



CABINET

13 February 2013

A Meeting of the CABINET will be held on Wednesday, 20th February, 2013, 6.00 pm in Committee Room 1 Marmion House, Lichfield Street, Tamworth

A G E N D A

NON CONFIDENTIAL

1 Apologies for Absence

2 Corporate Update

Title: Clinical Commissioning Group

Presenter: Rita Symons (Accountable Officer) South East Staffordshire and Seisdon Peninsula Clinical Commissioning Group

3 Minutes of the Previous Meeting (Pages 1 - 4)

4 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.

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

None

6 Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2013/14 (Pages 5 - 88)

(Report of the Leader of the Council)

- 7 Quarter 3 2012/13 Performance Report** (Pages 89 - 126)
(Report of the Leader of the Council)
- 8 Cabinet Report for Write Offs 01/04/12 - 31/12/12** (Pages 127 - 132)
(Report of the Portfolio Holder for Core Services and Assets)
- 9 Domestic Abuse Policy** (Pages 133 - 148)
(Report of the Portfolio Holder for Community Development)
- 10 Private Sector Housing Enforcement Policy** (Pages 149 - 176)
(Report of the Portfolio Holder for Housing)

Restricted

NOT FOR PUBLICATION because the report could involve the disclosure of exempt information as defined in Paragraphs 1, 3 and 9 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended)

- 11 Review of Pay Policy** (Pages 177 - 196)
(Report of the Leader of the Council and Chairman of the Appointments and Staffing Committee)
- 12 Discretionary Rate Relief Report** (Pages 197 - 200)
(Report of the Portfolio Holder for Corporate Services and Assets)

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. Oates', written over a circular stamp or seal.

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, S Claymore, S Doyle, M Greatorex and J Oates



MINUTES OF A MEETING OF THE CABINET HELD ON 30th JANUARY 2013

PRESENT: Councillors R Pritchard, S Claymore, M Greatorex and J Oates

The following officers were present: Anthony E Goodwin (Chief Executive), John Wheatley (Executive Director Corporate Services), Stefan Garner (Director of Finance), Anica Goodwin (Director - Transformation/Corporate Performance), Robert Mitchell (Director - Communities, Planning and Partnerships), Michael Buckland (Head of Revenues), Neil Mason (Community Leisure Manager), Tracey Yeomans (Head of Customer Services), Paul Atkins (CRM Project Manager) and Natalie Missenden (Public Relations Officer)

109 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors D Cook and S Doyle.

110 CORPORATE UPDATE

The Director Transformation and Corporate Performance and CRM Project Manager gave a presentation on the new CRM.

111 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 9 January 2013 were approved and signed as a correct record.

(Moved by Councillor S Claymore and seconded by Councillor M Greatorex)

112 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

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

None

114 LOCALISM ACT 2011

The Report of the Leader seeking to inform Members of the new provisions regarding assets of community value and recommending how the new duties on this Council will be discharged was considered.

RESOLVED: That:

- (i) The implications of the Assets of Community Value regulations for the council be noted, and;
- (ii) The arrangements for the discharge of this function as set out in the report be approved, and;
- (iii) Authority be delegated to the Chief Executive in consultation with the Leader of the Council to make amendments to the process as necessary.
(Moved by Councillor M Greatorex and seconded by Councillor R Pritchard)

115 WRITE OFF OF IRRECOVERABLE BUSINESS RATES IN EXCESS OF £10,000

The Report of the Portfolio Holder for Core Services and Assets seeking approval to write-off irrecoverable debt for National Non-Domestic Rates was considered.

RESOLVED: That the write off of £275,202.92 as irrecoverable debt be approved.

(Moved by Councillor R Pritchard and seconded by Councillor J Oates)

116 BUSINESS RATES INCOME FORECAST

The Report of the Portfolio Holder for Core Services and Assets reporting to and seeking endorsement from members on the Business Rates income forecast for 2013/2014 under the new Business Rates Retention Scheme was considered.

RESOLVED: The Business Rates income forecast for 2013/14 and subsequent NNDR1 form for submission to DCLG by 31 January 2013 be endorsed.

(Moved by Councillor R Pritchard and seconded by Councillor S Claymore)

117 SUMMER AND HOLIDAY PLAY SCHEMES

The Report of the Portfolio Holder for Economic Development and Enterprise seeking Member's endorsement for proposals to revise the delivery method for summer and holiday play/activity schemes was considered.

- RESOLVED:** That:
- 1 The revised delivery method for summer and holiday play and activity schemes for April 2013 be endorsed, and;
 - 2 The Director of Communities Planning and Partnerships and Portfolio Holder for Economic Delivery and Enterprise be authorised to develop a detailed activity programme for 2013.
(Moved by Councillor S Claymore and seconded by Councillor R Pritchard)

EXCLUSION OF 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 1 and 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

118 CULTURAL QUARTER AND TAMWORTH ASSEMBLY ROOMS DEVELOPMENT UPDATE

The Report of the Portfolio Holder for Economic Development and Enterprise advising and updating members on the progress of the cultural Quarter Project and the Tamworth Assembly Rooms Development was considered.

- RESOLVED:** That:
- 1 The progress against the Cultural Quarter Project and Assembly Rooms Development be noted, and;
 - 2 The actions undertaken to date and the actions set out in the high level project plan be endorsed, and;
 - 3 The Portfolio Holder for Economic Development and Enterprise and the Director of Communities, Planning and Partnerships be authorised to progress the project with a further cabinet report due in August/September 2013, and;
 - 4 The submission of a letter to the Arts Council in respect of our eligibility to bid for their capital funding from the Portfolio Holder for Economic Development and Enterprise be endorsed.
(Moved by Councillor S Claymore and seconded by Councillor R Pritchard)

Leader

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CABINET

20th February 2013

COUNCIL

26th February 2013

Report of the Leader of the Council

CORPORATE VISION, PRIORITIES PLAN, BUDGET & MEDIUM TERM FINANCIAL STRATEGY 2013/14

Purpose

- To approve the Single Corporate Vision & Strategic Priorities for 2013/14 (**attached at Appendix A**).

- To approve the recommended package of budget proposals (**attached at Appendix B**) to enable the Council to agree the:
 - General Fund Revenue Budget and Council Tax for 2013/14;
 - Housing Revenue Account (HRA) Budget for 2013/14;
 - Three Year General Fund Capital Programme (2013/15);
 - Five Year HRA Capital Programme (2013/18);
 - Three Year Medium Term Financial Strategy (MTFS) for the General Fund (GF) (2013/15); and
 - Five Year Medium Term Financial Strategy (MTFS) for the HRA (2013/18).

- To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators (**attached at Appendix N**).

This is a key decision as it affects two or more wards and involves expenditure over £50k.

Recommendations

That Council approve:

1. the Single Corporate Vision & Strategic Priorities for 2013/14 (Appendix A);
2. the proposed revisions to Service Revenue Budgets (Appendix C);
3. the sum of £10,505 be applied from Collection Fund surpluses in reducing the Council Tax demand in 2013/14 (Appendix E);
4. it be noted that on 13th December 2012, the Council calculated the Council Tax Base 2013/14 for the whole Council area as 20,199 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];
5. calculate that the Council Tax requirement for the Council's own purposes for 2013/14 is £3,080,349 (Appendix E);
6. the following amounts as calculated for the year 2013/14 in accordance with Sections 31 to 36 of the Act:
 - a. £54,445,138 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (Outgoings excluding internal GF Recharges);
 - b. £51,364,789 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (Income excluding internal GF Recharges);
 - c. £3,080,349 being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);
 - d. £152.50 being the amount at 6(c) above (Item R), all divided by Item T (at 4 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;
7. the Council Tax level for Tamworth Borough Council for 2013/14 of £152.50 (an increase of £2.95 (1.97%) on the 2012/13 level) at Band D;
8. an aggregate Council Tax (comprising the respective demands of Tamworth Borough Council, Staffordshire County Council, Staffordshire Police Authority and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,425.00 at Band D for 2013/14 be noted (Appendix H);
9. the Council Tax levels at each band for 2013/14 (Appendix H);
10. the sum of £756,300 be transferred from General Fund Revenue Balances in 2013/14 (Appendix E);
11. the Summary General Fund Revenue Budget for 2013/14 (Appendix E);

- 12. the Provisional Budgets for 2014/15 to 2015/16, summarised at Appendix G, as the basis for future planning;**
- 13. the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund & Housing Capital Fund;**
- 14. Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;**
- 15. the proposed HRA Expenditure level of £13,993,100 for 2013/14 (Appendix D);**
- 16. rents for Council House Tenants in 2013/14 be increased by an average of £3.06 per week (3.8%) to £82.70, in line with the Government's Rent Restructuring rules;**
- 17. rents for Council House Tenants due for 53 weeks in 2013/14 be collected over 49 weeks;**
- 18. the HRA deficit of £598,620 be financed through a transfer from Housing Revenue Account Balances in 2013/14 (Appendix D);**
- 19. the proposed 3 year General Fund Capital Programme as detailed in Appendix I to the report;**
- 20. the proposed 5 year Housing Capital Programme as detailed in Appendix J to the report;**
- 21. to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;**
- 22. the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2013/14 (as detailed at Appendix N);**
- 23. the Prudential and Treasury Indicators and Limits for 2013/14 to 2015/16 contained within Appendix N;**
- 24. the adoption of the Treasury Management Practices contained within ANNEX 7; and**
- 25. the detailed criteria of the Investment Strategy 2013/14 contained in the Treasury Management Strategy within ANNEX 3.**

Executive Summary

Long before the Comprehensive Spending Review and public sector spending cuts, Tamworth Borough Council has been proactive in the design and implementation of innovative and effective measures for driving efficiency.

Whether to implement change, react to funding reductions or simply to ensure compliance with reforms, the adoption of a “problem solving” approach to accommodating change has enabled the Council to maintain a full suite of high quality public services.

Clearly, this has not been achieved in isolation. The principle of “collaboration” runs through the core of all we do. Whether this be internal; across services, directorates or even in respect of member and officer relations, there is strong collaboration, Tamworth is known for its successes in ‘partnership’ working. These span a broad range that include a nationally recognised, co-located multi-agency Community Safety Hub; an award winning Waste Management & Recycling arrangement; an Education & Skills Board, a local Health & Well-being Board and over £500k worth of services commissioned from Third Sector partners.

However, working on the premise that “nothing ever stays the same”, the Executive Board, a non-decision making forum of Cabinet members and Chief Officers have formed a working group with the intention of developing a ‘high level’ plan designed to tackle the forecast deficit long before it becomes a reality.

This budget report incorporates the Single Corporate Vision & Strategic Priorities of the Authority which are reflected within the Budget 2013/14 & Medium Term Financial Strategies (both Revenue & Capital). The Single Corporate Vision & Corporate Priorities are clear and accessible by stating what we aim to achieve, how we will do it and the resources we will use to support these aims.

The Single Vision is focused on longer term, aspirational goals of the Council. The Strategic Priorities identify, in the short to medium term, the key areas for improvement which will change in future years as the Council aligns local aspirations, central government policy and its performance.

In essence, the Shared Strategic Vision and Priorities **To Aspire & Prosper and, To be Healthier & Safer** are predicated by the need for Tamworth Borough Council to be a viable and sustainable strategic entity; a priority in its own right. Therefore, the Executive Board will need to focus upon strategic decisions relating solely to high level financial issues as yet again, flexibility within budgets throughout the period of the MTFS will be extremely limited.

All that said, it is pleasing to note that the MTFS will be able to sustain the commitment made in 2011/2012 “**to protect front line services**”.

In order to sustain this commitment further and to ensure that those most vulnerable in our communities are supported and/or protected, further consideration and reviews of non-essential services will be necessary. This will form part of the Sustainability Strategy and Corporate Change Programme referred to elsewhere in this report.

The Corporate Change Programme will assist in identifying better and more efficient ways of providing services at potentially lower costs - from more efficient use of assets and resources through Agile Working - including Electronic Document & Records Management Systems (EDRMS), Website improvements & Customer Relationship Management (CRM) which should help to mitigate future reductions in estimated external Central funding (Revenue Support Grant & Business rate retention) and income reductions. This process is ongoing and is expected to deliver further efficiencies for future budget considerations.

This budget and associated forecast will ensure that appropriate resources are focussed on areas we have identified as priorities. This is an ongoing process and work is continuing to identify further areas where resources can be realigned to priority areas based on the views of local people.

Through Performance Management the Council will identify the key performance measures to ensure we deliver the improvements highlighted in our Strategic Priorities. These measures will be regularly monitored and published so that the Council can demonstrate progress and be held accountable for its performance.

The headline figures for 2013/14 are:

- A General Services net revenue budget requirement of £8,204,480 an increase of 0.9%;
- A transfer of £756,300 from General Fund (GF) balances;
- A transfer of £598,620 from Housing Revenue Account (HRA) balances;
- The Band D Council Tax would be set at £152.50, an increase of £2.95 (1.97%) on the level from 2012/13 of £149.55;
- An average rent of £82.70 which represents an increase of £3.06 (3.8% on the current average rent of £79.64) in line with the Government's Rent Restructuring rules (based on a 49 week rent year), equating to £76.46 on an annualised 52 week basis;
- A General Fund Capital Programme of £3.7m (for 3 years);
- A Housing Capital Programme of £55.2m (including c. £21m relating to the Regeneration Projects) for 5 years.

The budget incorporates the Council's commitment to minimising the effects of the economic downturn on key service provision. An important part of our budget process is identifying areas of our work where we can make savings by reviewing the way we deliver services to make them more efficient.

As raised at the Executive Management Team Away Day, there are a number of key challenges affecting the medium term financial planning process (as detailed within the report), which add a high level of uncertainty to budget projections.

The medium term financial planning process is being challenged by the economic downturn / recession & Government austerity measures. The accomplishment of a balanced 3 year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented adverse economic conditions with a great deal of uncertainty over future investment & income levels such as car parking, land charges and corporate property rents. It is also facing increased financial demands from Central Government for service improvements in areas such as local democracy and transparency – as well as substantial reductions in Government grant support in the future.

There is also a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation, planned with effect from 1st April 2013, arising from the Local Government Finance Bill - Business Rates Retention, changes in Support for Council Tax and technical reforms to Council Tax - as well as other changes arising from the Government's Welfare Reform agenda.

In order to assist in the estimate of the impact on the MTFS, a number of models have been assessed (using external advisors) to arrive at a prudent projection for future external funding levels.

Additional demands for services (i.e. benefits & housing) arising from these austere times have been included where possible but this is dependent on the length and depth of the downturn.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix L**), it is felt prudent to include within the budget a number of specific contingency budgets (aligned to the specific uncertainties, where appropriate) to ensure some stability in the financial planning process (as detailed at **Appendix M**).

The assumptions made in the production of the MTFS are based on the best information available at the time and are subject to change. These will be monitored and reviewed on an ongoing process.

The Treasury Management Strategy Statement & report attached at **Appendix N** outlines the Council's Prudential Indicators for 2013/14 to 2015/16 and sets out the expected Treasury operations for this period.

The main issues for Members to note are:

- That Members understand the implications on Treasury Operations when setting the budget and Medium Term Financial Strategy;
- Members should be provided with access to relevant training – Members are also personally responsible for ensuring they have the necessary skills and training.

The aim is for all Members to have ownership and understanding when making decisions on Treasury Management matters.

- With regard to Counterparty selection for investment, rather than adopt a Lowest Common Denominator (LCD) methodology, a broader Counterparty evaluation criteria is used as recommended by Sector (the Council's Treasury Management consultants).

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Services Summary Revenue Budget for 2013/14, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**. Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m, the minimum approved level. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 1.97% for 2013/14 (the maximum permitted under the Government set limits to avoid a referendum is 2.0%) followed by increases at 2.5% p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2013/14 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at the minimum approved level of £0.5m.

The 3-year General Fund Capital Programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.5m available (the minimum approved level).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £0.5m (the approved minimum level) plus £1.5m remaining within the Regeneration Reserve (for future redevelopment schemes) assuming that the planned savings are realised to release the additional revenue contributions to capital spending.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In the Executive Director – Corporate Services' view, the budget proposals enclosed within this report include estimates which take into account circumstances and events which are reasonably foreseeable at the time of preparing the budget. In his view, the level of reserves remains adequate for the Borough Council based on this budget and the circumstances in place at the time of preparing it.

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals were considered at the Joint Scrutiny Committee (Budget) meeting on 22nd January 2013. In line with the constitution a Joint Scrutiny Budget Workshop was held on 4th December 2012.

The budget has been set following extensive consultation with the people of Tamworth. This includes feedback from The State of Tamworth Debate, responses from the 'Tamworth Listens' budget consultation exercise & customer feedback.

Proposed amendments to the 2012/13 base budget, approved by Council on 28th February 2012, are detailed within the report.

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

Key Risks to Revenue and Capital Forecasts:

| Ref | Risk | Control Measure |
|-----|---|---|
| 1 | Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits admin.); Confirmed for 2013/14 & provisionally received for 2014/15; (High) | Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (Medium / High) |
| 2 | New Homes Bonus grant levels lower than estimated; (High/Medium) | Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; (Medium) |
| 3 | Potential 'capping' of council tax increases by the Government or local Council tax Veto / referendum; (Medium) | Council tax models for consideration are included within this report – current indications are that increases above 2% risk 'capping' (confirmed as 2% for 2012/13); (Low) |
| 4 | A 3 year GF MTFs has been prepared due to significant uncertainties in future years' forecasts. Future years' finances are expected to reduce under the Government's austerity agenda with uncertainty over future economic conditions which could put further pressures on resourcing spend; (High) | In order to ensure sufficient resources will be available to deliver the Council's objectives in the longer term an ongoing Corporate Change Programme is in place and ongoing. A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; (High/Medium) |
| 5 | Pay awards greater than forecast; (Medium) | Forecast assumes a 1% increase for 2 years, in line with Government announcements, with 2% p.a. increases thereafter; (Medium / Low) |
| 6 | Pension costs higher than planned; (Medium) | Increases of 0.5% pa have been included with agreement made with Pension Fund following triennial review (due 2013 for 2014/15) for next 3 years; (Medium) |
| 7 | Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; (High) | Robust estimates included to arrive at collection target as detailed in Cabinet report 30 th January 2013. Ongoing proactive monitoring will be in place during 2013/14; Potential mitigation regulations expected; (High / Medium) |
| 8 | Council tax support scheme implementation – potential yield changes and maintenance of collection levels; (High) | Robust estimates included. Ongoing proactive management & monitoring will be in place during 2013/14; (High / Medium) |
| 9 | Achievement of income streams in line with targets e.g. treasury, car parking, planning etc; (High/Medium) | Robust estimates using a zero based budgeting approach have been included; (Medium) |
| 10 | Delivery of capital programme dependent on funding through capital receipts and grants; (High/Medium) | Robust monitoring and evaluation – should funds not be available then schemes would not progress. (Medium) |

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

Report Author:

If Members would like further information or clarification prior to the meeting please contact Stefan Garner Ext. 242.

| | |
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| Background Papers:- | Budget & Medium Term Financial Strategy 2012/13 – 2015/16, Council 28th February 2012 |
| | Budget and Medium Term Financial Planning Process, Cabinet 26th September 2012 |
| | Budget Consultation Report, Cabinet 17th October 2012 |
| | Draft Base Budget Forecasts 2013/14 to 2017/18, Cabinet 28th November 2012 |
| | Treasury Management Strategy Statement & Annual Investment Strategy Mid-year Review Report 2012/13, Council 13th December 2012 |
| | Draft Budget and Medium Term Financial Strategy 2013/14 to 2017/18, Cabinet 9th January 2013 |
| | Business Rates Income Forecast (NNDR1 return), Cabinet 30th January 2013 |
| | Treasury Management Practices 2012/13 (Operational Detail) |

Summary of Appendices

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| Detailed Considerations | B |
| Policy Changes | C |
| HRA Budget Summary 2012/13 – 2017/18 | D |
| General Fund Summary Revenue Budget 2013/14 | E |
| General Fund Technical Adjustments 2013/14 (before policy changes) | F1 |
| HRA Technical Adjustments 2013/14 (before policy changes) | F2 |
| General Fund 3 Year Revenue Budget Summary | G |
| Council Tax Levels at Each Band 2013/14 | H |
| General Fund Capital Programme 2013/14 – 2015/16 | I |
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| Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2013/14 | N |

A SINGLE 'VISION' FOR TAMWORTH

“One Tamworth, Perfectly Placed” (the People) (the Place)

This single, shared “Vision” for Tamworth is endorsed by all key partners in the local Partnership arena and underpinned by high level, evidence based priorities that focus upon both Tamworth (the place) and the communities served by the partner organisations (the people).

Strategic Priority 1

To Aspire and Prosper in Tamworth

Primary Outcome

To create and sustain a thriving local economy and make Tamworth a more aspirational and competitive place to do business.

To achieve this, we will:

- Raise the aspiration and attainment levels of young people
- Create opportunities for business growth through developing and using skills and talent
- Promote private sector growth and create quality employment locally
- Brand and market “Tamworth” as a great place to “live life to the full”
- Create the physical and technological infrastructure necessary to support the achievement of this primary outcome.

Strategic Priority 2

To be healthier and safer in Tamworth

Primary Outcome

To create a safe environment in which local people can reach their full potential and live longer, healthier lives.

To achieve this, we will:

- Address the causes of poor health in children and young people;
- Improve the health and well being of older people by supporting them to live active, independent lives;
- Reduce the harm and wider consequences of alcohol abuse on individuals, families and society;
- Implement ‘Total Place’ solutions to tackling crime and ASB in designated localities;
- Develop innovative early interventions to tackle youth crime and ASB; and
- Create an integrated approach to protecting those most vulnerable in our local communities

Detailed Considerations

Introduction

The Council's approach to medium term planning aims to integrate the Council's service and financial planning processes. In accordance with that approach this report contains firm proposals for 2013/14 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2012/13 budget to arrive at the starting point for 2013/14. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's MTFS used as the basis for the 2013/14 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

- The need to compensate for reduced income levels arising from the unprecedented economic / world events which have led to the economic downturn / recession;
- Injecting additional resources into corporate priorities;
- Increasing income from council tax and fees and charges;
- Reducing existing services to make way for new ones;
- Making other savings and efficiencies.

Financial Background

The medium term financial planning process is being challenged by the unprecedented economic / world events which have led to the economic downturn / recession.

There are a number of challenges affecting the Medium Term Financial Planning process for the period from 2013/14 which add a high level of uncertainty to budget projections.

As raised at the Executive Management Team Away Day, there are a number of key challenges affecting the medium term financial planning process, which add a high level of uncertainty to budget projections:

- a) Future Revenue Support Grant levels including the impact from the proposals to localise business rates and future support through New Homes Bonus grant;
- b) Proposed changes set out in the Welfare Reform Bill and the introduction of Universal Credit – impact on housing and council tax benefits (including support for council tax benefits) and associated income receipts of the council;
- c) The impact of any further uncertainty over future interest rate levels and their impact on investment income / treasury management;
- d) The severity of the recession and the impact it has had and still could have on the Council's income streams;

- e) While the Government announced a pay cap of 1% for 2013/14 & 2014/15, the impact of inflation on pay settlements and other contractual arrangements for future years is less certain;
- f) Finalisation of the expected outcomes and impact on the Council's financial position from the programme of short-term and long-term workstream reviews commissioned by Cabinet to identify measures to help the Council cope with grant & income reductions in the coming years;
- g) Review and finalisation of the revised budgets/policy changes and feedback from the Scrutiny process; and
- h) Potential implications of the planned Stock condition survey on future capital investment programme requirements.

Material Legislative Changes Impacting on the MTFs - Methodology

There is also a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation, planned with effect from 1st April 2013, arising from the Local Government Finance Bill - Business Rates Retention, changes in Support for Council Tax and technical reforms to Council Tax - as well as other changes arising from the Government's Welfare Reform agenda.

In order to assist in the estimate of the impact on the MTFs, a number of models have been assessed (using external advisors) to arrive at a prudent projection – as detailed within the report. Should, however, the actual figures be better than forecast, the Council's financial position will be improved.

Uncertainties include the assessment of the Non-domestic rate income & future New Homes Bonus levels and continued funding.

At the same time, with effect from 1 April 2013, Support for Council Tax (Council Tax Benefit) will be localised, together with a national reduction of 10% in Grant Funding. The impact of the localisation of the support for council tax benefit has been included within the MTFs with the required 10% saving delivered through changes in the benefits system (and mitigated by the fact that preceptors will pay their share). Government grants will be paid to billing and major Precepting Authorities. The scheme has reduced each authority's Council Tax Requirement. This will be subject to ongoing review. Any net shortfall will be met by the appropriate Authority with the Council's share met by the General Fund.

Additional demands for services (i.e. benefits & housing) arising from these austere times have been included where possible but this is dependent on the length and depth of the downturn.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix L**), it is felt prudent to include within the budget a number of specific contingency budgets (aligned to the specific uncertainties, where appropriate) to ensure some stability in the financial planning process (as detailed at **Appendix M**).

Following review of the sensitivity of the factors within the forecasts, pay award & inflation, interest rate movements, together with changes in Government Grant support, could all significantly affect the forecast as follows:

| Effect of x% movement: | % + / - | Impact over 1 year +/- £'000 | Impact over 3 years +/- £'000 | Risk |
|-------------------------------------|---------------|---------------------------------------|--|------|
| Pay Award / National Insurance (GF) | 0.5 | 43 | 261 | M |
| Pension Costs | 0.5 | - | 169 | M |
| Council Tax | 0.5 | 15 | 91 | M |
| Inflation / CPI | 0.5 | 39 | 237 | M |
| Government Grant | 0.5 | 28 | 146 | H |
| Investment Interest | 0.5 | 100 | 552 | H/M |
| Key Income Streams | 0.5 | 26 | 156 | H/M |
| New Homes Bonus | 10 | 37 | 243 | H/M |
| Total | | 288 | 1,855 | |

GENERAL FUND

The final Local government finance settlement figures for Tamworth for 2013/14 have recently been announced and there is little change from those provisionally released in December. They show that the Government start up funding assessment (Revenue Support Grant (RSG) plus the new business rates baseline retained income) totals £5.114m.

This is the first local government finance settlement under the new arrangements for business rates retention that will come into place on 1st April 2013. This means that business rates have now been split into a central and a local share; each being 50% of the Expected Business Rates Aggregate in 2013/14 (as predicted by the Office for Budget Responsibility); after deductions are made for expected appeals and reliefs.

The Council's actual reduction in combined Revenue Support Grant / assessed Business Rates baseline funding need is 4.8% for 2013/14 (which means that Government support will decrease by £0.25m over last year) with a further Reduction of 12.6% (£0.6m) in 2014/15 (after adjusting grant levels to include 'rolled in' grants i.e. local support for council tax, homelessness, council tax freeze).

The operation of the floor (which damps the results so that no Council loses significantly) means that the Council will be better off by £203k in 2013/14, when compared with the level which would be due if floors were not in force.

For future years, in light of indications of further grant reductions, it has been assumed that there will be a reduction in formula grant of 8.6% for 2015/16. It is expected that should grant levels deteriorate further than anticipated, this would be mitigated as new homes bonus funding has been included on a risk based approach.

Based on this and coupled with the anticipated growth in the Council's tax base, Government financial support will reduce over the period, as shown in the table below.

| External Finance | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Business Rates Baseline | 2,043 | 2,106 | 2,127 |
| Revenue Support Grant | 3,071 | 2,362 | 1,956 |
| Total Funding Assessment | 5,114 | 4,468 | 4,083 |
| % Change Increase/(Decrease) | (4.8)% | (12.6)% | (8.6)% |

Technical Adjustments

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 onwards. These changes, known as technical adjustments have been calculated to take account of:

- virements approved since the base budget was set;
- the removal of non-recurring budgets from the base;
- the effect of inflation;
- changes in payroll costs and annual payroll increments;
- changes in expenditure and income following decisions made by the Council;
- other changes outside the control of the Council such as changes in insurance costs and reduction in grant income;
- The 'Zero base budgeting' review of income levels.

They are summarised in **Appendix F1** and the main assumptions made during this exercise are shown in **Appendix K**.

They have been separated from the policy changes, as they have already been approved or are largely beyond the control of the Council, and are summarised below:

| Technical Adjustments | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 |
|---|--------------------------|--------------------------|--------------------------|
| Base Budget B/Fwd | 8,898 | 8,957 | 8,917 |
| Committee Decisions | (220) | (209) | 30 |
| Inflation | 23 | 28 | 42 |
| Other | 182 | 43 | (48) |
| Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance) | 145 | 98 | 230 |
| Revised charges for non-general fund activities | (71) | - | - |
| Total / Revised Base Budget | 8,957 | 8,917 | 9,171 |

* () denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2012 have been included within the technical adjustments. **A list of the revised policy changes is attached at Appendix C and summarised below:**

| DIRECTORATE | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 |
|--|------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Chief Executive | 1 | (20.0) | - | - |
| Executive Director Corporate Services | | - | - | - |
| Director of Finance | 2 | (96.2) | 101.9 | (109.4) |
| Director of Technology & Corporate Programmes | | - | - | - |
| Solicitor to the Council | 3 | (72.0) | - | - |
| Director of Transformation & Corporate Performance | | - | - | - |
| Director of Communities, Planning & Partnerships | 4 | 78.7 | (33.3) | 1.7 |
| Director of Housing & Health | 5 | 162.0 | - | (162.0) |
| Director of Assets & Environment | 6 | (75.0) | - | - |
| Total | | (22.5) | 68.6 | (269.7) |
| Cumulative Cost / (Saving) | | (22.5) | 46.1 | (223.6) |

Capping / Local Referendum

In the past, the Government had the power under the Local Government Act 1999 to require councils to set a lower budget requirement if it considered the budget requirement and council tax had gone up by too much. The Localism Act 2011 abolished the capping regime but introduced new requirements on a Council to hold a local referendum if it increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.

The proposed principles for 2013/14 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2012/13, they set council tax increases that exceed 2.0%.

For 2011/12 the Government indicated that it would offer grant support for the 4 year Comprehensive Spending Review (CSR) period should Council freeze Council Tax levels. A similar arrangement, with funding for one year only was made for 2012/13. For 2013/14 a further offer has been announced but with grant support limited to the equivalent of a 2% increase but paid over 2 years – equivalent to 1% per annum. Tamworth's Council tax is currently £149.55 which is £43 below the average of the Council Tax charges of similar councils (from the Cipfa nearest neighbour grouping).

Should Council Tax be frozen at the 2012/13 level for 2013/14 then this would reduce income by c.£60k p.a. – £180k over the 3 year period. This would be offset by grant income receivable over 2 years of c. £70k.

Consideration of the likely level of Council Tax increases over the 3 year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £500k. The indications are that a potential threshold will be 2.5% in future years - the impact of a 2.5% p.a. increase (with a 1.97% increase in 2013/14) is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of 2.5% per annum from 2013/14.

For 2012/13 Tamworth's Band D Council Tax stands at £149.55. This is the second lowest of 16 similar Councils in the Cipfa 'nearest neighbour' family group and is approx. £43 below the group average.

