N0N-CONFIDENTIAL

BOROUGH OF TAMWORTH

CABINET

20 July 2016

A meeting of the CABINET will be held on Thursday, 28th July, 2016, 6.00 pm in Committee Room 1 - Marmion House

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A G E N D A

NON CONFIDENTIAL

1 **Apologies for Absence**

2 **Minutes of the Previous Meeting** (Pages 1 - 6)

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 **Question Time:**

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

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

None

6 **Budget and Medium Term Financial Planning Process 2017/18** (Pages 7 - 20)

(The Report of the Leader of the Council)

7 **Annual Report on the Treasury Management Service and Actual Prudential Indicators 2015/16** (Pages 21 - 44)

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

8 **Write Offs 01/04/16 - 30/06/16** (Pages 45 - 52)
(The Report of the Portfolio Holder for Assets and Finance)

9 **Arkall Farm Planning Consultation** (To Follow)
(The Report of the Portfolio Holder for Regeneration)

10 **Mobile Homes Fees and Charging Policy** (Pages 53 - 70)
(The Report of the Portfolio Holder for Housing Services)

Yours faithfully

Chief Executive

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

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

MINUTES OF A MEETING OF THE
CABINET
HELD ON 16th JUNE 2016

PRESENT: Councillors D Cook (Chair), R Pritchard (Vice-Chair), S Doyle and J Goodall

The following officers were present: Rob Barnes (Corporate Director Communities, Partnerships and Housing), Andrew Barratt (Corporate Director Growth, Assets and Environment), Stefan Garner (Director of Finance), Michael Buckland (Head of Revenues), Paul Weston (Head of Asset Management - Property Services), John Day (Corporate Performance Officer) and Natalie Missenden (Public Relations Officer)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S Claymore and M Thurgood

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 28 April 2016 were approved and signed as a correct record.

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

3 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

4 QUESTION TIME:

None

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

None

6 QUARTER FOUR 2015/16 PERFORMANCE REPORT

The Leader of the Council provided Members with a performance and financial health-check.

RESOLVED: That Members endorsed the contents of this report.

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

7 WRITE OFFS FROM 01/04/15 - 31/03/16

The Portfolio Holder for Assets and Finance provided Members with details of write offs from 1st April 2015 to 31st March 2016.

RESOLVED: That Members

1 endorsed the amount of debt written off for the previous financial year; and

2 noted the spectacular achievement on Outturn Collection targets for revenues in 2015/16

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

8 CAPITAL OUTTURN REPORT 2015/16

The Portfolio Holder for Assets and Finance advised Members on the final outturn of the Authority's Capital Programme for 2015/16 (subject to audit confirmation) and requested formal approval to re-profile specific programme budgets into 2016/17.

RESOLVED: That Members

1 received the final outturn position of the 2015/16 capital programme as summarised; and

2 approved for each of the projects detailed in Appendix B the re-profiling of the budget into the Authority's Capital Programme 2016/17 (total £9.530m);

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

9 CONSERVATION GRANT - 102 - 105 LICHFIELD STREET, TAMWORTH

The Portfolio Holder for Regeneration requested members to consider an application for a conservation grant for roof repairs to 102-105 Lichfield Street.

RESOLVED: That Members recommended that the grant offer be made subject to the normal grant conditions - a grant of

£7,500 be made in respect of 102-105 Lichfield Street from the 2015-2016 conservation grant budget.

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

10 GBSLEP – PLANNING GUIDANCE NOTES

The Portfolio Holder for Regeneration requested members to consider a set of guidance notes prepared by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and that they wish each Local Planning Authority in the GBSLEP area to adopt.

RESOLVED: That Members endorsed the report, the suggestions of officers, together with the views of the Planning Committee formally submitted to the GBSLEP working party.

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

11 WORKING TOWARDS TAMWORTH BECOMING A DEMENTIA FRIENDLY COMMUNITY

The Report of the Chief Executive seeking members endorsement of the processes and plans necessary to achieve the Council's stated ambition "To Work Towards Becoming a Dementia Friendly Community".

RESOLVED: That Members

1 endorsed the attached processes and plans designed to meet the requirements set out by the Dementia Action Alliance (DAA);

2 endorsed the proposal to join the Staffordshire DAA and to establish a Local DAA;

3 considered the requirement to nominate Councillor A James as member lead for the project team; and

4 receive a progress report in December 2016.

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

12 TAMWORTH COMMERCIAL INVESTMENT STRATEGY TO PROMOTE GROWTH AND REGENERATION

The Report of the Leader of the Council and Chief Executive seeking members endorsement of proposals designed to align key strategic ambitions with corporate priorities in order to accelerate managed growth and regeneration supported by a commercial investment strategy with a view to developing opportunities for sustained income. Also seeking members endorsement of a Member led Governance Structure to oversee the parallel work programmes for commercial investment and regeneration projects based upon agreed criteria focused upon value for money; return on investment; viability and sustainability and the endorsement of the preparatory work, assessment and research undertaken to date together with the costs associated with accessing specialist external advice.

RESOLVED: That Members

1 endorsed the proposed programme of work designed to reflect the necessary commercial approach to accelerating managed growth and regeneration supported by an agreed commercial investment strategy;

2 endorsed the proposed member led Governance structure designed to provide executive direction, overview and leadership and to ensure the alignment between the primary outcomes:
Best use of assets and resources
Managed growth and regeneration
Sustainable income;

3 endorsed the work undertaken to date including the framework Commercial Investment Strategy; Initial Options Paper; draft 'pipeline' of approved regeneration projects; draft options for consideration;

4 retrospectively approved the waiving of Financial Regulations that were necessary to expedite access to specialist support, advice and knowledge in order to undertake the preparatory work;

5 endorse the use of specialist advisors in accordance with current policy, practice and guidance under the direction of the Project Board and that the Project Board be granted delegated powers to determine the priority status of projects; options and opportunities for regeneration and set the criteria for future investment; regeneration and growth;

6 receive quarterly progress reports covering all aspects of this programme including i) Project Updates, ii) Proposals for Investment; Options Appraisals etc; and

7 approved the release of £50k from the specific contingency budget for 2016/17 to support the

Commercial Investment Strategy & Regeneration Programme.

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

13 EXCLUSION OF THE PRESS AND PUBLIC

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

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

14 COMBINED REPAIRS & INVESTMENT CONTRACTUAL ARRANGEMENTS FOR COUNCIL HOUSING STOCK

The Report of the Portfolio Holder for Housing updating members on the outcome of the option appraisal undertaken in respect of the future options for delivery of Council housing repairs and maintenance services.

RESOLVED: That Members endorsed the recommendations as contained in the report.

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

Leader

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CABINET

28th July 2016

REPORT OF THE LEADER OF THE COUNCIL

BUDGET AND MEDIUM TERM FINANCIAL PLANNING PROCESS 2017/18

EXEMPT INFORMATION

None

PURPOSE

To seek agreement to the Proposed Budget and Medium Term Financial Planning Process for General Fund and the Housing Revenue Account for 2017/18.

RECOMMENDATION

That the proposed process for the General Fund and Housing Revenue Account Budget and Medium Term Financial Planning Process for 2017/18 be adopted.

EXECUTIVE SUMMARY

As a relatively small and primarily urban local authority, Tamworth Borough Council has planned and managed its journey through the recession and austerity period with considerable credit to date.

The budget setting process has faced significant constraints in Government funding in recent years - over 40% in real terms since 2010 - and the last 12 months have been as challenging as previous years if not more so. The 4 year Local Government Finance Settlement confirmed in February 2016 that austerity measures are to continue with Revenue Support Grant (RSG) all but eradicated for most Councils by 2020 – and suggests that the key challenges that the Council is currently addressing are likely to become greater.

The Government has made a clear commitment to provide central funding allocations for each year of the Spending Review period by making an offer to any council that wished to take it up, of a four-year funding settlement to 2019/20 – and also said that, as part of the move to a more self-sufficient local government, these multi-year settlements can provide a degree of funding certainty and stability.

