

Public Document Pack

Date of meeting	Thursday, 28th January, 2016
Time	7.00 pm
Venue	Committee Room 1, Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffordshire, ST5 2AG
Contact	Geoff Durham

Finance, Resources and Partnerships Scrutiny Committee

AGENDA

PART 1 – OPEN AGENDA

1 DECLARATIONS OF INTEREST

To receive Declarations of Interest from Members on items included in the agenda

2 MINUTES OF PREVIOUS MEETINGS (Pages 3 - 6)

To consider the minutes of the previous meeting(s)

3 GO KIDSGROVE

The Chair of 'Go Kidsgrove', Mr Elliot Ashton to give a verbal update on the project and to answer any questions from Members.

**Members are invited to submit questions for this, two days before the day of the meeting which can be forwarded to the Chairs of Go Kidsgrove and this Committee.

4 Quarter Three Financial and Performance Review (Pages 7 - 18)

5 Revenue and Capital Budgets (Pages 19 - 44)

6 Treasury Management (Pages 45 - 68)

7 WORK PLAN (Pages 69 - 74)

To discuss and update the work plans to reflect current scrutiny topics

8 PUBLIC QUESTION TIME

Any member of the public wishing to submit a question must serve two clear days' notice, in writing, of any such question to the Borough Council.

9 URGENT BUSINESS

To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972.

Members: Councillors Fear, Hambleton, Huckfield, Loades, Pickup, Stubbs (Chair), Sweeney, Waring, Wilkes and Williams

PLEASE NOTE: The Council Chamber and Committee Room 1 are fitted with a loop system. In addition, there is a volume button on the base of the microphones. A portable loop system is available for all other rooms. Should you require this service, please contact Member Services during the afternoon prior to the meeting.

Members of the Council: If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

Meeting Quorums :- 16+= 5 Members; 10-15=4 Members; 5-9=3 Members; 5 or less = 2 Members.

FIELD_TITLE

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

Thursday, 3rd December, 2015

Present:- Councillor Mike Stubbs – in the Chair
Councillors Fear, Hambleton, Loades, Pickup, Waring and Williams

1. APOLOGIES

Apologies were received from Cllr Wallace and Cllr Wilkes.
Cllr Holland was in attendance as a substitute for Cllr Sweeney.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

Resolved: That the minutes of the previous meeting be agreed as a correct record.

The Chair confirmed that the Council Leader would be in attendance at the March meeting of the Committee to provide a presentation on the Co-operative Council.

4. PROCUREMENT CHAMPION

The Business Improvement Manager introduced a report covering the Procurement structure and processes within the organisation such as contract procedural rules and financial regulations.

It was confirmed that the Council's current (sub-OJEU) procurement thresholds were:

£5,000 >< £30,000) - a minimum of two written quotations;
£30,000 >< £50,000 - a minimum of three written quotations;
£50,000>) Contract Procedural Rules shall apply and officers will be required to undertake a compliant tender process, seeking to attract a minimum of 4 tender responses.

The Committee thanked the Business Improvement Manager for the presentation.

Resolved: That the report be received.

5. PLANNING COMMITTEE MEMBERS' PROTOCOL

The Democratic Services Manager and Head of Planning introduced a report requesting the Committee to consider the recommendations from the Constitution Review Working Group in relation to the following:

- Members' Protocol on Planning Matters
- Substitutes on the Planning Committee

Officers confirmed that the main differences between the new protocol and the previous version were that the previous version had also included guidance for

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officers. The protocol had also been updated to reflect legislative changes in the Localism Act concerning predetermination.

Members were supportive of the updated protocol but stressed that it should not in any way seek to stifle debate. Members also requested that Officers continue to look at and improve the training provided to members of the Planning Committee.

Members were also supportive of the recommendation that substitutes for the Planning Committee be appointed at the February meeting of Full Council.

Resolved:

- a) That the members' Protocol on Planning Matters be submitted to Full Council in February 2016 for approval
- b) That substitutes for the Planning Committee be appointed at the full Council meeting in February 2016.

6. REVENUE BUDGETS 2016-17 - FIRST DRAFT SAVINGS PLAN

A report was submitted to inform the Committee of the current proposals being considered to balance the 2016/17 revenue budget.

The Executive Director (Resources and Support Services) confirmed that this report would be presented to the Committee again before going to Full Council in February.

Members queried what the current budget gap was and it was confirmed that this was £1.478 million in respect of 2016/17 and that this would need to be closed in order to balance the budget.

The Committee considered the proposed savings and funding strategies that it was hoped would help to close the budget gap, the Officer confirmed that most of the saving areas had already happened or were in the process of happening.

Members queried whether the Council had considered using open source software and it was confirmed that yes this was being considered with other Partners as an option for the new office building.

Members queried whether the savings relating to Community Centres were done or still ongoing. It was confirmed that most were complete and that there could be more in the future but that was still to be decided.

Members queried the situation regarding staffing and it was confirmed that savings had been made through staff taking flexible early retirement or voluntary reductions in hours and vacant posts.

A request was made that Officers consider the money currently provided to VAST and the contribution that was being made to the Council.

Resolved:

- a) That the Committee note the proposals as set out in the appendix to the report.

b) That the Committee identify any areas where further information is required for consideration at its meeting in January.

c) That the Committee suggest any further areas of savings that should be considered.

7. SCALE OF FEES AND CHARGES

A report was submitted to provide the Committee with an opportunity to scrutinise the draft proposals of the scale of fees and charges to apply from 1 April 2016. This is due to be considered by the Cabinet at their meeting on 20 January.

It was confirmed that a 2% increase had been built in across the board except for certain fees such as some planning fees which were statutory. The fees for Jubilee 2 and Kidsgrove Leisure Centre had been frozen as the leisure facilities were struggling against strong competition; it was intended to do a wider piece of work in relation to this.

Members considered that the rates charged for the hiring of Council rooms was very cheap. Officers considered that perhaps more could be done to advertise the availability of the rooms and that The Head of Communications would be starting a piece of work focusing of advertising and billboards in the near future.

The suggestion was also made as to whether the Council could look into providing skip hire.

Resolved:

a) That the Committee recommend to the Cabinet approval of the proposed Scale of Fees and Charges for 2016/17.

b) That the comments on the proposals be noted.

8. WORK PLAN

The Chair informed the Committee that the Joint Committee scheduled for the 16th December had been postponed to take into consideration any recommendations made by the Asset Management Committee.

The Chair proposed that the item on the Community Infrastructure Levy be moved to the March meeting which would coincide with the report being considered by the Economic Development Committee.

The Chair also informed the Committee that due to the additional meeting of the Full Council on 27th January the next meeting of this Committee would now be on 28th January 2016. Go Kidsgrove would also be added to the agenda for this meeting and the Chair would be invited to attend.

Resolved:

That the changes to the meeting dates be noted.

9. PUBLIC QUESTION TIME

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No questions had been received.

10. URGENT BUSINESS

There was no Urgent Business.

11. DATE AND TIME AND NEXT MEETING

Thursday 28th January 2016 and 7pm.

COUNCILLOR MIKE STUBBS
Chair

1. FINANCIAL AND PERFORMANCE MANAGEMENT REPORT TO END OF QUARTER THREE (October - December) 2015

Submitted by: Executive Management Team

Portfolio: Policy, People & Partnerships
Finance, IT & Customer

Wards Affected: All

Purpose

To provide Finance, Resources & Partnerships Scrutiny (FRAPS) Committee with the Financial and Performance Review report - third quarter 2015/16.

Recommendations

- (a) That Members note the contents of the attached report and agrees to the recommendation that the Council continues to monitor and scrutinise performance alongside the latest financial information for the same period.

Reasons

The Financial and Performance Management monitoring reports provide information on a quarterly basis regarding the performance of individual council services, alongside related financial information on the organisation. This report will be presented to Cabinet on 10 February 2016.

1. Background

- 1.1 This quarterly report provides Members with a detailed update on how the Council has performed during the third quarter of 2015/16 by presenting performance data set within a financial context.
- 1.2 This report provides broad financial information (Appendix A) and also detailed analysis of performance (Appendix B) for the third quarter of 2015/16. In addition this quarter, there is further information (Appendix C) detailing the GP referral programme which will be provided to Members before the meeting.
- 1.3 A summary of the overall performance picture is presented in section 3 of this report and members will note that performance is generally progressing well.

2. 2015/16 Revenue and Capital Budget Position

- 2.1 The Council approved a general fund revenue budget of £13,830,450 on 25 February 2015. Further financial information is provided in Appendix A.

3 Performance


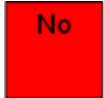
- 3.1 The latest performance information is reported and attached as Appendix B.
- 3.2 Any indicators failing to meet the set targets are reported, by exception, in the table found in section 3.6.
- 3.3 The information found in Appendix B is presented in four sections against each corporate priority and detailed results and progress towards identified outcomes for the Council is presented here as well.



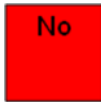
3.4 The number of indicators monitored in this report for quarter three 2015-16 is 27 in total, and the proportion of indicators which have met their target during this period stands at 81%.

3.5 The report contains five columns designed to show achievement:

- The “Good is” column denotes whether ‘low’ or ‘high’ figures are good and allows the reader to analyse the results in detail;
- There are two columns included showing comparative quarterly performance for 2014-15 and 2015-16 – this allows the reader to gain some insight into annual trends;
- The fourth column shows the annual target for 2015-16 (in some cases a quarterly target may be provided when relevant and necessary) and;
- In the last column one set of symbols (icons) show whether performance is on target or not at this time.

3.6 Five indicators from Appendix B are off target this quarter and are reported by exception in the table below, together with commentary.

Exception Report Quarter 3, 2015 (October - December)						
Ref	Indicator	Result	Target	Status	Officer	Portfolio holder
1.7	The amount of residual waste per household	111.65kgs (est)	415kgs (annual)		Trevor Nicoll	Cllr. Beech
Comment	December was a high month for residual waste due to Christmas, which always sees more waste produced. It is 11kgs per household more than in quarter 2. The overall trend however remains positive.					
1.8	Percentage of household waste sent for reuse, recycling and composting	48.05% (est)	55%		Trevor Nicoll	Cllr. Beech
Comment	Garden waste has been down this year due to the cool summer, and although we have had a mild winter so far, December was very wet which resulted in less garden waste being collected, as people were unable to get into their gardens. Christmas however has seen high tonnages of dry recycling and food waste being collected. If the mild weather continues and it is dry, together with an early Easter, hopefully volumes of garden waste will increase significantly before the year end to help get nearer the target.					

Exception Report Quarter 3, 2015 (October - December)						
Ref	Indicator	Result	Target	Status	Officer	Portfolio holder
2.6	Percentage of Minor Planning Applications determined within time	66.2% (cumulative)	75%		Guy Benson	Cllr. Williams
2.7	Percentage of Other Planning Applications determined within time	83.7% (cumulative)	85%		Guy Benson	Cllr. Williams
Comment for 2.6 and 2.7	The result for Minor applications (the more complicated ones) has improved this quarter. However the cumulative results were inevitably affected by the number of already out of time applications in the system which had to be determined and two long term staff absences in a small team due to illness. With the employment of two part time planning consultants the volume of the more complicated decisions made has increased. The situation is being monitored to seek to ensure that the improvement continues.					
4.3	Average number of days per employee lost to sickness	7.09 days	5.53 days		Sarah Taylor	Cllr. Shenton
Comment	In Qtr. 3 we have seen the number of long term sickness cases reduced to 4, which was previously 6 cases in Qtr. 2 and 23 cases in Qtr 1. Although improvement is evident, due to the cumulative collection of the indicator and the impact of many cases in the first quarter on the result, the indicator remains off target in Qtr. 3. Both short term and long term sickness cases are continuing to be pro-actively managed with HR, service managers and Occupational Health support and are monitored regularly at Executive Management Team and Departmental meetings.					

Despite a slight increase in indicators off target this quarter, officers consider that the performance against these indicators does not give rise to serious cause for concern at present, and the management of each of the service areas concerned continue to monitor and take steps to deal with under achievement of targets where possible and/or appropriate.

Further quarterly updates will be provided for Members in future reports.

3.7 Positive performance can be seen in a range of services and members will note that some services are affected by both seasonal and external factors. It should also be noted for consideration that some indicators have stretched targets set and local targets that are higher than the national ones.

3.8 In response to comments raised at the previous Scrutiny meeting - 3 November 2015 that indicators Ref 3.4 and 3.5 are not meaningful;

- Appendix C gives more detailed information to members how the programme of GP referrals is performing in this quarter.

4. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

4.1 All indicators link to corporate priorities set out in the Council Plan and/or Service Plans.

5. Legal and Statutory Implications

5.1 The Council has a duty to set targets for performance of a range of functions and needs to monitor these closely.

6. Equality Impact Implications

6.1 There are no differential equality issues arising directly from this monitoring report.

7. Financial and Resource Implications

7.1 Any positive variance for the full year on the General Fund Revenue Account will enable that amount to be transferred to the Budget Support Fund and will be available in future years for use as the Council considers appropriate. Conversely, if there is an adverse variance, the amount required to cover this will have to be met from the Budget Support Fund.

8. Major Risks

8.1 The ongoing changing market conditions represents the greatest risk to the revenue budget, particularly with regard to the impact it may have upon income receivable in relation to services where customers may choose whether or not to use Council facilities or in the case of the waste/recycling service where the volume of recycled materials is liable to fluctuate. The situation will be monitored through the normal budget monitoring procedures.

8.2 The capital programme will require regular monitoring to identify any projects which are falling behind their planned completion dates. This will be carried out by the Capital Programme Review Group, which meets on a monthly basis together with quarterly reports to Cabinet.

8.3 The above represents a high level view of risk. There are detailed risk registers available if members wish to see them.

9. List of Appendices

Financial information (Appendix A), Performance report (Appendix B) and Information on GP referral Programme (Appendix C) are attached.

10. Background Papers

Working papers held by officers responsible for calculating indicators.

11. Management sign off

Each of the designated boxes need to be signed off and dated before going to Executive Director/Corporate Service Manager for sign off.

	Signed	Dated
Financial Implications Discussed and Agreed		
Risk Implications Discussed and Agreed		
Legal Implications Discussed and Agreed		
H.R. Implications Discussed and Agreed		
ICT Implications Discussed and Agreed		
Report Agreed by: Executive Director/ Head of Service		

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Financial Position Quarter Three 2015/16

1. General Fund Revenue Budget

1.1 The Council approved a General Fund Revenue Budget of £13,830,450 on 25 February 2015. The actual position compared to this budget is continuously monitored by managers, EMT and Portfolio Holders in order to detect any significant variances of expenditure or income from the approved amounts contained in the budget.