The Council's provision for collection losses for 2013/14 has been approved at 2.1% (a reduction of 0.6% on the 1.5% for 2012/13). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

A 1% change in Band D Council Tax equates to approximately £30k per annum. Each £1 increase in the Band D Council Tax would raise approximately £20k per annum. ***A Council Tax increase in 2013/14 of £2.95 (1.97%) is proposed (with a minimum increase in line with inflation of 2.5% per annum thereafter).***

The Band D Council Tax would increase to £152.50 for 2013/14. Future levels of Council Tax and the projected impact on the General Fund revenue account forecast would be as follows:

| Year: | 2013/14 | 2014/15 | 2015/16 |
|--|----------------|----------------|----------------|
| Forecast: | £000's | £000's | £000's |
| Net Expenditure | 8,961 | 8,988 | 8,971 |
| Surplus / (Deficit) | (757) | (1,347) | (1,618) |
| Balances Remaining /Overdrawn (-) | 3,465 | 2,118 | 500 |
| £ Increase | 2.95 | 3.85 | 3.95 |
| % Increase | 1.97% | 2.5% | 2.5% |
| Note: Resultant Band D Council Tax | 152.50 | 156.35 | 160.30 |

which indicates potential balances of £0.5m (the minimum approved level) forecast as remaining over the 3 year period. As current capping guidance indicates a 'capping' threshold of 2.0%, this is considered a low risk option.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses within the Council Tax Collection Fund. It is proposed that all available surpluses be used, as shown in the table below (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Police Authority).

| Council Tax | 2013/14 | 2014/15 | 2015/16 |
|-------------------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 |
| Council Tax Income | 3,080 | 3,173 | 3,270 |
| Collection Fund Surplus | 10 | - | - |

The County Council, Police Authority and Fire & Rescue Authority are due to finalise their budgets for 2013/14 during February 2013.

The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix H**.

Balances

At the Council meeting on 29th February 2000 Members approved a minimum working level of balances of £500k. At 31st March 2013 General Fund Revenue Balances are estimated to be £4.2m, compared with £3.4m anticipated a year ago.

The minimum level of balances for planning purposes will remain at £0.5m.

Summary and Conclusions

These budget proposals reflect the need to compensate for reduced income levels arising from the economic downturn / recession and significant reductions in Government funding, a desire to continue to address the Council's priorities / issues identified by Members and at the same time to seek continuous improvement in service delivery.

In addition, there remains a degree of uncertainty in a number of areas including the impact of the changes to council tax support and other welfare reforms on council tax and rent income, future local authority pay settlements, the potential for interest rate changes, the future local government finance settlements and the level of future business rates income.

A summary of all the budget proposals is shown in the table below. The summary Revenue Budget for 2013/14, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

| Financial Summary | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 |
|--|--------------------------|--------------------------|--------------------------|
| Base Budget | 8,957 | 8,917 | 9,171 |
| Proposed Policy Changes | (23) | 46 | (224) |
| Final Recharge & Inflationary Adjustments (following Policy Changes inclusion) | 27 | 25 | 24 |
| Net Expenditure | 8,961 | 8,988 | 8,971 |

Financing:

| | | | |
|----------------------------------|--------------|--------------|--------------|
| Business Rates Baseline | 2,043 | 2,106 | 2,127 |
| Revenue Support Grant | 3,071 | 2,362 | 1,956 |
| Council Tax Income | 3,080 | 3,173 | 3,270 |
| Collection Fund Surplus | 10 | - | - |
| Gross Financing | 8,204 | 7,641 | 7,353 |
| (Surplus) / Deficit | 757 | 1,347 | 1,618 |
| Balances Remaining / (Overdrawn) | 3,465 | 2,118 | 500 |

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2012/13 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2013/14.

The following table illustrates the current position before the effect of policy led changes:

| Technical Adjustments | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Base Budget B/Fwd | 1,120 | 498 | 342 | 1,650 | (521) |
| Committee Decisions | (833) | (355) | 1,133 | (2,312) | - |
| Inflation | 115 | 133 | 155 | 159 | 163 |
| Other | 80 | 22 | (45) | (80) | (706) |
| Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance) | 31 | 44 | 65 | 62 | 60 |
| Revised charges for non-HRA activities | (15) | - | - | - | - |
| Virements | - | - | - | - | - |
| Total / Revised Base Budget | 498 | 342 | 1,650 | (521) | (1,004) |

Revisions have been made to the 2012/13 base budget in order to produce an adjusted base for 2013/14 and forecast base for 2014/15 onwards. These changes, known as technical adjustments, are largely beyond the control of the Council and have been calculated to take account of:

- virements approved since the base budget was set;
- the removal of non-recurring budgets from the base;
- the effect of inflation;
- changes in payroll costs and annual payroll increments;
- changes in expenditure and income following decisions made by the Council;
- other changes outside the control of the Council such as changes in insurance costs, reduction in grant income and the impact of the HRA determinations which are set annually by Central Government; and
- The 'Zero base budgeting' review of income levels.

and are summarised in **Appendix F2**.

Proposals

The proposed policy changes for inclusion in the base budget for the next 5 years are detailed at **Appendix C**.

The proposals will mean that balances will remain above the approved minimum level of £0.5m (as recommended) over the 5 year period.

| Financial Summary | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Net Surplus / (Deficit) | (498) | (342) | (1,650) | 521 | 1,004 |
| Policy Changes | (77) | (422) | (822) | (922) | (1,022) |
| Final Recharge & Inflationary Adjustments (following Policy Changes inclusion) | (24) | (14) | (4) | 6 | 17 |
| Surplus / (Deficit) | (599) | (778) | (2,476) | (395) | (1) |
| Balances Remaining / (Overdrawn) | 4,175 | 3,397 | 921 | 526 | 525 |

Indicating a Housing Revenue Account (HRA) surplus of £0.5m over the next 5 years. Minimum recommended balances are currently £0.5m.

There is also still a degree of uncertainty over the future financial position of the HRA arising from:

- the future capital investment needs of the housing stock;
- finalisation of the costs / income associated with the potential regeneration / redevelopment proposals.

Rent Restructuring

The introduction of rent restructuring in April 2003 requires the Council to calculate rents in accordance with a formula on a property by property basis and account separately for rental payments and payments which are for services (for example grounds maintenance, upkeep of communal areas, caretaking) within the total amounts charged.

On 25th February 2003 the Council received a report detailing the implications of the rent restructure framework. This framework removes the flexibility to independently set rent levels from Social Landlords and replaces this with a fixed formula based on the value of the property and local incomes. It is the aim of the framework to ensure that by a pre-set date all social landlord rents have reached a 'target rent' for each property that will reflect the quality of accommodation and levels of local earnings. In achieving this target rent councils are annually set a "limit rent" which restricts the level of rent increase in any one year.

Housing rents have been increased in accordance with the Rent Restructuring Framework.

In addition it should be noted that 2013/14 will be a 53 week rent year (as 1st April 2013 is a Monday – when rents become due) – approval is sought to collect the rent due over 49 weeks rather than the standard 48 weeks.

Balances

The forecast level of balances at 31st March 2013 is £4.77m. The impact on balances of the adjustments outlined in this report would be as follows:

| Summary | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 | 2017/18 £'000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Proposed (Withdrawal from) / Addition to Balances | (599) | (778) | (2,476) | (395) | (1) |
| Balances Remaining / (Overdrawn) | 4,175 | 3,397 | 921 | 526 | 525 |

This would mean that closing balances, over the 5 year period, would be over the approved minimum level of £0.5m.

The analysis at **Appendix D** details the overall Housing Revenue Account budget resulting from the recommendations contained within this report.

CAPITAL PROGRAMME

Following a review of the four year Capital Programme approved by Council on 28th February 2012, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

Each scheme has been assessed with regard to:

- the contribution its delivery makes towards the achievement of the Council's corporate priorities;
- the achievement of Government priorities and grant or other funding availability;
- the benefits in terms of the contribution to the Council's Corporate Objectives and compliance with the Corporate Capital Strategy requirements of:
 1. Invest to save
 2. Maintenance of services and assets
 3. Protection of income streams
 4. Avoidance of cost.

The current de-minimus for capital expenditure is £10k per capital scheme.

General Fund

It is estimated that approximately £3.7m (excluding the £0.5m approved minimum balance) will be available during the period to 2015/16 for future capital spending (including the useable capital receipts generated from the sale of council housing).

The draft General Fund programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.5m (the minimum approved level).

The capital reserve / receipts value is deemed to include the value of any minor disposals up to a value of £100k per annum in line with the Acquisitions and Disposals Policy.

Details of the proposed capital programme are shown in **Appendix I**.

The proposed programme includes a contribution from sale of council house receipts of £0.5m over the 3 years.

Housing

The proposed 5 year Housing Capital Programme is attached at **Appendix J**.

Revisions are included to reflect the approval of the Regeneration Projects (c.£21m) and the efficiencies arising from the new repairs and investment contract in 2013/14 only (prior to stock condition survey results to inform the 2014/15 programme review).

It is estimated that approximately £55.2m (excluding the £0.5m approved minimum balance) will be needed during the period to 2017/18 for future capital spending (including revenue contributions from the HRA of £19.7m & additional borrowing of £11.3m – the 'headroom' in line with the HRA Government debt cap).

Policy Changes Summary

| DIRECTORATE | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 |
|--|------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Chief Executive | 1 | (20.0) | - | - |
| Executive Director Corporate Services | | - | - | - |
| Director of Finance | 2 | (96.2) | 101.9 | (109.4) |
| Director of Technology & Corporate Programmes | | - | - | - |
| Solicitor to the Council | 3 | (72.0) | - | - |
| Director of Transformation & Corporate Performance | | - | - | - |
| Director of Communities, Planning & Partnerships | 4 | 78.7 | (33.3) | 1.7 |
| Director of Housing & Health | 5 | 162.0 | - | (162.0) |
| Director of Assets & Environment | 6 | (75.0) | - | - |
| Total | | (22.5) | 68.6 | (269.7) |
| Cumulative Cost / (Saving) | | (22.5) | 46.1 | (223.6) |

| | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 | Budget Changes 16/17 £'000 | Budget Changes 17/18 £'000 |
|-----------------------------------|------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Housing Revenue Account | 7 | 77.0 | 345.0 | 400.0 | 100.0 | 100.0 |
| Total | | 77.0 | 345.0 | 400.0 | 100.0 | 100.0 |
| Cumulative Cost / (Saving) | | 77.0 | 422.0 | 822.0 | 922.0 | 1,022.0 |

Policy Changes Summary Staffing Implications

| DIRECTORATE | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 |
|--|------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Chief Executive | 1 | - | - | - |
| Executive Director Corporate Services | | - | - | - |
| Director of Finance | 2 | - | - | - |
| Director of Technology & Corporate Programmes | | - | - | - |
| Solicitor to the Council | 3 | - | - | - |
| Director of Transformation & Corporate Performance | | - | - | - |
| Director of Communities, Planning & Partnerships | 4 | 1.0 | - | - |
| Director of Housing & Health | 5 | - | - | - |
| Director of Assets & Environment | 6 | - | - | - |
| TOTAL | | 1.0 | - | - |

| | Sheet No. | Budget Changes 13/14 £'000 | Budget Changes 14/15 £'000 | Budget Changes 15/16 £'000 | Budget Changes 16/17 £'000 | Budget Changes 17/18 £'000 |
|--------------------------------|------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Housing Revenue Account | 7 | - | - | - | - | - |
| TOTAL | | - | - | - | - | - |

CHIEF EXECUTIVE

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|------|--------|---|------------------------------------|----------------|----------------|----------------|
| | | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| CE1 | CORP | | Chief Executive - Resulting impact from review of recharges | Additional recharge to HRA from GF | (20.0) | | |
| Total New Items / Amendments | | | | | (20.0) | - | - |

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | | |
| TOTAL | | | | | - | - | - |

| |
|---------------------|
| DIRECTOR OF FINANCE |
|---------------------|

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|------|--------|---|--|----------------|----------------|----------------|
| | | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| DF 1 | CORP | | Additional New Homes Bonus | Additional income expected following confirmation of year 3 scheme funding | (22.24) | (57.14) | (29.35) |
| DF2 | CORP | | Corporate Finance - General Contingency | Increased contingency budget to allow for 'in year' decisions to be made by Cabinet & to provide for any potential further reductions in income as a result of the economic situation. | 185.0 | (100.0) | (80.0) |
| DF3 | CORP | | Revenue Contribution to Capital | Revenue support for the financing of the Capital Programme | 50.0 | (50.0) | |
| DF4 | CORP | | Contribution from Building Repairs Fund | Revenue support for the financing of the Capital Programme | (50.0) | 50.0 | |
| DF5 | CORP | | Contribution from Repairs & Renewals Fund | Use of Revenue Reserves | (259.0) | 259.0 | |
| Total New Items / Amendments | | | | | (96.2) | 101.9 | (109.4) |

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | | |
| TOTAL | | | | | - | - | - |

SOLICITOR TO THE COUNCIL

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|------|--------|--|------------------------------------|----------------|----------------|----------------|
| | | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| SOL1 | CORP | | Democratic & Member Services - Resulting impact from review of recharges | Additional recharge to HRA from GF | (72.0) | | |
| Total New Items / Amendments | | | | | (72.0) | - | - |

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | | |
| TOTAL | | | | | - | - | - |

DIRECTOR COMMUNITIES, PLANNING & PARTNERSHIPS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|-------|--------|---|--|----------------|----------------|----------------|
| | | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| CPP1 | SAV | | To cease paying Tamworth's contribution to the County's Strategic Partnership Manager post | Council has contributed £5k to this post for several years. Other Districts also pay this contribution | | (5.0) | |
| CPP2 | CORP | | It is proposed that a budget to procure specialist knowledge and skills (for example on feasibility work, legal) and a budget to fund a project officer (for 3 years) that would be dedicated to managing the projects for growth | To establish a key post to undertake day-to-day management of key projects for the Council and local economy. This will bring them to fruition quicker. Projects such as Gungate, Cultural Quarter, Anker Valley, Garage sites, Kerria and Tinkers Green, Amington Industrial Estate and the Rail improvements | 37.0 | | |
| CPP3 | OTHER | | To increase budget allocation to small and arts grants over a 10 year period | It is estimated that the regeneration budget needed would be an initial £40k in 2013/2014 and then £10k p.a. The grants were discussed at Cabinet on the 14th March 2012, in response to discussions at the Scrutiny meeting on 8 February 2012 with the suggestion to explore the possibility of increasing the small grants by £1369 p.a. and the Arts grants by £1993p.a. over 10 years | 40.0 | (30.0) | |
| | | | | Alternative option of increasing the small grants by £684.50 p.a. and the Arts grants by £996.50 p.a. over 20 years | 1.7 | 1.7 | 1.7 |
| Total New Items / Amendments | | | | | 78.7 | (33.3) | 1.7 |

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|---|--------------|--------------|--------------|--------------|
| CPP2 | | | Project officer (for 3 years) that would be dedicated to managing the projects for growth | | 1.0 | | |
| TOTAL | | | | | 1.0 | - | - |

DIRECTOR HOUSING & HEALTH

| Item No | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|--------|--|---|----------------|----------------|----------------|
| | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| HH1 | STAT | To ensure Preventing Homelessness Grant received from DCLG (£162K pa) is utilised effectively for its intended purpose | To ensure a robust spending plan (linked to emerging priorities identified at service level and via analysis of evidence collated for the review of the Homelessness Strategy) is developed that clearly identifies & sets out how resources will be utilised over the next 2 years | 162.0 | | (162.0) |
| Total New Items / Amendments | | | | 162.0 | - | (162.0) |

STAFFING IMPLICATIONS

| Item No | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 | 14/15 | 15/16 |
|--------------|--------|----------------------------|--------------|----------|----------|----------|
| | | | | FTE | FTE | FTE |
| | | | | | | |
| TOTAL | | | | - | - | - |

DIRECTOR ASSETS & ENVIRONMENTAL SERVICES

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|------|--------|--|------------------------------------|----------------|----------------|----------------|
| | | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| AE1 | CORP | | Street Wardens - Resulting impact from review of recharges | Additional recharge to HRA from GF | (75.0) | | |
| Total New Items / Amendments | | | | | (75.0) | - | - |

STAFFING IMPLICATIONS

| Item No | | BC Ref | Proposal/(Existing Budget) | Implications | 13/14 FTE | 14/15 FTE | 15/16 FTE |
|--------------|--|--------|----------------------------|--------------|--------------|--------------|--------------|
| | | | | | | | |
| TOTAL | | | | | - | - | - |

HOUSING REVENUE ACCOUNT

| Item No | BC Ref | Proposal/(Existing Budget) | Implications | Budget Change | Budget Change | Budget Change |
|-------------------------------------|--------|--|---|----------------|----------------|----------------|
| | | | | 13/14 £'000 | 14/15 £'000 | 15/16 £'000 |
| HRA1 | SAV | Potential savings from the responsive repairs contract arising from retendering & revised work practices | Budget saving | (500.0) | | |
| | CORP | Revenue Contribution to Capital Spend | It is considered that this saving should be used in capital schemes to support regeneration of deprived areas and allow acquisition of land / property | 500.0 | | |
| HRA2 | CORP | To increase funding to a 3rd Sector organisation from £5k to £10k p.a. | To ensure access to legal borrowing, saving thereby assisting financial inclusion | 5.0 | | |
| HRA3 | CORP | Funding to deal with the impact of Welfare Benefit Reform (WBR) to maintain rent collection levels | To allow: a) Applications to be made online through internet access at hubs (£15k); b) Increased collection costs (£46k); c) Use of smart readers for tenant visits (£10k) | 70.0 | | |
| HRA4 | OTHER | To ensure that the Council is able to maintain the same level of service for sheltered housing tenants that are affected by the proposed cuts in supporting people funding as well as the community alarm service element, which is sub contracted to WELbeing | It was highlighted to Members in April 2012 that a 20% cut in Supporting people grant funding was to be imposed with effect from April 2012 which equated to a £42K reduction of income. In addition to this there are now planned changes to the administration of the contract so that the grant funding is effectively capped (based on the average utilisation of the amount of funding available) which exposes the council to the risk of a further £8k loss of funding (total circa of £50k) | 50.0 | | |
| HRA5 | CORP | The increase is to fund additional capacity to cover policy development and implementation | Estimated costs to be built into the budget setting process are to cover: a) Welfare reform and cost benefit analysis of outsourcing direct debits b) Legal support and work around service charges c) Implementation of flexible tenancies d) Costs associated with external peer assessment and review in the context of localism e) Continued work with consultants on sheltered housing facilitation and procurement | 30.0 | | |
| HRA6 | CORP | General Contingency | Ensure contingency available to meet unplanned issues & current challenges introducing additional uncertainty- eg impact of WBR | 100.0 | | |
| HRA7 | CORP | Resulting impact from review of recharges - Chief Executive / Street Wardens / Democratic Services | Additional recharge to HRA from GF | 167.0 | | |
| HRA8 | STAT | Rent Income | Inclusion of 53 week rent year income | (345.0) | 345.0 | |
| HRA9 | CORP | Contribution to Reserve | To provide funds for future redevelopment schemes | | | 400.0 |
| Total New Items / Amendments | | | | 77.0 | 345.0 | 400.0 |

*No staffing implications arising from these proposals are reported

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2013/14

| | Base Budget 12/13 £ | Technical Adjustments £ | Policy Changes £ | Revised Budget 13/14 £ | Revised Budget 14/15 £ | Revised Budget 15/16 £ | Revised Budget 16/17 £ | Revised Budget 17/18 £ |
|--|---------------------------|-------------------------------|---------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Income | | | | | | | | |
| Dwelling Rents | (17,111,370) | (648,730) | (345,000) | (18,105,100) | (18,407,480) | (19,089,230) | (19,645,740) | (20,214,510) |
| Non-Dwelling Rents | (450,470) | 115,730 | - | (334,740) | (343,010) | (351,490) | (360,180) | (369,090) |
| Charges for Services & Facilities | (644,860) | 92,710 | 49,520 | (502,630) | (512,500) | (523,630) | (535,050) | (546,770) |
| Contributions Towards Expenditure | (747,290) | (94,130) | - | (841,420) | (841,640) | (841,900) | (842,160) | (842,430) |
| Subtotal | (18,953,990) | (534,420) | (295,480) | (19,783,890) | (20,104,630) | (20,806,250) | (21,383,130) | (21,972,800) |
| Expenditure | | | | | | | | |
| Repairs & Maintenance | 4,484,310 | 93,460 | (500,000) | 4,077,770 | 4,124,940 | 4,238,120 | 4,353,240 | 4,471,330 |
| Supervision & Management | 4,937,810 | (98,720) | 372,480 | 5,211,570 | 5,286,500 | 5,385,340 | 5,483,690 | 5,580,370 |
| Rents, Rates, Taxes & Other Charges | 37,700 | (4,770) | - | 32,930 | 33,360 | 33,870 | 34,380 | 34,900 |
| Increase in Provision for Bad Debts | 173,000 | - | - | 173,000 | 470,000 | 470,000 | 470,000 | 470,000 |
| Housing Subsidy Payable | - | - | - | - | - | - | - | - |
| Depreciation | 4,482,060 | - | - | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 |
| Debt Management Costs | 15,650 | 120 | - | 15,770 | 16,230 | 17,690 | 17,820 | 17,230 |
| Subtotal | 14,130,530 | (9,910) | (127,520) | 13,993,100 | 14,413,090 | 14,627,080 | 14,841,190 | 15,055,890 |
| Net cost of HRA Services per Authority I&E | (4,823,460) | (544,330) | (423,000) | (5,790,790) | (5,691,540) | (6,179,170) | (6,541,940) | (6,916,910) |
| HRA share of Corporate & Democratic Core | 3,740 | (20) | - | 3,720 | 3,810 | 3,910 | 4,010 | 4,110 |
| HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services | 5,630 | (2,250) | - | 3,380 | 3,380 | 3,380 | 3,380 | 3,380 |
| Net Cost of HRA Services | (4,814,090) | (546,600) | (423,000) | (5,783,690) | (5,684,350) | (6,171,880) | (6,534,550) | (6,909,420) |
| Interest Payable & Similar Charges | 3,032,350 | (58,480) | - | 2,973,870 | 2,973,870 | 2,924,700 | 2,874,960 | 2,755,120 |
| Amortisation of Premiums | 2,560 | (2,560) | - | - | - | - | - | - |
| Interest & Investment Income | (58,080) | 5,290 | - | (52,790) | (51,700) | (50,640) | (49,610) | (48,610) |
| Surplus/ Deficit for the year | (1,837,260) | (602,350) | (423,000) | (2,862,610) | (2,762,180) | (3,297,820) | (3,709,200) | (4,202,910) |

Statement of Movement on the HRA Balance

| | | | | | | | | |
|---|--------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Surplus or Deficit for the year | (1,837,260) | (602,350) | (423,000) | (2,862,610) | (2,762,180) | (3,297,820) | (3,709,200) | (4,202,910) |
| Additional Items required to be taken into account: | | | | | | | | |
| Capital Expenditure funded by the HRA | 2,956,970 | 4,260 | 500,000 | 3,461,230 | 3,540,390 | 2,828,240 | 2,879,330 | 2,879,330 |
| Net transfer to/ (from) earmarked reserves | - | - | - | - | - | 2,946,000 | 1,225,000 | 1,325,000 |
| Transfer to/ (from) the Major Repairs Reserve | - | - | - | - | - | - | - | - |
| (Increase)/ Decrease in HRA Balances | 1,119,710 | (598,090) | 77,000 | 598,620 | 778,210 | 2,476,420 | 395,130 | 1,420 |

General Fund Summary Revenue Budget for 2013/14

| <i>Figures exclude internal recharges which have no bottom line impact.</i> | Base Budget 2012/13 £ | Technical Adjustments £ | Policy Changes £ | Budget 2013/14 £ |
|---|--------------------------------------|------------------------------------|-----------------------------|---------------------------------|
| Chief Executive | 183,070 | (3,460) | (20,000) | 159,610 |
| Executive Director Corporate Services | 194,500 | 115,710 | - | 310,210 |
| Director of Finance | (145,250) | (240,640) | (96,240) | (482,130) |
| Director of Technology & Corporate Programmes | 848,400 | 12,400 | - | 860,800 |
| Solicitor to the Council | 699,950 | (52,090) | (72,000) | 575,860 |
| Director of Transformation & Corporate Performance | 934,410 | 66,910 | - | 1,001,320 |
| Director of Communities, Planning & Partnerships | 2,274,370 | 58,610 | 78,700 | 2,411,680 |
| Director of Housing & Health | 853,660 | 19,800 | 162,000 | 1,035,460 |
| Director of Assets & Environment | 3,054,710 | 108,260 | (75,000) | 3,087,970 |
| Total Cost of Services | 8,897,820 | 85,500 | (22,540) | 8,960,780 |
| Transfer (to) / from Balances | 770,420 | | | 756,300 |
| Revenue Support Grant | - | | | 3,070,744 |
| Retained Business Rates | 4,604,958 | | | 12,199,200 |
| Less: Tariff payable | - | | | (10,156,318) |
| Collection Fund Surplus | 26,262 | | | 10,505 |
| Council Tax Requirement | 3,496,180 | | | 3,080,349 |

General Fund Technical Adjustments 2013/14

| | Budget 2012/13 £ | Technical Adjustments | | | | | | Total Adjustments £ | Total Adjusted Base 2013/14 £ |
|---|------------------------|-----------------------|-----------------------------|----------------|----------------|-------------------------|--|---------------------------|---|
| | | Virements £ | Committee Decisions £ | Inflation £ | Other £ | Pay Adjustments £ | External Recharge Changes (non-GF Activities) £ | | |
| <i>Figures exclude internal recharges which have no bottom line impact.</i> | | | | | | | | | |
| Chief Executive | 183,070 | - | - | 150 | (90) | (3,520) | - | (3,460) | 179,610 |
| Executive Director Corporate Services | 194,500 | - | (2,000) | 1,070 | 103,310 | 12,710 | 410 | 115,500 | 310,000 |
| Director of Finance | (145,250) | (66,610) | (76,500) | 1,840 | (197,090) | 18,990 | (5,060) | (324,430) | (469,680) |
| Director of Technology & Corporate Programmes | 848,400 | (4,890) | (1,500) | 8,170 | 125,310 | 17,400 | (74,360) | 70,130 | 918,530 |
| Solicitor to the Council | 699,950 | - | (38,000) | 2,990 | (7,300) | (14,640) | 4,790 | (52,160) | 647,790 |
| Director of Transformation & Corporate Performance | 934,410 | - | 31,300 | 110 | 6,380 | 22,750 | 4,300 | 64,840 | 999,250 |
| Director of Communities, Planning & Partnerships | 2,274,370 | 74,000 | (133,000) | (3,500) | 86,840 | 34,340 | - | 58,680 | 2,333,050 |
| Director of Housing & Health | 853,660 | - | - | 920 | 1,620 | 13,590 | 10,070 | 26,200 | 879,860 |
| Director of Assets & Environment | 3,054,710 | (2,500) | - | 10,880 | 63,390 | 43,290 | (11,260) | 103,800 | 3,158,510 |
| Grand Total | 8,897,820 | - | (219,700) | 22,630 | 182,370 | 144,910 | (71,110) | 59,100 | 8,956,920 |

HRA Technical Adjustments 2013/14

| | Budget 2012/13 £ | Technical Adjustments | | | | | | Total Adjusted Base 2013/14 £ | |
|---|------------------------|-----------------------|-----------------------------|----------------|---------------|-------------------------|---|---|---------------------------|
| | | Virements £ | Committee Decisions £ | Inflation £ | Other £ | Pay Adjustments £ | External Recharge Changes (non-HRA Activities) £ | | Total Adjustments £ |
| <i>Figures exclude internal recharges which have no bottom line impact.</i> | | | | | | | | | |
| Director of Housing & Health | 3,897,520 | 19,620 | 10,540 | 24,500 | (22,580) | 32,520 | 3,740 | 68,340 | 3,965,860 |
| Director of Assets & Environment | 9,390 | - | - | 150 | (90) | (1,350) | (19,050) | (20,340) | (10,950) |
| HRA Summary | (2,787,200) | (19,620) | (843,990) | 91,310 | 103,180 | - | - | (669,120) | (3,456,320) |
| Grand Total | 1,119,710 | - | (833,450) | 115,960 | 80,510 | 31,170 | (15,310) | (621,120) | 498,590 |

General Fund 3 Year Revenue Budget Summary

| <i>Figures exclude internal recharges which have no bottom line impact.</i> | Base Budget 2012/13 £ | Budget 2013/14 £ | Budget 2014/15 £ | Budget 2015/16 £ |
|---|---------------------------------|----------------------------|----------------------------|----------------------------|
| Chief Executive | 183,070 | 159,610 | 163,390 | 169,030 |
| Executive Director Corporate Services | 194,500 | 310,210 | 317,840 | 331,940 |
| Director of Finance | (145,250) | (482,130) | (602,170) | (681,330) |
| Director of Technology & Corporate Programmes | 848,400 | 860,800 | 857,630 | 817,020 |
| Solicitor to the Council | 699,950 | 575,860 | 587,920 | 605,260 |
| Director of Transformation & Corporate Performance | 934,410 | 1,001,320 | 1,023,820 | 1,052,550 |
| Director of Communities, Planning & Partnerships | 2,274,370 | 2,411,680 | 2,464,190 | 2,513,610 |
| Director of Housing & Health | 853,660 | 1,035,460 | 1,040,740 | 886,460 |
| Director of Assets & Environment | 3,054,710 | 3,087,970 | 3,134,660 | 3,275,940 |
| Total Cost of Services | 8,897,820 | 8,960,780 | 8,988,020 | 8,970,480 |
| Transfer (to) / from Balances | 770,420 | 756,301 | 1,346,903 | 1,617,672 |
| Revenue Support Grant | - | 3,070,744 | 2,361,832 | 1,956,187 |
| Retained Business Rates | 4,604,958 | 12,199,200 | 12,617,328 | 13,006,359 |
| Less: Tariff payable | - | (10,156,318) | (10,511,789) | (10,879,702) |
| Collection Fund Surplus | 26,262 | 10,505 | - | - |
| Council Tax Requirement | 3,496,180 | 3,080,349 | 3,173,746 | 3,269,964 |

Appendix H

Council Tax levels at each band for 2013/14

| Authority: | Tamworth Council Tax 2012/13 £ | Tamworth Borough Council £ | * Staffordshire County Council £ | * Staffordshire Police Authority £ | * Stoke on Trent and Staffordshire Fire and Rescue Authority £ | Total 2013/14 £ | Total Council Tax 2012/13 £ |
|-----------------------------------|-----------------------------------|-------------------------------|--|--|--|---------------------------|--------------------------------|
| Demand/Precept on Collection Fund | | 3,080,349 | 20,749,467 | 3,587,544 | 1,366,260 | 28,783,620 | |
| Council Tax Band | | | | | | | |
| A | 99.70 | 101.67 | 684.83 | 118.41 | 45.09 | 950.00 | 949.07 |
| B | 116.32 | 118.61 | 798.97 | 138.14 | 52.61 | 1,108.33 | 1,107.26 |
| C | 132.93 | 135.56 | 913.11 | 157.88 | 60.12 | 1,266.67 | 1,265.43 |
| D | 149.55 | 152.50 | 1,027.25 | 177.61 | 67.64 | 1,425.00 | 1,423.61 |
| E | 182.78 | 186.39 | 1,255.53 | 217.08 | 82.67 | 1,741.67 | 1,739.96 |
| F | 216.02 | 220.28 | 1,483.81 | 256.55 | 97.70 | 2,058.34 | 2,056.33 |
| G | 249.25 | 254.17 | 1,712.08 | 296.02 | 112.73 | 2,375.00 | 2,372.68 |
| H | 299.10 | 305.00 | 2,054.50 | 355.22 | 135.28 | 2,850.00 | 2,847.22 |

** At the time of writing, the precepting Authorities are still to confirm their precept levels for 2013/14 – expected Mid-February 2013*

