

NON-CONFIDENTIAL



Borough of Tamworth

5 September 2016

Dear Councillor

You are hereby summoned to attend a **meeting of the Council of this Borough** to be held on **TUESDAY, 13TH SEPTEMBER, 2016** 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 previous meeting** (Pages 1 - 12)
- 3 To receive the Minutes of Extraordinary Council held on 19 July 2016**
(Pages 13 - 16)
- 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 To receive any announcements from the Mayor, Leader, Members of the Cabinet or the Chief Executive**
- 6 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

7 Annual Report on the Treasury Management Service and Actual Prudential Indicators 2015/16 (Pages 17 - 40)

(The Report of the Portfolio Holder for Assets and Finance)

8 Exclusion of the Press and Public

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

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

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

9 Review of CE Salary (Pages 41 - 88)

(The Report of the Leader of the Council)

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 24th MAY 2016

PRESENT: Councillors K Norchi (Chair), J Chesworth (Vice-Chair), R Bilcliff, S Claymore, D Cook, C Cooke, A Couchman, S Doyle, J Faulkner, R Ford, M Gant, J Goodall, S Goodall, M Greatorex, R Kingstone, A James, A Lunn, T Madge, J Oates, M Oates, S Peale, T Peale, R Pritchard, R Rogers, P Seekings, P Standen, M Summers, M Thurgood and P Thurgood

The following officers were present: Anthony E Goodwin (Chief Executive), John Wheatley (Executive Director Corporate Services), Andrew Barratt (Corporate Director Growth, Assets and Environment), Jane Hackett (Solicitor to the Council and Monitoring Officer), Natalie Missenden (Public Relations Officer) and Janice Clift (Democratic and Elections Officer)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor T Clements

2 MAYOR'S CADET

Tom Heard was inaugurated as the Mayor's Cadet for 2016/17

3 TO ELECT A MAYOR

Councillor K Norchi was elected as Mayor and proposed a vote of thanks to Councillor Maureen Gant's year as Mayor

(Moved by Councillor A Lunn and seconded by Councillor P Seekings)

4 TO ELECT A DEPUTY MAYOR

Councillor J Chesworth was elected as Deputy Mayor

(Moved by Councillor K Norchi and seconded by Councillor M Gant)

5 TO ELECT THE LEADER OF THE COUNCIL

Councillor D Cook was elected Leader of the Council

(Moved by Councillor A James and seconded by Councillor M Thurgood)

6 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

7 TO RECEIVE THE MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 15 March 2016 were approved and signed as a correct record.

(Moved by Councillor D Cook and seconded by Councillor S Peaple)

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

Announcement made by the Mayor Councillor K Norchi:-

I would like to say a few words to thank everybody. I would like to start with thanking my mother. Without my mom obviously I wouldn't be here. Mom has always been there if we ever needed anything and she always sorted things out. My father passed away some years ago now but I would like to thank all the family although there are too many to go through, close friends and friends who have been with me over the years and who have put much effort in. A lot of you sitting here may remember my late good friend Bob Sharpe. Shame Bob can't be with us here tonight. I wonder where I would be without Bob? He was a character and just a great man. I want to thank you all personally as well because no matter which side of the bench you sit on I think you are all great people. We have our disagreements about politics but as far as I'm concerned that's as far as it goes. It's the people out there that need help they need us to be working for them. Once again thinking of those people none of us would be sitting here. They need us. Obviously there are 1001 things to think of as Peter Seekings said earlier on. If it wasn't for Peter I would never have dreamed of becoming a Councillor. He took me to a Labour Party meeting and the rest is history now. I thank Peter very much. I won't go on for an hour and a half as I know you all want a drink and a bite to eat. I invite you all into the parlour and hope to speak to as many of you as I can. Thank you for your support.

Announcement made by the Leader of the Council Councillor D Cook:-

Sorry Mr Mayor with your indulgence we have a professional photographer here tonight that is going to take photographs of the new members. For many years I have toured other Council's around the country and every single Council seems to have a tradition that we don't have. As tonight as we have a photographer I would like to give it a go with everyone's indulgence at the end how about we get a photograph of all of the Councillors together at the Mayor Making with all the Councillors behind you? I would be grateful if everyone would be available for a photograph afterwards?

Announcement made by the Deputy Leader of the Council Councillor R Pritchard:-

Congratulations on your election to office. In the light of the Constitution to award former members of the Council or served more than 3 consecutive terms Aldermen status I have pleasure in presenting to the Council tonight a list of former such members of the Council. Can I thank Councillor A James for giving up lots of hours especially on a Saturday afternoon to go through the list and I also understand that members of the Opposition did so as well. They have done an equal amount of gofering! This list in addition to John Garner is to the best of our knowledge complete and so therefore I would like to move that the Council arrange a later date to decide to award the Aldermen status.

This was voted on an a unanimous decision was made to arrange a date for an Extraordinary Council meeting to be held

Announcement made by Councillor M Gant:-

Simon Peale mentioned John Wells earlier. This is just to say that I went to the Memorial Service and I had a lovely message off Diane Wells thanking me for the tribute paid to John on behalf of the Council and Ken and myself. It was very much appreciated and he had a really good send off.

Announcement made by the Mayor Councillor K Norchi:-

The Mayor invited Margaret Clarke and Marion Couchman forward to accept a Certificate for his appreciation for their services carried out whilst Councillors at Tamworth Borough Council.

9 QUESTION TIME:

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 1

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

“With the concerns over Lichfield planning to build a 1000 houses on the northern borders of Tamworth at Arkall Farm and the potential for North Warwickshire’s Meaningful Gap project that could see another 1500 homes built on our Eastern borders, what are the Leader of the Council’s plans to stop our town being throttled by neighbouring authorities that will see us gain nothing from these developments other than adding misery and stress to our already struggling infrastructure?”

Councillor D Cook gave the following reply:

I will try and take it in two parts, basically to the North and to the East, but first we must recall that the land available within Tamworth’s political boundary cannot meet our professionally calculated housing need until 2031 as demonstrated in the recently adopted local plan. Therefore we are reliant through duty to co-operate on LDC and NWBC to meet some of this need so we need to ensure we approach this correctly. Those two authorities need to go through due process to ensure that any development is suitably mitigated.

Officers following requests from Cllr Steve Claymore have already been playing hardball with colleagues in NWBC and it would appear that in NWBC's latest considerations for the next iteration of their plan include options for development away from Tamworth's borders. Already some areas of "Meaningless Gap" (no pun intended) have been removed from consideration after challenge by TBC officers.

We have already objected to the Lichfield Local Plan and the Arkall Farm development. As we know the BWB report demonstrated what was sustainable through the Gungate corridor traffic wise. The 500 plus at Anker Valley and the 165 at Browns lane have already moped up this capacity and any additional created by the Pinch Point works. Keep in mind that the report was commissioned and paid for by TBC, LDC and the County Council so we hope they will continue to support the findings.

Already Councillor John Chesworth and Councillor Rob Pritchard and delivering updates to residents and encouraging them to join the fight against the Arkall Farm development. Myself, Councillor Richard Kingstone, Councillor John Chesworth and Councillor Richard Pritchard are already engaged in a fight about who gets to go and object direct to Lichfield's planning committee should it reach them.

So to sum up, we need to work with NWBC to fully understand the "Meaningless Gap" intentions and how it affects Tamworth's infrastructure and residents. If it has negative impacts we will fight it tooth and nail. The Controlling Group, thus this Council is opposed to Arkall Farm completely and I don't see this changing in the near future. We will fight it as far as we can and hope to win.

