BOROUGH OF TAMWORTH

CABINET

8 February 2017

A meeting of the CABINET will be held on Thursday, 16th February, 2017, 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 - 4)

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 Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2017/18 (Pages 5 - 124)

(The Report of the Leader of the Council)

7 Quarter Three 2016/17 Performance Report (Pages 125 - 188)

(The Report of the Leader of the Council)

8 **Revenue Reserves Policy Review** (Pages 189 - 206)
(The Report of the Portfolio Holder for Assets and Finance)

9 **Write Offs 01/04/16 - 31/12/16** (Pages 207 - 216)
(The Report of the Portfolio Holder for Assets and Finance)

10 **Tamworth Enterprise Quarter** (Pages 217 - 260)
(The Report of the Portfolio Holder for Regeneration)

11 **Tamworth Local Development Scheme 9** (Pages 261 - 276)
(The Report of the Portfolio Holder for Regeneration)

12 **Release of Section 106 Monies** (Pages 277 - 280)
(The Report of the Portfolio Holder for Environment and Culture)

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 19th JANUARY 2017

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

The following officers were present: Anthony E Goodwin (Chief Executive), John Wheatley (Executive Director Corporate Services), Rob Barnes (Corporate Director Communities, Partnerships and Housing), Stefan Garner (Director of Finance), Michael Buckland (Head of Revenues) and Tina Mustafa (Head of Landlord Services)

76 APOLOGIES FOR ABSENCE

None

77 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 24 November 2016 were approved and signed as a correct record.

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

78 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

79 QUESTION TIME:

None

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

None

81 DRAFT BUDGET & MEDIUM TERM FINANCIAL STRATEGY 2017/18

The Leader of the Council requested Members to approve the draft package of budget proposals and to consult with the Joint Scrutiny Committee (Budget) on 24th January 2017 and receive their feedback on the General Fund Revenue (GF) Budget and Council Tax for 2017/18, Housing Revenue Account (HRA) Budget for 2017/18, Capital Programme – General Fund & HRA and Medium Term Financial Strategy (MTFS).

RESOLVED: That Members

1 approved the draft package of budget proposals including the proposed policy changes; and

2 as required by the Constitution of the Council, the Joint Scrutiny Committee (Budget) on 24th January 2017 be requested to consider the budget proposals contained within this report.

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

82 BUSINESS RATES INCOME FORECAST 2017/18

The Portfolio Holder for Assets and Finance reported and sought endorsement from Members on the Business Rates income forecast for 2017/18.

RESOLVED: That Members

1 approved the Business Rates income forecast for 2017/18 and subsequent NNDR1 form for submission to DCLG by 31 January 2017, in line with the scheme of delegation;

2 approved that should material amendments be required to the forecast NNDR1, that Members authorise the Executive Director Corporate Services, in consultation with the Leader of the Council, to make such required amendments as necessary; and

3 noted discretionary relief granted to qualifying bodies in line with the existing policy

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

83 WELFARE REFORM - IMPACT ON COUNCIL TENANTS

The Portfolio Holder for Housing Services updated Members on the welfare reform, specifically changes contained within the Welfare Reform and Work Act 2016. Details around commencement are still emerging and therefore it is intended to continue to update members as key actions and recommendations on the detail are known. Also further reports will be necessary on the wider strategic implications of the above and it is therefore it is intended to report routinely throughout 2017/18.

RESOLVED: That Members

1 accepted and noted the key changes impacting on council tenants because of the latest welfare reform and legislative changes;

2 accepted and noted findings from the Independent Accreditation around the Landlord Income Collection Service in 2016;

3 approved the action plan to mitigate impact of welfare changes and support claimants during the changes; and

4 delegate authority to the Director Communities, Partnerships and Housing in consultation with the Portfolio of Housing on updating the Rent and Income Policy to take account of legislative changes in line with the principles contained within the report

(Moved by Councillor M Thurgood and seconded by Councillor D Cook)

Leader

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CABINET

16th February 2017

COUNCIL

21st February 2017

Report of the Leader of the Council

Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2017/18

Purpose

This is a key decision as it affects two or more Wards and involves expenditure over £100k.

- To approve the **Vision Statement, Priority Themes, Corporate Priorities and Outcomes** and their inclusion in the **Corporate Plan and Support Service Plan (attached at Appendix A)**.

- To approve the recommended package of budget proposals **(attached at Appendix B)** to enable the Council to agree the:

    - General Fund (GF) Revenue Budget and Council Tax for 2017/18;
    - Housing Revenue Account (HRA) Budget for 2017/18;
    - 3 Year General Fund Capital Programme (2017/20);
    - 5 Year HRA Capital Programme (2017/22);
    - 3 Year General Fund Medium Term Financial Strategy (MTFS) (2017/20); and
    - 5 Year HRA Medium Term Financial Strategy (MTFS) (2017/22).

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

Recommendations

That Council approve:

1. **the Vision Statement, Priority Themes, Corporate Priorities and Outcomes for 2017/18 (Appendix A);**
2. **the proposed revisions to Service Revenue Budgets (Policy Changes) (Appendix C);**
3. **the sum of £80,965 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2017/18 (Appendix E);**
4. **the sum of £338,112 be applied from Business Rates Collection Fund surpluses in 2017/18 (Appendix E);**
5. **that on 24th November 2016, the Cabinet calculated the Council Tax Base 2017/18 for the whole Council area as 21,093 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];**
6. **that the Council Tax requirement for the Council's own purposes for 2017/18 is £3,517,258 (Appendix E);**
7. **the following amounts as calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:**
    a. **£53,723,148 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (Outgoings excluding internal GF Recharges);**
    b. **£50,205,890 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (Income excluding internal GF Recharges);**
    c. **£3,517,258 being the amount by which the aggregate at 7(a) above exceeds the aggregate at 7(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);**
    d. **£166.75 being the amount at 7(c) above (Item R), all divided by Item T (at 5 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;**
8. **the Council Tax level for the Borough Council for 2017/18 of £166.75 (an increase of £5.00 (3.09%) on the 2016/17 level of £161.75) at Band D;**
9. **an aggregate Council Tax (comprising the respective demands of the Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,562.18 at Band D for 2017/18 be noted (Appendix H);**
10. **the Council Tax levels at each band for 2017/18 (Appendix H);**
11. **the sum of £1,454,266 be transferred from General Fund Revenue Balances in 2017/18 (Appendix E);**

12. the Summary General Fund Revenue Budget for 2017/18 (Appendix E);

13. the Provisional Budgets for 2018/19 to 2019/20, summarised at Appendix G, as the basis for future planning;

14. the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund and Housing Capital Fund;

15. Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;

16. the proposed HRA Expenditure level of £15,178,750 for 2017/18 (Appendix D);

17. rents for Council House Tenants in General Accommodation for 2017/18 be reduced by an average of £0.86 per week (1%) to £85.29 (2016/17 £87.38), over a 48 week rent year;

18. rents for Council House Tenants in Supported Accommodation for 2017/18 be reduced by of 1%;

19. rents for Council House Tenants due for 52 weeks in 2017/18 be collected over 48 weeks;

20. the HRA deficit of £359,990 be financed through a transfer from Housing Revenue Account Balances in 2017/18 (Appendix D);

21. the proposed 3 year General Fund Capital Programme of £5.765m, as detailed in Appendix I to the report;

22. the proposed 5 year Housing Capital Programme of £50.557m, as detailed in Appendix J to the report;

23. to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;

24. the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2017/18 (as detailed at Appendix N);

25. the Prudential and Treasury Indicators and Limits for 2017/18 to 2019/20 contained within Appendix N;

26. the adoption of the Treasury Management Practices contained within ANNEX 7; and

27. the detailed criteria of the Investment Strategy 2017/18 contained in the Treasury Management Strategy within ANNEX 3.

Executive Summary

The headline figures for 2017/18 are:

- A General Fund total cost of services of £9,623,240 an increase of £1,163,420 (13.8%) compared to 2016/17;

- A transfer of £1,454,266 from General Fund balances;

- The Band D Council Tax would be set at £166.75, an increase of £5 (3.09% - less than £0.10 per week) on the level from 2016/17 of £161.75;

- A General Fund Capital Programme of £5.765m for 3 years;

- a Housing Revenue Account (HRA) Expenditure level of £15,178,750 for 2017/18 (excluding interest & similar charges);

- A transfer of £359,990 from HRA balances;

- An average rent of £85.29 (in line with the Government's requirement to reduce rents by 1% p.a. for the next 4 years), which represents a reduction of £0.86 (1% on the current average rent of £87.38) and equates to £78.73 on an annualised 52 week basis;

- A Housing Capital Programme of £50.557m (including c.£31.4m relating to the Regeneration Projects) for 5 years.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m, at the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (3.09%) for 2017/18 (the maximum permitted under the Government set limits to trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2017/18 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £3m (compared to the minimum approved level of £0.5m).

The 3-year General Fund Capital Programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.755m available (the minimum approved level is £0.5m).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £1m over 5 years (the approved minimum level is £0.5m).

Key Risks

- Impact of uncertain economic conditions, following the decision to leave the EU – there is a higher level of uncertainty than in previous budget setting processes. It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position for the General Fund (5 years for the HRA);

- Achievement of the anticipated growth in business rates income – in line with the assumed baseline and tariff levels set;

- Uncertainty remains over the work progressing on the system for Councils to keep 100% of the business rates collected by 2020 (and the associated impact on the Council's business rates income and associated baseline and tariff levels);

- Delivery of the planned Commercial Investment and Regeneration Strategy actions and associated improved investment returns of 3 – 5% p.a. arising from the investment of £24m from the capital receipt due to be received over the period 2016 – 2018 from the sale of the former golf course (to support the MTFS in the long term);

- Work is continuing on a number of actions to address the longer term financial position;

- Achievement of anticipated growth in new homes within the Borough and the associated dependency on the New Homes Bonus income to address / reduce the funding shortfall for the General Fund;

- Challenge to continue to achieve high collection rates for council tax, business rates and housing rents – in light of further austerity, economic conditions and uncertainty.

Background

The ***Vision*** for *our place* and *our communities* to be "perfectly placed" in order to take full advantage of every opportunity that leads to Tamworth being a ***'better'*** place and its people having ***'better'*** lives or the Council being a ***'better'*** organisation has never been more relevant that it is right now.

Many of the challenges faced by the Council in recent years have had direct consequences for all three themes : People, Place and Organisation. It will come as no surprise therefore that the 3 Thematic Priorities established in 2016 will remain the focus of our plans, actions and resources for the plan period – 2017 to 2020.

Whilst the majority of these challenges are likely to remain – reductions in government funding; increased public demand; less capacity; similar challenges facing our partners – they are balanced to a large degree by the fact that this Council's commitment and determination to succeed remains as does the resilience and professionalism of the entire workforce.

Tamworth Borough Council is one small but classic example of why Local Government and its partners are the only Government Department to achieve the efficiency targets set by the Treasury since 2008…We saw it coming; we planned for it and we adopted an approach based upon resilience and sustainability.

What has changed is our attitude to the situation and our desire and ambition to improve it. Last year, the Council adopted a route-map designed to position the Council so it could be **Perfectly Placed** to take advantage of every opportunity it either created or identified.

"From Surviving To Thriving" set out a number of opportunities based upon the principle that by focusing upon the growth of the economy, both the "people" and the "place" would benefit. The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. To this end, we pledge to explore and invest in viable and sustainable methods of generating income and moving towards financial independence.

The foundations supporting these sustained successes can be attributed to strong political and executive leadership, having a detailed understanding of the issues and challenges facing our "people" and "place" and, more importantly, the plans, policies and resources with which to resolve them. The process by which the Council sets out its plans for dealing with these priorities and providing the resources and funding necessary forms the basis of the **Corporate Plan & Medium Term Financial Strategy** produced and reviewed annually.

It is this tried and tested approach that has enabled this Council to navigate its way through the recession, extended periods of austerity and the uncertainties and complexities brought about by 'devolution', elected Mayors, Combined Authorities et al. With many of the challenges of previous years still facing the Council and the uncertainties surrounding issues such as BREXIT, NNDR retention, the future of the NHS and Care Services, our local clarity of Vision and purpose has never been so important.

The budget setting process has faced significant constraints in Government funding in recent years - over 50% in real terms since 2010. The 4 year Local Government Finance Settlement confirmed 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.

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).

Efficiency Statement - Sustainability Strategy

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.

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.

Work is continuing on a number of actions to address the financial position in future years:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery - online, automation (**Interactive voice response,** IVR). A savings target of £100k p.a. has already been included together with reduced CRM costs of £62k p.a. from 2019/20;

- Recruitment freeze – temporary 12 month appointments are now only being made; there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing. This means we have the opportunity to increase the vacancy allowance from 5% to 7.5% over the next 5 years – c. £45k p.a. year on year for the General Fund (£14k p.a. – HRA);

- Spend freeze – Managers have previously been required to restrict / limit spending to essential spend only (there was a £2m underspend in 2015/16 – although the majority was windfall income, c. £0.75m was lower level underspend);

- Alternative investment options arising from the Commercial Investment and Regeneration Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 5% p.a. (plus asset growth) including:

  - Set up of trading company to develop new income streams;
  - Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);
  - Investments in a Diversified Property Fund;
  - Investments in a Diversified Investment Vehicle (property, shares etc.);

  Note: these would be subject to a robust check and Challenge business case and represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).

- Review of reserves / creation of fund for transformation costs (if needed), and

- Targeted Savings – Members to identify potential areas for review in future years.

Vision, Thematic Priorities & Ambitions

The Council's vision is for Tamworth to be 'perfectly placed' to take full advantage of any/all opportunities to grow and sustain its economy for the benefit of 'people' and 'place'. The Corporate plan sets out our ambitions and what we plan to achieve across the period 2017 to 2020 in order to meet those ambitions. It underlines our commitment to investment and investing in the development of the borough, using the incomes generated to sustain essential services delivered to an agreed and consistent standard.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services.

The **2017/18 Corporate Plan** has been compiled and developed with contributions, views and opinions from local residents, businesses, partners from all sectors and politicians. When combined with a range of data sets, customer insight and information, it provides a robust and trustworthy evidence base against which this plan has been produced.

Whilst progress against the 3 Thematic Priorities adopted by the council last year has been considerable, the outcome from this years review of evidence clearly indicates that these priorities are still at the forefront of our plans and ambitions for 'people', 'place' and 'organisation'. As a result, the 3 Thematic Priorities will again form the basis of the Council's strategic framework and specific ambitions. It is these specific ambitions that serve to place the Thematic Priorities into context by setting out the Council's expectations for the plan period.

The **Vision, Thematic Priorities & Ambitions** at **Appendix A** set out how, under each Thematic priority, we plan to deliver gains or stated ambitions in order to progress against each priority.

There are a number of key challenges affecting the medium term financial planning process (as detailed within the report), which add a high level of uncertainty to budget projections.

The medium term financial planning process is being challenged by Government austerity measures. The accomplishment of a balanced 3 Year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented adverse economic conditions with a great deal of uncertainty over future investment and income levels such as car parking, land charges and corporate property rents.

It is also facing increased financial demands from Central Government for service improvements in areas such as local democracy and transparency – as well as substantial reductions in Government grant support in the future.

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

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

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

The assumptions made in the production of the MTFS are based on the best information available at the time and are subject to change. These will be monitored and reviewed on a Quarterly basis by CMT and Cabinet.

The Treasury Management Strategy Statement and report attached at **Appendix N** outlines the Council's Prudential Indicators for 2017/18 to 2019/20 and sets out the expected Treasury operations for this period.

The main issues for Members to note are:

- Members should understand the implications on Treasury Operations when setting the budget and Medium Term Financial Strategy;

- It is good practice for members to be provided with access to relevant training – so that they have the necessary skills and training;

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

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

- The proposed Counterparty limits for 2017/18 have been increased, reflecting higher average investment balances available at present – but still in line with Capita's suggested 20% maximum of investment balances deposited with any one institution.

Options Considered

As part of the budget setting process a number of options for the council tax and rent increase levels for 2016/17 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	**£5.00 increase in Council tax in 2017/18 (followed by increases of £5.00 p.a.) (Proposed Option)**
Model 2	1.99% increase in Council tax in 2017/18 (followed by increases of c.1.99% p.a.)
Model 3	0% increase in Council tax in 2017/18 (followed by increases of c.1.99% p.a.)
Model 4	2.5% increase in Council tax in 2017/18 (followed by increases of 2.5% thereafter)
Model 5	0% increase in Council tax in 2017/18 (followed by increases of 0% thereafter)
Model 6	1% increase in Council tax in 2016/17 (followed by increases of 1% thereafter)

Rent	Option Modelled / Considered
Statutory Requirement	**Reduction of 1% (in line with the statutory requirement)**

These are detailed within the Base Budget report to Cabinet on 24th November 2016 and the Draft Medium Term Financial Strategy report to Cabinet on 19th January 2017 and Joint Scrutiny Committee (Budget) on 24th January 2017.

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Fund Summary Revenue Budget for 2017/18, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.5m, above the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of £5 (3.09%) for 2017/18 (the maximum permitted under the Government set limits to trigger a referendum is the greater of £5 or 2.0%) followed by increases of £5 p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2017/18 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £3m (compared to the minimum approved level of £0.5m).

The 3-year General Fund Capital Programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.755m available (the minimum approved level is £0.5m).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £1m over 5 years (the approved minimum level is £0.5m).

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

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals were considered at the Joint Scrutiny Committee (Budget) meeting on 24th January 2017. In line with the constitution a Joint Scrutiny Budget Workshop was held on 1st December 2016 to outline the issues affecting the MTFS arising from the base budget forecast.

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

Proposed amendments to the 2016/17 base budget, approved by Council on 23rd February 2016, are detailed within the report.

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

Key Risks to Revenue and Capital Forecasts:

Risk	**Control Measure**
Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (**High)**	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; **(Medium / High)**
New Homes Bonus grant levels lower than estimated; Continuation of the scheme with revisions has been confirmed – further changes are possible in future years. Achievement of forecast growth in housing numbers / reduced void levels; **(High/Medium)**	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; **(Medium)**
Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum; **(Medium)**	Current indications are that increases of 2% or £5 and above risk 'capping' (confirmed as 2% or £5 for District Councils for 2017/18); **(Low)**
The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; **(High)**	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; A minimum General Fund capital balance of £0.5m is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). **(High/Medium)**
Pay awards greater than forecast; **(Medium)**	Public sector pay cap announced as part of the Summer Budget 2015 - 1% increase p.a. for 4 years from 2016/17; **(Medium / Low)**
Pension costs higher than planned / adverse performance of pension fund; **(Medium)**	Regular update meetings with Actuary; Increases of c.£200k p.a. with a new 'lump sum' element have been included following triennial review (during 2016 for 2017/18) for 3 years; **(Medium)**
Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels;	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue;

Risk	Control Measure
New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation; Potential changes to the Business Rates Retention system by the DCLG following the announcement for Councils to keep 100% of the business rates collected by 2020; **(High)**	Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels; Monitoring of the situation / regular reporting; **(High / Medium)**
Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels; **(High)**	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; **(High / Medium)**
Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; **(High / Medium)**	Robust estimates using a zero based budgeting approach have been included; **(Medium)**
Achievement of increased returns (c.3 - 5% p.a.) and asset growth from the Commercial Investment and Regeneration Strategy: • Set up of trading company to develop new income streams; • Local investment options – Lower Gungate / Solway Close development; • Investment in a Diversified Property Fund; • Investment in a Diversified Investment Vehicle (property, shares etc.); **(High / Medium)**	A robust business case approach will be required and estimates included using a zero based budgeting approach; **(Medium)**
Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); **(High / Medium)**	Robust monitoring and evaluation – should funds not be available then schemes would not progress; **(Medium)**
Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). Potential cost of c.£223k p.a. should changes be made by SCC. **(High / Medium)**	Memorandum of Understanding in place with LDC. Potential mitigation options available for changes to green waste scheme. **(Medium)**

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

Report Author:

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, Director of Finance – tel. 709242.

Background Papers:-	**Draft Budget and Medium Term Financial Strategy 2017/18 to 2021/22, Cabinet 19th January 2017 / Joint Scrutiny Committee (Budget) 24th January 2017**
	Business Rates Income Forecast (NNDR1 return), Cabinet 19th January 2017
	Treasury Management Strategy Statement & Annual Investment Strategy Mid-year Review Report 2016/17, Council 13th December 2016
	Leaders Budget Workshop, 1st December 2016
	Draft Base Budget Forecasts 2017/18 to 2021/22, Cabinet 24th November 2016
	Budget Consultation Report, Cabinet 3rd November 2016
	Budget and Medium Term Financial Planning Process, Cabinet 28th July 2016
	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2016/17, Council 23rd February 2016
	Treasury Management Practices 2017/18 (Operational Detail)

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CORPORATE VISION FOR TAMWORTH

"One Tamworth, Perfectly Placed"

Open for business since the 7th Century A.D.

This Vision for Tamworth is underpinned by high level, evidence based priorities that focus upon both Tamworth (the place) and the communities served (the people).

VISION, THEMATIC PRIORITIES & AMBITIONS

The Council's vision is for Tamworth to be 'perfectly placed' to take full advantage of any/all opportunities to grow and sustain its economy for the benefit of 'people' and 'place'. This plan sets out our ambitions and what we plan to achieve across the period 2017 to 2020 in order to meet those ambitions. It underlines our commitment to investment and investing in the development of the borough, using the incomes generated to sustain essential services delivered to an agreed and consistent standard.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation. So, not only will the Council seek investment from businesses and developers, but the Council itself will explore viable and sustainable investment opportunities using all returns to support public services.

The following tables set out how, under each Thematic Priority, we plan to deliver gains or stated ambitions in order to progress against each priority

TP1 "Living a Quality Life in Tamworth"

The Council believes that everyone should have the opportunity to live a quality life. In order to enable this, it will work with its public, partners and stakeholders to ensure that:

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

TP2 "Growing Stronger Together in Tamworth"

The Council believes that the managed growth of the local economy based upon sustainable business growth, better skilled jobs, a vibrant town centre, high quality retail and leisure offers and local, regional and national connectivity will help make Tamworth an acknowledged **"Great place to live, work and raise a family".** To achieve this, the Council will seek to ensure that:

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

TP3 "Delivering Quality Services in Tamworth"

Despite the unprecedented cuts in government funding and an extended period of austerity, the Council has sought to maintain a full suite of services. It accepts that changes in service scopes and standards have had an impact however; it remains committed to protecting those most vulnerable in our communities. In order to sustain this commitment, the Council embarked upon the largest and most complex transformation plan in its history. Consequently, the Council is now in a position to ensure that:

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

These are not simply words or the ambitions of politicians seeking to win 'votes'; these are the services, standards and outcomes that our public aspire to and expect of the Council. It is through the **Corporate Plan** that these aspirations and expectations will be achieved. The scale, scope and timescale relating to these outcomes presents the Council with a challenging yet achievable task over the forthcoming years.

In saying this, it is important to note that whilst the **"Plan"** focuses upon delivering against the 3 Thematic Priorities, the Council must also ensure that the wide range of day-to-day operational and support services continue to be delivered to a consistent and efficient standard. In doing so, it demonstrates how **"Delivering Quality Services"** both connects and underpins the Thematic Priorities for **"Place"** and **"People.**

Throughout the 'Plan' period, the Council's ongoing programme of Service Reviews, continuous improvement and whole system reviews will continue in line with the adopted **Sustainability Strategy.**

Services continue to be delivered through a mix of 'Direct' provision, contracted and/or commissioned services, joint/shared services and partnerships. Our aim to scrutinise and improve the way we plan, do and review will remain throughout the period of this plan.

So, between 2017 and 2020, the Council will work with its public, peers and partners in order to:

a) Sustain essential services at agreed standards for those in greatest need;

b) Deliver a programme of projects, planned initiatives and work streams designed to achieve outcomes against the Thematic Priorities;

c) Adopt a commercial approach to growth and investment designed to generate a sustainable income to support a) and b);

d) Continue its excellent performance in financial planning, management and investment. By being 'Risk Aware' rather than 'Risk Averse', the Council will consider all opportunities to improve and/or sustain services.

Detailed Considerations

Introduction

The Council's approach to medium term planning aims to integrate the Council's Corporate and financial planning processes. In accordance with that approach this report contains firm proposals for 2017/18 and provisional proposals for the following years.

It is intended that all aspects of the budget should be agreed by Members and so this report details each amendment which is proposed to the 2016/17 budget to arrive at the starting point for 2017/18. The report deals in turn with each of the key elements and towards the end of each section is a summary table. Each of these tables is brought together in the summary and conclusions section at the end of the report.

The Council's MTFS used as the basis for the 2017/18 budget, aimed both to deal with a challenging financial position and to find resources to address the Council's corporate priorities. The approved package was based upon:

- The need to compensate for reduced income levels arising from the Government's austerity agenda & economic situation;
- Injecting additional resources into Corporate Priorities;
- Increasing income from council tax and fees and charges;
- Making other savings and efficiencies.

Financial Background

The medium term financial planning process is being challenged by the uncertain economic conditions. The forecast grant reductions and uncertainty following the EU referendum result have put significant pressure on the ability of the Council to publish a balanced MTFS.

It has been suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years' budget position, in compliance with the Prudential Code (minimum balances of £0.5m) by which time the economic impact, if any, should be clearer.

There are a number of other challenges affecting the Medium Term Financial Planning process for the period from 2017/18 which add a high level of uncertainty to budget projections.

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

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

Effect of x% movement:	% + / -	Impact over 1 year +/- £'000	Impact over 3 years +/- £'000	Risk
Pay Award / National Insurance (GF)	0.5%	44	263	M/H
Pension Costs	0.5%	57	345	M/H
Council Tax	0.5%	17	109	L/M
Inflation / CPI	0.5%	48	292	M/H
Government Grant	1.0%	38	215	M/H
Investment Interest	0.5%	260	1644	H
Key Income Streams	0.5%	6	42	L
New Homes Bonus	10%	32	245	H
Business Rates	0.5%	64	391	H

GENERAL FUND

Future Revenue Support Grant & Business Rate income

On 15 December 2016, the Secretary of State for the Department for Communities and Local Government, Rt. Hon. Sajid Javid MP, made a statement to Parliament on the provisional local government finance settlement (LGFS) 2017/18.

This followed the confirmation received during November 2016 that the Government had accepted the Council's application for a four-year funding settlement to 2019/20.

The National Core Spending Power figures are detailed below and include the Settlement Funding Assessment (SFA); Council Tax; the Improved Better Care Fund; New Homes Bonus (NHB); Transitional Grant; Rural Services Delivery Grant; and the Adult Social Care Support Grant. The table shows the national changes to Core Spending Power between 2016/17 and 2019/20. It shows a reduction of 1.1% for 2017/18 and an overall increase for the period 2016/17 to 2019/20 of 0.4%.

Core Spending Power National Position	**2015/16 £m**	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**
Settlement Funding Assessment	21,250	18,601	16,632	15,599	14,584
Council Tax	22,036	23,247	24,623	26,082	27,629
Improved Better Care Fund	-	-	105	825	1,500
New Homes Bonus	1,200	1,485	1,252	938	900
Rural Services Delivery Grant	16	81	65	50	65
Transition Grant	-	150	150	-	-
Adult Social Care Support Grant	-	-	241	-	-
Core Spending Power	**44,502**	**43,564**	**43,068**	**43,494**	**44,678**
Change %		**(2.1)%**	**(1.1)%**	**1.0%**	**2.7%**
Cumulative change %		**(2.1)%**	**(3.2)%**	**(2.3)%**	**0.4%**

For future years, it has been assumed that there will be a reduction in Revenue Support Grant to 2019/20 in line with that notified within the Final LGFS for 2016/17, confirmed as unchanged as part of the 2017/18 LGFS, as detailed below.

BASE BUDGET	**2017/18 £**	**2018/19 £**	**2019/20 £**	**2020/21 £**	**2021/22 £**
Revenue Support Grant	770,996	493,964	184,529	-	-
% Reduction	(36)%	(36)%	(63)%	(100)%	-

Business Rates

Given the current economic climate and further anticipated reductions in Central Government Grant support together with the uncertainty around the impact of the Business Rate Retention scheme, detailed modelling has been carried out in order to prepare estimated Business Rates income levels.

The 2017/18 finance settlement represents the fifth year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in the previous years, the provisional settlement provides authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme.

Additional monthly monitoring has been implemented since the implementation of business rate retention from 2013/14 – following approval of the NNDR1 form (Business Rates estimates) by Cabinet in January each year.

The Council received additional business rates during 2013/14 (above forecast / baseline) and had to pay a levy of £386k to the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP). No levy was payable for 2014/15 due to the significant increase in appeals during March 2015 – which meant an increase in the provision from £1m to almost £4m. The Council received additional business rates during 2015/16 (above forecast / baseline) and had to pay a levy of £534k.

The latest estimates for 2016/17 indicate additional business rates receivable above the baseline in 2015/16 – of which the Council will receive 40% less the Government set tariff payment of c.£11m (and a 20% levy on any surplus over the baseline to the GBSLEP) - after deduction of the 50% Central Share, 9% County & 1% Fire & Rescue Authority shares).

However, the future position is less certain. A robust check & challenge approach has been taken of any increases on the base figure, including a risk assessed collection level.

New Burdens (Section 31) Grant is receivable for additional reliefs given by the Government relating to business rates from 1st April 2014 e.g. Small Business Rate Relief – of which 50% of any in excess of the baseline will be payable in levy to the GBSLEP. A prudent approach has been taken in respect of any new burdens funding – and, due to uncertainties & risk, the creation of an associated Business Rates Collection reserve to mitigate fluctuation in income. The forecast Section 31 Grants and levy payments included within the base budget forecasts are detailed below.

Levy / Section 31 Grant	**2017/18 £**	**2018/19 £**	**2019/20 £**
NNDR Levy payment to GBSLEP (20%)	843,520	831,710	837,610
Section 31 Grant income	(409,260)	(423,700)	(437,080)

For future years, the Government assessed Business Rates Baseline is detailed below:

BASELINE	**2017/18 £**	**2018/19 £**	**2019/20 £**
Budgeted Funding:			
Retained Business Rates	13,031,478	13,415,917	13,844,714
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)
Total	2,182,256	2,246,634	2,318,441
% Increase	2.0%	3.0%	3.2%
Provisional Settlement Funding (December 2016):			
Retained Business Rates	11,975,563	12,360,849	12,800,526
Less: Tariff payable	(9,791,708)	(10,106,733)	(10,466,231)
Total	2,183,855	2,254,116	2,334,295
% Increase	2.0%	3.2%	3.6%
Increase / (Decrease)	**1,599**	**7,482**	**15,854**

As identified above, the Business Rates Baseline for 2017/18 is marginally higher than expected at £2.18m. However, due to the variable nature of the BRR element of local authority funding, the provisional settlement no longer provides the absolute funding level for authorities. Overall, Government External support (combined RSG/***Baseline*** NNDR) is £1.6k higher than expected in 2017/18 – the overall reduction in Government Support is 11.8% (as expected in our assumed reduction).

The Government's assessed Business Rates Baseline for the authority is only based on an adjusted average income figure, and therefore is not representative of the actual Business Rates Baseline. The business rates forecast income has now been finalised – the updated budget estimates are detailed below:

BASE BUDGET	**2017/18**	**2018/19**	**2019/20**
	£	**£**	**£**
Budgeted Funding:			
Retained Business Rates	13,982,727	14,103,007	14,224,161
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)
Total	3,133,505	2,933,724	2,697,888
% Increase (Decrease)	19.5%	(6.4)%	(8.0)%
Retained Business Rates	13,253,351	13,600,578	14,038,666
Less: Tariff payable	(9,791,708)	(10,106,733)	(10,466,231)
Total	3,461,643	3,493,845	3,572,435
% Increase / (Decrease)	**32.0%**	**0.9%**	**2.2%**
Increase / (Decrease) Total	**328,138**	**560,121**	**874,547**

Based on this Government financial support will reduce as shown below:

BASE BUDGET	**2017/18**	**2018/19**	**2019/20**
	£	**£**	**£**
Budgeted Funding:			
Revenue Support Grant	770,996	493,964	184,529
Retained Business Rates	13,982,727	14,103,007	14,224,161
Less: Tariff payable	(10,849,222)	(11,169,283)	(11,526,273)
Total	3,904,501	3,427,688	2,882,417
% Increase / (Decrease)	1.9%	(12.2)%	(15.9)%
Provisional Settlement Funding (Updated January 2017):			
Revenue Support Grant	770,996	493,964	184,529
Retained Business Rates	13,253,351	13,600,578	14,038,666
Less: Tariff payable	(9,791,708)	(10,106,733)	(10,466,231)
Total	4,232,639	3,987,809	3,756,964
% Increase / (Decrease)	**10.5%**	**(5.8)%**	**(5.8)%**
Increase / (Decrease)	**328,138**	**560,121**	**874,547**

The table shows that overall funding should be c.£328k more than expected in 2017/18 (£1.8m more than expected over 3 years).

No provision for a levy redistribution from the GBSLEP has been included.

The retained Business Rates forecast is based on the statutory NNDR1 return – approved by Cabinet on 19th January 2017 – prior to final sign off by the statutory deadline of 31st January 2017.

There are still significant uncertainties - specifically the treatment of:

- The level of inflation affecting the future increases to the multiplier;
- Forecast levels of growth in business rates;
- The estimated level of mandatory and discretionary reliefs;
- The estimated level of refunds of Business Rates following the Appeal process; and
- Finalisation of the ongoing treatment of Section 31 grant funding (including Small Business Rate Relief Grant) – which could affect the calculation of any levy payment and thereby reduce retained Business Rate income.

New Homes Bonus (NHB)

When the base budget was prepared, it had been assumed that the New Homes Bonus scheme will continue with such funding included using a risk based approach.

The New Homes Bonus scheme was subject to a consultation paper in December 2015. This paper outlined a number of potential changes to the scheme, including a change in the scheme's funding. This change moved from having an open-ended funding amount (based on the number of new homes) to a finite amount that could not be exceeded. The funding for the scheme over the period 2017/18 to 2019/20 was also announced, these amounts being:

2017/18	£1,493m
2018/19	£938m
2019/20	£900m

The following modelling on the consultation proposals was undertaken and indicated a potential loss of grant funding of £0.2m over 3 years should the Government implement all aspects of the consultation proposals:

Modelling	2016/17 £'000	2017/18 £'000	2018/19 £'000
Reduction in scheme payments from 6 to 5 Years from 2017/18:			
Revised Forecast	651	601	697
(Increase) / Decrease in grant	(2)	40	(78)
(Increase) / Decrease over 3 years			(40)
Reduction in scheme payments from 6 to 4 Years from 2017/18:			
Revised Forecast	651	493	697
(Increase) / Decrease in grant	(2)	149	(78)
(Increase) / Decrease over 3 years			69
As above plus a 'Deadweight' allowance of 0.25% of Taxbase:			
Budgeted	651	445	602
(Increase) / Decrease in grant	(2)	197	17
(Increase) / Decrease over 3 years			212

This excluded the further option to restrict scheme payments to 2 or 3 years.

The 2017/18 allocations reflect the outcome of the consultation. The government has made/proposed the following changes to the scheme:

- Funding is reduced by £241m in 2017/18 (funding remains at pre-announced levels for 2018/19 and 2019/20);
- Funding will be reduced from 6 years to 5 years in 2017/18;
- Funding will then reduce to 4 years for 2018/19 onwards;
- From 2018/19, the government will consider withholding payments from local authorities that are not *"planning effectively, by making positive decisions on planning applications and delivering housing growth"; and*
- A consultation is planned regarding withholding payments for homes that are built following an appeal.

It is important to note that:

- For authorities below the 0.4% threshold for growth (like Tamworth for 2017/18), it is only the "in-year" element of funding that is not received i.e. they will still receive the historic payments. For 2017/18, this will mean that an authority will still receive payments for the four previous years; and

- The allocations for 2018/19 and 2019/20 are indicative and will be reliant on any further changes to the scheme and growth locally.

New Homes Bonus income forecasts were subsequently updated (including changes in forecast new home increases) and included within the base budget as detailed in the table below.

The implementation of the proposed reforms to the scheme will mean that the length of New Homes Bonus payments will be reduced from 6 years to 5 years in 2017/18 and 4 years from 2018/19. Revised forecasts are also shown in the table below. It was assumed within the base budget that it would be 4 years from 2017/18 which means the Council will be better off by c.£53k in 2017/18.

BASE BUDGET NHB	**2017/18 £**	**2018/19 £**	**2019/20 £**
MTFS Budget	641,590	618,350	602,350
Reduced / Additional (-) income	321,254	202,423	(48,778)
Base Budget	**320,336**	**415,927**	**651,128**
Risk Weighting applied	*100%*	*75%*	*50%*
Revised forecast	373,156	331,365	667,177
(Gain) / Loss	**(52,820)**	**84,561**	**(16,050)**
Revised Risk Weighting applied	*100%*	*75%*	***75%***

However, from 2017/18 the national baseline for housing growth below which New Homes Bonus will not be paid was set at 0.4% (reflecting a percentage of housing that would have been built anyway). The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. It had been assumed that a 'deadweight' factor of 0.25% would be implemented, in line with the consultation – but as the Government have increased this to 0.4% then the Council will be worse off in future years.

The impact on the MTFS over 3 years would be £135k loss .
However, due to the prudent risk aware approach to budgeting for new homes bonus (given the uncertainties), the prudency rates have been amended to reflect the increased certainty for the ongoing operation of the scheme.

This results in an overall loss to the MTFS of £16k over 3 years.

Technical Adjustments

Revisions have been made to the 2016/17 base budget in order to produce an adjusted base for 2017/18 and forecast base for 2018/19 onwards. These changes, known as technical adjustments have been calculated to take account of:

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

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

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

Technical Adjustments	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Base Budget B/Fwd	8,460	9,330	9,448
Committee Decisions	35	(3)	(722)
Inflation	34	32	31
Other	841	16	(268)
Pay Adjustments (Including pay award / reduction of 5% for vacancy allowance)	6	73	118
Revised charges for non-general fund activities	(46)	-	-
Total / Revised Base Budget	9,330	9,448	8,607

* ( ) denotes saving in base budget

Policy Changes

The policy changes provisionally agreed by Council in February 2016 have been included within the technical adjustments for 2017/18 onwards. **A list of the proposed new policy changes for 2017/18 is attached at Appendix C and summarised below:**

Policy Changes Identified	2017/18 £'000	2018/19 £'000	2019/20 £'000
Contingency budget to allow for 'in year' decisions to be made by Cabinet & to provide for any potential further reductions in income as a result of the financial climate	100.0	-	-
Apprenticeship Levy - Amount required under Government legislation (GF impact)	33.0	33.0	33.0
Deferral of savings from review of Senior Management - net of the removal of the DCPP vacant post	200.0	70.0	70.0
West Midlands Combined Authority (WMCA) - contribution towards ongoing costs	25.0	25.0	25.0
Revised New Homes Bonus Grant	(52.8)	84.6	(16.0)
Negotiated savings in Pensions costs arising from Advance payment	-	(120.0)	-
Interest element of Capital Receipt from sale of Former Golf Course	(166.0)	(49.0)	-
Vacancy Allowance Contingency Budget	(50.0)	(50.0)	(50.0)
Contribution from Building Repairs Fund	(53.2)	(53.2)	(53.2)
Commercial Investment and Regeneration Strategy (CIRS)	75.0	-	-
Business Rates Levy payment	211.0	324.0	478.0

Policy Changes Identified	2017/18 £'000	2018/19 £'000	2019/20 £'000
Business Rates Section 31 Grant Income	(94.0)	(96.0)	(97.0)
An increase in the Vacancy allowance from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(43.7)	(89.9)	(134.9)
Revenue Implications of Capital Programme - Recharge of costs to Business Improvement District levy	5.0	(11.4)	(11.6)
To extend the current temporary two-year contract of the Training Officer by a year, funded by income generated by providing training courses to external organisations.	10.0	18.0	-
Income budget to be established to offset additional cost of above proposal	(10.0)	(18.0)	-
Revenue Implications of Capital Programme - Efficiencies in Disaster Recovery and Hardware Maintenance costs	-	(10.0)	(10.0)
To make the post of Scrutiny & Corporate Support Officer a permanent full-time position on the establishment	13.5	13.5	13.5
To provide additional ongoing funding to support the provision of the Shopmobility service currently provided by MAP	5.0	5.0	5.0
Revenue Implications of Capital Programme – Self Service – ongoing maintenance & savings in CRM costs	20.0	20.0	(42.0)
Revenue Implications of Capital Programme - Time Recording Scheme - ongoing maintenance & development costs	-	4.0	4.0
Customer Services Staffing - Delayed delivery of part of the planned savings of £100k p.a. (£33k p.a. achieved to date)	67.0	67.0	-
Removal of the DCPP vacant post	(70.0)	(70.0)	(70.0)
Homelessness Prevention activity – proposals to add 2 members of staff for enhanced service delivery arrangements within the Housing Solutions Team	70.5	70.5	-

Policy Changes Identified	2017/18 £'000	2018/19 £'000	2019/20 £'000
It is proposed to make the existing temporary regeneration post a permanent role	-	-	45.0
Staffing costs associated with the capital programme / disposal, creation or acquisition of assets can be capitalised	-	-	(45.0)
Revised Waste Management arrangement costs - Reflects impact of reduction in income from sale of recyclate	60.0	60.0	60.0
Replacement contract for the operational vehicle fleet	(60.2)	(60.2)	(60.2)
Targeted income from implementation of charge for Green Waste service pending finalisation of the current review and detailed report to Full Council for approval	-	(245.0)	(245.0)
Rental income from letting of vacant accommodation within Marmion House	-	(46.0)	(46.0)
Service Charge income from letting of vacant accommodation within Marmion House	-	(46.0)	(46.0)
Tamworth Enterprise Centre - Staffing Costs	21.6	22.7	23.8
Tamworth Enterprise Centre - Revised operational savings	(18.5)	(38.5)	(45.9)
Total New Items / Amendments	**298.2**	**(185.9)**	**(215.5)**

Capping / Local Referendum

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

The principles for 2017/18 are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2016/17, they set council tax increases that are equal to or exceed the greater of 2.0% or £5.

Consideration of the likely level of Council Tax increases over the 5-year period is needed to avoid the potential costs of holding a referendum and to ensure that balances are maintained at the minimum approved level of £500k.

The indications are that a potential threshold will be the greater of 2.0% or £5 in future years - the impact of a £5 p.a. (c.3% p.a.) is outlined below.

Council Tax

Last year's medium term financial plan identified ongoing increases of c.1.99% per annum from 2017/18. Each £1 increase in the band D Council Tax would raise approximately £21k per annum. For each 1% increase in Council Tax, the Council will receive c. £34k additional income per annum.

The Council's provision for collection losses for 2017/18 has been approved at 2.1% (the same level as 2016/17). In order to meet the on-going expenditure requirements the Council will have to increase the underlying income base.

The Band D Council Tax would increase to £166.75 for 2017/18 (£161.75 - 2016/17). Future levels of Council Tax and the projected impact on the General Fund revenue account forecast would be as follows:

Year:	2017/18	2018/19	2019/20
Forecast:	£'000	£'000	£'000
Surplus (-) /Deficit	1,455	1,589	2,2356
Balances Remaining (-) / Overdrawn	**(4,326)**	**(2,737)**	**(502)**
£ Increase	5.00	5.00	5.00
% Increase	3.09%	3.00%	2.91%
Note: Resulting Band D Council Tax	166.75	171.75	176.75

which indicates potential balances of £0.6m (compared to the minimum approved level of £0.5m) is forecast as remaining over the 3 year period. As current capping guidance indicates a 'capping' threshold of 2.0% or £5, this is considered a low risk option.

Also available to the Council to support expenditure otherwise funded from Council Tax are surpluses arising from the Council's share of surpluses (or deficits) within the Council Tax and Business Rates elements of the Collection Fund.

It is proposed that surpluses / deficits be used (and that the relevant sums be made available to the other precepting authorities – the County Council, Fire & Rescue and Office of the Police & Crime Commissioner (OPCC). It is estimated that there will be a surplus of £0.75m for Council Tax and a surplus of £0.8m for Business Rates.

Year:	2017/18	2018/19	2019/20
Council Tax	£'000	£'000	£'000
Council Tax Income	(3,517)	(3,677)	(3,870)
Collection Fund Surplus (Council Tax)	(81)	-	-
Collection Fund Surplus (Business Rates)	(338)	-	-

The County Council, OPCC and Fire & Rescue Authority are due to finalise their budgets for 2017/18 during February 2017. The impact of the Borough Council tax proposals is shown for each Council Tax Band in **Appendix H**.

Balances

At the Council meeting on 29th February 2000 Members approved a minimum working level of balances of £0.5m. At 31st March 2017 General Fund Revenue Balances are estimated to be £5.781m, compared with £3.605m anticipated a year ago.

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

Summary and Conclusions

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

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

A summary of all the budget proposals is shown in the table below. The summary Revenue Budget for 2017/18, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G.**

Summary	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**
Estimated Net Cost of Services	**9,330**	**9,448**	**8,607**
Proposed Policy Changes / Additional Costs Identified **(Detailed at Appendix C) (Rounded)**	298	(186)	(215)
Final Recharge & Inflationary Adjustments (after Policy Changes inclusion)	(5)	(8)	(19)
Transfer to Transformation Reserve	-	-	1,490
Net Expenditure	9,623	9,254	9,863
Financing: RSG	(771)	(494)	(185)
Collection Fund Surplus (Council Tax)	(81)	-	-
Collection Fund Deficit (Business Rates)	(338)	-	-
Tariff Payable	9,792	10,107	10,466
Non Domestic Ratepayers	(13,253)	(13,601)	(14,039)
Council Tax Income	(3,517)	(3,677)	(3,870)
Gross Financing	(8,168)	(7,665)	(7,628)
Surplus(-) / Deficit	1,455	1,589	2,235
Balances Remaining (-) / Overdrawn	(4,326)	(2,737)	(502)

Per Council, 23rd February 2016	(2,334)	(608)	-

HOUSING REVENUE ACCOUNT

Technical Adjustments

The 2016/17 approved budget has been used as a base to which amendments have been made reflecting the impact of technical adjustments. The impact of the policy led changes, will be added to this figure to produce the HRA budget for 2017/18.

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

Technical Adjustments	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Base Budget	368	357	1,455	491	367
Committee Decisions	441	633	(933)	49	-
Inflation	127	131	134	153	157
Other	(650)	280	(209)	(404)	(325)
Pay Adjustments	48	54	44	78	74
Revised charges for non-general fund activities	23	-	-	-	-
Total / Revised Base Budget	357	1,455	491	367	273

Revisions have been made to the 2016/17 base budget in order to produce an adjusted base for 2017/18 and forecast base for 2018/19 onwards. These changes, known as technical adjustments, are largely beyond the control of the Council and have been calculated to take account of:

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

and are summarised in **Appendix F2**.