Proposed General Fund Capital Programme 2013/14 – 2015/16

| | 2013/14 £ | 2014/15 £ | 2015/16 £ | Total £ |
|--|----------------|------------------|----------------|------------------|
| <u>General Fund Capital Programme</u> | | | | |
| Technology Replacement | 70,000 | 70,000 | 70,000 | 210,000 |
| Corporate Change Programme | 30,000 | 10,000 | - | 40,000 |
| Subtotal | 100,000 | 80,000 | 70,000 | 250,000 |
| Private Sector Grants - Disabled Facilities Grants | 240,000 | 190,000 | 190,000 | 620,000 |
| Improvements to Marmion House | 17,400 | - | - | 17,400 |
| CCTV Camera Renewals | 15,000 | 15,000 | 15,000 | 45,000 |
| Contingency | 50,000 | - | - | 50,000 |
| Assembly rooms development | - | 2,388,500 | 100,000 | 2,488,500 |
| Gateways | 83,000 | 50,000 | 50,000 | 183,000 |
| Subtotal | 405,400 | 2,643,500 | 355,000 | 3,403,900 |
| Total General Fund Capital | 505,400 | 2,723,500 | 425,000 | 3,653,900 |
| <u>Proposed Financing:</u> | | | | |
| Grants - Disabled Facilities | 169,000 | 169,000 | 169,000 | 507,000 |
| Grants - Assembly Rooms | - | 2,050,000 | - | 2,050,000 |
| Grants - SCC (Assembly Rooms) | - | 80,000 | - | 80,000 |
| Public Contributions (Assembly Rooms) | - | 8,500 | - | 8,500 |
| Section 106 (Gateways) | 83,000 | - | - | 83,000 |
| General Fund Capital Receipts | - | 235,000 | 100,000 | 335,000 |
| Sale of Council House Receipts | 203,400 | 166,000 | 156,000 | 525,400 |
| General Fund Capital Reserve | - | 15,000 | - | 15,000 |
| Contribution from BRF | 50,000 | - | - | 50,000 |
| Total | 505,400 | 2,723,500 | 425,000 | 3,653,900 |

Proposed Housing Capital Programme 2013/14 – 2017/18

| | 2013/14 £ | 2014/15 £ | 2015/16 £ | 2016/17 £ | 2017/18 £ | TOTAL £ |
|--|------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| <u>Housing Revenue Account</u> | | | | | | |
| <u>Capital Programme</u> | | | | | | |
| Bathroom Renewals | 540,380 | 712,750 | 730,570 | 748,830 | 767,550 | 3,500,080 |
| Disabled Facilities Adaptations | 512,500 | 525,310 | 538,450 | 551,910 | 565,700 | 2,693,870 |
| Electrical Upgrades | 278,280 | 838,380 | 859,340 | 880,830 | 902,850 | 3,759,680 |
| Gas Central Heating Upgrades and Renewals | 1,233,530 | 1,264,370 | 1,295,980 | 1,328,380 | 1,361,590 | 6,483,850 |
| Kitchen Renewals | 583,520 | 1,072,020 | 1,098,820 | 1,126,290 | 1,154,450 | 5,035,100 |
| Roofing - High Rise | 41,000 | 42,030 | - | - | - | 83,030 |
| High Rise Lift Renewal | 307,500 | 315,190 | 323,070 | 331,140 | - | 1,276,900 |
| Major Roofing Overhaul and Renewals | 153,750 | 157,590 | 161,530 | 165,570 | 567,900 | 1,206,340 |
| Fencing/Boundary Walls | 15,380 | 15,760 | 16,150 | 16,560 | 16,970 | 80,820 |
| Fire Upgrades to Flats | 205,000 | 210,130 | 215,380 | 220,760 | - | 851,270 |
| Enhancements to Flats | 205,000 | 210,130 | 215,380 | 220,760 | - | 851,270 |
| Sheltered Schemes | 235,750 | 241,640 | 247,680 | 253,880 | - | 978,950 |
| General Estate Works | 768,750 | 787,970 | 807,670 | 827,860 | 848,560 | 4,040,810 |
| Window and Door Renewals | 1,187,740 | 1,218,260 | - | - | - | 2,406,000 |
| Contingency | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 |
| Capital Salaries | 115,190 | 118,070 | 121,020 | 124,050 | 127,150 | 605,480 |
| CDM Fees | 9,280 | 9,510 | 8,140 | 8,340 | 7,730 | 43,000 |
| Regeneration Schemes | 500,000 | 4,961,700 | 10,461,300 | 3,204,700 | 1,673,300 | 20,801,000 |
| Total HRA Capital | 6,992,550 | 12,800,810 | 17,200,480 | 10,109,860 | 8,093,750 | 55,197,450 |
| <u>Proposed Financing:</u> | | | | | | |
| Capital Receipts from additional Council House Sales | - | 125,000 | 250,000 | 125,000 | - | 500,000 |
| Sale proceeds | - | - | 1,298,000 | - | - | 1,298,000 |
| Regeneration Revenue Reserves | 500,000 | 500,000 | 3,046,000 | 1,223,700 | 1,223,300 | 6,493,000 |
| Major Repairs Reserve | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 | 4,482,060 | 22,410,300 |
| Revenue Contribution to Capital Outlay in Year | 2,010,490 | 4,107,050 | 2,307,120 | 2,423,100 | 2,388,390 | 13,236,150 |
| Unsupported Borrowing | - | 3,586,700 | 5,817,300 | 1,856,000 | - | 11,260,000 |
| Total | 6,992,550 | 12,800,810 | 17,200,480 | 10,109,860 | 8,093,750 | 55,197,450 |

Main Assumptions

| Inflationary Factors | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|-----------------------------|---------|---------|---------|---------|---------|
| Inflation Rate - Pay Awards | 1.00% | 1.00% | 2.00% | 2.00% | 2.00% |
| National Insurance | 7.20% | 7.20% | 7.20% | 7.20% | 7.20% |
| Superannuation | 19.60% | 20.10% | 20.60% | 21.10% | 21.60% |
| Inflation Rate (Headline) | 2.00% | 2.30% | 2.60% | 2.60% | 2.60% |
| Base Interest Rates | 0.50% | 0.50% | 1.00% | 2.00% | 2.00% |
| Investment income rate | 1.00% | 1.75% | 2.00% | 2.75% | 3.75% |

1. Pay award – public sector pay will be capped for 2013/14 & 2014/15 and is estimated to mirror the Government's inflation target of 2% thereafter.
2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);
3. No effect of any Prudential Borrowing has been included;
4. Revised estimates for rent allowance / rent rebate subsidy levels have been included;
5. Car Parking income has been reduced in line with current income levels for 2012/13, with charges increased in future in line with the previously approved charging strategy;
6. Changes to the level of recharges between funds has been included;
7. Within the Comprehensive Spending review released on the 20th October 2010, the Government proposed cuts in real terms to funding streams for each of the next four years – revised annual grant reductions have been included.
8. The Government has indicated its policy regarding council tax bills being frozen for the next year. It has indicated that a grant equivalent to a 2% increase in the basic 2012/13 Council Tax, will be available to authorities that agree to freeze or reduce Council Tax in 2013/14 – payable over 2 years;
9. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;
10. Following the 4 year agreement, 0.5% annual year-on-year increases (as above) in pension costs following SCC triennial review negotiations.
11. Increases in rent levels are restricted by the rent restructuring guidelines & current indications that sales of council houses will be approximately 11 per annum.

Sensitivity Analysis (3 years)

| Sensitivity / Risk Profile | Risk | Potential Budgetary Effect | 2014/15 £'000 | 2015/16 £'000 |
|---|------|----------------------------------|------------------|------------------|
| | | 2013/14 £'000 | | |
| Pay Award / National Insurance (GF) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 43 | 87 | 131 |
| Budget Impact over 1 year | L | 43 | | |
| Budget Impact over 3 years | L/M | 261 | | |
| Pay Award / National Insurance (HRA) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 12 | 24 | 36 |
| Budget Impact over 1 years | L | 12 | | |
| Budget Impact over 3 years | L | 72 | | |
| Subject to negotiation for Local Government pay (including any protection for low paid employees) | | | | |
| Pension Costs | | | | |
| Impact +/- 0.5% Variance £'000 | L | 0 | 56 | 113 |
| Budget Impact over 1 year | L | 0 | | |
| Budget Impact over 3 years | L | 169 | | |
| 6 year agreement in place - subject to stock market changes & membership Mitigation - Public Sector pension review potential for reduced liability & increased employee contributions | | | | |
| Council Tax | | | | |
| Impact on Council Tax income £'000 | | 15 | 30 | 46 |
| Budget Impact over 1 year | L | 15 | | |
| Budget Impact over 3 years | L | 91 | | |
| Inflation / CPI | | | | |
| Impact +/- 0.5% Variance £'000 | L | 39 | 79 | 119 |
| Budget Impact over 1 year | L | 39 | | |
| Budget Impact over 3 years | L/M | 237 | | |
| Government Grant | | | | |
| Impact +/- 0.5% Variance £'000 | L | 28 | 49 | 69 |
| Budget Impact over 1 year | L | 28 | | |
| Budget Impact over 3 years | L | 146 | | |
| Investment Interest | | | | |
| Impact +/- 0.5% Variance £'000 | L | 100 | 187 | 265 |
| Budget Impact over 1 year | L | 100 | | |
| Budget Impact over 3 years | M | 552 | | |
| Key Income Streams (GF) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 26 | 52 | 78 |
| Budget Impact over 1 year | L | 26 | | |
| Budget Impact over 3 years | L/M | 156 | | |

| Sensitivity / Risk Profile | Risk | Potential Budgetary Effect | 2014/15 £'000 | 2015/16 £'000 |
|---------------------------------|------|----------------------------------|------------------|------------------|
| | | 2013/14 £'000 | | |
| Key Income Streams (HRA) | | | | |
| Impact +/- 0.5% Variance £'000 | L | 89 | 181 | 276 |
| Budget Impact over 1 years | L | 89 | | |
| Budget Impact over 3 years | H | 546 | | |
| New Homes Bonus | | | | |
| Impact +/- 10% Variance £'000 | L | 37 | 79 | 127 |
| Budget Impact over 1 year | L | 37 | | |
| Budget Impact over 3 years | L/M | 243 | | |

Contingencies

| Revenue | 2013/14 | 2014/15 | 2015/16 |
|--------------------------------------|------------|------------|------------|
| Specific Earmarked & | £'000 | £'000 | £'000 |
| General | | | |
| General Fund | | | |
| <i>Specific Contingencies</i> | | | |
| Vacancy Allowance | 50 | 50 | 50 |
| Corporate Change Programme | 50 | 50 | 50 |
| <i>General Contingency</i> | 266 | 116 | 36 |
| | | | |
| Total GF Revenue | 366 | 216 | 136 |
| | | | |
| Housing Revenue Account | | | |
| <i>HRA - General Contingency</i> | 100 | 100 | 100 |
| | | | |
| Total HRA Revenue | 100 | 100 | 100 |

| Capital | 2013/14 | 2014/15 | 2015/14 |
|--------------------------------|------------|------------|------------|
| Specific Earmarked & | £'000 | £'000 | £'000 |
| General | | | |
| General Fund | | | |
| <i>General Contingency</i> | 50 | - | - |
| | | | |
| Total GF Capital | 50 | - | - |
| | | | |
| Housing Revenue Account | | | |
| <i>General Contingency</i> | 100 | 100 | 100 |
| | | | |
| Total HRA Capital | 100 | 100 | 100 |

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**TREASURY MANAGEMENT STRATEGY STATEMENT, TREASURY MANAGEMENT
POLICY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND
ANNUAL INVESTMENT STATEMENT 2013/14**

Purpose

To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators.

Executive Summary

The Local Government Act 2003 (LGA 2003) requires the Council to produce prudential indicators in line with the Prudential Code.

This report outlines the Council's prudential indicators for 2013/14 – 2015/16 and sets out the expected Treasury operations for this period. This report and associated tables fulfil the statutory requirement of the LGA 2003 by:

- Reporting the prudential indicators as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities;
- Setting the Council's Minimum Revenue Provision (MRP) Policy, which defines how the Council will pay for capital assets through revenue contributions each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007);
- Setting the Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management;
- Adopting the Council's Treasury Management Policy Statement as recommended within the CIPFA Code of Practice 2011;
- Setting the Investment Strategy (in accordance with the Department for Communities and Local Government (DCLG) investment guidance);
- Affirming the effective management and responsibility for the control of risk and clearly identify our appetite for risk. The Authority's risk appetite is low in order to give priority to **Security, Liquidity then Yield** (or return on investments).

The main issues for Members to note are:

1. The CIPFA Code of Practice and associated Guidance Notes adopted by the Council in December 2012 require that:

- Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support;
- There needs to be, at a minimum, a mid year review of Treasury Management Strategy and Performance. The review is intended to highlight any areas of concern that have arisen since the original strategy was approved;
- Each Council must delegate the role of scrutiny of Treasury Management Strategy and policies to a specific named body – the Audit and Governance Committee has been given this role;
- Members should be provided with access to relevant training – Members are also personally responsible for ensuring they have the necessary skills and training.

The aim is for all Members to have ownership and understanding when making decisions on Treasury Management matters.

2. With regard to Counterparty selection for investment, rather than adopt a Lowest Common Denominator (LCD) methodology, a broader counterparty evaluation criteria is used by Sector (the Council's Treasury Management consultants). This methodology has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element – but in line with best practice/guidance also includes the following as overlays: -

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

The adoption of the above approach will help mitigate risks associated with the investment portfolio.

3. As agreed in past Treasury Management Strategies, it is proposed that the Council (following consultation with our advisors) will not use the approach suggested by CIPFA of using the lowest common denominator rating from all three rating agencies to determine creditworthy counterparties (as Moodys are currently very much more aggressive in giving low ratings than the other two agencies). The use of the Lowest Common Denominator rating would give the Authority a very restrictive/unworkable counterparty list which would result in a disproportional (high) level of investment in a few institutions which would as a consequence increase investment risk with the investments being held with a limited number of counterparties which would be counter-productive in not allowing the sharing / spreading of risk over a higher number of counterparties. This would therefore be unworkable and leave the Council with few banks on its approved lending list.

The Sector creditworthiness service does though, use ratings from all three agencies, but by using a scoring system, does not give undue importance to just one agency's ratings.

The approach taken in item 2 and 3 above allows officers charged with the Treasury responsibilities to have the most appropriate/market assessment to aid the investment decision making process and provides a broad methodology for identifying High Credit Quality counterparties.

Equalities Implications

There are no equalities implications arising from the report.

Legal Implications

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

Resource and Value for Money Implications

All financial resource implications are detailed in the body of this report which links to the Council's Medium Term Financial Strategy.

Risk Implications

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

A Glossary of terms utilised within the report can be found at **ANNEX 8**.

Report Author

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| | |
|----------------------------|---|
| Background Papers:- | <i>Local Government Act 2003</i> |
| | <i>CIPFA Code of Practice on Treasury Management in Public Services 2011</i> |
| | <i>DCLG Guidance on Local Government Investments March 2010</i> |
| | <i>Annual Treasury Report 2011/12 Council, 11/09/12</i> |
| | <i>Mid-year Treasury Report 2012/13 Council, 13/12/12</i> |
| | <i>Budget & Medium Term Financial Strategy 2013/14</i> |
| | <i>Treasury Management Practices 2013/14 (Operational Detail)</i> |

1. Introduction

1.1 The Treasury Management Policy Statement

This Council defines its Treasury Management activities as:

- The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- This organisation acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- The second main function of the Treasury Management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.2 Reporting Requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee. This role is undertaken by the Audit and Governance Committee.

Prudential and Treasury Indicators and Treasury Strategy (This report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and report whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2013/14

The strategy for 2013/14 covers two main areas:

a) Capital Issues

- the capital plans and the prudential indicators (2.1, 2.2);
- the MRP strategy (2.3).

b) Treasury Management Issues

- the current treasury position (2.4);
- treasury indicators which will limit the treasury risk and activities of the Council (3);
- prospects for interest rates (3.3);
- the borrowing strategy (3.4);
- policy on borrowing in advance of need (3.5);
- debt rescheduling (3.6);
- the investment strategy (4.1);
- creditworthiness policy (4.2); and
- policy on use of external service providers (4.7).

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training has been undertaken by Members in February and October 2010 and September 2011. Further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

The Council uses Sector as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. The Capital Prudential Indicators 2013/14 – 2015/16

The Council's capital expenditure plans are the key driver of Treasury Management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist member's overview and confirm capital expenditure plans.

2.1 Capital Expenditure. This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle:

| Capital Expenditure | 2011/12 Actual £m | 2012/13 Probable Outturn* £m | 2013/14 Estimate** £m | 2014/15 Estimate £m | 2015/16 Estimate £m |
|---------------------|-------------------------|---------------------------------------|-----------------------------|---------------------------|---------------------------|
| Non-HRA | 0.627 | 2.366 | 0.505 | 2.723 | 0.425 |
| HRA | 49.205 | 5.890 | 6.993 | 12.801 | 17.200 |
| Total | 49.832 | 8.256 | 7.498 | 15.524 | 17.625 |

* Projected at Period 9

** excludes projected slippage from 2012/13

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

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

| Capital Expenditure | 2011/12 Actual £m | 2012/13 Probable Outturn £m | 2013/14 Estimate £m | 2014/15 Estimate £m | 2015/16 Estimate £m |
|--|-------------------------|--------------------------------------|---------------------------|---------------------------|---------------------------|
| Non-HRA | 0.627 | 2.366 | 0.505 | 2.723 | 0.425 |
| HRA | 49.205 | 5.890 | 6.993 | 12.801 | 17.200 |
| Total | 49.832 | 8.256 | 7.498 | 15.524 | 17.625 |
| Financed by: | | | | | |
| Capital receipts | 0.247 | 0.479 | 0.203 | 0.526 | 1.804 |
| Capital grants | 0.378 | 1.228 | 0.169 | 2.307 | 0.169 |
| Capital reserves | 0.119 | 2.010 | 0.083 | 0.015 | - |
| Revenue | 4.420 | 4.539 | 7.043 | 9.089 | 9.835 |
| Net financing need for the year | 44.668 | - | - | 3.587 | 5.817 |

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

The Council is asked to approve the CFR projections below:

| CFR Projections | 2011/12 Actual £m | 2012/13 Estimate £m | 2013/14 Estimate £m | 2014/15 Estimate £m | 2015/16 Estimate £m |
|--------------------------------------|----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Capital Financing Requirement | | | | | |
| CFR – non housing | 1.605 | 1.552 | 1.500 | 1.449 | 1.399 |
| CFR - housing | 68.063 | 68.063 | 68.063 | 71.650 | 77.467 |
| Total CFR | 69.668 | 69.615 | 69.563 | 73.099 | 78.866 |
| Movement in CFR | 42.440 | (0.053) | (0.052) | 3.536 | 5.767 |

| Movement in CFR represented by | | | | | |
|--|---------------|----------------|----------------|--------------|--------------|
| Net financing need for the year (above) | 44.668 | - | - | 3.587 | 5.817 |
| Less MRP/VRP and other financing movements | (2.228) | (0.053) | (0.052) | (0.051) | (0.050) |
| Movement in CFR | 42.440 | (0.053) | (0.052) | 3.536 | 5.767 |

2.3 Minimum Revenue Provision (MRP) Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge, the Minimum Revenue Provision, although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG Regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1);

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

These options provide for a reduction in the borrowing need over approximately the asset's life.

No revenue charge is currently required for the HRA. However under HRA reform the HRA is required to charge depreciation on its assets, which will have a revenue effect. In order to address any possible adverse impact, regulations allow the Major Repairs Allowance to be used as a proxy for depreciation for five years from 2012/13.

2.4 Core Funds and expected Investment Balances

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

| Year End Resources | 2011/12 Actual £m | 2012/13 Estimate £m | 2013/14 Estimate £m | 2014/15 Estimate £m | 2015/16 Estimate £m |
|-----------------------------|----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Fund Balances/Reserves | 16.516 | 17.526 | 12.769 | 10.643 | 6.949 |
| Capital Receipts | 1.776 | 1.035 | 0.831 | 0.430 | 0.174 |
| Provisions | 0.577 | 0.050 | - | - | - |
| Other | 0.044 | - | - | - | - |
| Total core funds | 18.913 | 18.610 | 13.600 | 11.073 | 7.123 |
| Working Capital* | 1.981 | 5.395 | 6.558 | 6.492 | 6.442 |
| (Under)/Over Borrowing | (4.608) | (4.555) | (4.503) | (4.452) | (4.402) |
| Expected investments | 16.286 | 19.450 | 15.655 | 13.113 | 9.163 |

*Working capital balances shown are estimated year end; these may be higher mid year.

2.5 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.6 Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

| Fund | 2011/12 Actual % | 2012/13 Revised Estimate % | 2013/14 Estimate % | 2014/15 Estimate % | 2015/16 Estimate % |
|-------------------------------|---------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Non-HRA | 21.94* | (2.15) | (2.28) | (4.30) | (3.07) |
| HRA (inclusive of settlement) | (3.48)** | 16.60 | 15.67 | 15.36 | 16.10 |

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

* Included partial reversal of Icelandic capitalisation

** Included HRA Self Financing

2.7 Incremental impact of capital investment decisions on Council Tax.

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which is not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

| Incremental Impact on Council Tax | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|-----------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|
| | Actual £:p | Estimate £:p | Estimate £:p | Estimate £:p | Estimate £:p |
| Band D | 1.04 | 0.28 | (0.05) | (0.03) | 0.13 |

2.8 Estimates of the incremental impact of capital investment decisions on housing rent levels.

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

Incremental impact of capital investment decisions on housing rent levels

| Incremental Impact | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|----------------------------|---------------|-----------------|-----------------|-----------------|-----------------|
| | Actual £:p | Estimate £:p | Estimate £:p | Estimate £:p | Estimate £:p |
| Weekly housing rent levels | 0.07 | 0.08 | (0.01) | 0.16 | 0.68 |

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The Treasury Management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The Council's Treasury Portfolio position at 31st March 2012, with forward projections are summarised below. The table shows the actual external debt (the Treasury Management Operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

| Treasury Portfolio | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|--|---------------|----------------|----------------|----------------|----------------|
| | Actual £m | Estimate £m | Estimate £m | Estimate £m | Estimate £m |
| External Debt | | | | | |
| Debt at 1st April | 20.392 | 65.060 | 65.060 | 65.060 | 68.647 |
| Expected change in Debt | 44.668 | - | - | 3.587 | 5.817 |
| Actual gross debt at 31st March | 65.060 | 65.060 | 65.060 | 68.647 | 74.464 |
| The Capital Financing Requirement | 69.668 | 69.615 | 69.563 | 73.099 | 78.866 |
| Under / (over) borrowing | 4.608 | 4.555 | 4.503 | 4.452 | 4.402 |

**Excludes investments 'at risk' with Icelandic Banks*

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. A key indicator is that the Council needs to ensure that its total borrowing, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Executive Director Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2. Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary - This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

| Operational Boundary | 2012/13 Estimate £m | 2013/14 Estimate £m | 2014/15 Estimate £m | 2015/16 Estimate £m |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Borrowing | 72.268 | 72.268 | 75.855 | 81.672 |
| Other long term liabilities | - | - | - | - |
| Total | 72.268 | 72.268 | 75.855 | 81.672 |

The Authorised Limit for external borrowing - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

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

2. The Council is asked to approve the following Authorised Limit:

| Authorised limit | 2012/13 Estimate £m | 2013/14 Estimate £m | 2014/15 Estimate £m | 2015/16 Estimate £m |
|-----------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Borrowing | 89.112 | 89.112 | 89.112 | 89.112 |
| Other long term liabilities | 3.000 | 3.000 | 3.000 | 3.000 |
| Total | 92.112 | 92.112 | 92.112 | 92.112 |

* Includes £79.407m HRA Self Financing Cap – Including Headroom of £11.344m.

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

| HRA Debt Limit | 2012/13 Estimate £m | 2013/14 Estimate £m | 2014/15 Estimate £m | 2015/16 Estimate £m |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Total | 79.407 | 79.407 | 79.407 | 79.407 |

3.3. Prospects for Interest Rates

The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. **ANNEX 1** draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view.

| Annual Average % | Bank Rate | PWLB Borrowing Rates (including certainty rate adjustment) | | |
|-----------------------------|------------------|---|----------------|----------------|
| | | 5 year | 25 year | 50 year |
| Dec 2012 | 0.50 | 1.50 | 3.70 | 3.90 |
| March 2013 | 0.50 | 1.50 | 3.80 | 4.00 |
| June 2013 | 0.50 | 1.50 | 3.80 | 4.00 |
| Sept 2013 | 0.50 | 1.60 | 3.80 | 4.00 |
| Dec 2013 | 0.50 | 1.60 | 3.80 | 4.00 |
| March 2014 | 0.50 | 1.70 | 3.90 | 4.10 |
| June 2014 | 0.50 | 1.70 | 3.90 | 4.10 |
| Sept 2014 | 0.50 | 1.80 | 4.00 | 4.20 |
| Dec 2014 | 0.50 | 2.00 | 4.10 | 4.30 |
| March 2015 | 0.75 | 2.20 | 4.30 | 4.50 |
| June 2015 | 1.00 | 2.30 | 4.40 | 4.60 |
| Sept 2015 | 1.25 | 2.50 | 4.60 | 4.80 |
| Dec 2015 | 1.50 | 2.70 | 4.80 | 5.00 |
| March 2016 | 1.75 | 2.90 | 5.00 | 5.20 |

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the the Presidential elections are out of the way. The resulting US fiscal tightening

and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Executive Director Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in 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 will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance.

The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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

| Interest Rate Exposure | 2013/14 | 2014/15 | 2015/16 |
|---|--------------|--------------|--------------|
| | £m | £m | £m |
| Limit: | Upper | Upper | Upper |
| Limits on Fixed Interest Rates based on net debt | 49.409 | 52.828 | 63.271 |
| Limits on Variable Interest Rates based on net debt | 6.506 | 6.685 | 7.156 |
| Limits on Fixed Interest Rates: | | | |
| Debt only | 65.060 | 66.849 | 71.555 |
| Investments only | 26.085 | 23.369 | 13.808 |
| Limits on Variable Interest Rates: | | | |
| Debt only | 6.506 | 6.685 | 7.156 |
| Investments only | 10.434 | 9.347 | 5.523 |

| Maturity structure of Fixed Interest Rate borrowing 2013/14 | | |
|---|-------|-------|
| | Lower | Upper |
| Under 12 months | 0% | 20% |
| 12 months to 2 years | 0% | 20% |
| 2 years to 5 years | 0% | 25% |
| 5 years to 10 years | 0% | 75% |
| 10 years and above | 0% | 100% |

| Maturity structure of Variable Interest Rate borrowing 2013/14 | | |
|--|-------|-------|
| | Lower | Upper |
| Under 12 months | 0% | 20% |
| 12 months to 2 years | 0% | 20% |
| 2 years to 5 years | 0% | 25% |
| 5 years to 10 years | 0% | 75% |
| 10 years and above | 0% | 100% |

3.5 Policy on Borrowing in Advance of Need

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

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

3.6 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- to enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identifying if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Council, at the earliest meeting following its action.

4. Annual Investment Strategy

4.1 Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Sector ratings service, banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Sector, in producing its colour codings which show the varying degrees of creditworthiness.

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

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in **ANNEX 3** under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Investment instruments identified for use in the financial year are listed in **ANNEX 3** under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

4.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by Sector. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

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

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties.

These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years *
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

** this category is for AAA rated Government debt or its equivalent; please also see collateralised deposits added into ANNEX 3 as an investment instrument.*

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

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1, Long Term rating A-, Viability ratings of BB+, and a Support rating of 3. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored on a daily basis/as and when notified. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service:

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

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

4.3 Country Limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in **ANNEX 4**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Sector also recommends that no more than 20% of the Council's investment portfolio should be placed with an individual counterparty, in order to spread risk. The approach at the Council is to set monetary limits of up to **£4m** with individual institutions, which equates approximately to Sector's recommendation (based on current average investment levels).

4.4 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before strating to rise from quarter 4 of 2014. Bank Rate forecasts for financial year ends (March) are:

- 2012/ 2013 0.50%
- 2013/ 2014 0.50%
- 2014/ 2015 0.75%
- 2015/ 2016 1.75%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Banks own 2% target rate.

The budgeted investment earnings rates for returns on investments placed for periods up to one year during each financial year for the next five years are as follows:

- 2012/2013 1.50%
- 2013/2014 1.00%
- 2014/2015 1.75%
- 2015/2016 2.00%
- 2016/2017 2.75%

Investment Treasury Indicator and Limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

| Maximum principal sums invested > 364 days | | | |
|--|-----------------------|-----------------------|-----------------------|
| Treasury Indicator | 2013/14 £m | 2014/15 £m | 2015/16 £m |
| Principal sums invested > 364 days | 2.5 | 2.0 | 2.0 |

For its cash flow generated balances, the Council will seek to utilise its business reserve accounts, Call accounts, 15, 30 and 95 day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.5 Icelandic Bank Investments

Glitnir - £2.55m partial repayment of our deposits was received on the 15th March 2012. The balance due to the Authority is currently being held in Icelandic Krone (ISK) but release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. Interest will accrue on these funds until the date of final settlement. We are currently still receiving dividend distributions from the administrators of Heritable and Kaupthing Singer & Friedlander with anticipated total recoveries of around 85% for both banks.

4.6 End of year investment report

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

4.7 External Fund Managers

The Council uses Sector as its external Treasury Management advisors.

The Council recognises that responsibility for Treasury Management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of Treasury Management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

4.8 Scheme of delegation

Please see **ANNEX 5**.

4.9 Role of the Section 151 Officer

Please see **ANNEX 6**.

