

NON-CONFIDENTIAL



Borough of Tamworth

3 September 2013

Dear Councillor

You are hereby summoned to attend a **meeting of the Council of this Borough** to be held on **TUESDAY, 10TH SEPTEMBER, 2013** at 6.00 pm in the **COUNCIL CHAMBER - MARMION HOUSE**, for the transaction of the following business:-

AGENDA

NON CONFIDENTIAL

- 1 Apologies for Absence**
- 2 To receive the Minutes of the meetings held on 25 June 2013 and 23 July 2013 (Pages 1 - 8)**
- 3 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.

- 4 To receive any announcements from the Mayor, Leader, Members of the Cabinet or the Chief Executive**
- 5 Question Time:**

- (i) To answer questions from members of the public pursuant to Procedure Rule No. 10.
- (ii) To answer questions from members of the Council pursuant to Procedure Rule No. 11

6 Annual Report on the Treasury Management Service and Actual Prudential Indicators 2012/13 (Pages 9 - 22)

(Report of Cabinet and the Portfolio Holder for Operations and Assets)

7 To consider the following Motion, notice of which has been given in accordance with Procedure Rule No. 12.1 by Councillors R McDermid, M McDermid, P Standen, K Norchi and M Clarke:-

That Article 6 of the Constitution – Overview and Scrutiny Committees; that the following be inserted at the end of 2.6.1 Terms of reference:- **“That the chairs of scrutiny committees be selected from members of the opposition groups, to further the goals of holding the Executive to account and supporting the work of the Executive.”**

8 Review of the Constitution and Scheme of Delegation (Pages 23 - 28)

(Report of the Leader of the Council and Solicitor to the Council and Monitoring Officer)

9 Outside Bodies List 2013/2014 (Pages 29 - 32)

(To receive the Outside Bodies List 2013/2014)

Yours faithfully



CHIEF EXECUTIVE

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

Marmion House
Lichfield Street
Tamworth



MINUTES OF A MEETING OF THE COUNCIL HELD ON 25th JUNE 2013

PRESENT: Councillor J Garner (Chair), Councillors R Kingstone, M Clarke, S Claymore, T Clements, D Cook, C Cooke, M Couchman, S Doyle, K Gant, M Gant, M Greatorex, G Hiron, A James, J Jenkins, A Lunn, M McDermid, R McDermid, K Norchi, J Oates, S People, R Pritchard, S Pritchard, E Rowe, P Seekings, P Standen and M Thurgood

The following officers were present: John Wheatley (Executive Director Corporate Services), Jane Hackett (Solicitor to the Council and Monitoring Officer) and Lara Allman (Democratic & Election Services Officer)

16 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors L Bates, J Faulkner and D Foster and Anthony Goodwin Chief Executive.

17 TO RECEIVE THE MINUTES OF THE MEETINGS HELD ON 14 MAY 2013 AND 16 MAY 2013

The minutes of the meetings held on 14 May 2013 and 16 May 2013 were approved and signed as a correct record.

(Moved by Councillor D Cook and seconded by Councillor R Pritchard)

18 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

19 TO RECEIVE ANY ANNOUNCEMENTS FROM THE MAYOR, LEADER, MEMBERS OF THE CABINET OR THE CHIEF EXECUTIVE

None

20 QUESTION TIME:

QUESTIONS FROM MEMBERS OF THE PUBLIC

NO.1

Under Procedure Rule No 10, Mr K Forest, 64a Foxglove, Amington, Tamworth will ask the Leader of the Council, Councillor D Cook, the following question:-

"Should the Council continue to maintain and improve Tamworth town centre's future and viability in a flexible way that should vigorously resist any proposal that jeopardises those endeavours?"

The Leader of the Council, Councillor D Cook gave the following reply:

Thank you Mr Mayor.

Mr Forest, I simply have no idea what exactly your question is!

Supplementary Question:

"Whilst it is becoming clear that the town can no longer rely primarily on retailing I accept it needs to change and yet remain flexible to enable it to survive into the 21st century. Tamworth has much to offer in its history, heritage and in many other ways. Do you agree with this personal view?"

The Leader of the Council, Councillor D Cook gave the following reply:

Mr Forest, yes.

Ventura became the retail centre of Tamworth long before I even moved to this town. To continue to believe the town centre can compete with Ventura is madness. They must instead complement each other and work as a single offer to shoppers and visitors.

Tamworth must now look to use the Town Centre in better ways. Yes we must be flexible to allow us to grab the opportunities as they arise to improve Tamworth as a whole to make it a better experience.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO.1

Under Procedure Rule No 11, Councillor C Cooke will ask the Leader of the Council, Councillor D Cook, the following question:-

"I'm quite sure I am not alone in being deeply concerned at the effect on Tamworth residents who claim benefits losing 25% of their Council tax benefit, alongside the possible double-whammy of losing housing benefit for surplus bedrooms in what has become known as the bedroom tax. Will you tell me as near as possible what has been the percentage increase (if any) in -

- A) Reminder letters for non-payments sent to residents and tenants.
- B) Court costs and fees charged to residents accounts as a result of non payments.

C) Notice of Possession/Eviction actions being taken against residents for non payments of rent.

- as a result of action by the Council's Revenues department and/or the Council's Housing Revenue Account, in the period April 2013 up to the latest date records are available, in comparison with the same period last year?"

The Leader of the Council, Councillor D Cook gave the following written reply after the meeting:

Thank you for your question Councillor Cooke. Of course, we are all concerned at the impact of the austerity measures on local people which is why Cabinet at it's meeting on 30th May considered and approved discretionary schemes to temporarily mitigate the impact of and support the transition for some vulnerable residents in implementing changes required by the Government's Welfare Benefit Reform programme – namely:

- *A Discretionary Award for Council Tax Scheme;*
- *A landlord hardship fund as a separate fund available to council tenants; and*
- *The Discretionary Housing Benefit Payments Scheme.*

However, it should be noted that both the Local Council Tax Support Scheme and the under occupancy surcharge are national central government policy – the Council has no choice in the matter without significant additional costs and associated service reductions.

It is important to note that any additional support provided does not undermine the intentions of Government policy in implementing the reforms but are measures which support the transition, particularly for the most vulnerable households.

The Council have put additional monthly monitoring arrangements in place for 2013/14 to monitor the impact of welfare benefit reform changes not only in financial terms (through the healthcheck report) but also in terms of the impact on the organisation (demands on staff time etc.) – thereby highlighting any issues & addressing them early on.

