	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Actual £m
Capital Expenditure	7.351	16.413	7.655
Financed in year	7.351	11.441	7.655
Unfinanced capital expenditure	-	4.972	-

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2017/18 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2017/18 MRP Policy (as required by MHCLG Guidance) was approved as part of the Treasury Management Strategy Report for 2017/18 on 21st February 2017.

The Council's CFR for General Fund and the HRA for the year are shown below, and represent a key prudential indicator.

CFR: General Fund	31st March 2017	31st March 2018	31st March 2018
	Actual £m	Budget £m	Actual £m
Opening balance	1.001	1.943	0.943
Add unfinanced capital expenditure (as above)	-	-	-
Less MRP/VRP	(0.058)	(0.058)	(0.058)
Less PFI & finance lease repayments	-	-	-
Closing balance	0.943	1.885	0.885

CFR: HRA	31st March 2017	31st March 2018	31st March 2018
	Actual £m	Budget £m	Actual £m
Opening balance	68.041	70.283	68.041
Add unfinanced capital expenditure (as above)	-	4.972	-
Less MRP/VRP	-	-	-
Less PFI & finance lease repayments	-	-	-
Closing balance	68.041	75.255	68.041

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2017/18. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Gross borrowing and the CFR	31st March 2017	31st March 2018	31st March 2018
	Actual £m	Budget £m	Actual £m
Gross borrowing position	63.060	65.060	63.060
CFR	68.984	77.140	68.926

The Authorised Limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

The Operational Boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual Financing Costs as a Proportion of Net Revenue Stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Borrowing Limits	GF £m	HRA £m	Total £m
Authorised limit	4.885	79.407	84.292
Maximum gross borrowing position	-	65.060	65.060
Operational boundary	-	65.060	65.060
Average gross borrowing position	-	63.060	63.060
Budgeted financing costs as a proportion of net revenue stream %	(0.95)	39.23	38.27
Actual financing costs as a proportion of net revenue stream %	(2.84)	38.19	35.35

3. Treasury Position as at 31st March 2018

The Council’s debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices. At the beginning and the end of 2017/18 the Council’s treasury (excluding borrowing by PFI and finance leases) position was as follows:

General Fund	31st March 2017 Principal £m	Rate/Return %	Average Life yrs	31st March 2018 Principal £m	Rate/Return %	Average Life yrs
Total debt	-	-	-	-	-	-
CFR	0.943	-	-	0.885	-	-
Over / (under) borrowing	(0.943)	-	-	(0.885)	-	-
Investments:						
- in house	25.010	0.60	-	32.334	0.54	-
Total investments	25.010	0.60	-	32.334	0.54	-

HRA	31st March 2017 Principal £m	Rate/ Return %	Average Life yrs	31st March 2018 Principal £m	Rate/ Return %	Average Life yrs
Fixed rate funding:						
-PWLB	63.060	4.26	37.74	63.060	4.05	36.74
Total debt	63.060	4.26	37.74	63.060	4.05	36.74
CFR	68.041	-	-	68.041	-	-
Over / (under) borrowing	(4.981)	-	-	(4.981)	-	-
Investments:						
- in house	26.201	0.60	-	28.471	0.54	-
Total investments	26.201	0.60	-	28.471	0.54	-

Maturity Structures

The maturity structure of the debt portfolio was as follows:

Duration	31st March 2017 Actual £m	2017/18 original limits %	31st March 2018 Actual £m
Under 12 months	-	20	-
12 months and within 24 months	-	20	-
24 months and within 5 years	-	25	-
5 years and within 10 years	-	75	-
10 years and within 20 years	5	100	5
20 years and within 30 years	-		-
30 years and within 40 years	22		30
40 years and within 50 years	36		28

Investments - All investments held by the Council were invested for under one year.

Investment and borrowing rates

- Investment returns remained low during 2017/18 but were on a gently rising trend in the second half of the year.
- The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- A cost of carry remained during the year on any new long-term borrowing as it would have caused a temporary increase in cash balances which would have incurred a revenue cost – the difference between borrowing costs and investment returns.