Council on 23rd February approved acceptance of this offer and as such, this was notified to the Department for Communities and Local Government (DCLG) in March 2016 – however, the DCLG stated that they would not be able to formally confirm acceptance of the offer until shortly after the deadline for submissions in October 2016.

This sustained reduction in government grant and the wider constraints placed upon local government to balance their budgets are directly affecting the sustainability of services. Perhaps of even greater significance is the coincidental and unprecedented increase in demand for public services. The consequence in simple terms is that the gap between demand and the Council's ability to supply grows and the cost of meeting the growing demand becomes the deficit.

It has previously been recognised by the Council's Executive Management Team (a non-decision making forum of Cabinet Members and Chief Officers of the Corporate Management Team) that Members will need to focus on strategic decisions relating to high level financial issues. There also remains a high degree of uncertainty arising from further proposed changes in Local Government funding arising from an ongoing review of the Business Rates Retention system - as well as other changes arising from the Government's Welfare Reform agenda (including local support for Council Tax).

Accurate forecasting, strong leadership and an innovative, risk aware approach have resulted in the organisation being able, in the main, to sustain a full suite of essential services albeit not without implications for the public, local politicians and the entire workforce.

Significantly, this is as much a testament to the skills and commitment of our workforce and our partners' collaboration as it is to the actions and decisions of the Joint Executive Management Team. This period, considered one of the most challenging in post war times, coincided with the Council recording one of its most successful periods of achievement in terms of Customer Satisfaction; measured performance; project delivery and financial management.

What makes these achievements 'special' is that they were delivered in parallel with the largest and most complex Transformation programme which in itself, resulted in multi-million pound efficiencies.

In an attempt to provide a clear 'route map' for the transition from surviving to thriving, the Council has designed and adopted a series of strategic plans, policies and processes. Cabinet, on 22nd August 2013, endorsed the overarching document **'Planning for a Sustainable Future'** as the strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) which, through the achievement of targets and outcomes associated with the work streams, enabled the organisation to generate significant efficiencies without there being any large scale impact upon the delivery of essential services.

The Sustainability Strategy delivered more than just 'big ticket' efficiencies, it brought about changes to working models, cultures and processes – Agile Working; Demand Management; Joint Working; Shared Services; Locality Delivery/ Commissioning all contributed to our journey.

All that said, the plans, processes and strategies that have guided the organisation to date required a review and refresh if elected members were to respond to the feedback from local people and shift the trajectory from sustainability towards sustained viability.

This meant a fundamental review of the **'Corporate Strategic Framework'** (Route Map from Surviving to Thriving) and Council at the meeting on 23rd February 2016 approved the revised Strategic Framework including the Vision, Priority Themes, Corporate Objectives and Outcomes for inclusion in the Corporate Plan; Corporate Support Plan and Medium Term Financial Strategy.

The adoption of 'Demand Management' as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery as evidenced by customer satisfaction, award winning services and of course, the management of the Council's finances.

Through its implementation, the Council will have far greater control upon the alignment of services or 'supply' to the increased needs and expectations of the public or 'demand'.

Key to this will be the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the 'need' but the cause, behaviours or decisions creating the need.

Then by the application of locality based commissioning for example, it can commission services that either intervene or prevent future need thereby reducing demand. The report entitled **'Creating Opportunities from an Uncertain Future'** is available to all Members and is available to the public.

In summary, by adopting the model, supporting its implementation and measuring its progress, it will enable the Council to achieve its Vision and Priorities and fulfil its obligations.

- We will target resources upon those in most need and those most vulnerable.
- We will commission services that will both intervene/prevent future demand and reduce levels of vulnerability.
- We will, as a consequence, meet the Council's stated intention to ensure that the vulnerable are a priority (Motion to Council on 26th November, 2014 refers).

This approach will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

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

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

Budget Consultation

For 2017/18, in addition to the activity planned for the Tamworth Listens process, consultation has been planned to gauge residents', businesses' and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.

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

and a survey that is tailored for the voluntary and community sector.
The online residents survey will be promoted using social networking/media sites and through email contact databases. The business survey will be promoted through business social networking sites and business email contact databases. The voluntary and community sector survey will be promoted through email contact databases.

Timetable

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

a) Consultation process - results to Cabinet 3rd November;

b) Base budget and technical adjustments to Cabinet 24th November;

c) Cabinet to consider Council Taxbase calculation on 24th November and Business Rates Forecast on 19th January;

d) Cabinet proposals to a Leaders Budget Workshop 1st December;

e) Provisional RSG settlement assessment to Cabinet and CMT in December;

f) Joint Scrutiny Committee (Budget) to be held on 24th January 2017;

g) Final Budget and Medium Term Plan reports to Cabinet 16th February 2017;

h) Budgets set at Council 21st February 2017.

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

Members are asked to endorse the process to be followed.

OPTIONS CONSIDERED

None

RESOURCE IMPLICATIONS

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

LEGAL/RISK IMPLICATIONS BACKGROUND

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

1. Provision of information from managers; and

2. Publication of the Revenue Support Grant (RSG) information for each individual authority by the Department for Communities & Local Government (DCLG), subject to confirmation of the 4 year settlement agreement.

REPORT AUTHOR

Stefan Garner, Director of Finance, Telephone: 01827 709242

LIST OF BACKGROUND PAPERS

'Planning for a Sustainable Future' (Meeting the Challenges to MTFS) – Cabinet 22nd August 2013

'Creating Opportunities From An Uncertain Future' (Proposed Strategic & Operational Model For Tamworth Borough Council) – Cabinet 19th February 2015

'Corporate Review of Strategic Framework' (Route Map from Surviving to Thriving) - Cabinet 14th January 2016

Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2016/17, Council 23rd February 2016

APPENDICES

Appendix A

Project Plan for the Budget and Medium Term Financial Planning Process for the year 2017/18

Appendix B

Outline of the Budget and Medium Term Financial Planning Process

Appendix C

Flowchart of the Budget & Medium Term Financial Planning Process

Appendix D

2017/18 Budget Consultation

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	Budget and Medium Term Financial Planning Process for 2017/18		
	Project Plan	**Deadline**	**Responsible Officer/s**
1	Review of the 2016/17 process, formulation of 2017/18 process and report, to Cabinet 28th July, including:	28/07/2016	DOF
	• Review of potential budget issues;	28/07/2016	EDCS / DOF
	• The Budget Consultation process.	28/07/2016	DOF / Corp. Performance Manager
2	Policy Changes		
	• Circulation to Directors of provisionally approved policy changes for 2016/17 onwards - for confirmation or otherwise;	31/08/2016	Accountants
	• Any unavoidable cost increases arising from, for example, legislative or demand led changes (e.g. reduced income), be identified and included together with completion of 2015/16 outturn review;	30/09/2016	CMT/Accountants
	• Return of responses with Business Cases completed for new proposals, to Corporate Accountancy for collation;	30/09/2016	CMT/Accountants
	• Meeting of CMT to review all Revenue Policy Changes proposals on 17th October;	17/10/2016	DOF / Accountants
	• Responses to be presented to Executive Management Team 7th November for initial consideration.	17/10/2016	DOF / Accountants
3	Consideration of responses – including an analysis of the impact of such on the overall financial position of the Council at CMT 31st October, Executive Management Team 7th November and Cabinet 24th November, to formulate/consider budget proposals in detail prior to Budget Workshop review 1st December.	31/10/2016	CMT/Accountants
4	Capital Programme		
	• Directors to review & confirm the provisionally approved capital schemes already contained within the 5 year capital programme (including a 'block allocation' for Cabinet approval of new schemes during the year);	17/10/2016	CMT/Accountants
	• Impact of any updated Stock Condition data assessed	30/09/16	DOA/Head of Property Services

