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PLEASE NOTE THAT PRAYERS WILL BE HELD AT 6.50PM BEFORE THE COMMENCEMENT OF THE BUSINESS OF THE COUNCIL.

THE MAYOR REQUESTS THAT ANY MEMBER WISHING TO PARTICIPATE IN PRAYERS BE IN ATTENDANCE IN THE COUNCIL CHAMBER BY NO LATER THAN 6.45PM.

Dear Sir/Madam,

You are summoned to attend the meeting of the Borough Council of Newcastle-under-Lyme to be held in the **Council Chamber, Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffordshire, ST5 2AG** on **Wednesday, 24th February, 2016** at **7.00 pm**.

B U S I N E S S

(i) Apologies

1 MINUTES

(Pages 5 - 12)

To consider the minutes of the previous meeting(s)

2 DECLARATIONS OF INTEREST

To receive declarations of interest from Members on items contained within this agenda.

3 Mayors Announcements

4 Revenue and Capital Budgets and Council Tax 2016-17

(Pages 13 - 43)

5 Treasury Management

(Pages 45 - 67)

6 Localism Act 2011 - Pay Policy Statement 2016/17

(Pages 69 - 83)

7 The Constitution. Consequential Changes to Officer Scheme of Delegation

(Pages 85 - 86)

8 The Constitution -Substitutes on the Planning Committee and Members Protocol on Planning Matters

(Pages 87 - 100)

9 Community Governance Review - Keele Parish Council

(Pages 101 - 103)

10 STATEMENT OF THE LEADER OF THE COUNCIL

To receive a statement by the Leader of the Council on the activities and decisions of Cabinet and items included on the Forward Plan (report to follow).

11 REPORTS OF THE CHAIRS OF THE SCRUTINY COMMITTEES (Page 105)

Chairs are requested to submit written reports to Democratic Services by 22 February, 2016.

- a) Finance, Resources and Partnerships Scrutiny Committee
- b) Economic Development and Enterprise Scrutiny Committee
- c) Health and Wellbeing Scrutiny Committee

(The Cleaner, Greener and Safer Communities Scrutiny Committee and Active and Cohesive Communities Scrutiny Committee have not met since the November, 2015 Council meeting).

12 REPORTS OF THE CHAIRS OF THE REGULATORY COMMITTEES (Pages 107 - 108)

Chairs are requested to submit written reports to Democratic Services by 22 February, 2016.

- a) Audit and Risk Committee
- b) Planning Committee
- c) Licensing Committee
- d) Public Protection Committee

13 MOTIONS OF MEMBERS

A notice of motion other than those listed in Standing Order 19 must reach the Chief Executive ten clear days before the relevant Meeting of the Council.

14 RECEIPT OF PETITIONS

To receive from Members any petitions which they wish to present to the Council.

15 Update on previous Petitions received.

16 STANDING ORDER 18 - URGENT BUSINESS

To consider any communications which pursuant to Standing Order No18 are, in the opinion of the Mayor, of an urgent nature and to pass thereon such resolutions as may be deemed necessary.

Yours faithfully

A handwritten signature in black ink, appearing to be 'S. M.', is written over a horizontal line. The signature is stylized and cursive.

Chief Executive

NOTICE FOR COUNCILLORS

1. Fire/Bomb Alerts

In the event of the fire alarm sounding, leave the building immediately, following the fire exit signs. Do not stop to collect personal belongings, do not use the lifts.

Fire exits are to be found either side of the rear of the Council Chamber and at the rear of the Public Gallery.

On exiting the building Members, Officers and the Public must assemble at the car park at the rear of the Aspire Housing Office opposite to the Civic Offices. DO NOT re-enter the building until advised to by the Controlling Officer.

2. Attendance Record

Please sign the Attendance Record sheet, which will be circulating around the Council Chamber. Please ensure that the sheet is signed before leaving the meeting.

3. Mobile Phones

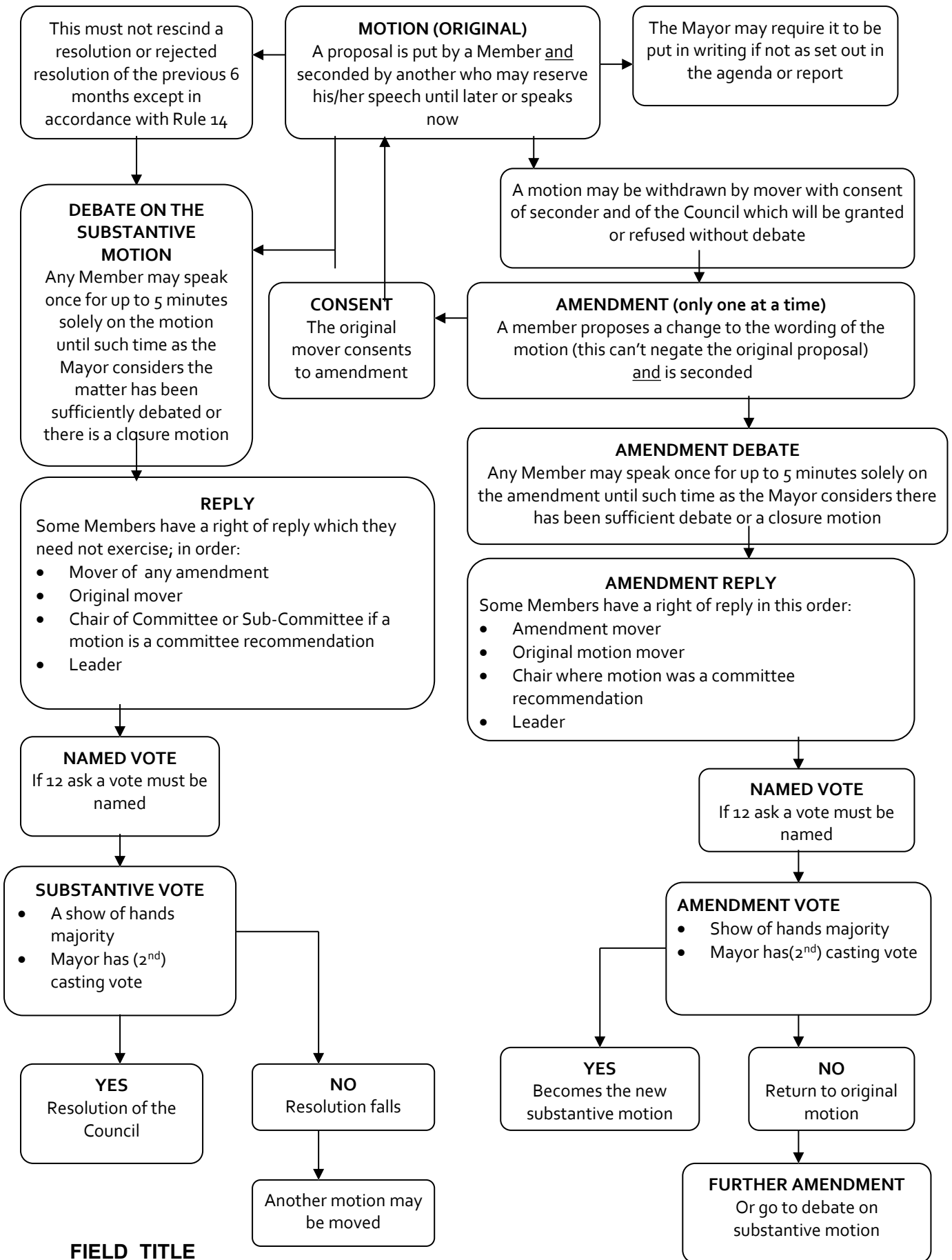
Please switch off all mobile phones before entering the Council Chamber.

4. Tea/Coffee

Refreshments will be available at the conclusion of the meeting, or in the event of a break occurring, during that break.

5. Notice of Motion

A Notice of Motion other than those listed in Standing Order 19 must reach the Chief Executive ten clear days before the relevant Meeting of the Council. Further information on Notices of Motion can be found in Section 5, Standing Order 20 of the Constitution of the Council.



FIELD_TITLE

COUNCIL

Wednesday, 27th January, 2016

Present:- The Mayor. Councillor Sandra Hambleton – in the Chair

Councillors Allport, Astle, Bailey, Beech, Braithwaite, Burgess, Cooper, Dymond, Eagles, Eastwood, Fear, Frankish, Hailstones, Hailstones, Hambleton, Harper, Heesom, Holland, Huckfield, Johnson, Johnson, Kearon, Loades, Mancey, Matthews, Naylor, Northcott, Owen, Parker, Peers, Pickup, Plant, Reddish, Robinson, Rout, Shenton, Simpson, Snell, Stringer, Stubbs, Sweeney, Tagg, J Tagg, Turner, Walklate, Waring, Welsh, Wemyss, White, Wilkes, Williams, Williams, Winfield, Wing and Woolley

1. APOLOGIES

Apologies were received from Cllr Proctor, Cllr Bates, Cllr Snell, Cllr Cooper and Cllr Wemyss.

2. DECLARATIONS OF INTEREST

There were no declarations of interest following clarification from officers that Members need not declare that they lived in the Borough as this was already stated on their declaration of interest forms.

3. MINUTES

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

4. MAYORS ANNOUNCEMENTS

The Mayor reminded Members that her Spring Ball would be held in The Ballroom of Keele Hall on 8 April. Reception from 7pm - for dinner at 8pm. Tickets were now available from Peter Whalan.

On the following evening Newcastle Male Voice Choir would be performing a concert at Newcastle Methodist Church in aid of the Mayor's Charity Fund.

5. RECEIPT OF PETITIONS

Members received a presentation from Mr Ken Glover. The petition objected to the planned demolition of St Giles and St Georges school to make way for the new Council building. The petition proposed that the school be restored or at least that the Queen's Gardens façade and tower be incorporated into the new building.

Council considered the petition.

A petition was also handed in by Cllr Margaret Astle in relation to Chinky Park

Resolved: (a) That the petition relating to St Giles and St Georges and an accompanying report be considered at the next meeting of the Cabinet on 10th February 2016.

(b) That the petition in relation to Chinky Park be received.

6. REPORT OF THE ASSETS POLICY COMMITTEE - CAPITAL PROGRAMME FUNDING FRAMEWORK AND PROGRAMME FOR THE DISPOSAL OF SURPLUS ASSETS

A report was introduced by the Chief Executive who had been Chair of the Asset Policy Committee. The Committee had been set up by Full Council at its meeting held on 25th November 2015. Mr Sellgren outlined the terms of reference that had been adopted by the Committee and the Mayor invited Members to comment on and discuss the report.

Members thanked Mr Sellgren, his staff and Cushman Wakefield and the Independent Members for their hard work regarding the quick establishment and progress of the Committee given the very tight timescales.

The recommendations were moved by Cllr Sweeney and Seconded by Cllr Loades.

Cllr Tagg had sat on the Asset Policy Committee and he stated that the Committee had done what needed to be done. It was recommended as per the consultants' advice that three large sites be disposed of in the first instance. Cllr Tagg also stated that the recommendations allowed for some flexibility and for community interest elements through the use of section 106 agreements.

Some Members expressed concerns regarding land that currently had village green status which it was thought would not be saleable until this classification had been lifted.

Some Members also queried how the sites put forward by Cllr Huckfield at the Asset Policy Committee and listed in the report had been decided and there was some concern that a detailed matrix had not been used. It was confirmed that a draft matrix had been distributed to Members before Christmas but no comments had been received and the matrix had not been used during the meeting due to the fact that it contained no weightings.

Members were in agreement that assets needed to be sold to fund the Council's capital programme but the question remained as to how this was to be done.

The Mayor moved Members to the vote and stated that an individual vote would be taken on each recommendation listed in the report.

Resolved:

(a) The Council reaffirmed the decision of Cabinet taken in October 2014 "that the Council as a first resort, will seek to fund its 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".

(b) The Council recommends to Cabinet that provision is made in future revenue budgets for prudential borrowing.

A named vote was requested for recommendation (c):

ALLPORT	NO	HOLLAND	YES	SIMPSON	NO
ASTLE	NO	HUCKFIELD	YES	SNELL	Absent
BAILEY	NO	JOHNSON	YES	STRINGER	NO
BATES	Absent	MRS JOHNSON	NO	STUBBS	NO
BEECH	NO	KEARON	NO	SWEENEY	YES
BRAITHWAITE	YES	LOADES	YES	JOHN TAGG	YES
BURGESS	NO	MANCEY	YES	SIMON TAGG	YES
COOPER	Absent	MATTHEWS	YES	TURNER	NO
MISS COOPER	YES	NAYLON	Abstain	WALKLATE	YES
DYMOND	NO	NORTHCOTT	YES	WARING	YES
EAGLES	NO	OWEN	YES	WELSH	NO
EASTWOOD	NO	PARKER	YES	WEMYSS	Absent
FEAR	YES	PEERS	YES	WHITE	NO
FRANKISH	YES	PICKUP	NO	WILKES	YES
HAILSTONES	YES	PLANT	NO	WILLIAMS	NO
MRS HAILSTONES	YES	PROCTOR	Absent	MRS WILLIAMS	NO
HAMBLETON	NO	REDDISH	YES	WINFIELD	NO
MRS HAMBLETON	NO	ROBINSON	NO	WING	YES
HARPER	YES	ROUT	NO	WOOLLEY	YES
HEESOM	YES	SHENTON	NO		

In Favour - 27

Against - 26

Abstain - 1

(c) The majority of Council members wish to recommend to Cabinet that the following sites be considered suitable for disposal within the next two financial years subject to confirmation of the appropriate level of capital receipt following a site condition survey (and any other appropriate surveys such as ecology Part 1 reports):

- Knype Way, Bradwell
- Dean's Lane, Chesterton
- Crackley Bank, Chesterton
- Gloucester Road, Kidsgrove
- Newchapel Road/Pennyfields Road, Kidsgrove/Newchapel
- Clayhanger Close, Bradwell
- Market Drayton Road, Loggerheads
- Meadows Road, Kidsgrove
- Former toilet block, Merrial Street, Newcastle town centre

(d) The Council wishes to recommend to Cabinet that in light of the advice which has been received that the Council should seek to be marketing actively no more than three of its larger sites at any one time and that as sites are sold further sites should be brought forward.