We are continuing to meet with both authorities to encourage them to work with us to identify the most appropriate locations to deliver growth to meet Tamworth's needs.

From a personal perspective, and it will come as no surprise to those present, I am pro-house building. But it must be done legally, professionally and in the correct places. If it is not, we fight it.

Councillor T Madge asked the following supplementary question:-

"Does the leader of the council agree with me that the failings of our Local Plan has in fact created this mess by asking neighbouring authorities to build houses for Tamworth? They are naturally going to put them right on our borders and we can do little about it, we have created this awful scenario by creating a Local Plan based on greed not need?"

Councillor D Cook gave the following reply:-

A fundamental truth that those that have been Councillors will understand! Property developers can be the most ruthless business people you will ever come across in your life. They know the cost of a brick, a tap, a sink before they even go and look at a site. They are absolutely ruthless in their business calculations. I

can not wrap my head round that Councillor Madge believes property developers build houses round us that no one is going to buy. The world just simply doesn't work that way. They wouldn't build them if no one was going to buy them. So in answer to his question no I do not rubbish the hard work of the offices of Tamworth Borough Council.

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 2

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

“You informed the Council in December 2014 that you were reducing the size of your cabinet from 6 members to 5. The Cabinet it would seem has now gone back to 6 members, this will add a further £5,000 plus, to the cost that the council taxpayer of Tamworth will have to pay. Can you inform the Council the reasoning behind this increase?”

Councillor D Cook gave the following reply:-

Thank you Councillor Madge, I am happy to explain my thinking in Agenda item 10 on tonight's meeting. That is entirely the point of the item, for the newly elected Leader to set out his/her Cabinet, roles and responsibilities.

As there is a return to, NOT an addition, I will cover this at that point in the meeting.

Councillor T Madge asked the following supplementary question:-

“Why is it that for over 12 months we cope yet now we can't? Was this not a cost saving exercise that has failed which makes me consider how much credence we can place on the rest of your policies and plans?”

Councillor D Cook gave the following reply:-

Another demonstration of not understanding the agenda on this Council's table at the minute!

QUESTIONS FROM MEMBERS OF THE COUNCIL NO. 3

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

“Could the Leader of Tamworth Council clarify what he meant by his email reply to my Supplementary question on the 15th March 2016 with regards to the amount of land being laid aside for Tamworth's Flexi-care requirements for the elderly when he said “Tamworth will need to prepare harder than ever to ensure this demographic population shift is catered for correctly long term. I intend a large part of discussions for the preparation of the next local plan to focus on this aspect”.

Does this mean we will have to wait 15 years before anything is done to cater for this most urgent need?"

Councillor D Cook gave the following reply:-

Simple answer, No it does not.

Councillor R Bilcliff asked the following question:-

"Staffordshire County Council has already failed to meet the current needs for Flexi-care clearly highlighted in there Flexi-care Housing Strategy 2010-15 document. Planned increases for this type of housing here in Tamworth during the term of this local plan are woefully insufficient and in the case of Leasehold and Shared ownership actually non-existent. Does the Leader not agree that this is totally unacceptable and that it should be redressed immediately by laying aside land for partners willing to supply this need before this council fails to provide the right type of housing for the needs of Tamworth's elderly residents?"

Councillor D Cook gave the following reply:-

Councillor Bilcliff, congratulations on your election victory, strap yourself in for a big learning curve. We all went through it.

Infrastructure planning for a Town through Local Plans, Infrastructure Delivery Plans and many other means are complex and ever changing.

We will shortly start work on the next local plan that we re-calculate Housing numbers, retail, office space etc. We do not wait until 2031. We will begin budgetary discussions shortly to pay for the construction of the next plan.

Needs change, shopping habits change, population demographics can change. To fully tie us into a plan for the next 15 years would be pure madness. It needs to be fluid to allow for change.

Policy HG2 in adopted plan "The inclusion of Flexi-care schemes for older people should be considered as part of the development where feasible", so we can already consider the needs of older people based on existing policies.

We could potentially bring forward supplementary planning guidance to deal with this, although new evidence will be needed, but this can be done. We could review part of the plan early if needed – this would probably require us to review all of the housing policies and need new evidence – risk here is that the housing numbers may go up, wouldn't you be popular?

I stand by my point, in the next Local Plan (hopefully before the end of the decade) I will push for real focus on an elderly population.

I hope now you are elected you will start to understand exactly how Local Plan's function because I am concerned at present you do not correctly understand it or its function, don't panic because neither does your group leader

10 APPOINTMENT OF CABINET AND ALLOCATION OF RESPONSIBILITIES

The membership of Cabinet for 2016/17 was received and circulated at the meeting as follows:

REVISED CABINET PORTFOLIOS 2016/2018

Leader of the Council Cllr Daniel Cook	Assets and Finance Cllr Rob Pritchard (Deputy leader)
Portfolio	Portfolio
Corporate Assessments	Corporate Finance & Procurement
Engagement Overview	Audit & Governance
Financial Planning	Service Transformation
Performance Management	Customer Services, HR and ICT
Member Development	GF/HRA Commercial Property & Asset Management
Strategic Overview	Constitution
Strategic Partnerships	Treasury Management
Budget Consultation	Revenues & Benefits
Participatory Budgeting	Community Health & Safety
Tamworth Listens	Corporate Health and Safety
Reputation	PR and Coms Management (GF & HRA)
Organisational Capacity	Graphics and Publications
Corporate Consultation / Engagement (GF & HRA)	Town Centre Car Parks
Delivering Quality Services Overview	Council Tax and NNDR recovery
	Legal and Democratic Services
Communities Cllr Stephen Doyle	Regeneration Cllr Steve Claymore
Portfolio	Portfolio
Safer & Stronger Communities	Education / Educational Attainment
Community Safety, ASB Reduction & Crime	Career Skills and Training
Tackling Fear of Crime	Business Development
Integrated Enforcement / Clean Streets Enforcement	Town Centre Development
CCTV Management	Town Centre Economy / Enterprise Qtr.
Community Development and Locality Working	Development Management
Police and Crime Commissioner Engagement	Building Control
Civil Parking Enforcement	Town Centre Market Development
Third Sector Engagement	Planning
Voluntary Sector Engagement and Funding	Local Plan / Regeneration
Locality / Integrated Commissioning.	Southern Staffordshire Partnership (SSP)
CCG / PCT Engagement	LEP Board Member / Combined Authority
Healthier Communities / Lifestyles	Infrastructure / Transport / LTB
Community Wardens.	Gateways Project
Safeguarding Children & Vulnerable Adults	Housing Regeneration Projects
Child Protection / Every Child Matters Agenda	

Housing Services Cllr Michelle Thurgood	Environment and Culture Cllr Joy Goodall
Portfolio	Portfolio
Strategic Housing	Strategic Waste Management
Homelessness Prevention	Refuse Collection
Housing Advice	Recycling Services
Landlord Services / Council Housing	Waste Minimisation
Council Housing Stock Capacity	Joint Waste Board with LDC.
Private Rented Sector Housing	Staffordshire Joint Waste Management Board
HRA Neighbourhood Renewal	Cemeteries
Healthier Housing	Nature Reserves, Parks and Play
Public Sector Garages	Street Furniture Maintenance
HRA Business Planning	Streetscene
Tenant Engagement	Tamworth in Bloom
Decent Homes Standard	Licensing
Housing Repairs Service	Environmental Health
Service Charges	Sports Development and Leisure Services
RSL Engagement	Tourism/ Destination Tamworth
Decent & Affordable Housing Development	Outdoor Events
	Heritage Conservation / Promotion
	Culture and the Arts
	Services for Young People / Youth Council