	Project Plan	Deadline	Responsible Officer/s
	• Formulation of new 5 year programme including appraisal forms etc to be submitted to the Asset Strategy Group (ASG) prior to submission to Executive Management Team;	30/09/2016	CMT/Accountants
	• Capital Programme report to CMT 31st October, Executive Management Team 7th November.	31/10/2016	CMT/Accountants
5	Budget Consultation – Cabinet receive 3rd November, the results of the consultation process,	21/10/2016	Corporate Performance Manager
6	Charges for Services – Updated recharges basis adjusted for any structural issues, proposals to be discussed at CMT 31st October, base recharges to be completed by 31st October to allow consultation period (to December 2016).	31/10/2016	CMT/Accountants
7	State of Tamworth Debate, to inform the budget process.	October/November	CMT
8	Consideration of the adjusted base budget, at CMT 31st October / Executive Management Team 7th November / Cabinet 24th November.	31/10/2016	EDCS/DOF/Accountants
9	Approval of the Council Tax Base Calculation for 2017/18 - to Cabinet 24th November	11/11/2016	Head of Revenues
10	A meeting of Cabinet on 24th November to receive/confirm budget proposals for Budget Workshop consideration.	24/11/2016	EDCS/DOF
11	Leaders Budget Workshop 1st December.	30/11/2016	Leader
12	Local Government Finance Settlement (LGFS) implications - to CMT on 19th December / Executive Management Team 19th December.	19/12/2016	DOF/Accountants
13	Draft Budget & MTFS Report to Executive Management Team 9th January (or 16th January) / Cabinet 19th January and Joint Scrutiny Committee (Budget) 24th January.	06/01/2017	EDCS/DOF
14	Final Business Rates forecast for 2017/18 - to Cabinet 19th January.	11/01/2017	EDCS/DOF/ Head of Revenues
15	Implications of the final Business Rates forecast & LGFS information to be considered/built into the budget proposals (as soon as available).	January 2017	EDCS/DOF/Accountants
16	Final Budget & MTFS Report to CMT on 6th February / Executive Management Team 6th February.	31/01/2017	EDCS/DOF
17	Final budget reports considered by Cabinet on 16th February who would recommend a budget to the Council meeting on 21st February.	06/02/2017	EDCS/DOF

Outline of the Budget and Medium Term Financial Planning Process

Reasons for Producing Budgets

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

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

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

The Budget Process

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

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

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

- **Review / Formulation of Budget Process**

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

- **Consideration of Policy Changes**

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

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

- **Capital Programme**

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

- **Budget Consultation**

  For 2017/18, in addition to the activity planned for the Tamworth Listens process, consultation has been planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.

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

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

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

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

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

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

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

- **Compilation of Overall Budget figures**

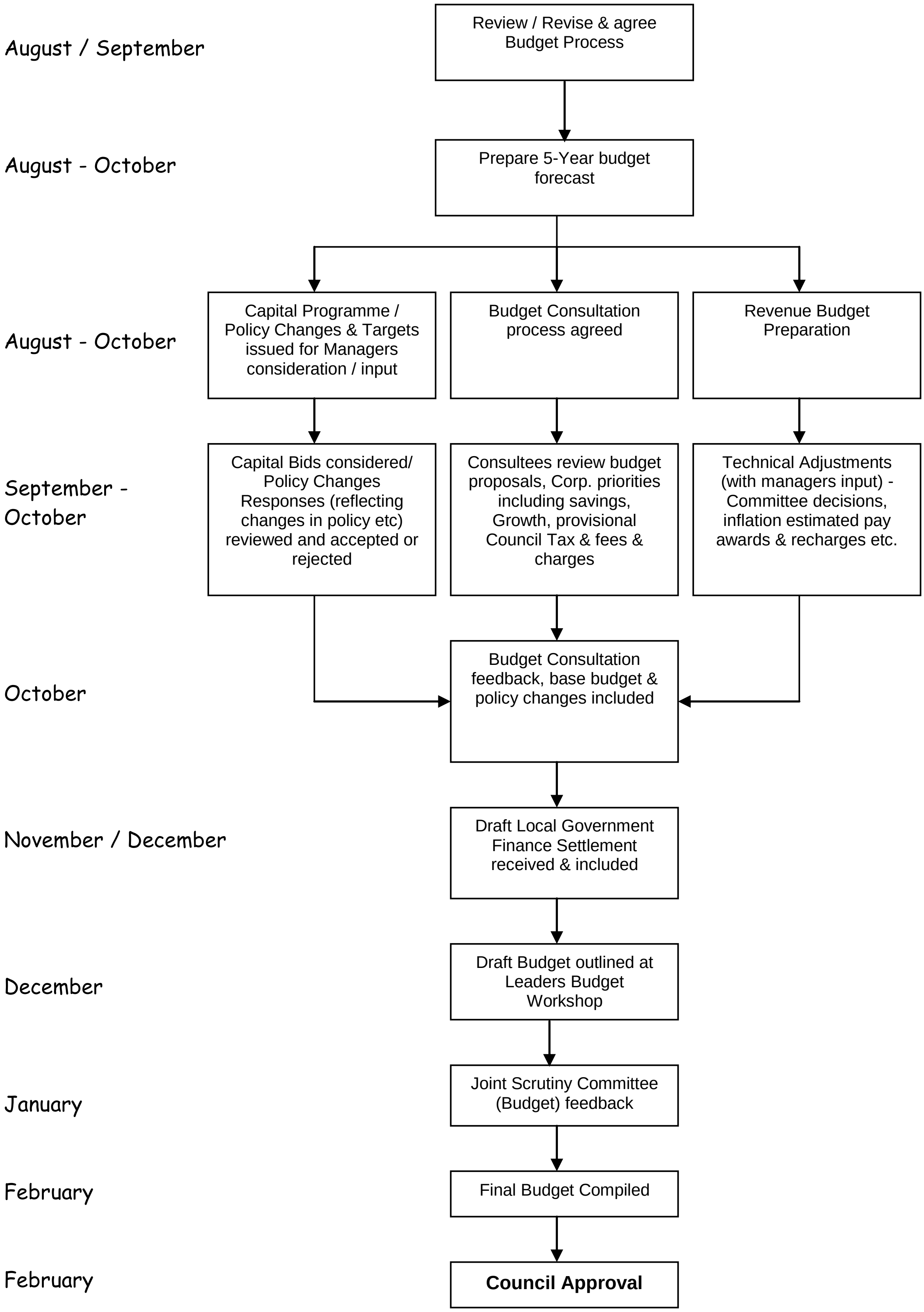
  Once all the budget working papers have been prepared, an overall net expenditure figure for the Council can be assessed in terms of affordability and whether funding for these levels of expenditure is available. It may be that Managers would be required to identify savings in their budgets, dependent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

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

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

Appendix C

The Budget & Medium Term Financial Planning Process 2017 / 22



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Tamworth Borough Council 2016 Budget Consultation

Background

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

Overview

Consultation on the key issues affecting the 2017/18 budget consultation will be carried out through three surveys;

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

Time Table

Planning	from 1st June 2016,
Postal survey posted (Residents)	from 31st July 2016,
Online survey (Residents)	launched 1st August 2016,
Online survey (Businesses)	launched 1st August 2016,
Online survey (V&CS)	launched 1st August 2016,
Surveys closes and taken offline	12th September 2016,
Report at Corporate Management Team	17th October 2016,
Report signed off in Democratic Services	24th October 2016,
Budget Consultation report at Cabinet	3rd November 2016.

Objectives

- Identify important priorities to target for savings,
- Advise on acceptable levels of fees, charges and council tax,
- Obtain views on the revised corporate priorities.

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

Tamworth Listens

In addition, the activity scheduled for ‘Tamworth Listens’ includes:

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

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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 Cabinet ask Council to;

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 [PWLB] 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.