Borrowing strategy

The Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as a temporary measure. This strategy was prudent as investment returns were low and counterparty risk was still an issue that needed to be considered.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Executive Director Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks

- if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

The exposure to fixed and variable rates (based on net debt) was as follows:

Rate Type	31st March 2017 Actual £m	31st March 2018 Actual £m
Fixed rate - principal	33.242	28.740
Variable rate - interest	-	-

4. The Strategy for 2017/18

The expectation for interest rates within the treasury management strategy for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before 31st March 2020. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017/18 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2017/18 longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.

5. The Economy and Interest Rates

UK. The outcome of the EU referendum in June 2016 resulted in a gloomy outlook and economic forecasts from the Bank of England based around an expectation of a major slowdown in UK GDP growth, particularly during the second half of 2016, which was expected to push back the first increase in Bank Rate for at least three years. Consequently, the Bank responded in August 2016 by cutting Bank Rate by 0.25% to 0.25% and making available over £100bn of cheap financing to the banking sector up to February 2018. Both measures were intended to stimulate growth in the economy. This gloom was overdone as the UK economy turned in a G7 leading growth rate of **1.8% in 2016**, (actually joint equal with Germany), and followed it up with another **1.8% in 2017**, (although this was a comparatively weak result compared to the US and EZ).

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year; quarter 1 came in at +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y), which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up in quarter 3 to 0.5% before dipping slightly to 0.4% in quarter 4.

Consequently, market expectations during the autumn rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The **MPC meeting of 14th September** provided a shock to the markets with a sharp increase in tone in the minutes where the MPC considerably hardened their wording in terms of needing to raise Bank Rate very soon. The **2nd November MPC quarterly Inflation Report meeting** duly delivered on this warning by withdrawing the 0.25% emergency rate cut which had been implemented in August 2016. Market debate then moved on as to whether this would be a one and done move for maybe a year or more by the MPC, or the first of a series of increases in Bank Rate over the next 2-3 years. The MPC minutes from that meeting were viewed as being dovish, i.e. there was now little pressure to raise rates by much over that time period. In particular, the GDP growth forecasts were pessimistically weak while there was little evidence of building pressure on wage increases despite remarkably low unemployment. The MPC forecast that CPI would peak at about 3.1% and chose to look through that breaching of its 2% target as this was a one off result of the devaluation of sterling caused by the result of the EU referendum. The inflation forecast showed that the MPC expected inflation to come down to near the 2% target over the two to three year time horizon. So this all seemed to add up to cooling expectations of much further action to raise Bank Rate over the next two years.

However, GDP growth in the second half of 2017 came in stronger than expected, while in the new year there was evidence that wage increases had started to rise. The **8th February MPC meeting** minutes therefore revealed another sharp hardening in MPC warnings focusing on a reduction in spare capacity in the economy, weak increases in productivity, higher GDP growth forecasts and a shift of their time horizon to focus on the 18 – 24 month period for seeing inflation come down to 2%.

(CPI inflation ended the year at 2.7% but was forecast to still be just over 2% within two years.) This resulted in a marked increase in expectations that there would be another Bank Rate increase in May 2018 and a bringing forward of the timing of subsequent increases in Bank Rate. This shift in market expectations resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

As for **equity markets**, the FTSE 100 hit a new peak near to 7,800 in early January before there was a sharp selloff in a number of stages during the spring, replicating similar developments in US equity markets.

The major UK landmark event of the year was the inconclusive result of the **general election** on 8 June. However, this had relatively little impact on financial markets. However, **sterling** did suffer a sharp devaluation against most other currencies, although it has recovered about half of that fall since then. Brexit negotiations have been a focus of much attention and concern during the year but so far, there has been little significant hold up to making progress.

The **manufacturing sector** has been the bright spot in the economy, seeing stronger growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, the manufacturing sector only accounts for around 11% of GDP so expansion in this sector has a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

EU. Economic growth in the EU, (the UK's biggest trading partner), was lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of quantitative easing to stimulate growth. However, growth eventually picked up in 2016 and subsequently gathered further momentum to produce an overall GDP figure for 2017 of 2.3%. Nevertheless, despite providing this massive monetary stimulus, the ECB is still struggling to get inflation up to its 2% target and in March, inflation was still only 1.4%. It is, therefore, unlikely to start an upswing in rates until possibly towards the end of 2019.