With regard to your specific questions the position is:

	As at	Last Year	This Year	Difference
A) <i>Reminder letters for non-payments sent to residents and tenants:</i>				
<i>Council tax</i>	<i>17 June</i>	<i>5,470</i>	<i>7,312</i>	<i>+34%</i>

<i>Housing Rents – This includes visits and interviews for all arrears related activity</i>	31 May	4,757	4,912	+155
<i>B) Court costs and fees charged to residents accounts as a result of non payments:</i>				
<i>Number of Council tax accounts (available only at period end) See note 1</i>	1 st June	1224	1450	18%
<i>Court costs & fees - Council tax (available only at period end) See note 2</i>	1 st June	£45,107	£71,040	£25,933
<i>Number of Housing Rent accounts in arrears</i>	31 May	1322	1489	+167
<i>Court costs & fees - noting that 0 court cases so far for the benefit subsidy this year</i>	31 May	£8750 50 cases	£7525 43 cases	-£1225 - 7 cases
<i>C) Notice of Possession/Eviction actions being taken against residents for non payments of rent.</i>	31 May	530	662	+132

In addition the Councils Landlord Service also presented a report to Cabinet on the 20th June setting out the current position and impact in relation to welfare reform on tenants'. Cabinet approved a detailed action plan which will see support continue for those tenants' affected. In relation to the reductions in housing benefit as a result of under-occupancy, known as the bedroom subsidy, 519 tenants were affected. At the end of May 72% were reportedly paying. Of those affected, 70 have a valid notice seeking possession and 28 already have a valid court order. Of the 98 households - 25% of legal action was a result of tenants' not paying the bedroom subsidy and involved notice seeking possessions only, there has not been any court action solely attributable to the bedroom subsidy at this stage, in fact court action is down when compared with this time last year.

Note 1

However please note this is the total number of residents in Tamworth. We cannot specify accurately for all those who were affected by the WBR reforms. It is estimated that approx. 80% of the increase is due to these such cases.

Of the approx. 2,500 additional council tax cases relating to WBR changes, we can see that many are paying us or entering into arrangements to pay us.

*In addition we are offering those effected by the above generous repayment arrangements. **In some cases we are cancelling costs if payment is made in full to us.***

Note 2

Costs for 2013/14 have increased by c.12% as approved by Cabinet on 17 October 2012 and Council on 13 December and are £60.00 summons and £35.00 liability order (previously £50.00 and £35.00 respectively).

QUESTIONS FROM MEMBERS OF THE COUNCIL**NO.2**

Under Procedure Rule No 11, Councillor C Cooke will ask the Leader of the Council, Councillor D Cook, the following question:-

"In 2005 this Council employed consultants to examine Public Open Space standards for new developments in Tamworth. That consultant's report was extensive and later approved by Cabinet. This report was then required to go out to public consultation before it could be implemented. Yet for some inexplicable reason that consultation has never taken place. Which means we remain using standards that are 70 years old. This consultant's report could easily be put out for consultation with the latest Local Plan proposals. Will the leader of the Council ensure this Public Open Space report consultation now takes place?"

The Leader of the Council gave the following reply:

The 2005 Open Space study, was carried out in accordance with guidance set out in Planning Policy Guidance Note 17 (Planning for Open Space Sport and Recreation, July 2002) and its Companion Guide (September 2002). The study aimed to provide a clear picture of existing and future needs for open space, sport and recreation in Tamworth and the ability to meet those needs in terms of quality, quantity and accessibility. As part of the study, consultation through household questionnaires and neighbourhood 'drop-in' sessions were done to establish accessibility standards to open space.

The 2005 study was based on work carried out in 2004 and is now 9 years old. Local Plan policy should be based on robust and up-to-date evidence. The 2011 Recreational Open Space Review provided an update on the 2005 study. Sites were assessed in 2010 and the study published in 2011. The study updated all of the components of the 2005 study with the exception of the community consultation. It is envisaged that this will be carried out through developing the Green Space Strategy. A tender is currently being produced for this piece of work.

The purpose of technical documents such as this, which formulate part of the evidence base of the Local Plan, are to inform planning policy and technically do not require consultation. Through production of the Local Plan, consultation and engagement takes place on proposed planning policy which is informed by these technical documents (the evidence base).

We are currently using a standard of 2.43 ha per 1000 population which is the national recognised NPFA (National Playing Fields Association).

Supplementary question:

I am concerned that we did this back in 2005 at a cost for the consultation. How much were those costs?

The Leader of the Council provided the following written answer after the meeting as he did not have the information to hand.

Given the original order was nearly 10 years ago as you may imagine I have struggled to locate any detailed information. However, the order placed at the time was for £27,650.

From my understanding it was always intended that new standards would be set via the new local plan (formerly core strategy) and subsequent SPDs. However, given the length of time it had taken to move the Local Plan forward we have had to update the open space evidence base and this was published in 2011.

21 REVIEW OF THE CONSTITUTION AND SCHEME OF DELEGATION

The Report of the Leader and Solicitor to the Council and Monitoring Officer seeking consideration to the proposals put to the Audit and Governance Committee in respect of changes to the Constitution and Scheme of Delegation was considered.

A Motion was made:

1. The council adopts the revised constitution and scheme of delegation for an interim period up to the end of September
2. A member's seminar is arranged to enable detailed scrutiny of the new constitution.
3. Any changes from this seminar are integrated, taken to Audit and Governance and brought before council in September.

(Moved by Councillor R Pritchard and seconded by Councillor D Cook)

The Mayor



MINUTES OF A MEETING OF THE EXTRAORDINARY COUNCIL HELD ON 23rd JULY 2013

PRESENT: Councillor J Garner (Chair), Councillors R Kingstone, M Clarke, S Claymore, T Clements, D Cook, C Cooke, S Doyle, K Gant, M Gant, M Greatorex, G Hirons, A James, J Jenkins, A Lunn, M McDermid, R McDermid, K Norchi, J Oates, S People, R Pritchard, S Pritchard, E Rowe, P Seekings, P Standen and M Thurgood

The following officers were present: Anthony E Goodwin (Chief Executive) and Lara Allman (Democratic & Election Services Officer)

22 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors L Bates, J Faulkner, D Foster and M Couchman.

23 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

24 HONORARY FREEDOM OF THE BOROUGH - WATCHMAN'S HANDLER, WATCHMAN AND THEIR SUCCESSORS

It was moved by Councillor R Pritchard and seconded by Councillor S People that the Council should confer the Title of Honorary Freeman of the Borough to Watchman's handler, Watchman and their successors in recognition of the roles historic service representing the fighting men and women of Tamworth and Staffordshire.