2. Capital Programme

2.1 A Capital Programme totalling £9,390,300, covering the two years 2014/15 to 2015/16, was approved at the same Council meeting. Of this total, £5,564,000 was estimated to be spent in 2015/16.

3. Revenue Budget Position

3.1 At this point in the financial year, we would have expected to have spent approximately £14,519,296; we have actually spent £14,545,483. Therefore, as at the end of the third quarter, the general fund budget shows an adverse variance of £26,187.

3.2 The main reasons for the overall adverse variance to date are:

- a. The implementation of the staff related savings required to deliver the 2015/16 target of £50k has now been concluded and a Collective Agreement has been signed. It is anticipated that savings of £15k will be made this year and £30k in a full financial year.
- b. Jubilee 2 and Kidsgrove Sports Centre are both operating at net overspends primarily due to income shortfall. Officers have looked at ways to both retain current income levels and pursue additional income to eradicate the current shortfalls. This review has resulted in Jubilee 2 shortfall stabilising.
- c. Income from commercial rents and car parking is below the amount budgeted for. Active marketing of properties is continuing in order to try and secure new tenancies and a review of car parking income is underway.

There are also a number of favourable variances, the main ones being:

- a. Employee costs in respect of a number of vacant posts and flexible retirements that have taken place across the Council.
- b. Additional interest income as a result of increased amounts available to invest following sales of land and buildings.

4. Capital Programme Position

4.1 The Capital Programme approved by Council in February 2015 has been updated to take account of slippage in 2014/15. Where planned expenditure did not occur last year, this has been added to the budget for 2015/16 (apart from any cases where costs have been reduced or expenditure will no longer be incurred). The revised budget for capital projects in 2015/16 totals £7,559,700.

4.2 £2,839,500 of the revised budget was expected to be spent by 31 December; the actual amount spent was £2,229,048 resulting in a variance at the end of quarter three of £610,452. This is due to savings made on a number of projects which forms part of the additional £500,000 that was included in the funding proposals for the new Civic Hub.









5. Investment Counterparties

5.1 Investment counterparties with whom money is invested, as at 31 December 2015 are as follows (with the parent company shown in brackets, where applicable):








Barclays Bank
Nationwide Building Society
Santander
Heritable Bank (*Landsbanki*)

5.2 With regard to the Council's frozen investment in Heritable Bank, a further payment was received in August which means the total amount repaid now totals £2,457,623, which is 98% of the total that was frozen.





Corporate Performance Scorecard
Quarter 3 2015-16
Priority 1: A clean, safe and sustainable Borough

Outcomes: Our borough will be safer, cleaner and sustainable						
Ref	Indicator	Good is	Result 2014/15 Qtr 3	Result 2015/16 Qtr 3	Target 2015/16	Status
1.1	Percentage of food premises that have a zero or one national food hygiene rating.	Low	0.75% (6 out of 799 published premises)	1.30% (10 out of 768 published premises)	2.25%	
1.2	The percentage of food establishments which are broadly compliant with good hygiene law	High	98% (1119 out of 1142 premises)	94.43% (1070 out of 1133 premises)	85%	
1.3	The area of contaminated land that has been remediated or is determined suitable for use	High	Reported in Qtr 4		-	-
1.4	Number of incidents of violence with injury	Low	262	274	-	-
1.5	Number of incidents of anti-social behaviour	Low	767	903	-	-
1.6	Number of incidents of serious acquisitive crime	Low	229	253	-	-
1.7	The amount of residual waste per household	Low	108.64kgs	111.65kgs (est.)	415kgs (annual)	
1.8	Percentage of household waste sent for reuse, recycling and composting	High	48.4%	48.05% (est.)	55%	
1.9	Levels of street and environment cleanliness (LEQ survey) free / predominantly free of litter, detritus, graffiti and fly-posting)	High	92.33% 95.33% 99.50% 99.83%	96.5% 99.47% 99.83% 100%	91% 91% 97% 99%	
1.10	Number of community volunteer groups/hours spent caring for their local green spaces and neighbourhoods	High	1707.5hrs	1776hrs	1700 hrs (Qtr 3)	
1.11	Town Centre Vacancy Rate	Low	13.54%	10.74%	15%	
1.12	Percentage of investment portfolio (NBC owned) vacant	Low	8.6%	8.1%	12%	








Priority 2 : Borough of Opportunity


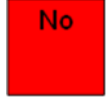

Outcomes: Newcastle is a great place to live, work and do business						
Ref	Indicator	Good is	Result 2014/15 Qtr 3	Result 2015/16 Qtr 3	Target 2015/16	Status
2.1	Number of hours worked by volunteers in council co-ordinated activities (museum)	High	494hrs	408hrs	375 hrs	
2.2	Percentage of minor adaptations delivered within four months (approval to payment for works under £5000)	High	89%	93%	75%	
2.3	Number of homelessness cases where positive action was successful preventing homelessness	High	171 (543 Cumulative)	135 (479 Cumulative)	600	
2.4	Average stall occupancy rate for markets	High	87%	78%	55%	
2.5	Percentage of Major Planning Applications determined within time	High	90%	84.6% (Cumulative)	70%	
2.6	Percentage of Minor Planning Applications determined within time	High	72.5%	66.2% (Cumulative)	75%	
2.7	Percentage of Other Planning Applications determined within time	High	84.1%	83.7% (Cumulative)	85%	

Priority 3 : A Healthy and Active Community

Outcomes: Everyone has the chance to live a healthy, independent life, access to high quality leisure and cultural facilities/activities and the opportunity to get involved in their community						
Ref	Indicator	Good is	Result 2014/15 Qtr 3	Result 2015/16 Qtr 3	Target 2015/16	Status
3.1	Number of parks which have Green Flag status	High	11	9	9	
3.2	Level of satisfaction with Council run parks and open spaces	High	70% (Annual survey)	70% (Annual survey)	70%	
3.3	Number of people visiting the museum	High	40,954 (cumulative)	46,487 (cumulative)	60,000	
3.4	Number of referrals from GP scheme to organised sporting activity in each quarter	High	-	18	-	-
3.5	Number of people accessing leisure and recreational facilities	High	130,765	155,862	150,080 (Qtr 3) 670,000	

Priority 4 : A Co-operative Council, delivering high-quality, community driven services

Outcomes: Your council is efficient, open and innovative in its work, with services designed and delivered co-operatively and communities are strong and well supported						
Ref	Indicator	Good is	Result 2014/15 Qtr 3	Result 2015/16 Qtr 3	Target 2015/16	Status
4.1	Percentage attendance at planned meetings by members	High	80.55%	81.86%	80%	
4.2	Percentage projected variance against full year council budget	Low	0.6%	0.1%	No variance	
4.3	Average number of days per employee lost to sickness	Low	5.17 days	7.09 days	5.63 days	No
4.4	Percentage of requests resolved at first point of contact	High	97%	97.9%	97%	
4.5	% Unmet demand (number of calls not answered as a % of total call handling volume)	Low	3.94%	2.44%	7%	
4.6	Time taken to process Housing/Council Tax Benefit new claims and change events	Low	8.96 days	6.73 days	10 days	
4.7	Percentage of Council Tax collected	High	78.5%	78%	76.08%	
4.8	Percentage of National non-domestic rates collected	Hlgh	81.4%	82.8%	78.66%	

Key	Performance information not available at this time or due to be provided at a later date.	n/a
	Performance is not on target but direction of travel is positive	
	Performance is not on target where targets have been set	
	Performance is on or above target.	

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Report to the Finance Resources and Partnerships Scrutiny Committee

28 January 2016

Revenue and Capital Budgets 2016/17



Report Author: Kelvin Turner
Job Title: Executive Director (Resources and Support Services)
Email: kelvin.turner@newcastle-staffs.gov.uk
Telephone: 01782 742105

Introduction

To provide the Committee with an opportunity to scrutinise the draft Budget and Council Tax proposals before the final proposals are considered at Cabinet in February 2016.

Background

The attached report was presented to the Cabinet at their meeting on 20 January 2016. A verbal update will be given at the committee as to the decisions made by the Cabinet in respect of the report and any Council Tax levy that is proposed for 2016/17.

Question to be Addressed

Do members have any comments to make in respect of the draft budget and council tax proposals to be fed back to the Cabinet at their meeting on 10 February 2016?

Outcomes

That any comments on the proposals are reported back to the Cabinet.

Supporting Information

The report to the Cabinet is attached.

At your meeting on 3 December 2015 members were presented with the first draft savings plans that were being considered to balance the budget shortfall estimated for 2016/17.

At that time the “gap” for 2016/17 was estimated to be £1.478m. In the attached report at paragraph 3.4 members will note that the “gap” has increased to **£1.834m** due to a number of reasons outlined in the report.

The draft savings plans that the committee considered in December totalled £1.364m. To meet the “gap” of **£1.834m** this has had to be increased by £470,000 as outlined in Appendix 3 of the attached report. The changes to the savings plan since the committee’s last meeting are shown in the table below:

Ref	Service Area	Description	£000’s	Detail
P4	Business Improvement and Partnerships	Insurance Premium Renewals	150	Saving following recent tendering exercise as per report to Cabinet on 20/1/16
I2	Revenues and Benefits	Summons Costs	30	Additional income from summons costs
I3	Communications	Advertising Income	5	Additional income from advertising on billboards
S8	Revenues and Benefits	Modernisation of the Service	50	Additional savings following Implementation of Citizens Access etc.
S9	Central Services	Restructure of Democratic Services	6	Savings from a minor restructure
S10	Human Resources	Staffing	5	Changes in hours of existing posts
G10	Housing and Regeneration	Business Improvement District Levy	5	Actual levy chargeable to the Council is less than provisionally allowed for
G11	Environmental Health	Software Support	2	Reduction in the level of support required
A3	Corporate	Council Tax Base	40	Based on final figures submitted to DCLG
A4	Corporate	New Homes Bonus	177	Based on provisional funding allocation and transfer of funding from capital to revenue
		Total	470	

Relevant Portfolio Holder(s)

Councillor Turner – Portfolio holder for Finance IT and Customer

Local Ward Member (if applicable)

All

REVENUE AND CAPITAL BUDGETS 2016/17

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance IT and Customer

Wards(s) affected: All

Purpose of the Report

To review progress on the completion of the revenue and capital budgets for 2016/17 following agreement of the 5 year Medium Term Financial Strategy.

Recommendations

- (a) That the assumptions set out in the report be approved.**
- (b) That the Cabinet determine whether any change in the Council Tax levy is proposed in 2016/17.**
- (c) That the Finance, Resources and Partnerships Scrutiny Committee be asked to consider what comments it wishes to make on the draft Budget and Council Tax proposals before the final proposals are considered at Cabinet in February 2016.**

Reasons

To enable the Cabinet to recommend a robust and affordable budget for 2016/17 to the Council meeting on 24 February 2016.

1. Background

- 1.1 The Council is committed to the delivery of high quality services. Integral to this ambition is the need to effectively target its financial resources in line with its stated aims and objectives, as set out in the Council Plan.
- 1.2 The work of the council in 2016/17 is focused on its vision of “creating a borough that is prosperous, clean, healthy and safe”, an aspiration reflected in the Council’s four corporate priorities of:
 - A Co-operative Council delivering High-Value, Community-Driven Services
 - A Clean, Safe and Sustainable Borough
 - A Borough of Opportunity
 - A Healthy and Active Community

These four priorities developed alongside the vision within the Council’s outcome-driven Council Plan, form the basis for the work the Council is currently doing and what it is planning to do.

- 1.3 There has been good progress in the current year, with high standards of service delivery. Notable achievements so far in 2015/16 are set out in Appendix 1.
- 1.4 The Council has a Medium Term Financial Strategy (MTFS) to look at its financial position over the next 5 years. This is aligned to the Council Plan and will be the main vehicle in ensuring efficiency in service delivery and targeting resources to its priority areas.

- 1.5 It should be noted that the MTFs and the draft 2016/17 Budget have been compiled against a continuing national picture of reduced funding from central government for local authorities.
- 1.6 The draft 2016/17 budget is based upon the assumptions made in the MTFs which was approved by the Cabinet at its meeting on 11 November 2015 and scrutinised by the Finance, Resources and Partnerships Scrutiny Committee at their meeting on 4 November 2015.
- 1.7 The Budget Review Group has considered all of the proposals contained in this report, which are recommended to the Cabinet as a means to produce a balanced and sustainable budget for the Council. The Group is chaired by the Cabinet Portfolio Holder for Finance IT and Customer; in addition it comprises the Council Leader plus the Executive Management Team. Its remit is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvement to front-line services whilst offering value for money.

2. **Revised Budget 2015/16**

- 2.1 Monthly reports monitoring actual spending against budget have shown overall relatively small variances throughout the first eight months of the year.
- 2.2 Whilst some sources of income (e.g. Kidsgrove Sports Centre and car parking fees) continue to yield less compared to what was received prior to the recently experienced recession and ongoing low level of economic activity, income budgets are set at realistic levels reflecting current circumstances. The amount required in future budgets will be kept under review as the economy improves and, hopefully, income levels rise.
- 2.3 The majority of the savings of £2.098m incorporated in the 2015/16 budget are on target to be achieved. The only area where there will be a shortfall is in respect of the implementation of staff related savings, which were projected to save £0.050m. The latest estimate is that there will be a shortfall of £0.035m in 2015/16. It is envisaged that £0.030m will be delivered in 2016/17. This means that altogether over the eight years from 2008/09 to 2015/16 £17.448m of “gaps” will have been met via a combination of savings, efficiencies and additional income, as shown in the table below:

Year	£m
2008/09	1.250
2009/10	2.572
2010/11	2.389
2011/12	2.655
2012/13	2.621
2013/14	1.783
2014/15	2.100
2015/16	2.078

3. **Draft Budget 2016/17**

- 3.1 In 2016/17, whilst continuing to deliver high performing, quality services and ensuring efficiencies in Council operations, there are many activities planned towards achieving Council Plan outcomes. Examples of these are set out in Appendix 2.
- 3.2 The MTFs was approved by the Cabinet on 11 November 2015. This illustrated that the Council would have a shortfall of £1.478m in 2016/17 which could be addressed by a combination of actions, such as efficiency measures, reductions in expenditure, increases in income or a council tax increase.