A named vote was requested for recommendation (e):

ALLPORT	NO	HOLLAND	YES	SIMPSON	NO
ASTLE	NO	HUCKFIELD	YES	SNELL	Absent
BAILEY	NO	JOHNSON	YES	STRINGER	NO
BATES	Absent	MRS JOHNSON	NO	STUBBS	NO
BEECH	NO	KEARON	NO	SWEENEY	YES
BRAITHWAITE	YES	LOADES	YES	JOHN TAGG	YES
BURGESS	NO	MANCEY	YES	SIMON TAGG	YES
COOPER	Absent	MATTHEWS	YES	TURNER	NO
MISS COOPER	YES	NAYLON	YES	WALKLATE	YES
DYMOND	NO	NORTHCOTT	YES	WARING	YES
EAGLES	Absent	OWEN	YES	WELSH	NO

EASTWOOD	NO	PARKER	YES	WEMYSS	Absent
FEAR	YES	PEERS	YES	WHITE	NO
FRANKISH	YES	PICKUP	NO	WILKES	YES
HAILSTONES	YES	PLANT	NO	WILLIAMS	NO
MRS HAILSTONES	YES	PROCTOR	Absent	MRS WILLIAMS	NO
HAMBLETON	NO	REDDISH	YES	WINFIELD	NO
MRS HAMBLETON	NO	ROBINSON	NO	WING	YES
HARPER	YES	ROUT	NO	WOOLLEY	YES
HEESOM	YES	SHENTON	NO		

In Favour - 28

Against - 25

Abstain - 0

(e) The majority of Council members identified the following sites as falling within the group of sites referred to at (d) and that the sequencing of disposals should be prioritised in the financial years stated taking account of geographical spread, deliverability and potential value of receipts:

- Knype Way, Bradwell (2016/17)
- Dean's Lane, Chesterton (2016/17)
- Newchapel Road / Pennyfields Road, Kidsgrove/Newchapel (2016/17)
- Market Drayton Road, Loggerheads (2017/18)
- Clayhanger Close, Bradwell (2017/18)

A named vote was requested for recommendation (f):

ALLPORT	NO	HOLLAND	YES	SIMPSON	NO
ASTLE	NO	HUCKFIELD	YES	SNELL	Absent
BAILEY	NO	JOHNSON	YES	STRINGER	YES
BATES	Absent	MRS JOHNSON	NO	STUBBS	NO
BEECH	NO	KEARON	NO	SWEENEY	YES
BRAITHWAITE	YES	LOADES	YES	JOHN TAGG	YES

BURGESS	NO	MANCEY	YES	SIMON TAGG	YES
COOPER	Absent	MATTHEWS	YES	TURNER	NO
MISS COOPER	YES	NAYLON	YES	WALKLATE	YES
DYMOND	NO	NORTHCOTT	YES	WARING	YES
EAGLES	Absent	OWEN	YES	WELSH	NO
EASTWOOD	NO	PARKER	YES	WEMYSS	Absent
FEAR	YES	PEERS	YES	WHITE	NO
FRANKISH	YES	PICKUP	NO	WILKES	YES
HAILSTONES	YES	PLANT	NO	WILLIAMS	NO
MRS HAILSTONES HAMBLETON	YES NO	PROCTOR	Absent	MRS WILLIAMS	NO
MRS HAMBLETON HARPER	NO YES	REDDISH	YES	WINFIELD	NO
		ROBINSON	NO	WING	YES
		ROUT	NO	WOOLLEY	YES
HEESOM	YES	SHENTON	NO		

In Favour - 29

Against - 24

Abstain - 0

(f) The majority of Council members wish to recommend that all of the Council owned land/sites together (including the smaller sites set out above) be the subject of a comprehensive area review process.

A named vote was requested for recommendation (g):

ALLPORT	NO	HOLLAND	YES	SIMPSON	NO
ASTLE	NO	HUCKFIELD	YES	SNELL	Absent
BAILEY	NO	JOHNSON	YES	STRINGER	YES
BATES	Absent	MRS JOHNSON	NO	STUBBS	NO
BEECH	NO	KEARON	NO	SWEENEY	YES
BRAITHWAITE	YES	LOADES	YES	JOHN TAGG	YES

BURGESS	NO	MANCEY	YES	SIMON TAGG	YES
COOPER	Absent	MATTHEWS	YES	TURNER	NO
MISS COOPER	YES	NAYLON	YES	WALKLATE	YES
DYMOND	NO	NORTHCOTT	YES	WARING	YES
EAGLES	Absent	OWEN	YES	WELSH	NO
EASTWOOD	NO	PARKER	YES	WEMYSS	Absent
FEAR	YES	PEERS	YES	WHITE	NO
FRANKISH	YES	PICKUP	NO	WILKES	YES
HAILSTONES	YES	PLANT	NO	WILLIAMS	NO
MRS HAILSTONES HAMBLETON	YES	PROCTOR	Absent	MRS WILLIAMS	NO
	NO	REDDISH	YES	WINFIELD	NO
MRS HAMBLETON HARPER	NO	ROBINSON	NO	WING	YES
	YES	ROUT	NO	WOOLLEY	YES
HEESOM	YES	SHENTON	NO		

In Favour - 29

Against - 24

Abstain - 0

(g) The majority of Council members wish to recommend that the former Keele Golf Course be regarded as surplus and therefore suitable for disposal at the appropriate time should the planning policy framework support an alternative development-led use.

(h) The Council wishes to recommend to Cabinet that the preferred approach to local consultation about the disposal of surplus assets should be to consult with local members about any proposed sale in accordance with the Council's current consultation procedure but that it be extended for a further week to enable the most appropriate member-led approach to public consultation to be determined (in addition to the approved notification procedure). All comments received will be considered and will form part of a public report prior to any formal disposal being initiated.

(i) The Council wishes to recommend to Cabinet that a communications briefing should be prepared to support the public consultation process to explain the rationale underpinning the land disposal programme and to explain the process for local representations being taken into account in any disposal decision(s).

(j) The Council wishes to recommend that Cabinet may wish to consider whether further work needs to be undertaken to develop the Asset Disposal Policy from the outline formulated by the Committee.

7. QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS

The following question had been submitted by Cllr Sweeney:

Can the leader explain why leaflets are going out from TESLA Exploration International Ltd On behalf of GT Energy who have been appointed by Stoke on Trent City Council dealing with the Deep Geothermal District Heating Network Project. There is no mention of Newcastle Borough Council on the leaflet at all.

What is the Borough Councils Involvement in this project?

The Leader confirmed that this was a Stoke on Trent City Council project and not a Borough Council initiative. Briefing sessions had been held for Borough Council Members but there had been a very poor attendance and emails had been circulated regarding consultation events.

8. MOTIONS OF MEMBERS

9. URGENT BUSINESS

THE MAYOR. COUNCILLOR SANDRA HAMBLETON
Chair

Agenda Item 4

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL

24 FEBRUARY 2016

REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2016/17

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Finance IT and Customer

Wards(s) affected: All

Purpose of the Report

This report sets out the recommendations of Cabinet for the Revenue and Capital Budgets for 2016/17 and sets out the recommendations for setting the 2016/17 Council Tax.

Recommendations

That the Council approve the recommendations set out in Appendix 'A'.

1. Background

- 1.1 This report is the culmination of the 2016/17 budget process, which started before the current 2015/16 budget was set. The Cabinet and three meetings of the Finance, Resources and Partnerships Scrutiny Committee (FRAPSC) have already considered the content of the 2016/17 Budget and the resultant Council Tax which is recommended. Cabinet met on 10 February 2016 and, after considering comments made by the FRAPSC, recommend a Council Tax for this Council in 2016/17 of £180.45 (based on Band D), as set out in Appendix B. This is an increase of 1.99 per cent compared with the 2015/16 amount of £176.93.

2. General Fund Budget 2015/16 - Projected Outturn

- 2.1 Monthly reports monitoring actual spending against budget have shown overall relatively small variances throughout the first ten months of the year.
- 2.2 Within the overall position there are a number of significant variances, as referred to in the Budget and Performance Monitoring report considered by Cabinet on 10 February. These 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 the 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 together with a one off receipt in respect of a covenant release fee.

2.3 Taking account of the above factors it appears likely that the outturn for 2015/16 will not differ significantly from the budget.

2.4 Resources provided within the revenue and capital budgets has enabled a number of notable achievements to be accomplished in 2015/16. These are set out at Appendix G.

3. Revenue Budget 2016/17

3.1 Excluding levies for Town and Parish Councils the recommended Borough Council Tax for a 'Band D property' is £180.45, a 1.99 per cent increase compared with 2015/16, based on a Borough Council Tax requirement of £6,510,280, as set out below.

	Estimated Expenditure	Rate of Council Tax (Band D)
	£	£ p
Borough Council requirements -		
Total Net Expenditure	11,586,710	321.16
Less: External Support	<u>(5,233,130)</u>	<u>(145.05)</u>
	6,353,580	176.11
Less:		
Collection Fund (Surplus)/Deficit 2015/16		
- Council Tax	(119,560)	(3.31)
- Business Rates	276,260	7.65
Borough Council Tax Requirement	<u>£6,510,280</u>	<u>£180.45</u>

There is no Council Tax Freeze Grant for 2016/17.

Appendix 'B' sets out the budget summarised over services. Copies of detailed budgets are available on request.

In addition to the basic Council Tax the Council is required to levy additional charges in the following parishes. These are shown below:

<u>Parish</u>	<u>Rate of Council Tax (Band D)</u>
	<u>£ p</u>
Audley	41.85
Betley, Balterley and Wrinehill	17.26
Chapel and Hill Chorlton	15.68
Keele	23.80
Kidsgrove	18.42
Loggerheads	21.08
Madeley	43.62
Maer	18.64
Silverdale	11.98
Whitmore	29.64

4. Medium Term Financial Strategy and Budgets for 2016/17

4.1 The Council's updated Medium Term Financial Strategy (MTFS), as reported to Cabinet, indicated a forecast budget shortfall of £1.834m for 2016/17, with additional shortfalls of £1.109m for 2017/18, £1.153m for 2018/19, £0.422m for 2019/20 and £0.646m for 2020/21. If the Council accepts the government's offer of a four year financial settlement up to 2019/20 (see paragraph 4.8), these gaps

would become £1.317m for 2017/18, £1.088m for 2018/19 and £0.818m for 2019/20. 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. Work is ongoing by officers, working in conjunction with the Budget Review Group, to identify solutions as part of the Newcastle 2020 project. The Budget Review Group will continue to develop a strategy for bridging the 2017/18 gap and for eliminating the shortfalls in respect of the remaining years up to 2020/21.

- 4.2 The 'gap' between expenditure and resources for 2016/17 of £1.834m arises from the factors set out in the table below:-

<u>CHANGES TO BASE BUDGET</u>	£'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
<u>OTHER ITEMS</u>	
<u>NEW PRESSURES</u>	
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

- 4.3 In addition the Council also has a medium term capital programme. Details of this can be found in Section 8 of this report and Appendix F.
- 4.4 Savings and funding strategies have been identified and agreed with managers as being feasible and sustainable in order to bridge the £1.834m "Gap". Some consist of savings in expenditure whilst others involve increasing income. These proposals total £1.834m and are summarised in the table below and set out in detail at Appendix C.

Category	Amount £'000	Comments
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 advance payments of superannuation contributions, effect of forecast Council Tax Base increase.
Total	1,834	

- 4.5 Cabinet recommends an increase in council tax for 2016/17 of 1.99 per cent. The government is not offering a Council Tax Freeze Grant for 2016/17 as it did in respect of each of the five years from 2011/12 to 2015/16 in order to encourage local authorities to freeze their tax at the same amount as the previous year.
- 4.6 Noteworthy activities which are planned to achieve Council Plan outcomes in 2016/17 to be met from provision within the revenue or capital budgets are shown at Appendix H.
- 4.7 Bringing together all the above, the result is a balanced budget, as shown in the table below:

	£'000	Report Reference
Changes to Base Budget	1,834	4.2
Savings/Increased Income	(1,834)	4.4
BUDGET SHORTFALL ('GAP')	0	

- 4.8 The government have now notified the Council of the final amount of its formula grant for 2016/17. This is in line with the provisional settlement figure, which represents a 13.8% reduction. 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. Altogether this is an overall decrease of £2.307m (38%) over the next four years. Councils have until 14 October 2016 to accept the offer of a four year settlement. The final settlement also contained an announcement by the government that district councils will be able to increase their council tax levies for 2016/17 by either up to 2.00 per cent or by an additional £5.00, whichever gives the highest tax yield, without triggering the need for a council tax referendum. Cabinet decided at its meeting on 10 February, after considering these revised rules, to apply a 1.99% tax increase, resulting in a recommended Band D tax levy of £180.45, which is £1.48 (yielding £54,000 tax) less than the levy of £181.93 which is the maximum now allowable without a referendum. It would appear that district councils will be able to apply a £5.00 increase in each of the following 3 years so this will be something for the Council to consider when determining the tax levy for 2017/18, 2018/19 and 2019/20.