Proposals

The proposed policy changes for inclusion in the base budget for the next 5 years are detailed at **Appendix C** and are highlighted below:

Policy Changes Identified	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Apprentice Levy	10	10	10	11	11
Negotiated savings in Pensions costs arising from Advance payment	-	(37)	-	-	-
An increase in the vacancy allowance from 5% to 7.5% over 5 years	(13)	(27)	(42)	(57)	(74)
Negotiated savings in Pensions costs arising from Advance payment	(4)	(4)	(4)	(4)	(4)
Total New Items / Amendments	**(7)**	**(58)**	**(36)**	**(50)**	**(67)**

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

	2017/18 £'000	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Estimated Net (Surplus) / Deficit	357	1,455	491	367	273
Proposed Policy Changes / Additional Costs Identified	(7)	(58)	(36)	(50)	(67)
Final Recharge & Inflationary Adjustments (after Policy Changes inclusion)	10	10	10	10	10
Surplus (-) / Deficit	360	1,407	465	327	216
Balances Remaining (-) / Overdrawn	(5,392)	(3,985)	(3,520)	(3,193)	(2,977)

Per Council, 23rd February 2016	(2,330)	(1,059)	(1,045)	(875)	-

Indicating a Housing Revenue Account (HRA) balances of £3m over the next 5 years (Minimum recommended balances are currently £0.5m).

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

- Finalisation of the costs (following tender) / income associated with the regeneration / redevelopment schemes – to inform the likely need from the Regeneration Reserve;

- Delivery of regeneration programme to planned timescales;

- The impact of Welfare Benefit Reform on rent collection levels – limited so far but further measures are to be rolled out (e.g. Universal Credit);

- The effect of the reduction in Social housing rents announced in the Summer Budget 2015 – rents are to be reduced by 1% a year for four years from 2016/17, requiring local authorities and housing associations to make savings and will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative);

- The potential that Social Tenants with household incomes of at least £40k in London and at least £30k elsewhere, will have to pay a market or near market rent – the Government have confirmed that implementation of this initiative will be optional for 2017/18. Local Authorities will have to repay the rent subsidy that they recover from high income tenants to the Exchequer;

- Any impact from the sale of high value council housing scheme should it be implemented in 2017/18; and

- Future impact of the Government's increased discounts to promote right to buy sales on housing stock numbers and associated income levels – 50 sales p.a. have been assumed in future years. There is also still uncertainty over retained receipt levels (pending further Government guidance) and spending plans.

Rent Restructuring

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

This framework removed the flexibility to independently set rent levels from Social Landlords and replaced it with a fixed formula (RPI plus 0.5% plus £2.00) based on the value of the property and local incomes.

The aim of the framework was to ensure that by a pre-set date all social landlord rents have reached a 'target rent' for each property that will reflect the quality of accommodation and levels of local earnings. In achieving this target rent councils were also annually set a "limit rent" which restricted the level of rent increase in any one year.

Housing rents were increased in accordance with the Rent Restructuring Framework for 2014/15. However, from 2015/16, Councils could decide locally at what level to increase rents. Government Guidance suggested an increase of CPI plus 1%, however, the Council agreed to vary this level, and applied the formula CPI plus 1% plus £2 (capped at formula rent) ***for 2015/16 only***, to generate additional funding to support increased maintenance costs and the regeneration of key housing areas within the Borough.

However, under Benefit regulations and circulars issued by the DWP, the Rent Rebate Subsidy Limitation scheme penalises the Council should the average rent be above the notified limit rent. The guidance on rent increases stated a CPI + 1% increase which, when applied to the 2014/15 limit rent, gave a limit rent for 2015/16 of £82.56 which when compared to the actual rent for 2015/16 of £81.51 meant no loss of Housing Benefit subsidy grant.

The effect of the reduction in Social Housing Rents announced in the Summer Budget 2015 means that rents are to be reduced by 1% a year for four years from 2016/17 and will mean a reduction in HRA rent income of c.£600k p.a. each year for 4 years (cumulative) due to the 1% reduction and as the planned inflationary increases of c.3% p.a. will also not be made.

Following various articles in the professional press, particularly reports from National Housing Federation (NHF) in January 2016; DCLG sent an update to Local Authorities on 8th February 2016. The Government's note set out further detail in relation to the sale of high value vacant housing (detailed in the Housing & Planning Bill) and further clarification with regard to the 1% reduction in social rents for 4 years (2016-2020).

The Government announced that it would put in place a one-year exemption for all supported accommodation whilst they review this area of supported accommodation. The exemption has subsequently been confirmed for future years.

The Government identified a range of accommodation which would benefit from the exclusion - for the Council this includes its sheltered housing and supported accommodation for young people – totalling 385 units of council owned stock.

The 2016 revised definition of "Specialised supported housing" means supported housing:

(a) which is designed, structurally altered, refurbished or designated for occupation by, and made available to, residents who require specialised services or support in order to enable them to live, or to adjust to living, independently within the community,

(b) which offers a high level of support, which approximates to the services or support which would be provided in a care home, for residents for whom the only acceptable alternative would be a care home,

(c) which is provided by a private registered provider under an agreement or arrangement with

  (i) a local authority, or

  (ii) the health service within the meaning of the National Health Service Act 2006(d),

(d) in respect of which the rent charged or to be charged complies with the agreement or arrangement mentioned in paragraph (c), and

(e) in respect of which either

  (i) there was no public assistance, or

  (ii) if there was public assistance, it was by means of a loan secured by means of a charge or a mortgage against a property.

The Government's expectation is that rents will not increase by more than CPI + 1% where the exemption is applied. Rents for Supported Accommodation were frozen at 2015/16 levels.

However, the remodelling of the Councils 365 Sheltered units in 2015/16 in particular (with service charges levied for enhanced housing management) marked a shift away from specialist supported accommodation and therefore the ability to claim the exemption in line with the revised definition above.

For 2017/18 to 2019/20, it has been assumed at all rents will fall by 1% - including rents for supported accommodation.

Balances

The forecast level of balances at 31st March 2017 is £5.75m. The impact on balances of the adjustments outlined in this report would be as follows:

Balances	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Proposed Withdrawal from / Addition to (-) Balances	360	1,407	465	327	216
Balances Remaining (-) / Overdrawn	(5,392)	(3,985)	(3,520)	(3,193)	(2,977)

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

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

CAPITAL PROGRAMME 2017/18 to 2021/22

Capital Programme

Following a review of the Capital Programme approved by Council on 23rd February 2016, a revised programme has been formulated including additional schemes which have been put forward for inclusion.

Each scheme has been assessed with regard to:

- the contribution its delivery makes towards the achievement of the Council's corporate priorities;
- the achievement of Government priorities and grant or other funding availability;
- the benefits in terms of the contribution to the Council's Corporate Objectives and compliance with the Corporate Capital Strategy requirements of:

    1. Invest to save
    2. Maintenance of services and assets
    3. Protection of income streams
    4. Avoidance of cost.

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

A schedule of the capital scheme appraisals for the General Fund (GF) & Housing Revenue Account (HRA) received for consideration is attached at **Appendix I – General Services and Appendix J – Housing,** together with the likely available sources of funding (capital receipts / grants / supported borrowing etc.).

With regard to the contingency schemes/allocation, **£50k** remains in 2016/17 GF contingency funds and **£100k** remains in 2016/17 HRA contingency funds (which will be re-profiled into 2017/18 to provide contingency funding).

To inform discussions, the proposals have been reviewed by the Asset Strategy Steering Group and Corporate Management Team with comments for each of the schemes outlined below.

General Fund

The forecast has highlighted that sufficient resources will be available to finance all of the GF schemes submitted – subject to use of part of the capital receipt from the Golf Course sale (c.£200k) to support invest to save projects (summarised below).

The minimum approved level of capital balances is £0.5million with GF capital balances of **£695k** predicted over the 3 years to 2019/20 (including £445k tranche 1 Golf Course capital receipts), **net £250k**. This excludes the further tranches of Golf Course capital receipt payments of £24.2m (less the revenue interest element).

It is estimated that £5.765m (excluding the £0.5m approved minimum balance) will be needed during the period to 2019/20 for future capital spending (including the usable capital receipts generated from the sale of council housing).

Potential prudential borrowing of £1.229m for the Cultural Quarter is included (should sufficient capital receipts not be available). Details of the proposed capital programme are shown in **Appendix I.**

The capital programme has been reviewed and updated:

	General Fund
a)	**Technology Replacement**
	A revised capital submission had been prepared for £77k in 2017/18 (with £60kp.a. from 2018/19) for ongoing, large scale upgrade and maintenance to the TBC infrastructure, in line with agreed device lifecycles. Additional to this internal demand, external factors including legislative requirements from central government in the guise of the Public Sector Network (PSN) and Government Code of Connection, have resulted in required investment into static and mobile device management and security (the provisional programme included £60k p.a. from 2017/18). **Payback through savings of c. £10k p.a. from year 2.**
b)	**BID Software**
	An additional scheme for £17.4k in 2017/18 has been included following a report to Cabinet seeking Members approval to progress a Business Improvement District for Tamworth Town Centre and Ventura Park (**with payback of additional income of c. £12k p.a. from year 2**).
	Should a BID progress (subject to further feasibility work / a ballot of local businesses) the Council will be responsible for billing, collection and recovery for the BID Levy.
	There will be an initial capital requirement to set up the BID billing system, which will include a module add-on for our current Capita system and consultancy support to get this module operational.
	ICT are to be consulted on the new software requirements.
c)	**Self service**
	An additional scheme for £115k in 2017/18 has been included to enable customers to self-serve routine and basic enquires via our telephony systems and via an online portal without the need for an officer's intervention to fully support the delivery of the Council's corporate Customer Service and Access Strategy. **There are planned savings of £100k p.a. from year 2 (less £20k p.a. ongoing costs) which have already been included with the base budget (of which customer services have already delivered c.£50k);**

The Customer Portal would also allow CRM to be switched off – thereby releasing payback of £62k p.a. in additional savings (no need for Staffs Connects subscription from 2019/20) as well as further potential staffing efficiencies;

At this stage there is some uncertainty over the precise nature of the portal and the associated costs (which could potentially be made through revenue as suppliers have indicated due to budget constraints in LA's they are now willing to consider either option).

Given the uncertainty, it is suggested that the capital scheme be included within the capital programme as a specific contingency – subject to an options appraisal / business case report to Cabinet.

d)	**Civil Contingencies Technology**
	An additional scheme for £19k in 2017/18 has been included as Tamworth Borough Council is a Tier 1 Responder under the Civil Contingencies Act and as such, must provide a level of preparedness and ability to respond in the event of an incident. One of the key requirements of this service is the ability to operate Incident Control facilities which can be deployed by ourselves, or any other public body. Little investment has been made in this arena and recent multi agency activities have re-enforced the need for this investment to ensure the organisation can fulfill legislative obligations.
	This scheme was for the technological infrastructure only and does not include for any refurbishment / furniture. At this stage there is some uncertainty over the precise nature of the equipment and the associated costs. Given the uncertainty, it is suggested that the capital scheme be included within the capital programme as a specific contingency – subject to an options appraisal / business case report to Cabinet.

e)	**New Time Recording System**
	An additional scheme for £15k in 2017/18 has been included to source a replacement product for the current clocking system including new hardware. The current contract expires on 31st March 2017.
	The new product will need to integrate with the current Itrent HR & Payroll to prevent double entry of data and provide a user friendly employee and manager experience using self service module. Solution will also need to be able to roster and predict resource levels to meet customer demand.
	It was clarified that there is an option to extend given the 31st March contract expiry.
	The appraisal suggests efficiencies will be made by avoiding duplication – potential non-cashable savings to be quantified / a return on the investment achieved.

f)	**Disabled Facilities Grants**
	The provisional programme included £250k p.a.
	Due to uncertainties around the Better Care Fund and budgetary issues at SCC, a significant risk on the current grant funding was highlighted. An ongoing £224k p.a. has been assumed to be redistributed.

g)	**CCTV Camera Renewals**
	An updated appraisal has not been prepared – it was clarified that the funding is required for the rolling replacement of cameras, subject to the results of a condition survey during 2016/17. A budget of £29k is currently available in 2016/17 following re-profiling from 2015/16.

h)	**Street Lighting**
	An updated appraisal has not been prepared – following inclusion of a rolling programme with an annual spend required from 2016/17. The Council has its own stock of street lighting across the borough, mainly in housing areas and other communal parts such as play areas and car parks. The street lighting assets are inspected and maintained by Eon on behalf of the Council under the terms of Staffordshire County Council PFI contract with Eon.
	Eon have produced a replacement street lighting programme which spans 40 years and includes the replacement of all the lighting columns based on 'their life expectancy' and a lighting head replacement programme based on providing more efficient low energy lighting heads.

i)	**Cultural Quarter / Assembly Rooms**
	Updated figures (excluding SCC spend) to reflect delayed spend of £2m for 2016/17 have been included.

j)	**Gateways**
	An updated appraisal has not been prepared – the provisional programme included £70k (net cost to the Council) in 2017/18 and 2018/19 which will draw in funding and professional support from SCC – with plans for significant capital works in future years(funded mainly by SCC through the Regional Growth Fund / section 106 receipts. SCC spend removed from TBC budgets. Spend is subject to Section 106 funding receipts of £100k.

k)	**Refurbishment of Marmion House Reception**
	An additional scheme for £100k in 2017/18 has been included to redesign the reception area in order to improve customer access to service delivery. It would involve the removal of the existing reception desk, installation of new customer service desks and customer self service area.

	It was noted that it has been over 10 years since the reception area was refurbished; Since then there has been significant change – channel shift, additional PC access for self service and 48% reduced footfall;
	At this stage there is some uncertainty over the precise nature of the works and the associated costs. Given the uncertainty, it is suggested that the capital scheme be included within the capital programme as a specific contingency – subject to an options appraisal / business case report to Cabinet.

Housing

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

The majority of the Housing capital programme has not changed from that provisionally approved (pending updated stock conditional survey information). It has been updated to include the new year 5 costs for 2021/22 (at the same level as 2020/21) and an additional scheme for Garage refurbishments.

It is estimated that the proposed Housing capital programme can be financed from forecast usable capital receipts, the major repairs allowance and revenue contributions/reserves. It is estimated that approx. **£0.5m** will remain in housing capital resources by 2019/20 with **£1.0m** at the end of the 5 year programme.

It is estimated that approximately £50.6m (excluding the £0.5m approved minimum balance) will be needed during the period to 2021/22 for future capital spending (the 'headroom' in line with the HRA Government Debt Cap is £11.3m – subject to the 2016/17 borrowing need).

The capital programme has been reviewed and updated:

	Housing Revenue Account
a)	**Retention of Garage Sites**
	An additional scheme for 3 years from 2017/18 has been included to invest in retained garages to meet demand and to provide alternative uses including parking areas.
	It was agreed that a feasibility study is needed in 2017/18 to identify: • Where there is demand for garage sites; • Where there is demand for parking areas; and • Alternative uses where there is no demand (new build, disposal etc.); to inform a business case for refurbishment / demolition. A budget of £150k for 2017/18 followed by £500k for 2 the following years has been included.
b)	**Tinkers Green / Kerria**
	The budget will need to be updated following the tender results.
c)	**Development of Housing on Garage Sites / Other Acquisitions**
	Funding of £3m p.a. from 2017/18 has been provisionally approved for Redevelopment of Garage Sites for housing with £0.5m p.a. for other housing acquisitions.
d)	**Neighbourhood Regeneration** – £100k included for 2017/18 only.

Appendix C

Policy Changes Summary

DIRECTORATE	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000
Chief Executive	1	(0.93)	(0.96)	(0.97)
Executive Director Corporate Services	2	(4.15)	(4.26)	(4.36)
Director of Finance	3	228.34	(80.78)	216.32
Director of Technology & Corporate Programmes	4	(2.62)	(12.54)	(2.70)
Solicitor to the Council	5	12.02	(1.52)	(1.56)
Director of Transformation & Corporate Performance	6	87.11	(2.44)	(134.21)
Director of Communities, Planning & Partnerships	7	(70.47)	(0.48)	(0.49)
Director of Communities, Partnerships & Housing	8	66.76	(3.51)	(74.12)
Director of Growth, Assets & Environment	9	(17.84)	(377.62)	(27.47)
TOTAL		**298.22**	**(484.11)**	**(29.56)**
Cumulative Cost / (Saving)		**298.22**	**(185.89)**	**(215.45)**

	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000
Housing Revenue Account	10	(7.39)	(51.05)	22.53	(14.57)	(16.30)
TOTAL		**(7.39)**	**(51.05)**	**22.53**	**(14.57)**	**(16.30)**
Cumulative Cost / (Saving)		(7.39)	(58.44)	(35.91)	(50.48)	(66.78)

Policy Changes Summary Staffing Implications

DIRECTORATE	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000
Chief Executive	1	-	-	-
Executive Director Corporate Services	2	-	-	-
Director of Finance	3	-	-	-
Director of Technology & Corporate Programmes	4	1.0	(1.0)	-
Solicitor to the Council	5	0.5	-	-
Director of Transformation & Corporate Performance	6	2.0	-	(2.0)
Director of Communities, Planning & Partnerships	7	(1.0)	-	-
Director of Communities, Partnerships & Housing	8	2.0	-	(2.0)
Director of Growth, Assets & Environment	9	1.0	-	1.0
TOTAL		**5.5**	**(1.0)**	**(3.0)**

	Sheet No.	Budget Changes 17/18 £'000	Budget Changes 18/19 £'000	Budget Changes 19/20 £'000	Budget Changes 20/21 £'000	Budget Changes 21/22 £'000
Housing Revenue Account	10	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**

17/18 Budget Process - Policy Changes

Sheet 1

CHIEF EXECUTIVE

Item No		BC Ref	Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
CE1	SAV		An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(0.93)	(0.96)	(0.97)
			Total New Items / Amendments		**(0.93)**	**(0.96)**	**(0.97)**

STAFFING IMPLICATIONS

Item No		BC Ref	Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
			TOTAL		-	-	-

17/18 Budget Process - Policy Changes

Sheet 2

EXECUTIVE DIRECTOR CORPORATE SERVICES

Item No		Proposal/(Existing Budget)	Implications	Budget Change	Budget Change	Budget Change
				17/18 £'000	18/19 £'000	19/20 £'000
ED1	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(4.15)	(4.26)	(4.36)
		Total New Items / Amendments		(4.15)	(4.26)	(4.36)

STAFFING IMPLICATIONS

				17/18 FTE	18/19 FTE	19/20 FTE
		TOTAL		-	-	-

17/18 Budget Process - Policy Changes

Sheet 3

DIRECTOR OF FINANCE

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
DF1	OTHER	Corporate Finance - General Contingency	Contingency budget to allow for 'in year' decisions to be made by Cabinet and to provide for any potential further reductions in income as a result of the financial climate	100.00	(100.00)	-
DF2	STAT	Apprenticeship Levy	Amount required under Government legislation (GF impact)	33.00	-	-
DF3	SAV	Deferral of Senior Management Review	Deferral of savings from review of Senior Management - net of the removal of the DCPP vacant post (See Policy Change CPP2)	200.00	(130.00)	-
DF4	OTHER	West Midlands Combined Authority (WMCA) - contribution towards ongoing costs	At the meeting of the WMCA programme Board on 13 November 2015, it was agreed that Non-Constituent Authorities contribute £25k for 2016/17 - at the Finance Directors meeting on 29 September 2016 it was indicated that this is likely to be an ongoing commitment.	25.00	-	-
DF5	STAT	Revised New Homes Bonus Grant	Scheme changes provisionally confirmed December 2016	(52.82)	137.38	(100.61)
DF6	VFM	Negotiated savings in Pensions costs arising from Advance payment	Option to pay 3 years pension lump sum element in advance in April 2017 (£157k saving - £120k GF)	-	(120.00)	120.00
DF7	SAV	Interest element of Capital Receipt from sale of Former Golf Course	Due to the deferred sale receipts in September 2016, 2017 & 2018 - part of the receipt accounted for as interest	(166.00)	117.00	49.00
DF8	SAV	Vacancy Allowance Contingency Budget	Saving as budget not used	(50.00)	-	-
DF9	SAV	Contribution from Building Repairs Fund	Return of part of the fund balance over 4 years	(53.20)	-	-
DF10	SAV	Revenue Implications of Capital Programme	Recharge of costs to Business Improvement District levy	5.00	(16.40)	(0.20)
DF11	VFM	Commercial Investment Strategy (CIS)	Budget required for ongoing external support in the development and delivery of the CIS projects	75.00	(75.00)	-
DF12	STAT	Business Rates Levy payment	Estimated levy based on NNDR1 forecasts	211.00	113.00	154.00
DF13	STAT	Business Rates Section 31 Grant Income	New Burdens funding for Government scheme to reduce business rates charges	(94.00)	(2.00)	(1.00)
DF14	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(4.64)	(4.76)	(4.87)
		Total New Items / Amendments		**228.34**	**(80.78)**	**216.32**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
DF3	SAV	Deferral of Senior Management Review	Deferral of savings from review of Senior Management - net of the removal of the DCPP vacant post (See Policy Change CPP2)	TBA	TBA	-
		TOTAL		-	-	-

17/18 Budget Process - Policy Changes

Sheet 4

DIRECTOR TECHNOLOGY & CORPORATE PROGRAMMES

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
TC1	VFM	To extend the current temporary two-year contract of the Training Officer by a year, funded by income generated by providing training courses to external organisations.	Budgetary funding for the current post holder ends Dec 2017. It is requested that a further year's funding for the position is provided, offset by an additional income budget to be established with a view to making the post self-financing, by providing training courses to exernal organisations.	10.00	8.00	(18.00)
TC2	VFM	Income budget to be established to offset additional cost of above proposal	Training courses to be provided to external organisations - if this proves successful a business case to be drawn up to retain the above post.	(10.00)	(8.00)	18.00
TC3	VFM	Revenue Implications of Capital Programme	Efficiencies in Disaster Recovery and Hardware Maintenance costs	-	(10.00)	-
TC4	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(2.62)	(2.54)	(2.70)
		Total New Items / Amendments		**(2.62)**	**(12.54)**	**(2.70)**

STAFFING IMPLICATIONS

				17/18 FTE	18/19 FTE	19/20 FTE
TC1		To extend the current temporary two-year contract of the IT Training Officer for a further year	The postholder's current contract is due to end Dec 2017	1.00	(1.00)	-
		TOTAL		**1.00**	**(1.00)**	**-**

17/18 Budget Process - Policy Changes **Sheet 5**

SOLICITOR TO THE COUNCIL

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
SOL1	OTHER	To make the post of Scrutiny & Corporate Support Officer a permanent full-time position on the establishment	The current position, which has been advertised on a temporary basis, is part-funded by the vacant 18.5 hr PA to the Chief Executive role. Budgetary funding for the remaining 18.5 hrs on an ongoing basis is requested.	13.50	-	-
SOL2	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(1.48)	(1.52)	(1.56)
		Total New Items / Amendments		**12.02**	**(1.52)**	**(1.56)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
SOL1		To make the post of Scrutiny & Corporate Support Officer a permanent full-time position on the establishment	There is currently ongoing provision for 0.5 of this post (vacant Chief Exec PA 0.5) and this proposal would increase the establishment by 0.5 FTE	0.50	-	-
		TOTAL		**0.50**	**-**	**-**

17/18 Budget Process - Policy Changes

Sheet 6

DIRECTOR OF TRANSFORMATION & CORPORATE PERFORMANCE

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
TCP1	OTHER	To provide additional ongoing funding to support the provision of the Shopmobility service currently provided by MAP	We currently make an annual contribution of £5k to MAP for the provision of the Shopmobility service. This proposal would increase our contribution to £10k p.a.	5.00	-	-
TCP2	VFM	Revenue Implications of Capital Programme	Self Service Scheme - Maintenance and support costs for both telephony and on-line portal systems to include service desk interactions, upgrades and system enhancements. Saving in CRM costs from 2019/20	20.00	-	(62.00)
TCP3	VFM	Revenue Implications of Capital Programme	Time Recording Scheme - ongoing maintenance & development costs	-	4.00	-
TCP4	OTHER	Customer Services Staffing - Delayed delivery of part of the planned savings of £100k p.a. (£33k p.a. achieved to date)	A temporary establishment has been designed to meet the needs of the Authority as it is now, however change is occurring rapidly within the Customer Services Teams and without the appropriate staffing levels we will not achieve our aims and objectives and associated savings target from 2019/20	67.00	-	(67.00)
TCP5	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(4.89)	(6.44)	(5.21)
		Total New Items / Amendments		**87.11**	**(2.44)**	**(134.21)**

STAFFING IMPLICATIONS

				17/18 FTE	18/19 FTE	19/20 FTE
TCP4	OTHER	Customer Services Staffing - Delayed delivery of part of the planned savings of £100k p.a. (£33k p.a. achieved to date)	Increase in establishment for 2 years	**2.00**	**-**	**(2.00)**
		TOTAL		**2.00**	**-**	**(2.00)**

17/18 Budget Process - Policy Changes

Sheet 7

DIRECTOR COMMUNITIES, PLANNING & PARTNERSHIPS

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
CPP1	CORP	Senior Management Review	Removal of the DCPP vacant post	(70.00)	-	-
CPP2	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(0.47)	(0.48)	(0.49)
		Total New Items / Amendments		**(70.47)**	**(0.48)**	**(0.49)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
CPP1	CORP	Senior Management Review	Removal of the DCPP vacant post	(1.0)	-	-
		TOTAL		**(1.0)**	**-**	**-**

17/18 Budget Process - Policy Changes

Sheet 8

DIRECTOR COMMUNITIES, PARTNERSHIPS & HOUSING

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
DHH1	OTHER	Homelessness Prevention activity - proposals for enhanced service delivery arrangements within the Housing Solutions Team from March 2017. Temporary posts for 2 years	To increase the capacity of the team with the addition of 2 members of staff: 1 additional Senior Housing Solutions Officer at Grade 6 (£37K) and 1 additional Housing Solutions Officer at up to Grade 5 (£33.5K)	70.50	-	(70.50)
DHH2	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(3.74)	(3.51)	(3.62)
		Total New Items / Amendments		**66.76**	**(3.51)**	**(74.12)**

STAFFING IMPLICATIONS

No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
DHH1	OTHER	Homelessness Prevention activity - proposals for enhanced service delivery arrangements within the Housing Solutions Team from March 2017. Temporary posts for 2 years	To increase the capacity of the team with the addition of 2 members of staff: 1 additional Senior Housing Solutions Officer at Grade 6 (£37K) and 1 additional Housing Solutions Officer at up to Grade 5 (£33.5K)	2.00	-	(2.00)
		TOTAL		**2.00**	**-**	**(2.00)**

17/18 Budget Process - Policy Changes

Sheet 9

DIRECTOR GROWTH, ASSETS & ENVIRONMENT

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000
AE1	OTHER	It is proposed to make the existing temporary regeneration post a permanent role	In 13/14 two budgets were approved to procure specialist knowledge and skills and to fund an officer post in relation to managing projects for growth and regeneration for a period of 3 years (ending 15/16). There is a lack of officer resources to deliver on the complex and increasing agenda and wide range of projects. It is now recognised that the CIS will result in additional work and projects and therefore the need for capacity to deliver remains. It is considered that a permanent role will be necessary.	-	-	45.00
AE2	OTHER	Recharge to Capital Programme	Staffing costs associated with the capital programme / disposal, creation or acquisition of assets can be capitalised	-	-	(45.00)
AE3	OTHER	Revised Waste Management arrangement costs	Reflects impact of reduction in income from sale of recyclate	60.00	-	-
AE4	SAV	Replacement contract for the operational vehicle fleet	Following a procurement exercise, annual saving made in contract hire costs	(60.15)	-	-
AE5	VFM	Targeted income from implementation of charge for Green Waste service pending finalisation of the current review and detailed report to Full Council for approval	Mitigation of the reduction in recycling credit payments from Staffordshire County Council (SCC) arising from savings budgeted within their MTFS, c. £223k p.a. from 2019/20 (& potentially earlier)	-	(245.00)	-
AE6	VFM	Rental income from letting of vacant accommodation within Marmion House	Rental income from the Mental Health Trust for Marmion House accommodation	-	(46.00)	-
AE7	VFM	Service Charge income from letting of vacant accommodation within Marmion House	Service Charge income from the Mental Health Trust for Marmion House accommodation	-	(46.00)	-
AE8	CORP	Tamworth Enterprise Centre - Staffing Costs	Recruitment of Officer to manage the operation of the service	21.55	1.13	1.15
AE9	SAV	Tamworth Enterprise Centre - Revised operational savings	Revised income levels following review of the service delivery	(18.49)	(20.03)	(7.36)
AE10	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(20.75)	(21.72)	(21.26)
		Total New Items / Amendments		**(17.84)**	**(377.62)**	**(27.47)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE
AE1	OTHER	It is proposed to make the existing temporary regeneration post a permanent role	Base budgets are already in place for the role until 31st March 2019.			**1.00**
AE8	CORP	Tamworth Enterprise Centre	Recruitment of an officer to manage the new BEC	**1.00**		
		TOTAL		**1.00**	**-**	**1.00**

17/18 Budget Process - Policy Changes

Sheet 10

HOUSING REVENUE ACCOUNT

Item No		Proposal/(Existing Budget)	Implications	Budget Change 17/18 £'000	Budget Change 18/19 £'000	Budget Change 19/20 £'000	Budget Change 20/21 £'000	Budget Change 21/22 £'000
HRA1	STAT	Apprenticeship Levy	Amount required under Government legislation (HRA impact)	10.00	-	-	1.00	-
HRA2	VFM	Negotiated savings in Pensions costs arising from Advance payment	Option to pay 3 years pension lump sum element in advance in april 2017 (£157k saving - £37k HRA)	-	(37.00)	37.00	-	-
HRA3	SAV	An increase in the vacancy allowance	An increase from 5% of salary budgets to 7.5% over 5 years – 0.5% increase p.a	(13.54)	(14.05)	(14.47)	(15.57)	(16.30)
HRA4	SAV	Replacement contract for the operational vehicle fleet	Following a procurement exercise, annual saving made in contract hire costs	(3.85)	-	-	-	-
		Total New Items / Amendments		**(7.39)**	**(51.05)**	**22.53**	**(14.57)**	**(16.30)**

STAFFING IMPLICATIONS

Item No		Proposal/(Existing Budget)	Implications	17/18 FTE	18/19 FTE	19/20 FTE	20/21 FTE	21/22 FTE
		TOTAL		-	-	-	-	-

Appendix D

HOUSING REVENUE ACCOUNT BUDGET SUMMARY 2017/18

	Base Budget 16/17	Technical Adjustments	Policy Changes	Budget 17/18	Budget 18/19	Budget 19/20	Budget 20/21	Budget 21/22
	£	£	£	£	£	£	£	£
Income								
Dwelling Rents	(17,678,080)	39,560	-	(17,638,520)	(17,321,460)	(17,008,970)	(17,375,800)	(17,749,310)
Non-Dwelling Rents	(372,460)	12,340	-	(360,120)	(368,630)	(377,360)	(386,300)	(395,470)
Charges for Services and Facilities	(701,860)	(20,330)	-	(722,190)	(728,660)	(734,730)	(744,390)	(754,290)
Contributions Towards Expenditure	(1,634,410)	79,330	-	(1,555,080)	(1,555,830)	(1,556,610)	(1,557,440)	(1,558,290)
Subtotal	**(20,386,810)**	**110,900**	**-**	**(20,275,910)**	**(19,974,580)**	**(19,677,670)**	**(20,063,930)**	**(20,457,360)**
Expenditure								
Repairs and Maintenance	4,194,350	104,150	(1,310)	4,297,190	4,408,770	4,523,160	4,655,670	4,791,000
Supervision and Management	6,093,230	61,260	(6,080)	6,148,410	6,220,630	6,358,430	6,453,850	6,545,290
Rents, Rates, Taxes and Other Charges	31,480	4,770	-	36,250	36,800	37,350	37,960	38,590
Increase in Provision for Bad Debts	470,000	(253,600)	-	216,400	251,400	292,000	339,100	393,900
Depreciation and impairment of non-current assets	4,455,900	(930)	-	4,454,970	4,454,970	4,454,970	4,454,970	4,454,970
Debt Management Costs	17,820	7,710	-	25,530	25,330	25,410	25,700	25,990
Subtotal	**15,262,780**	**(76,640)**	**(7,390)**	**15,178,750**	**15,397,900**	**15,691,320**	**15,967,250**	**16,249,740**
Net cost of HRA Services per Authority I&E	**(5,124,030)**	**34,260**	**(7,390)**	**(5,097,160)**	**(4,576,680)**	**(3,986,350)**	**(4,096,680)**	**(4,207,620)**
Corporate and Democratic Core	8,050	600	-	8,650	8,870	9,090	9,340	9,600
Net Cost of HRA Services	**(5,115,980)**	**34,860**	**(7,390)**	**(5,088,510)**	**(4,567,810)**	**(3,977,260)**	**(4,087,340)**	**(4,198,020)**
Interest Payable and Similar Charges	2,882,750	(151,170)	-	2,731,580	2,786,490	2,786,490	2,786,490	2,786,490
Interest Receivable and Similar Income	(103,000)	15,590	-	(87,410)	(66,180)	(97,970)	(126,550)	(126,380)
Surplus/ Deficit for the year	**(2,336,230)**	**(100,720)**	**(7,390)**	**(2,444,340)**	**(1,847,500)**	**(1,288,740)**	**(1,427,400)**	**(1,537,910)**

Statement of Movement on the HRA Balance

Surplus or Deficit for the year	**(2,336,230)**	(100,720)	(7,390)	**(2,444,340)**	**(1,847,500)**	**(1,288,740)**	**(1,427,400)**	**(1,537,910)**
Additional Items required to be taken into account:								
Capital Expenditure funded by the HRA	2,704,330	100,000	-	2,804,330	3,254,330	1,754,330	1,754,330	1,754,330
(Increase)/ Decrease in HRA Balances	**368,100**	**(720)**	**(7,390)**	**359,990**	**1,406,830**	**465,590**	**326,930**	**216,420**

Appendix E

General Fund Summary Revenue Budget for 2017/18

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2016/17 £**	**Technical Adjustments £**	**Policy Changes £**	**Budget 2017/18 £**
Chief Executive	165,530	4,040	(930)	168,640
Executive Director Corporate Services	391,940	(2,550)	(4,150)	385,240
Director of Finance	(776,910)	593,240	228,340	44,670
Director of Technology & Corporate Programmes	901,730	23,600	(2,620)	922,710
Solicitor to the Council	602,110	13,530	12,020	627,660
Director of Transformation & Corporate Performance	877,860	52,680	87,110	1,017,650
Director of Communities, Planning & Partnerships	99,200	(20,120)	(70,470)	8,610
Director of Communities, Partnerships & Housing	1,657,230	62,020	66,760	1,786,010
Director of Growth, Assets & Environment	4,541,130	138,760	(17,840)	4,662,050
Total Cost of Services	**8,459,820**	**865,200**	**298,220**	**9,623,240**
Transfer to / (from) Balances	(1,724,806)	270,540	-	(1,454,266)
Revenue Support Grant	(1,209,603)	438,607	-	(770,996)
Retained Business Rates	(13,262,270)	8,919	-	(13,253,351)
Less: Tariff payable	10,639,952	(848,244)	-	9,791,708
Collection Fund Surplus (Council Tax)	(81,896)	931	-	(80,965)
Collection Fund Surplus (Business Rates)	560,025	(898,137)	-	(338,112)
Council Tax Requirement	(3,381,222)	162,184	(298,220)	(3,517,258)

General Fund Technical Adjustments 2017/18 (before Policy Changes)

		Technical Adjustments							
Figures include internal recharges which have no bottom line impact	**Budget 2016/17**	**Virements £**	**Committee Decisions £**	**Inflation £**	**Other £**	**Pay Adjustments £**	**External Recharge Changes (non-GF Activities) £**	**Total Adjustments £**	**Total Adjusted Base 2017/18**
Chief Executive	-	-	-	140	140	4,300	(4,580)	-	**-**
Executive Director Corporate Services	571,990	(31,460)	-	(2,080)	58,110	(8,360)	(15,800)	410	**572,400**
Director of Finance	(307,280)	(26,030)	73,730	2,460	506,790	(10,020)	8,470	555,400	**248,120**
Director of Technology & Corporate Programmes	16,790	-	-	11,930	42,000	(2,360)	(51,240)	330	**17,120**
Solicitor to the Council	789,050	-	-	4,660	4,150	3,200	25,900	37,910	**826,960**
Director of Transformation & Corporate Performance	268,590	57,490	-	2,860	43,700	7,690	(130,680)	(18,940)	**249,650**
Director of Communities, Planning & Partnerships	-	-	(20,330)	60	(40)	190	20,270	150	**150**
Director of Communities, Partnerships & Housing	1,744,930	-	5,780	1,590	46,980	340	8,750	63,440	**1,808,370**
Director of Growth, Assets & Environment	5,375,750	-	(24,500)	13,360	139,200	10,900	92,990	231,950	**5,607,700**
Grand Total	**8,459,820**	**-**	**34,680**	**34,980**	**841,030**	**5,880**	**(45,920)**	**870,650**	**9,330,470**

*** Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.**

Appendix F2

HRA Technical Adjustments 2017/18 (before Policy Changes)

		Technical Adjustments							
Figures exclude internal recharges which have no bottom line impact.	**Budget 2016/17**	**Virements £**	**Committee Decisions £**	**Inflation £**	**Other £**	**Pay Adjustments £**	**External Recharge Changes (non-GF Activities) £**	**Total Adjustments £**	**Total Adjusted Base 2017/18**
Director of Communities, Partnerships & Housing	3,974,460	-	-	29,860	(36,170)	47,610	24,690	65,990	**4,040,450**
Director of Growth, Assets & Environment	(35,730)	-	-	160	(20)	260	(2,030)	(1,630)	**(37,360)**
HRA Summary	(3,570,630)	-	440,710	97,280	(613,570)	-	-	(75,580)	**(3,646,210)**
Grand Total	**368,100**	**-**	**440,710**	**127,300**	**(649,760)**	**47,870**	**22,660**	**(11,220)**	**356,880**

*** Base budget figures before recharge & inflationary adjustments after inclusion of Policy Changes.**

Appendix G

General Fund 3 Year Revenue Budget Summary

Figures exclude internal recharges which have no bottom line impact.	**Base Budget 2016/17 £**	**Budget 2017/18 £**	**Budget 2018/19 £**	**Budget 2019/20 £**
Chief Executive	165,530	168,640	170,030	171,430
Executive Director Corporate Services	391,940	385,240	390,630	394,120
Director of Finance	(776,910)	44,670	149,250	(482,340)
Director of Technology & Corporate Programmes	901,730	922,710	914,460	930,810
Solicitor to the Council	602,110	627,660	635,030	642,020
Director of Transformation & Corporate Performance	877,860	1,017,650	988,840	867,440
Director of Communities, Planning & Partnerships	99,200	8,610	9,090	9,570
Director of Communities, Partnerships & Housing	1,657,230	1,786,010	1,798,600	1,737,270
Director of Growth, Assets & Environment	4,541,130	4,662,050	4,198,210	4,102,230
Total Cost of Services	**8,459,820**	**9,623,240**	**9,254,140**	**8,372,550**
Transfer to / (from) Balances	(1,724,806)	(1,454,266)	(1,589,507)	(745,998)
Revenue Support Grant	(1,209,603)	(770,996)	(493,964)	(184,529)
Retained Business Rates	(13,262,270)	(13,253,351)	(13,600,578)	(14,038,666)
Less: Tariff payable	10,639,952	9,791,708	10,106,733	10,466,231
Collection Fund Surplus (Council Tax)	(81,896)	(80,965)	-	-
Collection Fund Surplus (Business Rates)	560,025	(338,112)	-	-
Council Tax Requirement	(3,381,222)	(3,517,258)	(3,676,824)	(3,869,588)

Appendix H

Council Tax levels at each band for 2016/17

	Tamworth Council Tax 2016/17	Tamworth Borough Council	* Staffordshire County Council	* Office of the Police & Crime Commissioner (OPCC) Staffordshire	* Stoke on Trent and Staffordshire Fire and Rescue Authority	**Total 2017/18**	Total Council Tax 2016/17
	£	£	£	£	£	**£**	£
Demand/Precept on Collection Fund		3,517,258	24,099,608	3,821,244	1,512,992	**32,951,102**	
Council Tax Band							
A	107.83	*111.17*	*761.69*	*120.77*	*47.82*	**1,041.45**	998.90
B	125.81	*129.69*	*888.64*	*140.90*	*55.79*	**1,215.02**	1,165.38
C	143.78	*148.22*	*1,015.59*	*161.03*	*63.76*	**1,388.60**	1,331.87
D	**161.75**	*166.75*	*1,142.54*	*181.16*	*71.73*	**1,562.18**	1,498.34
E	197.69	*203.81*	*1,396.44*	*221.42*	*87.67*	**1,909.34**	1,831.30
F	233.64	*240.86*	*1,650.34*	*261.68*	*103.61*	**2,256.49**	2,164.27
G	269.58	*277.92*	*1,904.23*	*301.93*	*119.55*	**2,603.63**	2,497.24
H	323.50	*333.50*	*2,285.08*	*362.32*	*143.46*	**3,124.36**	2,996.68
% increase	1.99%	3.09%	4.95%	2.00%	1.99%	4.26%	3.16%

** To be confirmed:*

Staffordshire County Council Cabinet, 1st February 2017 - Strategic Plan and Medium Term Financial Strategy 2017-22

Staffordshire Police and Crime Panel 23rd January 2017 - Police and Crime Commissioner for Staffordshire - Draft Budget and Precept 2017/18

Stoke on Trent and Staffordshire Fire and Rescue Authority, 19th January 2017 - Revenue Budget 2017/18

Appendix I

General Fund Capital Programme 2017/18 – 2021/22

General Fund Capital Programme	**2017/18 £**	**2018/19 £**	**2019/20 £**	**Total £**
Technology Replacement	77,000	60,000	60,000	**197,000**
Business Improvement District (BID) Software	17,400	-	-	**17,400**
Contingency - Self Service 17/18	115,000	-	-	**115,000**
Contingency - Civil Contingencies Technology 17/18	19,000	-	-	**19,000**
New Time Recording System 17/18	15,000	-	-	**15,000**
Contingency - Refurbishment Marmion House Reception	100,000	-	-	**100,000**
Contingency – Play Area	60,000	**-**	**-**	**60,000**
Private Sector Grants - Disabled Facilities Grants	250,000	250,000	250,000	**750,000**
CCTV Camera Renewals (£15k)	15,000	15,000	15,000	**45,000**
Street Lighting	2,600	3,100	28,200	**33,900**
Cultural Quarter - AR	1,580,000	2,592,830	-	**4,172,830**
Gateways	170,000	70,000	-	**240,000**
Total General Fund Capital	**2,421,000**	**2,990,930**	**353,200**	**5,765,130**
Proposed Financing:				
Grants - Disabled Facilities	224,000	224,000	224,000	**672,000**
Section 106 Receipts	100,000	-	-	**100,000**
General Fund Capital Receipts	223,100	301,500	-	**524,600**
Sale of Council House Receipts	113,700	192,600	129,200	**435,500**
General Fund Capital Reserve	180,200	-	-	**180,200**
Grants - Assembly Rooms (HLF)	316,000	339,690	-	**655,690**
Grants - Assembly Rooms (SLGF)	1,264,000	654,480	-	**1,918,480**
Public Contributions (Assembly Rooms)	-	50,000	-	**50,000**
Unsupported Borrowing	-	1,228,660	-	**1,228,660**
Total	**2,421,000**	**2,990,930**	**353,200**	**5,765,130**

Appendix J

Housing Capital Programme 2017/18 – 2021/22

Housing Revenue Account Capital Programme	**2017/18 £**	**2018/19 £**	**2019/20 £**	**2020/21 £**	**2021/22 £**	**TOTAL £**
Structural Works	100,000	100,000	100,000	100,000	100,000	**500,000**
Bathroom Renewals	795,540	817,420	839,900	850,000	850,000	**4,152,860**
Gas Central Heating Upgrades and Renewals	514,000	420,000	550,000	460,000	460,000	**2,404,000**
Kitchen Renewals	944,710	970,690	997,380	900,000	900,000	**4,712,780**
High Rise Lift Renewal	349,990	-	-	-	-	**349,990**
Energy Efficiency Improvements	50,000	-	-	-	-	**50,000**
Major Roofing Overhaul and Renewals	161,080	165,510	170,060	174,310	174,310	**845,270**
Window and Door Renewals	250,000	250,000	250,000	250,000	250,000	**1,250,000**
Works to High Rise Flats	525,000	525,000	-	-	-	**1,050,000**
Neighbourhood Regeneration	100,000	-	-	-	-	**100,000**
Disabled Facilities Adaptations	315,960	324,650	333,580	341,920	341,920	**1,658,030**
Retention of Garage Sites	150,000	500,000	500,000	-	-	**1,150,000**
Capital Salaries	201,330	176,840	180,730	180,000	180,000	**918,900**
CDM Fees	5,000	5,000	5,000	5,000	5,000	**25,000**
Regeneration Schemes						
Tinkers Green	6,640,000	1,634,000	-	-	-	**8,274,000**
Kerria	1,810,640	3,805,250	-	-	-	**5,615,890**
Redevelopment of Garage sites	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	**15,000,000**
Other acquisitions	500,000	500,000	500,000	500,000	500,000	**2,500,000**
Total HRA Capital	**16,413,250**	**13,194,360**	**7,426,650**	**6,761,230**	**6,761,230**	**50,556,720**
Proposed Financing:						
Major Repairs Reserve	4,212,610	4,855,110	4,426,650	3,466,230	5,161,230	**22,121,830**
HRA Capital Receipts	500,000	1,455,000	500,000	1,290,000	-	**3,745,000**
Regeneration Revenue Reserves	5,008,640	3,516,300	1,300,000	1,355,000	1,210,000	**12,389,940**
Capital Receipts from Additional Council House Sales (1-4-1)	650,000	450,000	300,000	300,000	390,000	**2,090,000**
Regeneration Reserve	1,070,000	2,917,950	900,000	350,000	-	**5,237,950**
Unsupported Borrowing	4,972,000	-	-	-	-	**4,972,000**
Total	**16,413,250**	**13,194,360**	**7,426,650**	**6,761,230**	**6,761,230**	**50,556,720**

Appendix K

Main Assumptions

Inflationary Factors	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Inflation Rate - Pay Awards	1.00%	1.00%	1.00%	2.50%	2.50%
National Insurance	9.50%	9.50%	9.50%	9.50%	9.50%
Superannuation	16.50%	16.50%	16.50%	16.50%	16.50%
Inflation Rate (RPI)	2.85%	3.03%	3.15%	3.30%	3.30%
Inflation Rate (CPI)	2.50%	2.50%	2.50%	2.75%	2.75%
Investment Rates	0.50%	0.60%	0.75%	1.00%	1.00%
Base Interest Rates	0.20%	0.25%	0.50%	1.00%	1.00%

1. Pay award – it has been assumed that public sector pay will be capped at 1% for 4 years from 2016/17, in line with the announcement in the Summer Budget 2015, and is estimated at 2.5% thereafter.