- 3.3 Unlike in relation to 2015/16, no illustrative funding amounts for 2016/17 were notified to councils by the government because it was to carry out a comprehensive spending review of public expenditure. The MTFs made assumptions with regards to the reductions in government funding. The provisional funding allocation for 2016/17 was announced on 16 December and results in a reduction in overall funding of £0.840m, which is a 13.8 per cent reduction compared with the 2015/16 amount and £0.238m greater than assumed in the MTFs. This reflects a diversion of resources away from district councils towards those councils with adult social care responsibilities, such as unitaries and counties, achieved via changes to the distribution formula. The final funding allocation for 2016/17 should be announced in late January/early February 2016, and is not expected to differ to any significant extent from the provisional amount. The government has also offered councils a four year funding settlement, which will provide them with provisional allocations for the following three years, 2017/18 to 2019/20. This is subject to councils publishing an efficiency plan, details of which are awaited. Indicative allocations were published with the 2016/17 funding settlement. These show that in 2017/18 funding would reduce by a further £0.687m, which is a 13.1% reduction compared to the 2016/17 settlement, by a further £0.368m (8.1%) in 2018/19 and by £0.412m (9.9%) in 2019/20. So an overall increase of £2.307m (38%) over the next four years.
- 3.4 There have been a small number of changes made to the MTFs since its approval in November, resulting in an increase in the funding “gap” of £0.356m. This means that it now stands at £1.834m for next year. These are set out in the table below:

Change	Amount
	£'000
Local Government Finance Settlement	238
Review of Scale of Fees and Charges	30
Reduction in Housing Benefit Administration Grant	88
Total	356

The table below shows the factors which give rise to the £1.834m “gap” for 2016/17:-

CHANGES TO BASE BUDGET	£'000
<u>ADDITIONAL INCOME</u>	
Fees and Charges	85
Investment Income	58
TOTAL ADDITIONAL INCOME (A)	143
<u>ADDITIONAL EXPENDITURE & LOSS OF INCOME</u>	
Reduction in Government Funding	840
Provision for Pay Awards	123
Incremental Pay Rises for Staff	44
Superannuation increase in employers contribution	197
Additional National Insurance re increases in Pay	23
Additional cost of National Insurance re discontinuation of discount for contracted out employees	320
Price Increases e.g. energy, fuel, rates, insurances, supplies & services	75
Adjustments re One-Off items in 2015/16	67
Council Tax Freeze Grant re 2014/15 ceases	70
Reduction in Housing Benefit Administration Grant	88
TOTAL ADDITIONAL EXPENDITURE AND LOSS OF INCOME (B)	1,847

OTHER ITEMS	
NEW PRESSURES	
Business Improvement District levy re Council Properties	25
Planning - Additional Staffing Resources	60
Insurance Tax increased	14
Debit Card Charges	18
Depot Rent no longer receivable	5
Staffordshire Connects Hosting Costs re ICT systems	8
TOTAL NEW PRESSURES (C)	130
NET INCREASE IN BASE BUDGET (B + C- A)	1,834

3.5 In view of the MTFS forecasts a project called Newcastle 2020 was started at the end of 2013. This is looking at how the Council's decreasing resource base can be best used to meet the needs of the Borough's residents and businesses. In particular it aims to identify means of closing the gaps revealed by the MTFS in the years leading up to 2020 and to define the likely service and budgetary characteristics of the Borough Council by that date. The project consists of a number of different work streams, including those outlined below, all of which will provide a perspective on the future role and funding of the Council.

- Heads of Services were asked to model what their services would look like at a number of levels of resource reduction, from twenty up to a sixty per cent reduction. This work has already identified various savings opportunities which can be incorporated in next year's and future budgets in order to reduce the funding gaps.
- Predictive modelling of future tax base levels in relation to council tax, business rates and new homes bonus.
- Reducing the Burden - this aims to stop or reduce low value tasks across the Council which do not enhance outcomes for or experiences of customers or prevent staff from focussing on more important work.
- Looking at alternative service delivery models, such as demand management, sharing costs with other organisations, self-service for customers.
- Maximising income from fees and charges and exploring new means of income generation.
- Procurement savings - ensuring the Council commissions and procures quality services and supplies as cost-effectively as possible.
- Staffing efficiencies - review of all vacant posts, restructures and flexible early retirements.
- Good housekeeping - reviewing all service expenditure.

3.6 The Budget Review Group and your officers have been identifying and considering ways of eliminating the 2016/17 gap, building upon the work which has already been done to identify savings opportunities as part of the 2020 project. As a result, a number of savings and funding strategies have been identified and agreed with managers as being feasible and sustainable. The proposed savings, totalling £1.834m, are outlined in the table below and set out in detail in Appendix 3:

Category	Amount	Comments
	£'000	
Procurement	201	Smarter procurement and reductions in the amount of supplies procured, insurance premium renewals
Additional Income	351	Net savings arising from New Waste and Recycling Service plus other additional income
Staffing Efficiencies	321	No redundancies are anticipated to arise from these proposals
Good Housekeeping Efficiencies, General Other Savings, Changes in Base Budgets	113	Various savings arising from more efficient use of budgets
Alternative Sources of Finance/ Other Savings	848	Additional contribution to the revenue budget from New Homes Bonus funding, savings from advanced payments of superannuation contributions, effect of forecast Council Tax Base increase
Total	1,834	

- 3.7 As in the last three years, the first draft of the savings plan set out at Appendix 3 was made available to the Finance, Resources and Partnerships Scrutiny Committee for scrutiny at its meeting on 3 December 2015. No additional information was requested by the Committee and no matters were referred to Cabinet for consideration. The Committee will scrutinise this Cabinet report at its meeting on 28 January.
- 3.8 A decision is required whether or not to continue to freeze council tax at the same level as in 2015/16. In recent years the government has offered a council tax freeze grant to compensate councils which did not increase their council tax above the previous year's level and the Borough Council has accepted this offer and held tax at the same level for the last five years. The government has not announced any intention to continue to provide a grant in respect of 2016/17.

Councils have only limited freedom to increase council tax, the Secretary of State each year notifying a percentage increase in tax from the previous year, above which the increase is deemed to be "excessive" and not permissible without a council carrying out a costly referendum of taxpayers to determine whether they approve of the increase. If it is not approved, it cannot be implemented and savings must be found to balance the budget. The Secretary of State has announced that the percentage above which a referendum is required will be 2.00 per cent in respect of 2016/17, which is similar to previous years. If the Council were to increase tax to a point below the referendum threshold, the amount of additional income would equate to £62k for a 1.00 per cent increase and a proportionate amount for a different percentage.

Currently the savings and funding strategy referred to in paragraph 3.6 and set out in Appendix 3 includes nothing in respect of acceptance of a freeze grant (because it was expected that there would be none for 2016/17) and an additional £124k in respect of the additional income which would arise from implementing the option of increasing tax by 1.99 per cent, just below the anticipated referendum threshold. If it is decided not to increase council tax for 2016/17 or to increase it by less than 1.99 per cent, then there will be a need to find further savings to make good the shortfall.

- 3.9 Bringing together all the above results in a balanced draft budget, as shown in the table below:

	£'000	Report Reference
Changes to Base Budget	1,834	3.4
Savings/Increased Income	(1,834)	3.6
BUDGET SHORTFALL ('GAP')	-	

4. Medium Term Financial Strategy - 2017/18 to 2020/21

- 4.1 The MTFS is being continually reviewed for 2016/17 to 2019/20. The shortfalls were estimated as follows in the MTFS approved by Cabinet in November:

£1.109m in 2017/18
£1.153m in 2018/19
£0.422m in 2019/20
£0.646m in 2020/21

- 4.2 Taking account of the indicative funding allocations for 2017/18 to 2018/19 referred to in paragraph 3.3, the shortfalls for these years would become:

£1.317m in 2017/18
£1.088m in 2018/19
£0.818m in 2019/20

- 4.3 The government also notified councils at the same time as the provisional finance settlement announcement, that they propose to make changes to how New Homes Bonus will operate, partly to reduce its overall cost in order to free up funding to be diverted elsewhere to meet adult social care costs and partly to sharpen the incentive to local authorities to approve new housing developments. In particular they suggest that bonus amounts earned will be payable for four years rather than the current six and that payments may be reduced where new developments take place only after successful appeals against an original decision to refuse permission. A consultation process is currently underway to enable councils to give their views on the government's proposals. Whatever the outcome, it is clear that there will be a significant impact on the Council's finances arising from these changes, which are likely to take effect from 2017/18 and will need to be included in a revised MTFS.
- 4.4 The current anticipated shortfalls need to be addressed by a combination of measures such as efficiency savings, reductions in expenditure or income increases and consideration of the need for Council Tax increases. The Budget Review Group will continue to develop a strategy for bridging the entire 2017/18 gap and for eliminating the shortfalls in respect of the remaining years up to 2020/21.

5. Capital Programme 2015/16 - 2016/17

- 5.1 The Newcastle Capital Investment Programme Report considered by Cabinet on 5 February 2014 (see 5.6 below) set out the essential capital investment needed over the four years 2015/16 to 2018/19. This report, together with the associated "Funding the Council's Capital Investment Programme" report was endorsed by Full Council when it approved the Capital Strategy 2015-2019, to which these were appended, in February 2015. The capital expenditure proposed for 2016/17 reflects the needs identified in the report updated to take account of current priorities and resources expected to be available for funding purposes.
- 5.2 Attached at Appendix 4 is the updated capital programme 2015/16 to 2016/17 based on current commitments and agreed schemes plus a number of new schemes which are vital to ensure continued service delivery. New schemes total £7.030m. The remainder of items included in the

Programme relate to continuing expenditure on current schemes, funding for which has already been approved. Particular points to note are:

- a) Consideration has been given to requirements for essential plant and equipment replacements, buildings repairs and maintenance and other work which will be needed over the next few years to enable services to be continued at acceptable levels or to safeguard income from commercial properties. The most urgently required items have been included in the proposed capital programme.
- b) The additional capital investment required to complete the implementation of the new waste recycling service approved by Cabinet on 23 July 2014 has been included as follows:

	2015/16	2016/17
	£m	£m
Noise Reduction works at the Depot		0.100
Other additional works at the Depot	0.060	
Recycling Containers		<u>0.495</u>
Total	<u>0.060</u>	<u>0.595</u>

These additional costs were approved by Cabinet at its meeting on 16 September 2015.

- c) The programme provides for the scheduled replacement of existing waste collection vehicles in the amount of £1.935m as approved by Cabinet at its meeting on 16 September 2015.
- d) The Housing Programme provides for the continuation of a number of existing activities, including disabled facilities grants which have provisionally been allocated a contribution of £0.654m from the Staffordshire Better Care Fund.
- e) A sum of £0.015m has been included to progress more of the actions identified in the Council's Carbon Management plan.
- f) £0.200m is included to complete the facilities at the Wammy Neighbourhood Park.
- g) £0.040 is included in respect of demolition costs and provision of temporary changing facilities in respect of the former Knutton Recreation Centre
- h) In summary, expenditure of £14.249m shown in the proposed programme for 2016/17 at Appendix 4 comprises:

	£m
(a) New Schemes funded by the Council from Capital Receipts	6.001
(b) New Schemes funded from New Homes Bonus	0.375
(c) New Schemes partly funded from external sources	<u>0.654</u>
New Schemes shown in table below	7.030
(d) ICT Projects funded via the ICT Development Programme	0.205
(e) Balance of Civic Hub Costs funded from earmarked capital receipts and Right to Buy sales	<u>4.200</u>
Total New Schemes	11.435
(f) Schemes brought forward from the original 2015/16 Programme	<u>2.814</u>
Grand Total	<u>14.249</u>

- Item (a) and part of (f) (£2.624m) are to be funded by capital receipts
- Funding for Item (f) has already been approved in February 2015 when the 2015/16 Capital programme was approved. This comprises a number of projects, most significantly: new vehicles required for the new waste service, which will be ordered for

delivery in 2016/17 (£1.540m); replacement vehicles where purchase has been delayed until the current vehicle becomes unserviceable (£0.300m); site disposal costs of sale owing to delay in approving the sale of some of these sites (£0.243m); disabled facilities grants (£0.250m).

- Item (d) will be funded from the ICT Development Fund
- Item (e) will be funded from new capital receipts arising from asset sales and RTB sales as set out in the report to Full Council on 23 September 2015.

i) The proposed programme of new projects is dependent upon the successful completion, resulting in the anticipated capital receipts, of the approved sale of a number of sites. If it appears likely that any of these sales will not take place before 31 March 2017 or receipts will be substantially less than anticipated, some of the proposed projects will have to be curtailed.

A summary of all of the new items included in the Programme and how they are proposed to be funded is set out in the table below:

Scheme	Cost	Funding		
		New Homes Bonus	Other External Funding	Capital Receipts
	£'000s	£'000s	£'000s	£'000s
Housing Programme				
Disabled Facilities Grants	894	240	654	
Warm Zone Affordable Warmth	30	30		
PSH/Emergency HHSRS Grants/Vulnerable Households	100			100
Empty Homes	30	30		
Loans to Vulnerable Households	75	75		
Landlord Accreditation Scheme	40			40
Replacement Vehicles and Equipment				
Vehicles Replacement	2,086			2,086
Waste Bins	100			100
Stock Condition Works				
Commercial Portfolio	102			102
Car Parks	110			110
Parks Pavilions	17			17
Knutton Lane Depot – Garage Repairs, resurfacing of yard and other works	50			50
Newcastle Cemetery - Path and Ground Works	15			15
Ski Slope - Car Park and Path replacements	15			15
Knutton Community Centre	61			61
Public Railings Painting	50			50
Water Courses	85			85
Engineering Structures	100			100
Parks and Open Spaces				
Footpath Repairs	50			50
Play Area Refurbishment	75			75
Railings/Structures Repairs	25			25
The Wammy Neighbourhood Park	200			200
Tree Work	20			20
Westlands Sports Ground	50			50
Community Green Space Projects - Match	25			25

Funding				
Other Projects				
New Waste Recycling Service	595			595
Knutton Recreation Centre - Demolition Costs and Provision of Temporary Changing Facilities	40			40
Cemetery Memorial Survey Works	10			10
Cremated Remains Garden Phase 8	15			15
Crematorium - Monthly Gardens	5			5
Traveller Encroachment	15			15
Street Furniture Replacement	10			10
Jubilee 2 Part Redecoration	20			20
Carbon Management Plan	15			15
Civic Hub - Amount to be funded from Council's resources	1,900			1,900
TOTAL	7,030	375	654	6,001

- 5.3 There is clearly a direct link with the revenue budget as there may be revenue implications arising from new capital projects and the requirement to spend capital funds will lessen the ability to earn interest on the cash that is invested. It is therefore vital that the revenue and capital budgets are integrated.
- 5.4 Continuation of the capital programme beyond 2016/17 is dependent upon the achievement of a programme of receipts from the disposal of assets. It is essential that sufficient capital receipts are generated from these asset sales to enable essential capital investment to take place.
- 5.5 The Council's overall capital strategy was most recently updated in February 2015. Neither this document nor the related Asset Management Plan has been comprehensively updated for 2016/17 since the underlying strategies remain the same. A report will be brought to the February Cabinet meeting providing updated data in relation to parts of these two documents to ensure that up to date information remains in the public arena.
- 5.6 Two key reports have been considered by Cabinet in relation to future capital investment needs. These are the Newcastle Capital Investment Programme (Cabinet 5 February 2014) and Funding the Council's Capital Investment Programme (Cabinet 15 October 2014). The first report set out the amount of capital investment required over the four year period 2015/16 to 2018/19 in order to maintain service continuity and to safeguard income from the commercial property portfolio. The second report set out options for funding the capital investment identified in the preceding report. It concluded that the only realistic option to meet investment needs is a systematic programme of surplus land disposal, which will also enable the Council to deliver its policy objective of bringing forward more affordable and social housing by the release of some of its land holdings. The alternative of borrowing to part fund the programme is seen to be a more expensive option owing to the cost of servicing the debt. Accordingly it was resolved: ***"That Cabinet agrees with the principle that the Council, as a first resort, will seek to fund its future known capital programme needs through the annual asset management planning process by the identification of land or property in its ownership that is capable of, and appropriate for disposal"***.
6. **Balances and Reserves**
- 6.1 The Council's Balances and Reserves Strategy for 2015/16 is that there should be a minimum General Fund balance of £1.20m and a Contingency Reserve of £100,000. The Council currently holds these reserves.