RESOLVED: In pursuance of the provisions of Section 249 of the Local Government Act 1972, the council permit the holders of the position of Watchman's handler, Watchman and their successors to hold Honorary Freedom of the Borough of Tamworth, in recognition of the roles historic service representing the fighting men and women of Tamworth and Staffordshire and this Council will meet in one month to consider giving the Freedom of the Borough to those members of all the branches of The Royal British legion, Royal

Naval Association and Royal Air Force Association, based in Tamworth, who have served in Her Majesty's forces and all those currently serving in Her Majesty's forces who are residents of Tamworth, or were at school in Tamworth secondary schools (including Rawlett and St Francis Roman Catholic School if then resident in Tamworth) and those residents of Tamworth who, though not members of the aforesaid associations, can evidence that they are serving or have served in HM Forces either as a regular or as a reservist deployed in an operational theatre.

The Mayor

COUNCIL

10th September 2013

REPORT OF CABINET AND THE PORTFOLIO HOLDER FOR OPERATIONS AND ASSETS

ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2012/13

EXEMPT INFORMATION

None

PURPOSE

The Annual Treasury report is a requirement of the Council's reporting procedures. It covers the Treasury activity for 2012/13, and the actual Prudential Indicators for 2012/13.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes in accordance with Regulations issued under the Local Government Act 2003.

RECOMMENDATIONS

That Council,

1. **Approve the actual 2012/13 Prudential Indicators within the report and shown at APPENDIX 1;**
2. **Accept the Treasury Management stewardship report for 2012/13.**

EXECUTIVE SUMMARY

This report covers Treasury operations for the year ended 31st March 2013 and summarises:

- the Council's Treasury position as at 31st March 2013;
- performance measurement.

The key points raised for 2012/13 are;

- The Economy and Interest Rates
- Treasury Position as at 31 March 2013
- The Strategy for 2012/13
- The Council's Borrowing Requirement and Debt
- Borrowing Rates in 2012/13
- Borrowing Outturn for 2012/13
- Investment Rates in 2012/13
- Investment Outturn for 2012/13
- Performance Measurement
- Icelandic Bank Defaults.

The Treasury Function has achieved the following favourable results:

- The Council has complied with the professional codes, statutes and guidance;
- There are no issues to report regarding non-compliance with the approved prudential indicators;
- Excluding the Icelandic investments (currently identified 'at risk') the Council maintained an average investment balance externally invested of £24.49m and achieved an average return of 1.09% (budgeted at £18.4m and an average return of 1.20%).

These results compare favourably with the Council's own Benchmarks of the average 7 day and the 3 month LIBID rates for 2012/13 of 0.42% and 0.56% respectively, and in line with the CIPFA Treasury Benchmarking Club average rate of 1.10%. This is not considered to be a poor result in light of the current financial climate, our lower levels of deposits/funds and shorter investment timelines due to Banking sector uncertainty, when compared to other Councils;

- The closing weighted average internal rate on borrowing has reduced from 6.55% to 4.47%;
- The Treasury Management Function has achieved an outturn investment income of £306k compared to a budget of £220k, the increase being due to additional balances being available to invest as a result of slippage in budgeted capital expenditure into 2013/14, and revenue underspends.

During 2012/13 the Council complied with its legislative and regulatory requirements.

The Executive Director Corporate Services confirms that no borrowing was undertaken within the year and the Authorised Limit was not breached.

At 31st March 2013, the Council's external debt was £65.060m (£65.060m at 31st March 2012) and its external investments totalled £20.338m (£15.699m at 31st March 2012) – including interest credited. This excludes £1.75m Icelandic Banking sector deposits (plus accrued interest at claim date) that were 'At Risk' at the year end (£2.335m at the 31st March 2012).

RESOURCE IMPLICATIONS

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

LEGAL/RISK IMPLICATIONS BACKGROUND

The Council is aware of the risks of passive management of the Treasury Portfolio and with the support of Sector, the Council's current Treasury advisers, has proactively managed its debt and investments over this very difficult year.

SUSTAINABILITY IMPLICATIONS

None

REPORT AUTHOR

If Members would like further information or clarification prior to the meeting please contact Phil Thomas Ext 709239 or email phil-thomas@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

- Local Government Act 2003;
- Statutory Instruments: 2003 No 3146 & 2007 No 573;
- CIPFA Code of Practice on Treasury Management in Public Services;
- Treasury Management Strategy & Prudential Indicators (Council 28th February 2012);
- Treasury Management Mid-Year Review 2012/13 (Council 13th December 2012);
- Treasury Outturn Report 2011/12 (Council 11/09/2012);
- CIPFA Treasury Benchmarking Club Report 2013.

APPENDICES

Appendix 1 - Prudential and Treasury Indicators

Appendix 2 – CIPFA Benchmarking Club Investments Performance

BACKGROUND INFORMATION

1. Introduction and Background.

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual Treasury Management review of activities and the actual prudential and Treasury indicators for 2012/13. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2012/13 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual Treasury Strategy in advance of the year (Council 28/02/2012)
- a mid-year (minimum) Treasury update report (Council 13/12/2012)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

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

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

This Council also confirms that it has complied with the requirement under the Code to give scrutiny to all of the above Treasury Management Reports by the Audit and Governance Committee before they were reported to the full Council. Member training on Treasury Management issues was undertaken in 2010 and 2011 in order to support members' scrutiny role.

2. The Economy and Interest Rates.

The financial year 2012/13 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. The original expectation for 2012/13 was that Bank Rate would start gently rising from quarter 4 2014. However, economic growth in the UK was disappointing during the year due to the UK austerity programme, weak consumer confidence and spending, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the European Union (EU). The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating.

Moody's followed up this warning by actually downgrading the rating to AA+ in February 2013 and

Fitch then placed their rating on negative watch, after the Budget statement in March. Key to retaining the AAA rating from Fitch and S&P will be a return to strong economic growth in order to reduce the national debt burden to a sustainable level, within a reasonable timeframe. Weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing by £50bn in July to a total of £375bn. Bank Rate therefore ended the year unchanged at 0.5% while CPI inflation fell from 3% at the start of the year to end at 2.8% in March, with a fall back to below 2% pushed back to quarter 1 2016. The EU sovereign debt crisis was an ongoing saga during the year with first Greece and then Cyprus experiencing crises which were met with bailouts after difficult and fraught negotiations.

Gilt yields oscillated during the year as events in the ongoing Eurozone debt crisis ebbed and flowed, causing corresponding fluctuations in safe haven flows into / out of UK gilts. This, together with a further £50bn of Quantitative Easing (QE) in July and widely expected further QE still to come, combined to keep Public Works Loan Board (PWLB) rates depressed for much of the year at historically very low levels.

Deposit rates. The Funding for Lending Scheme, announced in July, resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling sharply in the second half of the year. However, perceptions of counterparty risk have improved after the European Central Bank (ECB) statement in July that it would do "whatever it takes" to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.