USA. Growth in the American economy was volatile in 2015 and 2016. 2017 followed that path again with quarter 1 at 1.2%, quarter 2 3.1%, quarter 3 3.2% and quarter 4 2.9%. The annual rate of GDP growth for 2017 was 2.3%, up from 1.6% in 2016. Unemployment in the US also fell to the lowest level for 17 years, reaching 4.1% in October to February, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has been the first major western central bank to start on an upswing in rates with six increases since the first one in December 2015 to lift the central rate to 1.50 – 1.75% in March 2018. There could be a further two or three increases in 2018 as the Fed faces a challenging situation with GDP growth trending upwards at a time when the recent Trump fiscal stimulus is likely to increase growth further, consequently increasing inflationary pressures in an

economy which is already operating at near full capacity. In October 2017, the Fed also became the first major western central bank to make a start on unwinding quantitative easing by phasing in a gradual reduction in reinvesting maturing debt.

Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus, and medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan. GDP growth has been improving to reach an annual figure of 2.1% in quarter 4 of 2017. However, it is still struggling to get inflation up to its target rate of 2% despite huge monetary and fiscal stimulus, although inflation has risen in 2018 to reach 1.5% in February. It is also making little progress on fundamental reform of the economy.

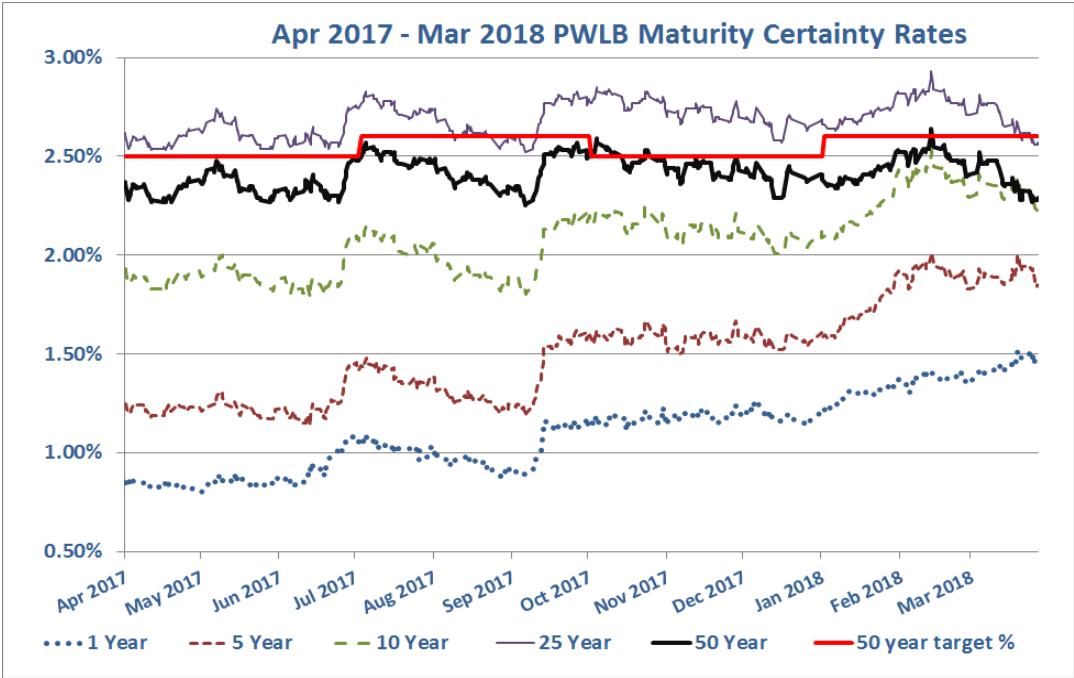
6. Borrowing Rates in 2017/18

PWLB certainty maturity borrowing rates

As depicted in the graph and tables below and in Appendix 2, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March.

During the year, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.