2. Overall Fees and Charges will rise generally by 2.5% annually except where a proposal has otherwise been made (car parking charges, corporate & industrial property rental income, statutory set planning fees, leisure fees);

3. Revised estimates for rent allowance / rent rebate subsidy levels have been included;

4. Changes to the level of recharges between funds has been included;

5. A reduction in Revenue Support Grant levels to zero by 2020 as confirmed within the 4 year Local Government Finance Settlement in February 2016. The impact for the Council was confirmed by DCLG as part of the *Local Government Finance Settlement* in February 2017.

6. Continuation of the New Homes Bonus scheme (at the lower payment levels confirmed following the 2016 consultation) including additional receipts from new developments (including Anker Valley and the Former Golf Course Site);

7. Lower investment income returns due to lower interest rate forecasts;

8. An increase of £5 p.a. in Council Tax - current indications are that increases of 2% or £5 and above risk ‘capping’ (confirmed as 2% or £5 for District Councils for 2017/18);

9. The major changes to the previously approved policy changes are included within this forecast – Directors were issued with the provisional information in August to review, confirm & resubmit by the end of September;

10. Annual year-on-year pension cost increases of c. £200k p.a. via the pension lump sum element for past liabilities have been included (following initial indications from the SCC triennial review in 2016).

11. Reduction in rent levels by 1% per the statutory requirement & current indications that sales of council houses will be approximately 50 per annum.

12. Forecasts have been informed by the Bank of England Inflation report (August 2016), HM Treasury – Forecasts for the UK Economy (August 2016), Office for Budget Responsibility Economic & Fiscal Outlook (March 2016). Any significant variances will be considered later in the budget setting process.

Appendix L

Sensitivity Analysis (3 years)

	Risk	2017/18 £'000	2018/19 £'000	2019/20 £'000
		Potential Budgetary Effect		
Pay Award / National Insurance (GF)				
Impact +/- 0.5% Variance £'000	L	44	87	132
Budget Impact over 1 year	L	44		
Budget Impact over 3 years	M	263		
Pay Award / National Insurance (HRA)				
Impact +/- 0.5% Variance £'000	L	14	27	41
Budget Impact over 1 years	L	14		
Budget Impact over 3 years	L	82		

Subject to negotiation for Local Government pay (including any protection for low paid employees)

	Risk	2017/18 £'000	2018/19 £'000	2019/20 £'000
Pension Costs				
Impact +/- 0.5% Variance £'000	L	57	115	173
Budget Impact over 1 year	L	57		
Budget Impact over 3 years	M	345		

3 year agreement in place from 2017/18 - subject to stock market & membership changes

	Risk	2017/18 £'000	2018/19 £'000	2019/20 £'000
Council Tax				
Impact on Council Tax income £'000		17	36	56
Budget Impact over 1 year	L	17		
Budget Impact over 3 years	L	109		
Inflation / CPI				
Impact +/- 0.5% Variance £'000	L	48	97	147
Budget Impact over 1 year	L	48		
Budget Impact over 3 years	M	292		
Government Grant				
Impact +/- 1.0% Variance £'000	L	38	73	104
Budget Impact over 1 year	L	38		
Budget Impact over 3 years	M	215		

	Risk	2017/18 £'000	2018/19 £'000	2019/20 £'000
		Potential Budgetary Effect		
Investment Interest				
Impact +/- 0.5% Variance £'000	M	260	546	838
Budget Impact over 1 year	M	260		
Budget Impact over 3 years	H	1644		
Key Income Streams (GF)				
Impact +/- 0.5% Variance £'000	L	6	14	22
Budget Impact over 1 year	L	6		
Budget Impact over 3 years	L	42		
Key Income Streams (HRA)				
Impact +/- 0.5% Variance £'000	L	88	175	260
Budget Impact over 1 years	L	88		
Budget Impact over 3 years	H	523		
New Homes Bonus				
Impact +/- 10% Variance £'000	L	32	74	139
Budget Impact over 1 year	L	32		
Budget Impact over 3 years	M	245		
Business Rates				
Impact +/- 10% Variance £'000	L	64	130	197
Budget Impact over 1 year	L	64		
Budget Impact over 3 years	M	391		

Appendix M

Contingencies

Contingencies 2017/18 - 2021/22

Revenue	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Specific Earmarked &	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General					
General Fund					
Specific Contingencies					
Waste Management	50	50	50	-	-
General Contingency	100	42	97	-	-
Total GF Revenue	**150**	**92**	**147**	**-**	**-**
Housing Revenue Account					
HRA - General Contingency	100	100	100	100	100
Total HRA Revenue	**100**	**100**	**100**	**100**	**100**

Capital	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Specific Earmarked &	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General					
General Fund					
Specific Contingencies					
Contingency - Self Service 2017/18	115	-	-	-	-
Contingency - Civil Contingencies Technology 17/18	19	-	-	-	-
Contingency - Refurbishment Marmion House Reception	100	-	-	-	-
Contingency – Play Area	60	-	-	-	-
*General Capital Contingency****	50	-	-	-	-
Total GF Capital	**344**	**-**	**-**	**-**	**-**
Housing Revenue Account					
*HRA - General Capital Contingency****	100	-	-	-	-
Total HRA Capital	**100**	**-**	**-**	**-**	**-**

*** Forecast to be re-profiled from 2016/17 Capital Programme**

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APPENDIX N

TREASURY MANAGEMENT STRATEGY STATEMENT, TREASURY MANAGEMENT POLICY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STATEMENT 2017/18

Purpose

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

Executive Summary

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

This report outlines the Council's prudential indicators for 2017/18 – 2019/20 and sets out the expected Treasury operations for this period. This report and associated tables fulfil the statutory requirement of the Local Government Act 2003 by:

- Reporting the prudential indicators as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities;

- Setting the Council's Minimum Revenue Provision (MRP) Policy, which defines how the Council will pay for capital assets through revenue contributions each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007);

- Setting the Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management;

- Adopting the Council's Treasury Management Policy Statement as recommended within the CIPFA Code of Practice 2011;

- Setting the Investment Strategy (in accordance with the Department for Communities and Local Government (DCLG) investment guidance); and

- Affirming the effective management and responsibility for the control of risk and clearly identify our appetite for risk. The Council's risk appetite is low in order to give priority to **S**ecurity, **L**iquidity then **Y**ield (or return on investments).

The main issues for Members to note are:

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

   - Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support;

- There needs to be, at a minimum, a mid year review of Treasury Management Strategy and Performance. The review is intended to highlight any areas of concern that have arisen since the original strategy was approved;

- Each Council must delegate the role of scrutiny of Treasury Management Strategy and policies to a specific named body – the Audit and Governance Committee has been given this role;

- It is good practice for members to be provided with access to relevant training – so that they have the necessary skills and training.

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

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

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

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

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

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

   The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies.

In addition to the removal of implied support, new methodologies take account of additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or with little change. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

In keeping with the agencies' new methodologies, the rating element of the Capita Asset Services methodology now focuses solely on the Short and Long Term ratings of an institution. However, the other key elements to our process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies also meant that sovereign ratings became of lesser importance in the assessment process. Where through the crisis, clients typically used the highest sovereign rating in their criteria, the new regulatory environment has broken the link between sovereign support and domestic financial institutions. While this Authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of 'AA –'. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now.

4. The proposed Counterparty limits for 2017/18 have been increased, reflecting higher average investment balances available at present – but still in line with Capita's suggested 20% maximum of investment balances deposited with any one institution.

5. Alternative investment options are under consideration as part of the development of the Commercial Investment and Regeneration Strategy (including any prudential borrowing opportunities) to generate improved returns of c.5% p.a. (plus asset growth) including:

   - Set up of trading company to develop new income streams;
   - Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);
   - Investments in a diversified Property Fund;
   - Investments in a diversified Investment Vehicle (property, shares etc.);

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

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

Equalities Implications

There are no equalities implications arising from the report.

Legal Implications

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

Resource and Value for Money Implications

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

Risk Implications

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

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

Report Author Please contact Jo Goodfellow, Management Accountant, extension 241 or Stefan Garner, Director of Finance, ext 242

***Background Papers**:-*	***Budget & Medium Term Financial Strategy 2017/18***
	Mid-year Treasury Report 2016/17 Council, 13/12/16
	Annual Treasury Report 2015/16 Council, 13/09/16
	Treasury Management Strategy Statement, Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement & Annual Investment Statement 2016/17 Council 23/02/2016
	Treasury Management Training slides, 4th February 2015 & 7th October 2015
	CIPFA Code of Practice on Treasury Management in Public Services 2011
	DCLG Guidance on Local Government Investments March 2010
	Local Government Act 2003
	Treasury Management Practices 2017/18 (Operational Detail)

1. Introduction

1.1 The Treasury Management Policy Statement

This Council defines its Treasury Management activities as:

- The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- This organisation acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

- The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

- The second main function of the Treasury Management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.2 Reporting Requirements

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

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

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

A Mid Year Treasury Management Report (Reported by December) – This will update Members with the progress of the capital position, amending prudential indicators as necessary, and report whether any policies require revision.

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

A description of the Prudential Indicators is attached at **ANNEX 10**.

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

a) Capital Issues

- the Capital Plans and the Prudential Indicators (2.1, 2.2);
- the Minimum Revenue Provision (MRP) policy (2.3).

b) Treasury Management Issues

- the current treasury position (2.4);
- treasury indicators which will limit the treasury risk and activities of the Council (3.2);
- prospects for interest rates (3.3);
- the borrowing strategy (3.4);
- policy on borrowing in advance of need (3.5);
- debt rescheduling (3.6);
- the investment strategy (4.1);
- creditworthiness policy (4.2); and
- policy on use of external service providers (4.10).

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

1.4 Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Detailed Treasury Management training was provided in February 2014 and February 2015 and most recently in October 2015, but will also be provided as and when required.
The training needs of Treasury Management Officers are regularly reviewed.

1.5 Treasury Management Consultants

The Council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.
The Council recognises that responsibility for Treasury Management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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

2. The Capital Prudential Indicators 2017/18 – 2019/20

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

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

Capital Expenditure	2015/16	2016/17	2017/18	2018/19	2019/20
£000's	Actual	Probable Outturn*	Estimate**	Estimate	Estimate
Non-HRA	0.631	6.127	2.625	0.627	0.353
HRA	5.512	17.041	16.385	13.194	7.427
Total	6.143	23.168	19.010	13.822	7.780

** Projected at Period 9*

*** excludes projected slippage from 2016/17*

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

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

Capital Financing (GF/HRA) Use of Reserves	2015/16 Actual £m	2016/17 Probable Outturn £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Receipts	0.492	2.885	1.552	2.079	0.929
Capital Grants	0.246	3.381	1.047	0.224	0.224
Capital Reserves	2.044	7.097	6.199	6.434	2.200
Revenue Reserves	3.361	6.027	4.284	4.855	4.427
Revenue Contributions	-	0.536	-	-	-
Net financing need for the year	-	3.242	5.928	0.229	0.000
Total	**6.143**	**23.168**	**19.010**	**13.822**	**7.780**

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

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

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

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

The Council is asked to approve the CFR projections below:

CFR Projections	2015/16 Actual £m	2016/17 Revised Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Financing Requirement					
CFR – non housing	1.001	1.943	2.803	2.928	2.824
CFR - housing	68.041	70.283	75.255	75.255	75.255
Total CFR	**69.042**	**72.226**	**78.058**	**78.183**	**78.079**
Movement in CFR	**(0.241)**	**3.184**	**5.832**	**0.125**	**(0.104)**

Movement in CFR represented by					
Net financing need for the year (above)	-	3.242	5.928	0.229	-
Less MRP/VRP and other financing movements	(0.241)	(0.058)	(0.096)	(0.104)	(0.104)
Movement in CFR	**(0.241)**	**3.184**	**5.832**	**0.125**	**(0.104)**

* CFR 2014/15 £69.282m

2.3 Minimum Revenue Provision (MRP) Policy Statement

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

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

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

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

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

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

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

This option provides for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

2.4 Core Funds and Expected Investment Balances

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

Year End Resources	**2015/16 Actual £m**	**2016/17 Estimate £m**	**2017/18 Estimate £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**
Fund Balances/Reserves	30.110	32.605	26.842	19.395	18.504
Capital Receipts	5.231	11.493	18.895	25.969	25.994
Provisions*	9.023	8.939	8.939	8.939	8.939
Other	0.048	0.000	0.000	0.000	0.000
Total core funds	**44.412**	**53.037**	**54.676**	**54.303**	**53.437**
Working Capital**	6.470	7.083	16.465	15.261	12.876
(Under)/Over Borrowing	(3.982)	(7.166)	(12.998)	(13.122)	(13.019)
Expected investments	**46.900**	**52.954**	**58.143**	**56.442**	**53.294**

* Including provision for bad debts

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

2.5 Affordability Prudential Indicators

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

2.6 Ratio of financing costs to net revenue stream.

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

Ratio of financing costs to net revenue stream	2015/16 Actual %	2016/17 Revised Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
Non-HRA	0.04	(2.02)	(0.95)	(1.87)	(2.77)
HRA	25.04	39.87	39.23	40.34	40.86

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

2.7 Incremental impact of capital investment decisions on Council Tax.

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

Incremental impact of capital investment decisions on the Band D Council Tax

£:p	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Council Tax - Band D	(0.27)	0.76	(0.55)	(0.24)	(0.20)

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

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

Incremental impact of capital investment decisions on housing rent levels

£:p	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Weekly housing rent levels	0.02	0.00	(0.35)	(0.21)	(0.30)

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

Housing Revenue Account Debt Ratios

HRA Debt to Revenue Ratio	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
HRA Debt*	68.041	70.283	75.255	75.255	75.255
HRA Revenues	18.827	18.031	17.979	17.670	17.367
Ratio of Debt to Revenues %	361	390	419	426	433

HRA Debt per Dwelling	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
HRA Debt*	68.041	70.283	75.255	75.255	75.255
Number of HRA Dwellings	4.397	4.380	4.345	4.310	4.275
Debt per Dwelling £	15.474	16.048	17.322	17.463	17.606

***** The HRA's notional debt borrowing requirement

As the level of debt increases compared to revenue income, risk increases.

3. Borrowing

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

3.1 Current Portfolio Position

The Council's Treasury Portfolio position at 31st March 2016, with forward projections is summarised below. The table shows the actual external debt (the Treasury Management Operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Treasury Portfolio	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
External Debt					
Debt at 1st April	65.060	65.060	65.060	65.060	65.060
Expected change in Debt					
Actual gross debt at 31st March	**65.060**	**65.060**	**65.060**	**65.060**	**65.060**
The Capital Financing Requirement	**69.042**	**72.226**	**78.058**	**78.183**	**78.079**
Under / (over) borrowing	**3.982**	**7.166**	**12.998**	**13.122**	**13.019**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. A key indicator is that the Council needs to ensure that its total borrowing, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Executive Director Corporate Services (the Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report – compliance with the Prudential Indicator is highlighted in the table below.

3.2. Treasury Indicators: Limits to Borrowing Activity

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

Operational Boundary	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	65.060	65.060	65.060	65.060
Other long term liabilities	-	-	-	-
Total	**65.060**	**65.060**	**65.060**	**65.060**

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

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

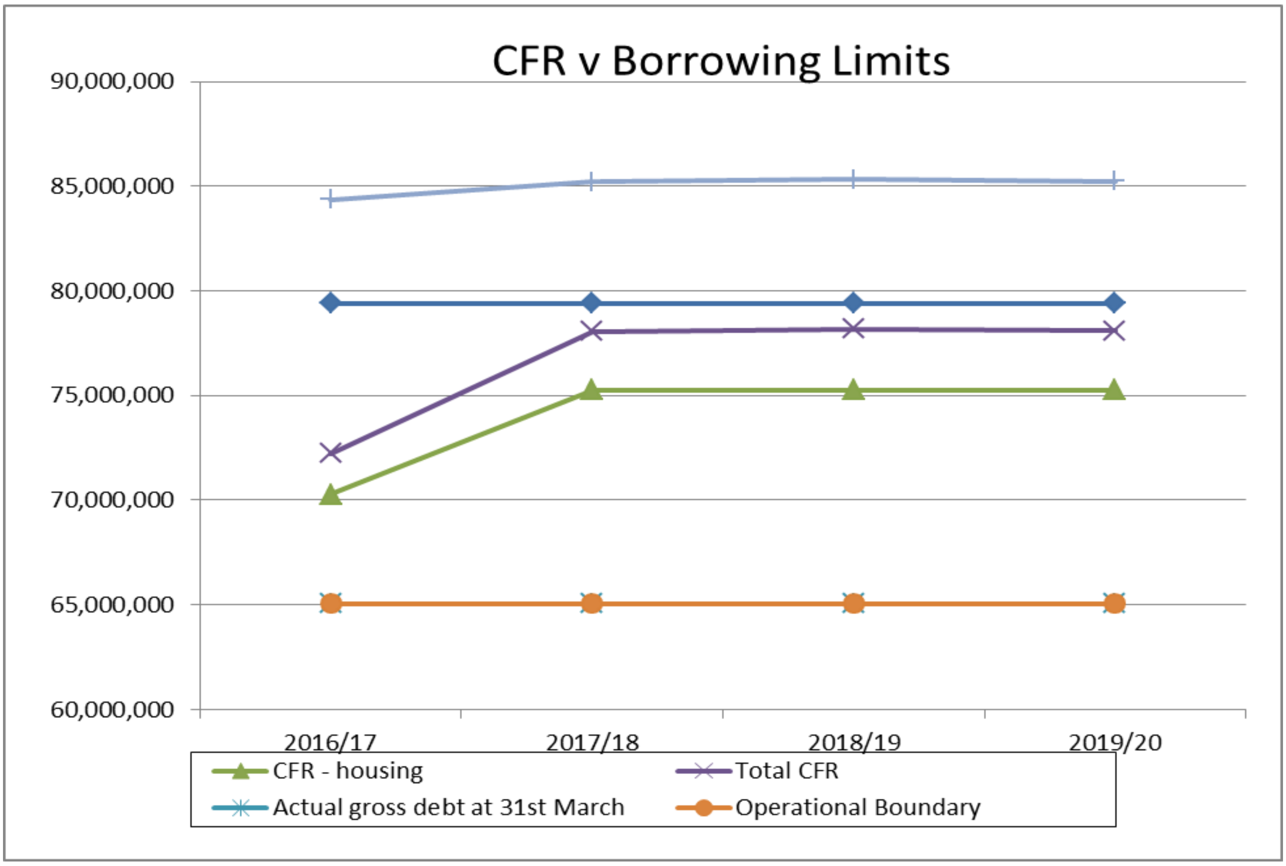
2. The Council is asked to approve the following Authorised Limit:

Authorised limit	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	84.350	85.210	85.335	85.231
Total	**84.350**	**85.210**	**85.335**	**85.231**

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

HRA Debt Limit	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Total	79.407	79.407	79.407	79.407

This information summarised graphically below:



3.3. Prospects for Interest Rates

A more detailed interest rate view and economic commentary is at **ANNEX 2**.

The Council has appointed Capita Asset Services as its Treasury Advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December, and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Fed. rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, **downside risks to current forecasts** for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Major national polls:
  - Italian constitutional referendum 4.12.16 resulted in a 'No' vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government;
  - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
  - Dutch general election 15.3.17;
  - French presidential election April/May 2017;
  - French National Assembly election June 2017;
  - German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
- Weak capitalisation of some European banks, especially Italian.
- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for **upside risks to current forecasts** for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

Investment and borrowing rates

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

3.4 Borrowing Strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

* *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

* *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to Council at the next available opportunity.

Treasury Management - Limits on Activity

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

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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

Interest Rate Exposure	**2017/18**	**2018/19**	**2019/20**
	£m	**£m**	**£m**
	Upper	**Upper**	**Upper**
Limits on Fixed Interest Rates based on net debt	34.904	31.526	31.526
Limits on Variable Interest Rates based on net debt	6.506	6.506	6.506
Limits on Fixed Interest Rates:			
Debt only	65.060	65.060	65.060
Investments only	50.260	55.890	55.890
Limits on Variable Interest Rates:			
Debt only	6.506	6.506	6.506
Investments only	20.104	22.356	22.356

Maturity structure of Fixed Interest Rate borrowing 2017/18		
Timeline	**Lower**	**Upper**
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	25%
5 years to 10 years	0%	75%
10 years and above	0%	100%

Maturity structure of Variable Interest Rate borrowing 2017/18		
Timeline	**Lower**	**Upper**
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	25%
5 years to 10 years	0%	75%
10 years and above	0%	100%

3.5 Policy on Borrowing in Advance of Need

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

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

3.6. Debt Rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

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

3.7 Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The Council will consider using this new source of borrowing if and when appropriate.

4. Annual Investment Strategy

4.1 Investment Policy

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

In accordance with the above guidance from the Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

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

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

4.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

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

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands*:*

- Yellow 5 years *
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

* *Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt –see* ***ANNEX 3****.*

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

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

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

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately;

- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information and information on any external support for banks to help support its decision making process

4.3 Country Limits

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

Capita Asset Services also recommends that no more than 20% of the Council's investment portfolio should be placed with an individual counterparty, in order to spread risk. The approach at the Council is to set monetary limits of up to **£10m** with individual institutions, which equates approximately to Capita's recommendation (based on average investment levels of approximately £50m).

4.4 Investment Strategy

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

Investment Returns Expectations. Bank Rate is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%
- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

Year	%
2016/17	0.25
2017/18	0.25
2018/19	0.25
2019/20	0.50
2020/21	0.75
2021/22	1.00
2022/23	1.50
2023/24	1.75
Later Years	2.75

The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

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

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

Maximum principal sums invested > 364 days			
	2017/18 £m	**2018/19 £m**	**2019/20 £m**
Principal sums invested > 364 days	6.000	12.000	20.000

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to100 days) in order to benefit from the compounding of interest.

4.5 Icelandic Bank Investments

Glitnir – On 15th March 2012, the Council received £2.554m being the majority of our deposits with the bank. The balance of our approved claim, equating to £777k, is being held in an interest bearing ESCROW account. The release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. Interest will accrue on these funds until the date of final settlement, which is still unknown.

Heritable – As at the end December 2016, the Council had received £1.475m against our claim of £1.505m, a total recovery of 98%. Negotiations are currently underway to finalise the affairs of Heritable and it is anticipated that a distribution of residual funds may be made over the next few months.

Kaupthing Singer & Friedlander – As at the end December 2016, the Council had received £2.659m against our claim of £3.175m. Current estimates given by the Administrator project a total recovery of 85.25% or approximately £2.707m, with the majority of repayments estimated to be received by March 2017.

4.6 Investment Risk Benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 3 month LIBID.

4.7 End of year investment report

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

4.8 Scheme of delegation

Please see **ANNEX 5**.

4.9 Role of the Section 151 Officer

Please see **ANNEX 6.**

4.10 Policy on use of external service providers

Please see **ANNEX 7**. TMP 11

10. ANNEX

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Interest Rate Forecasts 2016 – 2020

PWLB rates and forecast shown below have taken into account the 20 basis point 'Certainty Rate' reduction effective as of the 1st November 2012.

Capita Asset Services Interest Rate View	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Bank Rate													
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
5yr PWLB Rate													
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
Capital Economics	1.60%	1.70%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%
10yr PWLB Rate													
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%
25yr PWLB Rate													
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Capital Economics	2.95%	3.05%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%
50yr PWLB Rate													
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Capital Economics	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%

ANNEX 2

Economic Background

UK. **GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

The **MPC meeting of 3rd November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15th December also left Bank Rate and other measures unchanged.

The latest MPC decision included a forward view that **Bank Rate** could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015 and were again strong in November. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, in November, it fell to -8 indicating a return to pessimism about future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.

Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

Capital Economics' GDP forecasts are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

The Chancellor has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increased in infrastructure spending.

The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16). This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.2% in November. However, prices paid by factories for inputs rose to 13.2%, though producer output prices were still lagging behind at 2.3% and core inflation was 1.4%, confirming the likely future upwards path.

Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

Employment had been growing steadily during 2016,but encountered a first fall in over a year, of 6,000, over the three months to October. The latest employment data in December (for November),was distinctly weak, with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. **House prices** have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

USA. The American economy had a patchy 2015 with sharp swings in the quarterly **growth rate** leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came as expected in December 2016 to a range of 0.5% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.

The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

Trump's election has had a profound effect on the **bond market and bond yields** rose sharply in the week after his election. Time will tell if this is a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

In the first week since the US election, there was a major shift in **investor sentiment** away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which could be reversed. Other commentators take the view that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

EZ. In the Eurozone, **the ECB** commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.

EZ GDP growth in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.6% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant specific political and other risks within the EZ: -

- **Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.
- **Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also ‘too big, and too important to their national economies, to be allowed to fail’.
- **4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little

fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.

- **Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.
- **French presidential election;** first round 13 April; second round 7 May 2017.
- **French National Assembly election June 2017.**
- **German Federal election August – 22 October 2017.** This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU, (note, not just the Eurozone currency area), principle of **free movement of people** within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

Asia. Economic growth in **China** has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in **Japan** is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

Emerging countries. There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that $340bn of emerging market corporate debt will fall due for repayment in the final two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

<u>Specified and Non-Specified Investments</u>:

Specified Investments:

These investments are **sterling** denominated investments of **not more than one-year maturity,** or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small.

These would include sterling investments which would not be defined as capital expenditure with:

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or Gilts with less than one year to maturity). To facilitate use of such instruments a Custodian account was opened during 2012/13 with King & Shaxson Ltd (a primary participant authorised to bid at Treasury bill tenders on behalf of investors regulated by the Financial Services Authority (FSA) and subject to its rules and guidance in their activities);

- Supranational bonds of less than one year's duration;

- A Local Authority, Parish Council or Community Council;

- Pooled investment vehicles such as Money Market Funds (MMF's) that have been awarded a high credit rating of AAA by Standard and Poor's, Moody's or Fitch rating agencies.;

- A body that is considered of a high credit quality (such as a bank or building society) and complies with the Capita Asset Services Credit Worthiness criteria; The Council uses a Custodian account with King & Shaxson Ltd and Capita Asset Services to place funds via a pooled investment arrangement with such bodies;

SPECIFIED INVESTMENTS	Minimum 'High' Credit Criteria	Limits
UK Government :- • Debt Management Agency Deposit Facility (DMADF) • Gilts • Treasury Bills	UK Sovereign rating	£10m
Bonds Issued by Multilateral Development Banks	AAA or Equivalent	£10m
Collective Investment Schemes structured as Open Ended Investment Companies (OEIC's):- • Government Liquidity Funds • Money Market Funds • Enhanced Money Market Funds (credit score of 1.25) • Enhanced Money Market Funds (credit score of 1.5) • Bond Funds • Gilt Funds	AAA	£10m
Term deposits :– Local Authorities	Defined by Regulation (Sec 23 of the 2003 act)	£10m
Term deposits and Callable deposits :– Banks and Building Societies	In accordance with Capita's Creditworthiness Service up to 'Orange'	£10m individual institutions £14m Group limit
UK Part Nationalised Banks	In accordance with Capita's Creditworthiness Service 'Blue'	£10m individual institutions £14m Group limit
Banks and Building Societies – Forward deals up to 1 year from arrangement to maturity	In accordance with Capita's Creditworthiness Service up to 'Orange' 'or 'Blue'	£10m

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Non-Specified Investments:

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

Ref	Non Specified Investment Categories	Credit Rating	Comment
1	**Supranational Bonds greater than 1 year to maturity** • **Multilateral development bank bonds** – These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). • **A financial institution that is guaranteed by the United Kingdom Government** (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	AA-	Would not use in-house due to size of investment portfolio limiting benefit to the Council.
2	**UK Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (1) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	AAA Sovereign Rated (1 Rating Agency) AA- Sovereign Rating (2 Rating Agencies)	Custodian Account held with King & Shaxson to trade on our behalf
3	**Certificates of Deposit** with credit rated deposit takers (Banks and Building Societies)	Capita Asset Services Minimum Credit Worthiness rating	Custodian Account held with King & Shaxson to trade on our behalf
4	**Term deposit with a body which has been nationalised/part nationalised** by high credit rated (sovereign rating AAA or AA-) countries and provided with a **Government issued guarantee** for wholesale deposits within specific timeframes.	AAA or AA- Sovereign Rated Capita Asset Services Credit Worthiness rating 'Blue'	Under the current criteria this applies in the UK to Royal Bank of Scotland Group
5	Government guarantee on ALL deposits by high credit rated (AAA sovereign rating non UK) countries.	AAA Sovereign Rated	Not in Use, currently restricting investments to UK only
6	The **Council's Own Banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as possible.	Out of range	Balances reviewed and minimised on daily basis
7	Any **Bank or Building Society** that has at minimum a long term credit rating of A-, a minimum short term credit rating of F1, or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	In accordance with Capita Asset Services Credit Worthiness rating	Use restricted by Capita Asset Services Credit Worthiness rating
8	**Callable Deposits** with a **Bank or Building Society** that has at minimum a long term credit rating of A-, a minimum short term credit rating of F1, or equivalent.	In accordance with Capita Asset Services Credit Worthiness rating	Use restricted by Capita Asset Services Credit Worthiness rating
9	**Share capital or loan capital** in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.	N/A	Unlikely to use due to size of portfolio and high risk associated. Also requires additional approval as deemed as capital expenditure.

Ref	Non Specified Investment Categories	Credit Rating	Comment
10	**Property Funds –** The use of these instruments can be deemed as capital expenditure and as such will be an application (spending) of capital resources**.** This authority will seek guidance on the status of any fund it may consider using.	N/A	Limits will be set based on levels of reserves and balances going forward and appropriate due diligence will be undertaken before investment of this type is considered.
11	**Wider Investment Funds –** The use of these instruments can be deemed as capital expenditure and as such will be an application (spending) of capital resources. This authority will seek guidance on the status of any fund it may consider using.	N/A	Limits will be set based on levels of reserves and balances going forward and appropriate due diligence will be undertaken before investment of this type is considered.

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

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

Counterparty Type (TBC's minimum credit ratings for approved lending list)	**Minimum Credit Criteria**	**Limits***	
Bank or Building Society (a minimum Long Term Credit Rating of AAA, a minimum short term credit rating of F1 (or equivalent))	Capita 'Yellow'	5 yrs	£10m
Bank or Building Society (a minimum Long Term Credit Rating of AA-, a minimum short term credit rating of F1 (or equivalent))	Capita 'Yellow'	4 yrs	£10m
Bank (a minimum Long Term Credit Rating of A-, a minimum short term credit rating of F1 (or equivalent))	Capita 'Yellow'	3 yrs	£10m
Banks Nationalised/Part nationalised by high credit rated (sovereign rating AAA or AA+) countries	Capita 'Blue' (UK)	Specified in Guarantee	£10m
Government guarantee on ALL deposits by high credit rated (AAA sovereign rating) countries	Capita 'Blue'	Specified in Guarantee	£10m
The Council's own Banker - if it fails to meet basic criteria	n/a	Overnight	£2m
Building Society (a minimum Long Term Credit Rating of A-, a minimum short term credit rating of F1 (or equivalent /if applicable) AND assets > £4bn)	Capita 'Yellow'	3 yrs	£10m
Building Society (a Long Term Credit Rating of A- , a minimum short term credit rating of F1 (or equivalent/if applicable) AND assets < £4bn but > £1bn)	Capita 'Purple'	2 yrs	£10m
Group Limits **-** Maximum investments in Institutions within the same financial group	As above for individual investment	As above for individual investment	£14m
Territory Limits **-** Maximum investments in Institutions within the same Country (Approx 15% of investment programme) Non- UK	As above for individual investment	As above for individual investment	£5m
Territory Limits - Maximum investments in Institutions within the same Continent (Approx 30% of investment programme) Non UK	As above for individual investment	As above for individual investment	£10m

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

ANNEX 4

Approved Countries for Investment

This list is based on those countries which have sovereign ratings of AA- or higher (lowest rating from all three rating agencies) and also have banks operating in sterling markets which have credit ratings of green or above in the Capita Asset Services credit worthiness service (except for Hong Kong, Norway and Luxembourg).

AAA
- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+
- Finland
- Hong Kong
- U.S.A.

AA
- Abu Dhabi (UAE)
- France
- Qatar
- U.K*.

AA-
- Belgium

(Per Capita Asset Services 17/11/16)

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

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

this approval continues to form part of the strategy in 2017/18.

Treasury Management Scheme of Delegation

(i) Full Council

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

(ii) Cabinet

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

(iii) Audit and Governance Committee

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

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) Officer

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

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TREASURY MANAGEMENT PRACTICES

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

http://www.tamworth.gov.uk/treasury-practices

and clicking on the TMP's folder.

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

TMP1 : RISK MANAGEMENT

General Statement

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

1.1 Credit and Counterparty Risk Management

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

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

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

1.2 Liquidity Risk Management

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

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

1.3 Interest Rate Risk Management

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

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.
It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

1.4 Exchange Rate Risk Management

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

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

1.5 Refinancing Risk Management

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

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

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

1.6 Legal and Regulatory Risk Management

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

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

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

1.7 Fraud, Error and Corruption, and Contingency Management

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

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

The Council will therefore:-

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

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

1.8 Market Risk Management

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

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

<u>TMP2 : BEST VALUE AND PERFORMANCE MEASUREMENT</u>

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

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

TMP3 : DECISION-MAKING AND ANALYSIS

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

TMP4 : APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

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

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

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

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

If and when this organisation intends, as a result of lack of resources or other circumstances, to depart from these principals, the Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6 and the implications properly considered and evaluated.

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

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

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

TMP6 : REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

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

As a minimum Cabinet and Council will receive:

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

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

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

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

TMP7 : BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

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

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

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

TMP8 : CASH AND CASH FLOW MANAGEMENT

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

TMP9 : MONEY LAUNDERING

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

TMP10 : TRAINING AND QUALIFICATIONS

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

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

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

TMP11 : USE OF EXTERNAL SERVICE PROVIDERS

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

TMP12 : CORPORATE GOVERNANCE

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

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

Treasury Management Glossary of Terms

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

Minimum Revenue Provision	Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred therefore such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision
Monetary Policy Committee (MPC)	Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met. Their primary target (as set by the Government) is to keep inflation at or around 2%.
Security	An investment instrument, issued by a corporation, government, or other organization which offers evidence of debt or equity.
Short Term	A period of 364 days or less
Supranational Bonds	A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank. Similarly to the government bonds, the bonds issued by these institutions are considered very safe and have a high credit rating.
Treasury Management	The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
Working Capital	Cash and other liquid assets needed to finance the everyday running of a business such as the payment of salaries and purchases.
Yield	The annual rate of return on an investment, expressed as a percentage.

ANNEX 9

	ICELANDIC BANKING SITUATION AS AT	***31/12/2016***				
	Deposit with;	**Ref Number**	**Date Invested**	**Amount**		**%**
1	GLITNIR	1696	10/10/2007	1,000,000		
	GLITNIR	1715	31/08/2007	1,000,000		
	GLITNIR	1754	14/12/2007	1,000,000		
	Total Principal			3,000,000		
	Estimated of Contractual or Interest due to point of administration (subject to currency exchange rate fluctuations)			331,000		
	Total of Claim			3,331,000		
	Repayments Received to date			(2,554,432)	*	*76.69*
	Outstanding at 31/12/2016			**776,568**	**	
	Estimated Remaining			**776,568**		
	On the 15th March 2012, the Council received £2.554m being the majority of our deposits with the bank. The balance of our approved claim, equating to £777k, is being held in an interest bearing ESCROW account. The release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. Interest will accrue on these funds until the date of final settlement. which is still unknown.					
2	Heritable Bank	1802	12/09/2008	500,000		
	Heritable Bank	1803	15/09/2008	1,000,000		
	Total Principal			1,500,000		
	Interest due at point of administration 07/10/2008			5,127		
	Total of Claim			1,505,127		
	Repayments Received to date			(1,475,024)		*98.00*
	Outstanding at 31/12/2016			**30,103**		
	Estimated Remaining			**-**		
	As at the end of December the Council had received £1.475m against our claim of £1.505m, a total recovery of 98%. Negotiations are currently underway to finalise the affairs of Heritable and it is anticipated that a distribution of residual funds may be made over the next few months.					
3	Singer & Friedlander	1716	31/08/2007	1,000,000		
	Singer & Friedlander	1740	31/10/2007	1,000,000		
	Singer & Friedlander	1746	14/01/2008	1,000,000		
	Total Principal			3,000,000		
	Interest due at point of administration 08/10/2008			175,256		
	Total of Claim			3,175,256		
	Repayments Received to date			(2,675,153)		*84.25*
	Outstanding at 31/12/2016			**500,103**		
	Estimated Remaining			**31,753**		
	As at the end of December the Council had received £2.659m against our claim of £3.175m. Current estimates given by the Administrator project a total recovery of 85.25% or approximately £2.707m, with the majority of repayments estimated to be received by March 2017.					
	Summary					
	Total Principal			7,500,000		
	Interest			511,383		
	Total of Claim			8,011,383		
	Repayments Received to date			(6,704,609)		*83.69*
	Outstanding at 31/12/2016			**1,306,774**		
	Estimated Remaining			**808,321**		
1	Registered Bank in Iceland - In Administration under Icelandic Law					
2 &	Registered Bank in UK - In Administration in UK by Ernst & Young					
3	Under English Law					
	Total Estimated Recovery (including Outstanding)			**7,512,930**		
	Total Estimated % Remaining			**93.78%**		

PRUDENTIAL INDICATORS – DEFINITIONS / INTERPRETATION

CIPFA's Prudential Code for Capital Finance requires local authorities to prepare Prudential Indicators of their intended capital spending plans for the forthcoming and future years. The indicators are intended to help the decision making process within an authority and must be approved by the full Council before the beginning of the financial year. The indicators are neither comparative statistics nor performance indicators. Different Councils will have different figures reflecting their history and local circumstances.

1. **Estimate of total capital expenditure to be incurred –** This summarises the Council's current plans for the total capital expenditure over the next 5 years. Details of individual schemes are contained within the capital estimate pages.

2. **Estimates of Capital Financing Summary** – Although the Prudential Code does not require this indicator, it is included so that the capital financing sources can be clearly identified.

3. **Estimated Ratio of financing costs to net revenue stream** - This indicator has been calculated as debt interest, borrowing refinancing costs, minimum revenue provision, depreciation for HRA and net of investment income and divided by the General Fund (GF) budget requirement for the GF element of costs and the total of HRA income for the HRA costs**.** For GF Account, the indicator has been calculated gross of government support in the form of RSG for the proportion of capital expenditure funded from supported level of borrowing.

4. **Incremental Impact on Band D Council Tax** – This represents debt charges i.e. the interest and Minimum Revenue Provision (Principal repayments) of all General Fund borrowing, gross of government support in the form of RSG. This indicator is calculated by calculating the debt charge based on the proposed capital programme and dividing the result by the tax base for Council Tax.

5. **Incremental Impact on average weekly housing rent** – For HRA capital programme, the proposed HRA borrowing is unsupported with the balance of the capital expenditure funded from the Major Repairs Reserve, revenue contributions and capital receipts and therefore will not impact the indicator for HRA.

6. **Capital Financing Requirement** – This represents the Council's underlying need to borrow to finance historic capital expenditure and is derived by aggregating specified items from the Council's balance sheet. The actual **net borrowing** is lower than this because of the reserve part of capital receipts accumulated until 31st March 2004.

7. **Actual Net Borrowing** –This is a key indicator and Section 3 of the Local Government Act 2003 requires the Council to ensure that over the medium term, the net borrowing (actual long term borrowing less temporary investments) does not exceed the sum of Capital Financing Requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years.

8. **Authorised Borrowing Limit for external debt** - This indicator represents the maximum amount the Council may borrow at any point in time in the year and has to be set at a level the Council considers is **prudent**. It allows for uncertain cash flow movements and borrowing in advance for future requirements. Although the Council does not currently have any finance lease liabilities, a limit has been separately identified for potential future leasing liabilities.

The recommended authorised limits for external debt are gross of investments and are consistent with the Council's current commitments, existing plans and the current treasury management policy and strategy. The authorised limit determined for 2017- 18 is the statutory limit determined under section 3(1) of the Local Government Act 2003.

9. **Operational Boundary for external debt** - The proposed operational boundary for external debt is calculated on the same estimates as the authorised limit but reflects estimates of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. Within the operational boundary, figures for borrowing and other long term liabilities are separately identified.

10. **Treasury Management** – these indicators form part of the treasury management strategy and policy statement approved by the Council each year before the beginning of the financial year. The main indicators are:

(a) The adoption of **CIPFA Code of Practice for Treasury Management**, which the Council adopted before the current Prudential System was introduced.

(b) **Interest Rate Exposure** - The approved Treasury Policy Statement and Strategy contains upper and lower limits for fixed and variable interest rate exposure for net outstanding principal sums.

(c) **Maturity Structure of Borrowing** – The approved treasury management strategy also sets out the maturity structure of the Council's borrowing to ensure the Council is not exposed to risks of having to refinance large level of debt at a time in future when interest rates may be volatile or uncertain.

(d) **Investments longer than 364 days** – The approved treasury management strategy includes a limit of £6m for investments maturing beyond 364 days.

THURSDAY, 16 FEBRUARY 2017

REPORT OF THE LEADER OF THE COUNCIL

QUARTER THREE 2016/17 PERFORMANCE REPORT

EXEMPT INFORMATION

Not applicable

PURPOSE

To provide Cabinet with a performance and financial health-check.

RECOMMENDATIONS

That Cabinet endorse the contents of this report

EXECUTIVE SUMMARY

This report provides information on:
1. Corporate plan actions and corporate risks,
2. Impact of welfare benefit reform,
3. Sustainability Strategy,
4. Financial health check

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

Not applicable

LEGAL/RISK IMPLICATIONS BACKGROUND

There are none

SUSTAINABILITY IMPLICATIONS

There are none

REPORT AUTHOR

John Day

APPENDICES

Quarter three 2016/17 performance report

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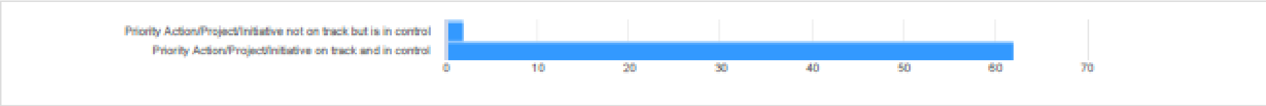
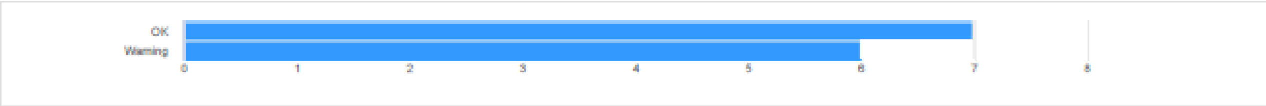
1. Overview of corporate plan actions and corporate risks

The current status of high level corporate plan actions and corporate risks is shown below.

2016-2020 Corporate Plan



2016/17 Corporate Risk Register



Further details are available in the appendices:

- Corporate Plan Actions: **Appendix A**
- Corporate Risks: **Appendix B**

2. Impact of Welfare Benefit Reform on Council services

Quarterly updates are presented to monitor the impact of welfare benefit reform changes on Council services including customer demand via customer services monitoring of calls/contacts together with the financial impact of collection and demand for benefits and effect on income streams such as rent, council tax and business rates.

<u>Benefits</u>

An increase in successful DHP claims is reported - DHP claims are underspent by £28k with 203 successful claims from 264 applications (compared to 174 successful claims from 265 applications at December 2015) although there is a 1 week backlog (4 weeks as at 31 December 2015) with claims still to be processed which will increase this figure.

Live caseload figures are 264 lower than 2015/16 – currently 6,231 (6,495 at December 2015).

<u>NNDR</u>

Reminders (648 at December 2016) are around the same level as 2015/16 levels (648 at December 2016) with liability orders and 7 day letters at higher levels to 2015/16. There has been an increase in enforcement agent referrals – 77 to December 2016 (40 at December 2015).

Strong collection performance by the Revenues team is reported with current year collection levels at 83.5%, ahead of target by 0.1% at 31 December. Court costs received are £6k compared to the target of £8k.

Arrears for 2015/16 are behind target at 36.3% compared to target of 40.2%.

Council Tax

Reminders are 319 lower than 2015/16 levels (10,501 at 31 December 2016 compared to 10,820 at 31 December 2015).

Good collection performance is reported - with current year collection levels at 86.8% close to the target of 87.0% at December 2016 (with a target of 98% for the 2016/17 financial year). Court cost income is ahead of target by £8k at £210k.

Arrears for 2015/16 are slightly behind target at 41.4% compared to target of 41.6% - work on further approaches to realise more Council Tax revenue is in place.

Collection Fund – the estimated surplus is £29k for the year with a LCTS projected underspend of £24k (total £53k).

Housing

The Housing Income team continue to perform well - Total Rent arrears (excluding former tenants) at 31 December 2016 was £486k compared to £338k at 31 March 2016 – an increase of £148k (compared to a £137k increase as at 31 December 2015).

Total arrears (including garages etc.) are £1.71m at 31 December 2016, compared to £1.46m at 31 March 2016, an increase of £251k (compared to a £239k increase between 31 March 2015 and 30 December 2015).

Total arrears (including garages etc.) were £1.46m at 31 March 2016 compared to 31 March 2015 - £1.35m (£106k higher).

There were 8 evictions to December 2016 compared to 16 during the same period of 2015/16.

3. Sustainability Strategy

Medium Term Financial Strategy 2015-2020 Monitoring,

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.

The adoption of a Demand Management operating model was approved by Cabinet in February 2015. This signifies a shift away from trying to sustain a full suite of services at high standards with continuing budget reductions, to understanding the needs of our customers and working with them to co-design how we meet those demands. It will also involve 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.

Linked with this, a major transformation project ‘Delivering Quality Services’ has commenced which will include all customer-facing departments, and will incorporate a review of processes and demand, with the aim of re-designing processes to meet changing customer expectations and making the best use of technology to deliver efficient and effective services to the customer, including self-service and digital functionality.