6.2 A review of all the Council's Balances and Reserves together with a risk assessment is being undertaken for inclusion in the final report on the budget to the Cabinet on 10 February 2016 and the full Council on 24 February 2016.

6.3 It is not proposed to make any contribution from the Budget Support Fund to support the 2016/17 budget.

7. **Legal and Statutory Implications**

7.1 The Council is required to set its Council Tax for 2016/17 by 11 March 2016. However, it is planned to approve the final budget and council tax rates on the 24 February 2016.

8. **Risk Statement**

8.1 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. The main risks to the budget include:

- Spending in excess of the budget.
- Income falling short of the budget.
- Unforeseen elements e.g. changes to legislation or reductions in government grants.

8.2 Such risks require regular and careful monitoring and it is essential that the Council has sufficient reserves to call on if required (see Section 6 above), for example the Council has a General Fund balance sufficient to cover foreseen risks.

9. **Budget Timetable**

9.1 The current timetable for the setting of the 2016/17 budget and Council Tax levels is:-

When	Who	What
20 January	Cabinet	Consideration of draft budget proposals
28 January	FRAPSC	Scrutiny of the draft budget proposals
10 February	Cabinet	Final budget proposals to be recommended for approval by Full Council
24 February	Full Council	To approve the budget and set council tax levels

FRAPSC – Finance, Resources and Partnerships Scrutiny Committee

10. **Earlier Cabinet Resolutions**

Newcastle Capital Investment Programme (Cabinet 5 February 2014);
Funding the Council's Capital Investment Programme (Cabinet 15 October 2014).
Medium Term Financial Strategy 2016/17 to 2020/21 (Cabinet 11 November 2015);

11. **List of Appendices**

Appendix 1: Notable achievements in 2015/16
Appendix 2: Activities planned to achieve Council Plan outcomes in 2016/17
Appendix 3: Savings and Funding Strategies
Appendix 4: Capital Programme 2015/16 to 2016/17.

Notable Achievements in 2015/16

A Co-operative Council which delivers high-quality, community driven services

- a) The successful Shared Apprenticeship scheme continues to work with partners and seek government funding to increase the number of employment opportunities for young people. To date, there are twelve apprentices with a 100% retention rate last year and a further two to start in January 2016. The scheme enables the young people to gain valuable work experience and a meaningful qualification.
- b) Every service now has a Workforce Development Plan in place which ensures that we have the right people, in the right place and with the right skills.
- c) A number of Health and Wellbeing initiatives have been rolled out across the council to support people in the workplace and improve attendances.
- d) Work undertaken towards the reassessment for Investors in People (IIP) accreditation to Gold standard for the council in March 2016.
- e) New website designed, developed and launched by Communications and ICT with a focus on customer transactions. The new site focuses on increased transactional delivery, self-service, ease of access and relevant content to meet customer expectations.
- f) Grant funding gained from the Local Government Association to implement a Customer Self-Serve portal on the Council's website to provide access to Council Tax services online. The redesign has resulted in reduced processing time and, since September, used over 2000 times by either staff or the public.
- g) Improvements in the corporate telephony system include a revised menu structure based on customer demand, improvements to the voice recording system to provide increased security, and automated customer call backs.
- h) Delivery of a digital solution to Members, together with training, has resulted in over 30 Members now using Council iPads as part of their daily activities, and the removal of the Council's courier service.
- i) Improvements to the taxi licensing service to make applications and renewals for taxi-related licences available online, as well as service redesign to make it more responsive to customers and improve efficiency in the back office.
- j) Customer Services has maintained its Customer service Excellence (CSE) accreditation by demonstrating continuous improvement in all areas of the Standard. Mandatory training has been given to all staff on the principles of Customer Service Excellence. There is a programme of providing support for relevant front line services to achieve accreditation, with the Planning service achieving accreditation in October 2015 with partial compliance.
- k) The Council continues to demonstrate compliance with the Public Services Network (PSN) Code of Connection, the Payment Card Industry (PCI) and the National Land and Property Gazetteer (NLPG) Standards.
- l) Completion of EU INSPIRE Directive requirements for the publication of spatial data to enable the sharing of this data across all European organisations.
- m) Review and revision of the Complaints, Compliments and Comments Policy to ensure that it continues to reflect the needs of the council and customers.
- n) Effective management of a number of difficult cases under the Council's Case Management Policy.
- o) Multi-functional device contract completed with savings in excess of £100,000 achieved during the life of the contract and reductions in the Council's carbon footprint.
- p) First project of its kind in the country launched involving the Council and private sector partners to generate income from council assets for advertising/marketing purposes.

- q) Pilot project launched involving the Borough Council and Stoke-on-Trent City Council for print and associated services.
- r) SubLyme Creative Solutions Limited – a company 100 per cent owned by the Council – is formally established with the potential to generate income for communications related activities.
- s) The Council passes the 5,000 mark for followers of its official Twitter account.
- t) Officers have continued to identify potential savings from either the re-procurement of existing suppliers and/or services and new procurements either Capital or Revenue, for example the Council's Long Term Agreement (LTA) for Insurance (to be awarded February).
- u) Delivery of the procurement action plan that supports the Procurement Strategy.
- v) Identified opportunities for district procurement collaborations, for example the recent tyre replacement and repair contract with the City Council.
- w) Delivery of Newcastle Commissioning Prospectus Round 1 & 2 with a total of £429,416 awarded.
- x) The Community Centre Review identified the five community centres that are nearly out of lease as part of the action plan from the review.
- y) Work undertaken by Leisure & Cultural services for the Customer Service Excellence with accreditation likely in March and customer comments cards introduced at Jubilee2 to gain valuable feedback.

A Clean, Safe and Sustainable Borough

- a) The Operations Service gained the Gold Standard award in Britain in Bloom for 14th year running and also Green Flag Awards for 9 of its parks and green spaces.
- b) Public Toilets in the town achieved platinum, gold and silver standard awards.
- c) Local Environment Quality (LEQ) scores for litter, detritus, graffiti and flyposting continue to be good and are ahead of target at present.
- d) The council was a finalist in the APSE Performance Networks Best Performer in Street Cleansing Award 2015.
- e) Expanded the "Planting Pledge" and "Litter Pledge" initiatives where over 50 schools and businesses signed up to improve their local environment.
- f) New recycling service will do away with bags being used for collections, which will improve the local amenity, reduce litter, and improve quality of the materials, especially plastics collected for recycling, as the Council will be running its own Sorting and Bailing Facility.
- g) Bereavement Services gained the Gold standard in the ICCM Charter for the Bereaved for the 12th year running, and continue to progress with the Memorial Safety Inspections in the borough's cemeteries.
- h) Delivery of Local Police and Crime Plan 2014 – 2017 including priorities around domestic abuse, anti-social behaviour and alcohol harm reduction.
- i) Continued delivery of the Council's Anti-Social Behaviour (ASB) service including research and development of the new ASB tools following introduction of ASB, Crime and Policing Act 2014.
- j) Revise and refresh the Safeguarding Children and Adults at risk of abuse and neglect Policy 2015, including co-ordination and delivery of Safeguarding children training for staff and members.
- k) Purple Flag renewal for Newcastle Town Centre.
- l) Develop the Council's approach to Suicide Prevention including delivery of the Midway project.
- m) Contributing to the development of the North Staffs Youth Violence Strategy including preparation for a Home Office Local Assessment.
- n) Introduction to PREVENT (Counter Terrorism) and contribution to the County's PREVENT Board.

- o) Development of the Financial Inclusion agenda and contribution to the County's Families agenda.
- p) Locality Action Partnerships (LAP) development and capacity building.
- q) Review of the Grant Funding Process with recommendations for efficiencies and improvements.
- r) Delivery of an empowerment project for young women at risk of Child Sexual Exploitation (CSE).
- s) Establishment and co-ordination of the Newcastle Safer Neighbourhood Panel for the Office of the Police and Crime Commissioner.

A Borough of Opportunity

- a) Improved 138 homes with serious hazards to health, making them safe to occupy.
- b) Newcastle Town Centre Partnership has delivered a wide range of activities in line with their business plan; this has included the Jazz and Blues Festival, Lymelight Musical Festival, Global Groove, The Homecoming circus event which was supported by a successful Arts Council bid and a weekend of activities around the Christmas Lights switch on. Working in partnership, support has been given with parking free for major events, and after 3pm for the Christmas period.
- c) The Newcastle town centre businesses have also been successful in securing business support for a Business Improvement District which commenced on 1st October and will run for 5 years. The new company has recruited staff to deliver the objectives set out in the Business Plan.
- d) Kildgrove Town Centre Partnership has worked hard to purchase new Christmas Lights and worked alongside the Town Council to support the launch at the Victorian market.
- e) Another successful Business Boost competition and awards event held at the Keele Sustainability Hub.
- f) Subway refurbishment has been completed in Friars Street utilising s106 funding from the new Aldi development and has been painted with local heritage schemes incorporating scenes of the local history.
- g) Provided financial assistance to 131 disabled residents to assist with adaptations to their home.
- h) Carried out pro-active inspections of 97 private sector shared housing (HMO's) to ensure good quality housing standards are achieved and maintained.
- i) Continued promotion of the Accredited Landlord Scheme to support good landlords and active enforcement to ensure landlords comply with minimum standards.
- j) Launched a loan scheme to enable low income owner occupiers to repair their homes to a decent standard.
- k) Made a commitment with partner agencies to develop Ryecroft for retail led scheme including student accommodation, to support the regeneration of the town centre. Committed to developing a new Civic Hub to provide good customer services with other statutory partners.
- l) Maintaining the vacancy rates in respect of the commercial portfolio at 6.2% despite difficult economic conditions thereby generating about £1.3m of revenue to support the Council's general fund.
- m) Disposing of a number of property assets to assist with funding the Council's capital programme including premises known formerly as "The Square" (in Newcastle town centre), former Jubilee Baths and premises at both Hassell Street and Brunswick Street, Newcastle which has realised approximately £3.75m.
- n) The business case for a new Public Sector Partnership Hub has been completed and Council approval granted to proceed with partners to proceed with implementation of the scheme.

- o) A development partner has been secured (legal documentation to be completed) to take forward the redevelopment of the Ryecroft site for a major new retail-led, mixed-use development and car park.
- p) Commenced implementation of a land/property disposal programme in accordance with the approved Asset Management Strategy with the aim of generating capital receipts to fund the Council's capital programme and to facilitate development needs of the borough.
- q) Achieved revenue savings in respect of business rates payable on a number of Council owned premises, including the former Jubilee Baths, Jubilee 2, the former Knutton Recreation Centre and Knutton Depot.
- r) Partnership funded Resonance Great War exhibition through Staffordshire Museums Consortium.
- s) A £12,500 grant obtained to upgrade the gallery space to allow loans from national museums.
- t) The museum has new branding and name - The Brampton Museum, and has undergone exterior redecoration, improved electrics and new boilers.
- u) Adoption of the Council's Playing Pitch Strategy in June 2015.

A Healthy and Active Community

- a) A total of 2813.5 volunteer hours were given from volunteer groups and individuals in the first six months of the year to care for the local green spaces and neighbourhoods through the delivery of the Community Engagement Framework.
- b) A second annual "Communities Day" was held in June and a total of twenty five groups participated in a range of community events.
- c) The Acre Allotments were successfully transferred into community management in partnership with Silverdale Parish Council.
- d) The council was a finalist in the Keep Britain Tidy Community Awards (results in February 2016).
- e) Local priority projects were delivered at Douglas Road, Newchapel Recreation Ground, Gloucester Road, Clough Hall Park and other sites.
- f) Delivered improvement schemes at Wolstanton Marsh and Cotswold Avenue children's playgrounds.
- g) The Community Food Garden project continues to be delivered at Queen Elizabeth Park, Chesterton Park and Clough Hall Park.
- h) Commissioned review of Green Space Strategy.
- i) Improvement and community art projects delivered at Lyme Brook, Brampton Park and Nelson Place.
- j) Programme of collections rationalisation in line with ongoing work towards the museum accreditation.
- k) Continued to support the Friends of the museum.
- l) Work undertaken with the New Vic Borderlines to deliver the Artefactual project at the museum.
- m) Delivery of the Police and Crime Commissioner's SPACE programme in the Borough.
- n) Awarded funding from the Newcastle Partnership Commissioning Prospectus to deliver Active2 & This Girl Can projects in the borough to improve health and activity.
- o) Continuation of the GP referral programme following withdrawal of funding from Public Health.
- p) Improved signage to the Brampton Museum for visitors.
- q) Submitted a Stage 1 Heritage Lottery Funding bid for Museum redevelopment and also a Stage 1 HLF submission in partnership with the universities and other local partners to deliver a Philip Astley project.
- r) Contribution to the further development of Health and Wellbeing work.