The graphs and tables for PWLB rates show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



7. Borrowing Outturn for 2017/18

Treasury Borrowing

Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

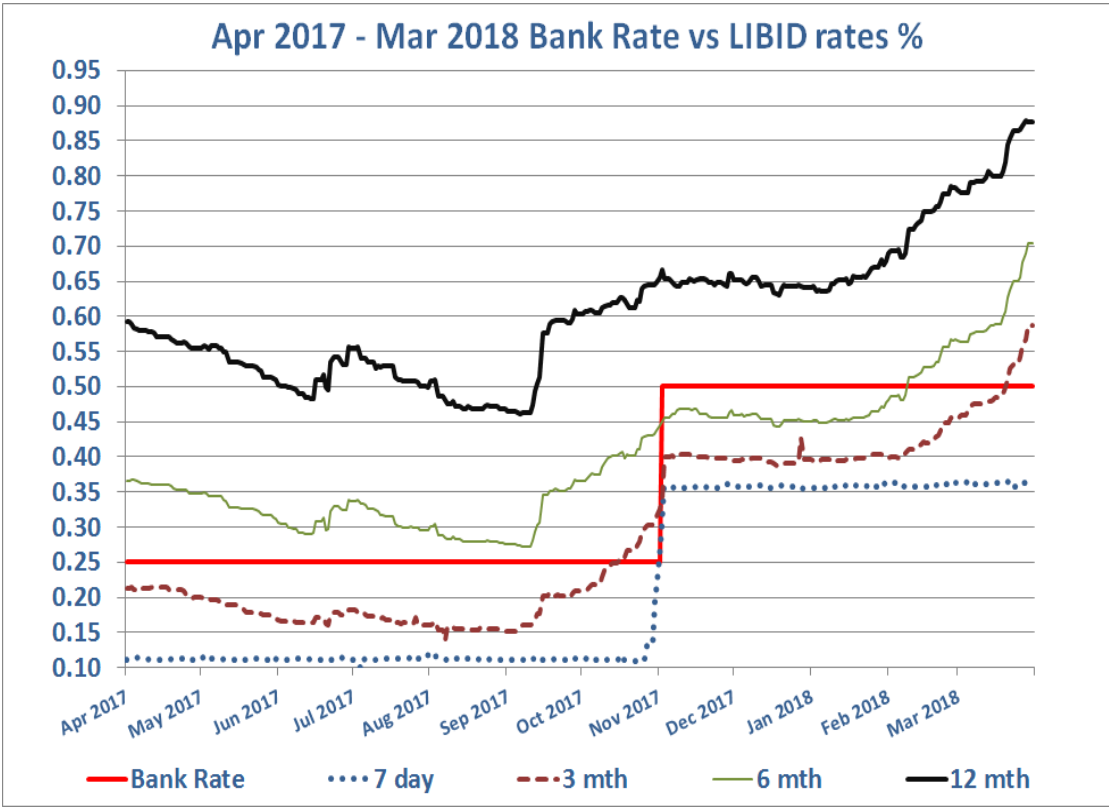
Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8. Investment Rates in 2017/18

Investment rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March.

Bank Rate was duly raised from 0.25% to 0.50% on 2nd November 2017 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017/18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28th February 2018.



9. Investment Outturn for 2017/18

Investment Policy – the Council’s investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 21st February 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. However, on two occasions during 2017/18 the approved counterparty limits within the Annual Investment Strategy were exceeded:

- The first occurred on 22nd December 2017 when early payments of business rates resulted in £1.696m being held within the Lloyds Bank account, which exceeded the approved limit of £1m by £696k for a period over the weekend and Christmas bank holiday.
- The second occurred on 2nd January 2018 when the repayment of a £2m investment resulted in £2.048m being held in the Lloyds Bank account, exceeding the approved limit by £1.048m overnight.

Resources – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised the following:

Balance Sheet Resources General Fund	31 st March 2017 £m	31 st March 2018 £m
Balances	6.588	6.918
Earmarked Reserves	5.725	5.888
Provisions	1.905	1.545
Usable Capital Receipts	9.049	17.001
Capital Grants Unapplied	0.048	0.048
Total GF	23.315	31.4

Balance Sheet Resources HRA	31 st March 2017 £m	31 st March 2018 £m
Balances	6.353	6.824
Earmarked Reserves	14.513	15.572
Provisions	-	-
Usable Capital Receipts	3.56	5.252
Total HRA	24.426	27.648

Total Authority Resources	47.741	59.048
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Investments held by the Council – the Council maintained an average balance of £61.3m of internally managed funds. The internally managed funds earned an average rate of return of 0.54%. The comparable performance indicator is the average 7-day LIBID rate which was 0.22%. This compared with a budget assumption of £50.3m investment balances earning an average rate of 0.50%.