11 APPOINTMENT OF COMMITTEES

The Constitution and Membership of Committees for 2016/17 was received and circulated at the meeting as follows:

CONSTITUTION OF COMMITTEES 2016 – 2017

CABINET

Councillors	D Cook	Leader of the Council
	R Pritchard	Deputy Leader of the Council and Portfolio Holder for Assets and Finance
	S Claymore	Portfolio Holder for Regeneration
	S Doyle	Portfolio Holder for Communities and Wellbeing
	J Goodall	Portfolio Holder for Environment and Culture
	M Thurgood	Portfolio Holder for Housing Services

CABINET (GRANTS) SUB

Councillors	S Claymore
	S Doyle
	R Pritchard

APPOINTMENTS AND STAFFING COMMITTEE

Councillors D Cook
 S People
 T People
 R Pritchard
 M Thurgood

AUDIT AND GOVERNANCE COMMITTEE

Councillors J Chesworth
 C Cooke
 J Faulkner
 M Gant
 R Kingstone
 J Oates
 M Summers

PLANNING COMMITTEE

Councillors J Chesworth
 S Claymore
 J Goodall
 S Goodall
 M Greatorex
 T Madge
 K Norchi
 J Oates
 M Oates
 T People
 P Standen
 M Summers
 P Thurgood

LICENSING COMMITTEE

Councillors R Bilcliff
 T Clements
 A Couchman
 S Doyle
 R Ford
 M Gant
 J Goodall
 A James
 A Lunn
 M Oates
 R Rogers
 P Seekings
 P Standen

NOMINATIONS COMMITTEE

Councillors T Clements
 D Cook
 M Greatorex
 R Kingstone
 T Madge
 T People
 P Seekings

ASPIRE AND PROSPER SCRUTINY COMMITTEE

Councillors R Bilcliff
 J Chesworth
 R Ford
 S Goodall
 R Kingstone
 S People
 R Rogers
 P Standen
 P Thurgood

HEALTHIER AND SAFER SCRUTINY COMMITTEE

Councillors T Clements
 C Cooke
 A Couchman
 J Faulkner
 M Gant
 S Goodall
 M Greatorex
 A James
 J Oates
 M Summers

CHIEF OFFICER CONDUCT COMMITTEE

Councillors A James
 A Lunn
 T Madge
 S People
 M Thurgood

STATUTORY OFFICER CONDUCT COMMITTEE

Councillors R Bilcliff
 A James
 A Lunn
 S People
 M Thurgood

12 THE LOCAL AUTHORITIES (EXECUTIVE ARRANGEMENTS) (MEETINGS AND ACCESS TO INFORMATION) RULES 2012

The Report of the Leader of the Council to advise Members of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012 specify and require *inter alia* under Regulation 19 that the executive leader must submit a report on a regular basis to Council containing details of particulars of each urgent executive decision and a summary of the matters in respect of which the decision was made was considered

RESOLVED: That Members endorsed the Annual Executive Arrangements Report.

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

13 REVIEW OF THE CONSTITUTION AND SCHEME OF DELEGATION

The Report of the Leader of the Council and the Solicitor to the Council and Monitoring Officer seeking to obtain Council's comments, endorsement and approval of the Constitution and Scheme of Delegation as required by legislation was considered.

RESOLVED: That Council adopted and approved the changes to the Constitution and Scheme of Delegation;

endorsed the changes to the then reviewed Constitution and Scheme of Delegation; and

referred the reviewed Constitution and Scheme of Delegation to Audit and Governance Committee for consideration and overview.

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

14 REGULATION OF MEMBERS CONDUCT

The Report of the Solicitor to the Council and Monitoring Officer to advise Members on the number of complaints received for the period 01 May 2015 until 30 April 2016 in relation to alleged breaches of the Code of Conduct arising from implementation of Part 1 Chapter 7 of the Localism Act 2011 which introduced provisions to assist with the regulation of standards of conduct for elected and co-opted Councillors was considered.

RESOLVED: That Members endorsed the findings of the contents of the report.

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

15 CALENDAR OF MEETINGS

The Calendar of Meetings for 2016/17 was received and circulated at the meeting

RESOLVED That Members accept the Calendar of Meetings for
2016/17

*(Moved by Councillor D Cook and seconded by
Councillor S Peuple)*

The Mayor



MINUTES OF A MEETING OF THE EXTRAORDINARY COUNCIL HELD ON 19th JULY 2016

PRESENT: Councillors K Norchi (Chair) J Chesworth, R Bilcliff, S Claymore, T Clements, D Cook, C Cooke, A Couchman, S Doyle, R Ford, M Gant, J Goodall, S Goodall, M Greatorex, R Kingstone, A Lunn, A James, T Madge, J Oates, M Oates, S People, T People, R Pritchard, R Rogers, P Seekings, P Standen, M Summers, M Thurgood and P Thurgood

The following officers were present: Anthony E Goodwin (Chief Executive), Jane Hackett (Solicitor to the Council and Monitoring Officer), Natalie Missenden (Public Relations Officer) and Janice Clift (Democratic and Elections Officer)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor J Faulkner

2 DECLARATIONS OF INTEREST

Councillor J Chesworth declared a Personal Interest in Item 3 of the agenda, his father Peter Chesworth being a nominee for Alderman. Accordingly he left the chamber during consideration of the following item

3 ALDERMAN NOMINATION - PETER CHESWORTH

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to Peter Chesworth

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

A motion was passed to deal with Agenda Items 4 – 15 altogether

(Moved by Councillor D Cook and seconded by Councillor S People)

4 ALDERWOMAN NOMINATION - MARGARET CLARKE

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of her services admit the title of Alderwoman of the Borough to Margaret Clarke

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

5 ALDERWOMAN NOMINATION - IRENE DAVIES

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of her services admit the title of Alderwoman of the Borough to Irene Davies

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

6 ALDERMAN NOMINATION - EAMONN FITZSIMMONS

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to Eamonn Fitzsimmons

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

7 ALDERMAN NOMINATION - JOHN GARNER

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to John Garner

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

8 ALDERMAN NOMINATION - TONY HILL

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his

services admit the title of Alderman of the Borough to Tony Hill

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

9 ALDERWOMAN NOMINATION - JOAN JENKINS

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of her services admit the title of Alderwoman of the Borough to Joan Jenkins

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

10 ALDERMAN NOMINATION - GERALD LATHAM

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to Gerald Latham

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

11 ALDERMAN NOMINATION - KEN LEWIS

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to Ken Lewis

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

12 ALDERMAN NOMINATION - IAN MARSHALL

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to Ian Marshall

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

13 ALDERMAN NOMINATION - DEREK OWEN

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to Derek Owen

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

14 ALDERWOMAN NOMINATION - EVELYN ROWE

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of her services admit the title of Alderwoman of the Borough to Evelyn Rowe

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

15 ALDERMAN NOMINATION - TONY WHITEFOOT

RESOLVED: That pursuant to Section 249(5) of the Local Government Act 1972 the Council in recognition of his services admit the title of Alderman of the Borough to Tony Whitefoot

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

The Mayor

13 SEPTEMBER 2016

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE**ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2015/16****PURPOSE**

The Annual Treasury report is a requirement of the Council's reporting procedures. It covers the Treasury activity for 2015/16, and the actual Prudential Indicators for 2015/16.

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

RECOMMENDATIONS

That Council;

- 1. Approve the actual 2015/16 Prudential Indicators within the report and shown at Appendix 1;**
- 2. Accept the Treasury Management Stewardship Report for 2015/16;**
- 3. Approve an increase in the current counterparty limits as identified at item 12 within this report.**

EXECUTIVE SUMMARY

This report covers Treasury operations for the year ended 31st March 2016 and summarises:

- the Council's Treasury position as at 31st March 2016;
- Performance Measurement.