5 **Balances and Reserves**

- 5.1 The Council's Balances and Reserves Strategy for 2015/16 is that there should be a minimum General Fund balance of £1.2m and a minimum balance on the Contingency Reserve of £100,000. The Council currently holds these reserves.
- 5.2 A review of all the Council's Balances and Reserves together with a risk assessment has been carried out. Details of these are included in Appendices D and E.
- 5.3 The review and risk assessment indicate the following:
- Overall reserves are still adequate to meet normal levels of expenditure although the Renewals and Repairs Fund will require topping up.
 - The level of minimum balances required after considering the risk assessment remains at £1.3m.
- 5.4 Based on these minimum levels of reserves being sustained the Executive Director (Resources and Support Services) is of the opinion that the Revenue Budget is robust and that the Council's Revenue Reserves are adequate to support it based on the assumptions set out in this report.
- 5.5 Cabinet at their meeting on 20 January approved the award of a new contract in respect of the Council's insurance policies. The cost of the contract is £201,000 less than the current budget provision. The cost reduction has been partly achieved through more favourable market conditions and partly because a higher claims excess figure has been accepted. Acceptance of a higher excess does mean that if there are claims, the Council will have to meet more of the cost of the claim. In recognition of this Cabinet agreed that the full saving would not be taken as a budget reduction, only £150,000 being applied to reduce the budget gap. The remaining £51,000 is to be paid into the Insurance Provision to meet possible additional claims costs.
- 5.6 As is usual and required by council tax legislation, an estimate has been made of the current year outturn position in relation to the Council Tax Collection Fund. It is estimated that there will be a surplus of some £993,880 for 2015/16. The legislation requires an estimated surplus on the Collection Fund to be transferred to the major precepting authorities in the following year and included in their revenue budgets for that year, in proportion to their respective council tax levies. This Council's share of the estimated surplus is £119,560. Presently, the Medium Term Financial Strategy does not include an amount in respect of a Collection Fund transfer in 2016/17. The transfer of £119,560 will, therefore, be additional income to the revenue account.
- 5.7 Cabinet has recommended that the Collection Fund Surplus be used as follows:
- to top up the Renewals and Repairs Fund by £50,000;
 - the balance of £69,560 be paid into the Insurance Provision as further provision to meet the cost of claims excesses;

6 **Finance, Resources and Partnerships Scrutiny Committee**

- 6.1 The Medium Term Financial Strategy and the budget proposals have been considered by the FRAPSC at their meetings on 4 November 2015, 3 December 2015 and 28 January 2016. Following the January FRAPSC meeting, the Committee's comments were fed back to the Cabinet at their meeting on 10 February 2016.

7. **Risks**

- 7.1 Appendix 'E' shows the risk assessment in relation to the 2016/17 General Fund Revenue Budget.

8. Capital Programme 2015/16 - 2016/17

8.1 The Newcastle Capital Investment Programme Report considered by Cabinet on 5 February 2014 (see 8.4 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.

8.2 Attached at Appendix F 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
Depot modifications	0.060	0.100
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) £0.040m 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 F 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 (£0.150m).
- 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 may have to be curtailed or the Council may have to enter into temporary borrowing arrangements.

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 on the following page:

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 Funding	25			25
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

- 8.3 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.
- 8.4 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"***. Full Council at its meeting on 27 January 2016 to consider the report of the Asset Policy Committee re-affirmed this approach which was subsequently endorsed by Cabinet at its meeting of 10 February 2016.
- 8.5 The Chartered Institute for Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance, which the Council has adopted, requires the calculation of a Prudential Indicator in relation to the capital programme. This is to demonstrate the incremental impact of capital investment decisions upon the council tax, in other words what the additional cost to the General Fund Revenue Account will be as a result of carrying out the projects contained in the proposed capital programme, compared to the situation which existed based on the programme approved at last year's council tax setting Council meeting. The Indicator shows that the incremental impact is estimated to be £55,250 (in a full year once the projects are complete and operational), which equates to a council tax levy of £1.53, using the 2016/17 council tax base for calculation purposes. This is based on £10.2m additional capital expenditure funded from Council resources and an assumed interest rate of 0.8 per cent. Provision has been made in the 2016/17 budget for the cost of funding the capital programme in terms of reduced interest as a result of using capital receipts and reserves arising from the profiled capital spend.

9. List of Appendices

- A Recommendations
- B Revenue Budget 2016/17
- C Savings and Funding Strategies
- D Actual and Estimated Reserves at 31 March 2015 to 31 March 2017
- E Risk Assessment
- F Capital Programme 2015/16 to 2016/17, including financing of expenditure
- G Notable Achievements in 2015/16
- H Activities planned to achieve Council Plan outcomes in 2016/17

Schedule of detailed recommendations

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2016/17.

Recommendations

- (a) That the Revenue Budget for 2016/17 be approved, as set out in Appendix B.
- (b) That the Council Tax at Band 'D' be £180.45.
- (c) That the Capital Programme to 2016/17 be approved as set out in Appendix F, together with the Prudential Indicator relating to the Incremental Impact of Capital Investment Decisions on the Council Tax, as set out in paragraph 8.5.
- (d) That the minimum balances requirement be confirmed as £1,300,000, unchanged from a year ago.
- (e) That an additional contribution of £50,000 be made to the Renewals and Repairs Fund and a contribution of £69,560 be made to the Insurance Provision, to be funded from the estimated Council Tax Surplus of £119,560 which will be transferred to the revenue account in 2016/17.
- (f) That it be noted that at its meeting on the 20 January 2016 the Cabinet calculated the following amounts for the year 2016/17:
- (i) 36,078 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the whole Council area for the year (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act"))
 - (ii) For dwellings in those parts of the Council's area to which a Parish precept relates as in the table below:
- | | |
|---------------------------------|-------|
| Kidsgrove | 6,536 |
| Loggerheads | 1,878 |
| Audley | 2,510 |
| Betley, Balterley and Wrinehill | 576 |
| Chapel and Hill Chorlton | 192 |
| Keele | 332 |
| Madeley | 1,445 |
| Maer | 260 |
| Silverdale | 1,457 |
| Whitmore | 814 |
- (g) That the Council Tax requirement for the Council's own purposes for 2016/17 (excluding Parish precepts) is £6,510,280.
- (h) That the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:
- (i) £72,993,052 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.

- (ii) £66,087,400 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (iii) £6,905,652 being the amount by which the aggregate at (h)(i) above exceeds the aggregate at (h)(ii) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (iv) £191.41 being the amount at (h) (iii) above (Item R), all divided by Item T (f) (i) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (v) £395,372 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
- (vi) £180.45 being the amount at (h) (iv) above less the result given by dividing the amount at (h) (v) above by item T (f) (i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Parish precept) relates.

(vii) **Part of the Council's Area**

	£ p
Audley Parish Council	222.30
Betley, Balterley and Wrinehill Parish Council	197.71
Chapel and Hill Chorlton Parish Council	196.13
Keele Parish Council	204.25
Kidsgrove Town Council	198.87
Loggerheads Parish Council	201.53
Madeley Parish Council	224.07
Maer Parish Council	199.09
Silverdale Parish Council	192.43
Whitmore Parish Council	210.09

Being the amounts given by adding to the amount at (h) (vi) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at (f) (ii) above calculated by the Council in accordance with Section 34(3) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(viii)

Valuation Bands

	A	B	C	D	E	F	G	H
<u>Part of the Council's Area</u>	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Kidsgrove Town Council	132.57	154.68	176.76	198.87	243.06	287.26	331.44	397.74
Loggerheads Parish Council	134.34	156.75	179.13	201.53	246.31	291.10	335.87	403.06
Audley Parish Council	148.19	172.90	197.59	222.30	271.70	321.10	370.49	444.60
Betley, Balterley and Wrinehill Parish Council	131.80	153.77	175.73	197.71	241.65	285.58	329.51	395.42
Chapel and Hill Chorlton Parish Council	130.74	152.55	174.33	196.13	239.71	283.30	326.87	392.26
Keele Parish Council	136.16	158.86	181.55	204.25	249.64	295.03	340.41	408.50
Madeley Parish Council	149.37	174.28	199.16	224.07	273.86	323.66	373.44	448.14
Maer Parish Council	132.72	154.85	176.96	199.09	243.33	287.57	331.81	398.18
Whitmore Parish Council	140.05	163.40	186.74	210.09	256.78	303.46	350.14	420.18
Silverdale Parish Council	128.28	149.67	171.04	192.43	235.19	277.95	320.71	384.86
Other Parts of Borough Area	120.29	140.35	160.39	180.45	220.55	260.65	300.74	360.90

Being the amounts given by multiplying the amounts at (h)(vi) and (h)(vii) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (i) That it be noted that for the year 2016/17 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below:-

<u>Precepting Authority</u>	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Staffordshire County Council	725.77	846.73	967.69	1088.65	1330.57	1572.49	1814.42	2177.30
Staffordshire Fire Authority	46.89	54.70	62.52	70.33	85.96	101.59	117.22	140.66
Office of the Police and Crime Commissioner Staffordshire	118.41	138.14	157.88	177.61	217.08	256.55	296.02	355.22

- (j) That having calculated the aggregate in each case of the amounts at (h) (viii) and (i) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories of dwelling shown below:

<u>Part of the Council's Area</u>	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Kidsgrove Town Council	1023.64	1194.25	1364.85	1535.46	1876.67	2217.89	2559.10	3070.92
Loggerheads Parish Council	1025.41	1196.32	1367.22	1538.12	1879.92	2221.73	2563.53	3076.24
Audley Parish Council	1039.26	1212.47	1385.68	1558.89	1905.31	2251.73	2598.15	3117.78
Betley, Balterley and Wrinehill Parish Council	1022.87	1193.34	1363.82	1534.30	1875.26	2216.21	2557.17	3068.60
Chapel and Hill Chorlton Parish Council	1021.81	1192.12	1362.42	1532.72	1873.32	2213.93	2554.53	3065.44
Keele Parish Council	1027.23	1198.43	1369.64	1540.84	1883.25	2225.66	2568.07	3081.68
Madeley Parish Council	1040.44	1213.85	1387.25	1560.66	1907.47	2254.29	2601.10	3121.32
Maer Parish Council	1023.79	1194.42	1365.05	1535.68	1876.94	2218.20	2559.47	3071.36
Whitmore Parish Council	1031.12	1202.97	1374.83	1546.68	1890.39	2234.09	2577.80	3093.36
Silverdale Parish Council	1019.35	1189.24	1359.13	1529.02	1868.80	2208.58	2548.37	3058.04
Other Parts of Borough Area	1011.36	1179.92	1348.48	1517.04	1854.16	2191.28	2528.40	3034.08

Revenue Budget 2016/17

REVENUE ESTIMATES 2016/17

STATEMENT OF NET EXPENDITURE AND COUNCIL TAX REQUIREMENTS

Topic Area	2015/16 General Fund		2016/17 General Fund		See Note
	Estimate 2015/16	Basic Band D Council Tax	Estimate 2016/17	Basic Band D Council Tax	
	£	£ p	£	£ p	
Administration Before Recharges to Services	7,357,290	208.76	7,289,000	202.03	
Less Recharges to Services	(7,357,290)	(208.76)	(7,289,000)	(202.03)	
Total Administration Net of Recharges	-	-	-	-	
Holding Accounts Before Recharges to Services	2,461,980	69.86	2,760,350	76.51	1
Less Recharges to Services	(2,461,980)	(69.86)	(2,760,350)	(76.51)	
Total Holding Accounts Net of Recharges	-	-	-	-	
Central Services	3,440,410	97.62	3,552,710	98.47	
Cultural Services	4,408,180	125.08	4,292,690	118.98	
Environmental Services	6,664,780	189.11	6,791,370	188.24	
Planning	1,729,380	49.07	1,633,700	45.28	
Transport	(10,710)	(0.30)	34,490	0.96	2
Housing	1,217,070	34.53	1,666,920	46.20	3
Net Cost of Services	17,449,110	495.11	17,971,880	498.13	
Pensions Liabilities Account - Interest Costs Less Return on Assets	(61,700)	(1.75)	(61,700)	(1.71)	
Investment Properties	(315,030)	(8.94)	(58,290)	(1.62)	4
Interest and Investment Income	(43,450)	(1.23)	(101,180)	(2.80)	5
Net Operating Expenditure	17,028,930	483.19	17,750,710	492.00	
Contribution to/(from) Revenue Reserves	(589,530)	(16.73)	740	0.02	6
Contribution to/(from) Capital Reserves	(2,608,950)	(74.03)	(3,612,900)	(100.14)	7
Amount to be met from Government Grant and Local Taxpayers	13,830,450	392.43	14,138,550	391.88	
Revenue Support Grant	(2,370,960)	(67.27)	(1,813,980)	(50.27)	
Other Non-Specific Grants	(1,834,700)	(52.06)	(1,786,880)	(49.53)	
Business Rates Retention Funding	(4,050,140)	(114.92)	(4,184,110)	(115.97)	
Collection Fund Deficit/(Surplus)	660,720	18.75	156,700	4.34	8
Borough Council Tax Requirement	6,235,370	176.93	6,510,280	180.45	
Staffs C.C. Precept		1,047.28		1,088.65	
Fire Authority Precept		68.96		70.33	
Police Authority Precept		177.61		177.61	
Total Council Tax Requirement		1,470.78		1,517.04	

The Council Tax Base used in the above table was set by the Cabinet at its meeting on 20 January 2016 at 36,078

Further Notes and a Glossary of Terms are shown on the following page.

NOTES

1. Holding Accounts expenditure has increased mainly because of additional impairment charges in respect of capital expenditure not enhancing asset values of £102k and changes to depreciation charges of £99k.
2. Transport expenditure has increased mainly because of additional impairment charges and depreciation charges.
3. Housing expenditure has increased mainly because of additional net REFCUS expenditure of £445k.
4. Investment Properties net income has decreased largely because the amount of impairment charges has increased by £239k.
5. Investment income has increased in line with the latest forecast of interest rate trends.
6. Contribution to/(from) Revenue Reserves has changed mainly because the transfer from the Business Rates Reserve to fund the previous year's business rates collection fund deficit reduces from £800k to £276k in line with current collection fund forecasts.
7. Contribution to/(from) Capital Reserves has changed mainly because of an increase in the amount of appropriations to reverse impairment and REFCUS charges of £909k.
8. Collection Fund Deficit/(Surplus) comprises a council tax fund surplus of £120k and an NNDR fund deficit of £276k. The NNDR deficit arises because the original estimated income for previous years was not achieved, mainly due to backdated appeals.