10. Performance Measurement

One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 3). The Council's performance indicators were set out in the Annual Treasury Management Strategy Statement.

This service has set the following local performance indicator:

- *Average external interest receivable in excess of 3 month LIBID rate;*

Whilst the assumed benchmark for local authorities is the 7 day LIBID rate, a higher target is set for internal performance.

The actual return of 0.54% compared to the average 3 month LIBID of 0.29% (0.25% above target).

CIPFA Benchmarking Club

The Council is a member of the CIPFA Treasury Management Benchmarking Club which is a means to assess our performance for the year against other members.

11. Other Issues

Revised CIPFA Codes

In December 2017 CIPFA issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. A particular focus of these revised codes is non-treasury investments, including the purchase of property to generate income, which may involve external borrowing or the use of existing cash balances. The codes are effective from 2018/19.

MHCLG Investment and Minimum Revenue Provision (MRP) Guidance

Revised guidance was issued by MHCLG in February 2018. Key issues include amendments to the definition of an investment, so that it now covers all financial assets and other non-financial assets that an authority holds primarily to generate returns, such as investment portfolios; and the proviso that authorities should not borrow in advance of need purely to profit from the investment of extra sums borrowed. Additional disclosures are also required in terms of risk management around investments. The investment guidance and requirements with regard to changes to MRP calculations are effective from 2018/19.

Markets in Financial Instruments Directive II (MIFID II)

MIFID II is the EU legislation that regulates firms who provide services to clients linked to financial instruments, and this has recently been revised to strengthen consumer protection and improve the functioning of markets in light of the 2008 financial crisis. Under these reforms effective 3rd January 2018, all local authorities are classified as retail counterparties and have to consider whether to opt up to professional status and for which types of investment. This Council has over £10m in investments and meets the criteria as a professional counterparty, we have opted up to professional status, so that we may continue to use the full range of investments, for example Money Market Funds (MMFs).

Investment in Property Funds

Investment in property funds was included within the Commercial Investment and Regeneration Strategy, with the aim of generating improved returns of c.4-5% p.a. (plus asset growth) being long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

Utilising the capital receipt proceeds of the sale of the Golf Course, it is envisaged that approx. £12m will be available for long-term investment in a number of property funds. To this end, during the year, the Council undertook a Property Fund Manager selection exercise, appointing Link Asset Services to provide support and advice in the identification and selection of suitable UK-focussed property funds. Full details of the selection process were included in Link Asset Services's report presented to Members 21st February 2018.

The result of the process is that the Council will look to splitting investment across the following six funds:-

BlackRock UK Property Fund
Hermes Property Unit Trust
Lothbury Property Trust
Schroder UK Real Estate Fund
The Local Authorities Property Fund (CCLA)
Threadneedle Property Unit Trust