The key points raised for 2015/16 are;

1. The Council's Capital Expenditure and Financing 2015/16
2. The Council's Overall Borrowing Need
3. Treasury Position as at 31st March 2016
4. The Strategy for 2015/16
5. The Economy and Interest Rates
6. Borrowing Rates in 2015/16
7. Borrowing Outturn for 2015/16
8. Investment Rates in 2015/16
9. Investment Outturn for 2015/16
10. Performance Measurement
11. Icelandic Bank Defaults.
12. Increase in Counterparty Investment Limits

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 £44.4m and achieved an average return of 0.68% (budgeted at £20.56m and an average return of 1.25%).

These results compare favourably with the Council's own Benchmarks of the average 7 day and the 3 month LIBID rates for 2015/16 of 0.36% and 0.46% respectively, and is not significantly different from the CIPFA Treasury Benchmarking Club (45 LA members) average rate of 0.81%. 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 in year to 4.38% (4.47% for 2014/15);
- The Treasury Management Function has achieved an outturn investment income of £293k compared to a budget of £260k. The additional revenue attained was as a result of higher levels of funds being available for investment, due to underspends/slippage on the revenue and capital programmes but tempered by the continuing subdued market interest rates.

During 2015/16 the Council complied with its legislative and regulatory requirements.

The Executive Director Corporate Services confirms that there was no overall increase in borrowing within the year and the Authorised Limit was not breached. £3m borrowing was undertaken during the year to replace maturing loans.

At 31st March 2016, the Council's external debt was £65.060m (£65.060m at 31st March 2015) and its external investments totalled £39.715m (£32.353m at 31st March 2015) – including interest credited. This excludes £1.323m Icelandic Banking sector deposits (plus accrued interest at claim date) that was 'At Risk' at the year end (£1.299m at the 31st March 2015).

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 Capita Asset Services, 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 Stefan Garner, telephone 01827 709242 or email stefan-garner@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

- Local Government Act 2003;
- Statutory Instruments: 2003 No 3146 & 2007 No 573;
- CIPFA Code of Practice on Treasury Management in Public Services;
- Treasury Management Strategy & Prudential Indicators (Council 24th February 2015);
- Treasury Management Mid-Year Review 2015/16 (Council 15th December 2015);
- Treasury Outturn Report 2014/15 (Council 15th September 2015);
- CIPFA Treasury Benchmarking Club Report 2015.
- Treasury Management Strategy 2016/17 (Council 23rd February 2016)

APPENDICES

Appendix 1 – Prudential and Treasury Indicators

Appendix 2 – Investment Performance Graph (CIPFA)

Appendix 3 – Borrowing and Investment Rates

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. 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 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24th February 2015)
- a mid-year (minimum) treasury update report (Council 15th December 2015)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

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

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

This Council also confirms that it has complied with the requirement under the Code to give scrutiny to all of the above Treasury Management Reports by the Audit and Governance Committee. Member training on Treasury Management issues was most recently undertaken in October 2015, but will also be provided as and when required in order to support members' scrutiny role.

During 2015/16, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential & Treasury Indicators	2014/15 Actual £m	2015/16 Estimate £m	2015/16 Actual £m
Capital Expenditure			
Non HRA	0.581	1.901	0.631
HRA	4.972	10.430	5.511
Total	5.553	12.331	6.142
Capital Financing Requirement			
Non HRA	1.242	1.973	1.001
HRA	68.041	68.017	68.041
Total	69.283	69.990	69.042
Gross Borrowing			
External Debt	65.060	66.060	65.060
Investments			
Less than 1 year	32.353	21.092	39.715
Total	32.353	21.092	39.715
Net Borrowing	32.707	44.968	25.345

Other prudential and treasury indicators are to be found in the main body of this report. The Executive Director Corporate Services confirms that there was no overall increase in borrowing in year and the statutory borrowing limit (the authorised limit) was not breached.

The financial year 2015/16 continued the challenging investment environment of previous years, namely low investment returns.

1. The Council's Capital Expenditure and Financing 2015/16

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

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

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

General Fund	2014/15 Actual £m	2015/16 Estimate £m	2015/16 Actual £m
Capital expenditure	0.581	1.901	0.631
Financed in year	0.581	0.901	0.631
Unfinanced capital expenditure	-	1.000	-
HRA	2015/16 Actual £m	2015/16 Estimate £m	2015/16 Actual £m
Capital expenditure	4.972	10.430	5.511
Financed in year	4.972	10.430	5.511
Unfinanced capital expenditure	-	-	-

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2015/16 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

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

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

The total CFR can also be reduced by:

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

The Council's 2015/16 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2015/16 on 24th February 2015.

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

CFR: General Fund	31st March 2015 Actual £m	31st March 2016 Budget £m	31st March 2016 Actual £m
Opening balance	1.312	1.242	1.242
Add unfinanced capital expenditure (as above)	-	1.000	-
Less MRP/VRP	(0.070)	(0.269)	(0.241)*
Closing balance	1.242	1.973	1.001

- As a result of indications that there would probably be little or no further distributions from the Administrators of the Icelandic Banks, the Council made an additional Voluntary Revenue Provision (VRP) in year of £171k to reduce the original Capitalisation of our potential loss.

CFR: HRA	31st March 2015 Actual £m	31st March 2016 Budget £m	31st March 2016 Actual £m
Opening balance	68.041	68.029	68.041
Add unfinanced capital expenditure (as above)	-	-	-
Less MRP/VRP	-	(0.012)	-
Less PFI & finance lease repayments	-	-	-
Closing balance	68.041	68.017	68.041

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

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015/16) plus the estimates of any additional capital financing requirement for the current (2016/17) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Gross borrowing and the CFR	31st March 2015 Actual £m	31st March 2016 Budget £m	31st March 2016 Actual £m
Gross borrowing position	65.060	66.060	65.060
CFR	69.283	69.990	69.042

The Authorised Limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2015/16 the Council has maintained gross borrowing within its authorised limit.

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

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

General Fund	2015/16 £m
Authorised limit	12.705
Maximum gross borrowing position	-
Operational boundary	1.386
Average gross borrowing position	-
Financing costs as a proportion of net revenue stream %	0.04%

HRA	2015/16 £m
Authorised limit	79.407
Maximum gross borrowing position	65.060
Operational boundary	71.882
Average gross borrowing position	64.541
Financing costs as a proportion of net revenue stream %	25.04%

3. Treasury Position as at 31 March 2016

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2015/16 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

General Fund	31st March 2015 Principal £m	Rate/Return %	Average Life yrs	31st March 2016 Principal £m	Rate/Return %	Average Life yrs
Fixed rate funding:						
-PWLB	-	-	-	-	-	-
-Market	-	-	-	-	-	-
Variable rate funding:						
-PWLB	-	-	-	-	-	-
-Market	-	-	-	-	-	-
Total debt	-	-	-	-	-	-
CFR	1.24	-	-	1.00	-	-
Over / (under) borrowing	(1.24)	-	-	(1.00)	-	-
Investments:						
- in house	18.69	0.56	-	20.11	0.68	-
Total investments	18.69	0.56	-	20.11	0.68	-