GLOSSARY OF TERMS

Depreciation. The measure of the cost or revalued amount of the benefits of a fixed asset that have been consumed during the year. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence. Depreciation charges are offset by a transfer from the Capital Adjustment Account in order to ensure that they do not count against the council tax.

Impairment. A reduction in the value of a fixed asset below its carrying amount on the balance sheet. In this case, certain assets will have works of repair or improvement or other work to assets is planned to take place in 2016/17, which might be expected to result in an addition to the balance sheet carrying amount of the same amount as the expenditure incurred. However, it is likely that in fact the value will not be increased because the valuation principles employed do not recognise any increase in the real value of the assets. In such cases, the amount of non-value adding expenditure is classed as impairment and is written off as an impairment charge. These impairment charges are offset by a transfer from the Capital Adjustment Account in order to ensure that they do not count against the council tax.

REFCUS (Revenue Expenditure Funded from Capital Under Statute). Expenditure which does not result in the creation of a fixed asset and which is classified as capital for funding purposes but is chargeable to the Revenue Budget as revenue expenditure. Any grants or contributions towards such expenditure are also chargeable to the Revenue Budget. An appropriation is made to the Revenue Budget from the Capital Adjustment Account of the amount of net expenditure financed from capital resources in order to ensure that it does not count against the council tax.

Collection Fund. A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and shares of business rates receipts. The surplus or deficit for the year (essentially the difference between the amounts collected and the amounts paid out of the Fund) must be cleared by a transfer out of or into the Fund in the following year by the Council and the other major precepting authorities.

Contributions to/(from) Capital Reserves. Comprises transfers to or from the Capital Adjustment Account. This account is used to eliminate capital transactions, such as depreciation and impairment charges, which have to be debited or credited to the revenue account in order to comply with proper accounting practice but which statutorily cannot count against the council tax. It is also used to make good any shortfall in revenue financing of REFCUS expenditure, where this excess expenditure is financed from capital resources, such as capital receipts.

2016/17 Savings and Funding Strategies

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)

	Service Area	Description	£000's	% of Budget Line(s)	Detail
	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)

Ref	Service Area	Description	£000's	% of Budget Line(s)	Detail
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 Heath 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		

Actual and Estimated Reserves at 31 March 2015 to 2017 (Before recommendations included in the report are actioned)

Reserve	Actual Balance at 31 March 2015	Estimated Net movement in 2015/16	Estimated Balance at 31 March 2016	Estimated Net movement in 2016/17	Estimated Balance at 31 March 2017	Purpose	Notes
	£'000s	£'000s	£'000s	£'000s	£'000s		
General Fund Balance	1,200	-	1,200	-	1,200	Working balance to cover unforeseen adverse events affecting the budget	Approved minimum balance to be £1,200,000, as confirmed by risk assessment
Contingency Reserve	276	(93)	183	-	183	To meet cost of unforeseen contingencies or for any other purpose approved by the Council	Approved minimum balance is £100,000
Equipment Replacement Fund	375	92	467	42	509	To pay for the replacement of certain items of plant and equipment, eg cremators	
Renewals and Repairs Fund	3	5	8	10	18	To meet the cost of repairs and maintenance of Council owned buildings and structures	
ICT Development Fund	253	(63)	190	(142)	48	To meet the cost of new IT requirements	balance committed to finance capital expenditure
New Initiatives Fund	57	(10)	47	(4)	43	To fund new initiatives, both capital and revenue	Also earmarked to contribute towards costs arising from loss of exempt VAT status
Budget Support Fund	296	(119)	177	7	184	To support the General Fund revenue budget or to meet the cost of specific items approved by the Council, including "Invest to Save" projects, funding to be repaid as savings occur.	
Revenue Investment Fund	112	(78)	34	35	69	To fund projects in accordance with corporate priorities	
Conservation and Heritage Fund	37	-	37	-	37	To provide grants to owners of historic buildings to maintain their repair	
Museum Purchases Fund	68	(5)	63	(5)	58	To purchase exhibits and to conserve and enhance the display of exhibits	
Maintenance Contributions	76	-	76	-	76	To hold maintenance contributions pending use	Sums are received from developers to pay for a period of maintenance costs, e.g. following transfer of land to the Council
Standards Fund	7	-	7	-	7	To ensure the Council meets its responsibilities under the ethical and other standards frameworks	
Deposit Guarantee Reserve	36	-	36	-	36	To hold balances relating to rent guarantees	
New Homes Bonus Reserve	-	-	-	-	-	To hold New Homes Bonus grant payments pending use	
NNDR Reserve	1,475	(510)	965	(276)	689	To hold NNDR revenue account surpluses	First call on the reserve is to meet NNDR collection fund deficits
Keele Master Plan Reserve	-	69	69	(69)	-	To meet the costs of the Keele Masterplanning exercise	

Risk Register**Project – Budget Forecast 2016/17 – Required Balances/Contingency Reserve**

Impact (I)	Likelihood (L)	Score	Risk rating
5 - catastrophic >£1m	5 - Frequent / very likely	16 - 25	Extreme Risk
4 - critical <£1m	4 - Probable	9 - 15	High Risk
3 - serious <£250,000	3 - Possible	3 - 8	Moderate Risk
2 - Marginal <£50,000	2 - Remote Chance	1 - 2	Low Risk
1 - Negligible <£25,000	1 - Extremely Unlikely		

Note: All these risks relate to the following Business Objective: To set a balanced, affordable and achievable budget.

All of the risks fall into the “Finance” Category

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
2	Income cannot be collected because of non-availability of service (e.g. through closure of facilities for repairs)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
3	Income falls short of Budget because of general reduction in activity, eg because of economic recession	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends Need to top up Bad Debts Provision	3 x 4	High	The Council has a bad debts provision (£312k balance at 31/03/15). £30k contribution to provision included in the base budget.	3x 3	High	Increase monitoring of collection performance	Exec Dir Resources	N/a
5	Employee budgets – The budget is discounted on the	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 2.0%. This is realistic	3 x 3	High	None	Exec Mgt	N/a

Item	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
	assumption there will be vacancies. The impact of 1% vacancy is about £100,000				compared with experience from previous years.				Team	
6	Employee Budgets - The 2016/17 employee pay settlement results in an increase higher than included in the budget.	Additional unbudgeted costs	3 x 1	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy.	3 x 1	Moderate	None	Exec Mgt Team	N/a
7	Problems with staff recruitment/retention result in significant use of agency/interim staff at extra cost or the payment of market supplements	Additional unbudgeted costs	3 x 3	High	Situation subject to ongoing review.	3 x 3	High	None	Exec Mgt Team	N/a
8	Council becomes liable to pay compensation or legal fees or other unforeseen commitment arises.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
9	Inflation relating to supplies and services exceeds the allowance in the budget.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison.	3 x 2	Moderate	None	Exec Mgt Team	N/a
11	Fall in interest rates reduces income to the Council.	Investment income targets not met	4 x 4	Extreme	Rates are very low now. A decrease would make only a relatively small difference. Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
12	Profile of capital spend differs adversely from that assumed in the investment interest calculation	Investment income targets not met	3 x 3	High	Capital Budgets have been realistically set. Due to low interest rates investment income is no longer significant.	3 x 3	High	None	Exec Mgt Team	N/a
13	Fuel costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	Moderate	None	Exec Dir Op Serv	N/a
14	Energy costs increase by more	Additional unbudgeted	3 x 3	High	Realistic increases included in	2 x 3	Moderate	None	Exec	N/a

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
	than allowed for in budget.	costs			base budget.				Mgt Team	
15	Unforeseen major repairs needed to Council properties.	Additional unbudgeted costs	4 x 3	High	Planned maintenance programme in place and stock condition survey.	3 x 2	Moderate	None	Exec Mgt Team	N/a
16	Insurances – unexpected increases in premiums.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Chief Exec	N/a
17	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances. Insurance Provision established.	3 x 3	High	Monitor level of Insurance Provision	Chief Exec	N/a
18	Government increase NI rates during 2016/17. An increase of 1% adds about £100,000 to the Council's costs	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Dir Resources	N/a
19	Loss of VAT Exempt Status	Additional unbudgeted costs	3 x 3	High	None	3 x 2	Moderate	Continue to monitor position regularly	Exec Mgt Team	N/a
20	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	High	None	Exec Mgt Team	N/a
21	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
22	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	3 x 3	High	Monitor partnership activities and ensure carried out according to agreements.	3 x 3	High	None	Exec Mgt Team	N/a
23	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme should meet 85% of cost	4 x 2	Moderate	None	Exec Mgt Team	N/a
24	Investment Counterparty (including own bank re current account, etc) fails to meet its financial commitments	Loss of interest due Ongoing loss of interest owing to loss of capital	4 x 3	High	Use of credit rating agencies Counterparty list based on minimum ratings with CDS overlay. Limits to investments with one counterparty (£7m)	3 x 3	High	Frequent reviews of investment strategy	Exec Dir Resources	N/a

	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
25	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	High	Consider increasing amount of provision if reports from administrator indicate it to be necessary	Exec Dir Resources	N/a
26	Localised Council Tax Support Scheme is oversubscribed	Additional unbudgeted costs	3 x 3	High	Local scheme	3 x 3	High	None	Exec Dir Resources	N/a
27	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff	3 x 3	High	None	Exec Mgt Team	N/a
28	Failure of Banking Services provider	Frozen Funds Additional unbudgeted costs	5 x 3	High	Business Continuity Plan	2 x 3	Moderate	None	Exec Dir Resources	N/a
29	Members act against officer advice resulting in cost to the Council	Additional unbudgeted costs	3 x 3	High	Agenda pre-meetings. Liaison with members	3 x 3	High	None	Exec Mgt Team	N/a

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 Contri	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	2015/16	2016/17	Total Exp	External	Council

INVESTMENT PROGRAMME THEMES	Est Exp	Est Exp		Contribn	Financing
	£	£	£	£	£
New Waste Service - Recycling Boxes	0	495,000	495,000	0	495,000
New Waste Service - Depot Modifications	185,000	100,000	285,000	0	285,000
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

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 towns achieved several quality 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-tendering 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.

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Agenda Item 5

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE COUNCIL

24 February 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 approve the Treasury Management Strategy for 2016/17, including the Prudential Indicators, Investment Strategy and Minimum Revenue Provision Strategy contained within it.

Recommendations

- (a) That the Treasury Management Strategy Report for 2016/17 be approved.
- (b) That the Prudential Indicators contained within the report be approved.
- (c) That the Investment Strategy contained within the report be approved.
- (d) That the Minimum Revenue Provision Strategy contained within the report be approved.

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 24th 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 was scrutinised by the Finance, Resources and Partnerships Scrutiny Committee on 28 January 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 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 Strategy Report for 2016/17 is attached at Appendix 1

2.2 The proposed prudential indicators relating to treasury management are contained in the report.

2.3 The 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 Minimum Revenue Provision Strategy 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.

3. **Legal and Statutory Implications**

3.1 See Background for details.

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).
- Treasury Management Advisor’s Treasury Management Strategy Statement Template (issued on 11/11/15).

8. 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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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	2.00	2.60	3.40	3.20
Sep 2016	0.50	2.20	2.80	3.50	3.30

Mar 2017	0.75	2.40	3.00	3.70	3.50
Sep 2017	1.00	2.60	3.20	3.80	3.70
Mar 2018	1.25	2.80	3.40	4.00	3.90
Sep 2018	1.50	3.00	3.60	4.10	4.00
Mar 2019	1.75	3.20	3.70	4.10	4.00

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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NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE COUNCIL

24 February 2016

1. LOCALISM ACT 2011 – PUBLICATION OF A PAY POLICY STATEMENT FOR 2016/17

Submitted by: Chief Executive

Portfolio: Policy, People and Partnerships

Ward(s) affected: Not applicable

Purpose of the Report

The Localism Act 2011 requires local authorities to prepare and publish a pay policy statement for each financial year. The statement should set out the authority's policies relating to the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.

Recommendation

That the Pay Policy Statement attached at Appendix A to this report be approved and published on the council's website by 31 March 2016.

Reasons

To ensure the council complies with the requirements of the Localism Act 2011 and in accordance with the guidance issued by the Department for Communities and Local Government 'Openness and Accountability in Local Pay'.

1. **Background**

- 1.1 The Government is committed to strengthening councillors' powers to vote on large salary packages for council officers and has recently taken steps to increase transparency about how taxpayers' money is used, including the pay and reward of public sector staff.
- 1.2 This commitment resulted in part of the Localism Act being designed to increase accountability, transparency and fairness in the setting of local pay. The Act came into force on 15 January 2012.

2. **Issues**

- 2.1 To promote accountability, the Act requires pay policy statements, and any amendments to them, to be considered by a meeting of full council. In addition, full council should be offered the opportunity to vote before large salary packages are offered in respect of new appointments where remuneration is £100,000 and over.
- 2.2 For the purposes of transparency, it is considered that when the full council is discussing the pay policy statement, such discussions should be open to the public. Approved pay policy statements must be published on the authority's website and in any other manner that the

authority thinks appropriate, as soon as is reasonably practicable after they are approved or amended.

- 2.3 With regard to fairness, the government recommends the publication of an organisation's pay multiple – the ratio between the highest paid employee and the median average earnings across the organisation – as a means of illustrating that relationship. Any policies on performance related pay must be included in the pay policy statement and authorities are encouraged to consider whether an element of the basic pay of senior staff should be subject to meeting pre-arranged objectives. The statement must also include the authority's policy on whether they permit individuals to receive salary and pension at the same time so that taxpayers can have the opportunity to question whether they are getting value for money from arrangements where it could appear that the authority is paying an individual twice for doing the same job.
- 2.4 The council's current approach to pay policy is set out at Appendix A.