Activities planned to achieve Council Plan outcomes in 2016/17

A Co-operative Council which delivers high-quality, community driven services

- a) Continue to develop the Community Engagement and Participation Framework to encourage volunteer groups to care for their green spaces and neighbourhoods.
- b) Review potential for community management of local facilities and continue to work with partners to deliver locally important projects.
- c) Continue to organise and run community events including Communities Day, the Community Forum and Clean for the Queen.
- d) Reviews and implementation of new strategies and policies over a wide range of services.
- e) Implementation of a new cloud based e-payments system will begin in the New Year, working in partnership with four other Staffordshire local authorities.
- f) Increase in the ICT Service Desk hours of availability to address the needs of staff.
- g) Investigating a Hybrid Mail solution, with a proof of concept pilot taking place January to March 2016.
- h) Support the delivery of ICT and integrated customer services solutions for the planned Public Sector Hub. This includes the development of the data centre at Kidsgrove Customer Service Centre, Electronic Document & Records Management and Agile working facilities.
- i) Telephony improvements – investigate the potential for Web Chat.
- j) Increase customer self - serve as part of a Staffordshire wide approach to joined up service delivery.
- k) Implement a new Markets Management system to enable electronic payments, increase security and remove the requirement for paperwork.
- l) Continue to embed Social Value and the use of the e-learning portal in future procurements.
- m) Quarterly reporting of contract spend and opportunities linked to the LA Transparency Code 2014 which supports ongoing spend analysis.
- n) Planning and delivery of the Modern Workforce Agenda to reduce costs and efficiencies.
- o) Developing new Recycling collection service to become operational July 2016, with weekly recycling and food waste. Residents to be provided with food waste liners to further enhance the service.
- p) Support the Waste & Recycling service to TUPE transfer waste recycling contract staff in-house.
- q) Review current service contract implications of the move to a new Civic Hub 2016 to 2018.
- r) Identify training and information needs as a result of the Procurement Regulations 2015.
- s) Review, refine and continue to develop and deliver the Newcastle Partnership Commissioning Prospectus.
- t) Development and Delivery of an Electronic Document Record Management Solution.

A Clean, Safe and Sustainable Borough

- a) Continue to expand the Pledge initiatives with schools and businesses.
- b) Seek to retain Green Flag Awards and achieve Gold Standard in Britain in Bloom and aim to maintain high standards for Local Environment Scores.
- c) Review consultation results on priorities for Streetscene Service.
- d) Seek to retain Gold Standard in ICCM Charter for the Bereaved.

- e) Moving forward with developing the revised Recycling and Waste Service, to be more efficient, looking at increasing participation in separate food waste collections, and focusing on reducing quantities of non-recyclable (residual) waste.
- f) Further development of the PREVENT (Counter terrorism) agenda e.g. WRAP awareness training.
- g) Delivery of Child Sexual Exploitation (CSE) prevention and awareness training.
- h) Further development of the Commissioning Prospectus to deliver the priorities of the Newcastle Partnership subject to available funding.
- i) Continued delivery of the Local Police and Crime Plan including priorities around domestic abuse, anti-social behaviour and alcohol harm reduction.
- j) Preparation for the refresh of the local police and crime plan for 2017 and beyond.
- k) Co-ordination and delivery of Safeguarding Adults at Risk of Abuse and Neglect training for everyone.

A Borough of Opportunity

- a) Continue to work with the Stoke and Staffordshire Local Enterprise Partnership (LEP) to secure European funding for the borough.
- b) To continue the partnership working to deliver the new Civic Hub and Ryecroft development.
- c) Continued support for the Newcastle Business Improvement District and Kidsgrove Town Centre Partnership.
- d) Work with partner agencies to ensure that the needs of vulnerable disabled residents continue to be recognised with the Better Care Fund, to ensure that adaptations can be delivered effectively.
- e) Continue to seek the improvement of private sector homes removing hazards to health as necessary and appropriate.
- f) Proactive housing inspection projects to tackle the poorest conditions.
- g) To work with the County Council and partners in construction of the Public Sector Partnership Hub on the site of the Former St. Giles and St Georges School to enable occupation by the end of April 2017.
- h) To work with the Council's development partner and the County Council to facilitate commencement of the redevelopment of the Ryecroft site.
- i) To continue with implementation of a Land Disposals programme in accordance with the forthcoming refresh of the Asset Management Strategy.
- j) To continue working with the tenants in our commercial properties to optimise occupation of our stock and maximise revenue income from rental payments.
- k) Masterplanning and options appraisal for Newcastle Western Extension.
- l) Development of the museum website to enhance the marketing aspect and the visitor experience.
- m) Development of the virtual access to collections in the museum galleries and new education space.

A Healthy and Active Community

- a) To launch a culture and dance programme and introduction of a weight referral programme at Jubilee 2.
- b) Development of a feasibility study in partnership with the county for a replacement sports centre at Kidsgrove.
- c) Development of an Active in Age programme in partnership with the Beth Johnson Foundation, Aspire Housing and AgeUK in the borough.
- d) Stage 1 HLF bid for Museum redevelopment to develop a new gallery, with research and meeting space areas.
- e) Develop a project for Queens Gardens to complement Public Sector Hub.
- f) Deliver an externally funded improvement scheme at Thistleberry Parkway.

- g) Complete the review of the Green Space Strategy.
- h) Development of a community art project on Ring Road.
- i) Deliver an externally funded improvement scheme at the Wammy.

Appendix 3 - 2016/17 Savings and Funding Strategies Being Considered (will require robustness checks and final review)

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Ref	Service Area	Description	£000's	% of Budget Line(s)	Detail
Procurement					
P1	Business Improvement and Partnerships	Third Sector Commissioning	13	6.0%	Reduction in budgetary requirement from collaboration with Staffordshire County Council and Locality Commissioning
P2	Finance	Payment Card Contract	7	20.0%	Procurement savings from tendering exercise for a new payment card contract as approved by Cabinet on 11 November 2015
P3	Housing and Regeneration	Housing Advice Contract	31	9.3%	Saving per awarded contract value for 2016/17
P4	Business Improvement and Partnerships	Insurance Premium Renewal	150	29.5%	Overall saving and acceptance of increased excesses
			201		
Income					
I1	Recycling and Fleet	Waste and Recycling Review	316	9.6%	Bringing in house of external contracts, full review and rationalisation of service (further savings of £184k to be achieved in 2017/18)
I2	Revenues and Benefits	Summons Costs	30	4.5%	Additional income from summons costs
I3	Communications	Advertising Income	5	12.5%	Additional income from advertising income project (i.e. billboards and car parks)
			351		
Staffing Related Efficiencies					
S1	Assets	Restructure of Service/Handy Person Post	30	8.2%	Savings from finalisation of restructure of the Assets Service including the establishment of an in house handy person post (savings in contractor payments)
S2	Finance	Car Leasing Scheme	3	0.8%	Car leases not renewed following expiry
S3	Leisure and Cultural	Sports and Active Lifestyles Review	45	4.6%	Total savings of £95,000 over 2015/16 and 2016/17 from review of staffing of the service
S4	Operational Services	Temporary Contract	4	3.2%	Temporary contract of Landscape Technical Assistant not renewed (2 months saving, 10 months saving in 2015/16)
S5	Operational Services	Public Conveniences	10	50.0%	Redeployment of Public Conveniences Attendant following reduction in facilities provided
S6	Operational Services	Park Attendant Service	68	33.5%	Total savings of £138,000 over 2015/16 and 2016/17 from review of service and staffing of the service

S7	Operational Services	Business Manager Review	50	17.2%	Business Manager review in Operational Services
S8	Revenues and Benefits	Modernisation of the Revenues and Benefits Service	100	7.0%	Implementation of Citizens Access resulting in additional staffing capacity. Staffing capacity reduced by flexible retirements and removal of vacant post
S9	Central Services	Restructure of Democratic Services	6	5.3%	Savings from the minor restructure of Democratic Services
S10	Human Resources	Human Resources staffing	5	2.1%	Changes in hours of existing posts
			321		

Good Housekeeping/General Other Savings/Changes in Base Budgets

G1	Communications	Jazz and Blues Festival	3	100.0%	Removal of contribution to the Town Centre Partnership re. Jazz and Blues Festival
G2	Customer and ICT Services	Review of the Customer Service Centres	20	4.6%	Review of the Guildhall and Kidsgrove Customer Service Centres, savings include income from the provision of additional services (e.g. First Bus)
G3	Customer and ICT Services	Reduction in Computer Software Costs	3	1.7%	Reduction in budgetary requirement for computer software costs
G4	Finance	External Audit Fees	18	22.2%	Reduction in the fees charged to the Council by Grant Thornton
G5	Finance	Business Rates on Council Owned Properties	13	46.4%	Reduction in business rates for which the Council is liable (Knutton Recreation Centre)
G6	Housing and Regeneration	Destination Staffordshire	2	20.0%	Reduction in contribution required to the Destination Staffordshire partnership (tourist board for Staffordshire)
G7	Housing and Regeneration	Town Centre Partnership Contribution	23	100.0%	Final phased removal of contribution to the Town Centre Partnership (£7,500 in 2015/16 and £22,500 in 2016/17)
G8	Leisure and Cultural	Community Centres	14	13.3%	Reduction in grant given by the Council and reduction in repairs and maintenance following grant of full leases to Community Centre committees, agreed as part of the 2015/16 budget setting process
G9	Leisure and Cultural	New Victoria Theatre Grant	10	11.4%	Phased reduction of grant given over a 5 year period agreed as part of the 2015/16 budget setting process
G10	Housing and Regeneration	Business Improvement District Levy	5	20.0%	Actual levy chargeable to the Council is less than provisionally allowed for
G11	Environmental Health	Environmental Health Software Support	2	11.1%	Reduction in the level of support required from Stafford Borough Council re. the administration of Environmental Health software
			113		

Alternative Sources of Finance/Other

A1	Corporate	Invest to Save Savings	4	10.3%	Savings following financing of invest to save schemes (e.g. Civic Offices water heater)
A2	Corporate	Superannuation Lump Sum	58	5.3%	Discount for payment to the Pensions Actuary in advance of superannuation lump sums
A3	Corporate	Council Tax Base	145	2.3%	Increase in Council Tax Base (increase in residential properties from 35,242 to 36,078 at £176.93 per property per tax base calculation)
A4	Corporate	New Homes Bonus contribution	517	28.5%	Further additional funding to be received in 2015/16 (£347k) and transfer of part of capital funding to revenue (£170k)
A5	Corporate	Council Tax Increase	124	1.99%	Assumed increase of 1.99%. An increase of 2% or above will require the Council to undertake a referendum
			848		
Grand Total			1,834		

NEWCASTLE-U-LYME BOROUGH COUNCIL CAPITAL PROGRAMME 2015/16 TO 2016/17

PROJECTS WITHIN CAPITAL PROGRAMME THEMES	2015/16 Est Exp	2016/17 Est Exp	Total Exp	External Contribn	Council Financing
	£	£	£	£	£
IMPROVING HOUSING IN THE BOROUGH					
Disabled Facilities Grants	726,500	1,044,000	1,770,500	1,548,000	222,500
Energy Efficiency Grants	20,000	90,000	110,000	30,000	80,000
PSH/Emergency HHSRS Grants Vul H	30,000	135,000	165,000	0	165,000
Empty Homes	30,000	30,000	60,000	35,000	25,000
Loans to Vulnerable Households	25,000	100,000	125,000	75,000	50,000
Landlord Accreditation	40,000	40,000	80,000	40,000	40,000
Choice Based Lettings	5,600	20,000	25,600	0	25,600
IMPROVING HOUSING IN THE BOROUGH SUB TOTAL	877,100	1,459,000	2,336,100	1,728,000	608,100
INVESTING IN COMMUNITY FACILITIES					
Footpath Repairs	17,500	50,000	67,500	0	67,500
Play Area Refurbishment	49,600	75,000	124,600	0	124,600
Railing/Structures Repairs	12,100	25,000	37,100	0	37,100
The Wammy Neighbourhood Park	0	200,000	200,000	0	200,000
Thistleberry Parkway	0	83,000	83,000	83,000	0
Westlands Sports Ground	0	50,000	50,000	0	50,000
Traveller Encroachment	12,600	15,000	27,600	0	27,600
Cemetery Memorial Survey Works	5,400	10,000	15,400	0	15,400
Tree Work	0	20,000	20,000	0	20,000
Cremated Remains Garden - Phase 8	0	15,000	15,000	0	15,000
Crematorium - Monthly Gardens	0	5,000	5,000	0	5,000
Street Furniture Replacement	0	10,000	10,000	0	10,000
Community Green Space Projects - Match Funding	0	25,000	25,000	0	25,000
Ski Slope - Car park & path replacements	0	15,000	15,000	0	15,000
Birchenwood Sports Complex - pavilion - shower replacement and tiling	19,000	10,000	29,000	0	29,000
Roe Lane Pavilion - shower replacement	14,000	0	14,000	0	14,000
Wolstanton Marsh Pavilion	0	7,000	7,000	0	7,000
Jubilee 2 - part redecoration	0	20,000	20,000	0	20,000
Wolstanton Marsh Improvements	3,000	0	3,000	0	3,000
Silverdale Community Facilities	7,500	0	7,500	0	7,500
Clayton Sports Centre Works	217,000	0	217,000	217,000	0
Pooldam Marshes Nature Reserve	0	47,000	47,000	47,000	0
S106 Works Lowlands Road	162,600	15,000	177,600	177,600	0
INVESTING IN COMMUNITY FACILITIES SUB TOTAL	520,300	697,000	1,217,300	524,600	692,700