HRA	31st March 2015 Principal £m	Rate/Return %	Average Life yrs	31st March 2016 Principal £m	Rate/Return %	Average Life yrs
Fixed rate funding:						
-PWLB	65.06	4.47	34.43	65.06	4.29	37.09
-Market	-	-	-	-	-	-
Variable rate funding:						
-PWLB	-	-	-	-	-	-
-Market	-	-	-	-	-	-
Total debt	65.06	4.47	34.43	65.06	4.29	37.09
CFR	68.04	-	-	68.04	-	-
Over / (under) borrowing	(2.98)	-	-	(2.98)	-	-
Investments:						
- in house	13.66	0.56	-	19.61	0.68	-
Total investments	13.66	0.56	-	19.61	0.68	-

Maturity Structures

Debt - The maturity structure of the debt portfolio was as follows:

Debt Period	31st March 2015 Actual £m	2015/16 original limits %	31st March 2016 Actual £m
Under 12 months	3.00	20	2.00
12 months and within 24 months	2.00	20	-
24 months and within 5 years	-	25	-
5 years and within 10 years	-	75	-
10 years and within 20 years	3.00	100	3.00
20 years and within 30 years	2.00		2.00
30 years and within 40 years	15.00		21.20
40 years and within 50 years	40.06		36.86

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

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

Rate Type	31st March 2015 Actual	2015/16 Original Limits	31st March 2016 Actual
Fixed rate - principal	32.706	53.515	25.345
Variable rate - interest	-	6.556	-

4. The Strategy for 2015/16

The expectation for interest rates within the treasury management strategy for 2015/16 anticipated low but rising Bank Rate, (starting in quarter 1 of 2016), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

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

The actual movement in gilt yields meant that the general trend in PWLB rates during 2015/16 was an increase in rates during the first quarter followed by marked bouts of sharp volatility since July 2015 but with an overall dominant trend for rates to fall to historically low levels by the end of the year.

5. The Economy and Interest Rates

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly

been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015, eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.

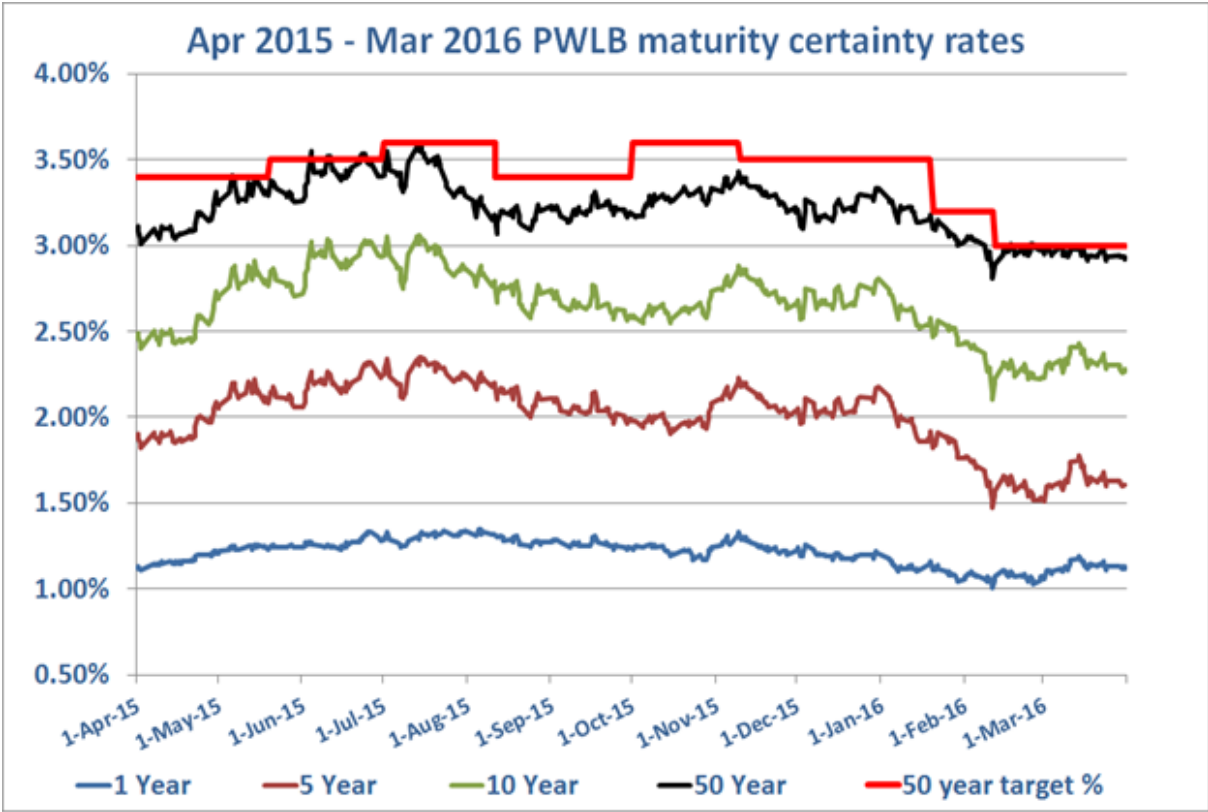
As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament. The impact of the referendum exit vote is broadly negative for the UK's banking sector and the real economy and as such the UK now faces a very different situation, which will only evolve over time.

6. Borrowing Rates in 2015/16

PWLB certainty maturity borrowing rates - the graphs and table for PWLB rates below and in **Appendix 3**, show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



7. Borrowing Outturn for 2015/16

Treasury Borrowing

£3m borrowing was undertaken during the year to replace maturing loans. No additional borrowing was undertaken due to investment concerns, both counterparty risk and low investment returns.