3. Options Considered

- 3.1 A Pay Policy Statement could have been prepared based purely on the guidance received from the Department for Communities and Local Government 'Openness and Accountability in Local Pay'. However, in 2012 West Midlands Councils produced a Model Pay Policy Statement which drew together drafts from several authorities in the region with a view to a common approach being adopted. This format was adopted for the previous four years' Statements and has been adopted again for this year's Statement.

4. Proposal

- 4.1 It is proposed that the council approves the content of the Pay Policy Statement for 2016/17 based on the same format used for the last four years, as set out at Appendix A, with a view to this being published on the council's website by 31 March 2016. This will ensure that the appropriate information will continue to be made available to the public in accordance with the requirements of the Localism Act 2011.

5. Reasons for the Preferred Solution

- 5.1 The view of the West Midlands Employers is that there is value to continuing to adopt a common approach to the production of Pay Policy Statement, as far as this is practically and reasonably possible, as this will be beneficial for future benchmarking and monitoring purposes.

6. Outcomes Linked to Sustainable Community Strategies and Council Priorities

- 6.1 Future benchmarking and monitoring of pay policy and an annual review will ensure accountability, transparency and fairness in the setting of levels of pay that are appropriate to local circumstances and which deliver value for money for local taxpayers.

7. **Legal and Statutory Implications**

- 7.1 Preparation of a Pay Policy Statement for 2016/17 is a requirement under section 38(1) of the Localism Act 2011.
- 7.2 Under Section 40(1) of the Act, Authorities must have regard to the guidance issued by the Department for Communities and Local Government in preparing and approving pay policy statements.
- 7.3 Before it takes effect, the Pay Policy Statement must be approved by a resolution of the authority. This must be done no later than 31 March 2016.
- 7.4 Following approval, the statement must be published as soon as possible on the authority's website (and in any other manner the authority thinks fit).
- 7.5 An authority may amend its Pay Policy Statement and this also requires resolution.

8. **Equality Impact Assessment**

- 8.1 The Statement at Appendix A sets out council's current approach to pay policy. No changes are incorporated and so there is no potential for any adverse impact on particular groups of employees.

9. **Financial and Resource Implications**

- 9.1 The Statement at Appendix A sets out the council's current approach to pay policy. No changes are incorporated and so there are no additional revenue costs or resource implications.

10. **Major Risks**

Not applicable.

11. **Sustainability and Climate Change Implications**

Not applicable.

12. **Key Decision Information**

The report is a key decision as defined in the council's constitution. The item is included in the Forward Plan.

13. **Earlier Cabinet/Committee Resolutions**

Council – 19 May 2010 – Resn 12/11
Establishment of the Chief Officer Appointment, Review and Appeals Committee.
Council – 28 March 2012 – Item 7
Approval of 2012/13 Pay Policy Statement
Council – 27 February 2013 – Item 9
Approval of 2013/14 Pay Policy Statement
Council 26 February 2014 – Item 9
Approval of 2014/15 Pay Policy Statement
Council 25 February 2015 – Item 8
Approval of 2015/16 Pay Policy Statement

14. **List of Appendices**

Appendix A – Pay Policy Statement 2016/17

Appendix I – Salary Scales from 01.04.2015

Appendix ii - Additions to Salary of Chief Officers

Appendix iii - Flexible Retirement for Members of the Local Government Pension Scheme

15. **Background Papers**

- Department of Communities and Local Government – Openness and Accountability in local pay: Draft guidance under Section 40 of the Localism Act.
- Local Government Association and Association of Local Authority Chief Executives – Localism Act: Pay Policy Statements Guidance for Local Authority Chief Executives.
- West Midlands Councils – Model Pay Policy Statement/Supplementary Notes and Guidance.

Newcastle-under-Lyme Borough Council

Pay Policy Statement – 2016/17

Introduction and Purpose

Under section 112 of the Local Government Act 1972, the council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the council’s approach to setting the pay of its employees by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the (Committee/Group/Panel or officer) responsible for ensuring the provisions set out in this statement are applied consistently throughout the council and recommending any amendments to the full council.

Once approved by the full council, this policy statement will come into immediate effect and will be subject to review on at least an annual basis in accordance with the relevant legislation prevailing at that time.

Legislative Framework

In determining the pay and remuneration of all of its employees, the council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

Pay Structure

Based on the application of the Job Evaluation process, the council uses the nationally negotiated pay spine (further details can be found at Appendix i) as the basis for its local grading structure. This determines the salaries of the large majority of the workforce, together with other nationally defined rates where relevant. The council remains committed to adherence with national pay bargaining in respect of the national pay spine and any annual cost of living increases negotiated in the pay spine.

The National Joint Council pay spine was last increased in January 2015. Prior to this there had been no increases in the national pay spine since April 2013.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council Policy. In determining its grading structure and setting remuneration levels for all posts, the council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' and also 'deputy chief officers' as defined within S43 of the Localism Act. The Localism Act definition is based on the definition in the Local Government and Housing Act 1989 in which a Chief Officer is defined as a statutory chief officer (ie, Head of the Paid Service, Section 151 Officer, Monitoring Officer) and any post reporting directly to the Head of the Paid Service (other than secretarial/support posts). Deputy Chief Officers are any posts (other than secretarial/support posts) reporting directly to any chief officer post.

The posts falling within the statutory definition are set out below, with details of their basic salary as at 1 April 2016;

National Joint Council (JNC) Chief Officers

- a) Chief Executive (Head of the Paid Service)
The current salary of the post is £99,736. This is a spot salary. There is no incremental point range.

- b) Executive Directors – 3 posts as follows:
Executive Director – Resources and Support Services (Section 151 Officer)
Executive Director – Operational Services
Executive Director – Regeneration and Development

The salaries of posts designated as Executive Directors fall within a range of 4 incremental points between £80,314 rising to a maximum of £85,673.

- c) Heads of Service – 2 non-statutory chief officer posts as follows:

Heads of Service Band 1 – 1 post

Head of Business Improvement, Central Services & Partnerships

The salaries of Band 1 posts fall within a range of 5 incremental points between £50,546 rising to a maximum of £56,174.

Heads of Service Band 2 – 1 post

Head of Communications

The salaries of Band 2 posts fall within a range of 5 incremental points between £45,493 rising to a maximum of £50,518.

Deputy Chief Officers

- a) *Heads of Service Band 1 – 6 posts*

Head of Customer and ICT Services

Head of Leisure and Cultural Services

Head of Operations

Head of Planning and Development

Head of Recycling, Waste and Fleet Services

Head of Housing, Regeneration and Assets Services

The salaries of Band 1 posts fall within a range of 5 incremental points between £50,546 rising to a maximum of £56,174.

Heads of Service Band 2 – 4 posts

Head of Finance

Head of Human Resources

Head of Revenues and Benefits

Head of Environmental Health Services

The salaries of Band 2 posts fall within a range of 5 incremental points between £45,493 rising to a maximum of £50,518.

- b) Grade 13 - 1 post, salary within a range of 5 incremental points between £40,217 rising to a maximum of £43,868

Audit Manager and Monitoring Officer

- c) Grade 12 - 4 posts, salary within a range of 4 incremental posts between £36,571 rising to a maximum of £39,267

Democratic Services Manager

Partnerships Manager

Principal Solicitor x 2

- d) Grade 11 - 1 post, salary within a range of 4 incremental points between £32,778 rising to a maximum of £35,662
Business Improvement Manager
- e) Grade 10 - 2 posts, salary within a range of 4 incremental points between £30,178 rising to a maximum of £32,778
Communications Team Leader
Design and Print Team Leader – Part time 17.5 hours
- f) Grade 9 - 1 post, salary within a range of 4 incremental points between £27,924 rising to a maximum of £30,178
Land Charges and Information Team Leader
- g) Grade 8 - 1 post, salary within a range of 4 incremental points between £25,440 rising to a maximum of £27,924
Research and Development Officer

The pay spines for JNC chief officers increased in January 2015. Prior to this, the previous increase was in 2008.

The pay spines for NJC employees increased in January 2015. Prior to this, the previous increase was in April 2013.

Pay awards pending

Recruitment of Chief Officers

The council's Chief Officer Appointment, Review and Appeals Committee is responsible for processing appointments of members of the Executive Management Team (the Chief Executive and Executive Directors). Appointments to Heads of Service posts are made by the appropriate Executive Director having consulted with the appropriate Portfolio Holder. Appointments to Deputy Chief Officer posts are made by the appropriate Executive Director/Head of Service. When recruiting to all posts, the council will take full and proper account of its own Equal Opportunities Recruitment and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. The council does not currently have any chief officers who are being paid temporary market forces supplements.

Where the council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The

council does not currently have any chief officers engaged under such arrangements.

Additions to Salary of Chief Officers

The council does not apply any bonuses or performance related pay to its chief officers with the exception of progression through the incremental scale of the relevant grade being subject to satisfactory performance, which is assessed on an annual basis, the level of remuneration is not variable dependent upon the achievement of defined targets.

In addition to basic salary, set out at Appendix ii, are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties.

Payments on Termination

The council's approach to [statutory and] discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

Flexible Retirement

The council's approach to Flexible Retirement for members of the Local Government Pension Scheme is set out at Appendix (iii).

Publication

Upon approval by the full council, this statement will be published on the council's Website, alongside data required under the Transparency Code 2014. In addition, for posts where the full time equivalent salary is at least £50,000, the council's Annual Statement of Accounts will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the council are employed on full time (37 hours) equivalent salaries in accordance with the National Living Wage which is set independently annually each November. As at 1 January 2016, the lowest paid employee will be paid at the Living Wage hourly rate of £8.25 which equates to a full-time equivalent salary of £15,873.

The council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under the National Apprenticeship Scheme.

The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The current pay levels within the council define the multiple between the lowest paid (full time equivalent salary) employee and the Chief Executive as 1:6.60 and; between the lowest paid employee and average chief officer (excluding the Chief Executive, including deputy chief officers) as 1:3.32. The multiple between the median (average) full time equivalent earnings and the Chief Executive as 1:4.01, and; between the median (average) full time equivalent earnings and average chief officer as 1:2.02.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the council will use available benchmark information as appropriate.

Accountability and Decision Making

The Chief Executive, as the Head of Paid Service, is required to report to full council 'the number and grade of officers required for the discharge of (the Authority's) functions'

In accordance with the Constitution of the council, the Chief Officer Appointment, Review and Appeals Committee is responsible for processing the appointments of members of the Executive Management Team (the Chief Executive and Executive Directors) and reviewing their terms and conditions of appointment.

The advertising of and recruitment to all vacancies is carried out in accordance with the council's Standing Orders relating to Personnel Matters and the council's approved Recruitment, Selection and Induction Code of Practice and the Restructuring and Redundancy Policy and Procedure except where the council otherwise determines.

Under the council's Scheme of Delegation, decision making in relation to pay and terms and conditions for employees other than the Executive Management Team is delegated to the Chief Executive as follows:

'To determine the establishment of the council's departments within the departmental budgets set by Cabinet, and to determine the terms and conditions of new posts. No new post shall be created nor any person employed in addition to a department's approved establishment unless the financial arrangements have been agreed by Cabinet.'

With regard to severance arrangements in relation to employees of the council, Cabinet is responsible for the policy on the discretionary powers to be adopted and used where employment is terminated on the grounds of redundancy or early retirement.

Date of Statement: 24 February 2016

SALARY SCALES FROM 01.04.2015**APPENDIX i**

Grade	Spinal Column Point	Spinal Column £ Salary Point	Grade	Spinal Column Point	Spinal Column £ Salary Point	Grade	Spinal Column Point	Spinal Column £ Salary Point
Grade 1	5	13,500	Grade 6	21	19,742	Grade 11	38	32,778
	6	13,614		22	20,253		39	33,857
	7	13,715		23	20,849		40	34,746
	8	13,871		24	21,530		41	35,662
				25	22,212			
Grade 2	6	13,614				Grade 12	42	36,571
	7	13,715	Grade 7	25	22,212		43	37,483
	8	13,871		26	22,937		44	38,405
	9	14,075		27	23,698		45	39,267
				28	24,472			
Grade 3	10	14,338				Grade 13	46	40,217
	11	15,207	Grade 8	29	25,440		47	41,140
	12	15,523		30	26,293		48	42,053
	13	15,941		31	27,123		49	42,957
				32	27,924		50	43,868
Grade 4	13	15,941						
	14	16,231	Grade 9	32	27,924	Grade 14	49	42,957
	15	16,572		33	28,746		50	43,868
	16	16,969		34	29,558		51	44,803
	17	17,372		35	30,178		52	45,759
Grade 5	16	16,969	Grade 10	35	30,178			
	17	17,372		36	30,978			
	18	17,714		37	31,846			
	19	18,376		38	32,778			
	20	19,048						
	21	19,742						

Additions to Salary of Chief Officers

Car Lease Subsidy

The council's car leasing scheme is in the process of being phased out. Chief officers who have an existing lease car are entitled to a car lease subsidy, the value is £2,750 per annum which has been reduced as follows:

Employee Grade	% Subsidy Reduction
Executive Directors	50
JNC 1 & 2	40
NJC 10 – 14*	30
NJC 8 – 9	20
NJC 5 – 7	10

* (Includes NJC 9 with market supplements)

Five chief/deputy chief officers have opted not to receive the subsidy.

No alternative payment is made to chief officers who chose not to receive the subsidy.

The mileage rate paid to those who are still in receipt of the subsidy is 11 pence per mile. The rate paid to those who do not receive the subsidy is 55 pence per mile (inside the Borough), 43.3 pence per mile (outside the Borough).