10. Annex

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Interest Rate Forecasts 2013 – 2016

| Sector's Interest Rate View | | | | | | | | | | | | | | |
|--------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Now | Mar-13 | Jun-13 | Sep-13 | Dec-13 | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 |
| Sector's Bank Rate View | | | | | | | | | | | | | | |
| Sector's Bank Rate View | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% | 1.50% | 1.75% |
| 3 Month LIBID | 0.39% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.60% | 0.60% | 0.70% | 0.80% | 1.10% | 1.40% | 1.70% |
| 6 Month LIBID | 0.54% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.80% | 0.90% | 1.00% | 1.10% | 1.30% | 1.60% | 1.90% |
| 12 Month LIBID | 0.88% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.10% | 1.10% | 1.20% | 1.30% | 1.30% | 1.50% | 1.80% | 2.10% |
| 5yrPW LB Rate | 1.85% | 1.50% | 1.50% | 1.60% | 1.60% | 1.70% | 1.70% | 1.80% | 2.00% | 2.20% | 2.30% | 2.50% | 2.70% | 2.90% |
| 10yrPW LB Rate | 2.87% | 2.50% | 2.50% | 2.60% | 2.60% | 2.70% | 2.70% | 2.80% | 3.00% | 3.20% | 3.30% | 3.50% | 3.70% | 3.90% |
| 25yrPW LB Rate | 4.02% | 3.80% | 3.80% | 3.80% | 3.80% | 3.90% | 3.90% | 4.00% | 4.10% | 4.30% | 4.40% | 4.60% | 4.80% | 5.00% |
| 50yrPW LB Rate | 4.15% | 4.00% | 4.00% | 4.00% | 4.00% | 4.10% | 4.10% | 4.20% | 4.30% | 4.50% | 4.60% | 4.80% | 5.00% | 5.20% |
| Bank Rate | | | | | | | | | | | | | | |
| Sector's View | | | | | | | | | | | | | | |
| Sector's View | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% | 1.50% | 1.75% |
| UBS | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | - | - | - | - | - |
| Capital Economics | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | - | - | - | - | - |
| 5yrPW LB Rate | | | | | | | | | | | | | | |
| Sector's View | | | | | | | | | | | | | | |
| Sector's View | 1.85% | 1.50% | 1.50% | 1.60% | 1.60% | 1.70% | 1.70% | 1.80% | 2.00% | 2.20% | 2.30% | 2.50% | 2.70% | 2.90% |
| UBS | 1.85% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Economics | 1.85% | 1.55% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% | 1.50% | 1.60% | - | - | - | - | - |
| 10yrPW LB Rate | | | | | | | | | | | | | | |
| Sector's View | | | | | | | | | | | | | | |
| Sector's View | 2.87% | 2.50% | 2.50% | 2.60% | 2.60% | 2.70% | 2.70% | 2.80% | 3.00% | 3.20% | 3.30% | 3.50% | 3.70% | 3.90% |
| UBS | 2.87% | 3.00% | 3.10% | 3.20% | 3.40% | 3.50% | 3.60% | 3.70% | 3.80% | - | - | - | - | - |
| Capital Economics | 2.87% | 2.55% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | - | - | - | - | - |
| 25yrPW LB Rate | | | | | | | | | | | | | | |
| Sector's View | | | | | | | | | | | | | | |
| Sector's View | 4.02% | 3.80% | 3.80% | 3.80% | 3.80% | 3.90% | 3.90% | 4.00% | 4.10% | 4.30% | 4.40% | 4.60% | 4.80% | 5.00% |
| UBS | 4.02% | 4.20% | 4.30% | 4.40% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | - | - | - | - | - |
| Capital Economics | 4.02% | 3.70% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | - | - | - | - | - |
| 50yrPW LB Rate | | | | | | | | | | | | | | |
| Sector's View | | | | | | | | | | | | | | |
| Sector's View | 4.15% | 4.00% | 4.00% | 4.00% | 4.00% | 4.10% | 4.10% | 4.20% | 4.30% | 4.50% | 4.60% | 4.80% | 5.00% | 5.20% |
| UBS | 4.15% | 4.30% | 4.40% | 4.50% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | - | - | - | - | - |
| Capital Economics | 4.15% | 4.00% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | - | - | - | - | - |

Sectors Interest Rate Forecast 14/01/2013

Economic Background

The Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which remained flat in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 0.9% in quarter 3 did little more than wash out the dip in the previous quarter before a return to negative growth in quarter 4 of – 0.3%; this leaves the overall growth in 2012 close to zero and could lead into negative growth in quarter 1 of 2013, which would then mean that the UK was in its first triple dip recession since records began in 1955.

The **Eurozone Sovereign Debt Crisis** abated following the ECB's commitment to a programme of Outright Monetary Transactions i.e. a pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request, (for a national bailout), and so surrendering its national sovereignty to IMF supervision. However, the crisis in Greece has subsided, for the time being, as a result of the Eurozone agreement to provide a further €50bn financial support package in December. Many commentators, though, still view a Greek exit from the Euro as being likely in the longer term as successive rounds of austerity packages could make it more difficult to bring down the annual deficit and total debt as ratios of GDP due to the effect they have on shrinking the economy and reducing employment and tax revenues. However, another possible way out would be a major write down of total Greek debt; this has now been raised by the German Chancellor as a possible course of action, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and additional financial support for Greece to ensure that the Eurozone remained intact during 2012. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and do not address the huge obstacle of unemployment rates of over 25% in Greece and Spain. It is also possible that the situations in Portugal and Cyprus could deteriorate further in 2013 and, although they are minor economies, such developments could unnerve financial markets. There are also general elections coming up in Italy and Germany which could potentially produce some upsets on the political scene. It is, therefore, quite possible that sentiment in financial markets could turn during 2013 after the initial burst of optimism at the start of the year. While equity prices have enjoyed a strong start to 2013, the foundations for this stock market recovery are shallow given the economic fundamentals in western economies. In addition, QE has to come to an end at some point in time and there is a distinct increase in doubt in the central banks of the US and UK as to the effectiveness of any further QE in stimulating economic growth. An end to central purchases of bonds may lead to a fall in bond prices.

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. The fiscal cliff, and raising the total debt ceiling, still await final resolution by the end of February. The housing market, though, does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. Recent news from China appears to indicate that the economy has returned to a healthier rate of growth. However, there are still concerns around the unbalanced nature of the economy which is heavily dependent on new investment expenditure. The potential for the bubble in the property sector to burst, as it did in Japan in the 1990s, could have a material impact on the economy as a whole.

The UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended, in the autumn statement, over a longer period than the original four years.

Achieving this new extended timeframe will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. However, the subsiding of market concerns over the Eurozone has unwound some of the attractiveness of gilts as a safe haven and led to a significant rise in gilt yields. There is little evidence that UK consumer confidence levels are recovering, nor that the manufacturing sector is picking up. The dominant services sector disappointed in December with the PMI survey indicating the first fall in activity in two years. On the positive side, banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact in respect of materially increasing overall borrowing in the economy. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) increased by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE in early 2013 to try to stimulate economic activity. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) was also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% by the end of the year, though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the three main credit rating agencies have stated that they will be reviewing this rating in early 2013; they will, thereafter, also be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself. The same considerations could also apply to Spain;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment;
- the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;

- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession;
- stimulus packages failing to stimulate growth;
- elections due in Italy and Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China;
- the potential for action to curtail the Iranian nuclear programme;
- the situation in Syria deteriorating and impacting other countries in the Middle East.

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields;
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held;
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone;
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth;
- The possibility of a UK credit rating downgrade.

Specified and Non-Specified Investments:**Specified Investments:**

These investments are **sterling** denominated investments of **not more than one-year maturity**, meeting the minimum 'high' quality criteria where applicable. They are of relatively high security, high liquidity and are low risk assets where the possibility of loss of principal or investment income is small, they could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. The investments could be managed In-House or by Fund Managers.

These would include investments with:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or Gilts with less than one year to maturity). To facilitate use of such instruments a Custodian account was opened during 2012/13 with King & Shaxson Ltd (a primary participant authorised to bid at Treasury bill tenders on behalf of investors regulated by the Financial Services Authority (FSA) and subject to its rules and guidance in their activities);
- A Local Authority, Parish Council or Community Council;
- Pooled investment vehicles or Collective Investment Schemes structured as Open Ended Investment Companies (OEIC's) such as Money Market Funds (MMF's) Government Liquidity Funds, Enhanced Cash Funds, Bond Funds (but not Corporate Bonds) and Gilt Funds, that have a high credit quality and been awarded a high credit rating of AAA by Standard and Poor's, Moody's or Fitch rating agencies and a Low Long Term Volatility rating;
- A body that has a high credit quality and been awarded a high credit rating by a credit rating agency (such as a bank or building society) and complies with the Sector Credit Worthiness service;
- A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes and/or is part or wholly nationalised by that Government. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.

| SPECIFIED INVESTMENTS | Minimum 'High' Credit Criteria | Limits |
|--|---|--|
| UK Government/ Debt Management Agency Deposit Facility | Defined by Regulation UK Treasury (AAA) | £4m |
| Term deposits – Local Authorities | Defined by Regulation (Sec 23 of the 2003 act) | £4m |
| Treasury Bills | Defined by Regulation UK Treasury (AAA) | £4m |
| Term deposits and Callable deposits – Banks and Building Societies | In accordance with Sector's Creditworthiness Service up to 'Orange' or 'Blue' | £4m individual institutions £6m Group limit |
| Pooled investment vehicles *(OEIC's, MMF's etc) | AAA (Moody's MR1, Fitch MMF and S&P M). | £4m |
| Banks and Building Societies – Forward deals up to 1 year from arrangement to maturity | In accordance with Sector's Creditworthiness Service up to 'Orange' or 'Blue' | £4m |

*For pooled investment vehicles or Collective Investment Schemes (such as MMF's) that have a high credit quality and have been rated AAA by Standard and Poor's, Moody's or Fitch rating agencies and have a Constant Net Asset Value (CNAV).

Non-Specified Investments:

Non-specified investments are any other type of investment (i.e. not defined as Specified above) and could be managed In-House or by Fund Managers. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

| | Non Specified Investment Categories | Credit Rating | Comment |
|---|--|---|---|
| 1 | <p>Supranational Bonds greater than 1 year to maturity</p> <ul style="list-style-type: none"> • Multilateral development bank bonds – These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). • A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. | AAA | Would not use in-house due to size of investment portfolio limiting benefit to authority. |
| 2 | <p>UK Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (1) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p> | AAA Sovereign Rated | Custodian Account opened with King & Shaxson to trade on our behalf |
| 3 | <p>Certificates of Deposit with credit rated deposit takers (Banks and Building Societies)</p> | Sector Minimum Credit Worthiness rating | Custodian Account opened with King & Shaxson to trade on our behalf |
| 4 | <p>Term deposit with a body which has been nationalised/part nationalised by high credit rated (sovereign rating AAA) countries and provided with a Government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.</p> | AAA Sovereign Rated Sector Credit Worthiness rating 'Blue' | Under the current criteria this applies in the UK to Lloyds Banking Group plc and Royal Bank of Scotland Group institutions |

| | Non Specified Investment Categories | Credit Rating | Comment |
|----|---|--|--|
| 5 | A Term Deposit with a body which is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 th October 2008(1). The Credit Guarantee Scheme forms part of the Government's measures to ensure the stability of the financial system and protect ordinary savers, depositors, businesses and borrowers, by; a) providing sufficient liquidity in the short term, b) making available new capital to UK banks and Building Societies to strengthen their resources c) ensuring the banking system has the funds necessary to maintain lending in the medium term. | In accordance with Sector Credit Worthiness rating | Use restricted by Sector Credit Worthiness rating |
| 6 | Government guarantee on ALL deposits by high credit rated (AAA sovereign rating non UK) countries. | AAA Sovereign Rated | Not in Use, currently restricting investments to UK only |
| 7 | The Council's Own Banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as possible. | Out of range | Currently fails to meet criteria, balances reviewed and minimised on daily basis |
| 8 | Any Bank or Building society that has at minimum a long term credit rating of A-, an Individual Rating of B/C and a Support rating of 3 or above, or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment). | In accordance with Sector Credit Worthiness rating | Use restricted by Sector Credit Worthiness rating |
| 9 | Callable Deposits with a Bank or Building society that has at minimum a long term credit rating of A-, an Individual Rating of B/C and a Support rating of 3 or above, or equivalent. | In accordance with Sector Credit Worthiness rating | Use restricted by Sector Credit Worthiness rating |
| 10 | Share capital or loan capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. | N/A | Unlikely to use due to size of portfolio and high risk associated. Also requires additional approval as deemed as capital expenditure. |

Within categories 3, 4, 5 and 6, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. All investments will be made in sterling to eliminate exchange rate risk.

The criteria are detailed in the table below and will be used in conjunction with Sector's Creditworthiness service.

| Counterparty Type (TBC's minimum credit ratings for approved lending list) | Minimum Credit Criteria | Limits* | |
|---|------------------------------------|------------------------------------|-----|
| | | | |
| Bank or Building Society (a minimum Long Term Credit Rating of AAA, an Individual Rating of B/C and a Support rating of 3 (or equivalent)) | Sector 'Yellow' | 5 yrs | £4m |
| Bank or Building Society (a minimum Long Term Credit Rating of AA-, an Individual Rating of B/C and a Support rating of 3 (or equivalent)) | Sector 'Yellow' | 4 yrs | £4m |
| Bank (a minimum Long Term Credit Rating of A-, an Individual Rating of B/C and a Support rating of 3 (or equivalent)) | Sector 'Yellow' | 3 yrs | £4m |
| Banks Nationalised/Part nationalised by high credit rated (sovereign rating AAA) countries (a) | Sector 'Blue' (UK) | Specified in Guarantee | £4m |
| An Eligible Institution eligible under the HM Treasury Credit Guarantee Scheme (C) | Sector 'Blue' | Specified in Guarantee | £4m |
| Government guarantee on ALL deposits by high credit rated (AAA sovereign rating) countries (b). | Sector 'Blue' | Specified in Guarantee | £4m |
| The Council's own Banker - if it fails to meet basic criteria | n/a | Overnight | £2m |
| Building Society (a minimum Long Term Credit Rating of A- an Individual Rating of B/C and a Support rating of 3 (or equivalent /if applicable) AND assets > £4bn) | Sector 'Yellow' | 3 yrs | £4m |
| Building Society (a Long Term Credit Rating of A- an Individual Rating of B/C and a Support rating of 3 (or equivalent/if applicable) AND assets < £4bn but > £1bn) | Sector 'Purple' | 2 yrs | £4m |
| Group Limits - Maximum investments in Institutions within the same financial group | As above for individual investment | As above for individual investment | £6m |
| Territory Limits - Maximum investments in Institutions within the same Country (Approx 15% of investment programme) Non- UK | As above for individual investment | As above for individual investment | £2m |
| Territory Limits - Maximum investments in Institutions within the same Continent (Approx 30% of investment programme) Non UK | As above for individual investment | As above for individual investment | £4m |

* Under current Sector credit worthiness criteria, only institutions with a rating of 'Purple' or 'Yellow' are suggested as appropriate counterparties for investments over 1 year, with limit ranges of 2 years and 5 years respectively.

(a) **Nationalised/Part Nationalised Banks** in the UK have credit ratings which do not conform to the credit criteria usually used by local authorities to identify banks which are of high creditworthiness. In particular, as they no longer are separate institutions in their own right, it is impossible for Fitch to assign them an individual rating for their stand alone financial strength. Accordingly, Fitch has assigned an F rating which means that at a historical point of time, this bank failed and is now owned by the Government.

However, these institutions are now recipients of an F1+ short term rating as they effectively take on the creditworthiness of the Government itself i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1; in other words, on both counts, they have the highest ratings possible.

(b) Blanket (explicit) guarantees on all deposits. Some countries have supported their banking system by giving a blanket guarantee on ALL deposits e.g. Ireland and Singapore. Authorities may view that the sovereign rating of that country then takes precedence over the individual credit ratings for the banks covered by that guarantee.

(c) UK banking system support package (implicit guarantee). It should be noted that the UK Government did NOT give a blanket guarantee on all deposits but underlined its determination to ensure the security of the UK banking system by supporting eight named banks with a £500bn support package. The Council will need to decide if we wish to authorise lending to those named banks on the basis of that implicit guarantee on local authority deposits placed with these eight banks or to rely on the credit ratings of the individual banks.

The original list of banks covered when the support package was initially announced was: -

- . Abbey (now part of Santander)
- . Barclays
- . HBOS (now part of the Lloyds Group)
- . Lloyds TSB
- . HSBC
- . Nationwide Building Society
- . RBS
- . Standard Chartered

Banks eligible for support under the UK bail-out package and which have issued debt guaranteed by the Government are eligible for a continuing Government guarantee when debt issues originally issued and guaranteed by the Government mature and are refinanced. However, no other institutions can make use of this support as it closed to new issues and entrants on 28.2.10. The banks which have used this explicit guarantee are as follows: -

- . Bank of Scotland
- . Barclays
- . Clydesdale
- . Coventry Building Society
- . Investec bank
- . Nationwide Building Society
- . Rothschild Continuation Finance plc
- . Standard Life Bank
- . Tesco Personal Finance plc
- . Royal Bank of Scotland
- . West Bromwich Building Society
- . Yorkshire Building Society

(d) Other countries. The US, countries within the EU and Switzerland (and other countries) are currently providing major support packages to their banking systems.

Approved Countries for investments

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.K.*

* At its meeting of the 15th September 2009, full Council approved a recommendation that;

‘authorises the use of institutions currently supported by the UK Government should its Sovereign rating be downgraded below the current requirement for a ‘AAA’ rating by all three rating agencies’

this approval continues to form part of the strategy in 2013/14.

Treasury Management Scheme of Delegation

(i) Full Council

- receiving and reviewing reports on Treasury Management policies, practices and activities,
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, Treasury Management Policy statement and Treasury Management practices.
- budget consideration and approval.
- approval of the division of responsibilities.
- receiving and reviewing regular monitoring reports and acting on recommendations.

(ii) Cabinet

- receiving and reviewing Treasury Management policy statement and Treasury Management practices and making recommendations to the full Council.
- receiving and reviewing regular monitoring reports and making recommendations to the full Council.
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit and Governance Committee

- reviewing the Treasury Management policy and procedures and making recommendations to the Cabinet.
- receiving and reviewing regular monitoring (quarterly/half yearly) and making recommendations to the Cabinet.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) Officer

- recommending clauses, Treasury Management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular Treasury Management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the Treasury Management function;
- ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

TREASURY MANAGEMENT PRACTICES

The Treasury Management Practices document (TMP's) forms detailed operational procedures and processes for the Treasury Management function. This document can be found on the Council's Internet by following the following link;

http://www.tamworth.gov.uk/council_and_democracy/council_budgets_and_spending/treasury_management.aspx

and clicking on the TMP's folder.

The items below are summaries of the individual TMP's which the Council has to produce and adopt under the Treasury Code of Practice.

TMP1 : RISK MANAGEMENT

General Statement

The Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of Treasury Management risk; will report at least annually on the adequacy / suitability of the arrangements and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives. The reports will be in accordance with the procedures contained in TMP6.

1.1 Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This organisation regards a key objective of its Treasury Management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and are detailed in the TMP Operational document.

It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

1.2 Liquidity Risk Management

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.

This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.3 Interest Rate Risk Management

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

1.4 Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

1.5 Refinancing Risk Management

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

This organisation will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

1.6 Legal and Regulatory Risk Management

The risk that the organisation itself, or an organisation with which it is dealing in its Treasury Management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

This organisation will ensure that all of its Treasury Management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This organisation recognises that future legislative or regulatory changes may impact on its Treasury Management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.7 Fraud, Error and Corruption, and Contingency Management

The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its Treasury Management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

This organisation will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its Treasury Management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Council will therefore:-

- a) Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- b) Fully document all its Treasury Management activities so that there can be no possible confusion as to what proper procedures are.
- c) Staff will not be allowed to take up Treasury Management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.

Records will be maintained of all Treasury Management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.8 Market Risk Management

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated Treasury Management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

This organisation will seek to ensure that its stated Treasury Management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect its self from the effects of such fluctuations.

TMP2 : BEST VALUE AND PERFORMANCE MEASUREMENT

The Borough Council is committed to the pursuit of best value in its Treasury Management activities, and to the use of performance methodology in support of that aim, within the framework set out in the Treasury Management Policy Statement.

The Treasury Management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal, grant or subsidy incentives, and the scope for other potential improvements. The performance of the Treasury Management function will be measured using the criteria set out in the detailed TMP Operational document.

TMP3 : DECISION-MAKING AND ANALYSIS

The Council will maintain full records of its Treasury Management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are set out in the detailed TMP Operational document.

TMP4 : APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Council will undertake its Treasury Management activities by employing only those instruments, methods and techniques are set out in the detailed TMP Operational document and within the limits and parameters defined in TMP1.

TMP5 : ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential, for the purposes of the effective control and monitoring of its Treasury Management activities, for the reduction of risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of Treasury Management responsibilities.

The principle, on which this will be based is the clear distinction between those charged with setting Treasury Management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of Treasury Management decisions and the audit and review of the Treasury Management function.

If and when this organisation intends, as a result of lack of resources or other circumstances, to depart from these principals, the Section 151 Officer will ensure that the reasons are properly reported in accordance with TPM6 and the implications properly considered and evaluated.

The Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in Treasury Management, and the arrangements for absence cover. He will also ensure that at all times those engaged in Treasury Management will follow the policies and procedures set out. The present arrangements are set out in the detailed TMP Operational document.

The Section 151 Officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are set out in the detailed TMP Operational document.

The delegations to the Section 151 Officer in respect of Treasury Management are set out in the detailed TMP Operational document. He will fulfil all such responsibilities in accordance with the Council's policy statement and TMP's and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

TMP6 : REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Council will ensure that regular reports are prepared and considered on the implementation of its Treasury Management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its Treasury Management activities; and on the performance of the Treasury Management function.

As a minimum Cabinet and Council will receive:

- An annual report on the planned strategy to be pursued in the coming year and the reporting of Prudential Indicators.
- A mid-year review
- An annual report on the performance of the Treasury Management function including the performance against the Prudential Indicators, the effects of the decisions taken and the transactions executed in the past year and on any circumstances of non-compliance with the Council's Treasury Management policy statement and TMP's.

Cabinet will receive regular monitoring reports on Treasury Management activities and risks.

The Audit and Governance Committee will have responsibility for the scrutiny of Treasury Management policies and practices.

The Treasury Management indicators will be considered together with the Treasury Management indicators in the Prudential Code as part of the budget approval process. The present arrangements and the form of these reports are set out in the detailed TMP Operational document.

TMP7 : BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Section 151 Officer will prepare and Council will approve and, if necessary, from time to time will amend, an annual budget for Treasury Management, which will bring together all of the costs involved in running the Treasury Management function together with associated income. The matters to be included will at minimum be those required by statute or regulation, together, with such information as will demonstrate compliance with TMP1, TMP2 and TMP4.

The Section 151 Officer will exercise effective controls over this budget and report upon and recommend any changes required in accordance with TMP6.

The Council will account for its Treasury Management activities, for decisions made and transactions executed in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 : CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Section 151 Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis and the Section 151 Officer will ensure that these are adequate for the purpose of monitoring compliance with TMP1. The present arrangements for preparing cash flow projections, and their form, are set out in the detailed TMP Operational document.

TMP9 : MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. The Council will, therefore, maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that all staff involved are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are set out in the detailed TMP Operational document.

TMP10 : TRAINING AND QUALIFICATIONS

The Council recognises the importance of ensuring that all staff involved in the Treasury Management function are fully equipped to undertake the duties and responsibilities allocated to them. It will seek to appoint individuals, who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Section 151 Officer will recommend and implement the necessary arrangements.

The Section 151 Officer will ensure that Council members tasked with Treasury Management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

TMP11 : USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for the Treasury Management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of Treasury Management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which will have been submitted to a full evaluation of the costs and benefits. Terms of appointment will be properly agreed, documented and subject to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer, and details of the current arrangements are set out in the detailed TMP Operational document.

TMP12 : CORPORATE GOVERNANCE

The Council is committed to the pursuit of proper corporate governance throughout its services, and to establishing the principles and practices by which this can be achieved. Accordingly the Treasury Management function and its activities will be undertaken with openness, transparency, honesty, integrity and accountability.

The Council has adopted and implemented the key recommendations of the Code. This, together with the other arrangements are set out in the detailed TMP Operational document and are considered vital to the achievement of proper governance in Treasury Management, and the Section 151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Treasury Management Glossary of Terms

| | |
|-------------------------------|---|
| Bank Rate | The Official Bank rate paid on commercial bank reserves i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short term interest rates in the money markets. |
| Base Rate | Minimum lending rate of a bank or financial institution in the UK. |
| Capital Financing Requirement | The Council's underlying need for borrowing for a capital purpose. |
| Counterparty | The organisations responsible for repaying the Council's investment upon maturity and for making interest payments. |
| Credit Default Swap (CDS) | A specific kind of counterparty agreement which allows the transfer of third party credit risk from one party to the other. One party in the swap is a lender and faces credit risk from a third party, and the counterparty in the credit default swap agrees to insure this risk in exchange for regular periodic payments (essentially an insurance premium). If the third party defaults, the party providing insurance will have to purchase from the insured party the defaulted asset. In turn, the insurer pays the insured the remaining interest on the debt, as well as the principal. |
| Credit Rating | This is a scoring system that lenders issue organisations with, to determine how credit worthy they are. |
| Gilts | These are issued by the UK Government in order to finance public expenditure. Gilts are generally issued for a set period and pay a fixed rate of interest for the period. |
| iTraxx | This is an index published by Markit who are a leading company in CDS pricing and valuation. The index is based on an equal weighting of the CDS spread of 25 European financial companies. Clients can use the iTraxx to see where an institutions CDS spread is relative to that of the market and judge its creditworthiness in that manner, as well as looking at the credit ratings. |
| Liquidity | An asset is perfectly liquid if one can trade immediately, at a price not worse than the uninformed expected value, the quantity one desires. |
| Long term | A period of one year or more. |
| Maturity | The date when an investment is repaid or the period covered by a fixed term investment. |

| | |
|---------------------------------|---|
| Minimum Revenue Provision | Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred therefore such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision |
| Monetary Policy Committee (MPC) | This is a body set up by the Government in 1997 to set the 'Repo' rate (commonly referred to as being base rate). Their primary target (as set by the Government) is to keep inflation at or around 2%. |
| Security | An investment instrument, issued by a corporation, government, or other organization which offers evidence of debt or equity. |
| Short Term | A period of 364 days or less |
| Treasury Management | The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. |
| Working Capital | Cash and other liquid assets needed to finance the everyday running of a business such as the payment of salaries and purchases. |
| Yield | The annual rate of return on an investment, expressed as a percentage. |

REPORT OF THE LEADER

Quarter Three 2012/13 Performance Report

EXEMPT INFORMATION

Not Applicable.

PURPOSE

This report aims to provide Cabinet with a performance and financial health-check

RECOMMENDATIONS

That Cabinet endorse the contents of this report

EXECUTIVE SUMMARY

This report provides information on;

1. The corporate plan scorecard of performance indicators,
2. High level corporate plan actions,
3. Performance management framework,
4. Corporate risks,
5. Financial matters.

RESOURCE IMPLICATIONS

None, directly arising from this report.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable.

SUSTAINABILITY IMPLICATIONS

Not applicable.

BACKGROUND INFORMATION

See attached document

REPORT AUTHOR

John Day

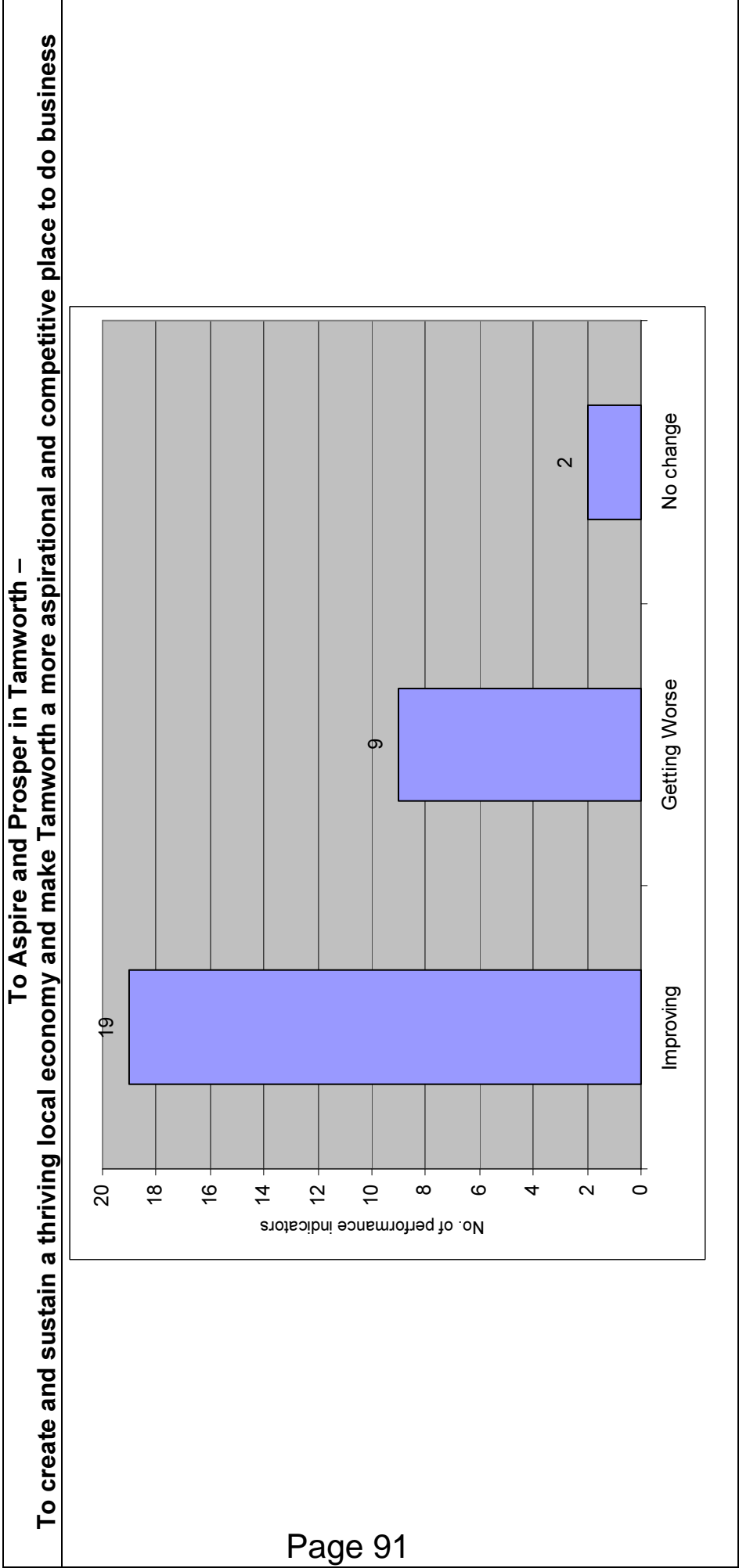
LIST OF BACKGROUND PAPERS

APPENDICES








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1. Corporate plan scorecard of performance indicators









The chart below shows the performance of the indicators used to measure the priority 'to aspire and prosper in Tamworth' and whether they are improving, getting worse or have stayed the same. Detail on the individual indicators is provided in the tables below.



