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

Update: January 2017

Since the 2016/17 MTFS was approved in February 2016, the people of the UK have taken the decision to leave the European Union. What happens next – and the implications for businesses and organisations in the UK – is less clear. There will be a wide range of dynamic factors at play over the coming months and years that will affect the impact on the Council.

After initial market volatility, we can expect a period of instability and uncertainty. It is important to bear in mind that very little changes immediately and so, the Council along with businesses, charities and other public bodies should start considering the mid-long term opportunities whilst the dust settles. It should be noted that we are still in the early days following the EU vote and that the economic situation is still very uncertain.

The updated economic forecast shows a prolonged period of low (if not negative) interest rates – which could potentially mean a significant impact to the MTFS, given the current investment balances and the receipt of the funds from the sale of the former golf course to support the MTFS.

It is suggested that, given the uncertainty, there should be no knee jerk reactions – with a clear plan to focus on balancing the next 3 years budget position, in compliance with the Prudential Code (by which time economic impact, if any, should be clearer).

Currently projections identify:

1. a General Fund shortfall of £846k over 3 years (with a shortfall of £4.829m over 5 years), including the minimum approved level of £0.5m;

   Further savings of around £0.28m p.a. will be required over the next 3 years (based on annual £5 increases in Council Tax) with savings of £1.0m p.a. required over 5 years. On an annualised basis this would equate to a year on year ongoing saving of £141k over 3 years (£322k over 5 years).

2. A HRA surplus of £3.0m over 3 years (with a surplus of £2.4m over 5 years) including the minimum recommended balances of £0.5m.

Work is continuing on a number of actions to address the General Fund shortfall to inform the final MTFS proposals for consideration by Council in February 2017:

- Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery - online, automation (Interactive voice response, IVR);

- Recruitment freeze – temporary 12 month appointments are now only being made; there is a robust re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing;

- Spend freeze – Managers have previously been require to restrict / limit spending to essential spend only (there was a £2m underspend in 2015/16 – although the majority was windfall income, c. £0.75m was lower level underspend);

- Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c.3 - 5% p.a. (plus asset growth) including:

- Set up of trading company to develop new income streams;
- Local investment options – Lower Gungate / Solway Close development;
- Investments in a diversified Property Fund;
- Investments in a diversified Investment Vehicle (property, shares etc.);

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

- Review of reserves / creation of fund for transformation costs (if needed), and

- Targeted Savings – Members to identify potential areas for review.

General Fund

The updated forecast as at January 2017 is detailed below:

	General Fund						
MTFS Projections 2017/18 - 2021/22	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Projected Balances per MTFS Council February 2016	(5,330)	(3,605)	(2,335)	(608)	1,066	4,032	-
Revised Stress Tested Forecast:							
Central Case Revised Forecast Balances Remaining (-) / Overdrawn (Jan 2017)	(6,680)	(5,396)	(3,442)	(1,233)	346	2,324	4,329

When the 3 year MTFS for the General Fund was approved by Council in February 2016, the forecast shortfall in balances was c.£1.6m for 2019/20 increasing to £4.5m in 2020/21. Following the updates the central forecast now identifies a shortfall in balances of £0.8m over the 3 years to 2019/20 with a shortfall of c.£2.8m for 2020/21.

The shortfall over the next 5 years has been revised to £4.3m (£4.8m including the approved minimum balances level of £0.5m).

The forecast has been updated to include:

a) the projected outturn underspend of £443k for 2016/17 (as at Period 7);

b) Inclusion of council tax increases of £5 p.a. For forward planning purposes, our three-year budget proposals included a 1.99% increase in 2017/18 with a planned inflationary Council Tax increase of c1.99% per year thereafter. However, the Government have now said that small councils, like Tamworth, can increase their council tax by up to £5 per year;

c) The approved council tax base of 21,093;

d) Updated business rates tariff levels following publication of the Local Government Finance Settlement (and after the Business Rates revaluation from April 2017 have been factored in). RSG levels were unchanged as the 4 year offer was confirmed;

e) Indicative Business Rates income following the publication of the new multiplier and revised valuations from 1 April 2017 – these are still subject to finalisation / review (including any surplus from 2016/17) prior to 31 January deadline (& approval of the indicative forecast by Cabinet in January);

f) Revised New Homes Bonus levels following confirmation of the revised scheme (including the deadweight of 0.4% rather than the 0.25% they consulted on) although no major changes as we have adjusted the year 3 prudency factor from 50% to 75% given the greater certainty;

g) Inclusion of the confirmed £120k GF element of the pre-payment of pension costs saving (£37k HRA);

h) Golf Course - interest element of capital receipt in 2017/18 & 2018/19;

i) Removal of Vacancy allowance contingency £50k p.a.

j) Contribution from the unspent Building repair fund - £53k p.a. for 4 years;

k) The capital programme scheme savings / payback / return on investment;

l) £64k p.a. saving following procurement of new vehicle fleet (contract hire);

m) Council tax collection fund surplus £80k in 2017/18.

Housing Revenue Account

The updated forecast as at January 2017 is detailed below:

	Housing Revenue Account						
MTFS Projections 2017/18 - 2021/22	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Projected Balances per MTFS Council February 2016	(3,359)	(2,991)	(2,329)	(1,059)	(1,046)	(878)	-
Revised Stress Tested Forecasts:							
Central Case Revised Forecast Balances Remaining (-) / Overdrawn (Oct 2016)	(4,724)	(5,163)	(4,827)	(3,431)	(2,961)	(2,614)	(2,361)

When the 3 year MTFS for the HRA was approved by Council in February 2016, the forecast balances were c.£0.9m by 2020/21. Following the updates the forecast now identifies balances of c.£2.6m for 2020/21 with balances over the next 5 years of £2.4m by 2021/22.

The forecast has been updated to include:

a) the projected outturn underspend of £806k for 2016/17 (as at Period 7);

b) Inclusion of the confirmed £37k HRA element of the pre-payment of pension costs saving;

c) Rents for Supported Accommodation to be increased by CPI + 1%, £31k p.a. additional income.

4. Financial Health check Report

Executive Summary

This section to the report summarises the main issues identified at the end of December 2016.

General Fund

Revenue

GENERAL FUND	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000
Chief Executive	142	151	9	-	9	9
Executive Director Corporate Services	141	109	(32)	548	425	(123)
Director of Finance	2,016	1,817	(199)	(320)	(756)	(436)
Director of Technology & Corporate Programmes	936	1,005	69	17	43	26
Solicitor to the Council	575	455	(120)	791	748	(43)
Director of Transformation & Corporate Performance	944	1,001	57	304	417	113
Director of Communities, Planning & Partnerships	47	2	(45)	(28)	(98)	(70)
Director of Housing & Health	701	651	(50)	1,751	1,734	(17)
Director of Assets & Environment	3,187	2,756	(431)	5,398	5,111	(287)
Total	**8,689**	**7,947**	**(742)**	**8,461**	**7,633**	**(828)**

- The General Fund has a favourable variance against budget at Period 9 of £742k (£740k favourable at period 8).

- The projected full year position identifies a projected favourable variance against budget of £828k or 9.79% (£514k or 6.07% at period 8).

- This projection has highlighted several budget areas for concern (detailed at **Appendix C**). Ongoing investigations into these areas have been initiated.

- A balance of £50k was held in the General Contingency Budget at the end of December 2016.

Capital

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000
Chief Executive	-	-	-	-	-	-	-	-	-
Executive Director Corporate Services	-	-	-	-	-	-	-	-	-
Director of Finance	-	-	-	-	-	-	-	-	-
Director of Technology & Corporate Programmes	116	196	75	(121)	223	160	(63)	63	223
Solicitor to the Council	-	-	-	-	-	-	-	-	-
Director of Transformation & Corporate Performance	1	1	-	(1)	1	1	-	-	1
Director of Communities, Planning & Partnerships	-	-	-	-	-	-	-	-	-
Director of Housing & Health	120	120	28	(92)	120	40	(80)	80	120
Director of Assets & Environment	1,108	2,114	1,219	(895)	4,569	1,404	(3,165)	3,039	4,443
Contingency	1,340	1,340	-	(1,340)	1,340	-	(1,340)	1,340	1,340
TOTAL GENERAL FUND	**2,685**	**3,771**	**1,322**	(2,449)	**6,253**	**1,605**	(4,648)	**4,522**	6,127

- Capital expenditure incurred was £1.3m compared to a profiled budget of £3.77m (£1.2m compared to a profiled budget of £2.92m as at period 8).

- It is predicted that £1.6m will be spent by the year-end compared to a full year budget of £6.25m (this includes re-profiled schemes from 2015/16 of £2.69m).

- There is a projected requirement to re-profile £4.52m of spend into 2017/18. Further detail is shown in the summary of Capital expenditure at **Appendix D.**

Treasury Management

- At the end of December 2016 the Authority had £57.83m invested in the money markets (excluding the £1.3m which is classified as sums at risk invested in Icelandic Banks). The average rate of return on these investments is 0.49% though this may change if market conditions ease. At this point it is anticipated that our investments will earn approximately £280k compared to the budgeted figure of £362k, an unfavourable variance of £82k, due to lower interest rates.

- Borrowing by the Authority stood at £65.060m at the end of December 2016, all being long term loans from the Treasury Public Works Loans Board. The average rate payable on these borrowings equates to 4.29%. At this point it is anticipated that our interest payments will be £2.763m compared to the budgeted figure of £2.815m, a favourable variance of £53k, due to no additional borrowing being taken.

- A more detailed summary of the Treasury Management situation, detailing our current Lending and Borrowings together with the situation with our Icelandic investments, can be found at **Appendix E.**

Balances

Balances on General Fund are projected to be in the region of £5.78m at the year-end from normal revenue operations (£5.47m as at period 8) compared to £3.61m projected within the 2016/17 budget report – additional balances of £2.17m.

Housing Revenue Account (HRA)

Revenue

HOUSING REVENUE ACCOUNT	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000
Director of Housing & Health	2,253	2,118	(135)	3,909	3,923	14
Director of Assets & Environment	(78)	(51)	27	(36)	(36)	-
HRA Summary	(13,494)	(14,150)	(656)	(3,505)	(4,235)	(730)
Housing Repairs	3,151	2,136	(1,015)	-	(680)	(680)
Total	**(8,168)**	**(9,947)**	**(1,779)**	**368**	**(1,028)**	**(1,396)**

- The HRA has a favourable variance against budget at Period 9 of £1.78m (£1.61m favourable at period 8).

- The projected full year position identifies a favourable variance against budget of £1.4k (£978k at period 8). Individual significant budget areas reflecting the variance are detailed at **Appendix C**.

Capital

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000
Director of Housing & Health	4,477	5,917	2,657	(3,260)	10,624	4,485	(6,139)	6,139	10,624
Director of Assets & Environment	2,266	3,984	2,701	(1,283)	6,335	3,348	(2,987)	2,967	6,315
HRA Summary	-	-	-	-	-	-	-	-	-
HRA Contingency	100	100	-	(100)	100	-	(100)	100	100
TOTAL HOUSING REVENUE ACCOUNT	**6,843**	**10,001**	**5,358**	**(4,643)**	**17,059**	**7,833**	**(9,226)**	**9,206**	**17,039**

- Housing Capital expenditure of £5.36m has been incurred as at the end of Period 9 compared to a profiled budget of £10m (£4.55m compared to a profiled budget of £7.6m as at period 8).

- It is predicted that £7.83m will be spent by the year-end compared to the full year budget of £17.06m (including £6.84m re-profiled from 2015/16).

- There is a projected requirement to re-profile £9.2m of spend into 2017/18. Further detail is shown in the summary of Capital expenditure is shown at **Appendix D.**

- Under the terms of the agreement with the DCLG, £292k of 1-4-1 receipts have been spent, however, it has been necessary to repay £164k (including interest) of 1-4-1 Receipts back to DCLG, where spend on additional new homes has not been achieved within the 3 year deadline. These funds will no longer be available to support the HRA Capital Programme.

Balances

- Balances on the Housing Revenue Account are projected to be in the region of £5.74m at the year-end (£5.32m as at period 8) compared to £2.99m projected within the 2016/17 budget report – additional balances of £2.75m.

Appendix A

2016 - 2020 Corporate Plan Progress Report

Title
2016 – 2020 Corporate Plan Actions

Title
SP1: Living a quality life in Tamworth

Title
LQ001 – Support and protect individuals, communities that are or may become vulnerable

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Adoption of the Tamworth Prevent Strategy	Successful implementation of the Prevent Strategy evidenced by completed awareness training of Staff, Members and partners	Strategy adopted by Council	The Tamworth Prevention Strategy was adopted by Council in March 2016.	
		Percentage of Staff trained	99.9% staff have been trained in the Tamworth Prevent Strategy.	
Implement changes to Sheltered Housing Services	Housing Management Plus services embedded and outcomes achieved	Housing Management Plus services embedded by 31/03/17	Housing Management Plus services are now embedded; ahead of schedule.	
Develop and deliver Homelessness Prevention services in line with – DCLG gold standard	Achievement of DCLG Gold Standard	Diagnostic Peer Review by June 2017.	A project group was established in July 2016. An internal assessment was undertaken in December 2016 with an improvement plan being drafted in January 2017. The Diagnostic Peer Review will now take place in September 2017.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			.	
		Achievement of DCLG Gold Standard by 31/3/19		
Provision/Development of multi-agency Digital Sharepoint	Improve communication, ensure robust and consistent delivery	Case study approach. Narrative on progress	There are pockets of data sharing in the authority with the County for example but there is no generic approach to date. Data sharing protocols are in place for appropriate data. In addition, Sharepoints are being established as appropriate and can be evidenced as required.	

Title
LQ002 - Enable residents to improve their health and quality of life

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Enable access to high quality leisure facilities through our partners	Ensure mechanisms for the provision of sports related activities are robust and meet the needs of the community Ensure the services/facilities provided match the demand within the indoor/outdoor Sports Strategy	Narrative on progress	All provision operated via Tamworth Borough Council is of a robust nature and only qualified coaches/ providers are used; safeguarding policies are also adhered to. The department is currently working with Council's safeguarding officer to ensure that all policies are fit for purpose. The sports development team also supports clubs around the town in the form of grants to increase quality standards and supports clubs in obtaining club mark status ensuring all needs are met The sports development team are aware of the requirements noted in the Indoor/Outdoor strategy and are working towards accommodating the needs	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			identified – it is expected that funds from the sale of the golf course and 106 funds will be able to assist. The main requirements e.g. New Leisure centre is also identified in the endorsed local plan. The service has now produced new documentation around safeguarding and commissioning of leisure activities including outdoor events and hirers of the Castle grounds e.g. Fairs and Circus – the new documentation strengthens the Councils position on Safeguarding and has been develop with the safeguarding officer. The development in this area continues however a current possible project is being investigated in partnership with the football association is the installation of a new 3G grass pitch – this was an identification of the indoor /outdoor strategy and could possible utilise golf course capital and 106 funds. In quarter three 2016/17 meetings have continued around the 3G installation and all safeguarding practises have now been approved and are being utilised.	
Enable the provision of leisure activities targeted at identified sectors of the community	Deliver currently commissioned services and develop proposals for future third sector provision	Narrative on progress	Delivery continues via commissioned services around holiday provision and the department is looking to team up with external providers and the county sports partnership to offer free /low cost community provision in a range of family and individual activities.	✔

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			The service is looking to develop a package that can assist in other services of the Council e.g. Housing / Community development / housing tenants –in order to enable the passing of the information on the services on offer that can address areas / individual needs thus providing direct tailored services at the heart of the community and targeted to specific areas that can be assisted e.g. mental Health.	
Support the provision of health interventions for vulnerable people	Deliver currently commissioned services and develop proposals for future third sector provision	Commissioning Cycle Three; New services in place by April 2017.	Specifications have been drafted and Cabinet have approved the commissioning process which is now underway. Bids are now being assessed.	
To secure and develop the scope of Locality Commissioning opportunities and mechanisms with strategic partners	Development of pooled budgets and integrated systems of working. Explore opportunities for Double Devolution. Agreement of shared priorities & objectives with partners.	Narrative on progress	The decommissioning of services by the County Council has presented different challenges for Tamworth Borough Council. However, partnership opportunities are to be developed through revised arrangements.	

Title
LQ003 – Work together with partners and residents to tackle the causes of inequality in Tamworth

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Explore options and mechanisms for developing self-help opportunities at a neighbourhood level	Managed transition from current scale of state support to self-help at a neighbourhood level	Narrative on progress	Proposals being developed. A review of community development approaches is due to commence shortly.	
Engage collaboratively in the review of VCSE support and Development Models	Skilled VCSE 'provider' organisations forming a local 'offer' to the market	Ongoing collaborative engagement & Successful appointment of voluntary sector support	The VCSE Contract was finally awarded after a significant delay; split between two providers, Support Staffordshire and SCYVS. This Council believes that this is a positive development as progress and delivery via the former provider was not to the standards required or expected. The CEOs of both organisations have met with Council officers and agreed a range of work streams and projects relating to mutual objectives.	
Facilitate review of strategic purpose and processes of the TSP	Aligned locality based multi-agency collaboration	Tamworth Strategic Partnership engaged in the delivery of priorities and objectives	The development of the Unified Community Offer continues to progress well and it is proposed that it will be presented to Members for adoption as the corporate working principles in spring of this year. This will then serve as the basis by which the Tamworth Strategic Partnership is reviewed and revised and also to inform the scope and standard of services to be provided via the Delivering Quality Services thematic priority.	
		Tamworth Strategic Partnership support Tamworth Borough Council in	As above	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
		the delivery of the Vision and Corporate Plan.		
		Tamworth Strategic Partnership sustain their role on the Commissioning Board	As above	

Title
LQ004 – Work together with residents to maintain and improve a safe, clean and green environment

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Ensure all green spaces and nature reserves are accessible by residents and are maintained to a standard that is conducive for use.	Continued use of the Wild about Tamworth project to provide support and guidance to both the volunteer groups and the Council	Quarterly Steering Group meetings to ensure the commission meets targets on education and sites in scope	All targets are being met.	✓
Continued commitment to a Community Safety Partnership that is responsive to locality, and reflects the needs of the community and partners	Public feedback on how safe the community feels in Tamworth	Number of incidents of Anti-Social Behaviour	At the end of November 2016 there were 2065 incidents recorded. Calendar year 2015; 2300 Calendar year 2014: 1907 Calendar year 2013: 2092 Calendar year 2012: 2220 Calendar year 2011: 2262 The new Community Assessment (January 2017) has now been received will be used to inform the forward plan for community safety.	✓
		Percentage of people who feel safe during the daytime/after dark	99% feel safe in their local area during the day. 80% feel safe in their local area after dark.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			(Feeling the Difference survey waves 17 to 20)	
Review and implement options for Council housing repairs & investment services	Strategic decisions regarding the future of repairs & investment services & implementation planning complete	Strategic decisions by 31/05/16.	Report* to Cabinet on 16th June 2016 set the parameters for the strategic decisions to be taken regarding the future of repairs and investment services. **Combined repairs and investment contractual arrangements for council housing stock.*	✔
		New provider in place by 1st April 2017.	This has changed to the reprovision of existing services following the withdrawal of the current provider. Further expansion of future options were scoped by December 2016. A new provider will be in place by 1st April 2017.	
Develop a unified neighbourhood offer		Development proposals by 31/10/16	Proposals have been developed and discussions undertaken with the Portfolio Holder, Communities & Wellbeing.	✔
		Detailed proposals developed	Following CMT endorsement of the proposals at their meeting on 31st October 2016, detailed proposals are now being developed.	

Title
LQ005 – Work together to improve housing quality in Tamworth

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Explore and develop proposals for an asset backed vehicle for the delivery of new	Options understood & decisions regarding the future informed	Options understood and decisions regarding the future informed by September 2017	Tender exercise commencing to seek consultancy support for consideration of the potential for arms-length arrangements.	✔

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
housing/delivery of services				
Develop and deliver a programme of housing development on Council owned sites including exploration of asset backed vehicles to deliver prs	New council homes & neighbourhood regeneration	Options understood and decisions regarding the future informed by September 2017	Housing Communities Agency garage sites developments have planning approval. Report went to Cabinet in November 2016 to update on the progress made in the provision of affordable housing through the garage development programme & acquisition of units built through s106 agreements. Further acquisitions achieved and procurement process for the development of garage sites is underway.	
Deliver regeneration at Tinkers Green and Kerria	New council homes & neighbourhood regeneration	Demolition of Hastings Close (Tinkers Green) by February 2017.	On track for demolition by February 2017.	
		Demolition of Saxon Close, Linthouse Walk, Leisure Walk and Cottage Walk (Tinkers Green) by February 2017		
		Start construction works at Tinkers Green by February 2017		
		Decant all tenants at Kerria by the end of March 2017	This is almost complete, ahead of schedule.	
		Appointment of a developer by May 2017	On track to appoint developer by May 2017.	
		Secure Reserved Matters Planning Permission by October 2017.	On track to secure reserved matters planning permission by October 2017.	
		Demolition of Kerria by December 2017		

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
		Start construction at Kerria by January 2018		
		Completion of construction at Kerria by January 2019		
		Completion of construction at Tinkers Green by January 2019		
Review and update the Council’s HRA Business Plan including reviewing the impact of government policies	HRA Plan updated to inform strategic investment decisions	HRA Plan updated by October 2017.	Completion amended to be by October 2017.	
Review of Council's Private Sector Housing offer	Review informs strategic investment decision & service development	Private Sector Housing strategy approved by Cabinet	A draft Private Sector Housing Strategy document will be ready for consultation in January 2017. Following the consultation, a final document will be produced in February 2017 ready for Cabinet approval in March 2017.	
Complete the review of the Healthy Housing Strategy & Action Plan	Updated strategic approach & action plan	Housing for Wellbeing Plan completed	As above	

Title
SP2: Growing Strong Together in Tamworth

Title
GS001 – Develop and support the local economy, together with local businesses and partners through our regional influence.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Actively engage in the WMCA work stream for Innovation and Inward Investment	Fair and equitable access to Inward Investment	Narrative on progress		
Sustain support for GBSLEP Growth Hub	Proactive stance on managing referrals	Narrative on progress		

Title
GS002 – Work with businesses and developers to create a vibrant and sustainable town centre.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
To support local businesses with their submission for B.I.D. status	The formation of a Tamworth BID	Feasibility study by October 2016.	A report was considered by Cabinet in October 2016 allowing the BID to progress to consultation phase.	
		BID formed by June 2017 (Assumes positive result of feasibility study)	Consultation and engagement work underway.	
Use our regulatory powers within Licensing, Planning, and Environmental Health to be proactive with support and advice to	An increase in early intervention with a corresponding reduction in sanction.	A reduction in formal sanctions and appeals year on year.	This is an annually updated figure and results will be available in March 2017.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
enable business development				
The provision of accurate and timely advice, support, guidance and signpost town centre business to relevant information, business support programmes, training and funding opportunities	Increase in businesses staying for longer in the town centre. Increased footfall and dwell time in the town centre	Footfall and dwell time in the town centre	Monitoring framework to be developed in 2016/17	
		Length of time businesses stay in the town centre.	At the end of December 2016 there were 32 vacant units out of 302; occupancy rate of 89.4%.	
Collection of the levy arising from the planned Business Improvement District	Maximise the collection level for investment in local infrastructure	Percentage of BID levy collected.	BID to be formed by April 2018 dependant on outcome of feasibility study in October 2016 and Ballot by October 2018. The BID levy cannot commence until then. Capital appraisal for BID Software to be made for 2017/18.	

Title
GS003 – Use our regional influence to support an environment where business and enterprise can flourish and grow.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Working with GBSLEP Finance Directors to maximise retention of business rates to improve	Maximise collection of business rates within the GBS rate retention pool. Use of insight data to	Percentage change in rateable value of commercial buildings	At the end of quarter two 2016/17, the rateable value of commercial properties had increased by 0.76%.	
		Percentage of Non Domestic Rates	At the end of quarter three, NNDR collection was	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
the economy and infrastructure of the region	identify additional business rate collection opportunities in order to maximise local business rate collection levels	collected	ahead of target at 83.50%.	
Working with GBSLEP Legal Directors to ensure Scrutiny and governance compliance	Probity of decision making Robust scrutiny of proposals and decisions	Narrative on progress	There is Member representation on the GBSLEP & WMCA Scrutiny Committees. The Solicitor & Monitoring Officer attends the GSLEP quarterly meetings.	
Engage as necessary in order to benefit from Non-Constituent Membership of WMCA	Seek opportunities to enhance key growth, skills regeneration outcomes	Narrative on progress		
Maintain ongoing commitment to GBSLEP via Board and Executive membership	Influence major decisions that impact upon economic growth	Narrative on progress		
Maintain ongoing commitment to SSoTLEP and countywide collaborations	Further enhance growth opportunities	Narrative on progress		

Title
GS003a - Work together to strengthen the relationships between schools/FE & HE/Employers

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Actively engage with the	Increased opportunities	Narrative on progress		

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
GBSLEP & SSoTLEP in their respective programmes targeting young people	for young people in job market			
Engage as appropriate in Area Review processes	Skilled & Employment ready workforce	Engagement of secondary schools in the Education Trust Locality project	Encouragement of secondary schools, 6th form and college to engage in the Education Trust Locality project which helps develops strategic approach to careers advice linked to LEP priority areas and promotes better structured links with employers. Council officers attend the quarterly Primary and Secondary Head teacher meetings. This engagement allows for two way information sharing.	
		TBC support to Secondary and Primary Heads Forum	Chief Executive chaired a special meeting of secondary heads and college representatives to promote collaborative working between the schools, 6th form and college to provide the full range of career pathways. Chief Executive contributes to the Area Review consultation. Council officers attend the quarterly Primary and Secondary Head teacher meetings. This engagement allows for two way information sharing.	

Title
GS003b – Champion higher skilled and better paid jobs in Tamworth

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Actively engage in and	Economic growth through	Narrative on progress		

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
influence key strategic work streams namely: WMCA Skills & Productivity Commission & SSoTLEP Employment & Skills work streams	prosperity Impact upon causes of deprivation and reduced reliance on State support			

Title
GS004 – Work together to strengthen the connections between schools/FE & HE/Employment to create opportunities for higher skilled and better paid jobs.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Engage in the WMCA and SSoTLEP Skills and Productivity work streams	Improved links between main education providers and businesses	To be agreed once Combined Authorities workstreams convened.	Progress remains on track in terms of both the GBSLEP and the WMCA. The borough council is actively engaged in all aspects of the GBSLEP agenda at a political and officer level. The Chief Executive is the CEO lead on the GBSLEP Business and Innovation Group with the Executive Director Corporate Services sitting on the Finance & Governance Group. Other officers represent the Council on various boards including the Executive. With regard to the WMCA, formal meetings of the Non-Constituent Member authorities are helping to shape our ambitions and expectations around growth, regeneration and the wider work streams. The outcomes from the Area Review for Staffordshire colleges were finally released two months later than scheduled. The recommendations set out in the document were primarily for the	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			Governing Bodies of the various Further Education providers and included proposals for mergers and other forms of rationalisation. Negotiations are currently ongoing with proposals for South Staffs College included. One issue that can be closed off is the ambition to relocate the South Staffs College to the former Gungate Precinct site. This will not now happen.	

Title
GS005 – Adopt a commercial approach to managing Council assets in order to enhance the viability of the borough.

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
To commission a review of the Town Centre Master plan	Refreshed masterplan giving a focused view	The production of an inward investment strategy	This is to become a work stream of the CIRS project	✔
To facilitate progress by developers/landowners of sites identified in the local plan for housing and / or commercial activity	Additional homes and floor space	Delivery against the Local Plan Growth Profile – The number of sites from the Local Plan with consent	TBA	✔
To facilitate progress by developers/landowners of the regeneration of the Gungate Site	Robust and Proactive approach to facilitating development of land	Narrative on progress	A series of meetings have been made with the landowner to discuss progress. Further options, including joint venture opportunities, have now been considered and are being assessed.	✔
Explore opportunities that	The production of a	Occupancy level of TBC Commercial &	Occupation has remained stable through the first	✔

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
will ensure all Council investment assets produce a revenue stream to support corporate priorities	planned sustainable income stream based upon investment assets	Industrial properties	half of 2016/17. The occupancy rate for our commercial properties is 90.32%. The occupancy rate for our industrial properties is 97.33%	
To ensure consideration of commercial opportunities in business decision making	A risk/reward based return on investment requirement within planned projects. Producing options appraisals, business cases and review opportunities for setting up Local Authority Trading Companies as well as other business models for service to maximise return on Council assets and increase economic benefit for the Council. Increase income through adopted commercial approach.	Narrative on projects identified and the progress on those projects	The Tamworth Commercial Investment Strategy to promote growth and regeneration was approved by Cabinet on 16th June 2016 The first formal meeting of the Commercial Investment Strategy Board was on 22nd August 2016. Following an update on progress around this initiative since Cabinet endorsed the initial plans; Members gave their full endorsement for the establishment of a Member-led Steering Group to provide the necessary governance for an Officer/Advisor-led Working Group that in turn would oversee the various major work streams. Key outcomes such as the revitalisation of the Town Centre; the regeneration of the Gungate site; the development of an Inward Investment Strategy that will seek to provide the basis for ongoing managed growth, future funding bids and more. We will also be exploring new initiatives such as setting up a Subsidiary Housing Company so that we can have more control over housing options.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			Senior Officers have also attended Seminars to obtain practical guidance on the key legal, governance, financial and tax issues to consider when setting up and running Local Authority Trading Companies (LATC) and 'Building a successful joint venture company'. The first quarterly progress monitoring was reported to Cabinet on 24th November 2016.	
		Rate of return on identified projects	As above	

Title
GS006 – Work together to preserve and promote Tamworth's heritage, leisure and natural environment
GS007 – Work together to preserve our culture; preserve our heritage and sustain our national environment

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
To project manage the delivery of the Creative Quarter regeneration	Project completed on time and within budget	Narrative on progress to project plan	All project consultants are now appointed and detailed work is underway to prepare necessary tender documents in readiness to go out to the market in mid-2017. Work is on track to the revised project plan and an update to Cabinet is planned for February 2017.	✔

Title
SP3: Delivering Quality Services in Tamworth

Title
DQ001 – Provide accurate information via a fully integrated Customer Services Centre.

<table>
<tr><th>Corporate Objective</th><th>Desired Outcome</th><th>Outcome Measured by</th><th>Update on progress</th><th>Expected Outcome</th></tr>
<tr><td rowspan="4">Undertake fundamental review of customer services functions across every service

Remodel service functions, standards and systems

Co-design Customer Service standards with user groups</td><td rowspan="4">Enhanced, consistent and accessible customer services

Improved customer experience and satisfaction ratings

Increased efficiency and capacity

Reduced demand and waste

Agreed, measureable standards

Availability of data and customer insight to aid future planning

Streamlined, efficient corporate services</td><td>Temporary relocation of staff to CSC by 04/04/16</td><td>Staff relocated 4th April 2016.
In June 2016, staff moved back to respective service areas until endorsement of CMT report on 25th July 2016 making recommendations on processes, staff relocations and proposed changes to Customer Services.</td><td rowspan="4"></td></tr>
<tr><td>Data/Demand Capture by 13/05/16</td><td>Completed for Revenues & Benefits</td></tr>
<tr><td>Identification of processes to transform by 27/05/16</td><td>Recommendations for changes to Revenues and Benefits Services made and implementation of those changes is now underway.</td></tr>
<tr><td>Progress against the Delivery of Quality Services project plan</td><td>The sixth floor now completed as part of the agile working process with customer services now relocated there.
A post implementation review is to be completed by 31st March 2017.
Demand data capture for Communities, Planning & Partnerships and Housing is being undertaken to identify waste and value prior to the transformation of processes. The development of capital bids for the redesign of reception and purchase of a customer portal to be submitted as part of the budget setting process.</td></tr>
</table>

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			Data and efficiencies made as part of Delivering Quality Services to be used to inform the proposals of the next stage of the Customer Services short term reorganisation by 31st March 2017. Baseline captured as part of demand capture for Revenues and Benefits. Housing services demand capture now underway. The co-design of customer service standards will be developed in line with the Unified Community Offer. Customer Access Survey being designed to capture customer views; to be launched before 31st March 2017.	
To provide support for the integrated Customer Services Centre	To enable first time resolution and reduction in waste Promotion of digital channels to reduce demand Technical support from back office including appropriately trained staff	Customer satisfaction with CSC	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the third quarter, there were more than 333,000 hits on the website; the highest figure recorded. In 2016/17, there have been 711 downloads of the App.	
Full and robust implementation of Corporate Change Programme	Provision of digital data and information, enablement of automation and self-service, consistent and robust service provision	Efficiencies in headcount	The sixth floor now completed as part of the agile working process with customer services now relocated there. A post implementation review is to be completed by 31st March 2017. Demand data capture for Communities, Planning & Partnerships and Housing is being undertaken to	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			identify waste and value prior to the transformation of processes. The development of capital bids for the redesign of reception and purchase of a customer portal to be submitted as part of the budget setting process. Data and efficiencies made as part of Delivering Quality Services to be used to inform the proposals of the next stage of the Customer Services short term reorganisation by 31st March 2017.	

Title
DQ002 – Work with customers to improve their access to Council services

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Seek customer feedback consistently across all service areas	24/7 access for a full range of council services New technology exploited Improved efficiency of access channels Improved customer satisfaction with access to Council Services Increased number of services available on line	Customer Satisfaction with Customer Service Centre	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the third quarter, there were more than 333,000 hits on the website; the highest figure recorded. In 2016/17 there have been 791 downloads of the App.	
		Number of services available on line	TBA	
		Reduction in the cost of delivery of Customer Services	£100k removed from the Customer Services budget but savings from back office functions have been identified to off-set the reduction in budget.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	Cost of delivery/transaction costs reduced			
Explore and develop new channels of access	24/7 access for a full range of council services New technology exploited Improved efficiency of access channels Improved customer satisfaction with access to Council Services Increased number of services available on line Cost of delivery/transaction costs reduced	Customer Satisfaction with Customer Service Centre	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the third quarter, there were more than 333,000 hits on the website; the highest figure recorded. In 2016/17 there have been 791 downloads of the App.	✔
		Number of services available on line	TBA	
		Reduction in the cost of delivery of Customer Services	£100k removed from the Customer Services budget but savings from back office functions have been identified to offset the reduction in budget.	
Deliver services that are digital by default	24/7 access for a full range of council services New technology exploited Improved efficiency of	Customer Satisfaction with Customer Service Centre	Web Chat service: Of 813 customers using this service, over 80% rated it very good or excellent. In the third quarter, there were more than 333,000 hits on the website; the highest figure recorded. In 2016/17 there have been 791 downloads of the App.	✔

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	access channels Improved customer satisfaction with access to Council Services Increased number of services available on line Cost of delivery/transaction costs reduced	Number of services available on line	TBA	
		Reduction in the cost of delivery of Customer Services	£100k identified within budget.	

Title
DQ003 – Enable and support Tamworth residents and businesses using our statutory and regulatory powers

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Implementation of the Crime and Police 2014	Appropriate use of the new legislation to ensure public concerns over ASB are dealt with swiftly	Number of incidents of ASB	At the end of November 2016 there were 2065 incidents recorded. Calendar year 2015; 2300 Calendar year 2014: 1907 Calendar year 2013: 2092 Calendar year 2012: 2220 Calendar year 2011: 2262 The new Community Assessment (January 2016) has now been received will be used to inform the forward plan for community safety.	
Delivery of a Community	Positive public feedback	Percentage of people who feel safe	99% feel safe in their local area during the day.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Safety Partnership that is responsive to locality, and reflects the needs of the community and partners	on how safe the community feels in Tamworth.	during the daytime/after dark.	80% feel safe in their local area after dark. (Feeling the Difference survey waves 17 to 20)	
Proactive Business Continuity information sharing with businesses	Enablement of a full business and community response in the event of an incident	Case study approach. Narrative on progress	Working with the Civil Contingencies Unit to host a road show pertaining to business continuity and emergency planning to which all businesses will be invited. Currently awaiting dates from Civil Contingencies Unit but likely to roll over into 2017/18. The focus in quarter two was on 'Exercise Aurora' with quarter three seeing the debrief and dissemination of lessons learned from this successful exercise.	✓

Title
DQ004 - Enabling greater public engagement in local decision making

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Explore new methods of ways in which the community can engage with the delivery of council services using data and intelligence	Services shaped by users	Number of services shaped by users	The Delivering Quality Services Project and Unified Community Offer present opportunities for services to be shaped by users of those services. Recommendations for changes to Revenues & Benefits Services made and implementation underway. Next areas are Communities, Planning & Partnerships and Housing.	✓
Continue to develop	Inspirational informed	E-learning for members implemented	The e-learning product was demonstrated to Audit	✓

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
democratic community leadership	community leaders Increased number of people who feel they can influence decisions in their locality	by 30/06/17	& Governance Committee in December 2016; the Gifts & Hospitality Course will be rolled out to all members during quarter one 2017/18. Scrutiny workshops held for all members July 2016. Dementia & Safeguarding Training for members held in quarter two. Planning and Licensing Training and Budget Workshops held in quarter three.	
		Percentage of people who feel they can influence decisions in their locality	Asked as a question in the resident's budget consultation; August/September 2016. 36% of respondents felt they were able to influence decisions in their local area. 44% of respondents said they would like to be involved and 49% would like to be involved depending on the issue.	
local ownership and delivery of services measured by percentage of local public assets & facilities run by Voluntary Bodies, SMEs, etc.	Increase customer capability/capacity to self-manage	Percentage of local public assets & facilities run by Voluntary Bodies, SMEs, etc.		
Budget Consultation	Carry out annual consultation process to inform local priorities for the MTFS	Narrative on outcomes of the consultation	Report to Cabinet 28th July 2016 outlining the budgetary process including budget consultation. This took place in August & September and concluded with a report to Cabinet in November 2016	
Local Council Tax	Consultation on scheme	Consultation	Consultation on proposed amendments to the	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Reduction Scheme consultation	proposals needed to balance cost of scheme to council taxpayers against needs of the vulnerable		scheme: August to October 2016. Report to Cabinet in November 2016 and Council in December 2016.	
		Consultation results to Cabinet	Cabinet considered the results of the consultation at their meeting on 24th November 2016.	
		Full Council to decide/endorse 2017/18 onwards scheme	Members considered the results of the public consultation on the current scheme and endorsed the proposed recommended changes to the scheme; • Local Council Tax Reduction Scheme for working age customers for 2017/18 will continue to be aligned to applicable amounts with those of housing benefit, • Council Tax reduction awards will be restricted to a maximum of four weeks only where the claimant(s) are abroad	
State of Tamworth Debate	Encourage through media sources public involvement in the democratic process to add and facilitate the shape of Tamworth the place	Narrative on outcomes of the SoTD	Tamworth Listens Question Time Event 26th January 2017. State of Tamworth Debate 9th March 2017.	
Registration of Electors/Individual Elector Registration/Elections	Provision of information to citizens through digital channels	Number of electors registering by digital means	Number of responses received using the automated service: Online = 5,757 (18% of properties) Phone = 5,242 (16% of properties) SMS – 1,558 (4.8% of properties) Total Number of Properties = 32,396	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			9% (2,862) of properties failed to respond even after personal canvass The number of individuals on the electoral roll to reflect the latest canvas on 1st December 2016 was 58,118	
Council, Cabinet, Planning Committee	Provision of information to citizens through digital channels	All Council Agendas and Minutes on the internet	The agenda for all Council meetings are published on the internet five days before the meeting and the minutes of those meetings are published on the internet five days after the meeting.	✔

Title
DQ005 – Demonstrate value for money

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
Review, remodel and realign services and resources by aligning them to our vision, purpose and priorities	Unified back office functions	Service realignment from DQS project for Revenues, Benefits & Housing by March 2017	Demand capture completed for Revenues and Benefits and recommendations for the service made and implementation underway. Delivery Quality Services project for Housing and Communities, Planning & Partnerships has started with the capture and analysis of data. Human Resources/Communications/Performance review completed and savings delivered.	✔
Implement organisational transformation to ensure the Councils workforce is equipped and positioned for change	Creation of an environment that enables people to be the best they can be Reviewed senior	Interim senior management arrangements agreed.	Interim senior management arrangements agreed by Appointments & Staffing Committee – April 2016	✔
		Report to Appointments & Staffing Committee setting out the scale, scope & timescale for a formal review of	The post of Director, Communities, Planning & Partnerships has been removed from the establishment and savings made.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	management structure to ensure positive, transformational and courageous leadership	Senior Management in 2017.	The review of Senior Management has been deferred for twelve months.	
		Delivery of Workforce Development Plan by December 2016.	Work in progress to meet delivery date of 31st December 2016.	
Challenge statutory need and reduce demand for services	Services aligned to customer needs	Capturing Demand & Channel shift	Demand capture completed for Revenues and Benefits and recommendations for the service made and implementation underway. Delivery Quality Services project for Housing and Communities, Planning & Partnerships has started with the capture and analysis of data. Human Resources/Communications/Performance review completed and savings delivered.	
Deliver a training plan that focuses on behaviours, culture and leadership	Delivery of facilitated leadership development programme to create consistent leadership culture Organisation fit for 21st Century	Completion of training programme	Completed for leadership and feedback presented to Chief Executive.	
		Delivery of the Organisational Development Strategy by December 2016	Work in progress to meet delivery date of 31st December 2016.	
Proper Governance advice for officers and Members	Development of e-learning modules to enhance governance awareness	E-learning for members implemented by 30/06/17	The e-learning product was demonstrated to Audit & Governance Committee in December 2016; the Gifts & Hospitality Course will be rolled out to all members during quarter one 2017/18.. Scrutiny workshops were held for all members July 2016. Dementia & Safeguarding Training for members held in quarter two.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			Planning and Licensing Training and Budget Workshops held in quarter three.	
Business case approach to investment decisions	A risk/reward based return on investment requirement with planned projects	Rate of return on identified projects	The Tamworth Commercial Investment Strategy to promote growth and regeneration was approved by Cabinet on 16th June 2016. The first formal meeting of the Commercial Investment Strategy Board was on 22nd August 2016. Following an update on progress around this initiative since Cabinet endorsed the initial plans; Members gave their full endorsement for the establishment of a Member-led Steering Group to provide the necessary governance for an Officer/Advisor-led Working Group that in turn would oversee the various major work streams. Key outcomes such as the revitalisation of the Town Centre; the regeneration of the Gungate site; the development of an Inward Investment Strategy that will seek to provide the basis for ongoing managed growth, future funding bids and more. We will also be exploring new initiatives such as setting up a Subsidiary Housing Company so that we can have more control over housing options. Senior Officers have also attended Seminars to obtain practical guidance on the key legal,	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
			governance, financial and tax issues to consider when setting up and running Local Authority Trading Companies (LATC) and 'Building a successful joint venture company'. The first quarterly progress monitoring was reported to Cabinet on 24th November 2016.	
To provide appropriate professional support	Provision of financial, legal, ICT and procurement support for the decision making process	Narrative on progress	Financial and legal support provided on the following projects: • HRA regeneration (including appointment of Employers Agent & tender for Contractor) • Enterprise Quarter • Gateways project • Commercial Investment Strategy • Renewal of repairs contract • Housing Acquisitions Programme CIPFA Benchmarking 2016 completed for Human Resources, Audit, Revenues, Benefits and Finance. Legal support on procurement and elections/referendum	
Consideration of commercial opportunities in business decision making	Producing options appraisals, businesses cases and review opportunities for setting up local Authority Trading Companies as well as other business models for service to maximise return	Narrative on projects identified and the progress on those projects	The Tamworth Commercial Investment Strategy to promote growth and regeneration was approved by Cabinet on 16th June 2016. The first formal meeting of the Commercial Investment Strategy Board was on 22nd August 2016.	

Corporate Objective	Desired Outcome	Outcome Measured by	Update on progress	Expected Outcome
	on Council assets and increase economic benefit for the Council		Following an update on progress around this initiative since Cabinet endorsed the initial plans; Members gave their full endorsement for the establishment of a Member-led Steering Group to provide the necessary governance for an Officer/Advisor-led Working Group that in turn would oversee the various major work streams. Key outcomes such as the revitalisation of the Town Centre; the regeneration of the Gungate site; the development of an Inward Investment Strategy that will seek to provide the basis for ongoing managed growth, future funding bids and more. We will also be exploring new initiatives such as setting up a Subsidiary Housing Company so that we can have more control over housing options. Senior Officers have also attended Seminars to obtain practical guidance on the key legal, governance, financial and tax issues to consider when setting up and running Local Authority Trading Companies (LATC) and 'Building a successful joint venture company'. The first quarterly progress monitoring was reported to Cabinet on 24th November 2016.	