Fees paid for Returning Officer Duties

Chief Executive

There is a Borough Council Election in 20 wards in May 2016. The maximum amount for all borough wards is estimated to be £8,033.60.

In addition there is a Police and Crime Commissioner Election in May 2016. The total recoverable amount for the Local Returning Officer is £4654.00.

This would make the total payment in the region of £12,687.60.

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**FLEXIBLE RETIREMENT FOR MEMBERS OF THE
LOCAL GOVERNMENT PENSION SCHEME****POLICY STATEMENT**

1. This policy is made in accordance with the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2006 and the Local Government Pension Scheme (Benefits, Membership and Contributions Regulations) 2007 and will normally be reviewed annually. If the council decides to change its policy it will publish a statement of the amended policy within one month of the date of its decision.
2. In formulating and reviewing its policy, the council:
 - i) has regard to the extent to which the exercise of its discretionary powers (in accordance with the policy), unless properly limited, could lead to a loss of confidence in the public service; and
 - ii) is satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.
3. In response to written requests from eligible employees for Flexible Retirement, the council will:
 - i) Consider all requests for flexible retirement. The key factors that will be taken into account are:
 - There will be no detrimental effect on service delivery
 - There is alternative work at a lower grade or reduced hours
 - The arrangement is fair and equitable to other employees
 - Pension strain costs are affordable and can be justified
 - The employee is fully aware of the implications of drawing the pension early particularly where there is an actuarial pension reduction.
 - ii) Approve requests only when it is in the council's interests to do so. All costs falling on the council as an employer must be affordable and within existing budget limits. Where this is not achievable, the proposal should be accompanied by a plan detailing how any costs will be recovered.
 - iii) A request should typically involve a reduction in salary of at least 40%, either through reduced hours or level of responsibility (grade) or a combination of these.
 - iv) The employee's contract of employment will be amended by mutual agreement to reflect the new hours or grade, as agreed, and continuity of service will be preserved for terms and conditions purposes.
 - v) The council will not agree to waive pension benefit reductions.

- vi) Following the reduction in hours or grade, the council will not offer alternative employment to top-up the loss of income.
- vii) Be sympathetic to requests involving a phased reduction in working hours, subject to any such arrangements being operationally practicable. However, the council can not agree to requests that would, overall, lead to the employee being better off than before flexible retirement and will only consent to the release of the accrued benefits if this is the case.

Note *Retirement benefits drawn on flexible retirement must include all of those which may have accrued in respect of active membership under the 1997 Regulations and may, according to the wishes of the employee, include all or part of none of the benefits accrued in respect of membership under the 2008 Scheme.*

4. **Approval Process**

- 4.1 Applications must always be in writing to the Executive Director (Resources and Support Services) stating the reasons for the request and the details of what is being requested.
- 4.2 When considering requests, the Executive Director (Resources and Support Services) will take into account the impact on the organisation or the service, proposals to cover any change, staff resource issues and, if necessary, details of how any costs will be recovered.
- 4.3 The Executive Director (Resources & Support Services) will approve the request only when satisfied that the flexible retirement is in the overall interests of the council and after consultation with the Portfolio Holder (Finance and Resources).
- 4.4 Appeals regarding any decision taken in 4.3 (above) to be determined by the council's Appeals Panel.

5. **Review**

- 5.1 The Policy is to be reviewed annually.

- Approved December 2008** - Cabinet
- Reviewed April 2009** - No changes
- Reviewed April 2010** - No changes
- Reviewed December 2011** - No changes
- Reviewed July 2013** - Reference to Miscellaneous Regulations (2012) added at 3(vii)
- Reference to Age Retirement Procedure deleted at 3(iv)
- Reference to requests for phased reduction in hours to be treated sympathetically added at 3(vii) and 'will not' replaced by 'can not' at line 3
- Note clarifying options for claiming benefits added after 3(vii) (Approved – Staffing Committee 9 July 2013)
- Reviewed January 2015** - No changes

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COUNCIL – 24 FEBRUARY 2016

1. THE CONSTITUTION – CONSEQUENTIAL CHANGES TO OFFICER SCHEME OF DELEGATIONS

Submitted by: Monitoring Officer

Portfolio: Policy People & Partnerships

Wards affected: All

Purpose of the Report

To advise Council of revisions which have been made to the Officer Scheme of Delegation in relation to the Environmental Health function and the Licensing function in consequence of legislative changes and also to take into account the fact that the post of Head of Business Improvement, Central Services and Partnerships is currently vacant.

Recommendations

That the revised Schemes of Delegation be noted.

Reasons

Part 2, paragraph 15.2 of the Constitution, authorises the Monitoring Officer to make consequential changes to the Constitution to reflect resolutions of the Council or Cabinet, decisions properly made under delegated powers and changes of fact and law, subject to regular notification of Members to such changes.

Revising the Constitution is necessary to ensure that the Council is efficient and effective in making and implementing decisions and is properly accountable. Changes may become necessary where the law has changed or where the Council decides to change the way it operates, for example if the management structure changes and/or services move from one directorate to another. The Scheme of Officer Delegation must be updated and revised where necessary to allow officers to continue to act lawfully.

As the post of Head of Business Improvement, Central Services and Partnerships is currently vacant it is proposed that the Constitution is revised so that all delegations to him specifically also include the Chief Executive in order to ensure that there is no disruption in the Council's decision making.

1. **Background**

1.1 The Constitution is the set of rules that describe and constrain how the Council operates, how its decisions are made and the procedures to be followed. The Council adopted a new formal Constitution in 2001 and this has been updated and reviewed since that date. The Constitution provides a framework for Council decision making through which the Council delivers its strategic objectives.

2. **Outcomes to support Corporate Priorities as set out in the Council Plan and/or the Newcastle Partnership priorities**

- 2.1 The objective of the Constitution is to support the intentions of the Corporate Plan in the most efficient, effective, inclusive, open and accountable manner.
- 2.2 The Constitution governs the way the Council works. The amended Schemes of Delegation will enable the public, Council Members and Officers to engage more effectively with the decision making processes of the Council and also ensure that processes are lawful.
- 2.3 An effective Constitution contributes to the overall ethical wellbeing of the Council and helps to ensure a culture of high ethical standards, which the public and the Council's partners can have confidence in.

3. **Financial and Resource Implications**

- 3.1 There are no financial or resource implications flowing from this report.

4. **Legal, Statutory and Policy Implications**

- 4.1 The Constitution is the legal framework set by the Council and which governs the way it conducts its business. The powers of the Council to delegate the exercise of functions are set out in Section 101 of the Local Government Act 1972.

5. **Major Risks**

- 5.1 If the Schemes of Delegation for the Council's various functions are not kept up to date, it could expose the Council to legal risk, frustrate aspects of legal enforcement and may prevent the full implementation of Council decisions.

COUNCIL – 24 FEBRUARY 2016

1. THE CONSTITUTION – SUBSTITUTES ON THE PLANNING COMMITTEE AND MEMBERS PROTOCOL ON PLANNING MATTERS

Submitted by: Head of Planning

Portfolio: People, Policy and Partnerships; and Town Centres, Business and Assets

Wards affected: All

Purpose of the Report

To ask Council to consider the recommendation of the Finance, Resource and Partnerships Scrutiny Committee that substitutes for the Planning Committee be appointed at this meeting and that the Members' Protocol on Planning Matters be approved.

Recommendations

- 1) That substitutes for the Planning Committee be appointed.
- 2) That the attached Members' Protocol on Planning Matters be approved.

Reasons

In order to improve the efficient and effective operation of the Planning Committee.

1. **Background**

- 1.1 The Council's Constitution currently states: "For every member of the Committee, there can be one substitute nominated. Any Members who is due to miss a meeting should inform the Chair of the relevant Committee at least 24 hours before the Committee is due to meet (and that it is the Member concerned who does this). At any one meeting, there should be no more than 2 substitutes per political grouping present. Training will be provided for nominated substitutes on regulatory committees. Where a Planning Committee site visit is involved, substitutes will only be allowed to attend and vote at the relevant Planning Committee if they have been on the site visit."
- 1.2 Council however resolved at its meeting in May 2015 not to appoint substitutes to the Planning Committee until the matter had been considered further by the Constitution Review Working Group.
- 1.3 The latter Group at its meeting on 24th November 2015 considered the issue of substitutes and were in agreement that the wording in the constitution was adequate and that if agreed by the Finance, Resources and Partnerships Scrutiny Committee, substitutes could be appointed at the February meeting of Full Council.

- 1.4 The Finance, Resources and Partnerships Scrutiny Committee considered the matter at its meeting on the 3rd December 2015 and being supportive of the proposal resolved that substitutes should be appointed at Full Council on 24th February 2016. A supplementary report will be provided at the Council meeting detailing the proposed substitutes.
- 1.5 At the same time, in line with an agreed action within the Action Plan agreed by Cabinet following the Planning Peer Review the Constitution Review Working Group has considered over several meetings a Members' Protocol on Planning Matters to replace the existing Planning Committee Members Protocol. That Protocol is an Appendix to the Council's Constitution. The existing Protocol is out of date in a number of respects. It does not reflect the provisions of the Localism Act, current guidance (most particularly 'Probity in Planning' by the Local Government Association and the Planning Advisory Service), and a number of decisions made by the Planning Committee over the years relating to its policy, for example with respect to site visits. The Group resolved that the revised Protocol, which is attached, should be submitted to Full Council for approval.
- 1.6 The Planning Committee at its meeting on the 8th December 2015 reviewed the revised Members' Protocol on Planning Matters. The Committee had no comments on the Protocol
2. **Outcomes to support Corporate Priorities as set out in the Council Plan and/or the Newcastle Partnership priorities**
- 2.1 The objective of the Constitution is to support the intentions of the Corporate Plan in the most efficient, effective, inclusive, open and accountable manner.
- 2.2 The Constitution governs the way the Council works.
- 2.3 An effective Constitution contributes to the overall ethical wellbeing of the Council and helps to ensure a culture of high ethical standards, which the public and the Council's partners can have confidence in.
3. **Financial and Resource Implications**
- 3.1 There are no financial or resource implications flowing from this report.
4. **Legal, Statutory and Policy Implications**
- 4.1 The Constitution is the legal framework set by the Council and which governs the way it conducts its business.
5. **Major Risks**
- 5.1 If the Members' Protocol on Planning Matters is not kept up to date, it could expose the Council to legal risk and adversely impact upon the effectiveness of the operation of the Planning Committee.

APPENDIX 21

MEMBERS' PROTOCOL ON PLANNING MATTERS

1. Aim of Protocol

- 1.1 This Protocol applies to Members who are involved in the planning system
- 1.2 The role of an Elected Member on the Planning Committee involves balancing representation of the needs and interests of individual constituents and the community, with the need to maintain an ethic of impartial decision-making in the wider public interest on what can be highly controversial proposals. Planning decisions are based on balancing competing interests and making an informed judgement against a local and national policy framework. The decision-making process should be open and transparent
- 1.3 One of the key aims of the planning system is to balance private interests in the development of land against the wider public interest. In performing this role, planning necessarily affects land and property interests, particularly the financial value of landholdings and the quality of their settings
- 1.4 Opposing views are often strongly held by those involved. Whilst councillors must take account of these, they should not favour any person, company, group or locality, nor put themselves in a position where they may appear to be doing so. It is important, therefore, that planning authorities make planning decisions affecting these interests openly, impartially, with sound judgement and for justifiable reasons and in accordance with the statutory framework
- 1.5 The process should leave no grounds for suggesting that those participating in the decision were biased or that the decision itself was unlawful, irrational or procedurally improper
- 1.6 Whilst the determination of a planning application is not a 'quasi-judicial' process (unlike, say, certain licensing functions carried out by the Council), it is a formal administrative process involving the application of national and local policies, reference to legislation and case law as well as rules of procedure, rights of appeal and an expectation that people will act reasonably and fairly. All involved should remember the possibility that an aggrieved party may seek a Judicial Review and/or complain to the Local Government Ombudsman on grounds of maladministration or a breach of the Council's Members' Code of Conduct
- 1.7 The successful operation of the planning system relies on mutual trust and an understanding of Members' and officers' roles which are different but complementary. Both serve the public but Members are

responsible to the electorate, whilst officers are responsible to the Council as a whole. Officers advise Members and the Council and carry out the Council's work. They are employed by the Council, not by individual Members. Officers who are Chartered Town Planners are subject to the Royal Town Planning Institute's Code of Professional Conduct, breaches of which may be subject to disciplinary action by the Institute

1.8 The aim of the Protocol is to ensure that Members involved in Planning matters act in a way in which is not only fair and impartial but is also clearly seen to be so

1.9 This Protocol relates mainly to planning applications. The same principles are however applicable to other types of approvals sought under planning legislation and to the various kinds of enforcement action within the purview of the Planning Committee. It is also applicable to the development and approval of planning policy by Council.

2. Some Words of Caution

2.1 The Protocol does not replace or supersede or override any duty or responsibility of a Member to declare an interest of any kind in accordance with the requirements of the Local Government Act 2000 (Section 81(1)), the Members' Code of Conduct set out in Appendix 18 of the Constitution, or in accordance with any current guidance. The Localism Act 2011 sets out a duty for each local authority to promote and maintain high standards of conduct by councillors and to adopt a local code of conduct (see paragraph 6.1 of Appendix 18 relating to disclosure of pecuniary interests)

2.2 In order to keep Members aware of matters within the scope of paragraph 2.1 above which may affect the operation of this Protocol, changes or new advice will be reported to Members as appropriate and the Protocol refreshed accordingly

2.3 The Protocol does not of itself authorise any departure from the requirements of the Council's Constitution or its Procedure Rules or Financial Regulations.

3. Training

3.1 Training for all Members on the Planning Committee and their substitutes¹ is mandatory. In the event of a Member not attending at

¹ The Council's Constitution (Appendix 9 Revised April 2015) states as follows

For every member of the Committee, there can be one substitute nominated.