PROJECTS WITHIN CAPITAL PROGRAMME THEMES	2015/16 Est Exp	2016/17 Est Exp	Total Exp	External Contribn	Council Financing
	£	£	£	£	£
COMMUNITY CENTRES					
Clayton CC - Stock Condition Work	15,000	0	15,000	0	15,000
Knutton CC - Roof and Windows	0	60,950	60,950	0	60,950
Knutton CC - Stock Condition Work	0	30,000	30,000	0	30,000
Red Street CC - Stock Condition Work	0	5,000	5,000	0	5,000
Silverdale CC	0	20,000	20,000	0	20,000
COMMUNITY CENTRES SUB TOTAL	15,000	115,950	130,950	0	130,950
SAFEGUARDING THE BOROUGH'S HERITAGE					
Museum - Boiler replacement, electrical refurb & window replacements	45,000	0	45,000	0	45,000
Newcastle Cemetery - Path & Ground Works	0	15,000	15,000	0	15,000
Public Railings - painting	10,000	90,000	100,000	0	100,000
SAFEGUARDING THE BOROUGH'S HERITAGE SUB TOTAL	55,000	105,000	160,000	0	160,000
INVESTING FOR THE FUTURE					
Newcastle Town Centre Public Works	5,500	0	5,500	0	5,500
Strategic Investment Framework	2,800	10,000	12,800	0	12,800
Ryecroft Development	50,000	40,000	90,000	0	90,000
Subway Improvement Programme	91,000	0	91,000	91,000	0
Civic Offices/Public Buildings Stock Condition Works	104,700	0	104,700	0	104,700
Merial Street/ St. Georges Chambers	0	40,000	40,000		40,000
King St. Car park - Newcastle	50,000	0	50,000	0	50,000
Surface Car Parks Audley	0	30,000	30,000	0	30,000
Other car parks	20,000	80,000	100,000	0	100,000
Midway Car Park Safety Works	60,000	0	60,000	45,000	15,000
Water courses - Kidsgrove	0	25,000	25,000	0	25,000
Water courses - Others	0	60,000	60,000	0	60,000
Knutton Depot - garage repairs/resurfacing of yard	0	70,000	70,000	0	70,000
Commercial Portfolio Stock Condition Works	66,000	113,150	179,150	0	179,150
Engineering Structures - Provisional Sum	80,000	120,000	200,000	0	200,000
Carbon Management Plan	0	30,000	30,000	15,000	15,000
Knutton Recreation Centre – demolition costs and provision of temporary changing facilities	0	40,000	40,000	0	40,000
Site Disposal Tranche 2 Fees	200,000	242,800	442,800	200,000	242,800
New Waste Service Fleet	0	1,540,000	1,540,000	0	1,540,000
New Waste Service Sorting Equipment	275,000	0	275,000	0	275,000

PROJECTS WITHIN CAPITAL INVESTMENT PROGRAMME THEMES	2015/16 Est Exp	2016/17 Est Exp	Total Exp	External Contribn	Council Financing
New Waste Service - Recycling Boxes	0	495,000	495,000	0	495,000
New Waste Service Weighbridge and Bulking Shed Works	185,000	0	185,000	0	185,000
New Waste Service - acoustic works	0	100,000	100,000	0	100,000
ICT Projects	144,600	230,000	374,600	0	374,600
PC Replacements	7,100	5,000	12,100	0	12,100
Customer Relationship Management	21,500	15,000	36,500	0	36,500
Civic Hub	0	6,100,000	6,100,000	0	6,100,000
INVESTING FOR THE FUTURE SUB TOTAL	1,363,200	9,385,950	10,749,150	351,000	10,398,150
VEHICLES AND PLANT					
Vehicles	800,000	2,386,000	3,186,000	285,000	2,901,000
Waste Bins	100,000	100,000	200,000	0	200,000
VEHICLES AND PLANT SUB TOTAL	900,000	2,486,000	3,386,000	285,000	3,101,000
GRAND TOTAL	3,730,600	14,248,900	17,979,500	2,888,600	15,090,900

Sources of Funding	2015/15 Est Exp	2016/17 Est Exp	Total Exp
	£	£	£
Other Revenue Funds	173,200	250,000	423,200
Capital Receipts (Civic Hub)	0	5,400,000	5,400,000
Right to Buy Receipts (Civic Hub)	0	700,000	700,000
Capital Receipts (remainder of projects)	1,842,800	6,724,900	8,567,700
External Grants/Contributions	1,714,600	1,174,000	2,888,600
Capital Programme	3,730,600	14,248,900	17,979,500

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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE FINANCE, RESOURCES AND PARTNERSHIPS SCRUTINY COMMITTEE

28 January 2016

1. TREASURY MANAGEMENT STRATEGY 2016/17

Submitted by: Head of Finance

Portfolio: Finance IT and Customer

Ward(s) affected: All indirectly

Purpose of the Report

To consider the content of and scrutinise the Treasury Management Strategy for 2016/17, including the Prudential Indicators, Investment Strategy and Minimum Revenue Provision Strategy contained within it.

Recommendations

Recommendations:

- a) ***That the Committee consider and scrutinise the content of the Treasury Management Strategy for 2016/17.***
- b) ***That the Committee approve the strategy for submission to the Full Council on 24 February 2016.***

Reasons

The Council needs to have an approved Treasury Management Strategy for 2016/17 in place before the start of the 2016/17 financial year.

At the Council meeting of 24 June 2009 it was resolved that the strategy be scrutinised by the Finance, Resources and Partnerships Scrutiny Committee before being submitted for approval by Full Council. The strategy will be submitted to the Full Council for approval at its meeting on 24 February 2016.

1. **Background**

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires a report to be prepared and approved by the Council concerning the strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2016/17.
- 1.2 The Local Government Act 2003 and Regulations thereto specify that local authorities must have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities in setting their affordable borrowing limits. This is to be achieved by setting a number of "prudential indicators" covering various aspects of treasury management. Accordingly, the appropriate prudential indicators have been incorporated in the relevant sections of the Treasury Management Strategy Report.

- 1.3 In addition the Department for Communities and Local Government (DCLG) issued revised “Guidance on Local Authority Investments” in March 2010, under powers contained in Section 15 (1)(a) of the Local Government Act 2003. The Act states that local authorities must have regard to this guidance. The Guidance recommends that an Annual Investment Strategy, setting out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments is produced and approved by the Full Council.

2. **Issues**

- 2.1 The draft Treasury Management Strategy Report for 2016/17 is attached at Appendix 1.
- 2.2 The draft proposed prudential indicators relating to treasury management are contained in the report.
- 2.3 The draft Investment Strategy for 2016/17 is contained in Annex A to the report.
- 2.4 Details of the methodology involved in the production of the counterparty listing are contained in Annex B to the report.
- 2.5 The draft Minimum Revenue Provision Policy for 2016/17 is contained in Annex C to the report.
- 2.6 Some of the paragraphs and the economic commentary have been supplied by Sector Treasury Services Ltd, the Council’s treasury management advisors.
- 2.7 The Treasury Management Strategy for 2016/17 allows for the possibility of borrowing. At the Cabinet meeting on 15th October 2014, Cabinet resolved, via the ‘Funding the Council’s Capital Investment Programme’ report:

‘That Cabinet agrees with the principle that the Council, as a first resort, will seek to fund its future known capital programme needs through the annual asset management planning process by the identification of land or property in its ownership that is capable of, and appropriate for disposal.’

However if these capital receipts do not materialise then borrowing may occur in order to fund the capital programme.

3. **Legal and Statutory Implications**

- 3.1 The Council must comply with the Investment Guidance published by the DCLG.

4. **Financial and Resource Implications**

- 4.1 There are no specific financial implications arising from the strategy report.

5. **Major Risks**

- 5.1 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.
- 5.2 The overriding consideration in determining where to place the Council’s surplus funds is to safeguard the Council’s capital. Within this constraint the aim is to maximise the return on capital.

5.3 Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

6. **List of Appendices**

6.1 Appendix 1 Treasury Management Strategy Report 2016/17.

7. **Background Papers**

- CIPFA Treasury Management Code of Practice (revised November 2009 and again in November 2011);
- Council's Treasury Management Policy Statement,
- CIPFA Prudential Code for Capital Finance in Local Authorities and guidance notes thereto,
- Local Government Act 2003,
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003,
- Guidance on Local Authority Investments issued by the Department for Communities and Local Government (revised March 2010).

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Treasury Management Strategy Report 2016/17

1.0 Introduction

1.1 Background

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.

CIPFA defines treasury management as:

“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.”

1.2 Statutory Reporting Requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (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 – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury outturn report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by both the Audit and Risk Committee and the Finance, Resources and Partnerships Scrutiny Committee.

1.3 Treasury Management Strategy for 2016/17

The strategy for 2016/17 covers two main areas:

Capital Issues

- Prudential indicators;
- The Minimum Revenue Provision (MRP) Policy (Annex C).

Treasury Management Issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy (Annex A);
- creditworthiness policy (Annex B);
- policy on use of external service providers; and
- treasury management glossary of terms (Annex D).

These elements cover the requirements of the Local Government Act 2003, the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

2.0 Prudential and Treasury Indicators

2.1 Background

This report incorporates a number of Prudential Indicators in relation to treasury management in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities (“the Code”). Regulations to the Local Government Act 2003 lay down that the Council shall have regard to the Prudential Code in determining an affordable borrowing limit.

The indicators are intended to demonstrate that the Council has fulfilled the objective of ensuring that its capital investment decisions are prudent, affordable and sustainable – or in exceptional cases to demonstrate that there is a danger of not ensuring this, so that timely remedial action can be taken. They are further designed to ensure that treasury management decisions are taken in a manner that supports prudence, affordability and sustainability.

2.2 Capital Prudential Indicators

Actual and Estimate of Capital Expenditure

This indicator relating to Actual and Estimates of Capital Expenditure is reported separately to the Council meeting which sets the General Fund Revenue Budget and the Council Tax (24 February 2016).

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 MRP is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. 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 is asked to approve the CFR projections below:

31/03/15 Actual (£000's)	31/03/16 Estimate (£000's)	31/03/17 Estimate (£000's)	31/03/18 Estimate (£000's)	31/03/19 Estimate (£000's)
(503)	(654)	(654)	2,000	4,000

The amounts shown above from 2017/18 onwards allow for the possibility that the Council may need to borrow during those years to finance capital expenditure which cannot be funded from other revenue or capital resources. However, the likelihood of individual schemes, the timings and the amounts involved cannot be assessed with any certainty at this point.

The sale of Council assets for capital receipts will have a significant impact upon the CFR, if sales are made the Council's borrowing requirement will be reduced, if not the Council's borrowing requirement will be greater.

2.3 Affordability Prudential Indicators

Estimates of the Incremental Impact of Capital Investment Decisions on Council Tax

This indicator relating to Estimates of the Incremental Impact of Capital Investment Decisions on Council Tax is reported separately to the Council meeting which sets the General Fund Revenue Budget and the Council Tax (24 February 2016).

Actual and Estimates of the 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.

Financing Costs comprise the aggregate of: interest payable on loans and finance leases; premiums or discounts in relation to premature debt repayment; interest receivable and investment income; the amount charged as MRP; depreciation and impairment charges that have not been reversed out of the revenue account.

Net Revenue Stream is defined as the 'amount to be met from government grants and local taxpayers'. This is the Council's 'budgetary requirements' figure shown in the General Fund Revenue Budget, being the net expenditure for the year before deducting government grants (Revenue Support and Business Rates Retention) and adjusting for the Collection Fund surplus/deficit. The relevant figures for this Council are set out in the table below:

	2014/15 Actual (£000's)	2015/16 Estimate (£000's)	2016/17 Estimate (£000's)	2017/18 Estimate (£000's)	2018/19 Estimate (£000's)
Net Revenue Stream	13,131	12,148	11,673	11,186	10,950
Financing Costs	(194)	(45)	(103)	(173)	(222)
Ratio	(1.48%)	(0.37%)	(0.88%)	(1.55%)	(2.03%)

2.4 Treasury Indicators

Current Portfolio Position – Debt

Currently the Council has no long term external debt and is categorised as a 'debt free' authority. Short term external loans (i.e. repayable on demand or within 12 months) can be taken to fund any temporary capital or revenue borrowing requirement. The amounts involved would fluctuate according to the cash flow position at any one time. Such short term borrowing does not affect the Council's 'debt free' status.

Any surplus funds arising, for example from favourable cash flow or as a result of asset sales, are potentially available for use as an alternative to short term borrowing. The Actual External Debt of the Council as at the end of the previous financial year is a Prudential Indicator. This indicator comprises actual borrowing (short and long term) as shown in the Council's balance sheet. This indicator will reflect the actual position at one point in time. As at 31 March 2015 the Actual External Debt of the Council was nil.

Current Portfolio Position – Investments

It is estimated that the amount of receipts in hand, plus reserve balances, and available for investment at 1 April 2016 will be in the region of £8,000,000, all of which will be managed In House.

Limits to Borrowing Activity

The Local Government Act 2003 requires each local authority to determine and keep under review how much money it can afford to borrow. This is to be determined by the calculation of an affordable borrowing limit which Regulations to the Act specify should be calculated with regard to the CIPFA Prudential Code.

At present borrowing is not being used to fund the capital programme because the Council has had sufficient reserves and useable capital receipts to finance capital expenditure from these sources. Borrowing may become an option if these resources become sufficiently depleted that they are insufficient to finance proposed capital expenditure deemed to be affordable, if the costs of borrowing compare favourably with those of alternatives such as using unapplied capital receipts, or if in fact there is a sufficient business case to do so.

There may be a requirement to temporarily fund some capital expenditure by means of borrowing during the interim period before a permanent means of finance becomes available, for example whilst awaiting receipt of Government grant. As well as temporary borrowing required for capital purposes, it may also be necessary to borrow in order to cover any temporary shortfall in revenue income which may arise owing to either a mismatch between income and expenditure or problems concerning the non payment of amounts due to be paid by the Council's customers. These factors have been taken into account in calculating the Prudential Indicators referred to below.

Projections of the need for capital investment in projects necessary to ensure operational continuity over the next few years, together with projections of likely capital receipts arising from asset sales and the availability of reserves to finance this expenditure indicate that there is likely at some point to be an adverse gap between expenditure and resources to finance it. This increases the likelihood of borrowing being used over the period of this strategy, particularly as an interim measure to bridge the gap between expenditure being incurred and funds from asset sales being realised. The amounts included for permitted borrowing in the Operational Boundary and Authorised Limit below take account of this. It should be noted that this does not indicate a definite intention at this point in time to borrow up to this amount or at all but is required to permit the option of borrowing to be employed, if necessary.

The Operational Boundary

This is the limit beyond which external debt 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 debt.

Operational boundary £m	2016/17 Estimate (£000's)	2017/18 Estimate (£000's)	2018/19 Estimate (£000's)	2019/20 Estimate (£000's)
Borrowing	5,000	5,000	5,000	5,000
Other long term liabilities	0	0	0	0

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 debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

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.

The Council is asked to approve the following authorised limit:

	2016/17 Estimate (£000s)	2017/18 Estimate (£000's)	2018/19 Estimate (£000's)	2019/20 Estimate (£000's)
Debt	15,000	15,000	15,000	15,000
Other Long Term Liabilities	0	0	0	0

Sources of Borrowing

Temporary borrowing can take place via money brokers, from building societies, banks, local authorities, individuals and commercial organisations. If the Council decides to borrow on a long term basis to fund capital expenditure all borrowing options available will be reviewed.