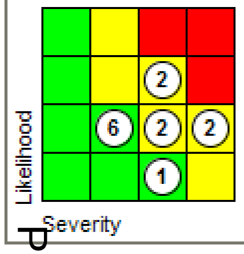
Key to symbols

Expected outcome	
	Not on track and not in control
	Not on track but is in control
	On track and in control

Appendix B

2016/17 Corporate Risk Register

Corporate Risk Register 'Heat Map'



Risk	Description of Risk	Date Last Reviewed	Severity	Likelihood	Current Risk Rating	Current Risk Status
Loss of Community Cohesion	Failure to achieve community cohesion	03-Jan-2017	3	3	9	
Safeguarding Children & Vulnerable Adults	Failure to safeguard children and vulnerable adults	03-Jan-2017	3	3	9	
Medium Term Financial Planning & Sustainability Strategy	Loss of Funding and Financial Stability & application of uncertainties of Brexit	03-Jan-2017	4	2	8	
Inability to manage the impact corporately of the Government Austerity measures and new legislative requirements	Inability to manage the impact corporately of the Government Austerity measures and new legislative requirements	03-Jan-2017	4	2	8	
Information Management & Information Technology	Failure to secure and manage data and IT infrastructure	03-Jan-2017	3	2	6	
Health & Safety	Failure to manage Health & Safety	03-Jan-2017	3	2	6	
Reputation	Damage to Reputation	03-Jan-2017	2	2	4	
Governance & Regulatory Failure	Failure to achieve adequate Governance Standards and statutory responsibilities	03-Jan-2017	2	2	4	
Partnership Working and Supply Chain Challenges	Failure in partnership working, shared services or supply chain	03-Jan-2017	2	2	4	

Risk	Description of Risk	Date Last Reviewed	Severity	Likelihood	Current Risk Rating	Current Risk Status
Emergency & Crisis Response Threats	Failure to manage an external or internal emergency/disaster situation	03-Jan-2017	2	2	4	✔
Workforce Planning Challenges	Failure to manage workforce planning challenges	03-Jan-2017	2	2	4	✔
Corporate Change	Failure to manage corporate change	03-Jan-2017	2	2	4	✔
Economic Changes	Failure to plan and adapt services to economic changes within the community	03-Jan-2017	3	1	3	✔

Risk Status	
🛑	High Risk
⚠	Medium Risk
✔	Low Risk

Appendix C

General Fund – Main Variances

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Customer Services	Salaries - Overtime	44,422	2,700	41,722	3,620	56,110	59,730	Outturn assuming overtime/casual hours continue at current rate
Ad Partnership & Community Dev	Salaries	-	42,580	(42,580)	66,130	(66,130)	-	Interim Management arrangements are in place.
Outside Car Parks	Refundable Deposits	18,348	80,280	(61,932)	107,090	(85,000)	22,090	Reduced costs due to Spinning School Lane
	Miscellaneous Contributions	-	(28,800)	28,800	(38,440)	32,440	(6,000)	Reduced income due to Spinning School Lane
	Short Stay Car Parking	(610,481)	(703,000)	92,519	(925,000)	105,000	(820,000)	Impact on income from Spinning School lane
Community Safety	Salaries	27,815	72,968	(45,152)	97,330	(57,000)	40,330	Underspend forecast as there are two vacant posts
Community Wardens	Payments For Temporary Staff	36,000	-	36,000	-	48,000	48,000	Estimated increased costs following an unsuccessful sickness redeployment and ongoing sickness level
Development Control	Fees & Charges Planning App	(304,407)	(150,030)	(154,377)	(200,000)	(110,000)	(310,000)	Income is currently exceeding expectations. With 3 months income still to be received the outturn may be greater than predicted. This cannot be quantified at the moment as this is demand led.
Tourism & Economic Development	Consultants Fees	68,348	68,030	318	68,390	(39,000)	29,390	The BID project may not be completed before the end of the financial year. A reserve will be requested to carry any

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
	Cont To Reserves	-	-	-	-	39,000	39,000	underspent budget into 2017/18
Dev. Plan Local & Strategic	Salaries	40,643	78,210	(37,567)	104,290	(40,000)	64,290	There has been a delay in recruiting to vacant posts with one post still being vacant. This underspend will be offset, in part, as temporary staff have been used to cover vacancies.
Commercial Property Management	Rents	(1,304,116)	(1,338,000)	33,884	(807,250)	40,000	(767,250)	Based on current estimated usage. The situation will be closely monitored throughout the year.
Industrial Properties	Rents	(705,928)	(680,000)	(25,928)	(735,000)	(45,000)	(780,000)	Based on current estimated usage. The situation will be closely monitored throughout the year.
Marmion House	Rents	(84,339)	(54,920)	(29,419)	(54,920)	(30,000)	(84,920)	Additional income from new hirers to Marmion House along with prior year adjustment for the 5th floor
Assembly Rooms	Heritage Lottery Fund	4,555	93,240	(88,685)	124,300	(120,000)	4,300	Budget is underspent against profile as the project has been delayed. Grant income will reflect amount spent.
	Government Grants	-	-	-	(124,300)	120,000	(4,300)	Spend on the project has been delayed and therefore grant income will be reduced to match spend
Assembly Rooms 3rd Party Tickets	Private Hire Ticket Sales	(42,784)	(7,010)	(35,774)	(32,220)	(35,000)	(67,220)	Income is well above target but may be in part offset by increased costs
Arts Development	Arts Projects	3,738	7,500	(3,762)	41,500	(34,000)	7,500	Arts Council Grant to be spent over two financial years 2016/17 and 2017/18.

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
	Government Grants	-	(34,000)	34,000	(34,000)	34,000	-	Income will be taken into 2017/18 as funding is being spent over two financial years.
Castle & Museum	Salaries	104,625	151,740	(47,115)	202,290	(58,000)	144,290	There are several vacant posts which are being covered by casual staff and other staff working increased hours.
	Wages	53,363	6,840	46,523	9,140	50,000	59,140	Casual staff are covering vacant posts and part time staff are working additional hours.
Public Spaces	Vehicle Hire	98,194	118,530	(20,336)	158,010	(30,000)	128,010	New fleet arrangements delayed until 2017 so additional funds not required
Community Development	Salaries	54,789	81,360	(26,571)	108,460	(35,000)	73,460	Underspend forecast due to a vacant post.
Homelessness	Provision For Bad Debts	53,535	10,000	43,535	10,000	40,000	50,000	Increased provision reflects increased demand for temporary accommodation
Locality Commissioning	Provision For Bad Debts	34,500	-	34,500	-	34,500	34,500	An invoice due to be paid in March remained unpaid at the end of October. It is understood that payment has since been received and therefore this provision is no longer needed and is offset by a reversal on 82494
	Bad Debt Provision	(34,500)	-	(34,500)	-	(34,500)	(34,500)	Reversal of bad debt provided for which has since been paid. Offset on 35005
Corporate Finance	Specific Contingency	-	-	-	50,000	(50,000)	-	Projected underspend - no known requirements at this stage
	Vacancy Allowance	-	-	-	50,000	(50,000)	-	Offsetting overspends on service cost centres
	NNDR Levy Payments	-	-	-	394,850	52,950	447,800	Increased levy payment due to higher forecast business rates

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
								income
	Fees & Charges	(172,210)	-	(172,210)	-	(172,210)	(172,210)	Returned LEP Levy
	Interest Internal Balances	-	-	-	-	(282,000)	(282,000)	Interest element of Golf Course receipt
Treasury Management	External Interest Payable	2,071,975	2,111,580	(39,605)	2,815,380	(52,806)	2,762,574	Additional borrowing not taken
	Miscellaneous Interest & Dividends	(209,793)	(271,530)	61,737	(362,040)	82,316	(279,724)	Lower interest rate levels than forecast
Land Charges	Contribution From Reserves	(35,531)	-	(35,531)	-	(35,530)	(35,530)	Release back to revenue provision no longer required
Benefits	Rent Allowances	6,748,307	7,331,100	(582,793)	10,505,450	(854,250)	9,651,200	Based on DWP Est claim at P9
	Non-HRA Rent Rebates	185,540	271,440	(85,900)	361,860	(114,470)	247,390	Based on e-Fins @ P9
	Council Tenant Rent Rebates	8,415,698	8,534,790	(119,092)	11,302,930	(745,550)	10,557,380	Based on DWP Est claim at P9
	Council Tenant Grant	(8,196,403)	(8,328,700)	132,297	(11,029,670)	676,430	(10,353,240)	Based on DWP Est claim at P9
	Private Tenant Grant	(6,563,212)	(7,004,100)	440,888	(10,041,380)	603,390	(9,437,990)	Based on DWP Est claim at P9
	Non-HRA Rent Rebate Grant	(139,076)	(115,440)	(23,636)	(153,910)	(31,530)	(185,440)	Based on DWP Est claim at P9
	Discretionary Housing Payment Grant	(119,774)	-	(119,774)	-	(119,774)	(119,774)	DHP Grant max receivable for year based on mid-year est
	Overpayment Private Tenant	(321,167)	(538,650)	217,483	(718,150)	289,930	(428,220)	Based on e-Fins @ P9
	Overpayment Council Tenant	(356,782)	(322,650)	(34,132)	(430,170)	(45,540)	(475,710)	Based on e-Fins @ P9
	Pt Overpayment Recovery	107,237	-	107,237	-	142,980	142,980	Based on e-Fins @ P9
	Ct Overpayment Recovery	82,441	-	82,441	-	109,920	109,920	Based on e-Fins @ P9
Benefits Administration	Admin. Grant	(295,100)	(270,320)	(24,780)	(328,760)	(33,010)	(361,770)	Confirmed final admin grant due greater than budget est

Housing Revenue Account – Main Variances

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Housing Advice	Salaries	158,531	213,750	(55,219)	285,040	(44,000)	241,040	Vacant posts being covered by temporary agency staff
	Payments For Temporary Staff	72,888	29,000	43,888	29,000	44,000	73,000	
Regeneration Project	Council Tax Payments	86,083	-	86,083	-	85,000	85,000	Void properties awaiting demolition prior to regeneration
H R A Summary	Provision For Bad Debts	141,092	470,000	(328,908)	470,000	(300,000)	170,000	Budget reflects potential impact of welfare reforms and escalation of arrears but presently bad debt is being contained by robust and effective arrears recovery management
	Specific Contingency	-	-	-	100,000	(100,000)	-	No issues currently identified which would require a call on this budget
	Rents	(13,896,644)	(13,566,428)	(330,217)	(17,597,530)	(330,000)	(17,927,530)	Rent income is currently exceeding budget due to void levels being lower than budgeted but this is offset by right to buy sales and properties being vacated pending demolition prior to regeneration
Repairs Contract	Responsive Repairs	640,183	1,172,025	(531,842)	1,562,700	(400,000)	1,162,700	Numbers of repairs have reduced as a result of a demand focused management approach

Cost Centre	Account Code	Year To Date Position	Year To Date Position Budget	Year To Date Position Variance	Full Year Position Budget	Full Year Position Predicted Outturn Variance	Full Year Position Predicted Outturn	Comment
Repairs Contract	Voids	516,402	656,250	(139,848)	875,000	(100,000)	775,000	The number of voids being completed has slightly reduced for the reported period and of those voids where works have been required the quantity and type of repair is less with a reduction in the number of high cost voids
	Major Works	-	41,625	(41,625)	55,500	-	55,500	Potential schemes are currently being explored to utilise this budget
	Stair lift Maintenance	795	31,875	(31,080)	42,500	-	42,500	Expecting invoices for number of stair lift works completed but not yet invoiced
	Rechargeable Works	(66,450)	-	(66,450)	-	(70,000)	(70,000)	Recharges to tenants for works outside repairs policy
Repairs - General	Planned Maintenance	204,183	337,500	(133,317)	450,000	(110,000)	340,000	Timing of new contracts means that it is unlikely that full budget will be spent in current financial year.

Appendix D

Capital Programme Monitoring

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Director of Technology & Corporate Programmes										
Replacement It Technology	41	86	60	(26)	101	101	-	-	101	Storage aspect of the project is now complete and data is now to be re-configured/moved
EDRMS (Electronic Document Records Management System)	63	63	-	(63)	63	-	(63)	63	63	Project not expected to recommence until 2017/18
Air Conditioning	-	24	-	(24)	32	32	-	-	32	Project to be undertaken during winter months but before end March
Backup Solution	-	11	15	4	15	15	-	-	15	Once data has been reconfigured to new storage, work will commence on backup solution
Gazetteer Development	12	12	-	(12)	12	12	-	-	12	Project progressing but budget may be re-profiled to 2017/18
Directorate Total	**116**	**196**	**75**	**(121)**	**223**	**160**	**(63)**	**63**	**223**	
Director of Transformation & Corporate Performance										
HR / Payroll System	1	1	-	(1)	1	1	-	-	1	Remaining budget to be utilised for consultancy re pension changes
Directorate Total	**1**	**1**	**-**	**(1)**	**1**	**1**	**-**	**-**	**1**	

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Director of Housing & Health										
Private Sector Coalfields Fund	120	120	28	(92)	120	40	(80)	80	120	Commitment to WarmZone programme which will restart activity in Early October. Spending plans to be reviewed for the remainder of the budget so may need to re-profile significant spend into 2017/18.
Directorate Total	**120**	**120**	**28**	**(92)**	**120**	**40**	**(80)**	**80**	**120**	
Director of Assets & Environment										
Disabled Facilities Grant	180	468	356	(112)	530	380	(150)	150	530	Current backlog of work with the Home Improvement Agency accounts for the budget available for the full year and new cases are still being referred all the time. This position confirms the current budget. Allocation is significantly insufficient to meet demand. Monies allocated but not actually paid to 3rd parties - outside TBC control.
CCTV Camera Renewals	14	-	-	-	29	-	(29)	29	29	Review of cameras locations etc. due to be completed by December - spend plan to be formulated following results of review

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Streetscene Service Delivery Enhancements	30	30	-	(30)	30	-	(30)	30	30	Delays in the project due to the delays in the full implementation of the CRM system - future agile service delivery dependant on delivery of scheme. Delivery of new vehicles expected in April 2017.
Wigginton Park Section 106	42	42	14	(28)	42	17	(25)	25	42	Plans ongoing to deliver items from the Wigginton Park Management Plan
Broadmeadow Nature Reserve	52	52	8	(44)	52	37	(15)	15	52	Ongoing works to complete management plan and HLS agreement. Tenders out for works to bridge due to be awarded January with view to works being completed by year end weather permitting, may need to reprofile some funding to 2017/18
Public Open Space Section 106	99	126	91	(35)	126	91	(35)	35	126	Project group established - list of works currently being considered a number of tenders due out in next 3 months
Agile Working Phase 2	310	310	184	(126)	310	185	(125)	-	185	Building works are now complete, some furniture has been purchased. Anticipate an underspend but exact amount to be determined once the remainder of the furniture has been ordered.
Street Lighting	-	40	53	13	53	53	-	-	53	Contractors working to management plan with completion for end of financial year.

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Assembly Rooms Development	180	578	259	(319)	2,316	316	(2,000)	2,000	2,316	Project team has now reviewed revised plans and now working to an amended timeline. Will be necessary to reprofile significant budgets to 2017/18 with project due for completion in 2018/19.
Castle Mercian Trail	69	330	11	(319)	675	69	(606)	605	674	Delays in the project suggest that will only be able to complete Development Phase in 2016/17 will therefore need to reprofile Delivery Phase into 2017/18.
Gateways	132	138	222	84	252	232	(20)	20	252	The County Council are progressing the works to phase two between the Station and the town however, may need to reprofile remaining budgets into 2017/18 depending on progress. Budget reduced to reflect external spend on project previously included.
Cultural Quarter - Phil Dix Centre	-	-	21	21	144	24	(120)	120	144	Work progressing well and should be nearing completion at end of financial year. Change in funding to be reported to Cabinet in February 2017 will mean majority of funding now from SCC / SLGF. Will need to vire funds to Assembly Rooms project and carry TBC funds into 2017/18. Budget reduced to reflect external spend on project previously included.

GENERAL FUND	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Cultural Quarter - Carnegie Centre	-	-	-	-	10	-	(10)	10	10	No update to report progress not likely until towards the end of the year
Directorate Total	**1,108**	**2,114**	**1,219**	**(895)**	**4,569**	**1,404**	**(3,165)**	**3,039**	**4,443**	
Contingency										
Gf Contingency	50	50	-	(50)	50	-	(50)	50	50	Funding to be released by Cabinet once a report detailing any new project has been approved.
Cont-Return On Investment	160	160	-	(160)	160	-	(160)	160	160	Funding to be released by Cabinet once a report detailing any new project has been approved.
GF Contingency Plant and Equipment	1,000	1,000	-	(1,000)	1,000	-	(1,000)	1,000	1,000	Funding to be used to provide most financially advantageous replacement of plant and equipment. Business case to be provided for any potential schemes.
Private Sector Improvement Grants (Coalfields Funding)	130	130	-	(130)	130	-	(130)	130	130	Spending plans to be reviewed for the remainder of the budget so may need to re-profile significant spend into 2017/18.
Directorate Total	**1,340**	**1,340**	**-**	**(1,340)**	**1,340**	**-**	**(1,340)**	**1,340**	**1,340**	
GENERAL FUND TOTAL	**2,685**	**3,771**	**1,322**	**(2,449)**	**6,253**	**1,605**	**(4,648)**	**4,522**	**6,127**	

HOUSING REVENUE ACCOUNT	Budget Reprofiled from 2015/16 £000	YTD Budget £000	YTD Spend £000	Variance £000	Budget £000	Predicted Outturn £000	Variance £000	Reprofile £000	Outturn £000	Comments
Director of Housing & Health										
Gas Cent Heating Upgrade & Ren 2012	122	524	584	60	658	658	-	-	658	Contract behind to achieve spend but has time to complete budgeted spend
Tinkers Green Project	762	1,605	253	(1,352)	2,924	280	(2,644)	2,644	2,924	Contract for the demolition of the blocks awarded and works to be complete by end of March 2017. Procurement has commenced for the construction contract and expect to award multiple contracts over the next few months
Kerria Estate Project	646	1,125	429	(696)	1,495	1,000	(495)	495	1,495	Procurement has commenced for the construction contract and expects to award multiple contracts over the next few months. Decant nearing completion with significant number of home loss and disturbance payments made with the remainder to be paid over the course of this financial year.

Regeneration General	2,947	1,180	146	(1,034)	2,447	447	(2,000)	2,000	2,447	Several contracts underway with start on sites expected Jan - Feb 2017. As a result it is anticipated that major spend will need to be reprofiled into 2017/8.
HOUSING REVENUE ACCOUNT	**Budget Reprofiled from 2015/16 £000**	**YTD Budget £000**	**YTD Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile £000**	**Outturn £000**	**Comments**
Other Acquisitions	-	1,483	1,245	(238)	3,100	2,100	(1,000)	1,000	3,100	Amendments to the acquisitions policy have made the process more flexible. Initial review indicates that amendments have been successful with a wider range of properties being purchased.
Directorate Total	**4,477**	**5,917**	**2,657**	**(3,260)**	**10,624**	**4,485**	**(6,139)**	**6,139**	**10,624**	
Director of Assets & Environment										
Structural Works	-	78	96	18	103	103	-	-	103	Ad-hoc works, spend is governed by repair requests.
Bathroom Renewals 2012	-	581	544	(37)	774	774	-	-	774	Ahead of programme but due to planned nature of the works they can be controlled to ensure full spend at year-end without overspend.
Kitchen Renewals 2012	-	697	903	206	927	927	-	-	927	Ahead of programme but due to planned nature of the works they can be controlled to ensure full spend at year-end without overspend.
High Rise Lift Renewals 2012	712	527	-	(527)	1,055	-	(1,055)	1,055	1,055	Contract let for Project management but timing means that it is unlikely that any works will be completed in the current financial year.

Fire Upgrades To Flats 2012	453	180	-	(180)	718	-	(718)	718	718	Anticipate spend between Dec & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
HOUSING REVENUE ACCOUNT	**Budget Reprofiled from 2015/16 £000**	**YTD Budget £000**	**YTD Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile £000**	**Outturn £000**	**Comments**
Sheltered Schemes	235	109	126	17	184	184	-	-	184	Majority of spend anticipated between Oct & Mar, requires further consultation with Housing Management
Energy Efficiency Improvements	50	-	-	-	100	-	(100)	100	100	Slip total budget into 17/18 to allow for delivery of a single project with a value of £150,000.
Glenfield and Oakendale Heating System Replacements	95	95	73	(22)	95	95	-	-	95	Scheme nearing completion
Roofing High-Rise 2012	43	21	-	(21)	43	-	(43)	43	43	Anticipate spend between Oct & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
Roofing Overhaul & Renewal2012	-	160	157	(3)	160	160	-	-	160	Works to commence on site in July and due to be complete by October.
Window & Door Renewals 2012	-	250	163	(87)	250	250	-	-	250	Works commenced in July and due to complete by December.
High Rise Balconies	577	289	11	(278)	577	11	(566)	566	577	Project Management contract let but due to timings it is unlikely that works will complete in year.

Works to High Rise Flats	-	263	38	(225)	525	40	(485)	485	525	Majority of spend anticipated between Oct & Mar, part of wider scheme around high-rise blocks and subject to consultation and procurement
External and Environmental Works	55	193	114	(79)	205	205	-	-	205	Works have commenced and will continue on an ad-hoc basis until year-end.
HOUSING REVENUE ACCOUNT	**Budget Reprofiled from 2015/16 £000**	**YTD Budget £000**	**YTD Spend £000**	**Variance £000**	**Budget £000**	**Predicted Outturn £000**	**Variance £000**	**Reprofile £000**	**Outturn £000**	**Comments**
Disabled Adaptations	46	364	327	(37)	440	440	-	-	440	Works have commenced and will continue on an ad-hoc basis until year-end.
Capital Salaries 2012	-	169	149	(20)	169	149	(20)	-	149	Costs and provisional outturn based on latest estimates of staffing costs
CDM Fees 2012	-	8	-	(8)	10	10	-	-	10	-
Directorate Total	**2,266**	**3,984**	**2,701**	**(1,283)**	**6,335**	**3,348**	**(2,987)**	**2,967**	**6,315**	
HRA Contingency										
HRA Contingency	100	100	-	(100)	100	-	(100)	100	100	Funding to be released by Cabinet once a report detailing any new project has been approved.
Directorate Total	**100**	**100**	**-**	**(100)**	**100**	**-**	**(100)**	**100**	**100**	
HOUSING REVENUE ACCOUNT TOTAL	**6,843**	**10,001**	**5,358**	**(4,643)**	**17,059**	**7,833**	**(9,226)**	**9,206**	**17,039**	

Treasury Management Update – Period 9 - 2016/17

Investments held as at 31st December 2016:

Borrower	Deposit £m	Rate %	From	To	Notice
Coventry BS	1.00	0.50	07/07/2016	09/01/2017	-
Nationwide	1.00	0.49	15/07/2016	13/01/2017	-
Coventry BS	1.00	0.42	20/07/2016	20/01/2017	-
Lloyds Bank	1.00	0.65	09/08/2016	09/02/2017	-
Bank of Scotland	2.00	0.65	10/08/2016	10/02/2017	-
Barclays Bank	1.00	0.40	10/08/2016	10/02/2017	-
Barclays Bank	3.00	0.42	01/09/2016	01/03/2017	-
Barclays Bank	1.00	0.41	05/09/2016	06/03/2017	-
Barclays Bank	1.00	0.41	07/09/2016	07/03/2017	-
Barclays Bank	1.00	0.42	12/09/2016	13/03/2017	-
Coventry BS	4.00	0.37	12/09/2016	13/03/2017	-
Leeds	1.00	0.32	12/09/2016	13/03/2017	-
Nationwide	1.00	0.42	15/09/2016	15/03/2017	-
Nationwide	1.00	0.42	30/09/2016	31/03/2017	-
Lloyds Bank	2.00	0.65	03/10/2016	03/04/2017	-
Lloyds Bank	2.00	0.65	03/10/2016	03/04/2017	-
Coventry BS	1.00	0.37	05/10/2016	05/04/2017	-
Nationwide	1.00	0.42	05/10/2016	05/04/2017	-
Nationwide	2.00	0.42	10/10/2016	10/04/2017	-
Sumitomo Mitsui Banking Corporation Europe Ltd	2.00	0.50	18/10/2016	18/04/2017	-
Lloyds Bank	1.00	0.65	28/10/2016	28/04/2017	-
Sumitomo Mitsui Banking Corporation Europe Ltd	2.00	0.51	07/11/2016	05/05/2017	-
Nationwide	1.00	0.42	09/11/2016	09/05/2017	-
Nationwide	1.00	0.42	30/11/2016	31/05/2017	-
Lloyds Bank	1.00	0.60	01/12/2016	01/06/2017	-
Sumitomo Mitsui Banking Corporation Europe Ltd	2.00	0.50	05/12/2016	05/06/2017	-
Bank of Scotland	2.00	0.73	30/12/2016	30/06/2017	-
Santander UK plc	8.00	0.65	-	-	On call
MMF - Ignis	7.83	0.25	-	-	On call
Goldman Sachs	2.00	0.67	-	-	On call
TOTAL	**57.83**	**0.49 (avg)**			

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

External Borrowing as at 31st December 2016:

Borrowing from PWLB

Loan Number	Rate	Principal	Start	Maturity
468478	11.750%	2,000,000	23/04/1990	18/02/2017
475875	8.875%	1,200,000	29/04/1995	25/04/2055
478326	8.000%	1,000,000	17/10/1996	17/10/2056
479541	7.375%	1,000,000	28/05/1997	28/05/2057
479950	6.750%	2,000,000	02/10/1997	03/09/2057
481087	5.625%	3,000,000	22/06/1998	22/06/2058
481641	4.500%	1,400,000	09/10/1998	09/10/2058
483694	4.875%	92,194	21/12/1999	18/10/2059
488835	5.000%	2,000,000	01/07/2004	01/07/2034
490815	4.250%	1,000,000	24/11/2005	24/05/2031
494265	4.430%	2,000,000	21/01/2008	01/01/2037
494742	4.390%	700,000	15/08/2008	15/08/2058
500759	3.520%	5,000,000	28/03/2012	28/03/2053
500758	3.510%	5,000,000	28/03/2012	28/03/2054
500757	3.510%	5,000,000	28/03/2012	28/03/2055
500761	3.510%	5,000,000	28/03/2012	28/03/2056
500755	3.500%	5,000,000	28/03/2012	28/03/2057
500756	3.500%	3,000,000	28/03/2012	28/03/2058
500753	3.500%	1,000,000	28/03/2012	28/03/2059
500760	3.490%	5,000,000	28/03/2012	28/03/2060
500762	3.490%	5,000,000	28/03/2012	28/03/2061
500754	3.480%	5,668,000	28/03/2012	28/03/2062
504499	3.230%	3,000,000	30/11/2015	30/11/2065
Total		**65,060,194**		

ICELANDIC BANKING SITUATION AS AT 31/12/2016

	Deposit with;	Ref Number	Date Invested	Amount		%
1	GLITNIR	1696	10/10/2007	1,000,000		
	GLITNIR	1715	31/08/2007	1,000,000		
	GLITNIR	1754	14/12/2007	1,000,000		
	Total Principal			3,000,000		
	Estimated of Contractual or Interest due to point of administration (subject to currency exchange rate fluctuations)			331,000		
	Total of Claim			3,331,000		
	Repayments Received to date			(2,554,432)	*	*76.69*
	Outstanding at 31/12/2016			**776,568**	**	
	Estimated Remaining			**776,568**		

On the 15th March 2012, the Council received £2.554m being the majority of our deposits with the bank. The balance of our approved claim, equating to £777k, is being held in an interest bearing ESCROW account. The release of these funds is dependent on a change in Icelandic Law which currently does not allow the distribution of ISK outside the country. Interest will accrue on these funds until the date of final settlement. which is still unknown.

2	Heritable Bank	1802	12/09/2008	500,000		
	Heritable Bank	1803	15/09/2008	1,000,000		
	Total Principal			1,500,000		
	Interest due at point of administration 07/10/2008			5,127		
	Total of Claim			1,505,127		
	Repayments Received to date			(1,475,024)		*98.00*
	Outstanding at 31/12/2016			**30,103**		
	Estimated Remaining			**-**		

As at the end of December the Council had received £1.475m against our claim of £1.505m, a total recovery of 98%. Negotiations are currently underway to finalise the affairs of Heritable and it is anticipated that a distribution of residual funds may be made over the next few months.

3	Singer & Friedlander	1716	31/08/2007	1,000,000		
	Singer & Friedlander	1740	31/10/2007	1,000,000		
	Singer & Friedlander	1746	14/01/2008	1,000,000		
	Total Principal			3,000,000		
	Interest due at point of administration 08/10/2008			175,256		
	Total of Claim			3,175,256		
	Repayments Received to date			(2,675,153)		*84.25*
	Outstanding at 31/12/2016			**500,103**		
	Estimated Remaining			**31,753**		

As at the end of December the Council had received £2.659m against our claim of £3.175m. Current estimates given by the Administrator project a total recovery of 85.25% or approximately £2.707m, with the majority of repayments estimated to be received by March 2017.

	Summary					
	Total Principal			7,500,000		
	Interest			511,383		
	Total of Claim			8,011,383		
	Repayments Received to date			(6,704,609)		*83.69*
	Outstanding at 31/12/2016			**1,306,774**		
	Estimated Remaining			**808,321**		
1	Registered Bank in Iceland - In Administration under Icelandic Law					
2 &	Registered Bank in UK - In Administration in UK by Ernst & Young					
3	Under English Law					
	Total Estimated Recovery (including Outstanding)			**7,512,930**		
	Total Estimated % Remaining			**93.78%**		

Total Estimated % Remaining	**93.78%**

CABINET

16th February 2017

Report of the Portfolio Holder for Assets and Finance

Review of Reserves and Contingencies

Purpose

To seek Member approval of the proposed amended Revenue Reserves Policy Statement process and to advise Members of the existing levels of reserves.

Recommendations

That Cabinet is asked to:

1) **Approve and adopt the amended Revenue Reserves Policy Statement (Appendix A);**

2) **Approve delegated authority to the Executive Director Corporate Services to approve the use and creation of reserves;**

3) **Authorise the return of the reserves, as detailed in Appendix B, in the sum of £331,990 to General Fund balances; and**

4) **Receive a further report in October following a review of reserves.**

Executive Summary

An updated Revenue Reserves Policy Statement governing the way in which reserves are created, maintained and utilised was adopted by Cabinet on 1st December 2010.

In line with the current policy the Corporate Management Team have reviewed the current levels of reserves but given the accelerated timeline for the closure and preparation of the accounts by 31st May each year, decisions will need to be taken around the use and creation of reserves without the opportunity to formally report these to Members in advance. Key issues arising in relation to reserves in such instances will be determined at the discretion of the Executive Director Corporate Services and this report seeks to delegate authority to the Executive Director Corporate Services to approve the use and creation of reserves, as appropriate, at the end of the financial year.

An updated Revenue Reserves Policy is attached at **Appendix A**

It is intended that a further major review of the levels of reserves will take place at the end of September each year. This will inform and align with the budget process and identify and release any unspent funds back to balances.

The outcome of this review will be reported to Cabinet in October each year.

Resource Implications

A summary of the current levels of reserves is provided in **Appendix B**

Legal / Risk Implications

None

Report Author:

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, Director of Finance (tel. 709242) or Barbara Cox, Service Accountant (tel. 709237).

Appendix A

REVENUE RESERVES POLICY STATEMENT

GENERAL POLICY

- Revenue balances will be used to deal with most cases of uncertain expenditure requirements. The level of balances will therefore be set after taking account of potential requirements.

- Contingency budgets will only be established in exceptional cases.

- Provisions may be established to set aside funds where expenditure/liability is unavoidable or virtually unavoidable but has not been formally committed.

- Revenue reserves may be established only for the following purposes, namely to:

    1. **Temporary Reserves**
       Carry forward funding for a specific project from one year to the next (on one occasion ***and for one year*** only)-“temporary reserve”;
    2. **Retained Funds**
       Create or add to a fund for recurring irregular expenditure for a specific purpose where the annual budget is likely to be insufficient – “retained fund” (e.g. insurance excesses);
    3. **Restricted Funds**
       Hold funds provided to the Council for specified purposes or where there are statutory obligations –“restricted funds” (e.g. S106 agreements).

- To limit the impact on the Council’s financial position from the creation of temporary reserves, requests can only be recommended to the Executive Director Corporate Services where:

    1. Budgetary provision exists to cover the creation of the reserve;
    2. The reserve is to meet the cost of an ***unavoidable*** commitment (i.e. restricting the transfer of potential savings to unjustifiably inflate budgets/spend in future years);
    3. The creation of a reserve will not adversely affect the projected outturn for individual Directorates.

REQUIREMENTS

Balances

- Approval of Council is required for any use of Council balances.

Provisions

- The funding source must be identified when a provision is created.
- Provisions will only be established strictly in accordance with CIPFA Code of Practice, Council policy and with the explicit approval of the Executive Director Corporate Services.
- The need for and level of provisions must be reviewed at least every 6 months by the relevant service manager in consultation with the Executive Director Corporate Services

Reserves

- The specific purpose of a reserve must be stated when it is created. It may be used for no other purpose.

Temporary reserves

- Temporary reserves may be created only with the approval of the Executive Director Corporate Services at year end.
- Temporary reserves can only be approved for one year and any balances remaining within temporary reserves at the end of the subsequent financial year will be returned to general balances and the reserve deleted.

Retained funds

- Retained funds may be created only with the approval of the Executive Director Corporate Services at year end. Additions to retained funds may only be made from specified budgets approved by the Executive Director Corporate Services.
- The Executive Director Corporate Services must agree the mechanism for the approval of expenditure from retained funds. All expenditure must be in accordance with the agreed mechanism.
- The level of retained funds must be reviewed regularly and disclosed, along with details of expenditure, in all regular reports to committees on revenue expenditure.

Restricted funds

- The Executive Director Corporate Services, in consultation with relevant service managers, will at least annually review the need for and level of restricted funds.
- The level of restricted funds must be reviewed regularly and disclosed, along with details of expenditure, in all regular reports to committees on revenue expenditure.

General

- The Executive Director Corporate Services will produce detailed procedures for implementation of the policy. All requirements must be complied with.
- Following a review Cabinet will be advised of levels of Reserves in October each year to inform and assist with the budget process.

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APPENDIX B

EXISTING CAPIAL FUNDS, RETAINED FUNDS, TEMPORARY RESERVES, PROVISIONS and other RESERVES FUNDS

Hsg / GF

TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS

Reserve	Balance 01/04/2016	Released / Received to Date	Balance @ 06/12/2016	Proposed Return to Balances	Reasons for Retention / Use
	£	£	£		
Future Capital Expenditure					
Major Repairs Reserve	-1,383,635	1,189,240	**-194,395**		*The fund is statutorily ring fenced to finance capital works on council housing, the balance being included in future capital resource projections.*
Housing Capital Reserve	-11,001,138	4,522,127	**-6,479,011**		*To finance capital works on council housing, the balance being included in future capital resource projections.*
Capital Fund	-874,072	421,770	**-452,302**		*To finance general capital works, the balance being included in future capital resource projections*
	-13,258,845	***6,133,137***	***-7,125,708***		
Retained Funds					
Hsg Property Insurance Excess	-215,145	0	**-215,145**		*The level of excess held on the property policy has been increased to £10k this has provided significant savings in premium costs but the cover for future payments will need to be financed from internal funds. The savings achieved in the current year are to be transferred to a retained fund to cover potential costs. The Property policy carries a stop loss amount of £150k which represents our maximum exposure before external funds are available.*
Housing Condition Survey	-66,100	0	**-66,100**		*In line with the Housing retention strategy this budget will best serve if it is added to future years budgets to allow a full stock condition survey to be completed.*
Imps Orchard-Funding Home & Tt	-59,040	0	**-59,040**		*Request for retention funding for the following projects over the next two years, 1. Continue the funding to support the upgrade of the existing Housing Management IT Orchard, to the new updated version of Orchard housing. This was not completed in 2012 due to other projects took priority, (Gas and Repairs contracts, CAS and new processes for Arrears and Voids and Allocations. 2. Enhancements to Finding a Home web site after Choice Base Lettings impact assessment and government reforms to the Housing Allocations policies. This was partly completed, 3 Corporate Projects Electronic Document Management System (EDRM). Housing are still waiting for this project to be signed off corporately by members 4 CRM and agile/home working. Housing need to completed item 3 and waiting on ICT for the new Technology format before Housing start this project. 5. Development of Orchard tenant portal. This is to support Housing and Health in the developing a 30 year HRA business plan. Required use of the budget will be for, Consultancy Support, Training, Application Software Request to re-designate as Retained Fund.*
Maintenance & Security Upgrade	-69,600	0	**-69,600**		*The outsourcing of the call handing for the sheltered housing service results in income being able to be diverted from the grant funding to the maintenance and security upgrade programme. The council retain the obligation for upgrading the hard wired systems and this budget is required to continue with the planned programme to meet BT21 and SP requirements*
Housing Regeneration	-9,880	0	**-9,880**		Resources required to complete commissioned work vital to the delivery of regeneration aims.
Arts Grants Reserve	-4,534	0	**-4,534**		*Used to allocate grants to individuals/groups for specific projects. Maintained through the transfer of underspends at the year end from the revenue budget. Member approval required. Additional Information: Made in accordance with S137 LG Act 1972 - although requirement to hold fund is not statutory.*
Castle Accession Fund	-19,215	0	**-19,215**	**4,215**	*To enable acquisition of specimens for the museum. Maintained through the transfer of underspends at the year end from the revenue budget plus the reserve attracts interest annually. Member approval required. Reserve capped at £15k with excess returned to Balances*
Insurance-Third Party Excess	-306,559	2,651	**-303,908**		*Maintained through insurance budgets in order to finance claims below the excess level on current policies. Enquiries are currently underway into using this reserve to 'self fund' some insurance risks, which could result in savings on insurance premiums*
Grants To Local Organisation	-4,103	0	**-4,103**		*To provide financial support to local organisations/groups. Member approval required. Additional Information: Made in accordance with S137 LG Act 1972 - although requirement to hold fund is not statutory.*

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TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS

Hsg / GF	Reserve	Balance 01/04/2016	Released / Received to Date	Balance @ 06/12/2016	Proposed Return to Balances	Reasons for Retention / Use
	4 Future Memorial Insp/Maint	-204,573	0	**-204,573**	**54,573**	*Funding for ongoing inspection, testing & maintenance of memorials, to be made through the transfer of annual budget surpluses from burial fees and charges (as reported to Cabinet on 15th November 2005). Reserve capped at £150k with excess returned to Balances*
	5 Castle Structure Repairs	-37,211	0	**-37,211**		*This budget is required for ongoing maintenance required at the Castle. Given presures on BRF suggest this is prudent to retain in current format - noted the 15 year condition survey is due which may highlight further backlog issues which need to be dealt with*
	Lifecheck/Pct Fund	-10,000	10,000	**0**		*External funding provided by DOH for delivery of Sustainable Community Strategy & LAA. TBC is the accountable body on behalf of the LSP.*
	Lpsa Reward	-9,140	0	**-9,140**		*External funding provided as LPSA grant for delivery of Sustainable Community Strategy & LAA. TBC is the accountable body on behalf of the LSP*
	Car Parks Maintenance	-28,455	0	**-28,455**	**3,455**	*Funds retained to ensure ongoing maintenance programme for outside car parks can be funded appropriately year on year. The creation and retention of a sinking fund is appropriate given there is no budget held elsewhere for works such as white lining minor realignment and resurfacing/top dressing works. However recommend a £25k cap to the fund*
	Tree Maintenance Turnbury	-18,222	0	**-18,222**	**5,467**	*To provide funding for further felling, removal and replanting of trees at the rear of properties in Turnbury as agreed by Cabinet in March 2007. Originally to undertake works arising from liability claims at Turnberry, aware this a latent liabilty for TBC, however we do have ongoing similar liability issues with trees in other areas, potential to amend the use of this reserve to be available for other tree liability issues in Tamworth, offering up 30% and retaining 70%*
	External Support	-12,865	1,250	**-11,615**		*To ensure that funds are avaialable to cover staff sickness or in the event of additional support for a special investigation, or other additional requirements particularly during shared service arrangements with Lichfield.*
	Corporate Finance Support	-15,000	0	**-15,000**	**15,000**	*A retained fund is required to meet potential costs of staff overtime/external support associated with year end closedown/final accounts and producing Statement of Accounts to increasing levels of complexity, plus possible additional costs associated with the implementation of IFRS. This could be released to revenue with any funding required met from contingencies.*
	Lspa Locality Working Reserve	-113,700	6,500	**-107,200**		*To support the Locality Working initiative, LPSA Reward funds have been attracted for a limited time to support activity across four neighbourhoods of Tamworth. Through prudent use of this budget it has been possible to establish 4 community hubs and commence partnership activity over the last 12 months. LPSA grant will no longer be provided after this year and therefore the budget reserve will be utilised in the coming year to continue and further develop this key area of work for TBC and our partners. This reserve will be used to cover all overhead costs associated with four outreach hubs and the project activity that will take place to further enhance multi-agency working within disadvantaged neighbourhoods. The figure is felt to be an accurate approximation of the balance of this cost centre to be reserved. It is anticipated that approximately 70k will be drawn down during 2012/13. A review is required on whether this funding is still required.*
	Support For Town Centres	-23,859	23,859	**0**		*The existing reserve of PM1603 should be held as a retained fund and the funds allocated for the visual identity £10k (GY0202 35023) should be added to it. This will enable the Council and the Place Steering Group to support the commitment made to GDA for the branding work and to allocate funds to the Place Plan as appropriate. There is no time limit to the funds which were part of an external grant for town centre improvements.*
	Homelessness Prevention	-319,545	164,000	**-155,545**		*DCLG Homelessness Grant is made available to the Council to support Homelessness Prevention activity in the Borough. The DCLG Homelessness Grant is not ring fenced but has been specifically allocated for the purposes of preventing homelessness. It is anticipated that this funding will support the delivery of the refreshed Homelessness Strategy and further develop the approach to homelessness which is based on prevention that will enable the Council to achieve significant financial savings. Plans to allocate these retained funds to specific projects and initiatives will be formulated and finalised within the forthcoming financial year. A review is required on whether this funding is still required.*

Hsg / GF	TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS					
	Reserve	**Balance 01/04/2016**	**Released / Received to Date**	**Balance @ 06/12/2016**	**Proposed Return to Balances**	**Reasons for Retention / Use**
	Antisoc Behaviour Support Fund	-4,768	0	**-4,768**		*External grant funding received from the police and crime commissioner where small under spends have accrued have been allowed to be retained as a reserve to be utilised as and when the need arises to tackle emerging community safety concerns. Included in this retained fund is an amount of external funding received via Staffordshire County Council to tackle anti social behaviour issues.*
	Civil Parking Enforcement	-15,000	0	**-15,000**	**15,000**	*Following report to Council and under the principles of Civil Parking Enforcement the funding must remain outside of the General Fund of Tamworth Borough Council. Any underspend or surplus at the end of each year must be retained on an ongoing annual basis. Future surpluses will be shared in accordance with the model for CPE agreed by Cabinet . This could be released to revenue with any funding required met from contingencies.*
	Homlessness Prev Grant Funding	-78,000	0	**-78,000**		*DCLG Homelessness Grant is made available to the Council to support homelessness prevention activity in the Borough. The DCGL Grant is not ring fenced but has been specifically allocated to the Council for the purposes of preventing homelessness. It is anticipated this retained funding will support the delivery and of the refreshed Homelessness Strategy and further develop the approach to homelessness which is based in prevention that will enable the Council to achieve significant financial savings. Plans to allocate these retained funds to specific project s and initiatives will be put in place over the coming financial year. A review is required on whether this funding is still required.*
	Lpsa2 Grant Asb	-66,764	18,800	**-47,964**		*External grant funding received as a result of achieving targets required in an LPSA2 activities to reduce perceptions of ASB. Part of the fund has been used to commission the services of the victim and witness champion for ASB through Victim Support. Pending review of TCSP the retained fund will be used to support continuation of that funding until 31st March 2017. Victim support champion contract ceased and monies to be found via OPCC LDF funding. Community Safety budgets require review as this grant funding may require refunding to the grant provider. ASB remains priority for the CSP and suitable spend can be identified including contribution to joint ICT system Not TBC funds hence should be considered to be ringfenced for ASB works*
	Dwp Recession Busting Grant	-9,302	0	**-9,302**		*This retained fund was established following the receipt of DWP grant funding awarded to local authorities to increase and sustain resources to enable the timely processing of HB/CTB claims, vastly inflated because of the recession that started in 2008. This fund pays for casual staff cover and additional hours/overtime payments, and its retention is vital to ensure the continuing performance of the team, particularly in the light of further savings made from staffing in the 2016/17 MTFS, and in light of continuing reductions in administration grant allocated by the DWP and DCLG.*
	Inward Investment	-38,390	12,836	**-25,554**		*As part of the Greater Birmingham and Solihull LEP, Tamworth Borough Council has been working with Marketing Birmingham in the 'Investing in the City Region' ERDF project, providing match funding to allow the project scope to expand to cover the districts of Southern Staffordshire. It was envisaged that a greater level of funding would have been committed however, there is now a new ESIF programme currently in development which will provide opportunities for the council to once again work in partnership with other Marketing Birmingham and LEP partners to promote inward investment, which will require further match funding. This was originally saved until outcome of GBSLEP work was known – this still hasn't happened but we are now seeking to progress locally via CIRS – suggest retention of all of this to cover our own work and any contribution to wider work (GBSLEP and Midlands Engine)*
	Gf Property Insurance Excess	-13,788	0	**-13,788**		*To cover the ongoing commitment to settle the excess level of General fund property insurance claims. The amount to transfer will depend on claims experience at the year end and any adjustment in the premium charged.*
	Gf Motor Insurance Excess	-16,191	0	**-16,191**		*To cover the ongoing commitment to settle the excess level of General fund Motor insurance claims. The amount to transfer will depend on claims experience at the year end and any adjustment in the premium charged.*
	Asb Residents (Grant Funding)	-5,510	848	**-4,662**		*External grant funding received from the DCLG in 2010 to empower residents to decide how the funding is to be spent to tackle ASB. CLG funding is not time limited. It is requested that these funds be returned to PM1651X0156.*
	Town Hall Improvements	-3,916	0	**-3,916**		*Members had previously requested that any surplus income generated from letting out the Town Hall be retained and ploughed back into funding redecoration, new furniture, etc, to promote it as a venue for weddings and other potential commercial usage. A reserve (PM1653) was previously established and the funds spent this year on redecoration, new tables, etc, and it is proposed to set up a retained fund for future years.*

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Hsg / GF	TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS					
	Reserve	**Balance 01/04/2016**	**Released / Received to Date**	**Balance @ 06/12/2016**	**Proposed Return to Balances**	**Reasons for Retention / Use**
	Town Centre Markets	-41,193	0	**-41,193**		*Cabinet agreed in 2011 to retain the contribution made to the Council by LSD Promotions Ltd each year for the rights to operated the town centre market for use for initiatives to support and enhance the town centre. This fund is to be retained to support on going initiatives and events such as Love Your Local Market. It will be retained also to be used for initiatives arising from the Gateways Project, town centre and Cultural Quarter. This funding will form part of the Council's match funding for the BID process and has been agreed to retain to spend on town centre/market activities*
	Legal Fees	-12,400	0	**-12,400**		*Retention of the fund will allow for a central partnership budget for the prosecution of existing and emerging prosecutions and/or legal actions under the ASB, Crime and Policing Act 2014. This will allow greater flexibility and capacity when determining how and ASB perpetrator should be dealt with. Due to the review of the TCSP, it is requested that the £2400 underspend in 2015/16 be added to the existing retained fund. It is likely that the CSP will require access to legal funding ongoing moving forward. The current revenue budget available is £2500 per year. If not retained then it would be necessary to seek increase to the revenue line in year*
	Welfare Reforms - Dhp	-76,610	17,675	**-58,935**	**58,935**	*This relates to Government Grant income received to assist with the impact of welfare reforms and benefit changes, including administration and staffing impacts, and fees and charges income received from the DWP in respect of the roll-out of Universal Credit. It is requested that these amounts are retained, as the impacts of significant welfare reform and consequently the funding required for them, are expected to continue and increase into the foreseeable future, in particular Universal Credit, where the roll-out is subject to phased implementation over the next few years. For example, from April 2016 there will be a new requirement to means test all new pension caseload claimants, which will require additional staff resources. Currently 62% of the pensioner caseload is not means tested. This could be released to revenue with any funding required met from contingencies.*
Page 200	Individual Voter Registration	-112,310	23,370	**-88,940**		*This retained fund was established from one-off budgets set aside to meet the requirements of the Individual Voter Registration legislation, and Government grants received to assist with meeting the associated additional implementation costs. The impact of Individual Voter Registration has resulted in significant additional staffing resources, and increased printing and postage costs. This retained fund is necessary to meet these additional costs forecast to continue into 2016/17 and beyond. A submission has been made to the Cabinet Office as part of its 'Justification Led Bid' process for further funds to offset costs incurred in 2015/16 in the region of £49k max - if this submission is successful any grant income received before 31st March will need to be added to this retained fund*
	Assets Of Community Value	-20,583	0	**-20,583**	**20,583**	*This retained fund was established following reciept of New Burdens Grant in support of the Localism Act - Assets of Community Value, to meet any additional costs associated with implementing this legislation. This could be released to revenue with any funding required met from contingencies.*
	Maint. Of A5 Balancing Ponds	-216,162	0	**-216,162**		*When the A5 bypass was constructed, a network of 8 balancing ponds and reedbeds were also constructed alongside it to take excess water from the surface of the road and prevent this water being discharged as either groundwater or surface water, and also to reduce the effects of certain pollutants from the carriageway. Over time these balancing ponds which flow from Kettlebrook through to Tamworth centre become 'silted' up and have to be cleansed. A recent survey of the ponds has highlighted the fact that the original communted sum set aside to maintain these ponds is insufficient and further funding is required in order to support the proposed 10 year maintenance plan. Therefore it is proposed that the surplus revenue from the Highway Maintenance budget be retained to assist in the delivery of this cleansing and maintenance programme. This is required for the ongoing 10 year maintenance plan and future works, currently in process of prepapring next Tender from this programme, and the wider mitigation fund*
	Cil	-24,128	1,400	**-22,728**		*existing retained fund. CIL delayed due to delays in Local plan and staffing. Will be progressed 2016. CIL delayed but money committed to programme officer and examination work*
	Community Cohesion	-18,800	10,000	**-8,800**		*DCLG funds to support the development of community cohesion and address the isues raised within locality working. £10k of this has been committed to Locality Commissioning*
	Public Participation	-9,470	0	**-9,470**		*This temporary reserve was set up from funding provided by Staffs Police and LPSA to support Participatory Budgeting projects across the locality areas. In order to ensure that funds are used effectively it is requested that the funds be transferred into a retained fund.*

Hsg / GF	TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS					
	Reserve	**Balance 01/04/2016**	**Released / Received to Date**	**Balance @ 06/12/2016**	**Proposed Return to Balances**	**Reasons for Retention / Use**
	Tamworth Homeless Education Programme	-4,500	-4,500	**-9,000**		*Income received from sub-regional homelessness funding following THEP being commissioned to deliver sessions in prisons on behalf of other Local Authorities. Retained funds to be utilised to support delivery of the Council's Homelessness Prevention Strategy and work to support the Council working towards the Government's Gold Standard Challenge. A review is required on whether this funding is still required*
	Business Rates Collection	-260,380	0	**-260,380**		*This retained fund was established from Small Business Rate Relief grant received by the Council under the new Business Rates funding regime. It is required to mitigate the impact on the budget from fluctuations in business rates receivable (due to the increased risk / reliance on business rates received and the direct impact on the Council's budgets).*
	Temporary Staffing Contract	-22,300	0	**-22,300**	**22,300**	*Regeneration Officer has reduced his hours but extended his contract which whilst having no additional cost to the Council does extend the profile of spend. Potentially not needed as salary now covered in budget*
	VR Savings - Temporary Staffing	-60,630	0	**-60,630**	**10,630**	*This is an existing retained fund PM1740 X0156. When the business cases for VR were considered they were accepted on the basis that a proportion of the saving would be retained by the service to enabe a 'war chest' to be established over a rolling period for buying in additional resource if required due to increases in numbers of applications or signifcant large applications such as Anker valley, or for buying in additional resource to assist with other aspects of the service. This has been used to employ casual staff, specialists and temporary staff. Temporary agency staff are more costly than directly employed and the need for temporary agency staff will continue into the next year. Reserve capped at £50k with excess returned to Balances*
	Sports Grant	-2,400	0	**-2,400**		*These are retained funds authorised by the sports committee to provide on going maintainance to the BMX club and track*
	Economic Development Shared Se	-14,958	14,958	**0**		These funds are the operational budgets of the Shared Service, which have been 50% contributed to by Lichfield District Council, so the funds do not entirely belong to Tamworth Borough Council. In addition, these funds have been earmarked to spend early in 2016/17 on further communications support for the service (ca. £20K) and a £20K contribution to a new ERDF (ESIF) Enterprise programme. Further spend plans are also in development to provide marketing collateral for local business place promotion across the 2 districts.
	Service Review Sal Protect Wc	-1,600	1,300	**-300**		Following the completion of the Public Conveniences service review a member of staff has been re-deployment and is eligible for a protected salary payment for up to 3 years. This is in accordance with the Employment Stability Policy and includes on-costs.
	Bmx Grant	-3,500	3,500	**0**		Tamworth Borough Council received external funding to provide and maintain a BMX Track. This funding is the balance remaining and will be required to fund future maintenance work to the site.
	Service Review Sal Protectcctv	-13,100	9,640	**-3,460**		Following the completion of the Street Warden and CCTV service reviews and due to staff re-deployment or re-designation, some of these staff are eligible for a protected salary payment for up to 3 years. This is in accordance with the Employment Stability Policy and includes on-costs.
	Housing Strategy Statement	-31,000	0	**-31,000**		Funds to be added to existing retained fund PM1755 (£14,000) to enable the delivery of a new Private sector Stock Condition Survey in line with legislative powers and relevant government guidance.
	Healthy Tamworth-Exist Reserve	-19,384	2,700	**-16,684**		Ring fenced partner contribution to specific strategic objective
	Police&Crime Commissioners Grt	-17,154	5,000	**-12,154**		This reserve is an underspend from the PCC grant 2014/15 total amount £85K and any underspend at year end 2015/16. Due to the grant funding commissioning process whereby some applications did not meet the threshold there is a small underspend. The PCC can have the underspend returned or can allow retention and use in 2016/17.
	Conservation Grants	-12,957	0	**-12,957**		To further assist in the improvement of the historic environment of the town centre, thereby making it an attractive place to live and visit, by making a financial contribution via Conservation Grants to the upkeep of listed buildings and buildings in Conservation areas. It requested that the unspent budget be retained to meet demand for applications in years when revenue budget is likely to be insufficient.