Raise the aspiration and attainment levels of young people

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|---------------|---------------|-------------------------|---|---|
| Achievement of 5 or more A* - C grades at GCSE or equivalent including English and Maths | 2010/11 | 49.8% | Years |  |  Improving |
| Key stage 2 - Percentage of pupils attaining English & Maths level 4 & above | 2010/11 | 68.1% | Years |  |  Getting Worse |
| Percentage of 18 -24 year olds in receipt of Job Seekers Allowance | December 2012 | 6.1% | Months |  |  Improving |
| The percentage of 16 - 19 year olds not in any full-time or part time form of education, employment or training | December 2012 | 4.12% | Months |  |  Improving |





Create opportunities for business growth through developing and using skills and talent

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|-------------|---------------|-------------------------|---|---|
| Percentage of working age population with NVQ2+ | 2011/12 | 57.8% | Years |  |  Getting Worse |
| Percentage of working age population with no qualifications | 2011/12 | 12.3% | Years |  |  Improving |
| Percentage of working age population with NVQ3+ | 2011/12 | 39.7% | Years |  |  Improving |
| Percentage of working age population with NVQ4+ | 2011/12 | 13.2% | Years |  |  Getting Worse |

Promote private sector growth and create quality employment locally





| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|--|---------------|---------------|-------------------------|---|---|
| Percentage of working age population claiming Job Seekers Allowance | Q3 2012/13 | 2.9% | Quarters |  | Improving  |
| Overall Employment rate (working-age) (Tamworth) | Q2 2012/13 | 65.2% | Quarters |  | Improving  |
| New business registration rate per 10,000 resident population aged 16 and above (Tamworth) | 2010/11 | 40.3 | Years |  | Getting Worse  |
| Worklessness level | Q4 2011/12 | 15% | Quarters |  | Getting Worse  |
| Unfilled jobcentre vacancies | November 2012 | 668 | Months |  | Improving  |
| Total number of jobs | 2009/10 | 30,000 | Years |  | Getting Worse  |
| Job Density | 2009/10 | 0.6 | Years |  | Getting Worse  |
| Median gross weekly earnings for employees working in the area | 2011/12 | £439.60 | Years |  | Improving  |










Brand and market “Tamworth” as a great place to “live life to the full”

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|-------------|---------------|-------------------------|------------------------------------|---|
| The footfall for Town Centre | H1 2012/13 | 5,906 | Half Years | ↑ | Improving  |
| The occupancy levels of Town Centre retail outlets | Q2 2012/13 | 87% | Quarters | ↓ | Getting Worse  |
| Overall/general satisfaction with local area (Tamworth) | 2011/12 | 86.2% | Years | ↑ | Improving  |
| Trader attendance at Tamworth Market | H1 2012/13 | 130 | Half Years | ▬ | No Change  |

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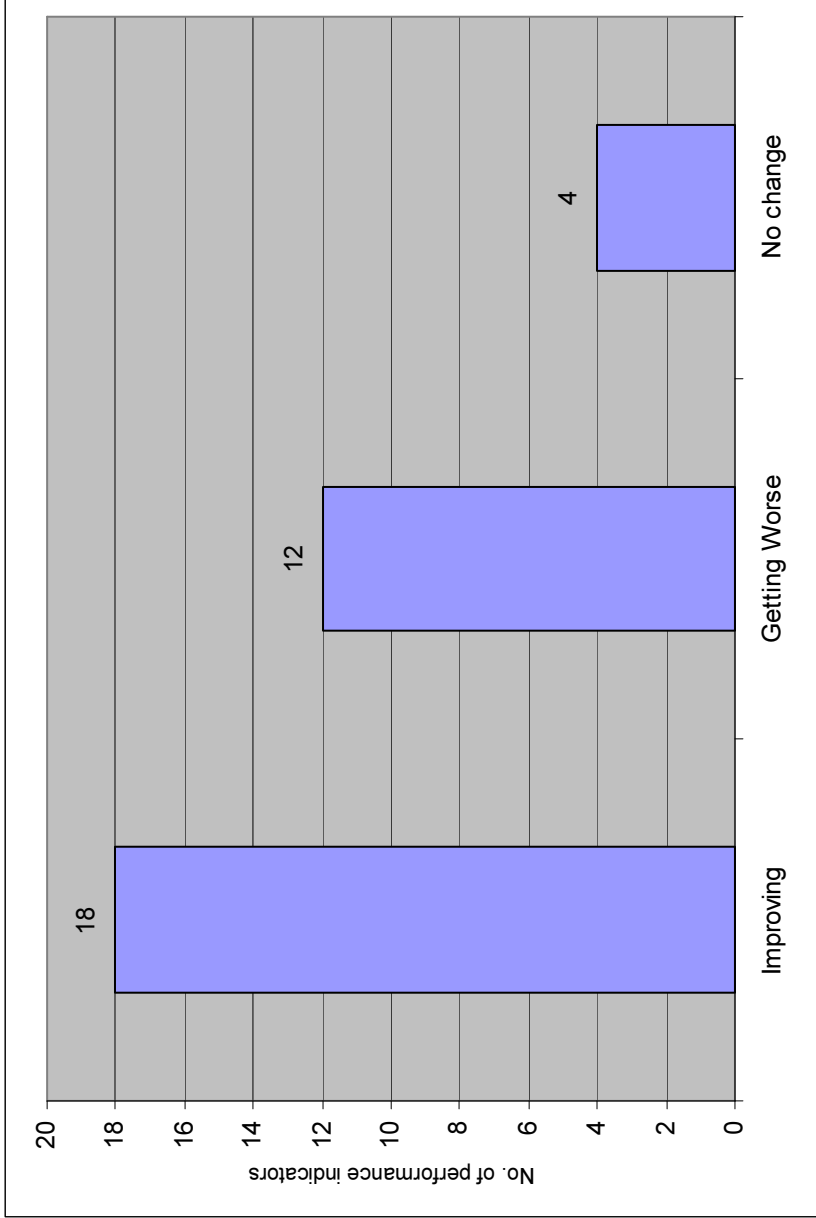
Create the physical and technological infrastructure necessary to support the achievement of this primary outcome

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|--|-------------|---------------|-------------------------|------------------------------------|---|
| Processing of planning applications: Major applications (Tamworth) | Q3 2012/13 | 66.66% | Quarters | ↑ | Improving  |
| Processing of planning applications: Minor applications (Tamworth) | Q3 2012/13 | 82.35% | Quarters | ↑ | Improving  |
| Processing of planning applications: Other applications (Tamworth) | Q3 2012/13 | 95.83% | Quarters | ↓ | Getting Worse  |
| Percentage of residents satisfied with the authorities parks and open spaces | 2011/12 | 76.7% | Years | ↑ | Improving  |









| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|--|-------------|---------------|-------------------------|---|---|
| Satisfaction with cleanliness of streets | 2011/12 | 54.4% | Years |  |  |
| Net additional homes provided (Tamworth) | Q2 2012/13 | 89 | Quarters |  |  |
| Satisfaction of business with local authority regulation services (Tamworth) | 2010/11 | 84% | Years |  |  |
| Percentage of household waste sent for reuse, recycling and composting (Tamworth) | Q2 2012/13 | 57.20% | Quarters |  |  |
| Increase in the number of local sites where active conservation management has been or is being implemented from 5 in 2009/10 to 8 by 2013 | 2011/12 | 7 | Years |  |  |
| Satisfaction with household waste collection | 2011/12 | 84.2% | Years |  |  |

The chart below shows the performance of the indicators used to measure the priority 'to be healthier and safer in Tamworth' and whether they are improving, getting worse or have stayed the same. Detail on the individual indicators is provided in the tables below.









**To be healthier and safer in Tamworth -
To create a safe environment in which local people can reach their full potential and live longer, healthier lives**





Address the causes of poor health in children and young people

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|--|-------------|---------------|-------------------------|---|---|
| Obesity in primary school age children in Year 6:Obese | 2011/12 | 16.9% | Years |  |  |
| Proportion of children in poverty | 2009/10 | 20.7% | Years |  |  |
| Infant Mortality per 1,000 | 2009/10 | 6.8 | Years |  |  |
| Physically active children | 2009/10 | 61.2% | Years |  |  |






Page 4 Improve the health and well being of older people by supporting them to live active, independent lives

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|-------------|---------------|-------------------------|---|---|
| Adult participation in sport and active recreation (Tamworth) | 2012/13 | 20.7% | Years |  |  |
| Male life expectancy | 2009/10 | 78.7 | Years |  |  |
| Female life expectancy | 2009/10 | 82.7 | Years |  |  |
| Premature mortality rate per 100,000 population aged under 75 | 2009/10 | 271.37 | Years |  |  |













| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|--|-------------|---------------|-------------------------|------------------------------------|---|
| Obese - adults | 2007/08 | 30.7% | Years | ➔ | Getting Worse  |
| The percentage of physically active adults | 2010/11 | 9.3% | Years | ➔ | Getting Worse  |

Reduce the harm and wider consequences of alcohol abuse on individuals, families and society





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| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|-------------|---------------|-------------------------|------------------------------------|---|
| Increasing and higher risk drinking | 2008/09 | 22.7% | Years | ➔ | Getting Worse  |
| Estimated problem drug users | 2009/10 | 409 | Years | ▬ | No Change  |
| Percentage of Adults Smoking | 2010/11 | 24.9% | Years | ➔ | Improving  |
| Alcohol attributable mortality per 100,000 population - Males | 2010/11 | 42 | Years | ➔ | Improving  |
| Alcohol attributable mortality per 100,000 population - Females | 2010/11 | 15 | Years | ➔ | Getting Worse  |

Implement 'Total Place' solutions to tackling crime and ASB in designated localities










| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|---------------|---------------|-------------------------|---|---|
| Incidents of Anti-Social Behaviour | December 2012 | 1,703 | Months |  |  Improving |
| Perceptions of anti-social behaviour (on line place survey) | 2011/12 | 30% | Years |  |  Improving |
| Percentage of people who feel that the council and police are dealing with local concerns about anti-social behaviour and crime issues (on line place survey) | 2011/12 | 58.8% | Years |  |  Improving |
| Percentage of people feeling safe after dark (on line place survey) | 2011/12 | 63.1% | Years |  |  Improving |
| Percentage of people feeling safe during the day (on line place survey) | 2011/12 | 92.6% | Years |  |  Improving |
| Percentage of people who felt fearful of being a victim of crime in the last 12 months (NPD Survey) | H1 2012/13 | 9% | Half Years |  |  No Change |



Develop innovative early interventions to tackle youth crime and ASB

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|-------------|---------------|-------------------------|---|---|
| First time entrants to the Youth Justice System aged 10-17 per 100,000 10 - 17 population | 2010/11 | 51 | Years |  |  Getting Worse |
| Percentage of arrests of people aged between 10 and 17 years old | 2011/12 | 13% | Years |  |  Improving |

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|--|-------------|---------------|-------------------------|------------------------------------|---|
| Young offenders receiving a community resolution order | 2009/10 | 60 | Years | ➔ | Getting Worse  |

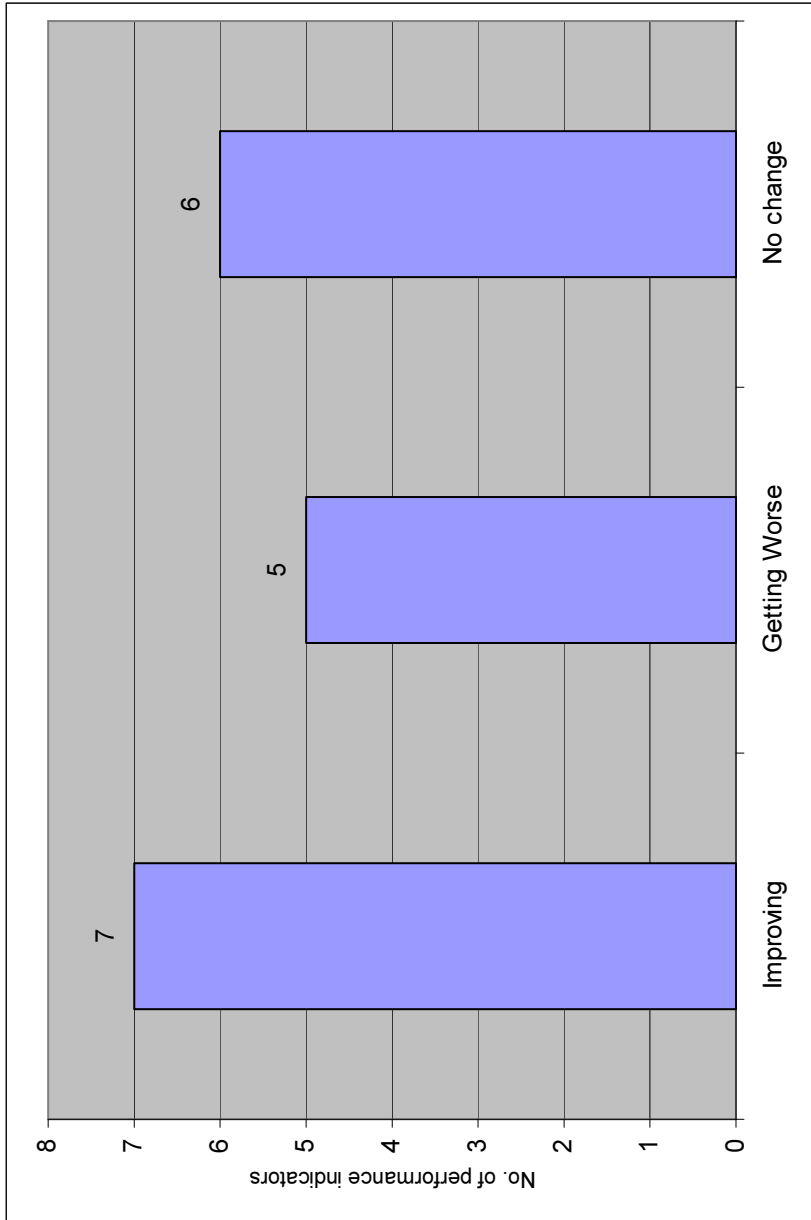
Create an integrated approach to protecting those most vulnerable in our local communities


















| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|---------------|---------------|-------------------------|------------------------------------|---|
| Number of homelessness cases prevented as a result of casework | December 2012 | 90 | Months | ➔ | Getting Worse  |
| The number of referrals made by Tamworth HEAT | December 2012 | 269 | Months | ➔ | Getting Worse  |
| Where possible, 30% of all new homes delivered will be affordable | 2011/12 | 10.81% | Years | ➔ | Getting Worse  |
| % non-decent council homes (Tamworth) | 2011/12 | .0% | Years | ▬ | No Change  |
| Disabled Facilities Adaptations completed | Q3 2012/13 | 55 | Quarters | ➔ | Getting Worse  |
| The number of empty homes brought back into use each year | Q3 2012/13 | 48 | Quarters | ➔ | Improving  |
| Meet and maintain licensing programme for Houses in Multiple Occupation (HMO's) | 2011/12 | 100% | Years | ▬ | No Change  |
| Average number of days taken to re-let local authority housing (Standard Empty Homes) | December 2012 | 10 | Months | ➔ | Improving  |
| Local authority tenants' satisfaction with landlord services | 2012/13 | 75.20% | Years | ▬ | No Change  |



| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|-------------|---------------|-------------------------|---|---|
| The number of Council properties adapted to meet the needs of disabled people | 2012/13 | 86 | Years |  |  |

The chart below shows the performance of the indicators used to measure the theme 'to be accountable, approachable and visible' and whether they are improving, getting worse or have stayed the same. Detail on the individual indicators is provided in the table below

| |
|--|
| Approachable, Accountable and Visible |
|--|



| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|---------------|---------------|-------------------------|------------------------------------|---|
| Freedom of Information Requests Responded To Within legislative timescales | November 2012 | 87.5% | Months | ↘ | Getting Worse  |
| Achievement of upper quartile performance for Non-Domestic Rate collection | 2011/12 | 97.7% | Years | ↘ | Getting Worse  |
| Percentage of calls answered within 20 seconds - Corporately | Q2 2012/13 | 92% | Quarters | ↖ | Improving  |
| Achievement of upper quartile performance for Council Tax collection | 2011/12 | 98.1% | Years | ↗ | Improving  |
| Increase the number of eligible voters | Q3 2012/13 | 58,885 | Quarters | ↗ | Improving  |
| Spending maintained within approved budget and without significant underspends | November 2012 | -3.49% | Months | ↘ | Getting Worse  |
| Maintain accreditation against ISO20000 | 2011/12 | Yes | Years | ▬ | No Change  |
| Maintain accreditation against ISO27001 | 2011/12 | Yes | Years | ▬ | No Change  |
| Draft Statement of Accounts to be prepared by 30th June each year | 2011/12 | Yes | Years | ▬ | No Change  |
| To have satisfactory arrangements to secure economy, efficiency and effectiveness in our use of resources | 2011/12 | Yes | Years | ▬ | No Change  |
| Achievement of an unqualified audit opinion on the financial statements | 2011/12 | Yes | Years | ▬ | No Change  |
| Budget, Council Tax and Rent set by 11th March each year | 2011/12 | Yes | Years | ▬ | No Change  |
| Visiting Marmion House - Resolution at first point of contact | Q3 2012/13 | 97% | Quarters | ↗ | Improving  |
| Percentage of people who feel they can influence decisions in their locality (On line place survey) | 2011/12 | 47.8% | Years | ↗ | Improving  |
| Usage of the "Tell us" scheme | December 2012 | 19 | Months | ↘ | Getting Worse  |
| Increase voter turnout | 2012/13 | 27.16% | Years | ↘ | Getting Worse  |
| Increase the percentage of residents year on year who express satisfaction with council services (on line place survey) | 2011/12 | 76.6% | Years | ↗ | Improving  |

| Performance Indicator | Last Update | Current Value | Frequency of collection | Performance improving or declining | Performance against target (where target is known) |
|---|-------------|---------------|-------------------------|---|---|
| The percentage of canvas forms returned | 2012/13 | 97.99% | Years |  |  |
| | | | | Improving | |




2. High Level Corporate Plan Actions

This section of the report provides an update on those high level actions/projects or initiatives that fall into one of the following categories



- not on track but in control or
 - not on track and not in control
- A note on their current status is provided in the latest status update.



Updates on all the other high level actions/projects or initiatives can be viewed via Covalent at this link

<http://www.covalentcpm.com/CovalentWebModule/CovalentWidget?c=179&id=1546>

| | | | | | |
|---|--|--|---|---|-----------------|
| Increase occupancy of commercial and industrial premises and also the longevity/quality of the letting | <i>Paul Weston</i> | Project Status | Priority Action/Project/Initiative not on track but is in control |  | Progress |
| | Latest Status Update 06-Jul-2012 The occupancy of commercial premises is excellent given the current economic climate but the quality and length of the lettings is an area outside of our control. | Planned Start Date 01-Apr-2012 | Due Date 31-Mar-2013 | 75% | |
| Manage, monitor & report on the achievement of the Efficiency Savings target | <i>Joanne Goodfellow</i> | Project Status | Priority Action/Project/Initiative not on track but is in control |  | Progress |
| | Latest Status Update 09-Jan-2013 Draft report prepared (including updated Procurement Strategy) for consideration by CMT during February followed by Cabinet | Planned Start Date 01-Apr-2012 | Due Date 28-Feb-2013 | 50% | |
| Exploitation of external service delivery | <i>Gareth Youlden</i> | Project Status | Priority Action/Project/Initiative not on track but is in control |  | Progress |
| | Latest Status Update 10-Jan-2013 The Bromsgrove and Redditch contract ends on 31st March 2013 | Planned Start Date | Due Date | 0% | |

| | | | |
|--|--|-------------|-------------|
| | and may not be renewed as the clients have now recruited internally. Other clients are now being sourced for the range of services on offer from the ICT department. | 01-Apr-2012 | 02-Apr-2013 |
|--|--|-------------|-------------|

| Democratic engagement: Public engagement | | <i>Jane Hackett</i> | Project Status | Priority Action/Project/Initiative not on track but is in control |  | Progress |
|---|--|---------------------|-----------------------|---|---|---|
| Latest Status Update | 07-Jan-2013 Due to the pressure of work in election services (Canvas and PCC election), survey not yet started | | | Planned Start Date 01-May-2012 | Due Date 31-May-2013 |  |

| Legal: Legal Spend Review | | <i>Jane Hackett</i> | Project Status | Priority Action/Project/Initiative not on track but is in control |  | Progress |
|----------------------------------|--|---------------------|-----------------------|---|---|---|
| Latest Status Update | 07-Jan-2013 The service level legal spend has now been ascertained. In-house recharges are now to be reviewed. | | | Planned Start Date 01-Mar-2012 | Due Date 28-Mar-2013 |  |

3. Performance Management Framework

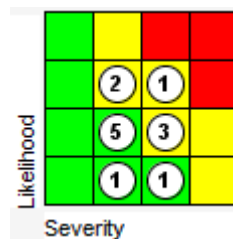
The Executive Planning away day took place on 21st January 2013; from this the combined Corporate Plan and Annual Review is being drafted and is scheduled for Cabinet approval on 10th April 2013.

4. Corporate Risk register

The Corporate Risk register is reviewed and updated by the Corporate Management Team.

The Corporate Risk register is reviewed and updated by the Corporate Management Team.

There are currently thirteen risks on the Corporate Risk Register, none of which are high risks and the “heat map” below indicates the current position of their risk status.



5. Financial Health check

FINANCIAL HEALTHCHECK REPORT – PERIOD 9, DECEMBER 2012

Executive Summary

This section to the report summarises the main issues identified at the end of December 2012. Details relating to the summary can be obtained from Phil Thomas, Corporate Accountancy Extension 239.

Summary action sheets showing agreed action points to address issues raised are attached at **Appendix A**.

General Fund

Revenue

- The General Fund has a favourable variance against budget at period 9 of £426k.
- The projected full year position identifies a projected favourable variance against budget of £271k or 3.05% (£311k or 3.49% reported at period 8).
- This projection has highlighted several budget areas for concern (detailed at **Appendix B** and within the Report) though we are three quarters of the way through the year and projections may change, ongoing investigations into these areas have been initiated to mitigate the levels of the deficits.
- There was a balance of £48k held in the General Contingency Budget at the end of December 2012.

Capital

- Capital expenditure incurred was £959k compared to a profiled budget of £2.236m.
- It is predicted that £2.366m will be spent by the year-end (£2.776m reported at period 8) compared to a full year budget of £3.477m (this includes re-profiled schemes from 2011/12 of £1.156m).
- A summary of Capital expenditure is shown at **Appendix C**.

Treasury Management

- At the end of December 2012 the Authority had £27.28m invested in the money markets (excluding the £1.73m which is classified as sums at risk invested in Icelandic Banks). The average rate of return on these investments is 1.22% though this may change through the year if market conditions ease. At this point it is anticipated that our investments will earn approximately £250k compared to the budgeted figure of £220k, an estimated over recovery of £30k.

- Borrowing by the Authority stood at £65.060m at the end of December 2012, all being long term loans from the Treasury Public Works Loans Board. The average rate payable on these borrowings equates to 4.47%. At this point it is projected that interest payments will be £2.911m compared to a budget of £3.032m, as not all the budgeted borrowing was taken.
- A more detailed summary of the Treasury Management situation, detailing our current Lending and Borrowings together with the situation with our Icelandic investments, can be found at **Appendix D**.

Balances

Balances on General Fund are projected to be in the region of £4.222m at the year-end from normal revenue operations (£4.262m reported at period 8) compared to £3.441m projected within the 2012/13 budget report.

There is also currently a balance unallocated of £259k within the Repairs and Renewals Fund.

Housing Revenue Account (HRA)

Revenue

- The HRA has a favourable variance against budget at Period 9 of £1.416m.
- The projected full year position identifies a favourable variance against budget of £1.407m. (£1.153m reported at period 8). Individual significant budget areas reflecting the variance are detailed at **Appendix B** and within the body of the report.

Capital

- Housing Capital expenditure of £1.824m has been incurred as at the end of Period 9 compared to a profiled budget of £4.472m.
- It is predicted that £5.890m will be spent by the year-end (£5.890m reported at period 8) compared to the full year budget of £7.820m (including £4k re-profiled from 2011/12);
- A summary of Capital expenditure is shown at **Appendix C**.

Balances

- Balances on the Housing Revenue Account are projected to be in the region of £4.774m at the year-end (£4.520m reported at period 8) compared to £3.588m projected within the 2012/13 budget report.

FINANCIAL HEALTHCHECK REPORT – PERIOD 9 DECEMBER 2012

This section of the report highlights the main issues identified, CMT and Members are asked to note the contents of the report and agree action points to address the issues raised.

Issues Identified

The financial performance review has focussed on the following key areas, on which further work is being undertaken:

- Review of the actual activity to budget for the period;
- A projection of the actual activity to budget for the year;
- Identification of potential issues for action;
- This is the seventh monitoring report of the year and issues regarding budget profiles and previous year's accruals may distort the reported figures to some extent, though the majority of these issues will have been adjusted for manually.

General Fund – Revenue

- The position at the end of December 2012 shows a favourable situation of £426k underspend.
- The projected full year position identifies a favourable variance against budget of £271k (£311k reported at period 8).

Significant items currently identified relating to overspends/under achievement of income are,

- ICT - £25k (£41k reported at period 8). Salaries £28k overspend due to shortfall in salaries budgetary funding. External Service Provision £21k, income budget increased this year in expectation of additional income from shared service provision, which is now unlikely to be received. Overspend on Software Maintenance of £5k. Offset by under spends of £18k on Hardware Maintenance and £11k on various supplies and services budgets.
- Outside Car Parks - £26k (£38k reported at period 8). Under achievement of income based on current usage, 12.5% reduction in occupancy levels compared to last years figures, which would appear to be in line with national trends.
- Industrial Properties - £20k (£23k reported at period 8). Under achievement of income based on current level of occupation.
- Public Spaces - £20k (£22k reported at period 8). Salaries £15k overspend due to shortfall in salaries budgetary funding. £16k additional costs due to Diamond Jubilee & Olympic celebrations. Offset by £12k under spend on transport.
- Commercial Property Management - £14k (£15k reported at period 8). Under recovery of rental income based on current level of occupation.

- Tree Maintenance - £18k (£16k reported at period 8). Increase in costs of vehicle hire; Reduced income from Housing through a combination of factors leading to some works having to be externalised and significant increase in insurance claims requiring external support.
- Development Control - £29k (£27k reported at period 8). Under recovery of income from planning applications.
- Tamworth Golf Course - £15k (£14k reported at period 8). Bad debt provision increase.
- Assembly Rooms - £17k (£20k reported at period 8). Bar £21k based on 2011/12 outturn. Salaries £9k overspend due to salaries budgetary funding shortfall (vacancy allowance). Off set by savings on Security £5k and Supplies & Services £4k.
- Sport Pitches - £21k (£18k reported at period 8). Overspend on Salaries £2k, Electricity £9k and under recovery of income £7k.
- Benefits - £21k (£14k over recovery reported at period 8). Estimated under recovery based on claimant activity recorded in the DWP claim as at the end of December.
- Public Conveniences - £14k (£14k reported at period 8). Overspends on Salaries £8k and Sewerage & Water charges £5k.

Significant items mitigating the financial impact of the above and contributing to the period position,

- Joint Waste Arrangement - £127k (£127k reported at period 8). Contract fees estimated figure based on latest position available from Lichfield District Council.
- Civil Parking Enforcement - £81k (£121k reported at period 8). Amount to be paid by Staffs County and returned from reserves for previous years' deficits.
- Corporate Finance - £124k (£108k reported at period 8). £50k Vacancy allowance offsetting overspends on various salaries budgets due to budgetary funding shortfall. IFRS Contingency £25k and Staffordshire Hoard £20k, budget offered up. Audit Fee £20k expected under spend on move to Grant Thornton. Government Grants £9k.
- Treasury Management - £41k (£67k reported at period 8). Underspend of £122k due to additional borrowing not being taken, partly netted off as £58k will no longer be charged to the HRA. Overspend of £15k Interest Payable to HRA due to change in the interest calculation due to HRA reform and £36k MRP due to changes in Icelandic repayments. Over recovery of £30k interest.
- Environmental Health - £24k (£17k reported at period 8). Underspend due to two vacant posts; part of budget is being used to pay for consultants and sickness cover.
- PR and Consultation - £23k (£20k reported at period 8). Underspends on External Communication £5k and Advertising £5k. £10k budget not required for Sector Research.
- Marmion House - £31k (£19k reported at period 8). Underspend on Electricity £15k, Franking Machine Charges £9k and an over recovery on Fees & Charges £5k.

- Health Agenda - £17k (£17k reported at period 8). Joint funding post under review, awaiting outcome of SCC restructure of service.
- Community Safety - £14k (£9k predicted at period 8). Underspend on salaries.
- Homelessness - £12k (£12k reported at period 8). Prevention schemes have reduced use of Bed & Breakfast accommodation offset by reduced income. Homes for Homeless scheme under review.
- Strategic Housing - £10k (£10k reported at period 8). Housing Strategy Statement reviewed every 3 years.
- Human Resources - £10k (£10k reported at period 8). Underspend on Provision of Occupational Health £5k and External Support £5k.
- Training and Development - £10k (£10k reported at period 8). Competency Framework reserve will not be spent.

General Fund – Capital

- The position at the end of December shows an underspend to profiled budget of £1.277m, mainly due to slippage on spend compared to predicted expenditure profiles at this stage of the year.
- The projected full year position identifies a projected net underspend of £132k (£120k reported at period 8). This is the Home Repairs Works in Default Scheme £120k as no external funding is available for this scheme, therefore not predicting any spend unless alternative funding can be found and Waste Management & Recycling Expansion £12k. There is a projected requirement to re-profile £978k into 2013/14 (£580k projected at period 8) re;
 1. Castle Mercian Trail, £340k, resources will need to be carried over into next financial year as it is unlikely that the Trail Partnership will be able to finalise the strategy for the trail exhibitions until after April 2013.
 2. Castle HLF, £262k, The HLF project is now into the capital works phase. This is nearing completion but there have been delays incurred due to poor weather so the capital works are more likely to be completed by the end of February 2013. The interpretation works will be completed at end of March 2013. However the completion of the whole project and the final deadline for the HLF money is December 2013, with some participation elements to be finished by July 2014.
 3. Private Sector Coalfields Funds, £114k, remaining funds will support the delivery of these services in 13/14.
 4. Replacement PC's, Printers & Servers, £86k, to be used to fund technology required in support of corporate change projects/agile working.
 5. Assembly Rooms Development, £60k, waiting for approval to award the contract from HLF. Finalising consultation plans with a launch planned for 12th January.

6. TT – Agile Working, Telephone & Corporate EDRMS, £30k, tender specification currently being drawn up in respect of our technology requirements (hardware/networks/infrastructure) in support of the agile working project.
7. Streetscene Tracking System, £30k, still pending outcome on new CRM system in Spring 2013.
8. Gazetteer Development, £24k, implementation to commence once replacement CRM system has gone live, so that the two can be integrated. Therefore budget requested to be re-profiled into 2013-14.
9. Designate New Cemetery Land, £20k, specification being prepared with view to tendering in January 2013.
10. Replacement ICT – Northgate M3, £8k, project & outstanding commitment to be reviewed & incorporated within corporate change programme.
11. Repair to River Bank Castle, £4k, final payment held on retainer to be paid on completion of works which are weather dependant. Remainder to be used as landscaping to compliment the Gateway project in the Castle grounds.

Housing Revenue Account – Revenue

- The position at the end of December shows a favourable situation of £1.416m.
- The projected full year position identifies a favourable variance against budget of £1.407m (£1.153m reported at period 8).

Significant items currently identified relating to overspends/under achievement of income are,

- Garage Rents - £77k (£76k reported at period 8). Rental income shortfall due to the continuing increase in voids. A number of garage sites are currently being considered for re-development for social housing.
- General - Operations - £22k (£4k underspend predicted at period 8). Salaries overspend £30k, Rents £5k over recovery.

Significant items mitigating the financial impact of the above and contributing to the predicted outturn position,

- Contribution to Repairs Account - £1.24m (£960k reported at period 8). Underspend due in part to a reduced repairing obligation under the repairs policy, competitive procurement and reduced SOR costs, improved links between response and planned works – together with ongoing robust management of new contract arrangements.
- Rents - £123k (£129k reported at period 8). Projected outturn over recovery against budget partly due to a quicker turnaround of void properties reducing overall void levels.
- Item 8 Debit - £58k (£58k reported at period 8). Underspend due to additional borrowing not being taken.

- General Business Support - £22k (£22k reported at period 8). £19k Audit fee as 40% reduction in costs expected. £11k Salaries as post holder on secondment offset by £21k payments for temporary staff.
- Sheltered Housing General – £20k (£20k reported at period 8). Underspend identified to offset shortfall in income at Sheltered schemes due to cut in Supporting People funding
- Housing Advice - £16k (£16k reported at period 8). Sanctuary scheme under review.
- Interest Internal Balances - £15k (£17k reported at period 8). Over recovery of income as a result of changes to interest calculation due to HRA reform.
- Tenant Participation - £11k (£7k predicted at period 8). Underspend of £28k on Tenant Consultation of which £20k reserve to be requested for HomeLoss payments.