Interest Rates, Loan Periods and Types of Loan

The most favourable options will be selected, depending upon market conditions prevailing at the time of borrowing. The aim will be to minimise the impact upon revenue accounts and to achieve efficient management of the Council's debt portfolio. Advice will be taken, as appropriate from the Council's treasury management advisors. The Council will be eligible for loans at a reduced rate, around 20 basis points less than normally available, (the Treasury Certainty Rate) from the PWLB during 2016/17.

Limits on Interest Rate Exposures (fixed and variable interest rates)

The following limits will apply in relation to the Council's interest rate exposure. They relate to interest on both borrowings and investments. These limits are intended to reduce the risk of the Council suffering unduly from significant adverse fluctuations in interest rates.

Limit on Fixed Interest Rate Exposures (as a percentage of total borrowings/investments)

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2016/17	100%	0%	100%	0%
2017/18	100%	0%	100%	0%
2018/19	100%	0%	100%	0%
2019/20	100%	0%	100%	0%

Limit on Variable Interest Rate Exposures (as a percentage of total borrowings/investments)

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2016/17	100%	0%	100%	0%
2017/18	100%	0%	100%	0%
2018/19	100%	0%	100%	0%
2019/20	100%	0%	100%	0%

In relation to both investing and borrowing fixed rate investments and loans may be anything between 0% and 100% of the total, with the same proportions being permitted for variable rate loans – in effect there is no limit on each type. This enables maximum flexibility to be afforded to your officers to take advantage of prevailing interest trends to obtain the best deal for the Council.

Total Principal Funds Invested for Periods Greater than 364 days

The Council will determine the maximum periods for which funds may prudently be committed. Investments will be for whatever period is considered appropriate by your officers at the time that the investment is made. Regard will be had to relevant matters such as likely future capital values and the Council's forecast need to realise investments in the future in order to finance capital expenditure or for any other purpose.

There will be a limit placed upon the amount which may be invested for periods in excess of 364 days. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than on the date on which the funds are paid over to the Counterparty.

This Treasury Indicator is intended to limit the Council's exposure to the possibility of loss that might arise as a result of it having to seek early repayment of sums invested. It consists of the amount that it is considered prudent to have invested for a period greater than 364 days in each of the next three years. The limits as set out in the table below will apply:

	£000's
Beyond 31/03/16	5,000
Beyond 31/03/17	5,000
Beyond 31/03/18	5,000

It should be noted that in practice the sums available for investment are unlikely to be sufficient to allow amounts of this magnitude to be invested for such extended periods. In fact at present investments are being restricted to periods of 6 months or less due to cash flow fluctuations and on account of continuing uncertainties with regard to the credit worthiness of counterparties with whom investments could be placed.

3.0 Leasing

3.1 Requirement for the Year

In previous years the Council has acquired some items of plant by means of leases and major items of equipment may also be obtained in the same way.

The total amount of leases to be entered into during the year will depend upon the replacement requirement for vehicles and plant and upon any new requirements arising during the year. It will also depend upon the attraction of leasing as opposed to other forms of finance which may be available, in particular in comparison with contract hire terms for vehicles and plant and the availability and relative cost of internal sources of funding. The appropriate form of finance will be chosen to obtain the best deal for the Council at the time that the requirement arises.

3.2 Period and Type of Lease

An appropriate lease period will be chosen in relation to the type of asset concerned and to achieve the most satisfactory revenue account impact. Fixed or variable rate leases may be taken out; which is used will depend upon market conditions prevailing at the time the decision is made.

3.3 Leasing Consultants

The current contract with the Council's treasury management advisors includes the provision of leasing advice.

4.0 Treasury Management Training

4.1 Training Courses

The training need regarding treasury management officers is periodically reviewed. Officers engaging in Treasury Management activities will also attend any suitable courses/seminars provided by the Council's treasury management advisors and any other appropriate organisations where it is considered that this will increase or complement their expertise in relation to the Treasury Management function.

4.2 Members Training

It is envisaged to run some training sessions for Members in respect of Treasury Management during the 2016/17 financial year.

5.0 Policy on the use of External Service Providers

5.1 Officers work with the Council's treasury management advisors to monitor market trends and to advise on strategic considerations affecting borrowing strategy and sums available for investment and any other relevant treasury management matters. Quarterly meetings are held to ensure quality of service is maintained and to develop a constructive relationship. The current contract, awarded to Sector Treasury Services Ltd, was awarded until 31 March 2017, with the option to extend this until 31 March 2019.

6.0 Prospects for Interest Rates

6.1 Part of the service provided by the Council's advisors is to assist the Council to formulate a view on interest rates. The following table and information gives the current provider's central view:

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar 2016	0.50	2.40	3.00	3.70	3.60
Sep 2016	0.75	2.70	3.20	3.90	3.80

Mar 2017	1.00	2.80	3.40	4.10	4.00
Sep 2017	1.50	3.00	3.60	4.20	4.10
Mar 2018	1.75	3.30	3.80	4.30	4.20
Sep 2018	2.00	3.50	4.00	4.40	4.30
Mar 2019	2.00	3.60	4.10	4.50	4.40

6.2 Economic Situation (as supplied by Sector Treasury Services Ltd)

UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. However, quarter 1 of 2015 was weak at +0.4%, although there was a short lived rebound in quarter 2 to +0.7% before it subsided again to +0.5% (+2.3% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.3%.

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a sharp tick up from the current zero rate to around 1% in the second half of 2016. Indeed, the increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. Nevertheless, despite average weekly earnings ticking up to 3.0% y/y in the three months ending in September, this is unlikely to provide ammunition for the MPC to take action to raise Bank Rate in the near future as labour productivity growth has meant that net labour unit costs appear to be rising by about only 1% y/y. Having said that, at the start of October, data came out that indicated annual labour cost growth had jumped sharply in quarter 2 from +0.3% to +2.2%: time will tell if this is just a blip or the start of a trend.

There is, therefore, considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, therefore, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015 to Q2 2016 and increases after that will be at a much slower pace, and to much lower levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20.

7.0 Treasury Management Scheme of Delegation

7.1 Full Council

- Receiving and reviewing the Treasury Management Strategy /Annual Investment Strategy/Minimum Revenue Provision Strategy on an annual basis (including updates and revisions at other times).
- Receiving the Annual Treasury Outturn Report.

7.2 Finance, Resources and Partnerships Scrutiny Committee

- Scrutiny of the Treasury Management Strategy prior to submission to Full Council.

7.3 Audit and Risk Committee

- Scrutiny of Treasury Management performance including receiving and reviewing the mid-year report.
- Reviewing the Annual Outturn Report

8.0 Treasury Management role of the Section 151 Officer

8.1 The S151 (responsible) Officer Role

- 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.

Investment Strategy 2016/17**1.0 Introduction****1.1 Background**

This strategy is compiled according to the DCLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") It sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments (and finally what return can be obtained consistent with these priorities).

In accordance with the above and in order to minimise the risk to investments, the Council has (in Annex B) clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. Using the advisor's ratings service, bank's ratings are monitored in real time with knowledge of any changes notified electronically as the agencies notify any modifications.

The aim of this strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and avoid the concentration of risk. The intention of the strategy is to provide security of investment and minimisation of risk.

1.2 Possible Revisions to the Strategy

The initial strategy may be replaced with a revised strategy at any time during the year in cases where any treasury management issues (including investment issues) need to be brought to the attention of Full Council.

2.0 Security of Investments**2.1 Specified and Non-Specified Investments**

In accordance with the Investment Guidance, the Council will, in considering the security of proposed investments, follow different procedures according to which of two categories, Specified or Unspecified, the proposed investment falls into.

Specified Investments

These investments are sterling 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 a Gilt with less than one year to maturity);
- 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) that have been awarded a high credit rating by a credit rating agency;
- A body that is considered of a high credit quality (such as a bank or building society).

Non-Specified Investments

These investments are any other type of investment (i.e. not defined as Specified above). If the Council were to consider placing funds in any other type of investment which would be categorised as Non-Specified, the security of the capital sum would be the paramount concern.

The same requirements as to credit ratings relating to Specified Investments will apply, and in appropriate cases the advice of the Council's treasury management advisors will be sought.

In considering whether it is prudent to place funds for longer than 12 months in 2016/17 and in determining the period of such investment the principles and limits set out under "3.0 Liquidity of Investments" below will apply together with the counterparty listing criteria set out in Annex B.

2.2 Use of Treasury Management Advisor's Creditworthiness Service

This Council uses the creditworthiness service provided by the Council's treasury management advisors. 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;
- 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.

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

All credit ratings will be monitored on a daily basis. The Council is alerted to changes to ratings of all three agencies through its use of the treasury advisor's creditworthiness service. Further details of the counterparty listing criteria can be seen in Annex B.

2.3 Approved Investment Instruments

The Council has laid down a list of approved investment instruments in the Schedule to Treasury Management Practice 4 (TMP4). These are reproduced below:

Extract from Schedule to TMP 4

"The following types of investments will be permitted, fixed cash deposits, certificates of deposit issued by organisations falling into the categories listed under TMP1 (5), registered British Government Securities (Gilts) and Money Market Funds. Officers of the Council may only invest in Fixed Cash Deposits and Money Market Funds."

Because fund managers are not currently employed this means that investments in 2016/17 will be limited to fixed cash deposits (including deposit accounts and current accounts), money market funds and the Debt Management Account Deposit Facility (DMADF). The DMADF is guaranteed by HM Government and offers investors a flexible and secure facility to supplement their existing range of investment options.

3.0 Liquidity of Investments

3.1 Maximum Investment Periods

The Council will determine the maximum periods for which funds may prudently be committed. Investments will be for whatever period is considered appropriate by officers at the time that the investment is made. Regard will be had to relevant matters such as likely future capital values and the Council's forecast need to realise investments in the future in order to finance capital expenditure or for any other purpose. The principles concerning time limits contained in the Schedule to the Treasury Management Practices will be followed.

There will be a limit placed upon the amount which may be invested for periods in excess of 364 days. This limit has been set using one of the Prudential Indicators required by the Chartered Institute of Public Finance and Accountancy Prudential Code for Capital Finance in Local

Authorities. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than on the date on which the funds are actually paid over to the Counterparty.

This Prudential Indicator is intended to limit the Council's exposure to the possibility of loss that might arise as a result of it having to seek early repayment of sums invested. It consists of the amount that it is considered prudent to have invested for a period greater than 364 days in each of the next three years. The limits as set out in the table below will apply:

	£000's
Beyond 31/03/15	5,000
Beyond 31/03/16	5,000
Beyond 31/03/17	5,000

It should be noted that in practice the sums available for investment are unlikely to be sufficient to allow amounts of this magnitude to be invested for such extended periods.

4.0 Return on Investments (Yield)

4.1 Current Economic Climate

Due to ongoing global economic uncertainties, investment returns are likely to remain relatively low during 2016/17. Interest rates on Instant access deposit accounts and Notice accounts have previously been more attractive than interest rates being offered by the market. However, banks have now reduced the rates they offer on their instant access and notice accounts.

4.2 Prudent Investments

Priority will be given to the security and liquidity of all investments. Consistent with achieving the proper levels of security and liquidity, the highest rate of return will be sought for any investment made.

5.0 Specific Strategy 2016/17

5.1 Capital Receipts in Hand and Balances Held in Reserves

Amount Available for Investment

It is estimated that the amount of receipts in hand, plus reserve balances, and available for investment at 1 April 2016 will be in the region of £8,000,000.

Period of Investment

This will be determined in accordance with 3.0 (Liquidity of Investments) above.

Forward Commitment

This involves agreeing in advance to place an investment with a borrower at a future specified date at an agreed interest rate. It is done in order to obtain the benefit of what are considered to be better rates than might be available later, when physical funds are likely to be available. No forward commitment has taken place to date in 2015/16. It is possible that forward commitment may be employed in 2016/17 in instances where market conditions warrant it.

Return on Investment

The overriding consideration is safeguarding the Council's capital. At all times the risk to the Council will be minimised. Within these constraints, the aim will be to maximise the return on investments.

5.2 Investment of Money Borrowed in Advance of Need

It is not the Council's intention to undertake any borrowing in advance of need during 2016/17.

5.3 Other Temporary Surpluses

Amount Available for Investment

In addition to the receipts and reserve balances referred to above, the Council will, from time to time, find itself in possession of funds in excess of its immediate requirements. This may occur, for example, if income is received at a faster rate than expenditure is incurred or if grant payments are made to the Council in advance of the expenditure being incurred to which they relate. This is not a permanent state of affairs and the extent to which it will occur and, therefore, the amounts available at any time cannot be predicted.

Prudent financial management dictates that these temporary surpluses should be invested or used to redeem temporary loans if any are outstanding. Such surpluses may be placed in short term deposit accounts and current accounts, or, where the size of the surplus warrants, short term investments will be made in the market.

Capital receipts which arise during the year, as a result of asset sales, will be held in the Capital Receipts Account pending use until the monies are invested. When useable receipts are required to finance capital expenditure, or for any other purpose, the amount will be disinvested and utilised.

Period of Investment

All temporary surplus funds will be invested on a short term basis in order that they will be available for use as and when required. This requirement has been recognised in the calculation of the Prudential Indicator relating to total principal sums invested for periods longer than 364 days set out earlier.

Return on Investment

The aim will be to obtain the maximum rate of return which is available at the time the investment is made with an external body. This must, however, be consistent with the safeguarding of the Council's capital. At all times the risk to the Council will be minimised.

5.4 Current Treasury Management Advisors-view on Interest Rates

Part of the service provided by the Council's treasury management advisors is to assist the Council in the formulation of a view on interest rates; the following gives their view of the Bank of England base rate for financial year ends:

- 31st March 2017 – 1.00%
- 31st March 2018 – 1.75%
- 31st March 2019 – 2.00%

There are negative risks to these forecasts (i.e. increases in Bank Rate occur later) if economic growth weakens. However, should the pace of growth quicken, there could be benefits.

The Council's treasury management advisors suggested budgeted investment earnings rates, for returns on investments placed for periods up to 100 days, during each financial year for the next three years are as follows:

- 2016/17 – 0.90%
- 2017/18 – 1.50%
- 2018/19 – 2.00%

Counterparty Listing Criteria

The Council uses the creditworthiness service provided by the Council's treasury management advisors. 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;
- 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.

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

- Yellow (5 years);
- Purple (2 years);
- Blue (1 year – only applies to nationalised or semi nationalised UK Banks);
- Orange (1 year);
- Red (6 months);
- Green (100 days);
- No Colour (not to be used).

The creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue superiority to just one agency's ratings. All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the advisor's 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 (where applicable) against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. The Council will also consider using other Local Authorities when making fixed investments.

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 Ratings (or equivalent from other agencies if Fitch does not provide).