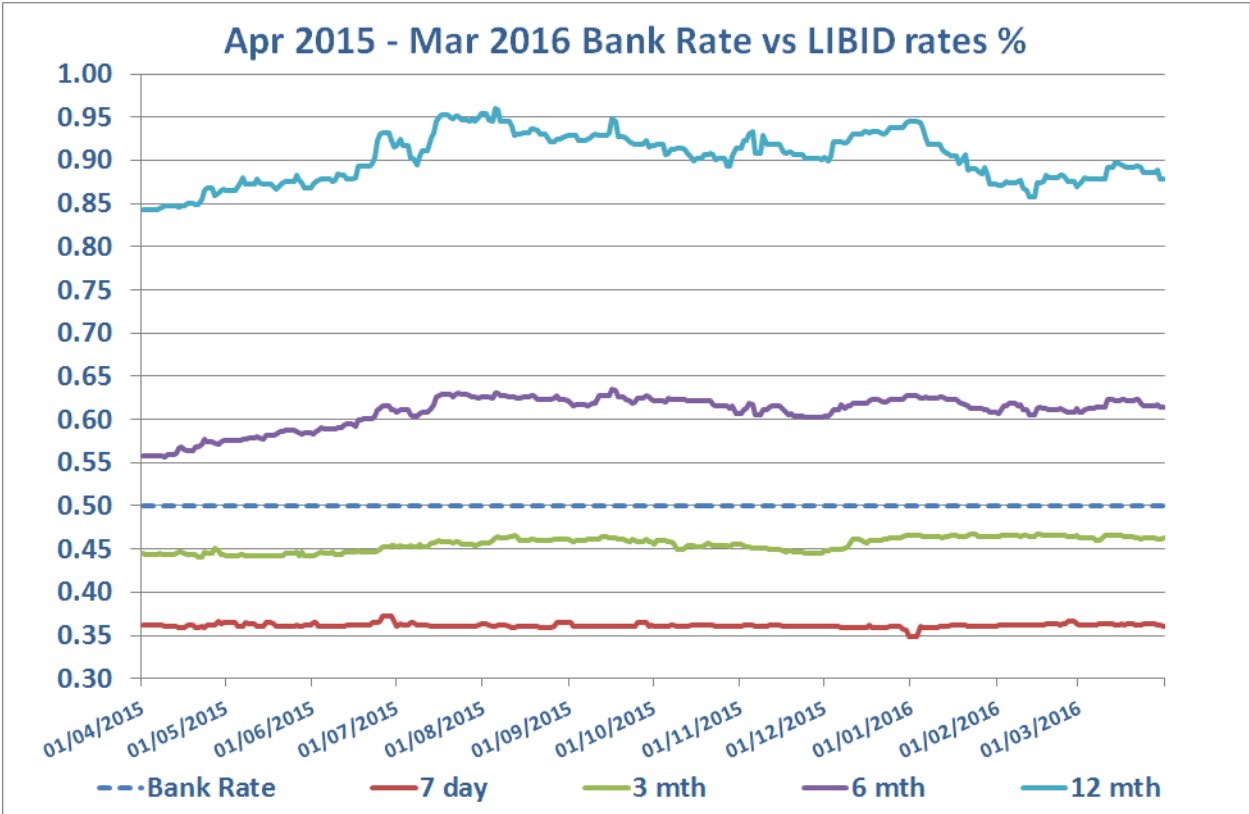
Rescheduling

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 2015/16

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.

The result of the 'Exit' referendum has dramatically changed the outlook uncertainty with a possible bank rate reduction and further quantitative easing being proposed. The situation may become clearer as events evolve on both political and economic scenes.



9. Investment Outturn for 2015/16

Investment Policy – the Council’s investment policy is governed by CLG guidance, which was been implemented in the annual investment strategy approved by the Council on 24th February 2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. However, on two occasions during the year, the approved maximum limit held in the Council’s bank account (£1m) was exceeded, due to processing problems with outgoing payments on the first occasion, and an investment was not processed due to early closure of a dealing portal for the New Year bank holiday period. These issues were corrected as soon as possible.

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

Balance Sheet Resources General Fund (£m)	31 st March 2015	31 st March 2016
Balances	4.912	6.680
Earmarked Reserves	5.919	5.960
Provisions	1.679	1.812
Usable Capital Receipts	0.812	1.369
Capital Grants Unapplied	0.048	0.048
Total	13.370	15.869

Balance Sheet Resources HRA (£m)	31 st March 2015	31 st March 2016
Balances	5.957	4.724
Earmarked Reserves	8.157	12.746
Provisions	-	-
Usable Capital Receipts	3.086	3.863
Total	17.200	21.333

Total Authority Resources	30.570	37.202
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10. Performance Measurement

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

This service had set the following local performance indicator:

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

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

The actual return of 0.68% compared to the average 3 month LIBID of 0.46% (0.22% 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 (45 participating Authorities). Our average return for the year (as mentioned above) was 0.68% compared to the group average of 0.81% (information from CIPFA Benchmarking Draft Report 2015/16) 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
Fixed investments up to 30 days Managed in-house	-	1.3	-	0.41
Fixed investments 31 to 90 days Managed in-house	-	3.5	-	0.50
Fixed investments 91 to 365 days Managed in-house	26.5	53.8	0.76	0.74
Fixed investments between 1 year and 5 year Managed in-house	0.5	19.9	1.00	1.64
Notice Accounts	3.6	20.6	0.76	0.57
DMADF	-	3.5	-	0.25
CD's Gilts and Bonds	2.7	29.1	0.83	0.93
Callable and Structured Deposits	-	29.3	-	2.88
Money Market Funds Constant NAV	11.1	26.7	0.43	0.47
Money Market Funds Variable NAV	-	17.9	-	0.65
All Investments Managed in-house (excluding impaired investments)	44.4	126.0	0.68	0.77
Externally Managed Funds	-	32.1	-	2.41
All Investments (excluding impaired investments)	44.4	130.7	0.68	0.81

Graphs showing a summary of the Authority's investment performance over the year can be found at **Appendix 2**.

11. Icelandic Bank Defaults

The U.K. Government, Local Government Association, administrators and other agencies have continued to work throughout 2015/16 in recovering assets and co-ordinating repayments to all UK councils with Icelandic investments.

Heritable Bank plc - Repayments received up to the 31st March 2016 amount to approximately 98% of our claim. The Administrators are currently retaining a reserve to cover final Administrators' costs until closure of the administration of an outstanding legal case. This may allow for a further small distribution once resolved.

Kaupthing, Singer and Friedlander Ltd - The administrators made a further small dividend payment during the financial year, bringing the current recovery level up to 83.75%. Further potential payments and updates are anticipated during 2016/17 and 2017/18.

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 still continuing for their early release.

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

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

Bank	Original Deposit	Accrued Interest	Total Claim	Exchange Rate/Escrow Adjustments	Repayments Received @ 31/03/2016	Balance Outstanding	Anticipated Recovery
	£'m	£'m	£'m	£'m	£'m	£'m	%
Glitnir	3.000	0.232	3.232	0.099	2.554	0.777	100.00
Kaupthing Singer & Freelandar	3.000	0.175	3.175	0.000	2.659	0.516	85.50 - 86.50
Heritable	1.500	0.005	1.505	0.000	1.475	0.030	98.00 -100.00
Totals	7.500	0.412	7.912	0.099	6.688	1.323	-

12. Increase in Counterparty Investment Limits

As a result of the sale of the former Golf Course land, the Council has received an initial capital receipt payment from the developers and further significant receipts are due to be received, phased over the next few years.

At the end of June 2016, the Council's investment portfolio stood at £39.6m with investment levels with the majority of our approved counterparties being at, or close to the maximum approved under our current Treasury Strategy Statement.

It is considered prudent to review our lending limits for Specified Investments* at this early stage and increase them now, to provide flexibility for easier investment of these additional funds as and when they are received.

Our Treasury Management consultants Capita Asset Services, 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 current limits of up to £7m with individual institutions, equates to a portfolio level of approximately £35m. As mentioned above, our current portfolio stood at £39.6m at the end of June with an average level invested over the first three months equating to £44.1m this would result in a limit of £8m, which is in line with the proposal mentioned below.

Members are asked to approve an increase in our lending limits as follows;

Specified Investments*	Criteria	Current Limit	Proposed Limit
UK Government/ Debt Management Agency Deposit Facility	Defined by Regulation UK Treasury (AA+)	£7m	£8m
Term deposits – Local Authorities	Defined by Regulation (Sec 23 of the 2003 act)	£7m	£8m
Treasury Bills	Defined by Regulation UK Treasury (AA+)	£7m	£8m
Term Deposits, Callable Deposits, including Certificates of Deposits – Banks and Building Societies	In accordance with Capita Asset Services' Creditworthiness Service up to 'Orange' or 'Blue'	£7m individual institutions £10m Group limit	£8m individual institutions £12m Group limit
Pooled investment vehicles (OEIC's, MMF's etc)	AAA (Moody's MR1, Fitch MMF and S&P M).	£7m	£8m
Banks and Building Societies – Forward deals up to 1 year from arrangement to maturity	In accordance with Capita Asset Services Creditworthiness Service up to 'Orange' or 'Blue'	£7m	£8m

*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.