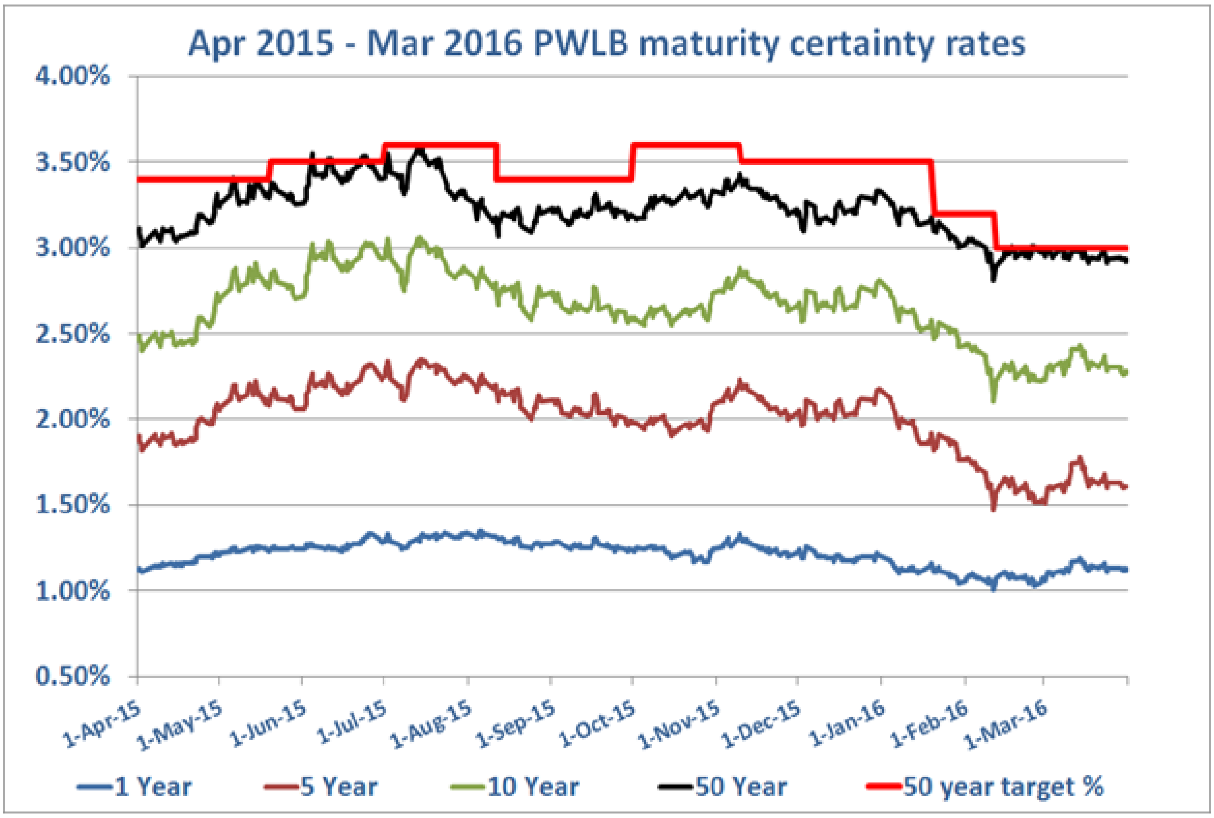
As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

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

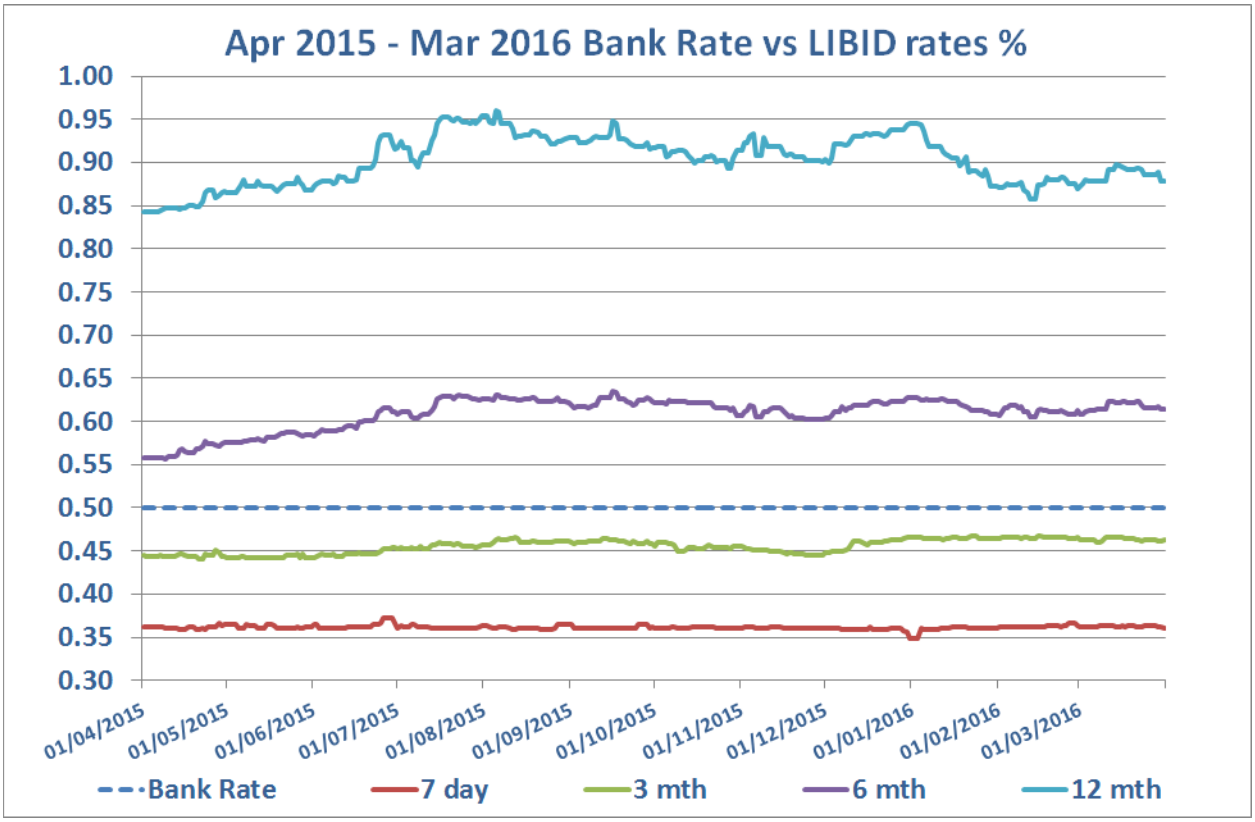
£3m borrowing was undertaken during the year to replace maturing loans. No additional borrowing was undertaken due to investment concerns, both counterparty risk and low investment returns.

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)	31st March 2015	31st 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)	31st March 2015	31st 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**

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:

	Average Balance Invested £ m		Average Rates Received %	
Category	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 & Freelander	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

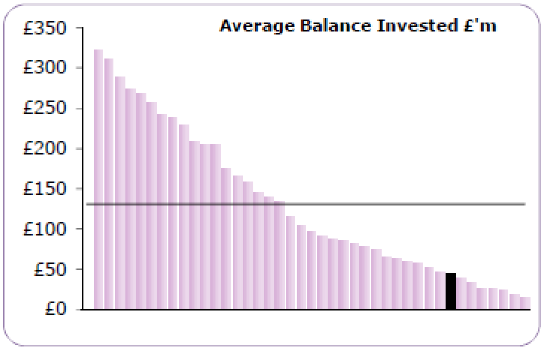
1. PRUDENTIAL INDICATORS	2014/15	2015/16	2015/16
Extract from budget and rent setting report	**Actual**	**Original**	**Actual**
Capital Expenditure	**£m**	**£m**	**£m**
Non - HRA	0.581	1.901	0.631
HRA	4.972	10.430	5.511
TOTAL	5.553	12.331	6.142
Ratio of financing costs to net revenue stream	**%**	**%**	**%**
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	2.500	2.000	2.000
(per maturity date)			

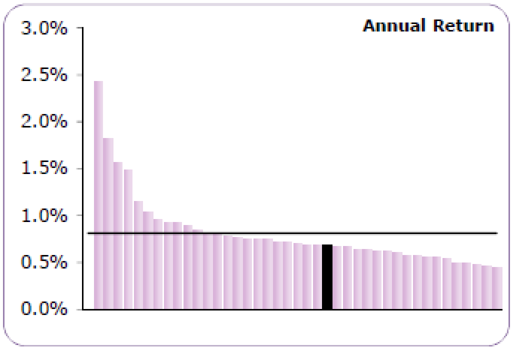
* Original limits set in the Treasury Management Strategy Statements. There has been no requirement for revision.