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Hsg / GF	TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS					
	Reserve	**Balance 01/04/2016**	**Released / Received to Date**	**Balance @ 06/12/2016**	**Proposed Return to Balances**	**Reasons for Retention / Use**
	Local Plan	-1,630	0	**-1,630**		Significant costs were incurred this financial year to get the local plan adopted. The budget for next year is only £10k .It is requested that the predicted underspend of £1630 be utilised in order to ensure that funds are avaialable to allow production of further documents, expert advice, survey work etc to implement the plan
	Rate Refunds	-40,000	0	**-40,000**	**40,000**	*This retained fund was established a number of years ago following the identification of a number of NNDR prepayments/credits on which no call had been made. It is considered prudent to retain a proportion as a resource when/if a creditor was identified or made a claim for repayment. In recent years small amounts have been refunded. This could be released to revenue with any funding required met from contingencies.*
		-2,835,524	***325,787***	***-2,509,737***		
	Temporary Reserves					
	Staffordshire Hoard	-3,200	0	**-3,200**		*To support the ongoing development of the Staffordshire Hoard gallery within Tamworth Castle, including the HLF bid Phase 2*
	Community Safety Budgets	-22,302	0	**-22,302**	**22,302**	*The fund will be utilised as a retained fund for community safety projects agreed by the Partnership to deliver outcomes in Strategic Priority 1 and the Community Safety delivery plan. Move from reserve to retained pending review of the Community Safety Partnership. With retention of funds indicated in CSP, this is potentially one that can be released, with year on year revenue budgets to use for small grant funded projects and regular CSP prevent/educational activity - however please note this will limit CSP work that can be done - risk noted but could be released to GF*
Page 202	T&D - T'Tamworth/Edrms	-10,000	0	**-10,000**	**10,000**	*This reserve was created to allow a pool of funding for HR documentation to be backscanned once the Corporate EDRMS product was operational. Additional funding was required as this could not be resourced within the current staffing structure and had not been originally scoped as part of the corporate project. However, implementation of corporate EDRMS has been delayed due to corporate security and set-up issues which must be addressed before any confidential HR information or documents can be loaded to the system. Therefore this reserve is required to be retained to fund this element of the project once the issues are resolved. This could be released to revenue with any funding required met from contingencies.*
	Corporate Change Mgmt Project	-22,190	0	**-22,190**	**22,190**	*£22,190 is remaining in the Corporate Change Project Management reserve, and is requested to be retained to fund future project management requirements. As part of the ICT restructure, 2 P/T posts were created for data and project support officers. Following limited success in recruitment, the post was merged into 1 F/T role, losing capacity of 7.24 hours. There is a risk that, as more projects are run, additional capacity may need to be sourced and this will offer us more flexibility to bring in quality support. This could be released to revenue with any funding required met from contingencies.*
	Local Council Tax Reduction Sc	-8,385	2,195	**-6,190**	**6,190**	*This retained fund was established from New Burdens grant received to assist the Council in designing, consulting on and implementing our Local Council Tax Reduction scheme, which came into effect 1st April 2013. The remaining amount of £8,385 is required to be retained to fund annual review/potential redesign & further consultation on our scheme in future years. This could be released to revenue with any funding required met from contingencies.*
	Tamworth Air Quality Managemen	-6,150	0	**-6,150**	**6,150**	*Cabinet approved funding for the monitoring of air quality in Two Gates following exceedences of air quality standards. It is vital that the data as at end March 2016 is included, hence the request. Any decision to recommend the withdrawal of the Air Quality Management Area at Two Gates, Dosthill may mean that once the remining fee of £1340 has been paid, and pending outcomes, any balance left of the reserve in the region of £4810 may not be needed. This could be released to revenue with any funding required met from contingencies.*
	Conservation Grants Committed	-5,453	5,453	**0**		*Committed conservation grants 2014/5*
	IEWM Locality Commissioning	-890	890	**0**		*The money was a grant from IEWM to support Tamworth's Locality Commisioning activity. The original grant was for £10k and there is now an outstanding balance. As this is external money given for specific commissioning work I request this is carried over into 2016/17 financial year into PM1727X0151.*

TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS

Hsg / GF	Reserve	Balance 01/04/2016	Released / Received to Date	Balance @ 06/12/2016	Proposed Return to Balances	Reasons for Retention / Use
	Planning Advisory Service Grant	-4,510	0	**-4,510**		*existing reserve PM1728 X0151 established to hold grant given from planning advisory service on staffs one place work. Legal work currently being undertaken but invoice not expected until next financial year so this is to roll over into next financial year*
	Tamworth Homeless Education Programme	-4,500	4,500	**0**		
	Regeneration Budget	-6,220	0	**-6,220**		A fund was established for 13/14 of £40k then an additional £10k per annum in 14/15 and 15/16. This fund has been used to finance feasability studies, economic impact appraisal and related work to support bids for funding and bringing forward development sites. There are committed funds for a 2 year consultant post in addition to grant income expected before year end.
	Defra Inspire Regs Compliance	-5,930	5,930	**0**		DEFRA awarded a grant of £7,130 to IT at the end of 2013/14, under their New Burdens Funding arrangements, for the purposes of meeting the costs associated with compliance with new INSPIRE regulations. It was anticipated that the remaining funds would be spent during 2015/16 as new software has been purchased, however, contracts have only recently been awarded, and this budget, being one-off funding, is required to be carried forward into the new financial year to meet expenditure.
	Freedom of The Borough	-1,411	0	**-1,411**		*This reserve was established at the request of the Portfolio Holder for Corporate Services & Assets to fund costs associated with ceremonies, certificates and scrolls for freeman/alderman. The remaining balance is required to be retained, as there is no specific budgetary provision for these costs. There is potential for more awards to be made in the next municipal year the cost of which will require to be met from the retained fund.*
	FERIS Maintenance fund	-12,736	12,736	**0**		We were notified in early March that our application to the DWP's Fraud and Error Reduction Incentive Scheme (FERIS) 2016/17 Maintenance Fund has been successful - funding to be received mid March of £12,736. This is a ring-fenced grant which must be spent in accordance with our application. As our anticipated costs will be incurred during 2016/17, this grant is required to be carried forward so that it may be spent in accordance with DWP requirements. New and ongoing initiatives are:
	Data Integration Tool	-15,000	0	**-15,000**	**15,000**	This reserve was established to meet the additional costs associated with the implementation, roll-out and training of a data integration tool planned to be implemented in 2015/16. However, the procurement process has only recently been completed and the contract awarded, therefore it is requested that this reserve be carried forward to meet these costs in 2016/17. This could be released to revenue with any funding required met from contingencies.
	Mandatory Training	-9,000	0	**-9,000**		In December 2015 Council approved the Diversity and Equality scheme and associated action plan. Part of the action plan is for the provision of Refresher Training for all staff. Underspends in the current year budget, plus an amount remaining in the Mandatory Training reserve established last year, have been identified to fund this.
	HR Consultants Fees	-2,000	2,000	**0**		Budget was established from release of the i-Trent reserve during 2015/16 to fund Midland HR consultancy days to upgrade to version 10.19 which was due to be released by the supplier at the end of February. Two days originally booked for 14th and 15th March have had to be re-scheduled to the new financial year due to the postponement of software release dates until later in March 2016, therefore the budget associated is required to be carried forward to 2016/17 as no other revenue budgetary provision exists.
	HR External Support	-7,000	0	**-7,000**		To create a temporary reserve to provide external suppport to the HR team during the Delivering Quality Services Project. This funding will provide additional capacity to the team to fund any external work or backfill (of admin support) for off-shoot projects, such as further review of the pay model as a result of National Living Wage, development of competency profiles for services or the development of the performance management framework and associated systems.
	Server Migration External Support	-9,710	9,710	**0**		Cabinet approved the release of £35k from specific contingency during 2015/16 to fund consultancy costs associated with migrating various software systems to new servers as part of an upgrade project. This work will not be completed in full until 2016/17, and so the remaining funds unspent at 31st March are required to be carried forward into 2016/17.
	Revenues E-Forms	-20,000	0	**-20,000**		There is a clear need as part of the delivering quality services project, and in line with the customer access strategy, for e-enabled forms to be available on the Council's website. Additional income has been identified from Council Tax court costs and contributions re council tax billing, to assist with funding the software and implementation associated with a suite of forms for Revenues which would enhance website functionality and enable self-service.

Hsg / GF	TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS					
	Reserve	**Balance 01/04/2016**	**Released / Received to Date**	**Balance @ 06/12/2016**	**Proposed Return to Balances**	**Reasons for Retention / Use**
	Street Lighting	-18,430	18,430	**0**		A recent review of Tamworth Borough Council street lighting within its car parks has highlighted that three car parks lighting is inefficient and needs replacing prior to the planned replacement programme in 10 years. Orders have been placed but the waiting time for the equipment is 12 weeks. Order number EM03479 to Eon. Awaiting final invoices
	Consultants Fees for CIL/Local Plan	-14,000	14,000	**0**		An order has been raised for consultancy support to get the local plan adopted and CIL submitted. Part of the order has been fulfilled. This reserve will cover the cost of the remaing amount on the committeed order that will be delviered next financial year
	Visitors Guide 2015/16 Production Cost	-3,000	0	**-3,000**		Work on the production of the 2015/16 Visitor Guide was late starting this year due to a number of important and competing work priorities that had to be dealt with in the town centre and tourism function of the ED Team at the time when the work usually starts. in particular , this included the Great British High Street Competition and the development of the BID Shadow Board. Work is now underway and should be completed early in 2016/17, with the work to produce the 2017/18 Guide scheduled to start on time this coming year.
	Belgrave Wellbeing Tender	-5,000	5,000	**0**		These funds will need to be allocated towards the Belgrave gym tendered project as costs are higher than the 20K already reserved. This money is to be spent in the Belgrave area on activity therefore is suitable to support the gym project,
	Community Projects	-6,240	5,000	**-1,240**		This is not TBC money - external funds to deliver Hoop /football/dance projects
	Gym Project Comminity Safety	-4,980	0	**-4,980**		This is not TBC money. This is community safety external funds to deliver a community safety anti ASB gym project
	Gym Tender	-20,000	20,000	**0**		Funds that are allocated to a TBC tender for supply a gym at belgrave- Completed
	Wellbeing Project	-16,700	0	**-16,700**		External funds to deliver wellbeing project
	Building Resilient Families & Communities	-34,510	34,510	**0**		External grant funding (payment by results monies) received as a result of achieving targets in the Building Resilient Families & Communities (BRFC) programme for Tamworth. Consultation is ongoing with partner agencies to identify spend in relation to achieving further positive results in turn achieving further PBR funding.
	Single Non-Priority Homeless	-6,410	0	**-6,410**		Regional funding (via DCLG allocation to the Staffordshire / Shropshire Homelessness Partnership) made available to assist, single, non-priority, rough sleepers. Funding to be potentially incorporated (subject to appropriate governance and agreement of arrangements with Brighter futures) into existing projects delivered by Brighter Futures over the next 12 months (given both the ending of the regional rough sleeper outreach service and Brghter Futures role in the delivery of that service).
	Homes for Homeless	-10,000	0	**-10,000**		Funds to be utilised (in conjuction with other identified Homelessness budget and subject to appropriate governance) to support Tamworth Cornerstone Housing Association to further develop a business model that will enable them to contine to operate in the town following the withdrawal of Supporting People funding.
		-315,857	***140,354***	***-175,503***		
	Commuted Sums Reserves					
	Commuted Sum Open Space S.9c	-469,320	-70,438	**-539,758**		
	Recreational Facilities	-60,463	-32,335	**-92,798**		
	Sec 106 Agreement C.S. C'Par	-1,022	-1,978	**-3,000**		*Section 106 Agreement Sums held for future expenditure on appropriate development schemes*

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	TEMPORARY RESERVES, RETAINED FUNDS and PROVISIONS					
	Reserve	**Balance 01/04/2016**	**Released / Received to Date**	**Balance @ 06/12/2016**	**Proposed Return to Balances**	**Reasons for Retention / Use**
	Sec 106 Super'N Fee Highways	-424,594	0	**-424,594**		
	Sec 106 C.S.- Highways	-140,812	20	**-140,792**		
	Agreement Monitoring	-27,219	-7,200	**-34,419**		
		-1,123,430	***-111,931***	***-1,235,361***		
	Provisions (excld Bad Debts)					
	Insurance Provision (MMI Liability)	-32,749	25,191	-7,558		*This provision has been established as a result of the decision to trigger the 'Scheme of Arrangement' (SOA) with regard to Municipal Mutual Insurance (MMI), at a meeting of the Board of Directors on 13th November 2012. Under this SOA, the Council is liable to pay a levy up to the value of claims paid since 1993 (£252k – excluding the first £50k of claims paid). The scheme administrators estimate that a levy of 15% is payable as at 31st March 2013, and therefore an amount of £38k was accrued in 2012/13. The provision of £33k was to cover the potential additional levy of up to 28%.*
Page 205	Land Charges Legal Action	-51,284	15,753	**-35,531**		*This reserve was established at the end 2012/13 as a result of ongoing legal action by a number of search companies challenging the fees charged for 'environmental information.' Pending revised guidance from the Government, and awaiting the outcome of ongoing court proceedings, in line with many other Councils we are continuing to charge for certain information. Latest indications are that, based on claims made, our liability, should the courts find in the search companies' favour, would be £108k (plus interest). This reserve is therefore required to be retained pending the outcome of legal action.*
		-84,033	***40,944***	***-43,089***		
	Other Reserves					
	Building Repairs Fund	-460,195	7,000	**-453,195**		*Balance remaining within Building Repairs fund. 50% to be used over 4 years to support revenue budget.*
	Transformation Reserve	-387,428	0	**-387,428**		
		-847,623	***7,000***	***-840,623***		
	Totals	**-18,465,312**	**6,535,290**	**-11,930,022**	**331,990**	

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CABINET

16 February 2017

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS 01/04/16 - 31/12/16

EXEMPT INFORMATION

None

PURPOSE

To provide Members with details of write offs from 1st April 2016 to 31st December 2016 and to seek approval to write off irrecoverable debt in line with policy re Business Rates in excess of £10k.

RECOMMENDATIONS

That Members

1) endorse the amount of debt written off for the period of 1st April 2016 to 31st December 2016 – **Appendix A-D**, and:
2) approve the write off of irrecoverable debt for Business Rates of £142,150.19 – **Appendix E.**

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. The first part of this report shows the position for the current financial year **– Appendix A- D**. Further updates will continue to be produced on a quarterly basis.

Type	**01/04/16-31/12/16**
Council Tax	(£1,100.31)
Business Rates	£28,968.67
Sundry Income	£15,926.85
Housing Benefit Overpayments	£59,859.02

The second part of the report is in respect of debts which are in excess of £10k.

Under Financial Regulations, debts for write-off greater than £10k require Cabinet authorisation and this report details such accounts. The amount for Business Rates is attached in **Appendix E.**

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. In the case of the accounts included in Appendix E all had been flagged as no probability of any further payments being recovered. This is due to the nature and location of the assessments. Therefore they have all been covered fully in the Bad Debt provision.

Business Rates	
Bad Debt provision @ 1st April 2016	£1,051,791.15
Amounts previously written off under delegated powers (£28,968.67) plus amounts requested for approval in this report (£142,150.19)	-£171,118.86
Amount remaining	£880,672.29

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

The write offs detailed are subject to approval in line with the Corporate Credit Policy/Financial Regulations, and have been provided for under the bad debt provision calculation set out below.

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.

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

These limits apply to each transaction.

Bad Debt Provision

The level of the provision must be reviewed jointly by the unit and Accountancy on at least a quarterly basis as part of the management performance review, and the table below gives the mandatory calculation.
Where the debt is less than 6 months old it will be written back to the service unit.

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

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

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

Corporate Credit Policy - effective management of debt

APPENDICES

Appendices A to D give details of write offs completed for Revenues and Benefits Services for 01 April 2016 to 31 December 2016
Appendix E gives details of Business Rates write offs for approval

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Appendix A- Council Tax

Summary of Council Tax Write Offs 01/04/2016-31/12/2016

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)	(£10,000.01 and Over)	Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
03/01/2016									(£4.00)	(£4.00)		Dividend payment
25/10/2016									(£3.89)	(£3.89)		Dividend payment
28/10/2016									(£14.23)	(£14.23)		Dividend payment
22/11/2016									(£3.37)	(£3.37)		Dividend payment
29/11/2016									(£29.71)	(£29.71)		Dividend payment
28/12/2016									(£4.19)	(£4.19)		Dividend payment
Q3 Totals	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£59.39)**	**(£59.39)**	**0**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£703.08)	(£90.41)	(£793.49)	0	
Q2 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£247.43)	(£247.43)	0	
Overall Total	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£703.08)**	**(£397.23)**	**(£1,100.31)**	**0**	

Appendix B- Business Rates

Summary of NNDR Write Offs 01/04/2016-31/12/2016												
Date of Write Off	Head of Revenues			Director of Finance	Executive Director Corporate Services		Remitted	Credit Write Off	Reversed Write Off	Total	No. of Accounts (Write Off Only)	Reason(s)
	(£0.00-£75.00)	(£75.01-£500.00)	(£500.01-£1,000.00)	(£1,000.01-£5,000)	(£5,000.01-£10,000.00)	(£10,000.01 and Over)						
04/10/2016									(£15.31)	(£15.31)		RV change
04/10/2016									(£56.76)	(£56.76)		Dividend payment
09/11/2016	£36.53	£883.42	£906.75							£1,826.70	7	Insolvency/ small balances
23/12/2016				£27,465.78						£27,465.78	6	Insolvency
28/12/2016									(£145.33)	(£145.33)		Dividend payment
Q3 Totals	**£36.53**	**£883.42**	**£906.75**	**£27,465.78**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£217.40)**	**£29,075.08**	**13**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	(£106.41)	(£106.41)	0	
Q2 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	
Overall Total	**£36.53**	**£883.42**	**£906.75**	**£27,465.78**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**(£323.81)**	**£28,968.67**	**13**	

Appendix C- Sundry Income

Summary of Sundry Income Write Offs 01/04/2016-31/12/2016

Date of Write Off	rate Director Growth, Assets & Enviro (£0.00-£999.99)	(£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)	Corporate Director Communities, Partnership & Housing (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)
10/11/2016								£9,815.75		£9,815.75	1	Emigrated, unable to collect
18/11/2016							£1,063.53			£1,063.53	7	Uneconomic to collect
23/11/2016		£5,047.57								£5,047.57	6	Absconded/ uneconomic to collect
Q3 Totals	**£0.00**	**£5,047.57**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£1,063.53**	**£9,815.75**	**£0.00**	**£15,926.85**	**14**	
Q1 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	
Q2 Totals (B/F)	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0	
Overall Total	**£0.00**	**£5,047.57**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£1,063.53**	**£9,815.75**	**£0.00**	**£15,926.85**	**14**	

Appendix D- Housing Benefit Overpayments

Summary of Benefit Overpayment Write Offs 01/04/2016-31/12/2016

Date of Write Off	Head of Benefits (£0.00-£75.00)	Head of Benefits (£75.01-£500.00)	Head of Benefits (£500.01-£1,000.00)	Head of Benefits (£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)
31.10.2016	£38.90	£207.04					£245.94	2	Statute Barred (2008)
"	£46.26						£46.26	2	< £40 o/s (2012)
"	£8.17	£306.95					£315.12	4	< 2 wks o/s - due to death (2016)
"	£11.29						£11.29	7	uneconomical to pursue (2016)
"	£159.52	£1,060.10		£1,532.12	£3,152.79		£5,904.53	8	Not financially viable (2010)
"	£200.00						£200.00	4	Court costs (2012)
"	£422.70						£422.70	1	Bancrupt (2016)
30.11.2016	£14.07						£14.07	3	uneconomical to pursue (2015)
"	£142.83	£426.48					£569.31	4	Not financially viable (2011)
"	£73.26	£477.04					£550.30	4	less than 2 wks o/s due to death (2016)
"	£126.86	£1,467.36	£984.55	£1,133.12			£3,711.89	12	bancrupt (2014)
31.12.2016	£0.08						£0.08	1	uneconomical to pursue (2016)
"		£364.16					£364.16	3	<2 wks o/s - due to death (2016)
"					£2,251.20		£2,251.20	1	HB Reg 100 compliant - not recoverable (2016)
Q3 Totals	**£1,243.94**	**£4,309.13**	**£984.55**	**£2,665.24**	**£5,403.99**	**£0.00**	**£14,606.85**	**56**	
Q1 Totals (B/F)	£1,352.57	£5,815.47	£1,431.42	£4,429.85	£18,946.70	£0.00	£31,976.01	111	
Q2 Totals (B/F)	£718.80	£6,348.87	£1,236.18	£4,972.31	£0.00	£0.00	£13,276.16	60	
Overall Total	**£3,315.31**	**£16,473.47**	**£3,652.15**	**£12,067.40**	**£24,350.69**	**£0.00**	**£59,859.02**	**227**	

Appendix E- Business Rates over £10,000

Ref	Name	Year	From	To	Balance	Total	Comments
200134300	Hanstone Ltd	2013/14	07/03/2014	31/03/2014	£ 3,224.25		
		2014/15	01/04/2014	31/10/2014	£ 27,378.84		
						£ 30,603.09	Company dissolved 06/10/2015
200125926	Card Control Ltd	2012/13	06/08/2012	31/03/2013	£ 18,760.07		
		2013/14	01/04/2013	20/06/2013	£ 6,547.05		
						£ 25,307.12	Creditors voluntary liquidation 20/06/2013
200124143	Contracting Management (UK) Ltd	2012/13	03/09/2012	31/03/2013	£ 7,529.07		
		2013/14	01/04/2013	11/03/2014	£ 12,635.21		
						£ 20,164.28	Company dissolved 11/03/2014
200128092	[redacted]	2014/15	01/04/2014	03/01/2015	£ 13,136.99		
200138581		2015/16	01/04/2015	07/06/2015	£ 5,472.17		
						£ 18,609.16	Bankruptcy 04/06/15
200135843	Baxter Red Ltd t/a Miss London	2014/15	28/10/2014	31/03/2015	£ 9,232.52		
		2015/16	01/04/2015	20/08/2015	£ 9,021.53		
						£ 18,254.05	Ceased trading, proposal to strike off, unable to trace
200139193	GHJ Trading Ltd t/a Poundsave	2015/16	07/07/2015	05/01/2016	£ 15,417.06		
						£ 15,417.06	Creditors voluntary liquidation 24/03/2016
200129884	A Levy & Sons Ltd t/a Blue Inc	2015/16	01/04/2015	19/01/2016	£ 13,795.43		
						£ 13,795.43	Administration order 19/01/2016, no prospect of dividend
						£ 142,150.19	

CABINET

THURSDAY, 16 FEBRUARY 2017

REPORT OF THE PORTFOLIO HOLDER FOR REGENERATION

TAMWORTH ENTERPRISE QUARTER

EXEMPT INFORMATION
None

PURPOSE

To update Cabinet with progress to the Enterprise Quarter project.

RECOMMENDATIONS

1. Cabinet approves the revised project timetable in Appendix 1.
2. Cabinet notes the amended capital profile for the overall project and revenue budget for the Enterprise Centre which are included in the Medium Term Financial Strategy report elsewhere on this agenda.
3. Cabinet endorse the current design of the Assembly Rooms and gives delegated Authority to the Corporate Director (Growth, Assets & Environment) in consultation with the Portfolio Holder for Regeneration to agree minor amendment's and to authorise the final design.
4. Cabinet give authority to make use of the County Councils existing arrangements for professional services and contractors for the detailed design and construction of various elements of the project if required.
5. Cabinet approves the operating name of the business centre as the Tamworth Enterprise Centre.
6. Cabinet approves the Tamworth Enterprise Centre pricing, services offered, the policies and the draft licence agreement contained in appendices 3 and 4 and gives delegated authority to the Corporate Director (Growth, Assets & Environment) to finalise and approve.
7. That a long term business plan for the Enterprise Centre is produced and brought back to Cabinet in the next 12 months which will set the operating budget based upon demand.
8. Cabinet approves the marketing and branding proposals for the Enterprise Centre in appendix 5
9. Cabinet authorises a waiver from the financial regulations to appoint a specialist consultant to undertake marketing of the Enterprise Centre if required.
10. Cabinet approves the creation of a new role to run the Enterprise Centre and gives authority to start the recruitment process subject to a report to Appointment and Staffing Committee.
11. Cabinet endorses the design of the public realm contained in appendix 7 and gives authority to the Corporate Director (Growth, Assets & Environment) in consultation with the Portfolio Holder for Regeneration to agree minor amendment's and to approve the final design.
12. Cabinet notes the design of the library in appendix 6.
13. Cabinet approves the TIC project initiation document contained in appendix 8.

EXECUTIVE SUMMARY

The estimated capital cost of overall project is still the same as previously approved. There have been delays of approximately 6 months to the overall programme, mainly as a consequence of the delay of confirmation of external funding impacting on the procurement processes for the Assembly Rooms element. However, delays have been minimised by bringing forward other elements of the project such as the Enterprise Centre. This has required the budget to be re-profiled. Further work on the Enterprise Centre has resulted in a change to the estimated future revenue budget. This is a consequence of seeking to employ a full time member of staff which whilst increases costs also assists to increase revenue through quicker and more sustained take up of services and space. The financial changes are detailed in this report and also in the Medium Term Financial Strategy report elsewhere on this agenda.

OPTIONS CONSIDERED

The options presented are considered to be those that enable the project to progress as closely to programme and budget as possible.

RESOURCE IMPLICATIONS

The Medium Term Financial Strategy report elsewhere on this agenda already includes the financial implications from this report being:

1. Revised profiling of the capital budgets for the Assembly Room Project and the Business Enterprise Centre
2. Revised Revenue Operating Budgets for the Business Enterprise Centre

Capital Budgets

The total Capital budget for the project is £5,867,851 and this remains unchanged.

The conversion of the Phil Dix Centre has been undertaken by Staffordshire County Council and had a capital budget of £575,900. The 2016/17 Approved Capital Programme for Tamworth Borough Council included a contribution to the project of £144,000, with the balance being funded by SLFG through the County Council. However, due to slippage elsewhere on the overall project and the need to spend SLGF in 2016/17 the County Council have requested that the TBC contribution towards the cost of the Business Enterprise Centre be replaced by SLGF in 2016/17 and that the £144k TBC contribution be used in later years on the Assembly Rooms.

Below is the previously approved capital programme and the revised programme which re-profiles spend.

2016/17 Approved Capital Programme

		2016/17	2017/18	2018/19	Total
Assembly Rooms					
Costs		2,315,690	1,943,790	229,040	4,488,520
Funding	SLGF	1,519,910	798,260	0	2,318,170
	HLF	759,480	0	0	759,480
	TBC	11,300	1,120,530	229,040	1,360,870
	Other	25,000	25,000	0	50,000
	Total	**2,315,690**	**1,943,790**	**229,040**	**4,488,520**
Phil Dix					
Costs		575,900	0	0	575,900
Funding	SLGF	431,900	0	0	431,900
	TBC	144,000	0	0	144,000
	Total	**575,900**	**0**	**0**	**575,900**
Public Realm & Library					
Costs		0	354,711	338,720	693,431
Funding	SLGF		0	193,431	193,431
	SCC		354,711	145,289	500,000
	Total	**0**	**354,711**	**338,720**	**693,431**
Carnegie					

Costs		110,000	0	0	110,000
Funding	SLGF	10,000	0	0	10,000
	PRIVATE	100,000			100,000
	Total	**110,000**	**0**	**0**	**110,000**
Combined Total		**3,001,590**	**2,298,501**	**567,760**	**5,867,851**

Revised 2016/17 Approved Capital Programme

		2016/17	2017/18	2018/19	Total
Assembly Rooms					
Costs		315,690	1,580,000	2,592,830	4,488,520
Funding	SLGF	255,690	1,264,000	654,480	2,174,170
	HLF	60,000	316,000	339,690	715,690
	TBC	0	0	1,548,660	1,548,660
	Other	0	0	50,000	50,000
	Total	**315,690**	**1,580,000**	**2,592,830**	**4,488,520**
Phil Dix					
Costs		575,900	0	0	575,900
Funding	SLGF	575,900			575,900
	TBC	0			0
	Total	**575,900**	**0**	**0**	**575,900**
Public Realm & Library					
Costs		0	354,711	338,720	693,431
Funding	SLGF		0	193,431	193,431
	SCC	0	354,711	145,289	500,000
	Total	**0**	**354,711**	**338,720**	**693,431**
Carnegie					
Costs		110,000	0	0	110,000
Funding	SLGF	10,000	0	0	10,000
	PRIVATE	100,000			100,000
	Total	**110,000**	**0**	**0**	**110,000**
Combined Total		**1,001,590**	**1,934,711**	**2,931,550**	**5,867,851**

Revenue Budgets

The Medium Term Financial Strategy Cabinet report elsewhere on the agenda updates previous estimate of operating costs following a review by the project team. There are additional costs associated with a full time officer but there are also projected higher income costs. The difference is an increase in costs of £3k in 2017/18, a surplus of £16k in 2018/19 and a surplus of £22k in 2019/2020.

It should be noted that previously running costs of the building were combined with other buildings and by a variety of services. Therefore, the running costs are an estimate at this stage and will be refined once the centre is up and running. This will be taken account in the production of a business plan for the centre over the next 12 months.

The Revenue budget for the Tamworth Enterprise Centre also assumes a level of building repairs and depreciation and that these remain static over the first 3 years. However, to enable the building to be evaluated on a commercial basis these may need to be ringfenced. This will be considered further in the production of a business plan for the TEC that will be presented back to Cabinet within the next 12months once a greater understanding of the demand and take up is understood. Details of costs and income for the centre will be monitored closely so that future decisions can be taken based on the commercial value of the asset.

LEGAL/RISK IMPLICATIONS BACKGROUND

Archaeological investigation works took place last year in the car park adjacent to the Assembly Rooms. Although some interesting pieces were found, including 12th Century pieces of pottery and a carved bone, the archaeologists have concluded that no further investigations are required. This removes a risk of a delay to the start of the works.

It should be noted that elements of the financial position described above are estimated and real costs will not be known until all of the tenders are returned. The contingencies included above will help to mitigate any costs over and above those estimated.

A risk assessment for the overall Enterprise Quarter project is kept under review by the project team.

SUSTAINABILITY IMPLICATIONS

The project seeks to restore and ensure the long term future of historic buildings.

BACKGROUND INFORMATION

1. Overall Project timetable and budget

In January 2016 Cabinet received an update on progress the overall project and the workstreams contained within it. Cabinet also gave approval to the project programme, endorsed an options appraisal for the TIC, gave delegated authority to tender for services and contractors and enter into the necessary contracts, and authority to make use of the County Council's existing arrangements for professional services and contractors in relation to the works to the Philip Dix Building.

Since that report the application for £2.9m of Single Local Growth Fund (SLGF) was given formal approval in July 2016. This was considerably later than previously envisaged and has delayed tendering for some services. There has therefore been a slip in the anticipated start to the Assembly Rooms construction. The anticipated completion has now moved from March 2018 to November 2018. The TEC and the library elements have been brought forward to enable spend to take place in this financial year. However, as the Carnegie Centre and public realm works are tied into the end of the Assembly Rooms work the overall project timetable has also slipped from July 2018 to January 2019. A revised overall project timetable is included in appendix 1. The key milestones that have been achieved since January 2016 include:

- Securing external funding from SLGF and HLF
- Completing design work on the Enterprise Centre, public realm and library
- Gaining necessary planning consents
- Appointing the professional team for the Assembly Rooms
- Undertaking the archaeological investigations at the Assembly Rooms
- Construction work on the TEQ has started

There is no anticipated change to the capital budget income or expenditure at present. However, the largest capital expenditure is associated with the Assembly Rooms element which have not yet been tendered. That said, the recent quantity surveyor report for the Assembly Rooms element has stated they are confident that the estimated costs are still accurate.

Whilst there is no change to the overall estimated costs and income for the project, there is a change to the profiling of spend due to the delay to the Assembly Rooms project. Bringing forward the TEC and library works will help to minimise the expenditure profile changes. The majority of TBC funding is now profiled towards the end of the project. The revised profiling is detailed in the Resources section and through the Medium Term Financial Strategy report elsewhere on this agenda.

Total funding sources for the project are as follows:

SLGF (£2,953,515)
Tamworth Borough Council (£1,548,660)
Staffordshire County Council (£567,500 – including £67,500 in land value)
Heritage Lottery Fund (£715,690)
Sponsors and patrons of the Assembly Rooms (£50,000)
Private Sector lessee of The Carnegie Centre restaurant (£100,000)

External funding sources will continue to be sought for the elements of each project.

2. Assembly Rooms

The Tamworth Assembly Rooms element has now tendered and appointed the majority of the design team including the Project Manager, the Quantity Surveyor, the Mechanical and Electrical Engineering Consultant, the Structural Engineer, the Theatre and Acoustic Consultant and the Access Consultant.

The architect appointment is finalised and awaiting signature, and the only outstanding member of the final design team still to be appointed is the catering consultant, which is currently underway. These contracts were awarded in line with the approval given by Cabinet in January 2016.

The key area of focus for the project is now finalising design. There are changes from the scheme which has planning consent and formed the basis of the HLF application. Some of these changes may require a further planning application but this is currently programmed in to the revised timetable and should not present further delays. The likely changes are:

- Changes to the back of house layout.
- Changes to the storage arrangements throughout the building.
- Changes to the Mechanical and Electrical plans throughout the building including revised plant works.
- An improved air handling system has been designed and is a necessary amendment to ensure the auditorium is properly heated, cooled and ventilated.
- Removal of the proposed stage lift. There will continue to be a goods and passenger lift back of house.

The detailed designs are included in Appendix 2. It is expected that there will need to be some minor amendment's to the internal layout and the need for a plant room to the rear of the building and as such delegated authority is sought for approval of the final designs which are expected to be complete in April.

The archaeological investigation works took place last year in the car park adjacent to the Assembly Rooms. Although some interesting pieces were found, including 12th Century pieces of pottery and a carved bone, the archaeologists have concluded that no further investigations are required. This removes a risk of a delay to the start of the works. There are also some enabling works that are about to take place including the removal of planters and trees from around the car park to enable construction site access.

The revised timetable is under constant review by the project team. There are some key milestones however that may impact on the timetable and these are finalising the construction tender documentation, and the tender and appointment of a construction contractor. If any issues arise with the timetable Cabinet will be notified accordingly. A completion date of winter 2018 remains the target at this stage but we will be able to predict this with far greater certainty when the construction contractor has been appointed and the construction programme scrutinised to see if there are elements that can be completed co-terminously to reduce overall construction time.

3. Enterprise Centre

Over the last year the remaining tenants have relocated, some to Marmion House, including the Tamworth Information Centre on a short term basis (see elsewhere in this report regarding the longer term relocation). Work started on site in September and is progressing to budget and on time.

Handover and practical completion is expected in April 2017. After that there will be a defects liability period of 12 months.

When complete the building will have 16 serviced offices, broadband (network & Wi Fi), 3 meeting rooms with Wi-Fi touchscreen whiteboards, break-out areas and touch-down areas for visitors and, guests. The offices range from 10 sq m to 36 sq m and will offer cost-effective business accommodation on inclusive and flexible monthly licence terms. The vision for the Centre is to promote the creation and development of business enterprise and job creation within Tamworth. Businesses located at the Centre will be encouraged and supported to grow to the best of their efforts and to establish themselves to the point where their growth allows them to move to larger premises. The Enterprise Centre features:

- Allocated Parking
- Internal / External CCTV
- Disabled Access & Lift
- Communal kitchen facilities
- Town Centre location with good motorway and railway access

Prospective tenants will be asked to sign a licence agreement for the use of the space and car park. A draft is included in Appendix 3. Cabinet are asked to endorse the draft. The terms are designed to give an 'easy in and easy out' approach, reflective of the likely nature of the likely tenants i.e businesses in their infancy, and require the business to give one months notice to leave and the Council 2 months notice.

Attached in appendix 4 are the operating principles of the Centre. This includes details on pricing, the services offered and the general policies of the Centre. Cabinet are asked to approve these. Pricing will be reviewed annually to ensure it remains competitive.

Following more detailed work to refine the services offered and the pricing structure, industry experts have also provided advice on likely demand. It is now considered that demand will be higher than previously predicted and an occupancy rate of 60% can be achieved in year 1, rising to 80% by year 3. In addition, demand for virtual offices and meeting rooms is anticipated to be greater than originally estimated which will increase the amount of administration work required. This has led to a reconsideration of the operation of the Centre and it is now considered that a full time member of staff is needed to run the centre effectively. Indeed, this will be expected by future tenants. Furthermore, it is it important to ensure that outputs related to jobs are achieved as this formed the basis for the LGF approval and the officer role will be critical in attracting and managing the tenants and facility. This however, does impact on the earlier assumptions on the revenue budget. The Medium Term Financial Strategy Cabinet report elsewhere on the agenda updates the previous estimate and is also detailed in the Resource implications of this report. A person specification and job description for the role have been produced and have been subject to the job evaluation procedure. Cabinet are asked to approve the creation of this role. If approved the Trade Unions Liaison Group and the next staffing and appointment committee will be notified.

The marketing of the TEC will be undertaken by the Economic Development Team, a marketing plan is included in appendix 5 along with the proposed branding and name which Cabinet are asked to approve. If take up is not as high as anticipated, then a specialist consultant to undertake the marketing will be used. Again, it is important that the outputs associated with the LGF application are achieved and occupancy will be vital for this. The Council has already obtained advice from a specialist serviced office broker and would seek to use that same consultant if required due to the specialist nature of the role. Cabinet are therefore asked to authorise a waiver from financial regulations to allow them to be appointed without the need to tender the work. It is expected if this work is required it would not exceed £10,000.

4. Library

The Library proposals involve improvements to the internal layout to the Library and external appearance.
In July 2016 planning permission was granted for these works. They include:

- Replacement of the existing brown brick walling doors and windows to the ground floor of the western end of the building with polyester coated aluminium framed curtain walling with coloured and clear infill glazing, doors and windows.

- Replacement of the existing safety barrier surrounding the external staircase to the basement with a new stainless steel and glass balustrade.
- New external wall wash lighting to be provided to the western end of the library in order to accentuate the modelling provided by the pre cast concrete fins between the panels to the upper floors

It was originally intended to reduce the height of the entrance structure to the south of the building. However, the decision was taken to retain the structure. The County Council considered that the topography of the site is such that the part-demolition of the structure would not open up the views from the area adjacent to the Carnegie Centre and the Assembly Rooms building to St Editha's Churchyard. The structure is constructed of in-situ poured reinforced concrete. In order to part demolish it, it would be necessary to use hand-operated percussive tools. This would be likely to cause noise and vibration leading to disruption to staff and customers while works are carried out. Furthermore, the artwork on the inside of the building is considered to be integral to the structure and could not have been successfully removed and relocated. The proposals for the library are contained within appendix 6 and Cabinet are asked to endorse these.

Due to delay in the Assembly Rooms programme the Library works have been brought forward and it is hoped the works will be completed by July 2017.

5. Carnegie Centre

The proposal to lease the Carnegie Centre as restaurant will be marketed at the end of 2017 if the Assembly Rooms and Public Realm works keep to programme. The Centre currently has 2 tenants left which are both progressing plans for relocation and have identified new premises to relocate to. There also remains a number of community groups who are hiring the meeting room. These groups will be directed to alternative venues. It is envisaged that part of the building will be utilised for a site office, firstly for the library works and then subsequently for the assembly rooms.

6. Public Realm

The Public Realm works are due to start in the 3rd Quarter of 2018 if the Assembly Rooms works keep to programme. The Public Realm area is owned by both SCC & TBC. The County Council is currently providing Landscape Architecture services to the Enterprise Quarter project. These works were approved by TBC Planning Committee in July 2016.

The proposals (see Appendix 7) include removing and paving the existing car park between the Assembly Rooms, the Carnegie Centre and the library to create a new public realm space including street furniture, lighting and landscaping. Ground level planting beds will be created in front of the Carnegie Centre, and the space will be lit with a new lighting scheme. In order to open up the view between the new square and the churchyard, the brick walls, planters and archway will be removed. The brick retaining walls will be lowered in height to open up the view and an existing pear tree will be removed. Paving will be predominantly in tones of grey, with occasional buff highlights to match the grey stone and roof materials and to compliment the red brick o the surrounding buildings. Reclaimed stone paving will link the ramp outside the library entrance with Corporation Street.