APPENDIX 1

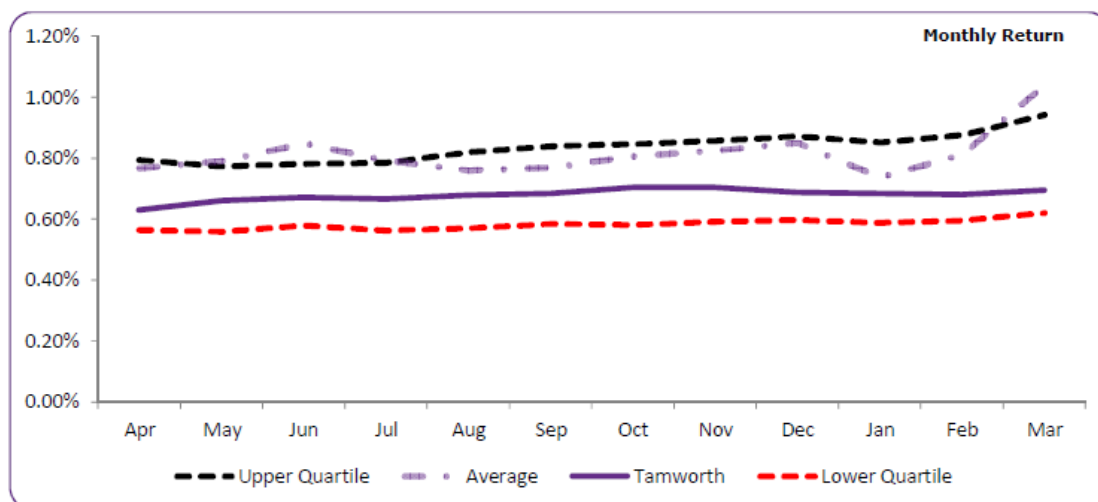
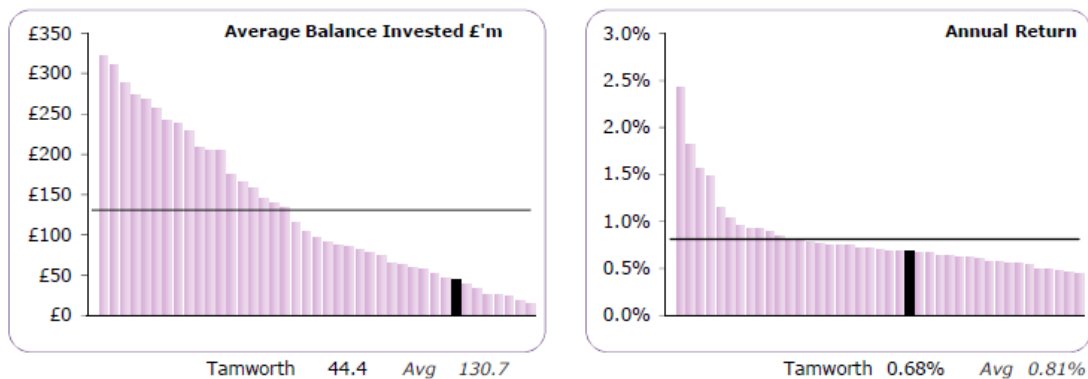
1. PRUDENTIAL INDICATORS	2014/15	2015/16	2015/16
Extract from budget and rent setting report	Actual	Original	Actual
Capital Expenditure	£m	£m	£m
Non - HRA	0.581	1.901	0.631
HRA	4.972	10.430	5.511
TOTAL	5.553	12.331	6.142
Ratio of financing costs to net revenue stream	%	%	%
Non - HRA	(1.19)	1.39	0.04
HRA	22.55	35.67	25.04
Gross borrowing requirement General Fund	£m	£m	£m
brought forward 1 April	0.000	0.000	0.000
carried forward 31 March	0.000	1.000	0.000
in year borrowing requirement	0.000	1.000	0.000
Gross borrowing requirement HRA	£m	£m	£m
brought forward 1 April	65.060	65.060	65.060
carried forward 31 March	65.060	65.060	65.060
in year borrowing requirement	-	-	-
	£m	£m	£m
Gross debt	65.060	66.060	65.060
Capital Financing Requirement	£m	£m	£m
Non – HRA	1.242	1.973	1.001
HRA	68.041	68.017	68.041
TOTAL	69.283	69.990	69.042
Annual change in Capital Financing Requirement	£m	£m	£m
Non – HRA	(0.070)	0.731	(0.241)
HRA	-	(0.012)	-
TOTAL	(0.070)	0.719	(0.241)
Incremental impact of capital investment decisions	£ p	£ p	£ p
Increase in council tax (band D) per annum	0.16	(0.36)	(0.36)
Increase in average housing rent per week	(0.04)	(0.01)	(0.01)

2. TREASURY MANAGEMENT INDICATORS	2014/15	2015/16	2015/16
	Actual	Original	Actual
	£m	£m	£m
Authorised Limit for external debt - General Fund			
borrowing	9.705	9.705	9.705
other long term liabilities	3.000	3.000	3.000
TOTAL	12.705	12.705	12.705
Authorised Limit for external debt - HRA			
borrowing	79.407	79.407	79.407
TOTAL	79.407	79.407	79.407
Operational Boundary for external debt - General Fund	£m	£m	£m
borrowing	1.367	1.386	1.386
TOTAL	1.367	1.386	1.386
Operational Boundary for external debt - HRA	£m	£m	£m
borrowing	70.901	71.882	71.882
TOTAL	70.901	71.882	71.882
Actual external debt	£m	£m	£m
	65.060	66.060	65.060
Maximum HRA debt limit	£m	£m	£m
	79.407	79.407	79.407
Interest Rate Exposure (Upper Limit)*	£m	£m	£m
Limits on Fixed Interest Rates based on net debt	49.712	53.515	39.526
Limits on Variable Interest Rates based on net debt	6.506	6.556	6.454
Limits on Fixed Interest Rates:			
Debt only	65.060	65.563	64.541
Investments only	25.580	20.558	41.693
Limits on Variable Interest Rates:			
Debt only	6.506	6.556	6.454
Investments only	10.232	8.223	16.677
Upper limit for total principal sums invested for over 364 days (per maturity date)	2.500	2.000	2.000

* Original limits set in the Treasury Management Strategy Statements. There has been no requirement for revision.

Investment Performance

COMBINED INVESTMENTS (excluding impaired investments)