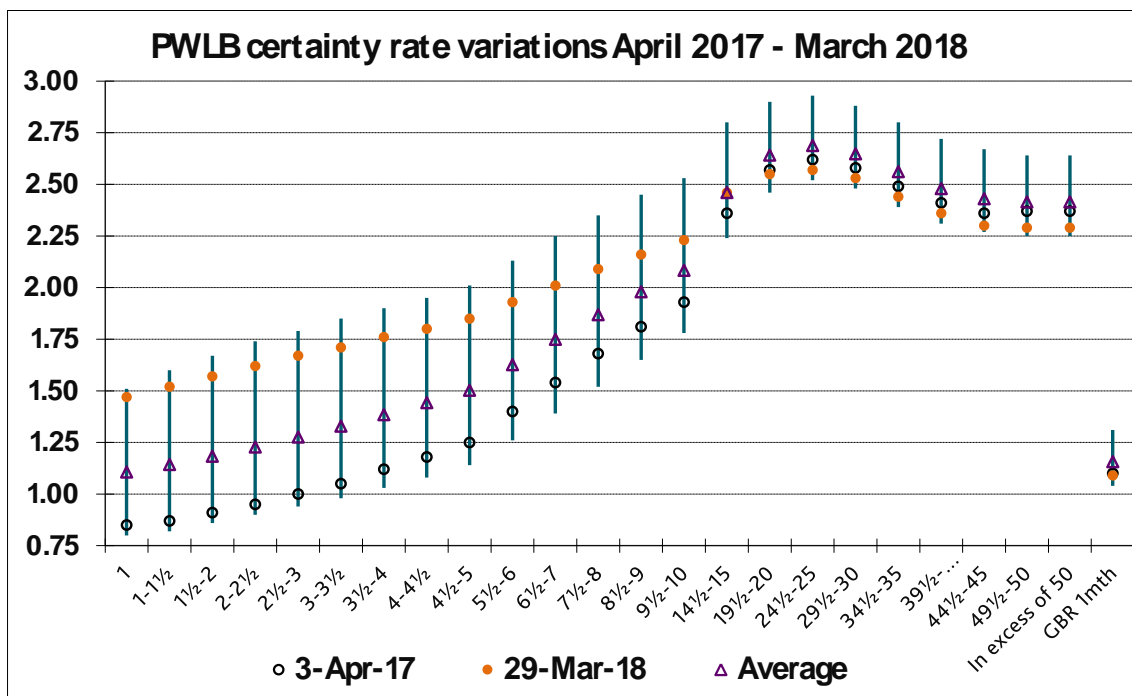
This will provide the Council with a range of approaches to property fund investment, diversification across a number of funds, rather than a concentration in only one or two options, as well as the ability to take advantage of entering a number of funds via the secondary market, whereby the Council would be purchasing units from investors looking to exit the particular fund, and may potentially gain access to a fund at a lower level of cost than via the primary route.

PRUDENTIAL AND TREASURY INDICATORS

APPENDIX 1

1. PRUDENTIAL INDICATORS	2016/17	2017/18	2017/18
Extract from budget and rent setting report	Actual	Original	Actual
Capital Expenditure	£m	£m	£m
Non - HRA	1.408	5.397	1.545
HRA	7.351	25.988	7.655
TOTAL	8.759	31.385	9.200
Ratio of financing costs to net revenue stream	%	%	%
Non - HRA	(3.49)	(0.95)	(2.84)
HRA	37.84	39.23	38.19
Gross borrowing requirement General Fund	£m	£m	£m
brought forward 1 April	-	-	-
carried forward 31 March	-	-	-
in year borrowing requirement	-	-	-
Gross borrowing requirement HRA	£m	£m	£m
brought forward 1 April	63.060	65.060	63.060
carried forward 31 March	63.060	65.060	63.060
in year borrowing requirement	-	4.972	-
Gross debt	£m	£m	£m
	63.060	65.060	63.060
Capital Financing Requirement	£m	£m	£m
Non – HRA	0.943	1.885	0.885
HRA	68.041	75.255	68.041
TOTAL	68.984	77.140	68.926
Annual change in Capital Financing Requirement	£m	£m	£m
Non – HRA	(0.058)	(0.058)	(0.058)
HRA	-	4.972	-
TOTAL	(0.058)	4.914	(0.058)

2. TREASURY MANAGEMENT INDICATORS	2016/17	2017/18	2017/18
	Actual	Original	Actual
	£m	£m	£m
Authorised Limit for external debt - General Fund			
borrowing	9.705	4.885	4.885
other long term liabilities	3.000	-	-
TOTAL	12.705	4.885	4.885
Authorised Limit for external debt - HRA			
borrowing	79.407	79.407	79.407
other long term liabilities	-	-	-
TOTAL	79.407	79.407	79.407
Operational Boundary for external debt - General Fund	£m	£m	£m
borrowing	0.000	0.000	0.000
other long term liabilities	-	-	-
TOTAL	0.000	0.000	0.000
Operational Boundary for external debt - HRA	£m	£m	£m
borrowing	65.060	65.060	65.060
other long term liabilities	-	-	-
TOTAL	65.060	65.060	65.060
Actual external debt	£m	£m	£m
	63.060	65.060	63.060
Maximum HRA debt limit	£m	£m	£m
	79.407	79.407	79.407