3. Overall Treasury Position as at 31 March 2013.

At the beginning and the end of 2012/13 the Council's Treasury position was as follows*:

GENERAL FUND	31st March 2012 Principal £m	Rate/ Return %	Average Life Years	31st March 2013 Principal £m	Rate/ Return %	Average Life Years
Total debt	-	-	-	-	-	-
CFR	1.606	-	-	1.525	-	-
Over / (under) borrowing	(1.606)	-	-	(1.525)	-	-
Total investments	12.048	1.25	0.22	12.179	1.10	0.29
Net debt	(12.048)	-	-	(12.179)	-	-

HOUSING REVENUE ACCOUNT	31st March 2012 Principal £m	Rate/ Return %	Average Life Years	31st March 2013 Principal £m	Rate/ Return %	Average Life Years
Total debt	65.060	6.55	37.44	65.060	4.47	36.43
CFR	68.063	-	-	68.054	-	-
Over / (under) borrowing	(3.003)	-	-	(2.994)	-	-
Total investments	5.145	1.25	0.22	9.589	1.10	0.29
Net debt	59.915	-	-	55.471	-	-

*As a result of adopting the two pool financing option of the Housing Self Financing Reform, the Council is required to separate the General Fund and HRA financing.

In terms of its Capital Financing Requirement (CFR) the Council has maintained the split as

determined by the Local Government Act 2003, however, external borrowing (some of which was taken in the early 1990s) and external investments have not been 'earmarked' against one fund or the other, but pooled in line with the previous capital financing code.

Under the new arrangements, it was determined that the Council's existing external debt of £20.392m would be all classified as HRA debt and would be added to the £44.668m new borrowing undertaken as part of the new financing structure. This means that although General Fund has a small CFR of £1.525m, this is financed notionally from internal resources and is not earmarked against any specific external borrowing. With regard to investments, by identifying the value of each fund's balances, reserves etc, at the year end, this will provide a basis of a notional split of investments for calculation purposes.

4. The Strategy for 2012/13.

The expectation for interest rates within the strategy for 2012/13 anticipated low but rising Bank Rate (starting in quarter 4 of 2014) with similar gradual rises in medium and longer term fixed borrowing rates over 2012/13. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

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

The actual movement in gilt yields meant that PWLB rates fell during the first quarter of the year to historically low levels. This was caused by a flight to quality into UK gilts from EU sovereign debt, and from shares, as investors became concerned about the potential for a Lehman's type crisis of financial markets if the Greek debt crisis were to develop into a precipitous default and exit from the Euro. During the second and third quarters, rates rose gradually and agreement of a second bail out for Greece in December saw the flight to quality into gilts reverse somewhat, as confidence rose that the Eurozone crisis was finally subsiding. However, gilt yields then fell back again during February and March as Eurozone concerns returned, with the focus now shifting to Cyprus, and flight to quality flows into gilts resumed. This was a volatile year for PWLB rates, driven by events in the Eurozone which oscillated between crises and remedies.

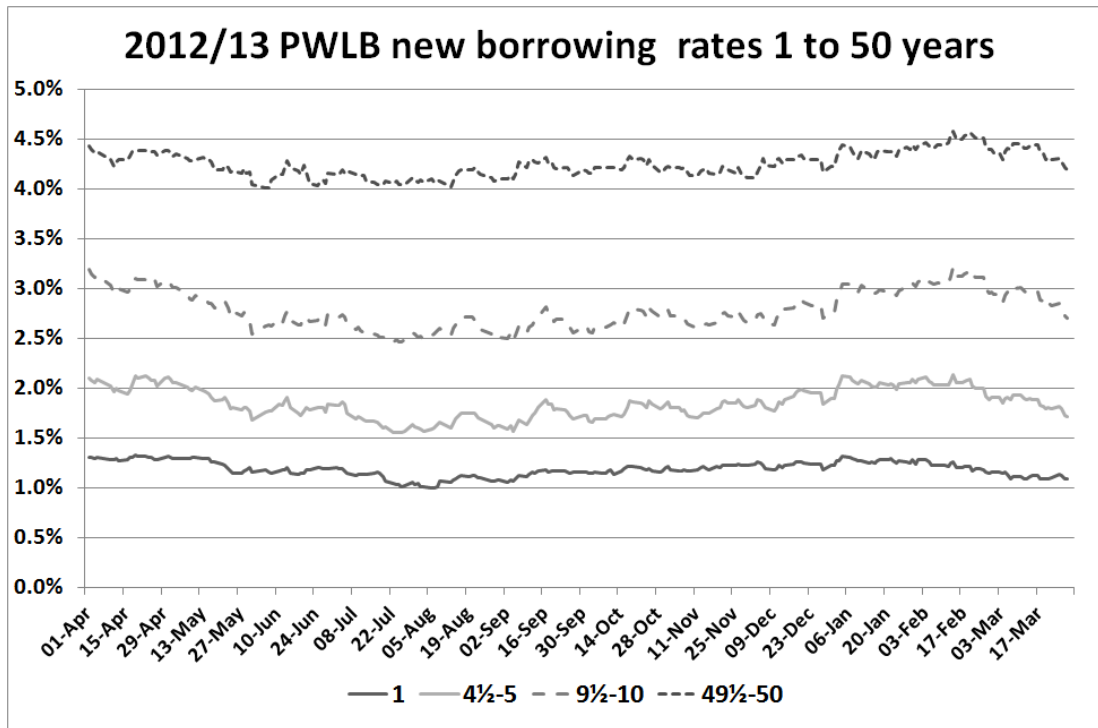
5. The Borrowing Requirement and Debt.

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31st March 2012 Actual £m	31st March 2013 Original £m	31st March 2013 Actual £m
CFR General Fund	1.606	0.412	1.525
CFR HRA	68.063	68.063	68.054
Total CFR	69.669	68.475	69.579

6. Borrowing Rates in 2012/13.

PWLB borrowing rates - the graph below shows how PWLB rates fell to historically very low levels during the year.