Any Member who is due to miss a meeting should inform the Chair of the relevant Committee at least 24 hours before the Committee is due to meet (and that it is the Member concerned who does this)

At any one meeting, there should be no more than 2 substitutes per political grouping present

Training will be provided for nominated substitutes on regulatory committees

least two-thirds of any session of training events labelled as mandatory the Chair and Vice Chair of the Planning Committee are allowed to use their discretion in considering whether a Member can remain on the Committee with full voting rights².

- 3.2 Other Members of the Council are welcome to join the training sessions if they wish and there is spare capacity.

4. Discussions with those proposing developments

- 4.1 Early councillor engagement is nowadays encouraged to ensure that proposals for sustainable development can be harnessed to produce the settlements that communities need. Members of the Planning Committee and their substitutes should not, other than in the context of the Council's Strategic Planning Consultative Group or meetings organised by and attended by officers, normally be involved in discussions with an applicant for planning permission for any Major or Minor Development.³ If Members are so involved, it will be on the basis that it must always be made clear at the outset of those discussions that they do not bind the Committee to making a particular decision, and that any views expressed by Members are personal and provisional. By the very nature of such meetings not all the relevant information may be at hand, nor will formal consultations with interested parties have taken place
- 4.2 Members are advised not to give advice on the development plan or material considerations as they may not be aware of all the issues at an early stage
- 4.3 Similarly Members should not become drawn into negotiations, which should be done by officers (keeping Members up to date) to ensure that the Council's position is co-ordinated
- 4.4 A written note of all such meetings will be made by the attending officer. A note will be taken of any phone conversations by the officer involved and relevant emails recorded for the pre-application enquiry file
- 4.5 Initially, until the issue of confidentiality has been clarified by the party making the enquiry and officers have determined whether or not there is a legitimate reason for confidentiality, Members involved in such

Where a Planning Committee site visit is involved, substitutes will only be allowed to attend and vote at the relevant Planning Committee if they have been on the site visit

² Resolution of 23rd June 2009 Planning Committee

³ Major development is where 10 or more dwellings are to be constructed (or if the number is not given, the site area is more than 0.5 hectares) and for all other uses, where the floor space proposed is 1000 square metres or more or the site area is 1 hectare or more.

Minor development is that which does not meet the criteria for 'Major' development nor the definitions of Change of Use Development or Householder Development

pre-application discussions should treat them on a confidential basis. Unless there is a legitimate reason for confidentiality concerning a proposal, there will be an expectation that records of such enquiries and discussions will be available as a matter of public record, particularly upon the submission of an application

- 4.6 Similar considerations will apply when the Council is considering its plan-making, particularly when making new site allocations in emerging development plans.

5. Site Visits

- 5.1 The Planning Committee may resolve, when considering an application, to defer a decision on the application in order to undertake a site visit as a Committee. In such cases no decision relating to that application will be made before or during the course of the site visit; decisions on such matters will be taken by a subsequent meeting of the Committee
- 5.2 Site visits by the Committee are generally held where there is a clearly identified benefit to the Committee in enabling Members better to appreciate particularly contentious or complex proposals, and where the impact is difficult to visualise or assess from the submitted information and plans. The Member proposing at Committee a site visit should indicate the nature of such benefit. The reason(s) for the holding of the site visit shall be recorded in the minutes of the Committee⁴
- 5.3 If the Head of Planning so wishes he may bring to the Planning Committee, at a time when that application is not being considered, a proposal for the holding of a site visit by the Planning Committee
- 5.4 The site visit shall be undertaken in accordance with the Planning Committee's agreed site visit protocol which is attached to this Protocol⁵
- 5.5 The officer attending the site visit will take a formal list of Members in attendance at the formal opening of the site visit
- 5.6 Where a site visit has taken place, it will be referred to in the report to Committee
- 5.7 When an application that has been subject to a site visit is brought to the Planning Committee for determination, Members, including their substitutes, (see Appendix 9 of the Constitution, paragraph 4) who did not attend the site visit shall neither be eligible to take part in the debate concerning the item's determination nor shall they be eligible to vote upon that determination.⁶

6. Procedure at Meetings of the Planning Committee

⁴ As resolved 9th September 2008 Planning Committee and 1st April 2015 Planning Committee

⁵ Last revised 1st April 2015 Planning Committee

⁶ As resolved 1st April 2015 Planning Committee

It is paramount that any decision the Committee reaches must be reached fairly and impartially and is seen to be so

6.1 *Registration and disclosure of interests*

Chapter 7 of the 2011 Localism Act places requirements on councillors regarding the registration and disclosure of their pecuniary interests and the consequences for a councillor taking part in consideration of an issue in the light of those interests. The definitions of disclosable pecuniary interests can be found at Appendix 18, Annex 3 of the Constitution. A failure to register a disclosable pecuniary interest within 28 days of election or co-option or the provision of false or misleading information on registration, or participation in discussion or voting in a meeting on a matter in which a councillor or co-opted member has a disclosable pecuniary interest, are criminal offences

6.2 For full guidance on interests, see ‘Openness and Transparency on Personal Interests: Guidance for Councillors’, Department for Communities and Local Government, March 2013. (This Protocol does not seek to replicate the detailed information contained within the DCLG note). Advice should always be sought from the Council’s Monitoring Officer prior to the meeting. Ultimately, responsibility for fulfilling the requirements rests with each Member

6.3 The provisions of the Act seek to separate interests arising from the personal and private interests of the councillor from those arising from the councillor’s wider public life. Councillors should think about how a reasonable member of the public, with full knowledge of all the relevant facts, would view the matter when considering whether the councillor’s involvement would be appropriate

6.4 The Council’s Members’ Code of Conduct establishes what interests need to be disclosed. All disclosable interests should be registered and a register maintained by the Council’s Monitoring Officer and made available to the public. Members should also disclose that interest orally at the committee meeting or meeting of Council when it relates to an item under discussion

6.5 A Member must provide the Monitoring Officer with written details of relevant interests within 28 days of their election or appointment to office. Any changes to those interests must similarly be notified within 28 days of the councillor becoming aware of such changes

6.6 A disclosable pecuniary interest relating to an item under discussion requires the withdrawal of the Member from the Committee or meeting of Council. In certain circumstances, a dispensation can be sought from the appropriate body or officer to take part in that particular item of business

6.7 If a Member is present at the Planning Committee specifically for the purposes set out in the Council’s procedure for making direct representations to the Planning Committee, they may remain in the meeting after they have made their presentation but they should take no further part in the determination of that item

- 6.8 If a Member has a (non-pecuniary) personal interest, he or she should disclose that interest, but then may speak and vote on that particular item. This includes being a member of an outside body; mere membership of another body does not constitute an interest requiring such a prohibition
- 6.9 It is always best to identify a potential interest early on. If a Member thinks that they may have an interest in a particular matter to be discussed at the Planning Committee or at Full Council he or she should raise this with the Council's Monitoring Officer prior to the meeting
- 6.10 The Planning Committee operates a guillotine on late representations and submissions⁷. Members should determine applications before them upon the basis of the information contained in and referred to within the officer report. In the event of Members of the Planning Committee and their substitutes receiving representations direct from applicants, their agents and third parties, particularly after the guillotine on late representations, they should bring such material to the attention of officers, and consider carefully any advice given to them by officers with respect to the consideration of such representations.

7. Applications by Members

- 7.1 All applications for planning permission by Members or those related⁸ to them must be dealt with by the Planning Committee and not under delegated powers. The standard national planning application form requires the applicant to indicate whether they are a member of staff, an elected Member, related to a member of staff or related to an elected Member
- 7.2 Members making such an application or with knowledge of such an application being made, should inform the Council's Head of Planning of this within 14 days of the submission of such an application
- 7.3 In the event of the Head of Planning becoming aware that an application is being made by a Member or a person related to a Member, they will inform the Council's Monitoring Officer
- 7.4 Members would undoubtedly have a disclosable pecuniary interest in their own application, and potentially their relatives' application, and should not participate in its consideration. If a Member is present at the Planning Committee specifically for the purposes set out in the Council's procedure for making direct representations to the Planning Committee, they may remain in the meeting after they have made their presentation but they should take no further part in the determination of that item.

⁷ As resolved 8th July 2008 Planning Committee, and confirmed following a review by 21st April 2009 Planning Committee

⁸ 'Related' means related by birth or otherwise, closely enough that a fair minded and informed observer, having considered the facts, would conclude that there was a real possibility of bias on the part of the decision maker in the local planning authority

8. Members as Agents for Others

- 8.1 Members who act as a paid agent for people making a planning application or objecting to such an application, or for people in respect of whose development enforcement or similar action is proposed, should play no part in the decision making process for that matter. They must inform the Head of Planning beforehand of their involvement, and the person on whose behalf they are acting. Any such matter will be considered by the Planning Committee (and not dealt with under delegated powers) and the agency of the Member will be reported to the Committee
- 8.2 Where a person related to a Member acts as a paid agent for people making a planning application or objecting to such an application, or for people in respect of whose development enforcement or similar action is proposed, that Member, once they are aware of this, should play no part in the decision making process for that matter. They must inform the Head of Planning beforehand of their relatives' involvement, and the person on whose behalf their relatives are acting. Any such matter will be considered by the Planning Committee (and not dealt with under delegated powers) and the agency of the Member's relative will be reported to the Committee.

9. Decisions Contrary to Head of Planning's Recommendation to the Planning Committee

- 9.1 Members of the Committee and their substitutes should draw to case officer's attention any concerns that they have with an application coming to the Committee for determination, as soon as possible having received notice of the application in the 'weekly list of applications received', so that potential solutions are sought with the applicant in accordance with the requirements of the National Planning Policy Framework⁹.
- 9.2 Full advantage should be taken of the use of conditions in planning permissions to make developments acceptable¹⁰
- 9.3 Members of the Committee and their substitutes who are disposed to move refusal of a proposal contrary to recommendation are urged to contact the Head of Planning (or his representative) no less than 24 hours before the Committee meeting, with details of the reasons they are minded to give for such a refusal
- 9.4 When a proposal to refuse to grant planning permission is made at the Committee contrary to the officer's recommendation, advice should be sought by the Committee as to the most appropriate way to meet the requirement to work in a proactive and positive manner with applicants. That may in certain circumstances such as where technical advice is

⁹ As resolved 2nd January 2013 Planning Committee

¹⁰ As resolved 2nd January 2013 Planning Committee

not being accepted include a deferral of the decision in order to enable further technical advice to be obtained and reported to the Committee¹¹

- 9.5 The mover and seconder of a resolution of refusal contrary to officer recommendation should be identified by the Chair and recorded in the minutes of the Committee, and in the event of an appeal being lodged there is an expectation that those Members will make themselves available as witnesses on behalf of the Council in the appeal proceedings should either the Head of Planning or the Head of Business Improvement, Central Services and Partnerships or their representatives deem that appropriate¹²
- 9.6 The law requires that decisions should be taken in accordance with the development plan, unless material considerations indicate otherwise (s38A Planning and Compensation Act 2004 and s70 of the Town and Country Planning Act 1990)¹³
- 9.7 Where the Committee propose to make a decision which is contrary to the recommendation of the Head of Planning the Chair will allow the presenting officer to explain the implications of a contrary decision.

10. Predisposition, predetermination, or bias

- 10.1 Members of the Planning committee and their substitutes, (and of Full Council when the Local Plan is being considered), need to avoid any appearance of bias or of having predetermined their views before taking a decision on a planning application or on planning policies.
- 10.2 The Courts have sought to distinguish between situations which involve predetermination or bias on the one hand and predisposition on the other. The former is indicative of a 'closed mind' approach and likely to leave the committee's decision susceptible to challenge by Judicial Review
- 10.3 Clearly expressing an intention to vote in a particular way before a meeting (predetermination) is different from where a councillor makes it clear they are willing to listen to all the considerations presented at the committee before deciding on how to vote (predisposition). The latter is acceptable; the former is not and may result in a Court quashing such planning decisions
- 10.4 Section 25 of the Localism Act also provides that a councillor should not be regarded as having a closed mind simply because they previously did or said something that, directly or indirectly, indicated what view they might take in relation to any particular matter

¹¹ As resolved 2nd January 2013 Planning Committee

¹² As resolved 17th February 2009, June 2010, 1st June 2011, 8th May 2012, 7th May 2013, 24th June 2014 & 26th May 2015 Planning Committees

¹³ In dealing with an application for planning permission the Local Planning Authority shall have regard to (a) the provisions of the development plan, so far as material to the application, (b) any local finance considerations, so far as material to the application, and (c) any other material consideration

- 10.5 This reflects the common law position that a councillor may be predisposed on a matter before it comes to Committee, provided they remain open to listening to all the arguments and changing their mind in light of all the information presented at the meeting. Nevertheless, a councillor in this position will always be judged against an objective test of whether the reasonable onlooker, with knowledge of the relevant facts, would consider that the councillor was biased
- 10.6 If a councillor has predetermined their position, they should withdraw from being a member of the decision-making body for that matter. This would apply to any member of the Planning Committee who wanted to speak for or against a proposal, as a campaigner (for example on a proposal within their ward). If the Council rules allow substitutes to the meeting, this could be an appropriate option
- 10.6 Authorities will usually have a Cabinet/Executive Member responsible for development and planning. This councillor is able to be a member of the Planning Committee. Leading members of a local authority, who have participated in the development of planning policies and proposals, need not and should not, on that ground and in the interests of the good conduct of business, normally exclude themselves from decision making committees.