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
3/4/17	0.850%	0.870%	1.000%	1.120%	1.250%	1.930%	2.620%	2.370%	1.100%
29/3/18	1.470%	1.520%	1.670%	1.760%	1.850%	2.230%	2.570%	2.290%	1.090%
High	1.510%	1.600%	1.790%	1.900%	2.010%	2.530%	2.930%	2.640%	1.310%
Low	0.800%	0.820%	0.940%	1.030%	1.140%	1.780%	2.520%	2.250%	1.040%
Average	1.107%	1.143%	1.276%	1.384%	1.503%	2.083%	2.688%	2.415%	1.157%
Spread	0.710%	0.780%	0.850%	0.870%	0.870%	0.750%	0.410%	0.390%	0.270%
High date	21/03/2018	21/03/2018	21/03/2018	21/03/2018	15/02/2018	15/02/2018	15/02/2018	15/02/2018	21/03/2018
Low date	03/05/2017	03/05/2017	30/05/2017	15/06/2017	15/06/2017	15/06/2017	08/09/2017	08/09/2017	04/04/2017

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/17	0.85%	1.25%	1.93%	2.62%	2.37%
31/3/18	1.47%	1.85%	2.23%	2.57%	2.29%
Low	0.80%	1.14%	1.78%	2.52%	2.25%
Date	03/05/2017	15/06/2017	15/06/2017	08/09/2017	08/09/2017
High	1.51%	2.01%	2.53%	2.93%	2.64%
Date	21/03/2018	15/02/2018	15/02/2018	15/02/2018	15/02/2018
Average	1.11%	1.50%	2.08%	2.69%	2.41%

Money market investment rates 2017/18

	7 day	1 month	3 month	6 month	1 year
1/4/17	0.111	0.132	0.212	0.366	0.593
31/3/18	0.364	0.386	0.587	0.704	0.878
High	0.366	0.390	0.587	0.704	0.879
Low	0.099	0.122	0.140	0.273	0.461
Average	0.215	0.233	0.286	0.401	0.606
Spread	0.267	0.268	0.447	0.432	0.418
High date	27/2/18	22/3/18	29/3/18	29/3/18	28/3/18
Low date	4/7/17	10/8/17	7/8/17	7/9/17	6/9/17

2 AUGUST 2018

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS - 01/04/18 TO 30/06/18

EXEMPT INFORMATION

None

PURPOSE

That Members endorse the amount of debt written off for the period 01 April 2018 to 30 June 2018.

RECOMMENDATIONS

To provide Members with details of write offs from 01 April 2018 to 30 June 2018.

EXECUTIVE SUMMARY

The Heads of Service are responsible for the regular review of debts and consider the need for write off and authorise where necessary appropriate write offs in line with the Corporate Credit Policy.

Type	01/04/18 – 30/06/18 £ p
Council Tax	(£355.49)
Business Rates	£25,413.23
Sundry Income	£0.00
Housing Benefit Overpayments	£14,386.69

A revised approach to the calculation of Business Rates bad debt was developed from 1st April 2017. Which involves a review of all of the outstanding debts to ascertain whether they are likely to be collectable. This has then been used to determine the balance to apply the usual aged debtor percentage.

Business Rates	01/04/18 – 30/06/18 £ p
Bad Debt provision	£733,177.52
Less amount written off to date under delegated powers	£25,413.23
Amount remaining	£707,764.29

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

There are no new financial implications arising from this report. As the write offs detailed have already been approved in line with the Corporate Credit Policy/Financial regulations and have been reported to members where appropriate.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable

SUSTAINABILITY IMPLICATIONS

Not applicable

BACKGROUND INFORMATION

This forms part of the Council's Corporate Credit Policy and effective management of debt. The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off in accordance with the schemes of delegation prescribed in the Corporate Credit Policy.

The Council views such cases very much as exceptions. Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt together with any factors that it feels are relevant to the individual case.

Debt Write Off

Authorisations are needed to write off debt:

Authority	Account Value
Executive Director/Assistant Director (or authorised delegated officer)	up to £5,000
Executive Director Finance	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction.

Bad Debt Provision

The level of the provision must be reviewed jointly by the unit and Accountancy on at least a quarterly basis as part of the management performance review, and the table below gives the mandatory calculation.