7. Borrowing Outturn for 2012/13

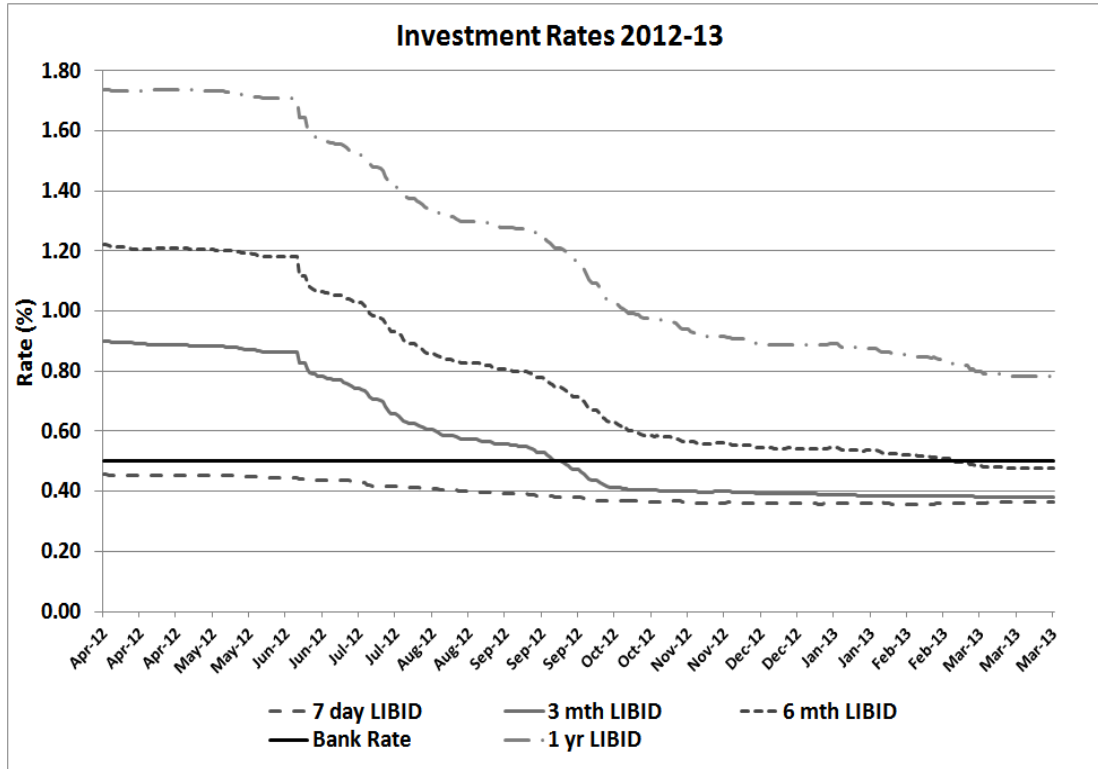
Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

Rescheduling

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

8. Investment Rates in 2012/13

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for four years. Market expectations of the start of monetary tightening were pushed back during the year to early 2015 at the earliest. The Funding for Lending Scheme resulted in a sharp fall in deposit rates in the second half of the year.



9. Investment Outturn for 2012/13.

Investment Policy – the Council’s investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy approved by the Council on 22nd February 2011. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

The Council maintained an average balance of £24.49m of internally managed funds which earned an average rate of return of 1.09%.

This compares with a budget assumption of interest earned of £220k based on average investment balances of £18.4m at 1.20% investment return

Performance Management;

This service had set the following local performance indicators:

- *To Maximise investment returns by ensuring that the average balance held in the Council’s current accounts (non-interest earning) is maintained below £5,000;*

The actual average balance held in the current accounts for 2012/13 was £15,713 cr (in hand) (£2,219 cr (in hand) in 2011/12);

The net loss of interest for 2012/13 (loss of investment interest on un-invested balances less any overdraft interest incurred) was £21 compared to £64 for 2011/12 (approximately 6p per day);

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

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

The actual return of 1.09% compared to the average 3 month LIBID of 0.56% (0.53% above target).

CIPFA Benchmarking Club

The Council is a member of the CIPFA Treasury Management Benchmarking Club which is a means to assess our performance for the year against other members. Our average return for the year (as mentioned above) was 1.09% compared to the group average of 1.10% (information from CIPFA Benchmarking Report 2012/13) Combined In-House Investments excluding the impaired investments in Icelandic banks.

This can be analysed further into the following categories:

Category	Average Balance Invested £ m		Average Rates Received %	
	Tamworth Borough Council	CIPFA Benchmarking Club	Tamworth Borough Council	CIPFA Benchmarking Club
Investments < 365 days Managed in-house	10.4	54.8	1.68	1.34
Investments > 365 days Managed in-house	-	18.3	-	2.59
Notice Accounts	5.5	30.7	0.93	0.82
DMADF	-	9.4	0.25	0.25
CD's Gilts and Bonds	0.05	10.8	0.18	0.91
Callable and Structured Deposits	-	20.2	-	2.16
Money Market Funds	8.5	30.0	0.49	0.52
All Investments Managed in-house	24.5	125.3	1.09	1.10

The data above displays that despite the Council being a small investor in the markets, performance is only slightly lower when compared with other members of the benchmarking club.

The graphs reproduced at **APPENDIX 2** highlights the Council's investment performance compared to other members of the benchmarking club.

10. Icelandic Bank Defaults

The Council currently has the following investments 'at risk' in Icelandic banks;

Bank	Original Deposit £m	Accrued Interest £m	Total Claim £m	Reduction due to Exchange rate fluctuations £m	Repayments Received @ 31/03/2013 £m	Balance Outstanding £m	Anticipated Total Recovery %
Glitnir	3.000	0.232	3.232	(0.034)	2.554	0.644	100
Kaupthing Singer & Friedlander	3.000	0.175	3.175	-	2.413	0.762	85.25
Heritable	1.500	0.005	1.505	-	1.163	0.342	88.08
TOTALS	7.500	0.412	7.912	(0.034)	6.131	1.747	-

At the current time, the process of recovering assets is still ongoing with the administrators. In the cases of Heritable Bank plc and Kaupthing, Singer and Friedlander Ltd, the administrators have made a number of dividend payments to date, with further payments and updates anticipated during 2013/14 and 2014/15.

Investments outstanding with the Iceland domiciled bank Glitnir Bank hf have been subject to decisions of the Icelandic Courts.

Following the successful outcome of legal test cases in the Icelandic Supreme Court, the Administrators have committed to a full repayment and the authority received a significant sum in late March 2012. However, due to Icelandic currency restrictions, elements of our deposits which are held in Icelandic Krone have been held back pending changes to Icelandic law. This sum has been placed in an interest bearing account and negotiations are continuing for their early release.

Members will be periodically updated on the latest developments of these efforts.