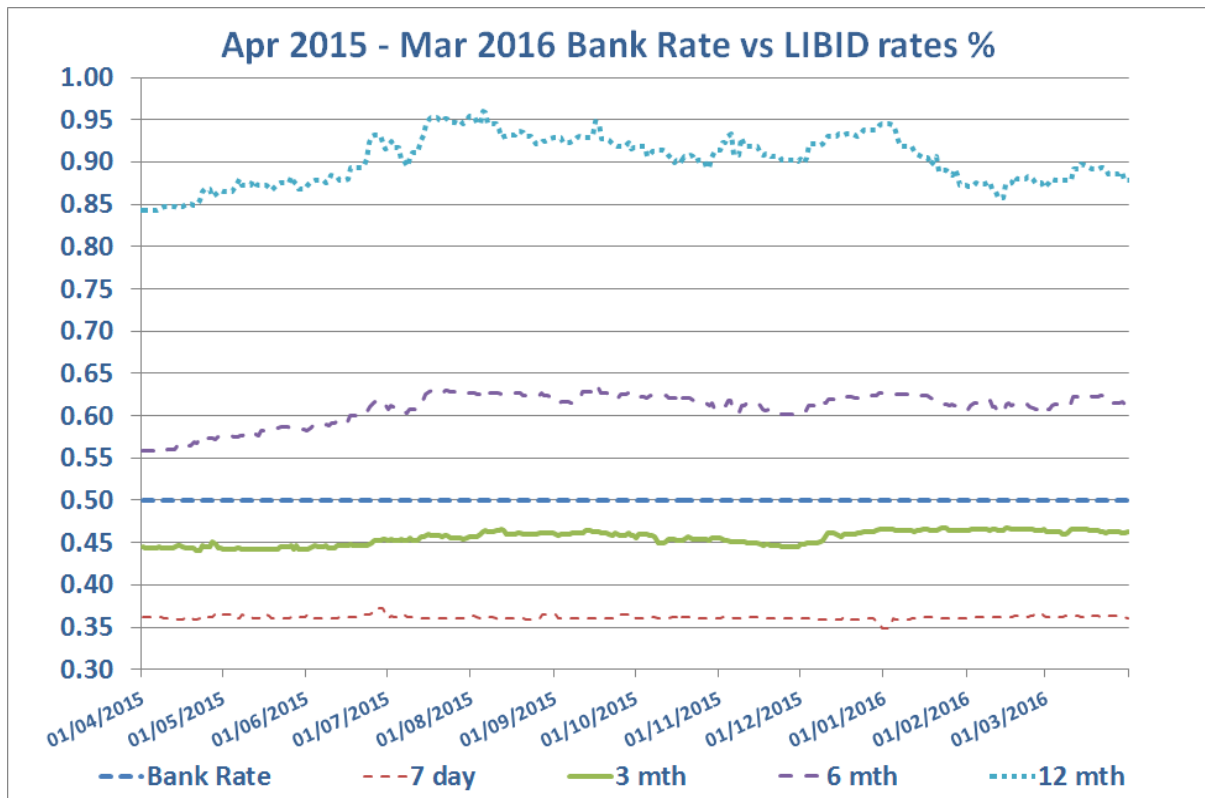


Monthly Return (April 15 - March 16)													
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Year
Av Bal £'m	37.71	39.21	42.77	44.07	45.06	45.90	44.51	43.96	47.94	49.32	48.35	44.14	44.41
Earned £'k	19.5	22.0	23.6	24.9	26.0	25.8	26.6	25.5	28.0	28.6	26.1	26.1	302.7
Upper Quartile	0.79%	0.77%	0.78%	0.79%	0.82%	0.84%	0.85%	0.86%	0.87%	0.85%	0.88%	0.94%	0.87%
Average	0.77%	0.79%	0.85%	0.79%	0.76%	0.77%	0.81%	0.82%	0.85%	0.74%	0.81%	1.04%	0.81%
% Return	0.63%	0.66%	0.67%	0.67%	0.68%	0.68%	0.70%	0.70%	0.69%	0.68%	0.68%	0.70%	0.68%
Lower Quartile	0.57%	0.56%	0.58%	0.56%	0.57%	0.58%	0.58%	0.59%	0.60%	0.59%	0.60%	0.62%	0.59%
% Diff from Av	-0.14%	-0.13%	-0.18%	-0.13%	-0.08%	-0.09%	-0.10%	-0.12%	-0.16%	-0.05%	-0.13%	-0.34%	

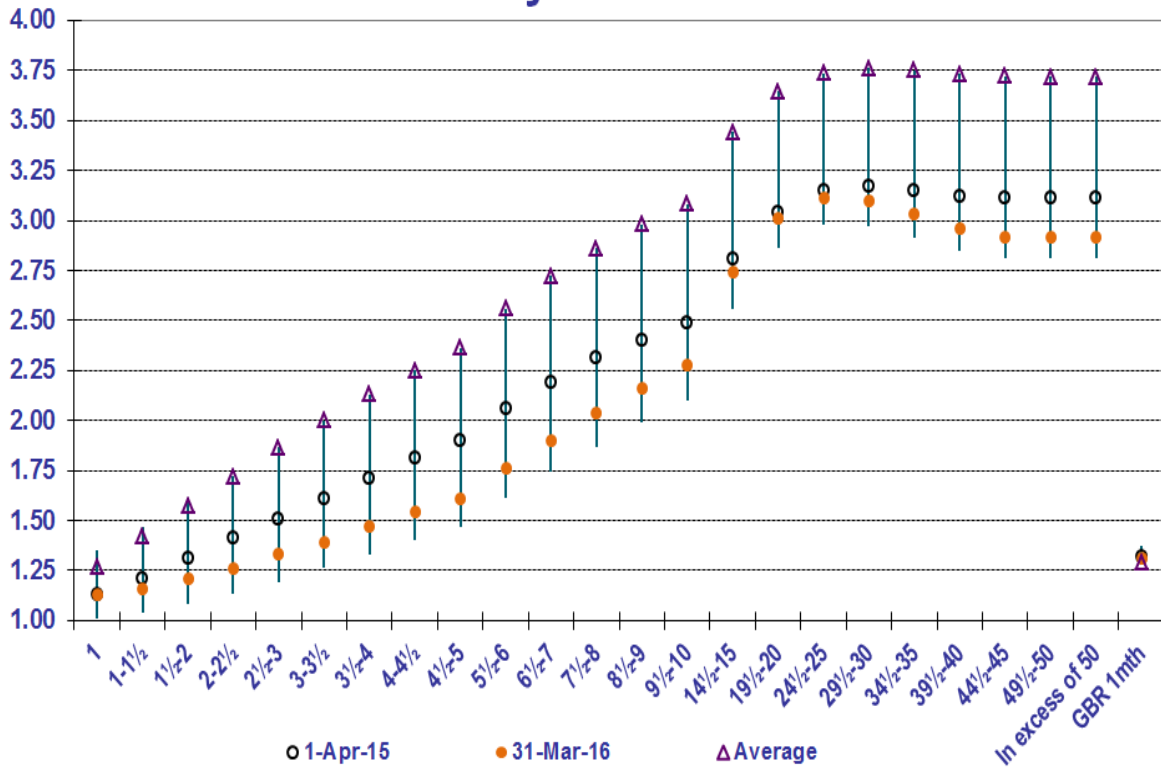
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Borrowing and Investment Rates

Money market investment rates 2015/16					
	7 day	1 month	3 month	6 month	1 year
1/4/15	0.361	0.381	0.445	0.559	0.843
31/3/16	0.361	0.386	0.463	0.615	0.878
High	0.372	0.389	0.468	0.635	0.959
Low	0.349	0.377	0.441	0.557	0.842
Average	0.361	0.383	0.456	0.609	0.902
Spread	0.023	0.012	0.027	0.078	0.117
High date	26/6/15	3/11/15	15/2/16	16/9/15	5/8/15
Low date	31/12/15	16/4/15	22/4/15	9/4/15	2/4/15



PWLB certainty rate variations in 2015-16



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/15	1.130%	1.210%	1.510%	1.710%	1.900%	2.490%	3.150%	3.110%	1.320%
31/3/16	1.130%	1.160%	1.330%	1.470%	1.610%	2.280%	3.110%	2.920%	1.310%
High	1.350%	1.470%	1.860%	2.120%	2.350%	3.060%	3.660%	3.580%	1.370%
Low	1.010%	1.040%	1.190%	1.330%	1.470%	2.100%	2.980%	2.810%	1.310%
Average	1.212%	1.302%	1.608%	1.814%	2.004%	2.653%	3.348%	3.216%	1.336%
Spread	0.340%	0.430%	0.670%	0.790%	0.880%	0.960%	0.680%	0.770%	0.060%
High date	05/08/2015	06/08/2015	02/07/2015	15/07/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015	30/10/2015
Low date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	21/03/2016

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/15	1.13%	1.90%	2.49%	3.15%	3.11%
31/3/16	1.13%	1.61%	2.28%	3.11%	2.92%
Low	1.01%	1.47%	2.10%	2.98%	2.81%
Date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016
High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.21%	2.00%	2.65%	3.35%	3.22%

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