Investment Performance

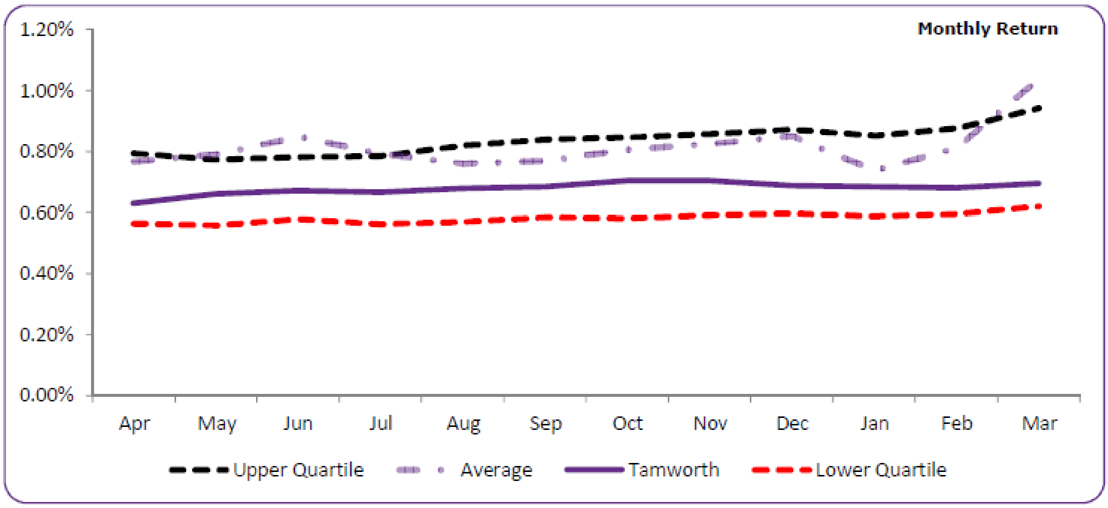
COMBINED INVESTMENTS (excluding impaired investments)



Tamworth 44.4 *Avg 130.7*



Tamworth 0.68% *Avg 0.81%*



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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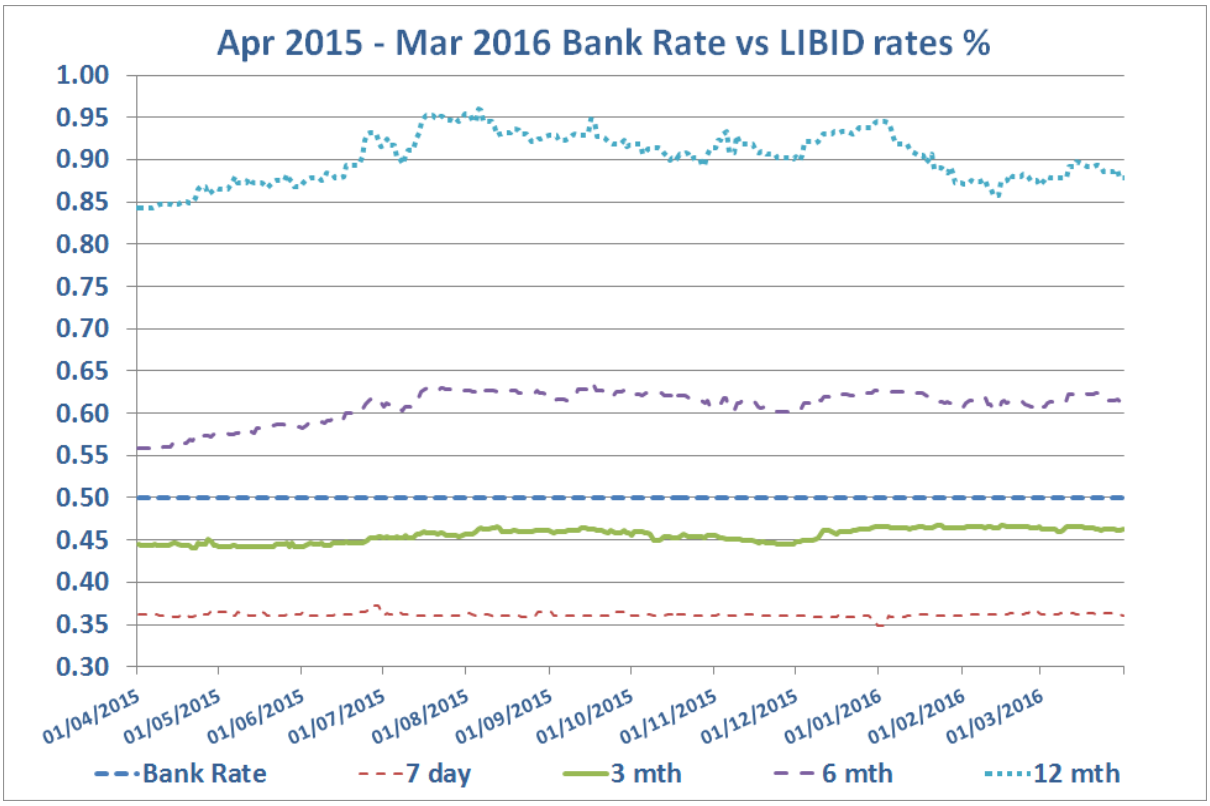
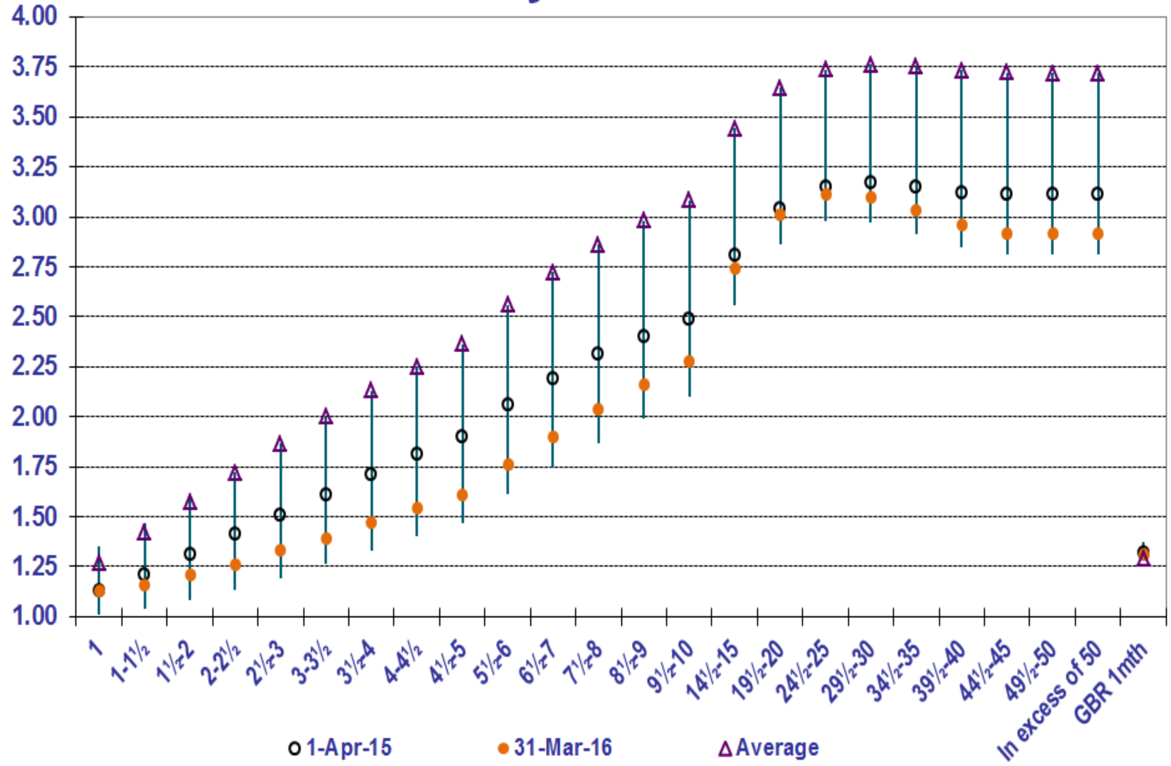
APPENDIX 3

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%

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS 01/04/16 - 30/06/16

EXEMPT INFORMATION

None

PURPOSE

That Members endorse the amount of debt written off for the period 01 April 2016 to 30 June 2016.