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APPENDIX 1

Table 1. PRUDENTIAL INDICATORS		2011/12		2012/13	
Extract from budget and rent setting report		Actual £000's	Original £000's	Actual £000's	Actual £000's
Capital Expenditure					
Non - HRA		0.627	3.145*	1.622	
HRA		49.206	7.816	3.365	
TOTAL		49.833	10.961	4.987	
Net Borrowing Requirement - General Fund/HRA*₂					
Brought Forward 1st April		7.399	47.850	47.850	47.850
Carried Forward 31st March		47.850	53.448	43.245	43.245
In Year Borrowing Requirement		40.451	5.598	(4.605)	(4.605)
Net Debt		47.850	53.448	43.245	43.245
Capital Financing Requirement - General Fund					
		1.606	0.412	1.525	
Capital Financing Requirement - HRA					
		68.063	68.063	68.054	
Annual Change in Capital Financing Requirement					
Non - HRA		(2.227)	(0.017)	(0.080)	
HRA		44.668	-	(0.009)	
TOTAL		42.441	(0.017)	(0.089)	
Incremental Impact of Capital Financing Decisions					
Increase in Council Tax (Band D) per Annum		1.04	0.28	0.28	
Increase in Average Housing Rent per Week		0.07	0.08	0.08	
Ratio of Financing Costs to Net Revenue Stream					
Non - HRA		21.94	(2.15)	(0.90)	
HRA		(3.48)	15.88	14.37	

Comment
Reprofiling of capital spend £4.778m approved by Cabinet 20th June 2013
Additional borrowing £44.668m taken in 2011/12 for HRA self financing
Additional investments due to re-profiling of capital spend £4.778m to 2013/14
Revenue underspends of c.£2.5m in 2012/13
Additional investments due to re-profiling of capital spend £4.778m to 2013/14
Reversal of Capitalisation of £2.15m - expected at £3.386m in Strategy report
Impairment of HRA non-dwellings
Residual Capitalisation charge higher than expected (see above)
Impairment of HRA non-dwellings

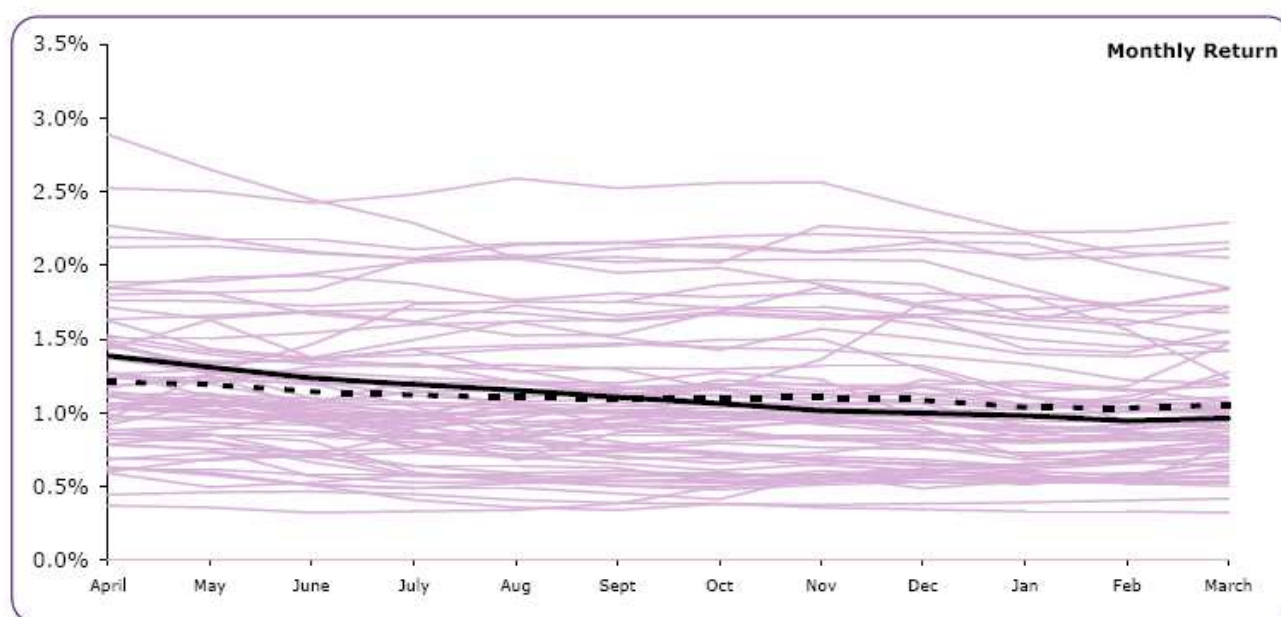
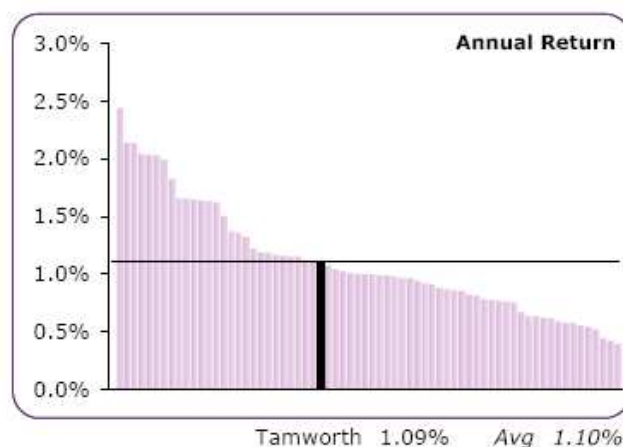
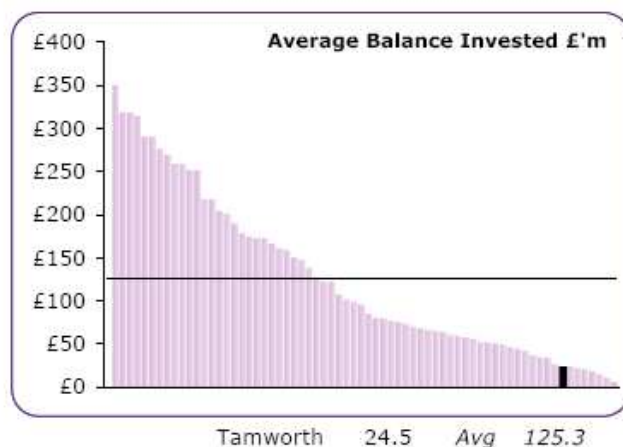
* 1 Original figure included slippage brought forward from 2011/12

*2 Previous years figures are not maintained in a format that enables an accurate split between General Fund and the HRA

Table 2. TREASURY MANAGEMENT INDICATORS		2011/12	2012/13	2012/13	2012/13
		Actual £'000	Original £'000	Actual £'000	Actual £'000
Authorised Limit for external debt -					
Borrowing	83.600	89.112	89.112	89.112	
Other long term liabilities	3.000	3.000	3.000	3.000	
TOTAL	86.600	92.112	92.112	92.112	
Operational Boundary for external debt -					
Borrowing	72.750	72.268	72.268	72.268	
Other long term liabilities	-	-	-	-	
TOTAL	72.750	72.268	72.268	72.268	
Actual external debt	65.060	65.060	65.060	65.060	
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	14.570	58.000	58.000	58.000	
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	2.737	7.000	7.000	7.000	
Upper limit for total principal sums invested for over 364 days (per maturity date)	3.500	3.000	3.000	3.000	