Housing Revenue Account – Capital

- The position at the end of December shows an underspend to profiled budget of £2.648m, which appears to be a profiling variance.
- The projected full year position identifies a projected net underspend of £754k (£754k reported at period 8). This is Window & Door Renewals £701k, Kitchen Renewals £443k and Electrical Upgrades £21k offset by virements to Bathroom Renewals £220k, Structural Works £150k and Roofing Overhaul & Renewals £41k. There is a projected requirement to re-profile £1.175m into 2013/14 (£315k reported at period 7) re;
 1. Kerria Estate Project, £500k, £150k projected to be spent.
 2. Gas Central Heating Upgrade & Renewals, £200k, new contract with Morrison's planned replacement programme commencing end of August 2012. Consultancy agreement let for upgrades to 2 sheltered housing schemes.
 3. Fire Upgrades to Flats, £195k, these works cannot proceed until compliance audits are carried out. The reports will not be made available until March/April 2013.
 4. Kitchen Renewals, £160k.
 5. High Rise Lift Renewals 2012, £120k, the lifts to be refurbished have now been identified but with manufacture and planning times allowed for it is unlikely that works will be completed before year-end.

| REF | ACTIVITY | OPTIONS | AGREED ACTION | ACTION BY / WHEN | PROGRESS |
|-----|---|---------|---|--|---|
| 1 | FINANCIAL ISSUES | | | | |
| 1.1 | Budget Monitoring & Control | | Managers have been commissioned by CMT to review budgets to identify potential actions to mitigate projected overspending and to restrict spend to essential areas. | Directors & Budget Holders | Ongoing |
| 1.2 | <u>Forward Look:</u> – Medium Term Financial Strategy (MTFS) | | Investigation into significant variances, to identify reasons for the changes and implement ‘lessons learned’ to reduce the risk of future occurrences. | Findings incorporated within Executive Board’s provisional consideration for the impact on 2013/14 (onwards) financial planning. | Executive Board will be given report on outturn situation for consideration and implications for the MTFS |

| | YTD Outturn | Projected Outturn | |
|--|----------------------------|----------------------------|---|
| | Period 09 | Period 09 | |
| GENERAL FUND | Over/(Under) Spends £000's | Over/(Under) Spends £000's | Comments |
| CHIEF EXECUTIVE'S OFFICE | | | |
| <i>Director Transformation & Corporate Performance</i> | | | |
| PR and Consultation | | | |
| External Communications | (3) | (5) | Expected underspend |
| Advertising | (3) | (5) | Expected underspend |
| Recycling Promotion | (2) | (3) | Budget not likely to be spent |
| Sector Research | 0 | (10) | Budget not required |
| Head of Customer Services | | | |
| Customer Services | | | |
| Line Rental Main Switchboard | (12) | (15) | Savings against current budgetary provision, plus receipt of £7k credit against previous bills |
| Contribution to Reserve | 0 | 15 | Underspend above to fund Shopmob grant £5k in 2013-14, plus further £10k to assist in funding new Telephony requirements currently out to tender |
| Tourist Information Service | | | |
| Salaries | 10 | 10 | Due to shortfall in budgetary funding, plus casual cover for staff sickness |
| TIC Third Party Ticket Sales | | | |
| Ticket Sales | 7 | 8 | Shortfall in commission from ticket sales |
| Head of Organisational Development | | | |
| Human Resources | | | |
| Provision of Occupational Health | (5) | (5) | Expected underspend |
| External Support | 0 | (5) | Budget unlikely to be required |
| Training and Development | | | |
| Contribution from Reserve | (10) | (10) | Competency Framework reserve which will not now be spent |
| Other minor non-significant variances | (5) | 0 | |
| CHIEF EXECUTIVE'S OFFICE | (23) | (25) | |
| EXECUTIVE DIRECTOR CORPORATE SERVICES | | | |
| Corporate Director Resources | | | |
| Salaries | 8 | 10 | Overspend due to shortfall in salaries budgetary funding |
| Solicitor and Monitoring Officer | | | |
| Solicitor to the Council | | | |
| Legal Fees | (14) | 0 | Budget vired from salaries underspend to fund provision of external legal advice |
| Electoral Process | | | |
| Software Support Licences | 2 | (23) | One-off budgets established to fund requirements relating to Individual Voter Registration, to be requested to transfer to reserve to meet costs now expected to fall due in 2013/14 (delay in legislation) |
| Computer Equipment | 0 | (6) | |
| Contribution to Reserve | 0 | 29 | Requirement to transfer underspent budgets above to reserve |
| Land Charges | | | |
| Land Charges | (8) | 0 | Income above budget to date |
| Head of Benefits | | | |
| Benefits | | | |
| Net of Expenditure & Subsidy Income | 45 | 11 | Based on position as at end December |
| Bad Debt Provision | 0 | 10 | Based on position as at end December |
| Benefits Administration | | | |
| Salaries | 10 | 12 | Overspend due to budgetary funding shortfall 'vacancy allowance.' |
| Overtime | (20) | (26) | Underspent budget funded from DWP grant, to be requested to transfer to reserve at year end |
| Various Supplies and Services | (28) | (12) | Various budgets underspent year to date, current projected outturn includes £7k underspend on Postage budget |
| Contribution to Reserve | 0 | 26 | Underspent overtime budget to be requested to transfer to reserve at year end |

| GENERAL FUND | Over/(Under) Spends £000's | Over/(Under) Spends £000's | Comments |
|--|-------------------------------|-------------------------------|---|
| Head of Internal Audit | | | |
| Internal Audit | | | |
| External Support | (3) | (7) | Remaining budget not expected to be spent |
| Director of Technology & Corporate Programmes | | | |
| ICT and Transformation | | | |
| Salaries | 19 | 28 | Overspend due to shortfall in salaries budgetary funding |
| Hardware Maintenance | (11) | (18) | Offsetting overspend on software maintenance & external service provision |
| Software Maintenance | 5 | 5 | Overspend offset by underspends on other budgets |
| Application Software | (26) | 0 | Underspent pending requirements re agile working |
| Various other supplies and services | (30) | (11) | Small underspends projected against Training, Data Protection and Miscellaneous budgets |
| External Service Provision | 1 | 21 | Income budget increased this year in expectation of additional income from shared service provision, which is now unlikely to be received |
| Director of Finance | | | |
| Corporate Core | | | |
| Subscriptions - Corporate | (5) | (5) | Underspend against budget |
| Corporate Finance | | | |
| Vacancy Allowance | 0 | (50) | Offsetting overspends on various salaries budgets due to budgetary funding shortfall |
| IFRS Contingency | 0 | (25) | Budget unlikely to be spent |
| Staffordshire Hoard | 0 | (20) | Offsetting £4k overspend on Castle & remaining budget offered up |
| Audit Fee | (8) | (20) | Expected underspend on move to Grant Thornton |
| Government Grants | (19) | (9) | Includes receipt New Burdens grant re Community Right to Challenge, which was not budgeted |
| Treasury Management | | | |
| External Interest Payable | (91) | (122) | New borrowing below budgeted amount |
| Interest Payable to HRA | 11 | 15 | Changes to interest calculation due to HRA reform |
| Minimum Revenue Provision | 27 | 36 | Budget based on higher forecast Icelandic capitalisation reduction |
| Housing Revenue Account | 44 | 58 | New borrowing below budgeted amount |
| Misc Interest & Dividends | (22) | (30) | Estimated over recovery of interest |
| Procurement | | | |
| External Support | 0 | (5) | Predicted underspend assuming budget not required to be spent |
| Head of Revenues | | | |
| Council Tax | | | |
| Legal Fees | (8) | (4) | Predicted underspend |
| Court Costs | (10) | 0 | Income above budget to date |
| Other minor non-significant variances | (44) | (12) | |
| EXECUTIVE DIRECTOR CORPORATE SERVICES | (175) | (144) | |
| ASSETS AND ENVIRONMENTAL SERVICES | | | |
| Commercial Property Management | | | |
| Rental Income | 38 | 15 | Based on current level of occupation |
| Industrial Properties | | | |
| Rental Income | 64 | 43 | Based on current level of occupation |
| Business Rates | (9) | (9) | Reduction in payment off Business rates on vacant units |
| Provision for Bad debts | (14) | (14) | Saving as at end of the period, however potential for full requirement by year end position will be closely monitored and updated throughout the year |
| Marmion House | | | |
| Electricity | (10) | (15) | Estimated outturn based on current expected usage till the year end |

| GENERAL FUND | Over/(Under) Spends £000's | Over/(Under) Spends £000's | Comments |
|--|-------------------------------|-------------------------------|--|
| Outside Car Parks | | | |
| Refundable Deposits - Henry Boot | (5) | (4) | Reduction in amount payable to Henry Boot as a result of less income being received on Spinning School Lane car park based on current usage and predictions. The situation is monitored closely and may change depending on usage levels between now and year end. Some anticipated underspend being used to meet increased costs of cash collection |
| Fees & Charges | 2 | 37 | 12.5% reduction in occupancy levels compared to last years figures - in line with national trends. Substantial increase in income for Bolebridge for August probably attributable to the wet Summer holidays leading to an increase in cinema usage. Better than expected income for December. |
| Civil Parking Enforcement | | | |
| Miscellaneous Income | 0 | (81) | Amounts to be paid by Staffs County and returned from Reserves for previous years deficits. £51k received from county in January. |
| Amington Depot | | | |
| Salaries | 3 | 3 | Vacant post for Gateman covered by Street Scene staff. Future of this is still under discussion |
| Environmental Health | | | |
| Salaries and Overtime | (11) | (14) | 2 vacant posts. Part of budget is being used to pay for consultants and sickness cover |
| Taxi & Private Hire Vehicles | | | |
| Salaries | (10) | (5) | Vacant post. Future of this is still under discussion |
| Licensing Act | | | |
| Annual Fees/Applications | (17) | (7) | Income received in advance of profiled budget. Out turn based on prior year trends |
| Pollution Control | | | |
| Consultants Fees | 0 | (10) | Air Quality Assessment to be undertaken 2013/2014. Funding released from contingency during 2012/2013 therefore temporary reserve will be requested |
| Contribution to reserves | 0 | 10 | |
| Joint Waste Arrangement | | | |
| Contract Fees | (12) | (127) | Estimated figure based on latest position available from LDC |
| Cemeteries | | | |
| Repair and Maintenance of Monuments | (9) | (13) | Expenditure reduced to offset reduced income - situation will be continually reviewed. However there may be some further spend required on health and safety grounds should any arise |
| Fees and Charges | 13 | 16 | Reduction in income - position will be closely monitored and updated throughout the year |
| Public Spaces | | | |
| Salaries | 11 | 15 | Overspend due to salaries budgetary funding shortfall (vacancy allowance) |
| Supplies and Services | 15 | 16 | Additional costs due to Diamond Jubilee and Olympic celebrations - compensatory savings made elsewhere within the service |
| Trees | | | |
| Various Supplies and Services / Income | 12 | 14 | Increase in costs of vehicle hire; Reduced income from Housing through a combination of factors leading to some works having to be externalised and significant increase in insurance claims requiring external support. Potential over winter to increase further costs due to weather conditions. |
| Street Wardens | | | |
| Salaries | 9 | 12 | Overspend due to salaries budgetary funding shortfall (vacancy allowance) |
| Other minor non-significant variances | (38) | (4) | |
| ASSETS AND ENVIRONMENTAL SERVICES | 32 | (122) | |

| GENERAL FUND | Over/(Under) Spends £000's | Over/(Under) Spends £000's | Comments |
|--|-------------------------------|-------------------------------|--|
| HOUSING & HEALTH | | | |
| General Fund Housing | | | |
| Actuarial Strain Payments | 10 | 10 | Costs associated with flexible retirement |
| Homelessness | | | |
| Provision for Bad Debts | (4) | 0 | Provision based on current level of arrears, subject to change |
| Bed & Breakfast Cost | (34) | (45) | Prevention schemes have reduced use of Bed & Breakfast accommodation |
| Homes for Homeless | (9) | (12) | Under review |
| Bed & Breakfast Income | 34 | 45 | Reduced income offset by reduced expenditure |
| Homelessness Prevention Schemes | | | |
| Repossession Prevention | (50) | (45) | Demand led scheme, grant funded |
| Contribution to Reserves | 0 | 45 | Reserve will be requested at year end to carry forward any unused grant |
| Strategic Housing | | | |
| Housing Strategy Statement | (6) | (10) | Strategy reviewed every 3 years |
| Homelessness Strategy | | | |
| Homelessness Prevention | (107) | (220) | Projects to utilise the grant funding are currently being reviewed. |
| Repossession Prevention | (36) | (35) | Demand led scheme, grant funded |
| Contribution to Reserves | 0 | 255 | Reserve will be requested at year end to carry forward any unused grant |
| Health Agenda | | | |
| Health Promotions Joint Funding | (9) | (17) | Post under review, awaiting outcome of SCC restructure of service |
| Other minor non-significant variances | (31) | (1) | |
| HOUSING & HEALTH | (242) | (30) | |
| COMMUNITIES, PLANNING & PARTNERSHIPS | | | |
| Development Control | | | |
| Fees & Charges Planning Apps | 28 | 35 | Several new developments are being discussed. As yet it is unclear if the applications will be made before the end of the financial year |
| AD Strategic planning & Dev | | | |
| Other Expenses | 0 | (35) | Community Infrastructure Levy. Implementation slipped into 2013/14 options are still being considered. Temporary reserve will be needed |
| External Support | (10) | (17) | PAS Planning improvement grant. Waiting on update from PAS. Temporary Reserve will be needed |
| Contribution to Reserves | 10 | 52 | Reserves will be requested to carry unspent PAS grant and CIL into next financial year |
| Conservation | | | |
| Conservation Grants | 0 | (20) | Grants not paid in line with profile. Underspend will be reserved for potential large scheme next year |
| Contribution to Reserves | 0 | 20 | Temporary reserve will be requested to carry unspent conservation grants into next financial year |
| Local Development Framework | | | |
| Local Development Framework | 0 | (10) | Local Plan likely to be adopted in May 2013. Temporary reserve will be requested to meet any costs in the next financial year. |
| Contribution to Reserves | 0 | 10 | Temporary reserve will be requested to carry unspent LDF budget into next financial year |
| Dev. Plan Local & Strategic | | | |
| Salaries | (7) | (9) | Member of staff on career break |
| Contribution to Reserves | 0 | 9 | Reserve will be requested to meet any potential superann liability for employee on career break |
| Temporary Staff | 0 | (9) | Budget was part of business case which supported VR. |
| Contribution to Reserves | 0 | 9 | Reserve will be requested to carry unspent budget for temporary staff into next financial year . |
| DD - Communities, Planning & Partnerships | | | |
| Salaries | 5 | 7 | Overspend due to salaries budgetary funding shortfall (vacancy allowance) |

| GENERAL FUND | Over/(Under) Spends £000's | Over/(Under) Spends £000's | Comments |
|---|-------------------------------|-------------------------------|--|
| Locality Working- Glascote | | | |
| Education Campaigns | 0 | (20) | Prudent use of budget has enabled scheme to be continued into 2013/2014. Temporary reserve will be sought |
| Contribution to Reserves | 0 | 20 | Temporary reserve will be requested to carry unspent budget into next financial year |
| Locality Working - Belgrave | | | |
| Education Campaigns | 0 | (6) | Prudent use of budget has enabled scheme to be continued into 2013/2014. Temporary reserve will be sought |
| Contribution to Reserves | 0 | 6 | Temporary reserve will be requested to carry unspent budget into next financial year |
| Tamworth Golf Centre | | | |
| Bad Debt Provision | 15 | 15 | Based on debts in respect of 2011/2012 |
| Assembly Rooms | | | |
| Salaries and Wages | 0 | 9 | Overspend in part due to salaries budgetary funding shortfall (vacancy allowance). There are savings in other areas across the service that in part compensate |
| Assembly Rooms Bar | | | |
| Bar Sales and Catering Sales | 14 | 21 | Bar sales are under recovered. Underspends of £5k across the cost centre have been identified to mitigate this in part. |
| Pleasure Grounds | | | |
| Salaries and Wages | 17 | 25 | Additional hours are being worked to cover cardiac courses funded by PCT |
| Gymnasium | (10) | (25) | Income will be received from PCT to run cardiac courses |
| Castle & Museum | | | |
| Wages | 4 | 5 | Using casual staff to cover holidays and resources have been needed to cover member of staff on maternity leave. |
| Admission Fees | (13) | (12) | Budget was set at prudent level as it was unclear how the major building works at the Castle would impact on visitor levels. |
| Castle Shop Trading Account | | | |
| Sale of Souvenirs | 8 | 12 | Visitors are not spending in the shop. The lack of toilet facilities during the building works are discouraging visitors from remaining at the castle after their tour. This should be offset by an under spend of £3k on Stock purchases for resale |
| Castle Schools Education | | | |
| Wages | 0 | (6) | During major capital building works between July to February there is no access to public toilets which prevents school visits. |
| Schools Programme - Income | 0 | 11 | During major capital building works between July to February there is no access to public toilets which prevents school visits. |
| Castle Events | | | |
| Split Profit Ticket Income | 8 | 12 | Offset by under spend of £5k on expenses as less events are being held |
| Staffordshire Hoard | | | |
| Wages | 0 | 4 | Use of invigilators to ensure security of the Hoard Exhibition. Offset by an underspend of the £20k (net £16k) Staffordshire Hoard Contingency budget |
| Community Leisure Management | | | |
| Salaries | 6 | 7 | Overspend due to salaries budgetary funding shortfall (vacancy allowance) |
| Community safety | | | |
| Salaries | (8) | (10) | Employee on maternity leave & others not in pension fund although budgeted for. Part time post has been vacant since December |
| Play Development | | | |
| Consultants Fees | (7) | (7) | Scheme being delivered in a different manner |
| Registrations | 10 | 10 | Scheme being delivered in a different manner |
| Other minor non-significant variances | (87) | (63) | |
| COMMUNITIES, PLANNING & PARTNERSHIPS | (17) | 50 | |
| GENERAL FUND | (425) | (271) | |

| HOUSING REVENUE ACCOUNT | Over/(Under) Spends £000's | Over/(Under) Spends £000's | Comments |
|--|-------------------------------|-------------------------------|--|
| HOUSING & HEALTH | | | |
| General - Business Support | | | |
| Salaries | (9) | (11) | Substantive postholder on secondment |
| Payments for Temporary Staff | 16 | 21 | Cover for above post |
| Audit Fee | 0 | (19) | 40% reduction in costs expected |
| General - Operations | | | |
| Salaries | 0 | 30 | Regraded post and backdated costs |
| Software Maintenance & Improvements | 9 | 0 | Ongoing upgrades to Orchard system are expected to use full budget |
| Allocations | | | |
| Contribution to Reserves | 0 | 20 | Reserve to be requested at year end to carry forward any unused budget for HomeLoss payments |
| Financial Incentive to Move | (13) | (15) | Demand led and subject to availability of suitable properties. Potential underspend earmarked for HomeLoss payments as per Cabinet report |
| Income Management | | | |
| Printing & Stationery | (9) | (10) | Estimated underspend |
| Regeneration Project | | | |
| Consultants Fees | (18) | 0 | No outturn variance expected |
| Caretakers | | | |
| Electricity | (16) | 0 | Multiple sites |
| Sheltered Housing General | | | |
| Maintenance and Security | (13) | (20) | Underspend identified to offset shortfall in income at Sheltered schemes due to cut in Supporting People funding |
| Tenant Participation | | | |
| Support - Tenant Consultation | (22) | (28) | Potential underspend earmarked for HomeLoss payments as per Cabinet report |
| Contribution to Reserves | 0 | 20 | Reserve to be requested at year end to carry forward any unused budget for HomeLoss payments |
| Housing Advice | | | |
| Sanctuary Scheme | (15) | (20) | Scheme currently under review |
| Womens Refuge | | | |
| Service Charge - Flats | 21 | 25 | Management of refuge passed to Pathways. Shortfall in income offset by underspends on expenditure budgets |
| Repairs Contract | | | |
| Payments for Temporary Staff | 33 | 45 | Cost of additional staff to be recharged to Capital scheme/Repairs contract |
| TBC Capital Works | (25) | (34) | Cost of additional staff to be recharged to Capital scheme/Repairs contract |
| Housing Repairs Account | (8) | (11) | Cost of additional staff to be recharged to Capital scheme/Repairs contract |
| HRA Summary | | | |
| Contribution to the Repairs Account | (1,189) | (1,240) | Multiple Contracts, of which the Responsive Repairs contract is currently £575K underspent. The predicted outturn underspend is due in part to a reduced repairing obligation under the repairs policy, competitive procurement and reduced SOR costs, improved links between response and planned works – together with ongoing robust management of new contract arrangements. |
| Provision for Bad Debts | (35) | 0 | Provision based on current level of arrears which are expected to rise due to the impact of the welfare reforms |
| Item 8 Debit | (44) | (58) | New borrowing below budgeted amount |
| Rents | (97) | (123) | Projected outturn over recovery against budget partly due a quicker turnaround of void properties reducing overall void levels |
| Garage Rents | 59 | 77 | Rental income shortfall due to the continuing increase in voids. A number of garage sites are currently being considered for re-development for social housing |
| Interest on Balances (Item 8 CR) | (11) | (15) | Changes to interest calculation due to HRA reform |
| Other minor non-significant variances | (30) | (41) | |
| HOUSING REVENUE ACCOUNT | (1,416) | (1,407) | |

CAPITAL PROGRAMME 2012-13 SUMMARY
Period 9 - Ledger Info @ 24/01/13

| Directorate | Budget b/f from 11/12 £ | 12/13 Predicted Spend £ | 12/13 Project Budget (Incl b/f from 11/12) £ | Predicted Re-profile to 13/14 £ | 12/13 Resultant Variance £ | YTD Actuals £ | YTD Accruals £ | YTD Actuals + Accruals £ | YTD Budget £ | YTD Variance £ | Commitments £ |
|----------------------------------|----------------------------|----------------------------|---|------------------------------------|-------------------------------|------------------|-------------------|-----------------------------|-----------------|-------------------|------------------|
| CORPORATE SERVICES | 119,140 | 222,557 | 371,140 | 148,202 | -381 | 98,863.44 | 0.00 | 98,863.44 | 308,140 | (209,276) | 59,692 |
| COMMUNITY SERVICES | 1,036,490 | 2,143,580 | 3,105,580 | 829,900 | (132,100) | 842,979.99 | 16,810.03 | 859,790.02 | 1,927,910 | (1,068,120) | 291,648 |
| GENERAL FUND TOTALS | 1,155,630 | 2,366,137 | 3,476,720 | 978,102 | (132,481) | 941,843.43 | 16,810.03 | 958,653.46 | 2,236,050 | (1,277,396) | 351,341 |
| HOUSING REVENUE ACCOUNT | 3,690 | 5,890,387 | 7,819,870 | 1,175,000 | (754,483) | 1,100,312.01 | 723,853.39 | 1,824,165.40 | 4,472,060 | (2,647,894) | 358,868 |
| TOTAL APPROVED CAPITAL | 1,159,320 | 8,256,524 | 11,296,590 | 2,153,102 | (886,964) | 2,042,155.44 | 740,663.42 | 2,782,818.86 | 6,708,110 | (3,925,290) | 710,208 |
| Specific Project Contingencies | 130,000 | 0 | 130,000 | 130,000 | 0 | 0.00 | 0.00 | 0.00 | 130,000 | (130,000) | 0 |
| TOTAL (incl spec' contingencies) | 1,289,320 | 8,256,524 | 11,426,590 | 2,283,102 | (886,964) | 2,042,155.44 | 740,663.42 | 2,782,818.86 | 6,838,110 | (4,055,290) | 710,208 |
| General Contingency | 40,000 | 0 | 40,000 | 0 | (40,000) | 0.00 | 0.00 | 0.00 | 40,000 | (40,000) | 0 |
| HRA General Contingency | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 |
| Invest To Save Contingency | 160,000 | 0 | 160,000 | 160,000 | 0 | 0.00 | 0.00 | 0.00 | 160,000 | (160,000) | 0 |
| ALL CAPITAL | 1,489,320 | 8,256,524 | 11,626,590 | 2,443,102 | (926,964) | 2,042,155.44 | 740,663.42 | 2,782,818.86 | 7,038,110 | (4,255,290) | 710,208 |

Treasury Management Update – Period 9 - 2012/2013**Investments held as at 31st December 2012:**

| Borrower | Deposit £m | Rate % | From | To | Notice |
|-------------------------------|---------------|-------------------|------------|------------|---------|
| Lloyds TSB | 1.00 | 2.70 | 03/10/2012 | 02/10/2013 | - |
| Lloyds TSB | 2.00 | 2.25 | 02/11/2012 | 01/11/2013 | - |
| Lloyds TSB | 1.00 | 1.90 | 12/11/2012 | 11/11/2013 | - |
| Barclays Bank | 1.00 | 0.46 | 15/11/2012 | 15/02/2013 | |
| Barclays Bank | 2.00 | 0.54 | 01/10/2012 | 02/01/2013 | |
| Nationwide | 1.00 | 0.42 | 14/12/2012 | 18/02/2013 | |
| Bank of Scotland | 2.00 | 3.10 | 06/03/2012 | 13/02/2013 | |
| The Royal Bank of Scotland | 2.00 | 1.20 | | | 95 days |
| Nat West | 2.00 | 1.20 | - | - | 95 days |
| Nat West | 2.00 | 0.95 | - | - | 30 days |
| Deutsche Bank – MMF | 3.28 | 0.33* | - | - | On call |
| MMF - Ignis | 4.00 | 0.43* | - | - | On call |
| MMF – PSDF | 4.00 | 0.38* | | | On call |
| Total | 27.28 | 1.22 (avg) | | | |

* Interest rate fluctuates daily dependant on the funds investment portfolio, rate quoted is approximate 7 day average.

External Borrowing as at 31st December 2012:

| <u>Borrowing from PWLB</u> | | | | |
|-----------------------------------|--------------------|-------------------------|---------------------|------------------------|
| <u>Loan Number</u> | <u>Rate</u> | <u>Principal</u> | <u>Start</u> | <u>Maturity</u> |
| 468372 | 11.625% | 1,000,000 | 29/03/1990 | 18/08/2015 |
| 468478 | 11.750% | 2,000,000 | 23/04/1990 | 18/02/2017 |
| 475875 | 8.875% | 1,200,000 | 29/04/1995 | 25/04/2055 |
| 478326 | 8.000% | 1,000,000 | 17/10/1996 | 17/10/2056 |
| 479541 | 7.375% | 1,000,000 | 28/05/1997 | 28/05/2057 |
| 479950 | 6.750% | 2,000,000 | 02/10/1997 | 03/09/2057 |
| 481087 | 5.625% | 3,000,000 | 22/06/1998 | 22/06/2058 |
| 481641 | 4.500% | 1,400,000 | 09/10/1998 | 09/10/2058 |
| 483694 | 4.875% | 92,194 | 21/12/1999 | 18/10/2059 |
| 484204 | 5.125% | 2,000,000 | 20/04/2000 | 18/10/2015 |
| 488835 | 5.000% | 2,000,000 | 01/07/2004 | 01/07/2034 |
| 490815 | 4.250% | 1,000,000 | 24/11/2005 | 24/05/2031 |
| 494265 | 4.430% | 2,000,000 | 21/01/2008 | 01/01/2037 |
| 494742 | 4.390% | 700,000 | 15/08/2008 | 15/08/2058 |
| 500759 | 3.520% | 5,000,000 | 28/03/2012 | 28/03/2053 |
| 500758 | 3.510% | 5,000,000 | 28/03/2012 | 28/03/2054 |
| 500757 | 3.510% | 5,000,000 | 28/03/2012 | 28/03/2055 |
| 500761 | 3.510% | 5,000,000 | 28/03/2012 | 28/03/2056 |
| 500755 | 3.500% | 5,000,000 | 28/03/2012 | 28/03/2057 |
| 500756 | 3.500% | 3,000,000 | 28/03/2012 | 28/03/2058 |
| 500753 | 3.500% | 1,000,000 | 28/03/2012 | 28/03/2059 |
| 500760 | 3.490% | 5,000,000 | 28/03/2012 | 28/03/2060 |
| 500762 | 3.490% | 5,000,000 | 28/03/2012 | 28/03/2061 |
| 500754 | 3.480% | 5,668,000 | 28/03/2012 | 28/03/2062 |
| Total | | 65,060,194 | | |

ICELANDIC BANKING SITUATION (31/12/2012)

| | Deposit with; | Ref Number | Date Invested | Amount | % |
|---|--|------------|---------------|----------------|----|
| 1 | GLITNIR | 1696 | 10/10/2007 | 1,000,000 | |
| | GLITNIR | 1715 | 31/08/2007 | 1,000,000 | |
| | GLITNIR | 1754 | 14/12/2007 | 1,000,000 | |
| | Total Principal | | | 3,000,000 | |
| | Estimated of Contractual or Interest due to point of administration (subject to currency exchange rate fluctuations) | | | 140,911 | |
| | Total of Claim | | | 3,140,911 | |
| | Repayments Received to date | | | (2,554,432) | * |
| | Outstanding at 31/12/2012 | | | 586,479 | ** |

*Partial repayment received on the 15th March 2012 in GBP/EUR/USD/NOK. The balance is currently being held in Icelandic Krone (ISK). Release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. **Interest will accrue on these funds until the date of final settlement and may also change due to exchange rate fluctuations.

- Best case recovery 100%

| | | | | | |
|---|--|------|------------|----------------|-------|
| 2 | Heritable Bank | 1802 | 12/09/2008 | 500,000 | |
| | Heritable Bank | 1803 | 15/09/2008 | 1,000,000 | |
| | Total Principal | | | 1,500,000 | |
| | Interest due at point of administration 07/10/2008 | | | 5,127 | |
| | Total of Claim | | | 1,505,127 | |
| | Repayments Received to date | | | (1,122,254) | 74.56 |
| | Outstanding at 31/12/2012 | | | 382,874 | |

- Current indications project an 85% recovery of our investments

| | | | | | |
|---|--|------|------------|----------------|-------|
| 3 | Singer & Friedlander | 1716 | 31/08/2007 | 1,000,000 | |
| | Singer & Friedlander | 1740 | 31/10/2007 | 1,000,000 | |
| | Singer & Friedlander | 1746 | 14/01/2008 | 1,000,000 | |
| | Total Principal | | | 3,000,000 | |
| | Interest due at point of administration 08/10/2008 | | | 175,256 | |
| | Total of Claim | | | 3,175,256 | |
| | Repayments Received to date | | | (2,413,194) | 76.00 |
| | Outstanding at 31/12/2012 | | | 762,062 | |

- Current indications project an 84 to 86.5% recovery of our investments

| Summary | | | | | |
|----------------|----------------------------------|--|--|------------------|-------|
| | Total Principal | | | 7,500,000 | |
| | Interest | | | 321,294 | |
| | Total of Claim | | | 7,821,294 | |
| | Repayments Received to date | | | (6,089,880) | 77.86 |
| | Outstanding at 31/12/2012 | | | 1,731,415 | |

- 1 Registered Bank in Iceland - In Administration under Icelandic Law
- 2 Registered Bank in UK - In Administration in UK by Ernst & Young Under English Law
- 3 Registered Bank in UK - In Administration in UK by Ernst & Young Under English Law

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20 February 2013

REPORT OF THE PORTFOLIO HOLDER FOR CORE SERVICES AND ASSETS**WRITE OFFS 01/04/21012 - 31/12/12****EXEMPT INFORMATION**

None.

PURPOSE

To provide members with details of write offs from 01 April 2012 to 31 December 2012.

RECOMMENDATIONS

That members endorse the amount of debt written off.

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. This report shows the position for the current financial year. Further updates will continue to be produced on a quarterly basis.

| Type | 01/04/12-31/12/12 |
|------------------------------|--------------------------|
| Council Tax | £35,651.79 |
| Business Rates | £99,667.46 |
| Sundry Income | £2,043.64 |
| Housing Benefit Overpayments | £57,621.79 |

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.

Members should note that NNDR write offs are funded by amending the Council's contribution to the Non Domestic Rating Pool.

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 |
|--|----------------------|
| Chief Officer (or authorised delegated officer) | up to £5,000 |
| Executive Director Corporate Services | £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

Michael Buckland, Head of Revenues, Tel 709523
e-mail michael-buckland@tamworth.gov.uk

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.