A minor change to the public realm proposals is likely to be required as a result of changes to the Assembly Rooms plans to include a plant room to the rear of the building. This will remove the proposed footpath link to the rear of the Assembly Rooms.

Cabinet are therefore asked to endorse the public realm proposals and give authority to the Corporate Director (Growth, Assets & Environment) in consultation with the Portfolio Holder for Regeneration to agree minor amendment's and to authorise the final design. It is believed that the most cost-effective route to carry out the Public Realm works would be to make use of the County Council's existing arrangements for professional services and contractors for the detailed design and construction of the Public Realm works and a recommendation is included to allow that to happen. This could also be utilised in the event that other works are required on other elements of the project.

7. Tamworth Information Centre

In January 2016 Cabinet endorsed an options appraisal to consider future short and long term delivery of Tourist Information and gave authority to the Portfolio Holder for Operations and Assets, the Portfolio Holder for Economy and Education, the Director for Assets and Environment and the Director for Transformation and Corporate Performance to conclude and implement the options appraisal.

The Tamworth Information Centre has been relocated in the short term to the ground floor of Marmion House. An officer project team has been formed to consider the longer term options. Cabinet have advised that the TIC should continue with the current level of services offered as a minimum. Cabinet have asked officers to consider the potential for satellite mini-TIC's and mobile TICs in addition to the long term location. Cabinet have put to officers 4 potential locations and asked for initial views. These were the Assembly Rooms, the Philip Dix Centre, the library and premises in Market Street. The project team view was that all of these options were feasible, dependant on size needed to deliver the service, with the exception of the Phil Dix Centre due to the need to make it operate as a stand-alone enterprise centre. In addition officers suggested the Carnegie Centre could be looked at again as an alternative to the restaurant and a location in the Castle Grounds could be considered. Cabinet have indicated their desire to see the original plans for the Carnegie Centre as a restaurant pursued but have accepted the addition of premises in the Castle grounds to be investigated. Cabinet have advised officers of what the location must allow and the scope of the project. A draft project brief taking this into account is attached in 8 and Cabinet are asked to approve. Future governance of this project will be undertaken via the Enterprise Quarter Governance arrangements which include the Portfolio for Holder for regeneration.

REPORT AUTHOR

Matthew Bowers, Head of Managed Growth, Regeneration and Development
Neil Mason, Head of Community Leisure
Lynne Pugh, Chief Accountant
Andrew Barratt Corporate Director Growth Assets & Environment

LIST OF BACKGROUND PAPERS

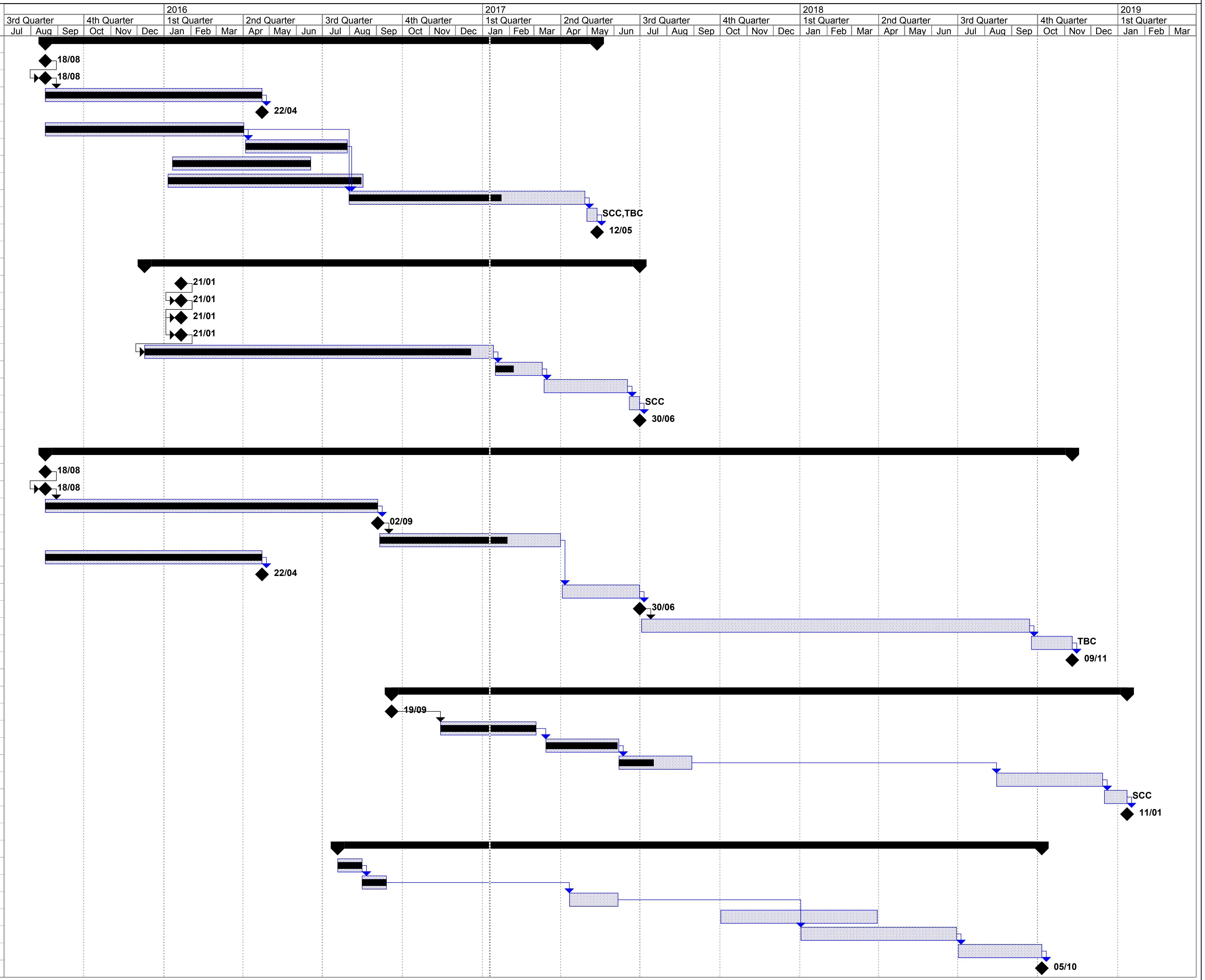
"Enterprise Quarter Progress Report", Cabinet 14th January 2016

APPENDICES

1 Project Timetable
2 Assembly Room drawings
3 TEC licence agreement
4 TEC Operating Principles
5 TEC marketing plan and branding
6 Library drawings
7 Public Realm drawings
8 TIC Project Plan

TAMWORTH ENTERPRISE QUARTER HIGH LEVEL PROJECT PLAN

ID	Task Name
1	**PHILIP DIX BUILDING PROJECT**
2	complete feasibility work
3	get permissions
4	funding applications
5	secure funding
6	complete design work
7	procure contractor
8	TIC options appraisal
9	relocate tenants and users
10	implement project
11	snagging
12	end project
13	
14	**LIBRARY PROJECT**
15	complete feasibility work
16	design work
17	get permissions
18	secure funding
19	complete tender design
20	procure contractor
21	implement project
22	snagging
23	end project
24	
25	**ASSEMBLY ROOMS PROJECT**
26	complete preliminary design work
27	get permissions
28	OJEU procurement professional team
29	professional team appointed
30	contract drawings produced
31	funding applications
32	secure funding
33	procurement contractor
34	contractor appointed
35	implement project
36	snagging
37	end project
38	
39	**PUBLIC REALM PROJECT**
40	secure funding
41	complete design work
42	get permissions
43	procure contractor
44	implement project
45	snagging
46	end project
47	
48	**CARNEGIE CENTRE PROJECT**
49	complete feasibility work
50	complete design work
51	get permissions
52	relocate tenants and users
53	marketing
54	agree terms and complete lease
55	end project



DAVID HUNTER TBC
Date: Mon 09/01/17

Task		Progress		Summary		External Tasks		Deadline	
Split		Milestone		Project Summary		External Milestone			

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Notes :

A1

Rev	Details	Date	Checked by
C	Layout amendments inline with fire officer comments	16/01/17	SPF
B	Layout amendments	30/11/16	MA
A	General redraw	18/11/16	SPF

PRELIMINARY

BROWNHILL HAYWARD BROWN
CHARTERED ARCHITECTS
GEORGIAN HOUSE 24 BIRD STREET LICHFIELD STAFFS WS13 6PT
TEL. 01543 254357 FAX. 01543 416540 e-mail. mail@bhbarchitects.co.uk

Client Tamworth Borough Council

Project Tamworth Assembly Rooms

Title Proposed Basement Plan

Scale	Date	Drawn By	Checked By	Drawing Number	Revision
1 : 50	09-11-16	MA	SPF	3171 - 121	C

ISO 9001 REGISTERED FIRM

ISO 14001 REGISTERED FIRM

Notes :

A1

Rev	Details	Date	Checked by

PRELIMINARY

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TEL. 01543 254357 FAX. 01543 416540 e-mail. mail@bhbarchitects.co.uk

Client Tamworth Borough Council

Project Tamworth Assembly Rooms

Title Basement Ceiling Plan

Scale	Date	Drawn By	Checked By	Drawing Number	Revision
1 : 50	09-11-16	MA	SPF	3171 - 600	

ISO 9001 REGISTERED FIRM

ISO 14001 REGISTERED FIRM

Notes :

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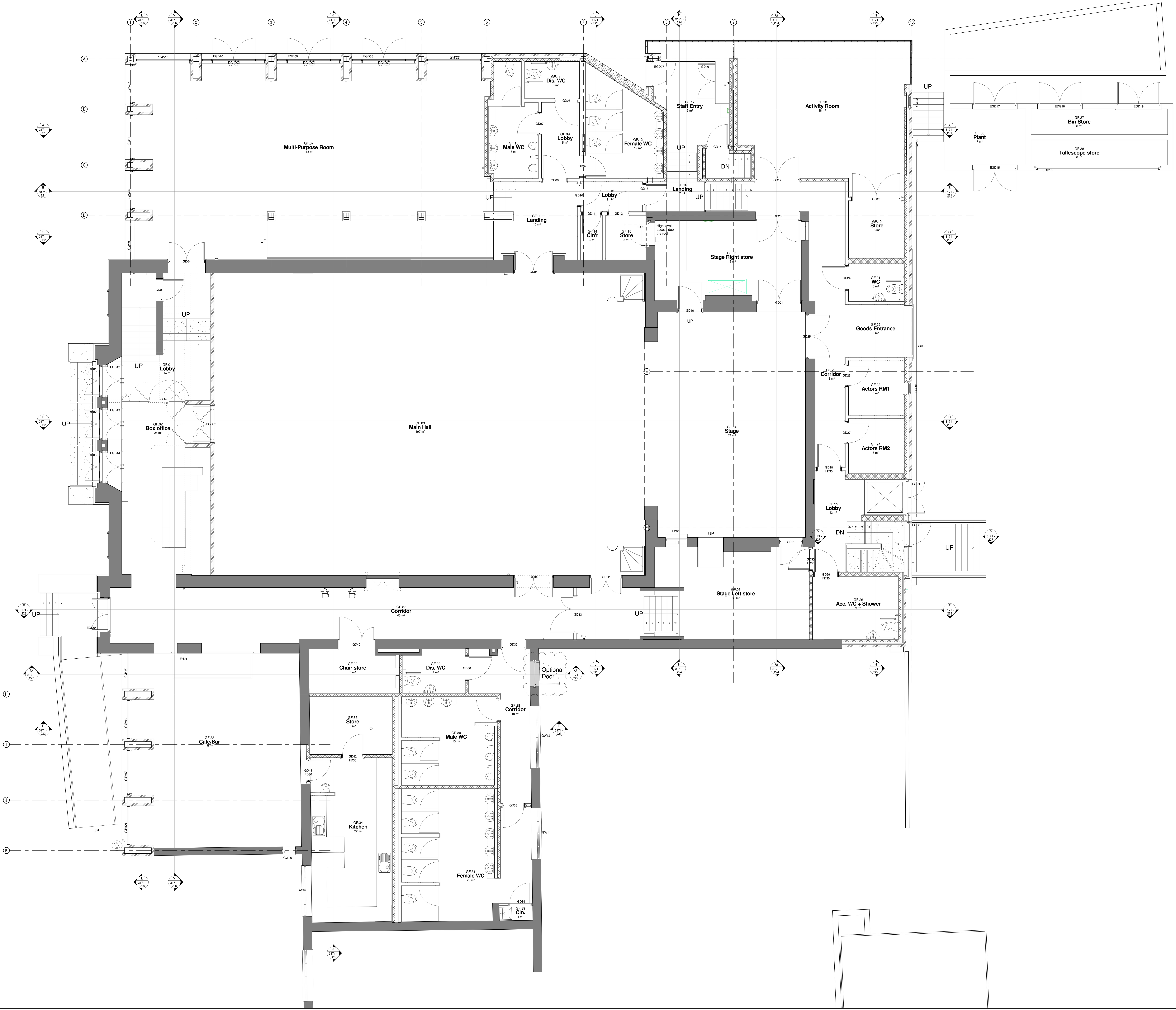

Rev	Details	Date	Checked by
C	Layout amendments inline with fire officer comments	16/01/17	SPF
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PRELIMINARY

BROWNHILL HAYWARD BROWN

CHARTERED ARCHITECTS

GEORGIAN HOUSE 24 BIRD STREET LICHFIELD STAFFS WS13 6PT

TEL. 01543 254357 FAX. 01543 416540 e-mail. mail@bhbarchitects.co.uk

Client Tamworth Borough Council

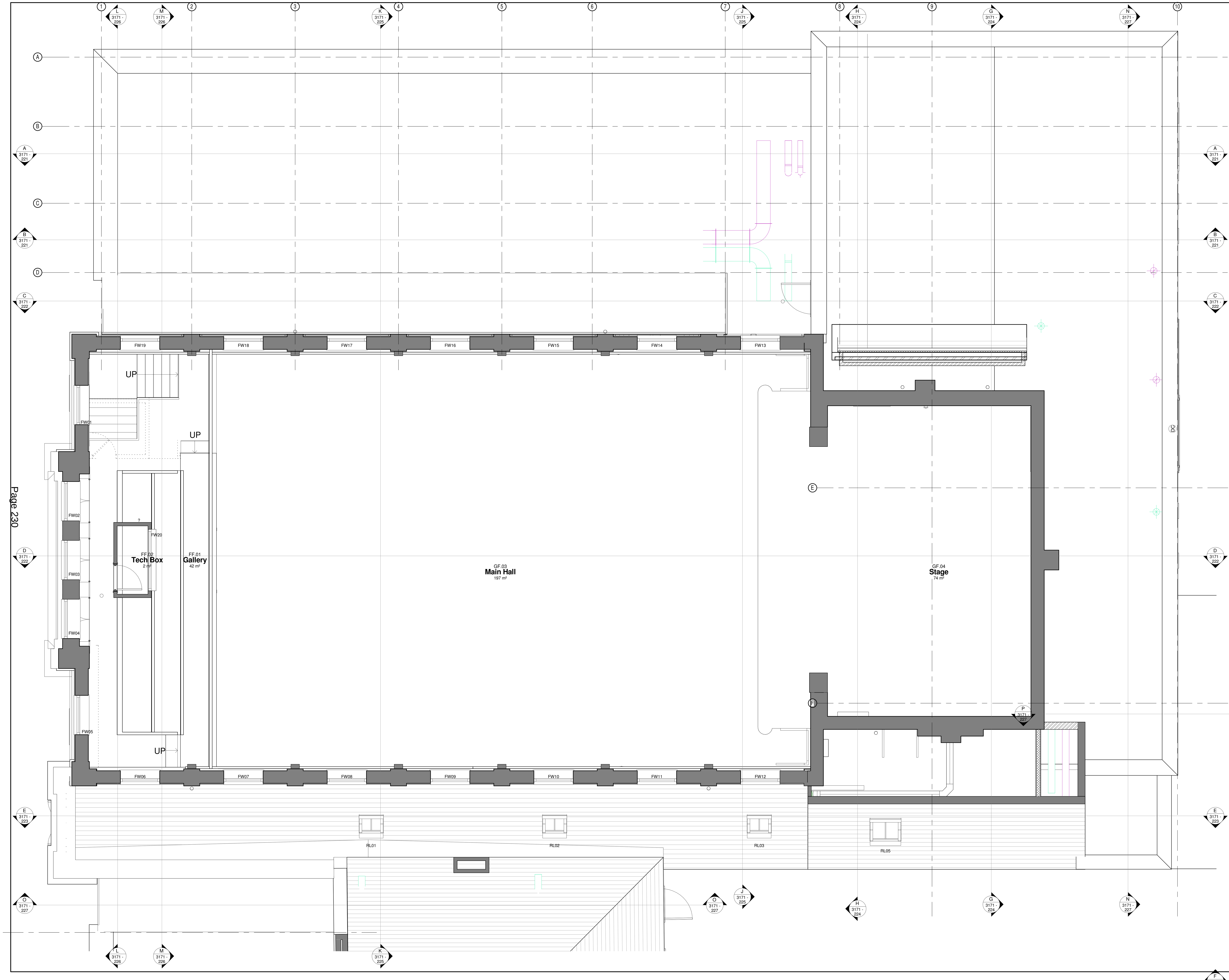
Project Tamworth Assembly Rooms

Title Proposed Ground Floor Plan

Scale	Date	Drawn By	Checked By	Drawing Number	Revision
1 : 50	09-11-16	MA	SPF	3171 - 122	C

ISO 9001 REGISTERED FIRM

ISO 14001 REGISTERED FIRM



Notes :

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Rev	Details	Date	Checked by
A	Gallery revised inline with comments from Idibri	16/01/17	SPF

PRELIMINARY

BROWNHILL HAYWARD BROWN
CHARTERED ARCHITECTS
GEORGIAN HOUSE 24 BIRD STREET LICHFIELD STAFFS WS13 6PT
TEL. 01543 254357 FAX. 01543 416540 e-mail. mail@bhbarchitects.co.uk

Client Tamworth Borough Council

Project Tamworth Assembly Rooms

Title Proposed First Floor Plan

Scale	Date	Drawn By	Checked By	Drawing Number	Revision
1 : 50		MA	SPF	3171 - 123	A

Notes :

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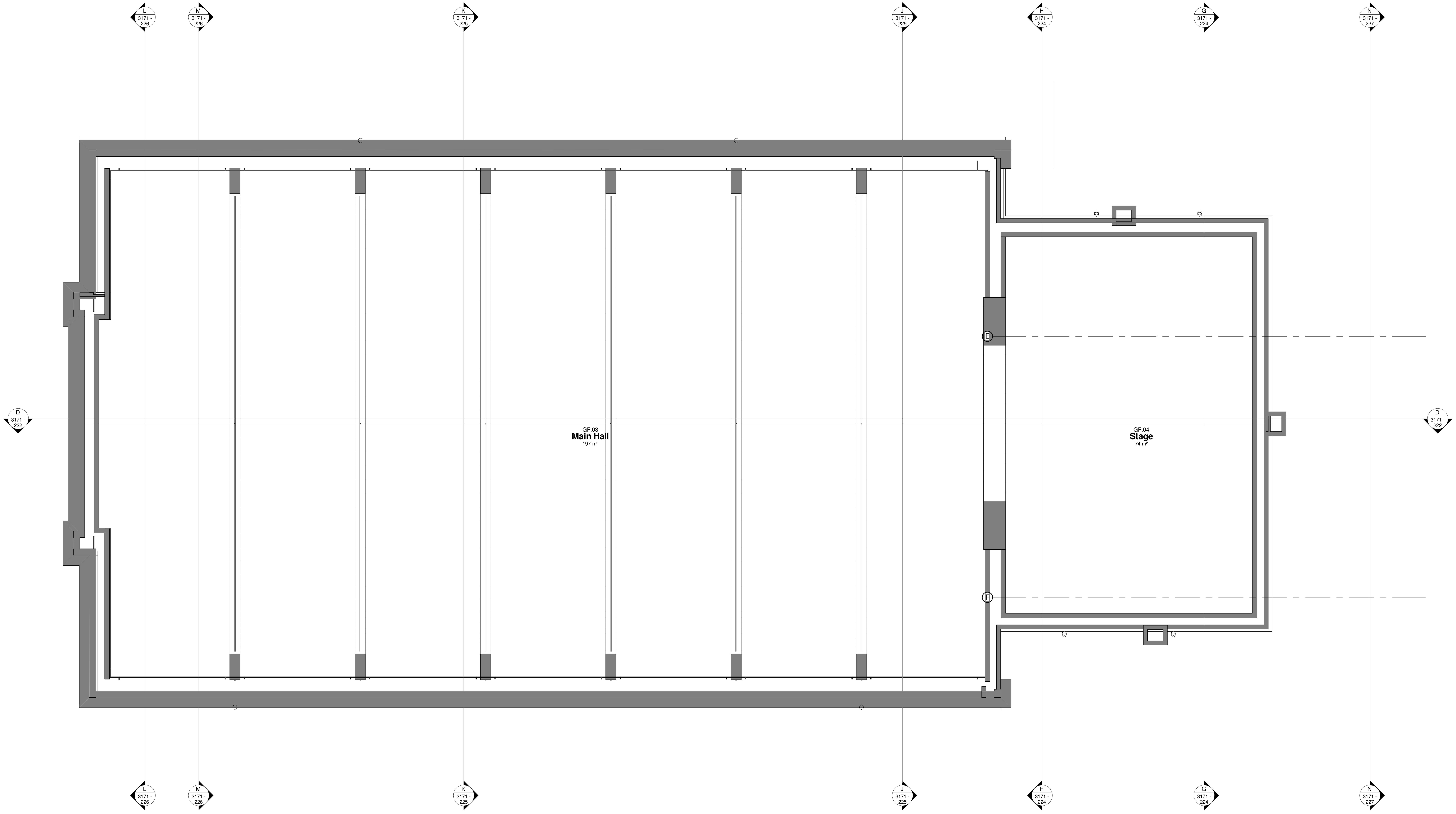

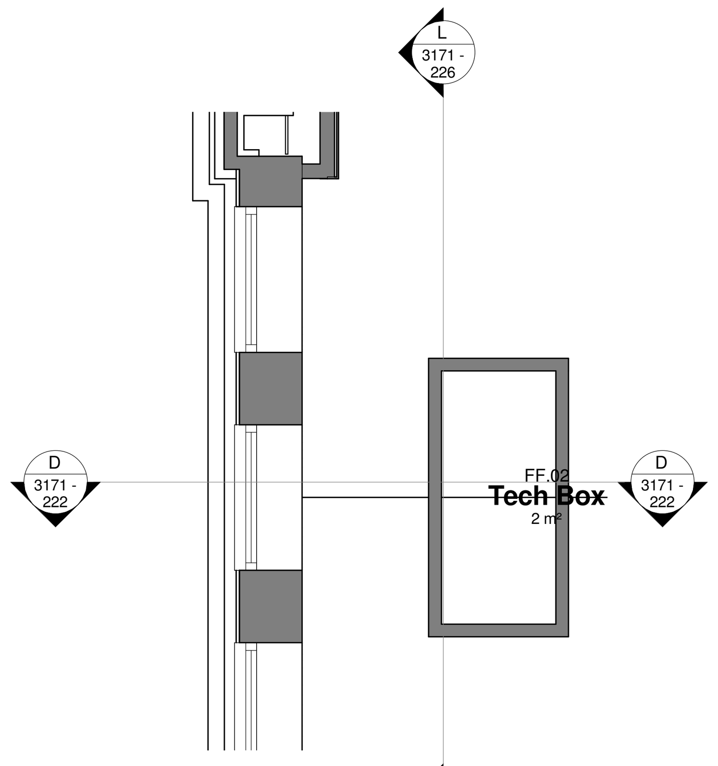

Tech Box Ceiling

1 : 50

Rev	Details	Date	Checked by
A	Gallery revised inline with comments from Idibri	16/01/17	SPF

PRELIMINARY

BROWNHILL HAYWARD BROWN
CHARTERED ARCHITECTS
GEORGIAN HOUSE 24 BIRD STREET LICHFIELD STAFFS WS13 6PT
TEL. 01543 254357 FAX. 01543 416540 e-mail. mail@bhbarchitects.co.uk

Client Tamworth Borough Council

Project Tamworth Assembly Rooms

Title First Floor Ceiling Plan

Scale	Date	Drawn By	Checked By	Drawing Number	Revision
1 : 50	30-11-16	MA	SPF	3171 - 602	A

ISO 9001 REGISTERED FIRM

ISO 14001 REGISTERED FIRM

Notes :

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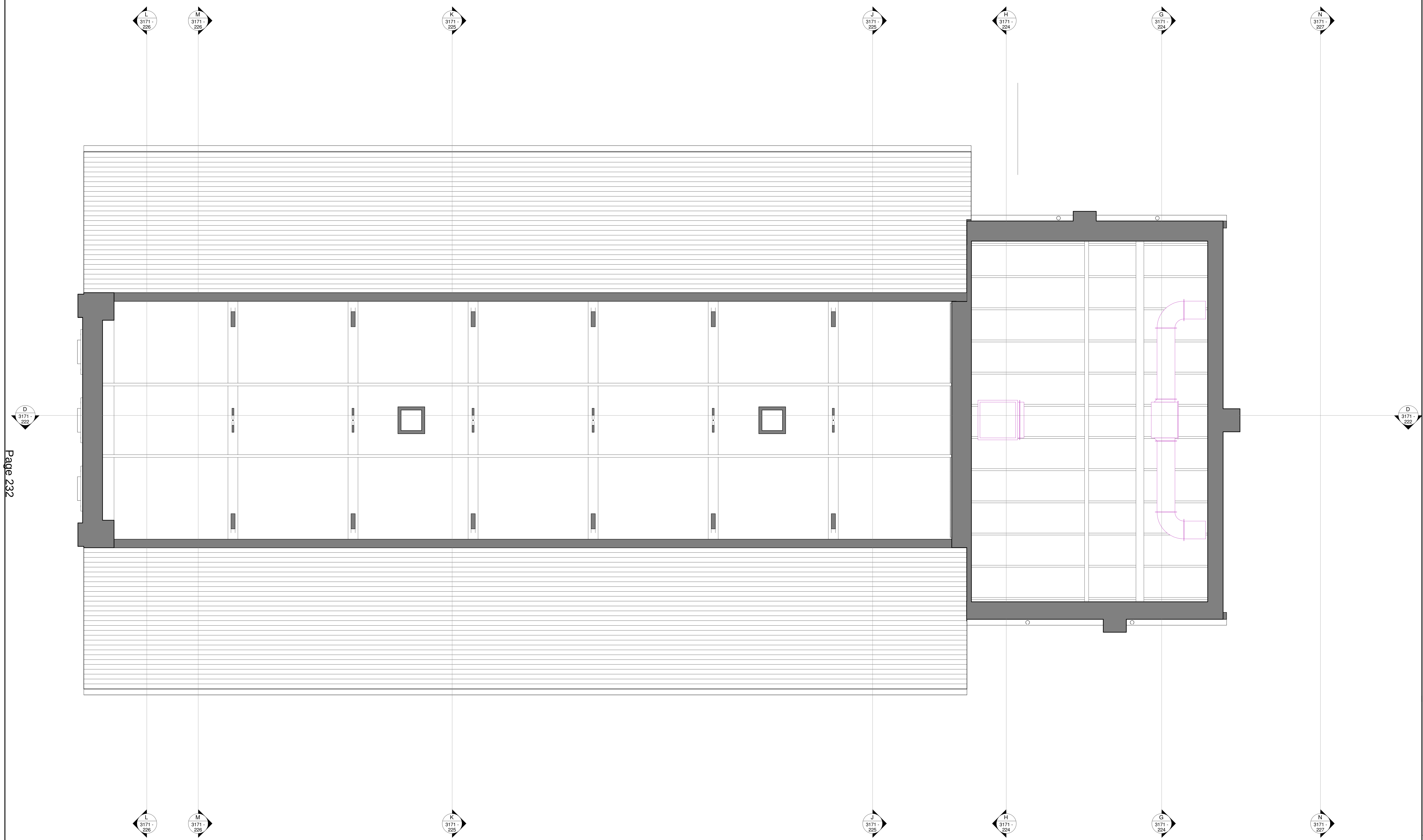

Rev	Details	Date	Checked by

PRELIMINARY

BROWNHILL HAYWARD BROWN

CHARTERED ARCHITECTS

GEORGIAN HOUSE 24 BIRD STREET LICHFIELD STAFFS WS13 6PT

TEL. 01543 254357 FAX. 01543 416540 e-mail. mail@bhbarchitects.co.uk

Client Tamworth Borough Council

Project Tamworth Assembly Rooms

Title Proposed Second Floor Plan

Scale	Date	Drawn By	Checked By	Drawing Number	Revision
1 : 50		MA	SPF	3171 - 124	

ISO 9001 REGISTERED FIRM

ISO 14001 REGISTERED FIRM

Notes :

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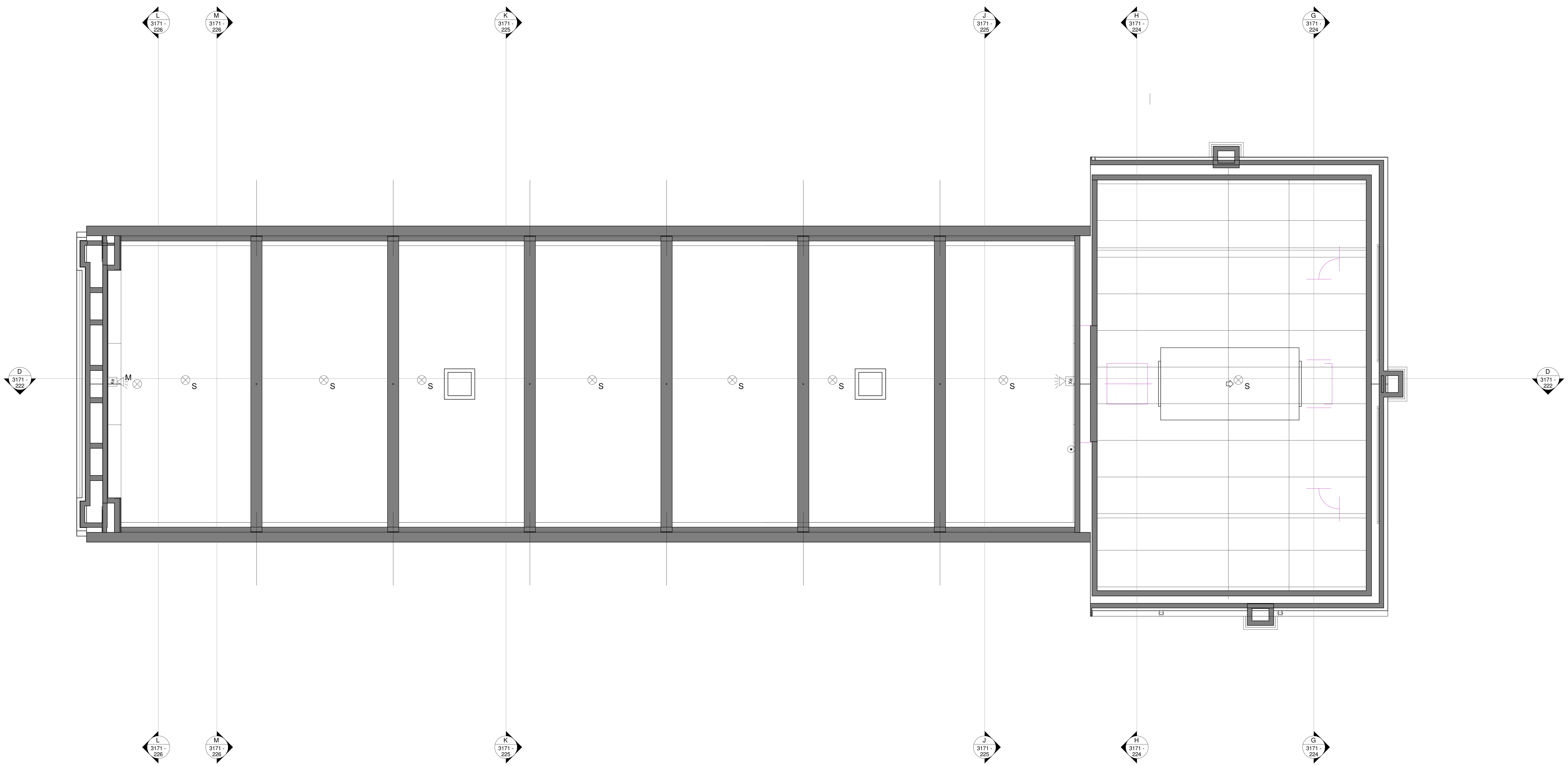

Rev	Details	Date	Checked by

PRELIMINARY

BROWNHILL HAYWARD BROWN

CHARTERED ARCHITECTS

GEORGIAN HOUSE 24 BIRD STREET LICHFIELD STAFFS WS13 6PT

TEL. 01543 254357 FAX. 01543 416540 e-mail. mail@bhbarchitects.co.uk

Client Tamworth Borough Council

Project Tamworth Assembly Rooms

Title Second Floor Ceiling Plan

Scale	Date	Drawn By	Checked By	Drawing Number	Revision
1 : 50	16-01-17	MA	SPF	3171 - 603	

ISO 9001 REGISTERED FIRM

ISO 14001 REGISTERED FIRM

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LICENCE AGREEMENT

This licence agreement is between:

TAMWORTH BOROUGH COUNCIL

and

????

Licence to Use & Occupy Accommodation and Parking for ? number of cars within the designated building car parking area at

TAMWORTH ENTERPRISE CENTRE
PHILIP DIX HOUSE
TAMWORTH

Licence commences: 1 April 2017

The Purpose of the Tamworth Enterprise Centre

To promote the creation and development of business enterprise and job creation within Tamworth, the Borough Council has provided accommodation, car parking and office services at the Tamworth Business Enterprise Centre. Businesses located at the Centre will be encouraged and supported to grow to the best of their efforts and to establish themselves to the point where their growth allows them to move to larger premises. Consequently, it is Council policy to limit occupation to two offices per Licensee unless specifically agreed to the contrary by the Council.
The Borough Council is prepared to offer the accommodation on the following terms and conditions. If you are willing to accept occupancy on such terms, then please sign and return two copies of this Licence.

Licence for occupation of a Room

THIS AGREEMENT is made on ________________ BETWEEN:

(1) Tamworth Borough Council of Marmion House, Lichfield Street, Tamworth, Staffordshire, B79 7BZ ('the Licensor")

(2) ????? ('the Licensee')

NOW IT IS AGREED as follows:

1 Interpretation

INTERPRETATION TABLE	
Word/Phrase	**Definition**
Accommodation	the office(s) shown in the approximate position edged red on the attached plan and situated within the Building
Building	the building shown edged blue on the plan annexed hereto known as the Tamworth Enterprise Centre, Philip Dix House, Corporation Street, Tamworth
Car Parking	the area shown edged green on the plan annexed available for parking the number of cars specified in this Licence.
Common Parts	Business lounge, toilets, kitchens, reception, break-out areas, seating areas, entrances and exits
Licence Fee	the fee payable by the Licensee in accordance with Clause 4 to include all costs relating to business rates, utilities and broadband provision,
Additional Services Fee	the fee payable by the Licensee for the use of any office services
Commencement Date	1st Day of April 2017
Parties	the Licensor and the Licensee

2 Nature of this agreement

This agreement is not intended to confer exclusive possession on the Licensee nor to create the relationship of landlord and tenant between the parties. The Licensee shall not be entitled to any tenancy, or to any other statutory security of tenure now or upon the determination of the Licence.

3 Licence for occupation

During the Licence Period, the Licensor shall permit the Licensee to have and enjoy (without interference or interruption by the Licensor) the following rights:

3.1 the right to use the Accommodation
3.2 the right to use the Common Parts of the Building
3.3 the right to park ? number of cars in the Building's car parking area

4 Licence Fee

The Licensee shall pay to the Licensor a licence fee of £??? a month payable in advance on 1st day of April 2017 and the first day of each successive month in respect of the occupation of the Building. The Licence Fee will increase by 10% two years after the Commencement Date and will increase annually thereafter at the discretion of the Licensor.

5 Payment for Additional Services

The Licensee shall pay to the Licensor an Additional Services Fee on the first day of each successive month in respect of the occupation of the Building for the use of any additional services provided by the Enterprise Centre at the rates specified in the Additional Services Schedule.

6 Licensee to provide employment and economic information

In order to satisfy the grant conditions related to the public funding of the Tamworth Enterprise Centre the Licensee must provide the Licensor with details of the number of employees and the number of businesses operating from the Licensee's accommodation.

7 Licensee's obligations

The Licensee:

7.1 Must not do or permit any act that would make the Licensor's insurance policy void or voidable or increase the premium.

7.2 Must not use the Accommodation for any activity which is dangerous, offensive, noisy, illegal or immoral or which is or may become a nuisance or annoyance to the Licensor or to other occupants of the Building or other neighbouring properties.

7.3 Must ensure that at the end of this licence the Accommodation is cleared of the Licensee's effects and left in good repair and clean condition in accordance with the provisions of this agreement.

7.4 Must allow the Licensor (or anyone else permitted by the Licensor) to have access to the Accommodation in order to inspect them and to carry out any other function that the Licensor may require at all reasonable times by prior appointment, but shall allow immediate access in the event of emergency.

7.5 Must take out insurance necessary for the Licensee's business. To insure to the Council's satisfaction the Licensee's own property and business risk (including obligations as Licensee of the

Unit) together with full public liability cover. If required the Licensee shall permit the Council to inspect insurance policies and produce evidence of payment of the premium

7.6 Must not make any alterations or additions (structural or otherwise) to any part of the Building.

7.7 Must comply with all statutory requirements in relation to the Building and the Licensee's business.

7.8 Must comply with all regulations the Licensor makes in relation to the management and administration of the Building and Car Parking.

7.9 Shall not store any dangerous, hazardous or inflammable materials or chemicals.

7.10 Shall not install any electrical equipment or heating apparatus without the Licensor's prior written approval, such approval not to be unreasonably withheld.

7.11 Shall not assign, sublet, share or part with possession or occupation of the Building or any part of the Building

7.12 Shall not fix any sign on the premises or any part of the Building without the Licensor's prior written approval, such approval not to be unreasonably withheld.

7.13 Must learn the fire exits and escape routes and other fire safety instructions issued both in the Licensee's Accommodation and at the main reception area within the Building and must follow instructions given by the Licensor for the safety and wellbeing of all occupants of the Building.

7.14 Must pay all reasonable costs and expenses which the Licensor directly incurs in taking action against the Licensee in consequence of the Licensee being in breach of this agreement.

7.15 Shall upon leaving the Building make good any damage to the Building caused by the removal of any of the Licensee's fittings and hand back the Accommodation to the Licensor in a clean, tidy and well decorated condition.

7.16 Shall upon vacating the Building replace any items broken by the Licensee. If the Licensee leaves any items or property in the premises after vacating, the Licensor shall inform the Licensee without reasonable delay

7.17 Where the Licensee is not a single named individual, nominate in writing a person who will be responsible for managing the Accommodation for the Licensee and who will accept responsibility for the Licensee's obligations under this Licence. This will not release the Licensee from any of its obligations under this Licence.

7.18 Will observe all regulations that may be issued from time to time by the Licensor concerning the parking of motor vehicles on the Premises.

7.19 Must not use the Broadband or WI Fi provided by the Licensor for any illegal activity or in any way that will damage the reputation of the Licensor.

7.20 The Licensee and the Licensee's employees and visitors will comply with the Building's No Smoking policy. This policy applies to the building and the immediate surroundings of the building.

7.21 Must ensure that the Accommodation is emptied of refuse at least once every week and that all refuse is disposed of and placed in the receptacles supplied for that purpose. If there is a need for special waste disposal the Licensee must make arrangements for this to be done.

7.22 Will clean the internal windows of the accommodation at least once a month.

7.23 Agrees not to occupy more than two of the offices available at the Enterprise Centre unless by specific agreement with the Licensor.

8 Licensor's obligations

8.1 The Licensor will not interfere with the Licensee's right to remain in the premises unless:

8.1.1 There is a breach of one of the Licensee's obligations.

8.1.2 Possession is required to carry out redevelopment or major rehabilitation.

8.2 The Licensor shall make reasonable arrangements for entering the Accommodation to carry out repairs or other works ordered.

8.3 The Licensor shall be responsible for providing the following services, the cost of which is included in the Licence Fee (please note the Licence Fee does not include the costs of the Licensee's telephone and associated costs):

8.3.1 Maintaining the structure and exterior parts of the Building in good functional repair.

8.3.2 Providing during normal business hours:

I. Lighting and heating to the Accommodation and all Communal Parts of the Building.

II. Toilet and wash facilities to the Building.

III. Any other additional services (at the Licensor's discretion) which are reasonably necessary in the Licensor's opinion for the better management and administration of the Building.

8.3.3 Cleaning and decorating the exterior and communal areas of the Building.

8.3.4 providing car parking permits to the Licensee for the use of ? car parking spaces within the designated Car Parking Area. All car parking permits are to be returned to the Licensor on termination of the Licence.

8.3.5 Taking such precautions against theft and damage in respect of the Building as the Licensor thinks necessary (excluding the Accommodation which is the Licensee's responsibility)

8.3.6 Ensuring that the Building is fully insured at all times.

8.3.7 Ensuring that the Building is fit for purpose.

8.4 The Licensor shall indemnify the Licensee and keep the Licensee indemnified against all losses, claims, demands, actions, proceedings, damages, costs, expenses or other liability in any way arising from the Licensor's direct or indirect neglect, failure to repair or failure to comply with fire, health or safety or other regulations.

9 Limit on Licensor's liabilities

The parties hereby agree to the extent permitted by the Unfair Contract Terms Act 1977 that the Licensee will indemnify the Licensor against:-

(1) any death or personal injury to any person, or any loss of or damage to any property of the Licensor, the Licensee or any other person (including the consequences of any failure or inadequacy in the supply of lighting power heating or plumbing installations to the Unit or other part of the Premises).

(2) any damage to the Licensee's goods or any disruption of the Licensee's business as a result of any fire or water damage or any other cause.

(3) any failure of broadband services and any loss incurred by the Licensee as a result of the failure of these services.

(4) any consequential or other loss which may be incurred by the Licensor, the Licensee or any other person

and (excepting liability for death or personal injury resulting from any negligence of the Council) that the Council shall have no liability to the Licensee for any of these matters.

10 Determination of the licence

This licence may be ended:

10.1.1 By the Licensor with one week's notice if the Licence Fee and Additional Services Fee is not paid within one week of the Licence Fee and Service Fee becoming due or if the Licensee is in breach of any of the terms of this agreement.

10.1.2 By the Licensor without notice if the Licensee becomes bankrupt, has an administration order made against it or has a judgement enforced or entered against it.

10.1.3 By the Licensor giving two months' notice in writing to the Licensee to expire at any time.

10.1.4 By the Licensee giving one month's notice in writing to the Licensor to expire at any time.

11 Refunds

At the end of the licence the Licensor must repay to the Licensee any part of the Licence Fee already paid that relates to a period after the licence has ended. The Licensor reserves the right to deduct costs arising from any damages from any outstanding sum.

I have read and understood the above offer and agree to abide by the conditions of the licence stated in this document.

Signed_____________________________________ (Licensee)

In the presence of:

Name………………………………………

Block Capitals……………………………

Address……………………………………

………………………………………………….

………………………………………………….

Signed_____________________________________ (Licensor)
(**Authorised Officer on behalf of Tamworth Borough Council)**

Date_____________________

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Tamworth Enterprise Centre Operational Proposals

Accommodation Pricing

16 offices providing accommodation for approximately 50 persons have been constructed which will be offered to rent at a price of £20 per sq m rising to £22 per sq m after 2 years. The accommodation also offers free use of a Business Lounge and three Meeting Rooms for hire.