Table.3 Maturity structure of fixed rate borrowing during 2012/13 for General Fund and HRA	Upper limit %	Lower limit %
under 12 months	20	-
12 months and within 24 months	20	-
24 months and within 5 years	25	-
5 years and within 10 years	75	-
10 years and above	100	-

COMBINED IN-HOUSE INVESTMENTS (excluding impaired investments)



Monthly Return (April 12 - March 13)													
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Year
Av Bal £'m	18.08	20.18	21.93	22.11	23.04	24.07	25.52	27.15	28.32	30.81	28.43	24.36	24.49
Earned £'k	20.6	22.4	22.3	22.4	22.6	21.9	23.1	22.6	24.0	25.7	20.6	19.9	268.0
% Return	1.39%	1.31%	1.24%	1.19%	1.15%	1.11%	1.06%	1.01%	1.00%	0.98%	0.94%	0.96%	1.09%
Average	1.21%	1.19%	1.15%	1.12%	1.11%	1.10%	1.10%	1.10%	1.09%	1.04%	1.03%	1.06%	1.10%
Margin	0.18%	0.12%	0.09%	0.07%	0.05%	0.01%	-0.04%	-0.09%	-0.09%	-0.06%	-0.09%	-0.09%	

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Council

10 September 2013

REPORT OF THE LEADER AND SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

Proposed Changes to the Constitution and Scheme of Delegation

EXEMPT INFORMATION

None

PURPOSE

To consider

- (1) the proposals discussed at the training event on 27 August 2013
- (2) the proposals put to Audit and Governance Committee
- (3) endorse the agreed changes to the Constitution and Scheme of Delegation
- (4) adopt and approve the Constitution and Scheme of Delegation as presented in the Appendix 1 to this report,

RECOMMENDATIONS

It is recommended that the Council

- (1) endorse the changes to the Constitution and**
- (2) adopt and approve the revised Constitution and Scheme of Delegation as presented in the Appendix to this report.**

EXECUTIVE SUMMARY

At the Council meeting on 16 May 2013 the current Constitution and Scheme of Delegation was re-adopted until the Council meeting of 25 June 2013 to enable members to attend a workshop to consider the changes to the documents. A copy of the Constitution was made available for members to peruse prior to the training event and is attached at Appendix 1. Further in terms of Article 15 changes to the Constitution were referred to the Solicitor to the Council and the Audit and Governance Committee for consideration. The said changes were considered on 19 June 2013 and thereafter discussed at the training event on 27 August 2013 along with party proposals. The proposals not subject of agreement being referred back to Council for debate and final approval of the Constitution and Scheme of Delegation to follow therefrom .

RESOURCE IMPLICATIONS

The amendments as required to the Constitution and Scheme of Delegation ensure that the Council operates *intra vires* and implementation will be carried out as part of the duties of the Council and staff with no additional resource implications for the Authority,

LEGAL/RISK IMPLICATIONS BACKGROUND

To have a Constitution that is not fit for purpose could lead to the Council making decisions

that would be *ultra vires*. In addition an effective Scheme of Delegation provides officers with the required functionality to ensure that the Council's obligations under statute are fully met.

EQUALITY IMPLICATIONS

An Equalities Impact Assessment is not required in this instance. In approving the recommendations it is envisaged that the Citizens of Tamworth will benefit from robust governance which supports the active involvement of citizens in the process of local authority decision making and an open and transparent delegation regime for its officers.

BACKGROUND INFORMATION

At the Council meeting on 16 May 2013 the current Constitution and Scheme of Delegation were re-adopted until the Council meeting of 25 June 2013 to enable members to attend a training seminar in relation to the Constitution and to peruse the amended Constitution.

In terms of Article 15 paragraph 15.02 the proposed changes had to be first considered by the Solicitor to the Council and the Audit and Governance Committee. Accordingly the proposals considered by the Solicitor to the Council and Audit and Governance Committee on 19 June 2013 were reported to Council and considered at the training event on 27 August along with party proposals. The Constitution as attached at Appendix 1 now takes account of the governance carried out in relation thereto. There remains the outstanding proposals for debate, attached at Appendices 2 a & b, following which the Constitution as agreed amongst members will be adopted and applied forthwith.

REPORT AUTHOR

Jane M Hackett Solicitor to the Council and Monitoring Officer Tel 709258 if you would like further information or clarification prior to the meeting

LIST OF BACKGROUND PAPERS

Local Government Act 1972
Localism Act 2011

APPENDICES

Appendix 1: link to the Constitution
<http://democracy.tamworth.gov.uk:9071/ecCatDisplay.aspx?sch=doc&cat=13066&path=0>

Appendices 2 a & b : proposals outstanding

**Audit and Governance Committee proposals with regard to the
Constitution review, 2013.**

1. Article 10

Under role and functions insert at paragraph (b) line 3 between the words “freewoman” and “of” - “or honorary freedom”

2. Articles 11 and 12

The Committee considered the insertion of Article 11 Area Committees and Forums and Article 12 Joint Arrangements to be worthwhile insertions.

3. Part 4 Rules of Procedure

(i) Paragraph 4.2.18 add at the end of this paragraph the following:-

“The Leader and Leader of the Opposition in exceptional circumstances will inform the Council of any changes in the membership of Committees”

(ii) Paragraph 4.2.22 be deleted and re-inserted as follows:-

“to include on the agenda any outstanding matters referred by Overview and Scrutiny and any referrals from committees or sub committees until the matters are completed or resolved”

(iii) Paragraph 4.5.3 at the beginning of this paragraph and Paragraph 2.4.3 of Schedule 1 insert the following:-

“the Leader of the party”

(iv) in the section **QUESTIONS BY THE PUBLIC** headed **written answers** and at Paragraph 13.9 (e) of Schedule 4 add after “as soon as practicable after the meeting” the following:-

“but in any event before the next meeting”

4. Schedule 4

(i) Paragraph 10.5 at the end add the following:-

“such matters to remain on the agenda until they are completed or resolved”

(ii) Paragraph 13.1 delete the word “other” so that it coincides with Paragraph 10 of the same Schedule.

5. Job Descriptions for Members Roles

In all of the job descriptions with exception of that of Councillors replaced the heading “**Skills required**” with “**Skills desired**”.