Appendix A- Council Tax

Summary of Council Tax Write Offs 01/04/2012-31/12/2012

| Date of Write Off | Director of Finance (£0.00-£75.00) (£75.01-£500.00) (£500.01-£1,000.00) (£1,000.01-£5,000.00) | Executive Director Corporate Services (£5,000.01-£10,000.00) | (£10,000.01 and Over) | Remitted | Credit Write Off | Reversed Write Off | Total | No. of Accounts (Write Off Only) | Reason(s) |
|-------------------|--|--|-----------------------|--------------|------------------|--------------------|-------------------|-------------------------------------|-------------------------------|
| 04/10/2012 | £11,820.78 | | | | | | £11,820.78 | 46 | Absconded/ deceased/ bankrupt |
| 04/10/2012 | £9,284.22 | | | | | | £9,284.22 | 13 | Absconded/ deceased/ bankrupt |
| 04/10/2012 | | £14,873.27 | | | | | £14,873.27 | 10 | Absconded/ deceased/ bankrupt |
| Q3 Totals | £0.00 | £11,820.78 | £14,873.27 | £0.00 | £0.00 | £0.00 | £35,978.27 | 69 | |

Q1 Totals (B/F) £0.00 £0.00 £0.00 £0.00 £0.00 £0.00 (£154.11) (£309.99) 0

Q2 Totals (B/F) £0.00 £0.00 £0.00 £0.00 £0.00 £0.00 (£16.49) (£16.49) 0

Overall Total £0.00 £11,820.78 £9,284.22 £14,873.27 £0.00 £0.00 (£172.37) £35,651.79 69

Appendix B- Business Rates

Summary of NNDR Write Offs 01/04/2012-31/12/2012

| Date of Write Off | Director of Finance (£0.00-£75.00) (£75.01-£500.00) (£500.01-£1,000.00) (£1,000.01-£5,000.00) | | Executive Director Corporate Services (£5,000.01-£10,000.00) (£10,000.01 and Over) | | Remitted | Credit Write Off | Reversed Write Off | Total | No. of Accounts (Write Off Only) | Reason(s) |
|------------------------|--|------------------|--|-------------------|--------------|------------------|--------------------|-------------------|-------------------------------------|--------------------------------------|
| | £0.00 | £0.00 | £0.00 | £0.00 | | | | | | |
| 02/10/2012 | | | | | | | (£2.00) | (£2.00) | | Reversal- small business rate relief |
| 22/10/2012 | | | | | | | (£4.00) | (£4.00) | | Reversal- RV change |
| 13/11/2012 | | | | | | | (£54.64) | (£54.64) | | Reversal- payment received |
| 06/12/2012 | | | | | | | (£5.66) | (£5.66) | | Reversal- payment received |
| Q3 Totals | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | (£87.32) | (£87.32) | 0 | |
| Q1 Totals (B/F) | £98.33 | £3,259.63 | £6,947.19 | £60,729.96 | £0.00 | £0.00 | £0.00 | £71,035.11 | 44 | |
| Q2 Totals (B/F) | £0.00 | £513.10 | £2,912.62 | £25,337.39 | £0.00 | £0.00 | (£83.44) | £28,699.67 | 16 | |
| Overall Total | £98.33 | £3,772.73 | £9,859.81 | £86,067.35 | £0.00 | £0.00 | (£130.76) | £99,667.46 | 60 | |

Appendix C- Miscellaneous Income

Summary of Sundry Income Write Offs 01/04/2012-31/12/2012

| Date of Write Off | Director of Assets & Environment (£0.00-£999.99) (£1,000.00-£5,000.00) | Director of Finance (up to £5,000.00) | Director Communities, Planning & Partnerships (up to £5,000.00) | Director Housing & Health (up to £5,000.00) | Executive Director Corporate Services (£5,000.01-£10,000.00) | Cabinet (£10,000.01 +) | Total | No. of Accounts | Reason(s) |
|------------------------|---|--|--|---|--|---------------------------|------------------|-----------------|-----------|
| Q3 Totals | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | 0 | |
| Q1 Totals (B/F) | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | £0.00 | 0 | |
| Q2 Totals (B/F) | £0.00 | £0.00 | £0.00 | £2,043.64 | £0.00 | £0.00 | £2,043.64 | 7 | |
| Overall Total | £0.00 | £0.00 | £0.00 | £2,043.64 | £0.00 | £0.00 | £2,043.64 | 7 | |

No write offs have been put forward for Sundry Income over the last quarter

Appendix D- Housing Benefit Overpayments

Summary of Benefit Overpayment Write Offs 01/04/2012-31/12/2012

| Date of Write Off | Head of Benefits | | Executive Director Corporate Services (£2,000.01-£10,000.00) | Cabinet (£10,000.01 and Over) | Total | No. of Accounts | Reason(s) |
|------------------------|--|--|--|----------------------------------|--|-------------------|--|
| | (£0.00-£75.00) (£75.01-£500.00) | (£500.01-£1,000.00) (£1,000.01-£2,000) | | | | | |
| 31/10/2012 | £130.21 £17.53 £371.73 £23.99 | | | | £130.21 £17.53 £371.73 £23.99 | 2 1 6 16 | less than 2 wks rent due to death less than £35 outstanding not financially viable to pursue uneconomical to pursue |
| " | £1,716.52 | £1,267.08 | £4,014.73 | | £247.58 £328.08 | 1 95 | statute barred departmental error |
| 30/11/2012 | £74.65 £80.00 £42.63 £77.77 | | | | £74.65 £80.00 £42.63 | 1 2 3 | bankrupt court costs debt < £35.00 |
| " | £202.86 £198.37 £139.77 | £560.00 | | | £1,508.67 £304.02 £563.25 £139.77 | 8 4 7 20 | departmental error less than 2 wks rent due to death not financially viable to pursue uneconomical to pursue |
| " | £270.23 £446.35 | | | | £270.23 £446.35 | 1 2 | absconded statute barred |
| 31/12/2012 | £74.80 £50.85 £25.26 | | | | £74.80 £50.85 £25.26 | 1 1 6 | deceased less than 2 wks rent due to death uneconomical to pursue |
| " | £305.86 £139.84 £419.64 | | | | £305.86 £139.84 £419.64 | 2 1 4 | not financially viable to pursue absconded departmental error |
| Q3 Totals | £3,335.42 | £3,484.52 | £4,014.73 | £0.00 | £15,518.60 | 184 | |
| Q1 Totals (B/F) | £1,361.70 | £6,347.40 | £2,256.61 | £0.00 | £21,644.96 | 153 | |
| Q2 Totals (B/F) | £1,241.78 | £2,872.43 | £2,978.25 | £0.00 | £20,468.23 | 120 | |
| Overall Total | £5,938.90 | £12,704.35 | £9,249.59 | £0.00 | £57,621.79 | 457 | |

20th February 2013**REPORT OF THE PORTFOLIO HOLDER FOR COMMUNITY DEVELOPMENT****DOMESTIC ABUSE POLICY****EXEMPT INFORMATION**

None

PURPOSE

To seek Members' approval to adopt the proposed Domestic Abuse policy as attached at Appendix 'A'.

RECOMMENDATIONS

1. That Members approve the Domestic Abuse Policy.

EXECUTIVE SUMMARY

Domestic abuse is a crime and the vulnerability of its victims can never be understated. Individuals live in fear for their lives. Every aspect of a victim's life is impacted by the abuse they experience. Victims are taunted, threatened, manipulated and violated and they experience permanent physical and emotional scars. Victims are made to fear for the lives of children, family members and those they care for. The effects of domestic abuse extend not only to the victim and their family, but their community also and the damage it does impacts deeply on our economy.

It is estimated that domestic abuse costs the UK £23 billion every year. In the UK, one in four women and one in six men will be the victims of domestic abuse in their life time. In addition two women are murdered every week by a partner or ex partner and similarly, two men are murdered every 3 weeks. (Source Woman's Aid)

The Council recognises that its employees will be amongst those affected by domestic violence for example as a survivor of domestic violence, an individual who is currently living with domestic violence, someone who has been impacted by domestic violence or as an individual who perpetrates domestic violence. The Council is committed to ensuring a safe workplace and to safeguarding the health and well-being of employees. As such, the Council is committed to developing a workplace culture in which there is zero tolerance for violence and abuse and which recognises that the responsibility for domestic violence and abuse lies with the perpetrator.

This policy outlines the role of the Council in supporting employees who have experienced or are experiencing domestic violence and abuse and where there are concerns that an employee may be the perpetrator of domestic violence and abuse.

This policy relates not only to internal issues but also to occasions when members of the public report domestic abuse to the Council. These victims will be treated in a similar way to other vulnerable victims. A training programme is being developed in light of the new CRM system for staff who may receive complaints from vulnerable people which will include

domestic abuse victims.

Specialist advice on domestic abuse to support this policy is available through a Community Safety Officer with a specific responsibility for domestic abuse and other partnership officers in the Community Safety Hub. The Community Safety team have built links and relationships with providers of domestic abuse services and are well placed to signpost into these services.

RESOURCE IMPLICATIONS

A training programme for customer services staff and other appropriate staff. This will be delivered through existing staff resources.

Staff awareness and sign up to the policy will be achieved through rolling it out via the net consent system.

LEGAL/RISK IMPLICATIONS BACKGROUND

Section 17 of the Crime and Disorder Act 1998 places a “duty” on the Council to exercise its various functions with due regard to the likely effect of the exercise of those functions on the need to do all that it reasonably can to prevent crime and disorder in its area.

SUSTAINABILITY IMPLICATIONS

The policy will be subject to annual review.

BACKGROUND INFORMATION

Included in executive summary

REPORT AUTHOR

Dave Fern Head of Community Safety

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix A Domestic Abuse Policy

CORPORATE POLICY

Domestic Abuse Policy

Document Hierarchy: Policy

Document Status: Draft

Document Ref: DOC DAP

Originator: H Mehat

Updated:

Owner: Director Communities, Planning and Partnerships

Version:

Date: 18/10/12

To be approved by Corporate Management Team and Cabinet

Classification: SEC1 - Routine

Document Location

This document is held by Tamworth Borough Council, and the document owner is Robert Mitchell Director Communities Planning and Partnerships.

Printed documents may be obsolete; an electronic copy will be available on Tamworth Borough Councils Intranet. Please check for current version before using.

Revision History

| Revision Date | Version Control | Summary Changes |
|---------------|-----------------|-----------------|
| | | |
| | | |
| | | |

Approvals

| Name | Title | Approved |
|------|-------|----------|
| | | |
| | | |
| | | |

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and access by authorised users.

Security Classification

This document is classified as SEC 1 Routine with access restricted to Tamworth Borough Council staff and business partners.

1. Introduction

- 1.1 Domestic abuse has traditionally been a hidden crime and is often dismissed as 'a family matter.' Tamworth Borough Council recognises that attitudes to this crime need to change. We should collectively encourage victims to seek help and improve the interventions voluntary and statutory organisations can provide. Identifying that the help provided needs to cater for varied needs as everyone is an individual. Also professionals, statutory and voluntary agencies must instil confidence in victims so the right help at the right time can be provided.
- 1.2 Tamworth Borough Council promotes equality of services and respect of human rights whilst tackling domestic abuse. Tamworth Borough Council and its partners positively promote race, gender and disability equality and supports legislation protecting against discrimination on the grounds of age, sexual orientation and religion or belief. Tamworth Borough Council aims to integrate equality and fair treatment into the delivery of services to our customers.

2. Aim of the Policy

- 2.1 This policy is a declaration of Tamworth Borough Council's commitment to ensure that domestic abuse is managed effectively and in a sensitive manner. This policy shall identify our approach to dealing with domestic abuse across all service areas for the benefit of our partners and the community. Also identifying what the public can expect from Tamworth Borough Council if they are affected by domestic abuse and inform us.
- 2.2 Tamworth Borough Council shall ensure all incidents involving domestic abuse are dealt with in a consistent, measureable and effective way. Ensuring that all departments are clear as to their various roles in tackling the associated problems of domestic abuse.

3. Definition

- 3.1 The new definition of domestic violence and abuse now states (Home Office 2012):

'Any incident or pattern of incidents of controlling, coercive or threatening behaviour, violence or abuse between those aged 16 or over who are or have been intimate partners or family members regardless of gender or sexuality. This can encompass but is not limited to the following types of abuse:

- *psychological*
- *physical*
- *sexual*
- *financial*
- *emotional*

Controlling behaviour is: a range of acts designed to make a person subordinate and/or dependent by isolating them from sources of support, exploiting their resources and capacities for personal gain, depriving them of the means needed for independence, resistance and escape and regulating their everyday behaviour.

Coercive behaviour is: an act or a pattern of acts of assault, threats, humiliation and intimidation or other abuse that is used to harm, punish, or frighten their victim.”

This definition, which is not a legal definition, includes so called 'honour' based violence, female genital mutilation (FGM) and forced marriage, and is clear that victims are not confined to one gender or ethnic group.'

Family members are directly related, in-laws or step family.

4. Context

- 4.1 Regardless of what form domestic abuse takes; it is important to recognise that it is rarely a one-off incident. Therefore it should be considered as a pattern of abusive and coercive behaviour whereby the abuser seeks power and control over the victim.
- 4.2 Anyone from the community can be affected by domestic abuse. Irrespective of their age, gender, sexual orientation, ethnicity, culture, social class, level of education or occupation. It is vital to recognise that domestic abuse can happen at any stage during the relationship which can include the beginning, after many years or when the relationship is over.

Please refer to Tamworth Borough Council '*Making Equality Real in Tamworth (MERIT), Diversity and Equality Scheme*' 2009-2012
<http://www.tamworth.gov.uk/docs/Diversity%20and%20Equality%20Scheme%202009%20-%202012a.doc>

- 4.3 Tamworth Borough Council acknowledges the importance of diversity and equality; recognising cultural pressures that may exist within Black Minority Ethnic (BME) communities and the need to be sensitive when dealing with matters related to domestic abuse. Those from BME communities maybe reluctant to approach voluntary and statutory organisations due to additional and legitimate fears of racist reactions, language and cultural barriers or concerns about immigration status. Tamworth Borough Council will not tolerate racist reactions and shall treat everyone fairly without discriminating in accordance with the Human Rights Act 1998 and Equality Act 2010.
- 4.4 Tamworth Borough Council recognises that honour based violence is a complex area within itself and can affect children and young people.

Honour based violence is perceived as a form of domestic abuse and can consist of forced marriage, assaults, imprisonment within their own home and murder. This is when the family or community feel as though an individual has brought 'shame' or 'dishonour' on the family. The cultural and religious complexities related to 'dishonour' may pose significant challenges for Tamworth Borough Council in terms of identifying and responding to situations, but this should always be considered as a potential form of domestic abuse.

- 4.5 Tamworth Borough Council recognises that people with disabilities may not report/disclose domestic abuse due to their understanding of what is happening and the fears of losing the independent of living in their own home. Tamworth Borough Council shall listen to all individuals and encourage them to report domestic abuse, supporting them where possible to address their fears along with the local domestic abuse organisation.

5. Vulnerable Adults and Domestic Abuse

- 5.1 Tamworth Borough Council recognises vulnerable adults can be subjected to domestic abuse and we must take reasonable steps to protect them. Tamworth Borough Council uses the following definition to define a vulnerable adult:

"The term "vulnerable adult" or a person with community care needs can include people with learning disabilities, older people, people with physical or sensory disabilities, people with mental ill health, people with certain physical illnesses or people with drug or alcohol problems."

- 5.2 Refer to Tamworth Borough Council Corporate Policy 'Children and Vulnerable Adults Protection Policy'
<http://www.tamworth.gov.uk/pdf/PCVA%20Policy%20Final.pdf>

6. Children and Domestic Abuse

- 6.1 Tamworth Borough Council has a statutory duty under the Children Act 1989 to protect children and young people from harm of abuse and to consider their welfare.
- 6.2 If you are worried that a child is suffering significant harm or living in circumstances where maltreatment is resulting in a lack of safe and effective care, or causing impairment to health or development then please refer to the Tamworth Borough Council Corporate Policy 'Children and Vulnerable Adults Protection Policy'
<http://www.tamworth.gov.uk/pdf/PCVA%20Policy%20Final.pdf>

7. Strategic Context

- 7.1 Tamworth Borough Council strives to reduce and prevent incidents of domestic abuse. Through improving the safety and welfare of all victims and the community.
- 7.2 Tamworth Borough Council has a shared vision with our public and private sector partners of 'One Tamworth Perfectly Placed.' To Support the delivery of this vision Tamworth Borough Council Shall:
- Raise the awareness of domestic abuse throughout Tamworth; assisting in developing a better understanding of domestic abuse and its potential implications
 - Review and improve the protection for victims, their families and the community in Tamworth by developing appropriate services
 - Work with partners to challenge the behaviour of perpetrators and those at risk of becoming perpetrators, through the awareness and development of appropriate services
 - Continue to improve partnership working; work in partnership with voluntary and statutory organisations to prevent and reduce the incidences of domestic abuse through the Tamworth Borough and Lichfield District Domestic and Sexual Abuse forum

8. Objectives

- 8.1 Tamworth Borough Council objectives aim to ensure that:-
- Victims of domestic abuse are empowered to make choices about their lives through improved access to information
 - Victims are informed of their rights and the relevant services available to them
 - The access to services are improved
 - The services and advice offered to victims is consistent across Tamworth
 - Domestic abuse services are supported and developed
 - Tamworth Borough Council policy and principles of good practice are promoted to all Tamworth Borough Council staff
 - Children, young people and vulnerable adults are protected from domestic abuse. Refer to Tamworth Borough Council '*Children and Vulnerable Adults Protection Policy*'
<http://www.tamworth.gov.uk/pdf/PCVA%20Policy%20Final.pdf>

9. Principles of Good Practice

- 9.1 Tamworth Borough Council recognises domestic abuse is a complex area which requires multi-agency working in order to tackle the problem and protect the vulnerable. This requires co-operation and a shared understanding across departments and key agencies. The following principles shall underpin good practice:-

9.2 Prevention

- Through raising awareness across Tamworth we shall increase the understanding of domestic abuse, so people are able to recognise what domestic abuse is and where they can go for support
- Tamworth Borough Council acknowledges the work conducted in schools around issues of domestic abuse and shall support voluntary and statutory organisations to continue to raise awareness and provide support
- Ensure that appropriate and consistent steps are taken throughout Tamworth to safeguard victims and their children from further domestic abuse

9.3 Provision

- Through the distribution of relevant and consistent information Tamworth Borough Council shall ensure the community know where to go for advice and support in relation to domestic abuse
- Tamworth Borough Council will support voluntary and statutory organisations to ensure everyone has equal access to domestic abuse support services

9.4 Partnership

- Tamworth Borough Council recognises that partnership working is vital to keep victims and the community safe; through effective information sharing across voluntary and statutory organisations

10. Employees and Domestic abuse

10.1 Tamworth Borough Council recognises the seriousness of domestic abuse and the problems associated with it. In addition how it can affect council employees work performance and health and safety.

10.2 Tamworth Borough Council has adopted the following principles to support and guide employees affected by domestic abuse:-

- Raise awareness on the effect of domestic abuse as a workplace issue by displaying relevant information and publicising the impact of domestic abuse to staff
- Responsible for making information on domestic abuse available in the form of leaflets and contact numbers for external support agencies.
- A commitment to offering ongoing support to those experiencing domestic abuse, prioritising confidentiality and increased employee and workplace safety. This should include practical advice on offering assistance and support.

10.3 Where an employee asks for help and support to enable them to deal with their domestic abuse situation the council will:-

- Empower Managers to grant time off work to obtain relevant advice in relation to legal matters, accommodation or psychological support in the form of counselling in line with the Councils employment policies.
- Recognise and be empathic to employees effected by domestic abuse, identifying that it can effect concentration, timekeeping, absences, depression and other health related problems
- Ensure employees can fully utilise the Councils flexible working arrangements
- Ensure reasonable steps are taken to provide a safe working environment for all employees, protecting against threats, intimidation or victimisation

11. Employees who are Perpetrators of Domestic Abuse

11.1 Any employee of Tamworth Borough Council who is a known perpetrator of domestic abuse will be made aware of the following council stance on this issue:-

- Domestic abuse is a serious crime which can result in a criminal conviction
- The conduct of an employee outside of work could result in disciplinary action, regardless of whether the domestic abuse incidents have or haven't led to a criminal conviction. As it could be viewed as bringing the council into serious disrepute. In such cases the facts will be considered and a view taken as to whether the conduct is sufficient to warrant invoking disciplinary procedures

11.2 Factors to be considered will include:-

- Nature of the employees role at the council
- the level of contact the employee has with other employees and the general public

Appendix One

What is a MARAC?

- The Multi-Agency Risk Assessment Conference (MARAC) is part of a co-ordinated response to domestic abuse
- High risk domestic abuse cases are heard at the MARAC
- High risk domestic abuse cases are assessed using the CAADA RIC (Risk Identification Checklist). If an individual scores 14 or over then the case goes to MARAC. Cases can also be heard at the MARAC on a professional judgement
- MARAC and CAADA RIC training can be provided by the local Independent Domestic Violence Advisor's (IDVA)
- Cases can be heard at the MARAC without the victim's consent
- Information is shared between local representatives of Police, Social Services, Health, Housing, Probation, Independent Domestic Violence Advisors (IDVA) and other specialists from statutory and voluntary sectors to increase the safety, health and wellbeing of victims and their children
- The agencies will discuss the risks that a perpetrator may pose to the victim and/or the community
- The victim doesn't attend the MARAC, but the IDVA will represent them and provide specialist domestic abuse support
- A risk management/support plan is implemented, providing professional support to those at risk and aim to reduce the risk of harm and repeat victimisation

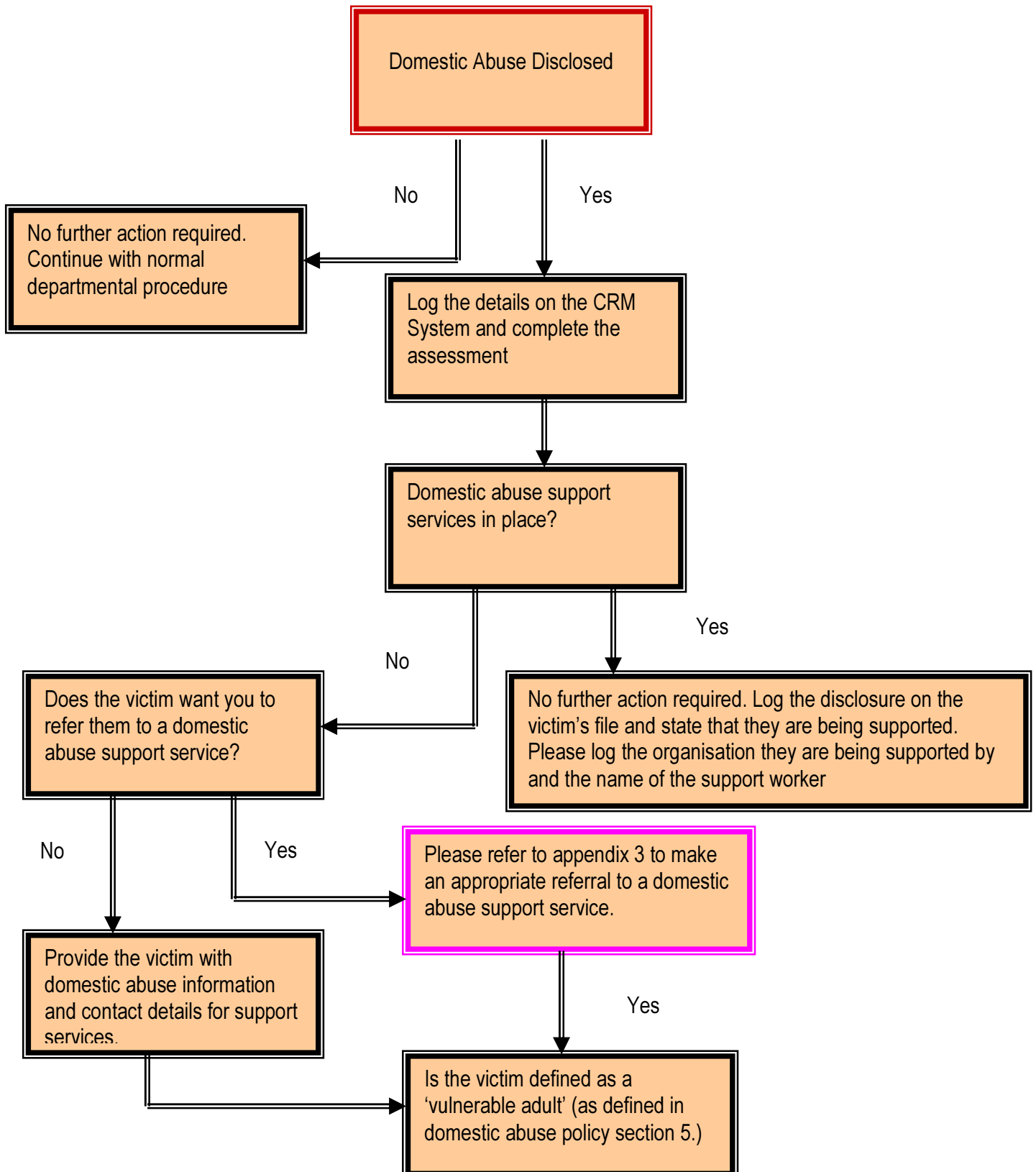
The following Microsoft word document is the MARAC risk assessment and referral form which should only be completed if the victim is presenting as being high risk. Once the form is completed it is **restricted** and should be sent to marac@staffordshire.pnn.police.uk with the subject title as 'South East MARAC.' The form must be sent using a secure email.

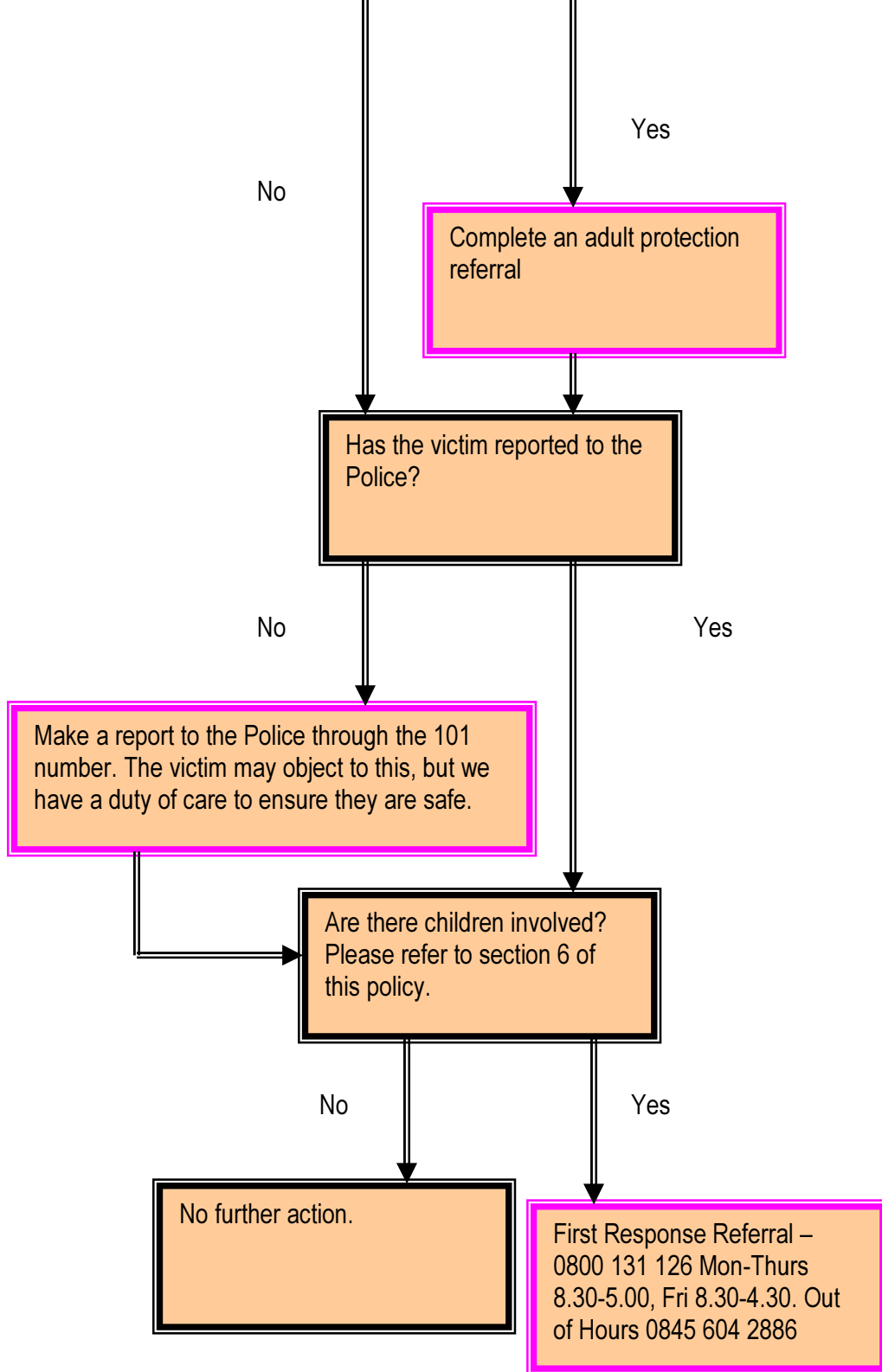


Microsoft Word
Document

Appendix Two

Follow this flow chart when domestic abuse has been disclosed as guidance.





Appendix Three - Useful Resources

If you or someone you know is affected by domestic abuse; help is available:

| Support Agency | Function | Referral Process | Contact Details |
|---|---|---------------------------|---|
| <i>Pathway Project</i> Lichfield and Tamworth | Domestic Abuse service for women and children. Also have a specialist service for victims of sexual abuse. 24 hour helpline available | Self referral/third party | 01543 676800 www.pathway-project.co.uk |
| <i>Staffordshire Women's Aid</i> | Domestic Abuse service for women and children. Also have a specialist service for victims of sexual abuse. 24 hour helpline available | Self referral/third party | 0870 2700 123 www.staffordshirewomensaid.org |
| <i>National Centre for Domestic Violence</i> | Emergency service for Domestic Abuse victims | Self referral/third party | 0844 8044 999 Freephone 0800 970 2070 |
| <i>MARAC</i> Staffordshire | High Risk Domestic Abuse cases are heard | Agency referrals | Email subject as Trent MARAC referral to marac@staffordshire.pnn.police.uk or fax: 01785 218769 |
| <i>Mankind Initiative</i> <i>National Helpline</i> | Domestic Abuse support service for men | Self | 01823 334244 Monday to Friday 10am - 4pm and 7pm - 9pm. Helpline services for the Deaf are provided through Text Relay. Visit www.textrelay.org for details. Normal BT rates apply |

| Support Agency | Function | Referral Process | Contact Details |
|--|---|-------------------------|---|
| <i>Victim Support Male Helpline</i> | Domestic and Sexual Abuse support service | Self/third party | 0800 328 3623 Monday – Friday 12.00 noon – 2.00pm |
| <i>Respect Phoneline National</i> | Perpetrators of Domestic Abuse who are concerned about their behaviour towards others | Self | 0845 122 8609 |
| <i>First Response Staffordshire</i> | Child Protection, safeguarding | Anyone | 0800 1313 126 8.30-5.00pm Monday-Thursday, 8.30-4.30pm Friday Out of hours 0845 604 2886 firstr@staffordshire.gov.uk |
| <i>Staffordshire Carer's Vulnerable Adults</i> | Safeguarding for Vulnerable adults | Anyone | 0845 604 2719 Adult.protection@staffordshire.gov.uk |

Acknowledgements:

- Darlington Borough Council Domestic Violence Policy
- Breaking the Cycle Staffordshire's Strategy for Tackling Domestic Abuse 2011-2016
- Staffordshire County Council Domestic abuse policy part 22 may 2008
- Newcastle Under Lyme Domestic Violence Strategy 2007-2010
- Corporate Anti Social behaviour policy statement – April 2011 Tamworth Borough Council
- CAADA.org.uk

20th February 2013**REPORT OF THE PORTFOLIO HOLDER FOR HOUSING****Private Sector Housing Enforcement Policy****EXEMPT INFORMATION**

None

PURPOSE

To seek approval for the revised and updated Enforcement Policy

RECOMMENDATIONS

- ✓ **That Cabinet approve the Private Sector Enforcement Policy attached at Annex One subject to consultation with the Council's Private Sector Landlords forum**
- ✓ **That the Director of Housing and Health in consultation with the Portfolio Holder for Housing is authorised to make any changes arising from the above consultation**

EXECUTIVE SUMMARY

Tamworth Borough Council has a legal obligation imposed by the Housing Act 2004 to take action to rectify poor housing conditions in the Borough. Cabinet approved the current Enforcement Policy in June 2010. Since that date the private sector housing enforcement team have undertaken a total of 49 full investigations resulting in the Policy being tested in Court on 8 occasions as Tamworth Borough Council has taken successful prosecutions in line with the Policy.