Where the debt is less than 6 months old it will be written back to the service unit.

Debt Outstanding Provision (net of VAT)	
Between 6 and 12 months old	50%
Between 12 and 24 months old	75%
Over 24 months old	100%

The financial effects of providing for Bad Debts will be reflected in the Council's accounts at Service Unit level.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

Corporate Credit Policy - effective management of debt

APPENDICES

Appendices A to D give details of write offs completed for Revenues and Benefits Services for 01 April 2018 to 30 June 2018.

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Appendix A- Council Tax

Summary of Council Tax Write Offs 01/04/2018-30/06/2018

Date of Write Off	Head of Revenues			Assistant Director of Finance (£2,000.01-£5,000)	Executive Director of Finance (£5,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
	(£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£2,000.00)									
13/04/2018									(£4.78)	(£4.78)		Dividend received
01/05/2018									(£15.28)	(£15.28)		Dividends received
22/05/2018									(£5.57)	(£5.57)		Dividend received
29/05/2018									(£316.32)	(£316.32)		IVA failed
19/06/2018									(£7.39)	(£7.39)		Overpayments
"									(£4.96)	(£4.96)		Dividend received
29/06/2018									(£1.19)	(£1.19)		Dividend received
Q1 Totals	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£355.49)	(£355.49)	0	

Appendix B- Business Rates

Summary of NNDR Write Offs 01/04/2018-30/06/2018

Date of Write Off	Head of Revenues			Assistant Director of Finance (£2,000.01-£5,000)	Executive Director of Finance (£5,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
	(£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£2,000.00)									
11/06/2018	£19.56									£19.56	1	Uneconomic to pursue
"		£352.65	£1,050.00							£1,402.65	2	Dissolved
"		£314.00	£6,617.53	£8,714.42						£15,645.95	9	Unable to trace
"				£3,908.19						£3,908.19	1	Ceased trading, no assets
"				£4,436.88						£4,436.88	1	Insolvency
Q1 Totals	£19.56	£666.65	£7,667.53	£17,059.49	£0.00	£0.00	£0.00	£0.00	£0.00	£25,413.23	14	

Appendix D- Housing Benefit Overpayments

Summary of Benefit Overpayment Write Offs 01/04/2018-30/06/2018										
Date of Write Off	Head of Benefits				Executive Director of Finance	Cabinet	Reversed Write Off	Total	No. of Accounts	Reason(s)
	(£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£1,000.00)	(£1,000.01-£2,000)						
30/04/2018	£1.85						£1.85	3	uneconomical to pursue (2018)	
"	£66.69	£319.96					£386.65	4	less than 2 wks o/s due to death (2018)	
"	£86.27						£86.27	7	debts < £40 (2012)	
"	£315.09	£2,649.99					£2,965.08	12	HB Reg 100 compliant - not recoverable (18)	
"		£978.48					£978.48	5	not financially viable (2015)	
"		£212.93					£212.93	1	statute barred	
"		£254.88					£254.88	1	deceased	
18/04/2018						(£6.10)	(£6.10)			
31/05/2018	£12.74						£12.74	1	debts < £40 (2017)	
"	£25.05						£25.05	7	uneconomical to pursue (2017)	
"	£51.97	£794.20		£1,767.64	£2,439.49		£5,053.30	9	HB Reg 100 compliant - not recoverable (18)	
"		£422.13					£422.13	3	less than 2 wks o/s due to death (2018)	
"			£808.00				£808.00	1	not financially viable (2015)	
30/06/2018	£33.80						£33.80	1	debts <£40 (2012)	
"	£21.72	£1,484.60					£1,506.32	8	not financially viable (2014)	
"	£33.96	£394.89					£428.85	4	less than 2 wks o/s due to death (2018)	
"	£8.47						£8.47	4	uneconomical to pursue (2018)	
"	£159.06	£250.42					£409.48	10	HB Reg 100 compliant - not recoverable (18)	
"		£97.25					£97.25	1	court costs	
"		£701.26					£701.26	1	deceased (2017)	
Q1 Totals	£816.67	£8,560.99	£808.00	£1,767.64	£2,439.49	£0.00	(£6.10)	£14,386.69	83	

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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