The Meeting Rooms can be hired per hour, per ½ day and per day. The smallest meeting room for 8 people is priced at £10 per hour / £25 per ½ day / £30 per day: the largest meeting room for 16 people is priced at £20 per hour / £50 per ½ day / £70 per day

Additional Services offered

In addition to the building accommodation the Enterprise Centre will offer the following services:

- Meeting Room Hire for external organisations
- Virtual Office Service (Accommodation Address / Mail Handling / Free Use of Business Lounge)
- Business Buffet Lunches
- Reprographic Services

The prices for Additional Services will be determined by the level of demand

TEC Policies

Licensees will be restricted to two offices so that the building does not become dominated by a single large business. Licensees will be able to move within the Business Enterprise Centre as the business increases in size. The maximum business size that could be accommodated within the Enterprise Centre is eleven employees (2 offices of 5 & 6 workstations)

The building and surrounding car parking will operate a No Smoking policy

SCHEDULE OF ACCOMMODATION

Office No. (see floor plans)	Occupancy No. of persons	Sq.m.	Inclusive Rental (monthly)	Cost per Workstation	Available
1	4	28	£560	£140	√
2	2	12	£240	£120	**X**
3	2	15	£300	£150	
4	3	19	£380	£127	
5	2	14	£280	£140	
6	3	20	£400	£133	
7	4	23	£460	£115	
8	4	23	£460	£115	
9	3	21	£420	£140	
10	2	10	£200	£100	
11	3	21	£420	£140	
12	2	14	£280	£140	
13	5	30	£600	£120	
14	5	30	£600	£120	
15	2	13	£260	£130	
16	6	36	£720	£120	
MEETING ROOM 1	16	£20 per hour / £50 per ½ day / £70 per day			
MEETING ROOM 2	14	£15 per hour / £40 per ½ day / £60 per day			
MEETING ROOM 3	8	£10 per hour / £25 per ½ day / £30 per day			

ADDITIONAL SERVICES SCHEDULE	
Virtual Office - Accommodation Address / Mail Handling / Free Use of Business Hub	£15 per week
Meeting Room Business Buffet Lunches	£3 or £5 per person
Photocopying	TBC
Printing	TBC
Scanning	TBC
Faxing	TBC
Replacement Articles	Front Door Key £25 Office Door Key £15 I D / Swipe Cards £10 Car Park Permits £15

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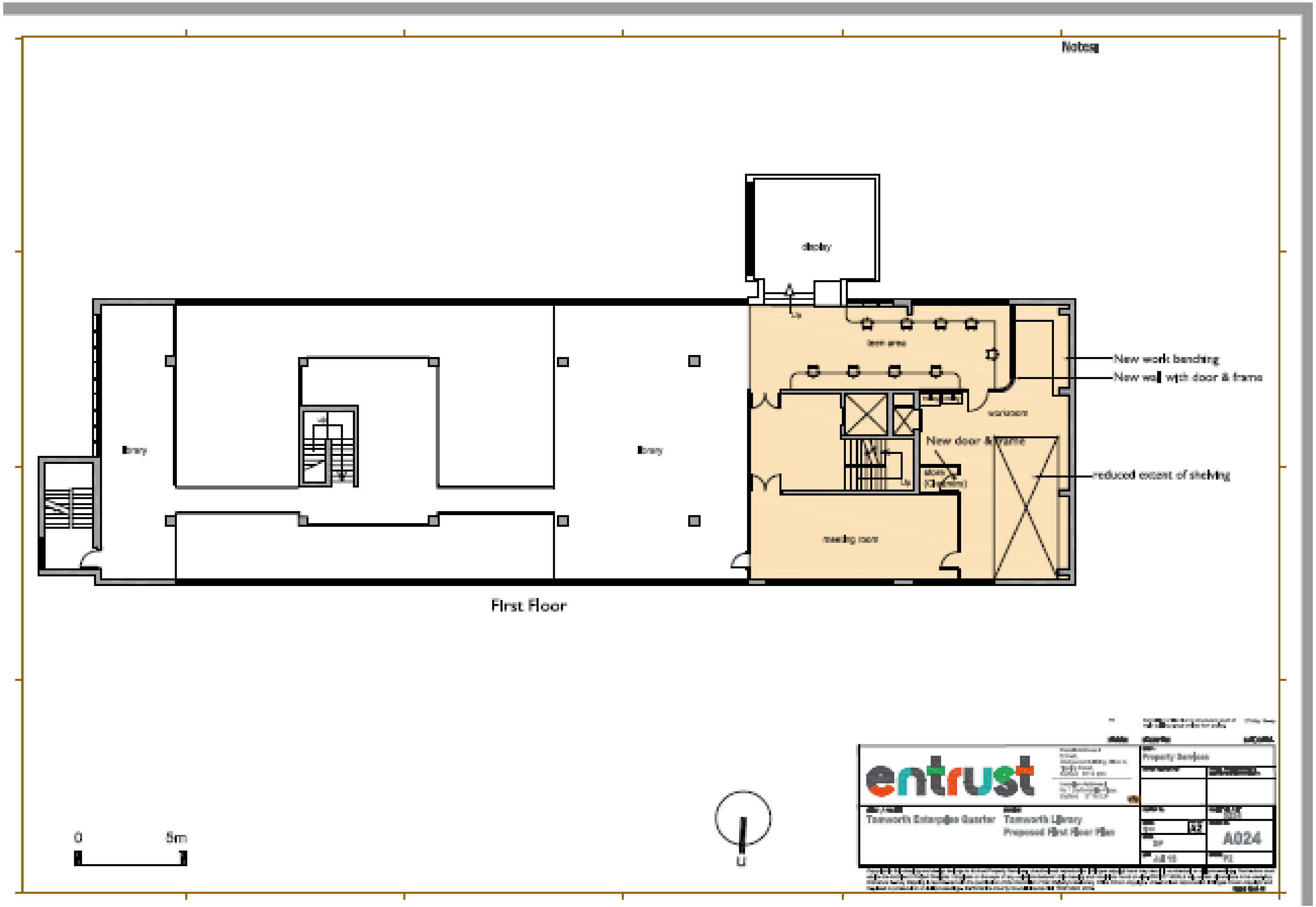
Tamworth

Enterprise Centre

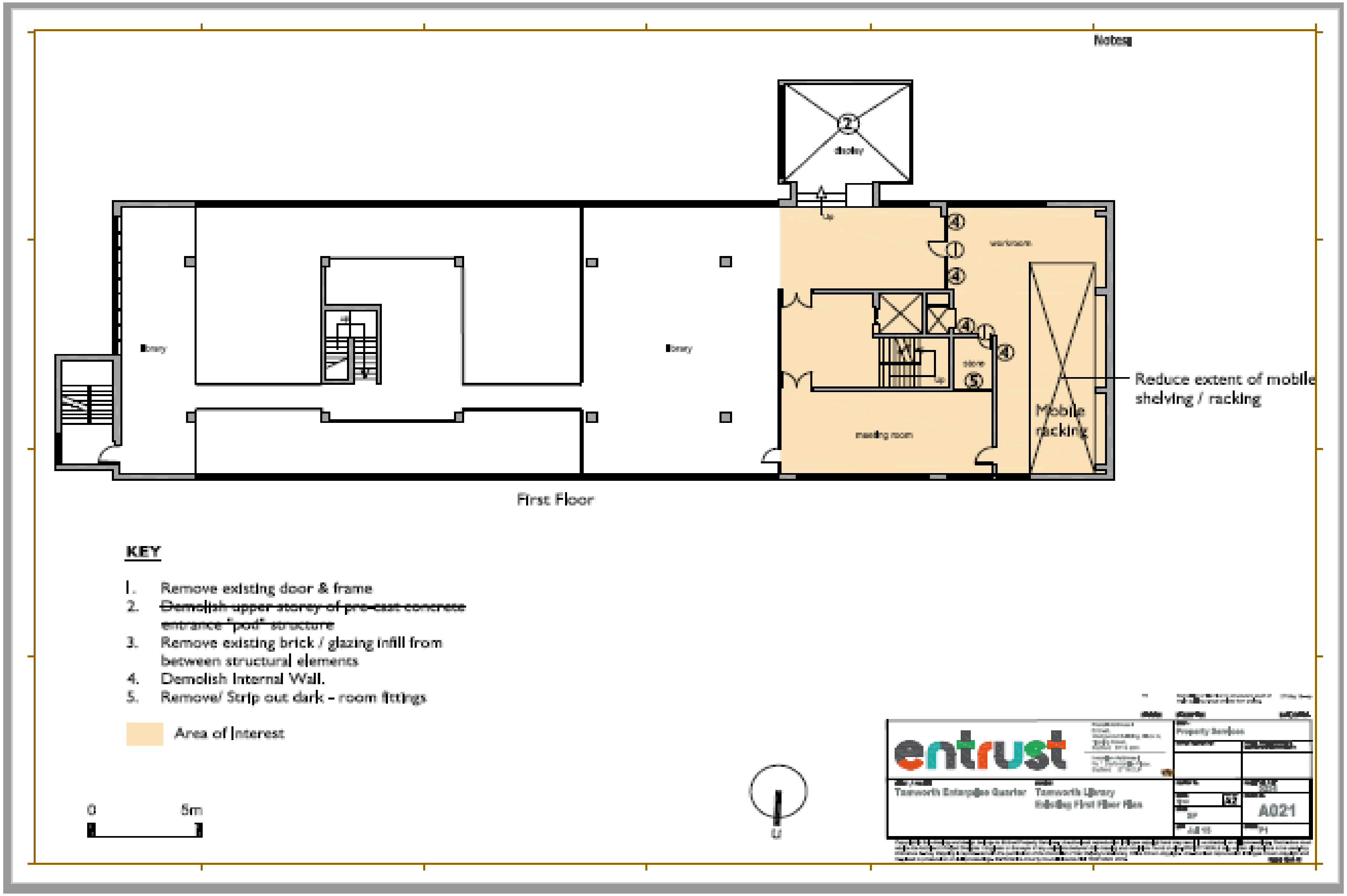
SERVICED OFFICE SPACE

	Action	Purpose	Comments	Deadline	Lead Officer
1	Establish and deliver active social media presence	To assist in the ongoing promotion of the Centre. Allows the Centre to advertise at a low cost in strategically important locations with a large reach, such as Facebook and Linkedin, raising profile and generating leads.	Twitter Handle / Facebook / Linkedin / Website / instagram	Mar-17	Economic Development and Regeneration (EDR) Team / Enterprise Centre Officer (ECO)
2	Produce hardcopy and digital marketing material	To send to prospective clients and partners in order to promote the Centre	Price lists, basic leaflets detailing services	Apr-17	EDR Team
3	Attend local networking groups	Promote the Centre to small local businesses, creating awareness and opportunities locally. Offer netowrking groups the use of the Centre for meetings.	Use existing networks already have access to	Ongoing	Business Liaison Officer (BLO) / Tourism and Town Centre Officer (TTC)
4	Engage FSB and Chamber of Commerce	Work closely with the FSB and local Chamber to promote the offer and encourage use of meeting room space and business lounge. Offer Chamber and FSB office space or hot desk ability.	FSB and Chamber both have access to large businesses datbases that they regularly comunicate with.	Ongoing	BLO
5	Brief Growth Hub staff on Centre and put offer on Growth Hub websites.	Growth hubs are the principle point of contact for business support, they can refer people to the Centre if they are suitable.	Adds extra databases, opportunities and reach to business community.	Apr-17	BLO
6	Brief business support partners and offer use of Centre	To use partners delivering business support programmes to deliver their schemes from the centre, encouraging hot desk usage, meeting room take up and clients for the office space.	Drives users of the centre and promotes use for little or no cost.	Ongoing	BLO
7	Generate PR stories on tenants and Centre successes.	To raise the profile of centre activities and users	Examples of other users give businesses confidence to enquire or locate in the Centre. Promotes the activities, benfits and purpose of the Centre.	Ongoing	ECO
8	Generate Events and Business Support offer	To raise the profile of the Centre, create a busy atmosphere in the building, driving usage	After the Centre has been running for a few months identify opporutunities for support requested or identified by users and gaps in provision that could be easily filled.	Ongoing	ECO
9	Develop excellent relationships with Tenants	Create long lasting, strong relationships with tenants and their clients, to ensure a good reputation of the Centre and potnetial for tenants / users to recommend and "sell" space to friends and colleague in other businesses.	Word of mouth and strong relationships will allow the Centre to develop a good reputation and attract businesses.	Onoging	ECO
10	Engage a reseller for Virtual Office Services	Use reseller to maximise selling of Virtual office space facilities	Resellers have lists of customers wishing to take space and for a fee reduce internal staff resource needed to promote this.	Onoging	ECO

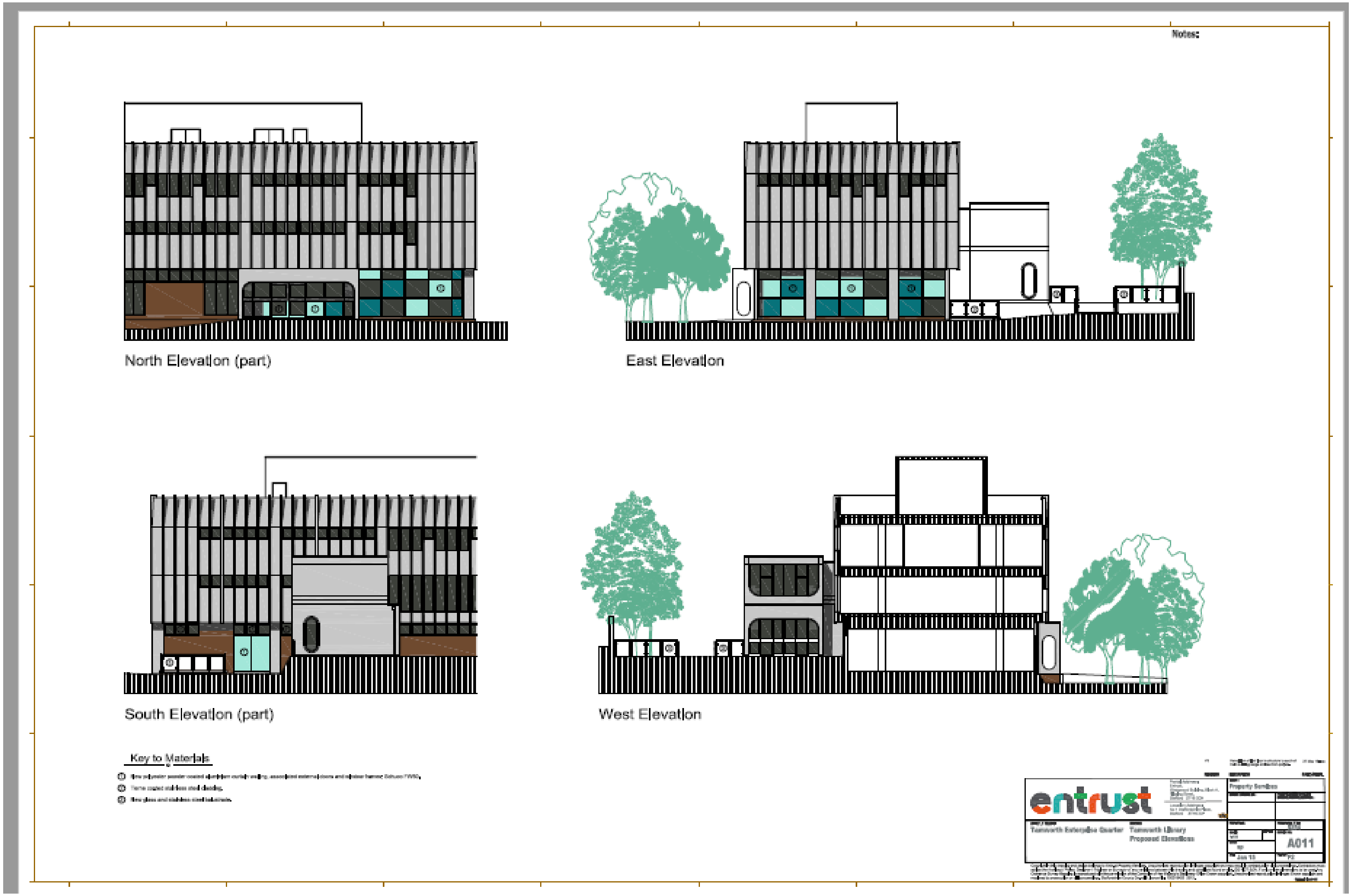
Library – Ground floor



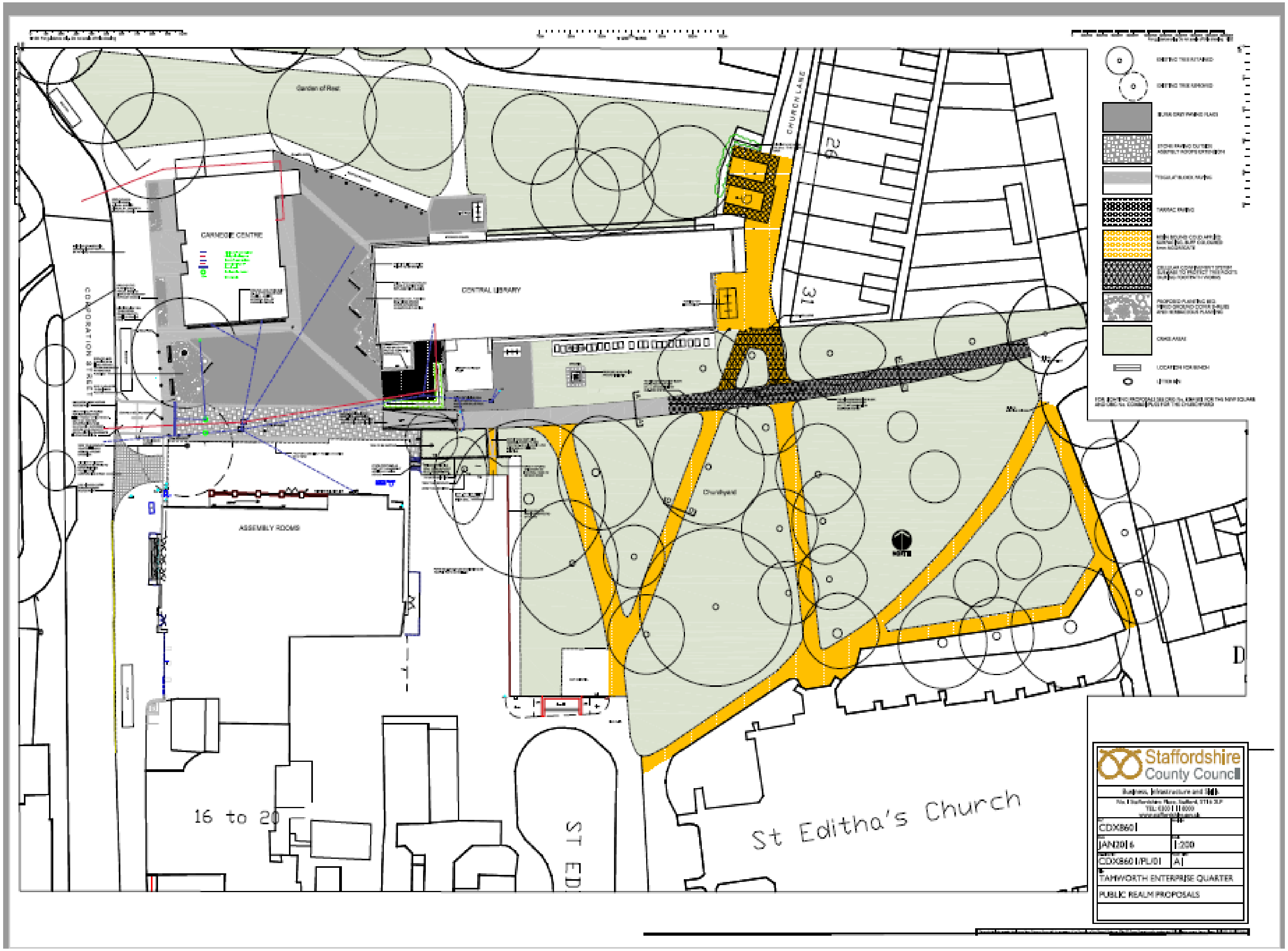
Library – first floor



Library - Elevations



Public Realm



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Tamworth Borough Council

Project Brief

Project Name:			
Date:		**Release:**	
Author:			
Owner:	Nicola Hesketh		
Client:			
Document Number:			

Note: This document is only valid on the day it was printed

Revision History

Date of next revision:

Revision Date	Previous Revision Date	Summary of Changes	Changes Marked
March 15	N/A	Template Creation – Project Brief	N/A
April 16	March 15	Update of TBC Logo	
August 2016	April 16	Minor Amendments	
OCT 16	August 16	ICT Management Endorsement	

Approvals

This document requires the following approvals. A signed copy should be placed in the project files.

Name	Signature	Title	Date of Issue	Version
Nicki Burton		Director – Technology & Corporate Programmes	Oct 16	
Gareth Youlden		Technical Services Manager	Oct 16	
Jon McDevitt		Digital Data Manager	Oct 16	
Nicola Hesketh		Project & Information Coordinator	Oct 16	

Distribution

This document has been distributed to:

Name	Title	Date of Issue	Version

Overview

Purpose

A Project Brief is used to provide a full and firm foundation for the initiation of the project and is created in the Starting up a Project process.

In the Initiating a Project process, the contents of the Project Brief are extended and refined in the Project Initiation Documentation, after which the Project Brief is no longer maintained.

Contents

The Project Brief should cover the following topics.

Project Definition..4
Outline Business Case..5
Project Product Description 5
Project Approach..6
Project Management Team Structure....................................6
Role Descriptions..6
References...6

Advice

The Project Brief is derived from: A project mandate supplied at the start of the project; Programme management - if the project is part of a programme, the Project Brief is likely to be supplied by the programme, and therefore it will not have to be derived from a project mandate; Discussions with corporate management regarding corporate strategy and any policies and standards that apply.

A Project Brief can take a number of formats, including: Document or presentation slides; Entry in a project management tool.

The following quality criteria should be observed:

- It is brief because its purpose at this point is to provide a firm basis on which to initiate a project. It will later be refined and expanded as part of the Project Initiation Documentation
- The Project Brief accurately reflects the project mandate and the requirements of the business and the users
- The project approach considers a range of solutions, such as: bespoke or off-the-shelf; contracted out or developed in-house; designed from new or a modified existing product
- The project approach has been selected which maximises the chance of achieving overall success for the project
- The project objectives, project approach and strategies are consistent with the organisation’s corporate social responsibility directive
- The project objectives are Specific, Measurable, Achievable, Realistic and Time-bound (SMART).

Project Definition

(Explaining what the project needs to achieve. It should include information on the sections given below)

The purpose of this project is to examine the long term options for the location of the Tourist Information Centre (TIC) service provision.

Background

The work has now started on the Philip Dix Centre to convert it into a Business Enterprise Centre and the TIC has been relocated into Marmion House. Members have indicated that this is a short term solution and that a location for the longer term needs to be found.

Project objectives

(Covering time, cost, quality, scope, risk and benefit performance goals)

- To have a TIC in the town centre that provides advice, sells tickets and offers an opportunity to sell merchandise
- To be open 7 days a week
- To be run by Customer Services staff
- To be able to provide other Council services (e.g. payments)
- To investigate the potential for 'mini satellite'
- To investigate the potential for a mobile TIC
- Improve systems/ICT infrastructure
- Improve Customer journey – consistency
- Delivered in 18 months

Desired outcomes

To recommend a physical location for the Tourist Information Centre in the town centre.

Project scope and exclusions

The project will look at the long-term physical relocation of the Tourist Information Centre from Marmion House into the Town Centre and how services will be delivered. The project is not reviewing what services will be delivered.

The project will explore the following options:

- Assembly Rooms (size of space dependant)
- Library
- Premises in Market Street
- A location within the castle grounds (size of space dependant)

The project will also consider the potential for a mini-satellite TIC and for mobile TIC services.

The location must allow the TIC to provide as a minimum the same type of services it did when located in the Phil Dix Centre, including the ability to sell tickets for TBC events and partner events, sell stock for partners, provide information on events throughout the town.

Constraints and assumptions

The constraints are the availability of premises in the Town Centre, the affordability of said premises and also the current Council resources/budgets. The assumptions are that the service will transfer and operate as it is in Marmion House.

Project tolerances

It would be expected that this project is delivered within a 2 year time period.

The user(s) and any other known interested parties

The TIC offers services which benefit both internal & external parties.

Internally the TIC currently offers services to:

Castle

- Ticket sales – at present, this includes all aspects from taking customer details, handling payments, printing tickets and collection of tickets or posting out of tickets but may not be needed by the time of implementation.
- Back office support - usage and training of the Haven Till & Haven Stock system.
- Information advice and guidance - TIC is the main site that locals hear about the Castle events and a low level of leaflets and promotional material is stored there.

Tamworth Arts & Events

- Ticket sales – Assembly rooms shut from September 16 but still selling shows for outdoor events, arts development and community groups.
- Back office support – Admin support for all ticket purchases not online. Admin for the art development programme, I.E: Child Consent form/collection of artwork for projects from the community. Care of Box office ticket and postal tickets. Cancellation of shows – contacting customers. Providing refunds/exchanges. Services may change once the Assembly Rooms building has been extended and refurbished.
- Information Advice and Guidance – Promotion space for flyers/ posters/ leaflets/ pop up banners. Face to face and phone enquires; information regarding events, directional advice for customers, parking, up selling shows.

Economic Development

- Tourism and Town Centre – Hardcopy leaflet distribution

Externally the TIC offers services to:

Public

- Information advice and guidance – advises on a variety of local events, attractions and services.

Interfaces

- Enterprise Quarter Project
- The Castle Review
- Tamworth Business Improvement District (BID)

Outline Business Case

(Reasons why the project is needed and the business option selected. This will later be developed into a detailed Business Case during the Initiating a Project process)

It was agreed to move the Tourist Information Centre from its previous location at Cabinet into Marmion House as a short term option and now the long term option needs to be delivered.

Project Product Description

(Including the customer's quality expectations, user acceptance criteria, and operations and maintenance acceptance criteria)

To be developed as part of the project.

Project Approach

(To define the choice of solution that will be used within the project to deliver the business option selected from the Business Case, taking into consideration the operational environment into which the solution must fit)

Project Management Team Structure

(A chart showing who will be involved with the project)

Enterprise Quarter Governance Group

Matthew Bowers - Head of Managed Growth, Regeneration and Development
Matthew Fletcher - Senior Economic Development and Regeneration Officer
David Hunter - Senior Regeneration Officer
Tracey Tudor - Head of Customer Service
Barry Curtis - Facilities Manager - Property Services
Christie Tims - Head of Organisational Development
Neil Mason - Head of Community Leisure

Role Descriptions

(For the project management team and any other key resources identified at this time)

References

(To any associated documents or products)

Please see the following reports:
Enterprise Quarter Cabinet Report – January 2016
Tamworth Tourist Information Centre – High Level Options Review – June 2016

REPORT OF THE PORTFOLIO HOLDER FOR REGENERATION

TAMWORTH LOCAL DEVELOPMENT SCHEME 9

EXEMPT INFORMATION
None

PURPOSE
To seek approval to adopt the revised version of the Tamworth Borough Council Local Development Scheme (LDS 9).

RECOMMENDATIONS
That Cabinet approves the adoption of LDS 9 to supersede the existing Local Development Scheme (LDS 8) dated September 2014 and resolves that LDS 9 shall have effect from 01 March 2017.

EXECUTIVE SUMMARY
A Local Development Scheme (LDS) is required under Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended) and the Act requires that the document be made available to the public and kept up-to-date.

The LDS forms part of the Development Plan for Tamworth and should set out the Council's programme for the preparation of Local Development Documents over a three-year period. The three-year programme should inform the public and other stakeholders about opportunities to get involved with the plan-making process and to let them know the likely dates for involvement.

The current LDS was adopted in September 2014 and set out a work programme up to the end of 2016 including for the production and adoption of the Tamworth Borough Council Local Plan 2006 – 2031. As the Local Plan has been adopted and the timeline set out in LDS 8 has reached its conclusion, now is an appropriate time to update the LDS to set out the proposed work programme until the end of 2019.

As the Local Plan has now been adopted, the future focus will be on proactively facilitating the implementation of the plan including through the production of development briefs to bring forward the development of allocated sites in the Local Plan. The new LDS focuses on the production of supplementary planning documents, to provide more detailed advice and guidance on the policies in the Local Plan, and the implementation of a Community Infrastructure Levy to help deliver infrastructure to support the development of the area.

The adopted Local Plan contains a commitment to work with Lichfield District Council and North Warwickshire Borough Council to meet Tamworth's remaining unmet need of 825 dwellings and 14 hectares of employment land. At the recommendation of the Inspector during the Local Plan Examination, the Local Plan also contains a commitment to carry out an early review in the event that it has not been possible to identify suitable sites in adjoining Districts to meet the unmet need by the end of the year 2017/18. This is reflected in the work programme set out in the revised LDS.

A summary of changes in the revised LDS is set out below:

- The Tamworth Borough Council Local Plan 2006 – 2031 has now been adopted and so is no longer included in the work programme;
- A potential early review of the Local Plan has been timetabled for 2018/19 in line with the Inspector's recommendation at the Local Plan Examination;
- Revised timetables have been set out for delivery of the two Supplementary Planning Documents;
- The implementation of a Community Infrastructure Levy has been timetabled for adoption in 2017.

Once a revised LDS is adopted, it will be made available to the public through the Council's website and will be reviewed on an annual basis to ensure that it remains up-to-date

OPTIONS CONSIDERED
The existing LDS is now out of date and so the only alternative option would be to not have a LDS in place. For the reasons set out in the legal/risk considerations below, this is not considered to be a viable option and so the revised LDS has been prepared.

RESOURCE IMPLICATIONS
The resource implications are outlined in the attached draft Tamworth Borough Council Local Development Scheme 9. In summary, the majority of the work programme will be delivered using existing resources within the service, however consultants may be required to be engaged on specific projects where there is a need for specialist skills or if there is a lack of capacity in-house. There is a budget identified for consultancy support to the Local Development Framework for 2017/18 financial year.

The effective LDS was based on the budgetary setting process for 2016-2017 and the forward planning budgetary arrangements still hold good. The budget setting process for 2018-2019 and beyond will need to include appropriate consideration of resources to deliver the revised LDS programme and may result in the need for a policy change

LEGAL/RISK IMPLICATIONS BACKGROUND
Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended) requires all local planning authorities to prepare and maintain a local development scheme and specifies what is to be included in it. Section 13(3A) states that if a local planning authority has not prepared a local development scheme, the Secretary of State may prepare one for the authority and direct the authority to bring that scheme into effect. Therefore, failure to prepare an up-to-date local development scheme could result in one being prepared by the Secretary of State on the Council's behalf.

SUSTAINABILITY IMPLICATIONS
The National Planning Policy Framework (NPPF) sets out the presumption in favour of sustainable development and the need for sustainable economic growth on which local plans are to be based and includes clear policies that guide how the presumption should be applied locally.

The LDS document itself will have limited sustainability implications, however it does provide the framework for the delivery of local plan documents, the policies and proposals contained within which will impact on the three facets of sustainable development: economic, social and environmental.

Consideration will be given to the sustainability implications of each document required to be produced under the LDS and measures will be taken to minimise any potential conflicts and adverse impacts in order to achieve the most sustainable outcome for Tamworth

BACKGROUND INFORMATION

REPORT AUTHOR
Richard Powell, Planning Policy and Delivery Officer, x274

LIST OF BACKGROUND PAPERS
Tamworth Borough Council Local Development Scheme September 2014 (LDS 8)

APPENDICES
Draft Tamworth Borough Council Local Development Scheme 9.

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Tamworth Borough Council
Local Development Scheme 9
xMonthx 2017

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1. Introduction

The Local Development Scheme (LDS) forms part of the Development Plan for Tamworth and sets out the Council's programme for the preparation of Local Development Documents (LDDs) over a three-year period. The three-year programme includes informing the public and other stakeholders about opportunities to get involved with the plan-making process and to let them know the likely dates for involvement. The LDS is also required to set out a longer-term programme for document preparation beyond three years.

The Council is committed to the programme set out in the LDS because of the benefits that an up to date and effective development plan and supplementary policies can have, including:

- Community commitment to the future of the area;
- Providing a means for co-ordinating the activities of different departments, agencies and organisations;
- The role of plans in promoting regeneration and investment; by creating certainty and commitment to change and improvement;
- The need for a clear audit trail to link bids for public funds to a coherent and soundly based strategy for the area; and
- Providing a strongly justified basis for successful negotiations over development proposals and for developer contributions.

Stakeholder and community engagement is a fundamental requirement of the planning system. However in view of the limited production of LDDs and timescales in this LDS it is not considered necessary to formally consult on the preparation of this LDS but appropriate stakeholders will be notified of its adoption.

2. Regulatory, strategic policy and regional context

National policy and guidance

Preparation of the LDS is currently a mandatory requirement under the Planning & Compulsory Purchase Act 2004 (as amended). Guidance on their preparation suggests that the LDS should have regard to:

- Whether the scheme adopts a robust approach to its preparation and is 'fit for purpose';
- whether it is deliverable within realistic time-scales supported by sufficient resources in terms of manpower and funding; and
- whether it indicates a comprehensive approach to LDD production based on sound programme management and provides an easy to understand guide as to what LDDs are to be prepared and when.

An important part of delivering a sound LDS is a robust evidence base. This revision of the LDS takes into account the recent adoption of the Local Plan and the evidence base that supports it.

Regional context

Tamworth is part of a number of strategic areas and partnerships within the region including:

- Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP);
- Greater Birmingham Housing Market Area;
- Stoke on Trent & Staffordshire LEP; and
- Non-constituent member of the West Midlands Combined Authority (WMCA).

The spatial aspects of the GBSLEP's Economic Strategy, in particular its focus on job creation, have been taken forward through the Local Plan. The GBSLEP Strategic Economic Plan 2016 - 2030 (SEP) sets out a vision and strategy for delivering smarter, more sustainable and more inclusive growth in the area up to 2030 and as such future Development Plan Documents will be required to take account of the SEP.

Sustainable Community Strategy & Other External Strategies

The current adopted Sustainable Community Strategy covers the period 2008 - 2021 and has been written by local people and other organisations coming together through the Tamworth Strategic Partnership (TSP). The LDDs will have regard to the SCS and ensure that land-use requirements arising from that strategy are addressed. In turn, as it is updated, the SCS is expected to address issues that arise from those development requirements driven by the adopted Local Plan.

The Council has a number of strategies that have land-use implications and these will be taken into account in the preparation of LDDs insofar as the strategies accord with the Sustainable Community Strategy.

The Tamworth Local Transport Plan will have a key influence on future development patterns and the County Transportation Group will be a key consultee and advisor in the land use planning process. The Tamworth Place Strategy and Action Plan will play an important role in aligning objectives from the Local Plan, in particular focusing on regenerating the town centre.

Strategic Environmental Assessment (SEA) and Sustainability Appraisal (SA)

The requirements of the Strategic Environmental Assessment (SEA) Directive have been linked with regulations covering Sustainability Appraisals which require authorities to take account of social, economic and environmental considerations. From this flows the need for the process of LDD preparation to:

- Identify strategic alternatives;
- Collect base-line monitoring information;
- Predict significant effects more thoroughly;
- Secure greater consultation with the public and stakeholders; and

- Address and monitor the significant effects of the plan;

As part of the development of the Local Plan, the Council:
- Prepared a report on the significant effects of issues and options;
- Carried out consultation on the issues and options and accompanying reports;
- Took into account those reports and the results of consultation in decision making;
- Provided information when the plan was adopted to show how the results of the SEA were taken into account.

In order to comply fully with relevant regulations, the principles of SEA and the SA will be embedded into production of new LDDs from the start of preparation.

3. Summary of current Local Development Documents

Development Plan Documents
The following documents are considered to be Development Plan Documents.

Tamworth Local Plan 2006-2031
The Tamworth Local Plan was adopted in February 2016 and, along with the proposals map, is the main document of Tamworth's development plan. It sets out the policies and guidance for new development in Tamworth. It sets out the vision and spatial planning strategy for Tamworth, it states the ambitions and principles to guide the future of the area up to 2031 and allocates parts of the town for new homes and employment land required to meet local needs. It also includes policies to ensure that appropriate supporting infrastructure is delivered and the area's built and natural environment is protected and enhanced. The Local Plan aims to be sufficiently flexible to adapt to the changing circumstances during its life.

The Local Plan applies to the whole of the borough.

A timetable for monitoring and review of the Local Plan is included in Appendix A.

Saved Policies of the Tamworth Local Plan 2001-2011
The majority of the policies contained within the Local Plan 2001-2011 have been superseded by the policies contained within the adopted Local Plan 2006-2031 with the exception of policy EMP7 Working from Home which remains in effect.

The saved policy applies to the whole of the borough.

Other Local Development Documents and Supplementary Planning Documents

The following documents are not considered to be Development Plan Documents but are nevertheless an important part of the development plan for Tamworth.

Statement of Community Involvement (SCI)

The SCI sets out standards and the approach to involving stakeholders and the community in the production of all Local Development Documents and the assessment of planning applications through the development management process. It is the Council's service level agreement with the community and stakeholders.

The SCI applies to the whole of the borough.

A timetable for the periodic review of the SCI is included in Appendix A.

4. New Local Development Documents

Set out below is a list of the LDDs to be prepared by the Council. A timetable for the preparation of the documents is included in Appendix A.

Development Plan Documents

There are no further DPDs to be prepared at this stage.

Other Local Development Documents and Supplementary Planning Documents

The following documents are not considered to be Development Plan Documents but are nevertheless an important part of the development plan for Tamworth and are/will be, where relevant, a material consideration in the determination of planning applications.

Design SPD

This will set out key guidelines to enhance the quality and distinctiveness of places when developing in Tamworth. The document will seek to raise the quality of the built environment, including the historic environment, and ensure that high standards of design are achieved throughout the borough. It will also provide guidance to assist applicants in complying with the requirements of historic environment policies set out in the Local Plan and to provide guidance on how the Council expects the historic environment to be taken into account in the development management process.

The document will apply to the whole of the borough.

A timetable for the production and adoption of the Design SPD is included in Appendix A.

Revised Planning Obligations SPD

The existing Planning Obligations SPD was adopted in 2007 and is in need of updating to bring it in line with the adopted Local Plan. The new document will provide guidance setting out when and how the Council will expect developers to enter into planning obligations and the type of facilities and other benefits which will be expected to be provided in order to provide mitigation against the impacts of specific developments. The Planning Obligations SPD will be closely linked to the Community Infrastructure Levy and the Infrastructure Delivery Plan.

The document will apply to the whole of the borough.

A timetable for the production and adoption of the document is included in Appendix A.

Community Infrastructure Levy (CIL)

The CIL charging schedule will set out the various chargeable rates for development on which the levy can be collected. The monies collected via the levy will be put towards the provision of infrastructure projects identified on the Regulation 123 list which will accompany the charging schedule. The CIL will be closely linked to the Planning Obligations SPD and the Infrastructure Delivery Plan.

The document will apply to the whole borough with geographical exceptions applying to certain forms of development.

A timetable for the production and adoption of the document is included in Appendix A.

5. Joint working/duty to cooperate

It is not considered necessary at present for the Council to produce joint documents with neighbouring authorities. However, it will be necessary for the Council to engage with adjoining authorities and Staffordshire County Council to ensure that the Development Plan provides a realistic and functional framework.

It is the Councils intention to continue to engage with both Lichfield and North Warwickshire to address any issues that cannot be dealt with within the borough. The three local authorities have committed to co-operate on strategic planning issues to deliver the remaining unmet need of 825 dwellings and a minimum of 14 hectares of employment land for Tamworth. However if it has not been possible to propose sites for allocation through a statutory development plan for Lichfield District or North Warwickshire Borough, or through the granting of planning permissions in either district by the end of the year 2017/18, an early review of the Tamworth Plan may be required to address any outstanding issues.

The Council is also a non-constituent member of the West Midlands Combined Authority and so will be required to collaborate with other members of the Combined Authority on issues which could affect the wider Combined Authority area, such as a strategic review of Green Belt land.

6. Annual Monitoring Scheme

The Council is currently required to monitor annually how effective its policies and proposals are in meeting the objectives of the Local Plan. The Localism Act removes the requirement to submit to the Secretary of State an Annual Monitoring Report, but the duty to monitor remains by requiring an Authority's Monitoring Report to be made available to the public on at least an annual basis. The Authority's Monitoring Report should contain information on the following:

- Progress towards the production and adoption of any documents outlined in the LDS and, if preparation is behind schedule, the reasons for this;
- Details of any DPDs or SPDs outlined in the LDS that have been adopted within the period covered by the report;
- Details of any Local Plan policies that the Council are not implementing including the reasons why and the steps to be taken to ensure implementation;
- Details of the progress towards delivery of the number of net additional dwellings and affordable dwellings as outlined in the Local Plan;
- Where there is an adopted CIL, a summary of the income and expenditure from CIL during the reported financial year;
- Headline data on the demand for self-build and custom housebuilding revealed by the self-build and custom housebuilding register.

As a result of monitoring the Council will consider what changes, if any, need to be made and will bring forward any such changes through a review of the LDS as appropriate.

7. Resources

The following in-house resources will be made available for preparing local development documents:

Head of Managed Growth, Regeneration and Development	5%
Senior Planning Policy and Delivery Officer	90%
2 x Planning Policy and Delivery Officers	90%
Development management Service team	5%
Economic Development Service Team	<1%

Consultants will be engaged on specific projects where there is a requirement for specialist skills or if there is a lack of capacity in-house.

The effective LDS was based on the budgetary setting process for 2016-2017 and the forward planning budgetary arrangements still hold good. The budget setting process for 2018-2019 and beyond will need to include appropriate consideration of resources to deliver the LDS programme.

8. Programme Management and Responsibilities

Management responsibilities for each area of work include:
Head of Managed Growth, Regeneration and Development (programme overview)
Senior Planning Policy and Delivery Officer (day to day programme staff & resource management).

The LDS and preparation of LDDs is reported to the Corporate Management Team meetings as appropriate.

Monthly meetings are held between the Head of Managed Growth, Regeneration and Development and the Senior Planning Policy and Delivery Officer to ensure lines of communication are working and to review progress. E-mail and shared work directories are used to facilitate joint working and link all officers engaged on the project and a Development Plan Team meeting is held on a regular basis.

9. Council Procedures and Reporting Protocols

For each DPD, the levels of political responsibility are as follows:
Executive Decision (Cabinet) for all pre-submission stages
Cabinet Member will review evidence and results of consultation at each stage and make recommendation to Cabinet.
Council Resolution required for publication, submission and adoption stages.

For each SPD and the SCI, the levels of political responsibility are as follows:
Executive Decision (Cabinet) for all stages.
Cabinet Member will review evidence and results of consultation at each stage and make recommendation to Cabinet.
Cabinet resolution required for adoption stage.

The role of the Corporate Management Team will be to ensure that the evidence base is robust and that real (and audited) community & stakeholder engagement takes place where appropriate.

10. Risk Assessment

In preparing the Local Development Scheme, it is considered that the main areas of risk relate to:

Staff resources
Having regard to the current staff levels there is a risk to the delivery of the LDDs as set out in the LDS should the Council be unable to recruit appropriately qualified/experienced staff or where existing staff leave or there is a prolonged absence. The Council has established good working relationships over the years with specialist consultants who have an understanding of the town but their support is subject to available budget allocations.

Political conflicts
This has been reduced by having a commitment by all parties to a process that will ensure that actions are taken through Cabinet and endorsed by Council to ensure the submission of DPDs to PINS for examination of "soundness" are to agreed time-scales. In the past, cross-party working groups have been established to guide the development of Development Plan documents.

Capacity of PINS and other agencies to cope with demand nation-wide
This is not something which the Council can influence, however early warning will be given to PINS of any part of the work programme which is required to go through an examination.

Legal challenge
The risk of legal challenge will be minimised by ensuring that DPDs are "sound" and founded on a robust evidence base and well-audited stakeholder & community engagement systems.

Programme slippage
This will be affected if resources are not secured or they are reduced. Slippage of any planned part of the programme could have a knock-on effect on later parts pf the programme. The programme attempts to ensure that the milestones are not affected should there be a need to put contingency arrangements in place.

11. Identified Priorities

Priorities flow from:
Policies and proposals set out in the Tamworth Local Plan 2006 - 2031;
New legislation and regulations; and
Local Plan monitoring.

Priorities are:
The production of a Design SPD;
The production of a revised Planning Obligations SPD; and
The adoption of a Community Infrastructure Levy.

Appendix A

	2017												2018												2019											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Local Development Scheme																																				
Review													■												■											
Statement of Community Involvement (SCI)																																				
Review																					■	■														
Adoption																								■												
Tamworth Local Plan 2006-2031																																				
Potential early review																■	■	■	■	■	■	■	■	■	■	■	■									
Design SPD																																				
Production			■	■	■	■	■	■	■	■			■																							
Draft SPD Consultation											■	■																								
Adoption															■																					
Planning Obligations SPD																																				
Production				■	■	■				■																										
Draft SPD Consultation								■	■																											
Adoption											■																									
Community Infrastructure Levy																																				
Production		■	■		■																															
Consultation			■	■																																
Examination							■	■																												
Possible Further Consultation								■	■																											
Adoption											■																									
Review															■												■									
Annual Monitoring																																				
Data collection				■	■											■	■											■	■							
Report production						■												■												■						
Publication							■												■												■					

CABINET

THURSDAY, 16 FEBRUARY 2017

REPORT OF THE PORTFOLIO HOLDER FOR ENVIRONMENT AND CULTURE

RELEASE OF SECTION 106 MONIES

PURPOSE

To request that Members approve the release of section 106 agreement monies as a contribution towards the refurbishment of Broad Meadow Local Nature Reserve (LNR) footbridge, Phase 2 of the Warwickshire Moor Local Nature Reserve boardwalk and works to the Castle Grounds.

RECOMMENDATIONS

Members are requested to approve the release of the Section 106 agreement monies to the allocated areas as and when they are available through the terms of each individual Section 106 agreement. Existing budgets within the Approved Capital Programme will be increased to reflect the additional funding available.

EXECUTIVE SUMMARY

Section 106 agreements are in place in respect of several planning applications in the vicinity of both Broad Meadow, Warwickshire Moor and the Castle Grounds, when negotiated these agreements specified that the monies from them can only be used for works on these sites as below:-

Planning Application Ref	Amount	Description
Broad Meadow		
0133/2014 Halford Court, Halford St	£5,035	Public open space contribution towards improving the facilities within existing public open space at Broad Meadow
0458/2014 92 Lichfield Street	£2,000	Public open space contribution towards improving pedestrian access to the Broad Meadow Local Nature Reserve.
0444/2015 The White House 93 Lichfield Street	£1,500	Public open space contribution towards the improvement of bins, seating, pathways, accessibility improvements and habitat enhancements to the Broad Meadow Local Nature Reserve.
0042/2016 0179/2019 112 Lichfield Street	£1,000 £500	Public open space contribution towards the improvement of bins, seating, pathways, accessibility improvements and habitat enhancements to the Broad Meadow Local Nature Reserve.
Total Broad Meadow	**£10,035**	
Warwickshire Moor		

0111/2016 Land adj Kettlebrook Road	£4,500	Public open space contribution for Warwickshire Moor for the provision of the new boardwalk extension Project B
0166/2013 Land off Whitley Avenue, Amington	£14,250	To provide a boardwalk at Warwickshire Moor so that it can be used for the purpose of public enjoyment and recreation.
0275/2015- resubmission 0443/2016 Bonehill Road	£7,000	Public open space contribution towards providing Phase 2 of the new boardwalk extension project at Warwickshire Moor LNR
Total Warwickshire Moor	**£25,750**	
Castle Grounds		
0051/2016 Land to the rear of Dominos Pizza, 45 Victoria Road.	£3,000	Public Open Space Contribution to be paid solely for the purpose of improvements to include new paving and re-landscaping the existing Wisteria and Rose gardens within the Castle Grounds.
Total Castle Grounds	**£3,000**	
Total Section 106 Contributions	**£38,785**	

Works are currently under way to refurbish the old vehicular access onto Broad Meadow from Oxbridge Way, creating a new pedestrian access to the LNR, the Section 106 funding will be additional to the existing capital funding available. The cost of the works are currently anticipated to be in the region of £45,000.

Over the summer months the wooden boardwalk at Warwickshire Moor was replaced with one constructed of recycled plastic and is now fully accessible to wheel chair users, the Council bid for external funding to complete an extension to this to create a circular loop across the moor, unfortunately this was unsuccessful and we are now pooling smaller funding bids and completing the works in phases. The Section 106 funding from the various developments will be put towards the cost of implementing Phase 2 of the works which will provide an additional 235m of boardwalk, which will complete 75% of the proposed loop.

Last summer new paths were laid to both the Wisteria walkway and the Rose garden in the castle grounds, the section 106 monies will be used to part fund the cost of these works.

A future report on the Community Infrastructure Levy / s106 will consider the governance arrangements for the release of monies from other developments.

OPTIONS CONSIDERED

The section 106 contributions for these developments are site and project specific therefore there are no other options to consider.

RESOURCE IMPLICATIONS

The release of £38,785 of Section 106 monies detailed above will be added to the existing Approved Capital Programme.

Future maintenance of these assets will be met from within existing budgets.

LEGAL/RISK IMPLICATIONS BACKGROUND

As these section106 contributions are site specific and can only be used for the described projects should the works not take place then the developer can request that their contributions be returned.

REPORT AUTHOR

Sarah McGrandle, Head of Environmental Management x349

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