RECOMMENDATIONS

To provide Members with details of write offs from 01 April 2016 to 30 June 2016.

EXECUTIVE SUMMARY

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

Type	**01/04/16-30/06/16**
Council Tax	(£793.49)
Business Rates	(£106.41)
Sundry Income	£0.00
Housing Benefit Overpayments	£31,976.01

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

Business Rates	
Bad Debt provision	£1,051,791.15
Add reversal of amount previously written off under delegated powers	£106.41
Amount remaining	£1,051,897.56

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

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

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable

SUSTAINABILITY IMPLICATIONS

Not applicable

BACKGROUND INFORMATION

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

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

Debt Write Off

Authorisations are needed to write off debt:

Authority	**Account Value**
Head of Revenues	up to £1,000
Chief Officer (or authorised delegated officer)	£1,001 - £5,000
Executive Director Corporate Services	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction.

Bad Debt Provision

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

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

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

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

REPORT AUTHOR

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

LIST OF BACKGROUND PAPERS

Corporate Credit Policy - effective management of debt

APPENDICES

Appendices **A to D** give details of write offs completed for Revenues and Benefits Services for 01 April 2016 to 30 June 2016.

Appendix A- Council Tax

Summary of Council Tax Write Offs 01/04/2016-30/06/2016

Date of Write Off	Head of Revenues (£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£1,000.00)	Director of Finance (£1,000.01-£5,000)	Executive Director Corporate Services (£5,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
06/04/2016									(£114.47)	(£114.47)		LCTR adjustment/ dividend received
14/04/2016								(£703.08)		(£703.08)		Unallocated suspense over 2 yr old
"									(£4.38)	(£4.38)		Dividend received
28/04/2016									£41.40	£41.40		W/O suspense payment identified & allocated
01/06/2016									(£8.71)	(£8.71)		Dividend recevied
28/06/2016									(£4.25)	(£4.25)		Payment received
Q1 Totals	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£703.08)	(£90.41)	(£793.49)	0	

Appendix B- Business Rates

Summary of NNDR Write Offs 01/04/2016-30/06/2016												
Date of Write Off	**Head of Revenues** (£0.00-£75.00)	**Head of Revenues** (£75.01-£500.00)	**Head of Revenues** (£500.01-£1,000.00)	**Director of Finance** (£1,000.01-£5,000)	**Executive Director Corporate Services** (£5,000.01-£10,000.00)	**Cabinet** (£10,000.01 and Over)	**Remitted**	**Credit Write Off**	**Reversed Write Off**	**Total**	**No. of Accounts (Write Off Only)**	**Reason(s)**
14/04/2016									(£106.41)	(£106.41)		Dividend received
Q1 Totals	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£106.41)**	**(£106.41)**	**0**	

Appendix C- Sundry Income

Summary of Sundry Income Write Offs 01/04/2016-30/06/2016

Date of Write Off	Director of Assets & Environment (£0.00-£999.99)	Director of Assets & Environment (£1,000.00-£5,000.00)	Director of Transformation & Corporate Finance (up to £5,000.00)	Head of Revenues (£0.01-£999.99)	Director of Finance (£1,000.00-£5,000.00)	Director Communities, Planning & Partnerships (up to £5,000.00)	Director Housing & Health (up to £5,000.00)	Executive Director Corporate Services (£5,000.01-£10,000.00)	Cabinet (£10,000.01 +)	Total	No. of Accounts	Reason(s)
Q1 Totals	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	

No Sundry Income write offs for Q1 of 2016/17

Appendix D- Housing Benefit Overpayments

Summary of Benefit Overpayment Write Offs 01/04/2016-30/06/2016

Date of Write Off	Head of Benefits (£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£1,000.00)	(£1,000.01-£2,000)	Executive Director Corporate Services (£2,000.01-£10,000.00)	Cabinet (£10,000.01 and Over)	Total	No. of Accounts	Reason(s)
30.04.2016	£121.97	£626.27	£582.27				£1,330.51	7	Not financially viable (2012)
"	£49.55	£363.43					£412.98	4	less than 2 wks o/s due to death (2016)
"	£98.96	£100.00					£198.96	4	court costs (2012)
"	£35.09						£35.09	2	less than £40 o/s (2015)
"	£2.35						£2.35	3	uneconomical to pursue (2015)
"	£162.36	£334.21					£496.57	22	HB Reg 100 compliant - not recoverable (2016)
"		£281.88					£281.88	1	absconded debtor (2013)
"		£133.40					£133.40	1	deceased (2015)
"		£248.31			£7,800.06		£8,048.37	3	bankruptcy (2015)
31.05.2016	£118.50	£666.68					£785.18	8	Not financially viable (2009)
"	£63.39						£63.39	3	less than £40 o/s (2012)
"	£1.84						£1.84	4	uneconomical to pursue (2016)
"	£126.62						£126.62	3	HB Reg 100 compliant - not recoverable (2016)
"	£130.00						£130.00	3	court costs (2013)
"		£354.07		£2,888.39			£3,242.46	3	deceased (2014)
"		£780.67					£780.67	7	less than 2 wks o/s due to death (2016)
"				£1,541.46	£11,146.64		£12,688.10	3	bankruptcy (2014)
30.06.2016	£63.50	£83.40					£146.90	2	absconded debtor (2012)
"	£118.48	£198.24					£316.72	7	bankruptcy (2014)
"	£101.20	£714.64	£849.15				£1,664.99	7	not financially viable (2010)
"	£78.76						£78.76	3	less than £40 o/s (2012)
"	£0.73						£0.73	1	uneconomical to pursue
"	£79.27	£444.20					£523.47	7	HB Reg 100 compliant - not recoverable (2016)
"		£317.88					£317.88	1	Deceased (2016)
"		£168.19					£168.19	2	less than 2 wks o/s due to death (2016)
Q1 Totals	**£1,352.57**	**£5,815.47**	**£1,431.42**	**£4,429.85**	**£18,946.70**	**£0.00**	**£31,976.01**	**111**	

THURSDAY, 28TH JULY 2016

REPORT OF THE PORTFOLIO HOLDER FOR HOUSING SERVICES

MOBILE HOMES FEES AND CHARGING POLICY

EXEMPT INFORMATION
N/A

PURPOSE
To agree to the adoption and implementation of the Mobile Homes Act 2013 and the Fees Policy for Mobile Homes parks.

RECOMMENDATIONS
- **That Cabinet agree to the adoption and implementation of the Mobile Homes Act 2013**

- **That Cabinet agree to the implementation of the Mobile Homes Fees Policy**

EXECUTIVE SUMMARY

Tamworth Borough Council currently has three mobile homes parks within its boundary which are licensed under the Caravan and Control Development Act 1960 and monitored by the Housing Conditions and Supply team.

From the 1st April 2014 legislation was updated by the Mobile Homes Act 2013 (MHA) to allow local authorities to enforce housing standards on mobile homes sites. This will also be the responsibility and statutory duty of the Housing Conditions and Supply team. Although conflicting priorities have delayed the full implementation of the changes the MHA introduced, at no point has the Council failed to meet its statutory duty with regard to Mobile Homes during this period.