Counterparty Limits

In accordance with Treasury Management Practice (TMP) 4 – Approved Instruments, Methods and Techniques, a £7,000,000 counterparty limit will be used during 2016/17. This limit will not apply to the Government's Debt Management Account Deposit Facility offered by the Debt Management Office.

Minimum Revenue Provision Policy

1.0 Background

- 1.1** In instances whereby Local Authorities have a positive Capital Financing Requirement (CFR), they are required to set aside a minimum amount from revenue to fund the repayment of debt, this is known as the Minimum Revenue Provision (MRP). This means that the Council would be required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP).

Department of Communities and Local Government (DCLG) Regulations and Guidance have been issued which require the Full Council to approve **an MRP Statement** in advance of each year. Four options for prudent provision of the MRP are provided to councils, these being:

• **Option 1 – Regulatory Method**

For debt which is supported by the Government through the Revenue Support Grant system, authorities may continue to use the formulae in the current regulations, since the Revenue Support Grant is calculated on that basis. Although the existing regulation 28 is revoked by regulation 4(1) of the 2008 Regulations, authorities will be able to calculate MRP as if it were still in force. Solely as a transitional measure, this option will also be available for all capital expenditure incurred prior to 1 April 2008.

• **Option 2 – Capital Financing Requirement Method**

This is a technically much simpler alternative to Option 1 which may be used in relation to supported debt. While still based on the concept of the CFR, which is easily derived from the balance sheet, it avoids the complexities of the formulae in the old regulation 28 (though for most authorities it will probably result in a higher level of provision than Option 1).

• **Option 3 – Asset Life Method**

For new borrowing under the Prudential system for which no Government support is being given and is therefore self-financed, there are two options included in the guidance.

Option 3 is to make provision over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

Within option 3, two methods are identified. The first of these, the equal instalment method, will normally generate a series of equal annual amounts over the estimated life of the asset. The original amount of expenditure (“A” in the formula) remains constant.

The cumulative total of the MRP made to date (“B” in the formula) will increase each year. The outstanding period of the estimated life of the asset (“C” in the formula) reduces by 1 each year.

For example, if the life of the asset is originally estimated at 25 years, then in the initial year when MRP is made, C will be equal to 25. In the second year, C will be equal to 24, and so on. The original estimate of the life is determined at the outset and should not be varied thereafter, even if in reality the condition of the asset has changed significantly

The formula allows an authority to make voluntary extra provision in any year. This will be reflected by an increase in amount B and will automatically ensure that in future years the amount of provision determined by the formula is reduced.

The alternative is the annuity method, which has the advantage of linking MRP to the flow of benefits from an asset where the benefits are expected to increase in later years. It may be

particularly attractive in connection with projects promoting regeneration or administrative efficiencies or schemes where revenues will increase over time.

- **Option 4 – Depreciation Method**

Alternatively, for new borrowing under the Prudential system for which no Government support is being given, Option 4 may be used.

This means making the MRP in accordance with the standard rules for depreciation accounting. A step in this direction was made in the last set of amendments to the MRP rules [SI 2007/573]. However, the move to reliance on guidance rather than regulations will make this approach more viable in future.

Authorities will normally need to follow the standard procedures for calculating depreciation provision. But the guidance identifies some necessary exceptions:

- a. The MRP continues until the total provision made is equal to the original amount of the debt and may then cease.
- b. If only part of the expenditure on the asset was financed by debt, the depreciation provision is proportionately reduced.

2.0 MRP Policy in respect of Finance Leases

- 2.1 The introduction of International Financial Reporting Standards in 2011/12 resulted in some leases being reclassified as finance leases instead of operating leases. This resulted in a positive CFR and as such the need to set aside a MRP.

In accordance with the revised DCLG Guidance this Council will set aside an annual MRP equal to the amount of the lease that has been taken to the Balance Sheet to reduce the finance lease liability i.e. the principal amount of the finance lease. This approach will produce an MRP charge which is the same as Option 3 in the guidance (Asset Life Method – annuity method). The revised guidance aims to ensure that authorities are in the same position as if the change in accounting standards had not occurred.

3.0 MRP Policy – Other Capital Expenditure

3.1 Capital Financing Requirement (CFR)

The Council's CFR is currently negative. This means that there is no requirement to set aside a MRP for the redemption of external debt. The Prudential Indicator for the CFR, shown at 2.2 in the Treasury Management Strategy, indicates that the CFR will become positive within the period covered by the Strategy. This is based on the assumption that there will be a general overall increase in expected capital expenditure, which cannot be funded from revenue or capital resources. Accordingly, the Council needs to determine the option it will employ to make the necessary MRP in respect of the amount borrowed, if this occurs.

3.2 Option for making MRP.

The most appropriate of the four options permitted by the Regulations is Option 3, the Asset Life Method, within which there are two further options, an equal instalment method and an annuity method of which the equal instalment method would be the more appropriate. This provides for the Council to make revenue provision over the estimated life of the asset for which the borrowing is undertaken, in effect the charge will be the amount borrowed in respect of the asset divided by the number of years of estimated life of the asset. It will result in an equal annual amount to be charged as MRP. Accordingly, if any borrowing does take place, this method of calculation of MRP will be used. It should be noted that MRP does not commence until the year following that in which the asset concerned became operational.

Treasury Management – Glossary of Terms

- **Basis Points** – there are 100 basis points to 1%.
- **CDS** – ‘Credit Default Swap’ is an additional assessment of credit worthiness by providing a risk analysis of changes in credit quality as perceived by the market.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations.
- **Counterparty** – an institution with whom a borrowing or investment transaction is made.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. The main rating agencies are Fitch. Standard and Poor’s and Moody’s.
- **DCLG** – Department for Communities and Local Government.
- **Depreciation** – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
- **DMADF and DMO** – the DMADF is the ‘Debt Management Account Deposit Facility’ which is a highly secure fixed term deposit account with the Debt Management Office, part of Her Majesty’s Treasury.
- **Forward Commitments** - agreeing in advance to place an investment with a borrower at a future specified date at an agreed interest rate.
- **GILTS** – the name given to bonds issued by the UK Government. Gilts are issued bearing interest at a specified rate, however, they are traded on the markets like shares and their value rises or falls accordingly. The ‘yield’ on a gilt is the interest paid divided by the market value of that gilt.
- **IFRS (International Financial Reporting Standards)** – International accounting standards that govern the treatment and reporting of income and expenditure in an organisation’s accounts, which came fully into effect from 1 April 2010.
- **Impairment Charges** – a reduction in the value of a fixed asset below its carrying amount on the balance sheet.
- **Intangible Assets** – non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights. Specifically purchased software licenses are included in this category of asset.
- **iTraxx Benchmark** – iTraxx is the name of a credit default swap index used to inform credit risks. Credit default swap indexes are benchmarks for protecting investors against default, and traders use them to speculate on changes in credit quality.
- **Leasing** - a lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset.
- **Liquidity** – relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.

- **Money Market Funds (MMF)** – Money Market Funds are investment funds that are invested by a Fund Manager in a wide range of money market instruments. MMF's are monitored by the official ratings agencies and due to many requirements that need to be fulfilled; the funds usually receive the highest quality rating (AAA) so provide minimal risk. They are very flexible and can be withdrawn in the same way as any other call deposit.
- **MRP** – the Minimum Revenue Provision represents the revenue charge for the repayment of debt.
- **PWLB** – the Public Works Loan Board is a statutory board that is run within the UK Debt Management Office (DMO), its function is to lend money to Local Authorities and other prescribed bodies.
- **Section 151 Officer** – it is a legal requirement that councils must appoint a named accountant to give them financial advice. The accountant in question is usually a chief finance officer, director of finance or treasurer.
- **Supranational Bonds** – bonds issued by institutions such as the European Investment Bank.

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Members: Ms Pickup, Stringer, Mrs Williams, Sweeney, Loades, Fear, Waring, Wilkes, Huckfield

FINANCE, RESOURCES AND PARTNERSHIPS SCRUTINY

Chair: Councillor Stubbs
Vice Chair: Councillor Wallace

Portfolio Holder(s) covering the Committee's remit:
Councillor Elizabeth Shenton (Policy, People and Partnerships)
Councillor Terry Turner (Finance, IT and Customer)
Councillor John Williams (Town Centres, Business and Assets)

Work Plan correct as at: Thursday 14th January 2016

Remit:

Finance, Resources and Partnership Scrutiny Committee is responsible for:

- Communications and consultation
- Council structure and democracy and constitutional review
- Customer contact and customer service centres
- Member development and support
- Neighbourhood and locality working
- Partnerships: Newcastle Partnership Strategic Board
- Performance management and monitoring
- Putting people first
- Risk champion
- Transformation programme
- Accountancy
- Budget
- Capital and revenue expenditure
- Efficiency savings
- Health and safety champion
- Human Resources
- Information and communication technology
- Procurement champion
- Treasury management
- Workforce development

Date of Meeting	Item	Reason for Undertaking
15th June 2015 (agenda dispatch Friday 5th June 2015)	Financial and Performance Management Report to end of Quarter 4 (March) 2015	To provide Finance, Resources and Partnerships (FRAP) Scrutiny Committee with the Financial and Performance Review, Fourth Quarter 2014/2015
	Review of changes to the Committee arrangements	To update Members on the outcome of a review undertaken by a Local Government Association peer review team of the democratic decision-making structures of the Council.
	Constitution Review Working Group	To receive an update by the Democratic Services Manager
	Finance, Resources and Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
3rd September 2015 (agenda dispatch 21st August 2015)	Quarter One Financial and Performance Review	To provide Scrutiny with the Financial and Performance Review, Quarter One 2015/2016
	Newcastle Partnership Commissioning Prospectus	A report to be presented on the collective approach to delivering key services in the future. This is based on a clear single vision for the Borough; shared priorities and shared outcomes, allied to shared resources in terms of commissioning and delivery
	Constitution Review Working Group	It was resolved at the last meeting that Group Leaders are asked to re-elect Members to the Working Group, with an update being received on the recommendations that had been put forward.
	Portfolio Holder(s) Question Time	Opportunity for the Committee to question the Portfolio Holder(s) on their priorities and work objectives for the next six months and to address any issues or concerns that they may be facing
	Finance, Resources and Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
4th November 2015 (agenda dispatch 23rd October 2015)	Quarter Two Financial and Performance Review	To provide Scrutiny with the Financial and Performance Review, Quarter Two 2015/2016
	Medium Term Financial Strategy	An update to be provided on the Medium Term Financial Strategy for 2016/2017 and the following four years, indicating the projected budgets

Date of Meeting	Item	Reason for Undertaking
		for these years and the shortfall compared to available resources
	Review of changes to the Committee arrangements	To provide Members with feedback from each Committee regarding the review undertaken by a Local Government Association peer review team of the democratic decision-making structures of the Council
	Finance, Resources and Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
3rd December 2015 (agenda dispatch 20th November 2015)	Revenue Budgets 2016/17 – First Draft Savings Plan	To review progress on the completion of the revenue and capital budgets for 2016/2017 to enable a robust and affordable budget for 2016/2017 to be approved
	Planning Committee Members' Protocol Scale of Fees and Charges	To receive an update from the Constitutional Review Working Group Review of the fees and charges which the Council makes in order to keep them in line with the cost of service provision and to establish the amounts to be included in the 2016/2017 budget
	Procurement Champion	An overview to be received from the Business Improvement Manager on the procurement structure and processes within the organisation
	Finance, Resources and Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
16th December 2015 (agenda dispatch 4th December 2015)	Capital Strategy and Asset Management Strategy Update	Joint meeting with the Economic Development and Enterprise Scrutiny Committee. To receive an update on the finance and resource implications of the Asset Management Strategy 2014-2017 and to seek approval of how the Council deploys its capital resources in order to assist it to achieve its corporate and service objectives
28th January 2016 (agenda dispatch 15th January 2016)	Quarter Three Financial and Performance Review	To provide Scrutiny with the Financial and Performance Review, Quarter Three 2015/2016
	Treasury Management Strategy 2016/2017	To approve the Strategy to be followed by the Council in carrying out its treasury management activity in the forthcoming year 2016/2017
	Revenue and Capital Budgets 2016/2017	To consider the final version of the Revenue and Capital Budget 2016/2017 before it is considered by Council on 24 th February 2016.

Date of Meeting	Item	Reason for Undertaking
	Community Infrastructure Levy	An overview to be presented to Members on the financial contribution each type of development can make to new infrastructure through a Community Infrastructure Levy (CIL)
	Finance, Resources & Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year
14th March 2016 (agenda dispatch 4th March 2016)	Portfolio Holder(s) Question Time - Councillors Elizabeth Shenton (Policy, People and Partnerships) and Terry Turner (Finance, IT and Customer) to be invited to attend	Opportunity for the Committee to question the Portfolio Holder(s) on their priorities and work objectives for the next six months and to address any issues or concerns that they may be facing
	Co-operative Council	An update to be provided by the Leader on how the Borough Council is working towards being a Co-operative Council
	Annual Work Plan	To review outcomes, recommendations, feedback and further action required on items submitted over the past twelve months
15th June 2016 (agenda dispatch 3rd June 2016)	Financial and Performance Management Report to end of Quarter Four (March) 2016	To provide Finance, Resources and Partnerships (FRAP) Scrutiny Committee with the Financial and Performance Review, Fourth Quarter 2015/2016
	Finance, Resources & Partnership Scrutiny Committee Work Plan	To discuss the work plan and potential topics that Committee Members would like to scrutinise over the forthcoming year

Task and Finish Groups:	
Future Task and Finish Groups:	
Suggestions for Potential Future Items:	<ul style="list-style-type: none"> • Constitution Review Working Group – Future Work Plans • Workforce Development • Partnerships: Newcastle Partnership Strategic Board • Transformation Programme • Putting People First

DATES AND TIMES OF CABINET MEETINGS:	Wednesday 10 th June 2015, 7.00pm, Committee Room 1
	Wednesday 22 nd July 2015, 7.00pm, Committee Room 1
	Wednesday 16 th September 2015, 7.00pm, Committee Room 1
	Wednesday 14 th October 2015, 7.00pm, Committee Room 1
	Wednesday 11 th November 2015, 7.00pm, Committee Room 1
	Wednesday 9 th December 2015, 7.00pm, Committee Room 1
	Wednesday 20 th January 2016, 7.00pm, Committee Room 1
	Wednesday 10 th February 2016, 7.00pm, Committee Room 1
	Wednesday 23 rd March 2016, 7.00pm, Committee Room 1
	Wednesday 8 th June 2016, 7.00pm, Committee Room 1

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