The continued work of the private sector housing enforcement team is resulting in standards being raised for tenants of all private rented accommodation by way of Notices issued to landlords of accommodation that falls short of the legally required minimum standards, and, most particularly for those living in houses in multiple occupation (HMO).

As the powers of the Localism Act in respect of discharging a statutory homeless duty into the private sector come into force, and the housing benefit restrictions on those aged under 25 continue to be felt, the need for good quality private sector accommodation is unlikely to decrease in the short term making an effective enforcement policy a necessity for the Authority.

The policy has now been revised and refreshed to include a change to the previous policy which allows for the private sector housing enforcement team to utilise Powers contained within the Act allowing for Tamworth Borough Council to reclaim funds spent in respect of certain enforcement actions to be reclaimed from the landlord via the rent from the tenant. Use of this Power is expected to further encourage landlords to maintain their rental properties to an appropriate standard.

The Council operates a well attended Landlords Forum which meets on a regular basis. It is proposed that this policy is subject to consultation with the forum and that the Director of Housing and Health in consultation with the Portfolio Holder for Housing is authorised to make any changes to the policy which arise from this consultation.

RESOURCE IMPLICATIONS

The Act and resulting Policy require enforcement action is also taken against owner occupiers who fail to adequately maintain their property. Whilst it is currently possible for the immediate risk to life to be removed in these cases by the service of a Prohibition Order the Authority does not have the financial means to rectify the identified hazards. A piece of work

has been started to look at all of the possible options available to the Authority to assist the owners of such property to either bring the property back to an appropriate standard of repair or to dispose of the property. With an aging population and prevailing economic circumstances this is an issue which the Authority is very likely to face with increasing frequency and will, therefore, be the subject of a report later in 2013/14.

LEGAL/RISK IMPLICATIONS BACKGROUND

The Housing Act 2004 places various duties upon the local authority in respect of private accommodation, including, but not limited to, the scope of this policy. Failure on the part of the Authority to act in respect of these duties will result in the Authority being liable to Legal challenge.

The Act and resulting Policy require enforcement action is also taken against owner occupiers who fail to adequately maintain their property. Whilst it is currently possible for the immediate risk to life to be removed in these cases by the service of a Prohibition Order the Authority does not have the financial means to rectify the identified hazards. A piece of work has been started to look at all of the possible options available to the Authority to assist the owners of such property to either bring the property back to an appropriate standard of repair or to dispose of the property. With an aging population and prevailing economic circumstances this is an issue which the Authority is very likely to face with increasing frequency and will, therefore, be the subject of a report later in 2013/14.

SUSTAINABILITY IMPLICATIONS

The Policy helps to achieve wider strategic ambitions in terms of reducing accidents in the home, and homeless prevention.

BACKGROUND INFORMATION

The current enforcement policy was approved by Cabinet in June 2010 and has been used to successfully improve housing conditions in the PRS by the issuing of 29 Improvement notices (April 2012 to December 2012) in addition to the 8 prosecutions and 2 Simple Cautions. It provides the ultimate sanction when other options to engage with the owner of a property when all other options have been exhausted or where the risk to the occupier is so significant that immediate remedial action is required.

Cabinet approved the current Enforcement Policy in June 2010. Since that date the private sector housing enforcement team have undertaken a total of 49 full investigations resulting in the Policy being tested in Court as Tamworth Borough Council has taken successful prosecutions in line with the Policy.

The continued work of the private sector housing enforcement team is resulting in standards being raised for tenants of all private rented accommodation and most particularly for those living in the 18 licenced Houses in multiple occupation (HMO).

As the powers of the Localism Act in respect of discharging a statutory homeless duty into the private sector come into force, and the housing benefit restrictions on those aged under 25 continue to be felt, the need for good quality private sector accommodation is unlikely to decrease in the short term making an effective enforcement policy a necessity for the Authority in order to avoid the less scrupulous landlords profiteering from the increase in the numbers of households that are seeking private sector rented accommodation as the availability of social rented housing decreases.

The policy has now been revised and refreshed to allow for the private sector housing enforcement team to utilise Powers contained within the Act allowing for Tamworth Borough Council to reclaim funds spend in respect of work undertaken in default of a Notice to be reclaimed from the landlord via the rent from the tenant. Use of this Power will further encourage landlords to maintain their rental properties to an appropriate standard.

REPORT AUTHOR

Rachel Ashford Ext 484
Stephen Pointon Ext 700

LIST OF BACKGROUND PAPERS

APPENDICES

Appendix A: Tamworth Borough Council Enforcement Policy 2013 - 2015

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Private Housing Enforcement Team

ENFORCEMENT POLICY

January 2013 - 2015

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INTRODUCTION

Tamworth Borough Council has a statutory duty to enforce a number of laws which relate to areas of local authority law enforcement. These predominantly seek to affect and improve the quality of life and safety of people who live, work, study or visit Tamworth. This document outlines the Council's policy and sets out how it will support the achievement of the overall aims of Tamworth Borough Council. The purpose of the policy is to secure effective compliance with legislation while minimising the burden to the Council, to citizens and to business.

The Private Housing Enforcement Team is responsible for enforcing a wide range of statutory provisions relating to private housing in the borough. However, there are a number of challenges that face the Private Housing Enforcement Team as a result of the profile of the Borough and obligations set by the Government. The main challenge is the number of properties that fall within the private sector that are considered to be in poor repair, non-decent and have serious hazards. It is the responsibility of the Private Housing Enforcement Team to respond to these issues and facilitate improvements in the sector by use of enforcement, education and where possible, financial assistance. Decisions on enforcement action are a matter of professional judgement and officers will need to exercise discretion. Officers will be properly trained to ensure consistency in the decisions made. Authorisation of officers will be made under delegated powers to a level that is considered appropriate to the competence of the individual officer. Officers will produce evidence of authorisation on request. Officers will refer to this policy when considering enforcement action.

The key operational objectives of the team are to:

- Improve the quality of private sector housing standards.
- Enable households to live independently in their own homes.
- Increase the supply of good quality private sector accommodation.
- Effectively monitor and improve services.

The Private Housing Enforcement Team works **reactively** and **proactively**.

Reactively the service will respond to:

- Private sector tenants who contact the Tamworth Borough Council with complaints about disrepair or poor conditions within their home.
- Complaints about properties that may be causing problems for neighbouring properties.
- Enquiries from owner occupiers or private tenants and landlords who would like advice about housing standards.

Proactively the service will:

- Identify the general types and conditions of private sector stock by carrying out surveys of the Borough.

- Identify and proactively inspect Houses in Multiple Occupation (HMO), particularly HMO's that require a licence which are not licensed.
- Work closely with internal departments such as Planning and Benefits to disseminate and exchange information and intelligence on potential HMO's in Tamworth and potential problems with other residential premises.
- Work with external organisations such as Social Services and the Fire Service to ensure any enforcement activities are consistent.
- Hold regular landlords' forums to provide a platform for discussion and dissemination of information and advice to landlords.
- Monitor and improve the service to meet the changing needs of those within private sector accommodation.

PURPOSE OF ENFORCEMENT

The purpose of enforcing housing legislation is to protect the health, safety and welfare of occupants and their visitors in privately rented and owner occupied premises. The enforcement of such legislation is to ensure that preventative or remedial action is taken to protect public health and secure compliance with a regulatory system. The Private Housing Enforcement Team is responsible for enforcing a wide range of legal obligations, many of which carry a criminal sanction for non-compliance. The Acts that the Private Housing Enforcement Team enforce are:

- The Housing Act 2004
- The Housing Act 1996
- The Housing Act 1985
- Environmental Protection Act 1990
- Public Health Act 1936 (as amended)
- Public Health Act 1961
- Building Act 1984
- Prevention of Damage by Pests Act 1949
- Protection from Eviction Act 1977
- Caravan Sites and the Control of Development Act 1960
- Caravan Sites Act 1968
- Local Government (Miscellaneous Provisions) Act 1976
- Local Government (Miscellaneous Provisions) Act 1982
- Local Government and Housing Act 1989
- Local Government Act 2000

BETTER REGULATION AND ENFORCEMENT

Tamworth Borough Council recognise that the best way to achieve compliance with the law is to provide guidance and advice to those affected by the legal housing obligations. This will promote a better understanding of the nature and extent of the responsibilities of those carrying out regulated activities and will enable them to comply voluntarily.

The two groups of individuals and companies affected by housing and public health legislation are landlords and tenants. Advice and guidance will be provided to landlords on a proactive and reactive basis via newsletters, forums and one-to-one communication. However, it is recognised that the Council may have to undertake enforcement action to deal with certain properties.

In accordance with the Regulators' Compliance Code and Enforcement Concordat, our Enforcement Policy is based on the five guiding principles of:

Consistency Consistency means taking a similar approach in similar circumstances to achieve similar outcomes within which a degree of discretion is available. The Private Housing Enforcement Team aims to achieve consistency in advice given, in its use of powers and in decisions on whether to prosecute.

The Private Housing Enforcement Team recognises that consistency does not mean simple uniformity. Officers need to take account of many variables such as the attitude and actions of persons involved and the history of previous incidents or breaches when making decisions. Decisions on enforcement action are a matter of professional judgement and officers need to exercise discretion, however officers will be properly trained to ensure consistency in the decisions made. The Private Housing Enforcement Team will continue to develop arrangements to promote consistency including effective arrangements for liaison with other enforcing authorities.

Fairness The Private Housing Enforcement Team will strive to deliver a fair and even-handed approach ensuring, among other things, that decisions are not influenced by gender, ethnic origin, religious, political or any other beliefs or preferences that make up the social identity of any potential offender or victim.

When complaints are received they will be investigated in accordance with Tamworth Borough Council's complaints procedure and a response given to the complainant in a timely manner.

Proportionality In performing its enforcement role, the Private Housing Enforcement Team will ensure that any enforcement action taken in regard of any breach of legislation is in proportion to the actual or potential risk to health, the environment, or significant economic disadvantage to the citizen or business. In particular, an individual's human right to privacy will require the Council to show that consideration of less intrusive methods for surveillance or use of communications data, has been made by applying the principles of the Regulation of Investigatory Powers Act 2000.

Transparency Transparency means helping those regulated to comprehend what is required of them at the outset and setting out what they may expect from Tamworth Borough Council in return. It

involves making clear the details of remedial action that is required from the regulated person and providing details of their rights for example their right of appeal. It also means making clear the reasons why enforcement action is considered appropriate.

Objectivity

We regard prevention as better than cure and therefore the Private Housing Enforcement Team will actively work with those it regulates to advise and assist with compliance. We will aim to provide a courteous and efficient service with a contact officer and telephone number for further dealings with us. We will proactively advise known landlords and letting agents of any changes in legislation and housing standards. We will also make available advisory leaflets where appropriate.

TYPES OF ENFORCEMENT ACTION

Enforcement action may be taken as a result of a complaint, an inspection or an incident. The options available for taking enforcement action against individuals or business for non-compliance with their legal obligations include the following:

1. No Action
2. Informal Action
3. Formal Action - the service of Statutory Notices
4. Simple Caution
5. Prosecution
6. Works in default

1. No Action

Where a survey, inspection or investigation reveals full compliance with the criteria of the legislation stated above no further action will be required. Details of the fact that the inspection revealed that no action was required will be recorded in the premises file.

2. Informal Action

In the majority of cases the first course of action would be to take informal verbal and written action. In deciding to take informal action many criteria will be considered, including:

- Whether the act or omission is serious enough to warrant formal action.
- Whether past history with the local authority indicates that informal action can be expected to achieve full compliance.
- Whether officer's confidence in the management of the premises is high.
- Whether the consequences of non-compliance will pose a significant risk to the occupants or the public as a whole.

3. Formal Action

If it becomes necessary for formal action to be taken as an owner has failed to respond to an informal approach, statutory notices would be considered as an option to ensure certain works are carried out. In making a decision regarding the most

appropriate action each case will be taken on its own merit and officers will have regard to:

- The seriousness of a hazard identified or the significant failures of statutory requirements.
- The likelihood of the recurrence of a nuisance.
- Whether the Council has a duty or a discretionary power to take action.
- If there is a lack of confidence in the individual or management to respond to informal action.
- An individuals or company's past history in terms of compliance.
- The consequences of non-compliance in terms of risk to public health and the health & safety of any occupants, neighbours or the environment.
- The likely effectiveness of the enforcement options available.

Statutory Notices and Orders will only be issued by officers who have been properly authorised to do so. The officer who personally witnessed the contravention will prepare and sign the notice or order.

Any action taken following failure to comply with statutory notices will be taken in consultation with the Housing Advice Manager.

4. Simple Caution

The use of a Simple Caution (previously known as a Formal Caution) may be considered where it is felt a prosecution is not appropriate. A decision to offer a Simple Caution will be in accordance with the Home Office Guidance on the use of Simple Cautions.

The following factors will be considered in deciding when to offer a Simple Caution:

- The case does not fully meet the Public Interest Test (as set out below).
- The defendant has made a clear and reliable admission of the offence.

A decision to offer a Simple Caution will be if the case is as robust as for a prosecution and will not be considered in cases where the evidence will not give the likely prospect of success in prosecution. If the offer of a Simple Caution is declined the Council **will** take legal proceedings.

A Simple Caution will not be offered to the same person or company for the same offence within the expiry period. If further offences are committed, prosecution action will be taken and any details of previous Cautions will be placed before the Court.

If a Simple Caution is accepted, the details of the offence will be fully recorded and a copy of the documentation held on the relevant national database.

5. Prosecution

Where statutory powers exist to prosecute, they shall only be undertaken where the evidential test and the public interest test has been met, in line with the guidance set

out in “The Code for Crown Prosecutors”. The Code for Crown Prosecutors has been issued by the Director of Public Prosecutions under section 10 of the Prosecution of Offences Act 1985 and updated in February 2010. Prosecution is a discretionary power and any decision to prosecute will not be taken lightly and based on the circumstances of each case taking into account any defence that may be available. An alternative option to prosecution will be considered in all cases. However, in certain circumstances prosecution action may be taken without prior warning.

A breach of legislation will not automatically result in the instigation of legal proceedings. The circumstances which are likely to warrant a prosecution may be characterised by one or more of the following criteria:

1. There is a serious breach of the law such that the occupants or the public health, safety or well being is put at risk, or there is a serious offence under housing standards legislation.
2. There is a failure to comply in full or part with a Statutory Notice or Order or there is an offence under the House in Multiple Occupation (HMO) Management Regulations.
3. There is a failure to apply for a licence for an HMO or Park Home that is required to be licensed or there has been a breach of condition(s) of HMO licensing or Park Home site licences.
4. There is a serious offence under the Protection from Eviction Act 1977 and evidence suggests harassment or illegal eviction from a residential premises or a permanent residential park home.
5. There have been breaches of legal requirements in a residential premises and it appears management is unwilling or unable to deal adequately with them.
6. The failure by an offender to correct an identified serious potential risk to safety after having been given a reasonable opportunity to do so.
7. The offender has failed to accept a Simple Caution or the offence is too serious to offer a Simple Caution.
8. A Simple Caution has been issued for a similar offence.

The decision to instigate legal proceedings does not preclude the issue of statutory notices or other enforcement action. Investigation and decision-making will not be unduly prolonged or delayed. It will be in accordance with the principles laid out in the following Acts:

- Human Rights Act 1998
- Police and Criminal Evidence Act 1984
- Regulation of Investigatory Powers Act 2000

Test for Prosecution

In deciding whether a prosecution is necessary, the following tests will be satisfied:

- Evidential Test
- Public Interest Test

Evidential Test

There must be sufficient evidence to provide a realistic prospect of conviction against each defendant and on each charge before a prosecution is authorised. This is an objective test and means that a jury or bench of Magistrates, properly directed in accordance with the law, is more likely than not to convict each defendant on each charge. If the case does not pass the evidential test, it will not go ahead, no matter how important or serious it may be.

In considering the evidence, the factors taken into consideration will be the reliability of an admission made in an interview, for example, a defendant's age and the reliability of any witness.

Public Interest Test

There are a number of factors which will determine whether a prosecution is in the public interest and a balance in favour or against will be made between these factors. The following list of factors is not exhaustive but positive answers will tend towards prosecution being sought:

1. The seriousness of the offence and if a conviction is likely to result in a significant sentence.
2. Evidence that the offence was committed deliberately or maliciously.
3. Evidence that the defendant intimidated or harassed those affected.
4. The defendant was in a position of authority or trust.
5. The previous history of the defendant and evidence of on-going offences of a similar type.
6. Likelihood of repeated offence which may be deterred by prosecution.
7. The offence is widespread in the area in which it was committed and a prosecution would be of public benefit.

Once a decision has been made to prosecute, the case file will be referred to Legal Services and case reports will be submitted. The contents of the case file will be sent the following way:

1. Content sheet
2. Cost sheet
3. Summary of Offences
4. Litigating Briefing
5. Legal Action Proposal form
6. Any correspondence relating to the case
7. Witness Statements
8. Exhibits
9. Photographs

6. Works in Default

Work in default refers to the discretionary powers given to the Council under specific legislation to carry out works required in a statutory Notice that has not been complied with. Works carried out in an emergency situation must be where an imminent risk to the health and safety of the public has been identified. In both situations the approval of the Director (Housing & Health) or their authorised deputy must be sought before arrangements can be made to carry out the works.

A charge for carrying out such work will be made on the person(s) named in the Notice based on the amount of officer and administration time spent on the case. If it becomes necessary to carry out default work consideration will be given to whether a prosecution is appropriate. Work in default may be considered in situations where a prosecution for non-compliance may not meet the 'Public Interest' test. Section 31 and Schedule 3 of the Housing Act 2004 give the local authority power to take action to resolve housing defects with or without the owner's agreement. The council can recover the costs of such action from the relevant person. These costs remain as a land charge until paid and the council will charge an annual interest rate on unpaid sums.

The council will also consider making use of recovery orders (paragraph 12 of Schedule 3) that require rent to be paid by an occupier direct to the council until the debt owed by the relevant person is paid.

ADDITIONAL ENFORCEMENT TOOLS

In addition to the above enforcement options the Council has further powers to ensure adequate standards in all types of residential premises, in particular, HMO's are met and maintained. The Housing Act 2004 introduced a mandatory scheme to licence larger, high risk HMO's of three or more stories, occupied by five or more people, comprising two or more households. The HMO licensing regime provides procedures to assess the suitability of the premises for the number of occupants including the adequate provision of facilities at the premises. It also allows the assessment of the fitness of a person to be the licence holder and the potential management arrangements of the premises.

It is a criminal offence if a person controlling or managing an HMO does not have the required licence. Failure to comply with any condition attached to a licence is also an offence. The Council will consider all the available enforcement options when dealing with unlicensed HMO's and breaches of licence conditions.

Powers available in relation to HMO's are:

- Interim Management Orders (IMO)
- Final Management Orders (FMO)
- HMO Management Regulations
- Rent Repayment Orders

Other powers available in relation to all residential premises are:

- Special Interim Management Orders (SIMO)
- Overcrowding Notices

Interim Management Orders (IMO)

The Council must make an IMO in respect of an HMO which is required to be licensed which is not so licensed if it is satisfied that there is no reasonable prospect of the property being licensed in the near future with appropriate conditions or it is necessary to protect the health, safety or welfare of occupiers of the property or properties in the vicinity. (Section 102(2) of The Housing Act 2004).

An IMO is in force for 12 months and allows the Council to manage the property with many of the rights of a landlord and to collect rent and expend it on work to the property.

The Council may delegate the management of the HMO to another organisation.

An IMO ceases to have effect if a licence is granted. There are provisions to vary, revoke and appeal against an IMO.

Final Management Orders (FMO)

The Council must make a FMO where, on expiry of an IMO if, the property requires a licence but the Council considers it is still unable to grant a licence. (Section 113(2) of the Housing Act 2004).

An FMO is similar to an IMO in that the Council continues to manage the property with many of the rights of the landlord, but they must be reviewed from time to time.

The Council may delegate the Management of the HMO to another organisation.

As with IMOs, there are provisions for varying, revoking and appealing the making of a FMO.

Management Regulations

Management Regulations made under the Housing Act 2004 impose duties on landlords and managers of all HMO's to ensure they are managed properly. The Management Regulations are not enforced using statutory notices but the Council can prosecute for breaches of the regulations, and is able to do so where a premises exhibits multiple contraventions of the regulations.

Rent Repayment Orders (RRO)

A RRO is a financial penalty that can be imposed upon a landlord who manages or lets an HMO which requires a licence and is not licensed.

Tamworth Borough Council will apply to the Residential Property Tribunal for a RRO if Housing Benefit has been paid to a landlord who has been convicted of an offence during any period when the offence was being committed. Tamworth Borough Council may apply for a RRO if it is satisfied an offence has been committed of not licensing an HMO that requires a licence even though the landlord has not been prosecuted for the offence.

Special Interim Management Orders (SIMO)

The Council may apply for a SIMO if it is satisfied that the area in which a dwelling (as defined in Part 3 of the Housing Act 2004) is located and is experiencing a significant and persistent problem caused by anti-social behaviour attributable in full or in part to the anti-social behaviour of an occupant and the landlord is failing to take action to combat the problem. Additionally, a SIMO may be applied for where it

is necessary for protecting the health and safety or welfare of persons occupying, visiting or otherwise engaging in lawful activities in the vicinity of the house.

The SIMO will operate in the same manner as an IMO as outlined above.

Overcrowding

Overcrowding notices apply to any premises that are not required to be licensed. The effect of an overcrowding notice is that the person served must comply with the terms of the notice/order and if they fail to do so they commit an offence for which the Council is able to prosecute.

An overcrowding notice/order must either prohibit new residents or limit the number of people sleeping in a dwelling. The Council may take action on overcrowding under the rating system hazard of crowding and space.

Power of Entry

Most of the legislation enforced by the Private Housing Enforcement Team includes the power for authorised officers of Tamworth Borough Council to gain entry into property for the purpose of carrying out the Council's duties under that legislation.

If access is not secured by informal means then the Council will consider applying for a warrant from a Justice of the Peace to obtain entry. If prior warning of entry is likely to defeat the purpose of the entry then a warrant may be obtained.

Power to Charge for Enforcement Action

The Council has the power to charge for enforcement action under certain legislation. The expenses which may be charged for are those of determining whether to serve the notice or order, serving it, and identifying any action to be specified in the notice.

The Council will charge for the time spent by officers where any of the enforcement options, other than the service of a Hazard Awareness Notice, are used. The charge will be calculated by multiplying the number of hours taken in the pursuit of the enforcement action by the hourly rate of the officers involved (including their on-costs). A schedule will be sent detailing the time spent by Council staff in enforcing any notice, together with an invoice.

When a charge is imposed under section 49 of the Housing Act 2004 the sum recoverable becomes a charge on the premises concerned. If enforcement action has been taken against a named person or legal entity the Council will seek to recover the charge by invoice. The Council reserves the right not to invoice or to waive a charge for enforcement action in exceptional circumstances with each case being considered on its own merits. This decision will be made by the Director (Housing & Health) or his authorised deputy.

Working with Other Regulatory Bodies

Where other regulatory bodies have additional enforcement powers to investigate housing related matters, referrals will be made to those bodies. Officers will liaise

with the relevant body to ensure effective co-ordination, avoid inconsistencies, and ensure that contraventions of legal requirements are investigated by the appropriate agency. These agencies include:

- TBC internal departments – Planning, Building Control etc.
- County Council department – Social Services
- Health and Safety Executive – Gas Safety
- Staffordshire Fire Authority – Fire Safety
- Staffordshire Police – Execution of Warrants and consultation of anti-social behaviour in the Borough

Complaints

Tamworth Borough Council has an established corporate complaints procedure for dealing with complaints. Information on how to make a complaint is outlined in a complaints leaflet that is available at all Tamworth Borough Council Offices and on the website.

Review

This Policy will be reviewed bi-annually and any developments incorporated. Authority to make minor non-policy based amendments is delegated to the Director (Housing & Health). A copy will be made available to any person formally requesting a copy of the policy.

Appendix 1

LEGAL ACTION PROPOSAL FORM

| | Relevant Legislation | Details of Offence |
|---|-----------------------------|---------------------------|
| Offences | | |
| Factors Considered | | Comments |
| Seriousness of offences | | |
| Previous relevant history <ul style="list-style-type: none"> • Convictions • Cautions • Other relevant behaviour | | |
| Availability of defence | | |
| Availability and quality of evidence / witness | | |
| Public Benefit Issues | | |
| Willingness of defendant to prevent a recurrence | | |
| Explanation offered | | |
| Was it a genuine mistake / misunderstanding | | |
| Is the offender / ill / infirm etc | | |
| Was there a victim / someone who suffered loss | | |
| Is the offence widespread within the area | | |
| Is the case likely to establish a precedent | | |
| Consideration of other courses of action, ie - caution, notice, warning | | |

Signed Approved**Date**

Equality Impact Assessment Template

| | | | | | |
|--|---|---|---------------------------|-------------------|---|
| Name of policy/ procedure/ practice to be assessed | HMO Enforcement Policy | | Date of Assessment | 29/1/2013 | |
| Is this a new or existing policy/ procedure/ practice? | New | Officer responsible for the Assessment | Helen Carpenter | Department | Private Housing Enforcement Team |
| 1. Briefly describe the aims, objectives and purpose of the policy/ procedure/ practice? | To provide guidance and information for landlords and residents in private sector accommodation, outlining how the authority will proceed in the event of an offence or breach of the housing legislation. | | | | |
| 2. Are there any associated policy/ procedure/ practice which should be considered whilst carrying out this equality impact assessment? | Enforcement Procedures HMO Licensing Policy | | | | |
| 3. Who is intended to benefit from this policy/ procedure/ practice and in what way? | Enforcement officers Landlords who let properties, including those who require a licence for an HMO Residents living in the borough | | | | |
| 4. What are the desired outcomes from this policy/ procedure/ practice? | To provide robust measures for undertaking enforcement action if necessary to ensure the health, safety and welfare of all residents | | | | |
| 5. What factors/ forces could contribute/ detract from the outcomes? | Lack of resources within the Private Housing Enforcement Team Changes in legislation | | | | |

| | |
|---|--|
| 6. Who are the main stakeholders in relation to the policy/ procedure/ practice? | Landlords Residents Housing enforcement officers Internal Council departments |
|---|--|

| | | |
|---|---|--|
| 8. Which individuals/ groups have been/ will be consulted with on this policy/ procedure/ practice? | Please explain Private landlords who participate in the landlord forum | |
| 9. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact on racial groups? | Y | N Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No – Policy is not racially specific |
| 10. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to gender? | Y | N Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No – Policy is not gender specific |
| 11. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to them being transgender or transsexual? | Y | N Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No – Policy is not transgender or transsexual specific |
| 12. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to disability? | Y | N Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No |

| | | | |
|---|---|---|--|
| 13. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to sexual orientation? | Y | N | Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No – policy has no different outcome due to sexual orientation |
| 14. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to age? | Y | N | Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No – policy is not age specific |
| 15. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to religious belief? | Y | N | Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No – policy is not specific to religion |
| 16. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact on Gypsies/ Travellers? | Y | N | Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No –alternative legislations and codes of practice relate to gypsy & traveller sites. |
| 17. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to dependant/caring responsibilities? | Y | N | Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise). No |

| | | | |
|--|-----------------|-----------------|--|
| <p>18. Are there concerns that the policy/ procedure/ practice <u>could</u> have a differential impact due to them having an offending past?</p> | <p>Y</p> | <p>N</p> | <p>Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise).</p> <p>Yes – landlords with an offending past may not be eligible to be awarded a licence for an HMO if they do not pass the ‘fit & proper person’ test. The legislation determines the offences that would prevent a landlord being a fit & proper person. If an HMO cannot be licensed, the Council has a duty to apply for an IMO and manage the property on behalf of the landlord. Where previous convictions for offences committed under the legislation enforced by the Private Housing Enforcement Team as listed in the Enforcement Policy, the Council has no option but to consider them if any further similar offences are committed. The nature of the issue is to protect potentially vulnerable individuals.</p> |
| <p>19. Are there concerns that the policy/ procedure/ practice could have an impact on children or vulnerable adults?</p> | <p>Y</p> | <p>N</p> | <p>Please explain, your reasoning, giving details of existing evidence (either presumed or otherwise).</p> <p>No negative impact, possible positive impact</p> |
| <p>20. Does any of the differential impact identified cut across the equality strands (e.g. elder BME groups)?</p> | <p>Y</p> | <p>N</p> | <p>Please explain</p> <p>No</p> |
| <p>21. Could the differential impact identified in 9 – 20 amount to there being the potential for adverse impact in this policy/ procedure/ practice?</p> | <p>Y</p> | <p>N</p> | <p>No</p> |

| | | | |
|---|---|---|--|
| <p>22. Can this adverse impact be justified:</p> <ul style="list-style-type: none"> • on the grounds of promoting equality of opportunity for one group? • For any other reason? | Y | N | <p>Please explain for each equality heading on a separate piece of paper (questions 9 – 20).</p> <p>N/A</p> |
| <p>23. As a result of carrying out the equality impact assessment is there a requirement for further consultation?</p> | Y | N | <p>No. It has been identified that the policy will need to be explained to landlords in Tamworth. A question and answer session may be appropriate but their comments may not be acted upon as the policy is written according to statutory functions and duties. Annual monitoring will be carried out.</p> |
| <p>24. As a result of this EIA should this policy/ procedure/ practice be recommended for implementation in its current state?</p> | Y | N | <p>Yes</p> |

PLEASE COMPLETE THE FOLLOWING ACTION PLAN FOR ALL IMPACT ASSESSMENTS

Equality Impact Assessment Action Plan

Complete the action plan demonstrating the changes required in order to meet TBC’s commitment to equality and diversity. The action plan must contain monitoring arrangements, the publishing of results and the review period required for this policy.

| ACTION/ ACTIVITY | RESPONSIBILITY | TARGET | PROGRESS |
|-----------------------------------|---------------------------------|---|----------|
| Information session for landlords | Private Sector Enforcement Team | | |
| Monitoring arrangements: | To be reviewed annually | Data collected quarterly | |
| Publication: | January 2013 | | |
| Review Period: | Annually | Reviewed 12 monthly unless otherwise stated | |

Expand as appropriate

Signed
(Completing Officer).....

Date

Signed
(Head of Department)

Date

Signed
Corporate Diversity/ Equality

Date

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