In September 2013 TBC organised a consultation with park home residents to inform them of the MHA and the enhanced role of the local authority in enforcing standards. The MHA gives the Council greater powers to monitor mobile homes site licenses to ensure license conditions are met and to carry out effective enforcement action where appropriate. It also includes allowing Councils to charge a fee for all site licensing functions.

As well as strengthening the local authorities role, the Act also increases protection for mobile homes owners by prescribing a procedure for the making, variation and deletion of site rules and extending the role of the Leasehold Advisory Service to provide help and advice on matters the local authority does not have a role in such as site rules, pitch fees and the selling/gifting of park homes.

The Council has consulted park site owners and residents over its proposal to introduce the MHA over a four week period. Letters and copies of the policy were hand delivered to residents across all three sites. We have opened up dialogue with all three park owners but we have not received any feedback from residents concerning the Fees and charging policy other than a positive reaction that we are implementing this new legislation.

OPTIONS CONSIDERED

Option	Benefit	Risk
Do nothing	Statutory duties are still being met with no additional resource requirement.	Park Homes residents have had expectations raised with regard to the Councils response to the MHA and may feel let down. Opportunities to raise standards proactively by inspection are missed. Opportunities for an income stream from fees and charges are missed
Fully implement the MHA by re-licensing and annual inspection	Park homes owners feel fully supported by the Council. TBC will be following best practice. Standards will be raised on housing conditions of park homes through proactive inspection. Income will be generated by a fully comprehensive fees and charging policy	The implementation will be resource intensive. Expectations may be raised as to the role of the Council in other site issues other than those covered by the license.

RESOURCE IMPLICATIONS
Tamworth currently has 3 licensable Mobile Homes Parks. Implementing the Act will require an inspection of all three sites on an annual basis. The inspection, licensing and any required enforcement action will be undertaken by the Senior Private Sector housing officer and it is anticipated no further resources will be required.

Under the MHA Councils can charge a fee for different licensing functions, the serving of enforcement notices and publishing site rules relating to a Mobile Home site. The attached fees policy stipulates what we will charge and when. Councils are allowed to use their discretion in setting these fees but are not allowed to make a profit. Charges must be limited to recovery of the costs of exercising their licensing functions as it relates to Relevant Protected Sites. On this basis TBC will not make a profit from this activity but recovery of cost allows the work to be cost neutral and provide an income stream to support the work undertaken by the Housing Conditions and Supply Team that did not previously exist. Charging will commence in August 2016 and it is estimated the annual income generated from this activity will be £1,000.00.

LEGAL/RISK IMPLICATIONS BACKGROUND
Introducing the MHA 2013 will not pose any legal or risk implications to TBC.

If sites are found to be inadequate on any occasion this will lead to enforcement action by TBC against a Mobile Park owner in line with enforcement policy and utilisation of existing budget for these purposes.

SUSTAINABILITY IMPLICATIONS

There are significant beneficial implications of implementing the Mobile Homes Act 2013 and the increased protection it offers occupiers

1. contributing to healthier outcomes for occupants
2. contributing to a sustainable and good quality mobile park homes.
3. encouraging improvements to mobile park homes and sites.

These and other associated outcomes would contribute towards the delivery of key priorities identified by the Tamworth Strategic Partnership and adopted by Tamworth Borough Council.

CONCLUSION

Implementing the Mobile Homes Act 2013 will bring increased protection to owners of Mobile Park Homes and provide a new income stream for the Council from Park licensing Fees.

REPORT AUTHOR

Deborah Casey

LIST OF BACKGROUND PAPERS

None

APPENDICES

Mobile Homes Fees Policy 2015

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Tamworth Borough Council

Housing Conditions and Supply Team

Mobile Home Park Fees Policy

March 2016

Policy

Document status: Draft

Originator: Sue Phipps

Created: March 2016

Owner: Rob Barnes

Version: 0.1

Date: March 2016

Approved by:

Document Location

This document is held by Tamworth Borough Council, and the document owner is Rob Barnes.

Printed documents may be obsolete. An electronic copy will be available on Tamworth Borough Council's Intranet and the Strategic Housing Policy Register. Please check for the current version before using the document.

Revision History

Revision Date	Version Control	Summary of changes
23.03.16	1	This is a new fee policy introduced in line with the provisions of the Mobile Home Act 2013 Section 10A(2). The owners of 'Relevant' sites will now be subject to fees for licensing functions carried out by the Council, including site licensing and registering of site rules.

Document Review Plans

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

Distribution

As a Draft Policy it will be circulated to the owners of the relevant sites (by post) and will be hand delivered around the sites to the residents.

The document will be available on the Intranet and the website.

Contents

1	Introduction	5
2	Fees charged for site licenses	5
2.1	Authority to charge	5
2.2	Scope of fees	6
2.3	Definition of a site	6
3	Fee structure methodology	6
4	Annual licence monitoring fee	7
5	Exclusion from annual charge for sites less than 10 pitches	7
6	New site licence, transfer and amendments	8
7	Checking and registering site rules	8
8	Revision of fee policy.	8
9	Dealing with surpluses and deficits	9
Appendix A	Fees schedules	10

1. Introduction

This policy sets out the fees and charging policy of Tamworth Borough Council with regard to Mobile Home sites. Tamworth currently has three licensable sites within its Boundary.

Tamworth Borough Council currently grants licenses to Mobile Home sites under The Caravan Sites and Control of Development Act (CSCDA) 1960 (as amended) for sites that have planning permission for a caravan site. All sites are required to hold a Licence (subject to the exemptions in the CSCDA600.) Failure to apply for a licence is an offence under section 1 (2) of the CSCDA60.

The CSCDA60 has now been amended by the Mobile Homes Act 2013 (MHA). The MHA 2013 was introduced in order to provide greater protection to occupiers of residential park homes and caravans as the existing legislation had not been updated for more than 50 years. This Act introduced some important changes to the buying, selling or gifting of a park home and the pitch fee review process.

Following the introduction of the MHA in 2013 there is an expectation that councils will inspect sites annually and use the additional powers to ensure compliance with site licence conditions.

2. Fees charged for site licenses

2.1 Authority to Charge

Since April 2014 Councils can charge a fee for different licensing functions, the serving of enforcement notices and publishing site rules relating to a Mobile Home site. The Department for Communities and Local Government published guidance for Local Authorities on setting licensing fees (2013) and the activities that can be charged for.

Councils are allowed to use their discretion in setting these fees but are not allowed to make a profit. Charges must be limited to recovery of the costs of exercising their licensing functions as it relates to Relevant Protected Sites.

2.2 Scope of Fees

- Applications to grant a new license
- Applications to transfer or amend an existing licence

- Annual licence fees for administering and monitoring existing site licences.

This policy details the fees to be charged for all of these licensing functions.

Enforcement activity will attract separate charges and fees in line with the Council's current enforcement policy**.**

2.3 Definition of a site

A relevant protected site is defined in the Act as any land to be used as a caravan site with planning consent, other than one where a licence is:

- Granted for holiday use only
- In any other way subject to conditions which restrict the usage of the site for the stationing of caravans for human habitation at certain times of the year (such as planning conditions)

Relevant protected sites to which the legislation applies are typically known as residential parks, mobile home parks and Gypsy Roma and Traveller sites and so on.

Sites which do not fall within the definition of 'relevant protected sites' are still subject to the licensing requirements contained within the CSCDA60, but the provisions relating to payment of fees do not apply.

3. Fee structure methodology

The fee scales are calculated on the basis of the estimated time and costs involved in undertaking the activities involved. These fees include Officer's time and overheads. They are based on historical Council data on time spent on mobile home park work, consideration of the time and resources needed to undertake the new functions, benchmark figures from other Local Authorities and official guidance.