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Updates to Constitution 27 August 2013

Those that have been agreed by both parties:

- Page 113, 4.1 Timings and business.
Delete 'in March, April or May'
Insert 'accordingly'
- Page 129 Schedule 1 – Committee Rules of Procedure, 1 Application
Delete from 'All of the Council Rules of Procedure.....meetings of the executive'
- Page 137, 17.1 Standing to speak.
Delete the whole paragraph at 17.1

Those to be agreed upon:

- Page 115, 4.4.2 Number (of Substitutes).
Leave as 'one substitute in respect of each political group per Committee' or change to 'two substitutes in respect of each political group'
- Page 130, 7.1 Interruption of the meeting
'If the business of the meeting has not been concluded by 8.30pm...'
should this be deleted?
- Page 137, 17.2 Chairman standing
Look at the wording following the removal of 17.1 Standing to speak

New Rules of Debate for each Committee to be looked at and/or having a standing item to 'Suspend Schedule 1 Rules of Debate' for each Committee excluding Council.

Motions on Notice – Notice (Page 120 and 131)

This was discussed but agreed that as Motions on Notice are added to the agenda then it should be left at seven days and any matters raised following the publication of the agenda will be dealt with as Motion Without Notice.

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OUTSIDE BODIES 2013/14

OUTSIDE BODY	APPOINTEES	CONTACT DETAILS OF BODY WHERE RELEVANT	MEMBERS INVOLVEMENT REQUIRED Y/N
Citizens Advice Bureau Management Committee	Councillor A James Councillor M Greatorex Councillor Mrs M Clarke	Denise Wilson denise.wilson@brancab.org.uk	Y
Dorcas Management Committee	Councillor M Greatorex (Substitute - Councillor L Bates)	Wendy Leddart 01827 284618	
Civil Emergency Committee	The Mayor – Councillor Mr John Garner Leader of the Council – Councillor D Cook Leader of the Opposition – Councillor J Faulkner	Chief Executive 01827 709211	
High Rise Social Club	Councillor S Claymore Councillor M McDermid		
Local Government Association – General Assembly	Leader of the Council – Councillor D Cook (Substitute Councillor R Pritchard)	Chief Executive PAs chiefexecutivepa@tamworth.gov.uk	
Local Government Association – Urban Commission	Leader of the Council – Councillor D Cook (Substitute Councillor R Pritchard)	Chief Executive PAs chiefexecutivepa@tamworth.gov.uk	
Mercian Ward Community Association	Councillor A James	Mrs Barker 01827 314413	
St. Peters Church Management Committee	Councillor C Cooke Councillor S Peaple Councillor G Hirons	Mary Wilson 01827 287182	N
Southern Staffordshire Partnership	Councillor S Claymore	Jeff Marlow ssp@lichfielddc.gov.uk 01543 308250	Y

OUTSIDE BODY	APPOINTEES	CONTACT DETAILS OF BODY WHERE RELEVANT	MEMBERS INVOLVEMENT REQUIRED Y/N
Staffordshire County Council Health Scrutiny	Councillor A James	Lucy Stratford Lucy.stratford@staffordshire.gov.uk	
Staffordshire County Council – Public Protection and Safe-guarding	Councillor T Clements	Carol Bloxham Carol.Bloxham@staffordshire.gov.uk	
Staffordshire Planning Forum	Councillor S Claymore (Substitute Councillor Mrs E Rowe)	Tony Lovett tony.lovettt@staffordshire.gov.uk 01785 277363	Y – should be economic portfolio holder
Staffordshire Pension Fund Governance – Consultative Forum (formerly Staffordshire Superannuation Fund Management Committee)	Councillor R Pritchard	John Wheatley John-wheatley@tamworth.gov.uk Janet.Caiazzo@staffordshire.gov.uk e.gov.uk	
Tamworth Council for Voluntary Service	Councillor Mrs T Clements Councillor A James Councillor M Couchman	Pensions Manager, SCC Nicky Burns N.Burns@volunteercentre.tamworth.org.uk	Y
Tamworth Cornerstone Housing Association	Councillor S Peaple Councillor M Greatorex	Sheila Wall 01827 319188	Y
Tamworth Municipal Charities	The Mayor – Councillor John Garner Councillor R Pritchard Councillor E. Rowe Councillor P Seekings.	Tony Goodwin 01827 709211	
Tamworth Strategic Partnership	Leader of the Council – Councillor D Cook	Tony Goodwin 01827 709211	Y
Tamworth Twinning Association	Councillors K Gant Councillor R McDermid	Mrs. P. Dix 01827 280914	

OUTSIDE BODY	APPOINTEES	CONTACT DETAILS OF BODY WHERE RELEVANT	MEMBERS INVOLVEMENT REQUIRED Y/N
Staffordshire Joint Waste Management Board	Councillor S Doyle	Mike Bradbury Michael.bradbury@staffordshire.gov.uk	
Birmingham LEP	Councillor S Claymore Substitute Councillor D Cook	Katie Trout Katie.trout@birmingham.gov.uk	
Sons of Rest	Councillor Jeremy Oates Substitute Councillor P Seekings		
Friends of Wigginton Park	Councillor S Doyle Councillor A James	Richard Kingstone rik@rawlett.net 01827 57178	
Civil Parking Enforcement Board	Councillor M Thurgood Councillor R Pritchard Councillor J Jenkins Councillor P Standen	Andrew Barratt Deputy Director 01827 709453	
Building Control Shared Service Board	Councillor S Claymore	Matthew Bowers 01827 709276	
Health & Safety Shared Service Board	Councillor S Doyle	Anica Goodwin Assistant Chief Executive 01827 709225	
Waste Management Shared Service Board	Councillor D Cook Councillor S Doyle	Andrew Barratt Deputy Director 01827 709453	
Tamworth Heritage Trust	Councillor A Lunn Councillor J Faulkner	Diane Wells dianekeenewells@hotmail.com	
South Staffordshire Water Customer Consultative Committee	Councillor C Cooke		

OUTSIDE BODY	APPOINTEES	CONTACT DETAILS OF BODY WHERE RELEVANT	MEMBERS INVOLVEMENT REQUIRED Y/N
Commissioning Board	Councillor R Kingstone Councillor J Oates Councillor A James Councillor J Faulkner Councillor M Clarke		
West Midlands Employers	Councillor M Thurgood.	s.phillips@wmemployers.org.uk	
Destination Tamworth	Councillor R Pritchard.		
Birmingham LTB	Councillor S Claymore (Substitute Councillor M Thurgood)	Katie Trout Katie.trout@birmingham.gov.uk	
Staffordshire Connects / CRM	Councillor J Oates	Tracy Yeoman	