Sites are 'banded' from 1 to 5 according to their size in terms of the number of pitches. The method outlined recognises that larger sites are more complex and take more time in terms of site inspections than smaller sites.

Band	Number of pitches
1	1-10
2	11-40
3	41-99
4	100-199

5	200+

(All 3 existing sites in Tamworth fall into Band 3)

The fees will be introduced from August 2016. The normal annual fee will be payable on the anniversary of the renewal.

4. Annual licence monitoring fee

Band	Band 5	Band 4	Band 3	Band 2	Band 1
Pitches	200+	100-199	41-99	11-40	1-10
Charge to owner	£516.81	£420.35	£323.89	£203.25	Exempt

Invoices will be sent to the Licence holders of the relevant protected sites at the start of the process for 2016 and at the commencement of the financial year in subsequent years. Payment will be due within 30 days.

If an annual fee remains unpaid Tamworth Council can apply the 1st Tier Property Tribunal requiring it to be paid. Ultimately if it remains unpaid the Licence can be revoked. A charge may also be placed against the land.

5. Exclusion from annual charge for sites less than 10 pitches

The method used for calculating fees means that residents on very small sites would have a disproportionately large pitch fee. The Council, in setting its fees policy, can exempt certain types or categories of sites from licence fees and it has been decided that the fee policy should exempt from the annual licence fee those sites that have 10 units or less (Band 1). Sites such as this are likely to require little Council involvement beyond issuing the licence in the first instance. For the avoidance of doubt the waiver for these sites has not been redistributed amongst the other larger sites.

6. New site licence, transfer and amendments

The following fees are applicable if a site owner wishes to apply for a new licence or transfers or amends a site licence. The charge for these functions cannot be passed on by the site owner to the site residents.

An invoice will be raised upon receipt of the application/ transfer/ amendment request. Payment will be due within 30 days.

	Band 5	**Band 4**	**Band 3**	**Band 2**	**Band 1**
New site licence application					
Charge to site owner	£ 537.46	£502.95	£406.49	£296.17	£ 230.69

Application to transfer a site licence					
Charge to site owner	£ 92.93	£ 72.28	£ 72.28	£ 61.95	£ 61.95
Application to amend a site licence					
Charge to site owner	£ 165.20	£ 123.90	£ 123..90	£ 103.25	£ 92.93

7. Checking and registering site rules

A fee is applicable for the checking and registering of site rules. The charge for this function cannot be passed on by the site owner to the site residents This assumes an average of 2 hours admin and correspondence work.

Band 5	Band 4	Band 3	Band 2	Band 1
£ 41.30	£ 41.30	£ 41.30	£ 41.30	£41.30

An invoice will be raised upon receipt of the rules. Payment will be due within 30 days.

8. Revision of fee policy

The fee policy will be kept under review and a new policy will be published when any revisions are made.

9. Dealing with surpluses and deficits

The schedule has been designed to pass on the costs incurred in carrying out the licence function. In the first year of operation the Council has made what it believes to be a realistic assessment of the time and cost involved in carrying out the activities. Each year the Council will assess its previous costs to see they were accurate. Where a deficit appears because expenditure was more than anticipated the shortfall will be reflected in the fee charged to the site owner in the next year. Similarly, where a surplus is made the fee for the following year will be reduced by that amount.

Appendix A - Fee Schedules

The following schedules set out the matters and appropriate costs taken into account when setting each type of fee.

Annual licence monitoring - fee structure					
Process and time in minutes	200+ homes	100-199 homes	41-99 homes	11-40 homes	1-10 Homes
Prepare for and organise visit (mins)	60	60	60	60	0
Site inspection (mins)	360*	300*	240*	120*	0
Travel time (mins)	40**	40**	40**	40**	0
Licence review and correspondence with site owner, residents and other interested parties (mins)	360	300	180	120	0
Re -visit by (mins)	120	90	60	30	0
Travel time (mins)	40**	40**	40* *	40 **	0
Routine monitoring visits (mins)	120	60	60	30	0
Travel time for routine visits (mins)	40**	40 **	40**	40**	0
Work arising from routine monitoring (mins)	120	90	60	30	0
Total time (mins)	1260	1020	780	510	0
Total time (hours)	21	17	13	8.5	0
Time at hourly rate	6	5	4	2	0

Joint visit rate (£)34.51					
Time at hourly rate SPSHO (£) 20.65	15	12	9	6.5	0
Total annual charge to site owner (£)	£516.81	£420.35	£323.89	£203.25	Exempt = 0

Notes
*Initial Site inspections will be undertaken by two Officers (Senior Private Sector Housing Officer (SPSHO) and Private Sector Housing Officer). Subsequent visits will normally be undertaken by a single officer (SPSHO rate)
** Travel time value is an average estimated from the Council's offices (Marmion House), as sites are spread around the Borough, and values assume both Officers will travel together
***Total hours are rounded up/down as appropriate

Application For New Site Licence- Fee Structure					
Process	200+	100-199	41-99	11-40	1-10
Initial enquiries and corresponde nce to facilitate application (mins)	60	60	60	60	60
Receipt of application and background checks (mins)	90	90	90	90	90
Prepare for and organise visit (mins)	60	60	60	60	60
Site inspection (mins)	360*	300*	240*	120*	60*
Travel time (mins)	40*	40*	40*	40 *	40 *

Draft licence including conditions (mins)	120	120	90	60	60
Licence review and correspondence with site owner, residents and other interested parties (mins)	300	300	240	180	120
Re-visit (mins)	120	120	60	30	30
Travel time (mins)	40*	40*	40*	40*	40*
Secondary review and correspondence	120	120	60	60	60
Issue Licence and Register	30	30	30	30	30
Total time (mins)	1340	1280	1010	770	650
Total time (hours)	22	21	17	13	10.5
Time at joint hourly rate joint (£) £34.51	6	5	4	2	1
Time at hourly rate SPSHO rate (£) 20.65	16	16	13	11	9.5
Total new application charge to site owner (£)	£ 537.46	£502.95	£406.49	£296.17	£ 230.69

Notes
*Initial Site inspection will be undertaken by two officers (Senior Private Sector Housing Officer (SPSHO) and Private Sector Housing Officer). Subsequent visits will normally be undertaken by a single officer (SPSHO rate)
** Travel time value is an average estimated from the Council's offices (Marmion House), as sites are spread around the Borough, and values assume both officers will travel together

***Total hours are rounded up/down as appropriate

Application to Transfer Site Licence- Fee Structure					
Process	200+	100-199	41-99	11-40	1-10
Receipt of application, background checks and processing (mins)	120	120	120	120	120
Review information and determine licence (mins)	120	60	60	30	30
Issue licence and register (mins)	30	30	30	30	30
Total time (mins)	270	210	210	180	180
Total time at SPSHO rate £20.65 (hours)	4.5	3.5	3.5	3	3
Total charge to site owner (£)	£ 92.93	£ 72.28	£ 72.28	£ 61.95	£ 61.95

Application to Amend Site Licence- Fee Structure					
Process	200+	100-199	41-99	11-40	1-10
Receipt of application, background checks and processing (mins)	120	120	120	120	120
Site visit (mins)	120	60	60	30	30
Travel time (mins)	40 **	40 **	40 **	40 **	40 **
Licence review and corresponde	180	120	120	90	60

nce with site owner, residents and other interested parties (mins)					
Issue licence and register (mins)	30	30	30	30	30
Total time (mins)	490	370	370	310	280
Total time (hours) at SPSHO £20.65	8	6	6	5	4.5
Total charge to site owner (£)	£ 165.20	£ 123.90	£ 123..90	£ 103.25	£ 92.93

Notes
*Initial Site inspection will be undertaken by two officers (Senior Private Sector Housing Officer (SPSHO) and Private Sector Housing Officer). Subsequent visits will normally be undertaken by a single officer (SPSHO rate)
** Travel time value is an average estimated from the Council's offices (Marmion House), as sites are spread around the Borough, and values assume both officers will travel together
***Total hours are rounded up/down as appropriate

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