11. Lobbying

- 11.1 Lobbying is a normal part of the planning process. Those who may be affected by a planning decision, whether through an application, a site allocation in a development plan or an emerging policy, will often seek to influence it through an approach to their Ward Member or to a member of the Planning Committee
- 11.2 As the Nolan Committee's 1997 report stated: "It is essential for the proper operation of the planning system that local concerns are adequately ventilated. The most effective and suitable way that this can be done is through the local elected representatives, the councillors themselves"
- 11.3 Lobbying, however, can lead to the impartiality and integrity of a Member being called into question, unless care and common sense is exercised by all the parties involved
- 11.4 As noted earlier in this Protocol, the common law permits predisposition but nevertheless it remains good practice that, when being lobbied, Members (and those on the Planning Committee and their substitutes in particular) should try to take care about expressing an opinion that may be taken as indicating that they have already made up their mind on the issue before they have been exposed to all the evidence and arguments
- 11.5 In such situations, they could restrict themselves to giving advice about the process and what can and cannot be taken into account. Members can raise issues which have been raised by their constituents, with officers. If Members do express an opinion to objectors or supporters, it is good practice that they make it clear that they will only be in a position to take a final decision after

having heard all the relevant arguments and taken into account all relevant material and planning considerations at Committee

- 11.6 It is very difficult to find a form of words which conveys every nuance of these situations and which gets the balance right between the duty to be an active local representative and the requirement when taking decisions on planning matters to take account of all arguments in an open-minded way. It cannot be stressed too strongly, however, that the striking of this balance is, ultimately, the responsibility of the individual councillor
- 11.7 Planning decisions cannot be made on a party political basis in response to lobbying. The use of political whips to influence the outcome of a planning application is likely to be regarded as maladministration
- 11.8 Planning Committee members and their substitutes should in general avoid organising support for or against a planning application, and avoid lobbying other councillors
- 11.9 Councillors should not put pressure on officers for a particular recommendation and should not do anything which compromises, or is likely to compromise, the officers' impartiality or professional integrity
- 11.10 Members may be tempted to form a judgement about an application early on in its passage through the planning system, whether or not they have been lobbied. The nature of the proceedings of the Planning Committee is such however that it is important that those arriving at the decision should not be vulnerable to an accusation of partiality because they have committed themselves one way or the other or have declared publicly the way in which they intend to vote on the application
- 11.11 When being lobbied about particular applications or proposals, Members of the Planning Committee or their substitutes must, therefore, avoid expressing an opinion either to applicants or objectors or supporters which may be taken as indicating that they have already made up their mind on the issue before they have considered all the information, evidence and arguments, or which appears to commit the authority on a particular application. In such situations, it is safer if they restrict themselves to giving procedural advice, including suggesting to those who are lobbying that they should speak or write to the Head of Planning in order that their opinions can be included in the Head of Planning's report to the Committee
- 11.12 Members of the Planning Committee or their substitutes need to take account of the general expectation that a planning application will be processed and determined in a transparently open and fair manner and that the Committee's decision will be taken on the merits of the application having regard to the provisions of the Development Plan and all other material considerations, including local finance considerations. It would therefore be inconsistent with open and fair treatment for a Member of the Planning Committee or their substitutes

to organise support for or opposition to a particular proposal, or to lobby other Members

- 11.13 It is important also to recognise that a member of the Planning Committee who is a Member for the Ward affected by a particular planning application may be in a difficult position if it is a controversial application around which a lot of lobbying takes place. If the Member responds to lobbying by deciding to go public in support of a particular outcome – or even to campaign actively for it – it would be very difficult for that Member to argue convincingly when the Committee comes to take its decision that he/she has carefully weighed all the information, evidence and arguments presented
- 11.14 Similar issues can arise if the Committee member is also a Member of the Parish Council to whose area the application relates
- 11.15 Whilst there is a view that the proper course of action for such a Member would be to make an open declaration and not to vote, this would be a severe restriction on the Member's ability to represent the views of the electorate
- 11.16 Accordingly, if a member of the Committee or a substitute wishes to express a preliminary opinion or to give preliminary support to a particular body of opinion, that Member should make it clear that he or she will only be in a position to take a final decision after having heard and/or seen all the relevant information, evidence and argument put before the Planning Committee
- 11.17 However, any member of the Committee or a substitute who expresses publicly a final view on a planning application prior to the Committee meeting at which a decision is to be taken, or who organises support for, or opposition to, a particular proposal, or lobbies other Members should declare an interest and not vote on that matter, though having declared that interest he or she may speak on it as a Member of the Committee
- 11.18 The Local Government Association suggests that in most cases, short of high profile active lobbying for a particular outcome, it should be possible for a Member to give support to a particular body of opinion whilst waiting until the Committee meeting and hearing and/or reading all the information, evidence and arguments presented before making a final decision. The striking of the balance in such cases is ultimately the responsibility of the individual member and in doing so, regard needs to be paid to the general rules laid down in the Members' Code of Conduct in Appendix 18 and the responsibility of the Councillor alone to decide what view to take on any question, on its merits and not to do anything which could not be justified to the public
- 11.19 Since a planning application which is to come before the Planning Committee for a decision cannot be decided upon before the meeting of the Committee, when all relevant available information is to hand and

has been considered, a political group meeting should not be used to decide how Members should vote. Planning Committee members are not subject to a party whip

- 11.20 Members are entitled to make representations with respect to planning applications but should not put pressure on any officer for a particular recommendation, or to exercise a delegated power in a particular way. (See also Appendix 20 of the Constitution – Elected Member/Officer Relations Protocol).

1. **REPORT TITLE** **Community Governance Review Keele Parish Council**
- Submitted by:** **(Democratic Services Manager)**
- Portfolio:** **(Policy, People and Partnerships)**
- Ward(s) affected:** **(Keele)**

Purpose of the Report

For Council to consider the outcome of the Community Governance Review that has been carried out in relation to the boundary of Keele Parish Council.

Recommendations

That the current boundary for the Parish Council be brought in line with the boundary for the Borough Ward of Keele.

1. **Background**

Following a request from Keele Parish Council, a community governance review has been carried out under the provisions of the Local Government and Public Involvement in Health Act 2007. The Review complied with the legislative requirements, had regard for the associated statutory guidance and was conducted in accordance with the attached terms of reference.

A Community Governance Review is a review of the whole or part of a district/parish area to consider one or more of the following:

- a) Creating, merging or abolishing parishes
- b) The naming of parishes and the style of new parishes
- c) The grouping of parishes under a common parish council
- d) The electoral arrangements for parishes (the ordinary year of election; council size; the number of councillors to be elected to the council and parish warding)

In undertaking any Review the Council is guided by the following legislation:

- a) Part 4 of the Local Government and Public Involvement in Health Act 2007
- b) Local Government (Parishes and Parish Councils)(England) Regulations 2008
- c) Relevant parts of the Local Government act 1972

The council needed to take into consideration the views of the local people, together with the views of any other interested party.

Following the review, the Council must resolve whether to amend the current boundary of Keele Parish Council.

2. **Issues**

Keele Parish Boundary

The review was of the community governance needs of Keele Parish Council. This included the proposal put forward in a letter from Keele Parish Council that the current boundary for the Parish Council be brought in line with the boundary for the Borough Ward of Keele.

A consultation letter was sent out to all residents in Keele and no responses were received.

Newcastle under Lyme Borough Council must have particular regard to ensure that community governance in the relevant area:

- Reflects the identities and interests of the communities in that area; and
- Is effective and convenient

The council must also take into account the following factors:

- Existing or other community governance arrangements (other than those relating to parishes)
- The impact of community governance arrangements on community cohesion and
- The size, population and boundaries of a local community or parish. •

3. **Options Considered**

That the current boundary for the Parish Council be brought in line with the boundary for the Borough Ward of Keele.

4. **Legal and Statutory Implications**

In undertaking any review the Council is guided by the following legislation:

- a) Part 4 of the Local Government and Public Involvement in Health Act 2007
- b) Local Government (Parishes and Parish Councils)(England) Regulations 2008
- c) Relevant parts of the Local Government act 1972

5. **Financial and Resource Implications**

None have been identified.











6. **Key Decision Information**

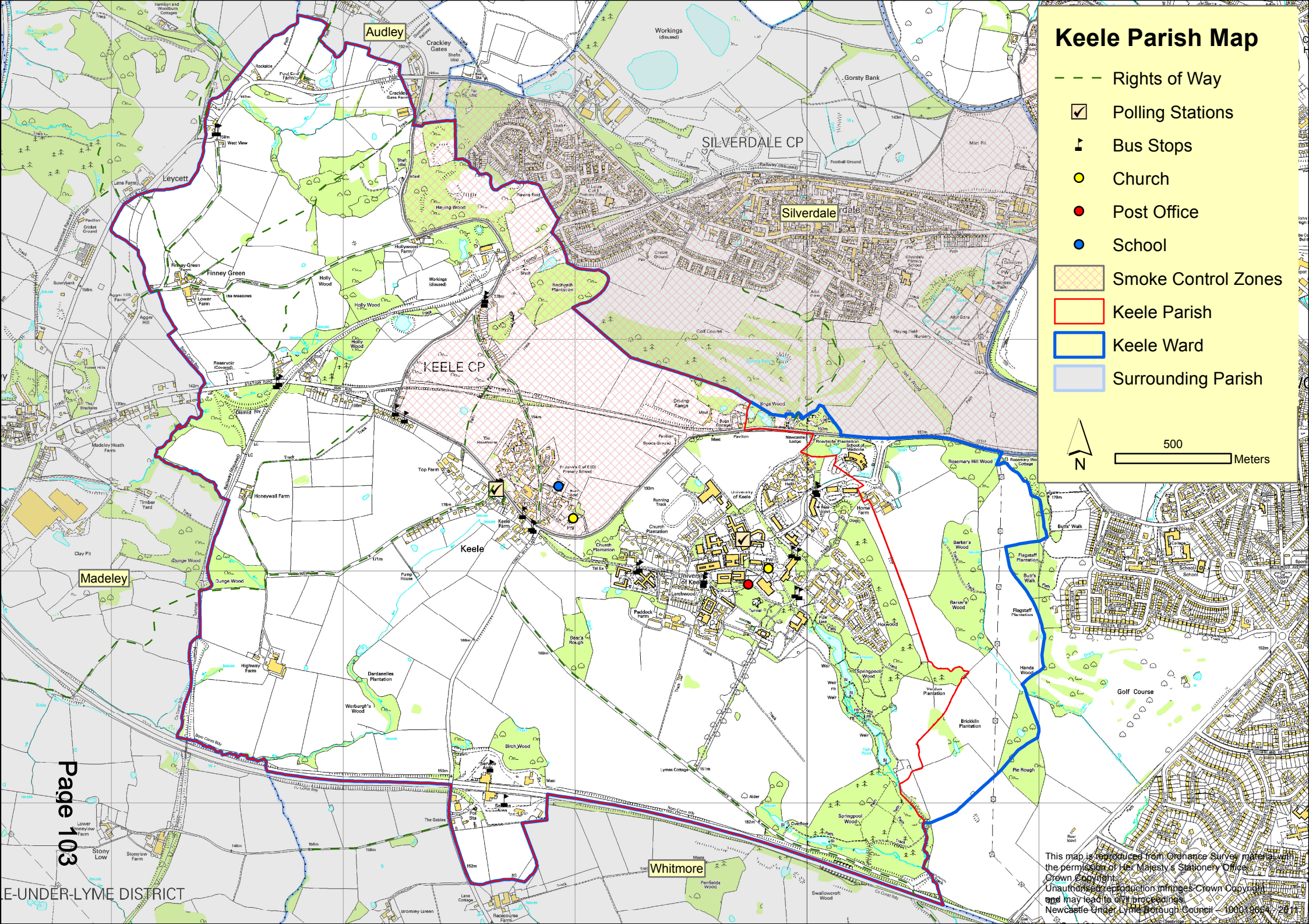
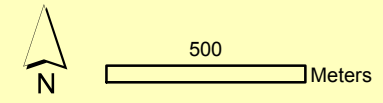
This is not a Key Decision

7. **List of Appendices**

Map of current boundaries.

Keele Parish Map

-  Rights of Way
-  Polling Stations
-  Bus Stops
-  Church
-  Post Office
-  School
-  Smoke Control Zones
-  Keele Parish
-  Keele Ward
-  Surrounding Parish



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Health and Wellbeing Committee Meeting

6 January 2016

The main item on the agenda was a review of the Midway Walk in Centre where a representative from the North Staffordshire clinical Commissioning Group had requested we review the present service, along with the Haywood Walk in Centre. Due to the committee receiving a detailed report at a late stage and the non-attendance by the representative from the NSCCG the item was deferred. It was also agreed a letter should be sent stating the committee's dissatisfaction and insisting on their attendance at the next committee. Subsequently the committee received a reply from Marcus Warne, Accountable Officer, stating the report was an internal one and had not been signed off for public viewing. Marcus has agreed to attend a meeting when a full review had been completed into urgent and emergency care services, the walk in services being part of this.

The other item was swimming provision in Newcastle primary schools. All schools were contacted with a short survey to fill in. As only six schools had replied, it was agreed this was insufficient information to scrutinise and another letter stressing the importance of returning the form be sent to schools who hadn't responded. A local primary head teachers' forum representative was also to be invited to assist members.

Cllr Colin Eastwood Chair
Health and Wellbeing Committee

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Licensing Chairs report to full Council 24th February 2016

Since my last report a Licensing Sub-Committee has met on two occasions and Licensing Committee once.

On the 23rd November 2016 a sub-committee met to consider two applications. A premise licence application for Lamb Stores, 2 Lamb Street, Kildgrove. The committee were persuaded that the conditions put forward by the Police and Trading Standards and agreed by the applicant should be sufficient to meet the objections set out in petition submitted by residents. The Premise Licence was granted.

A vary a premise licence for the Albion Inn, 99 High Street, Newcastle. The application was to extend the terminal hour for the sale of alcohol and other licensable activities to 4am on Friday and Saturday. The application was refused.

On the 16th December 2016 a sub-committee met to consider a Premise Licence application for Whitmore Hall Estate. The application was for licence to hold a music festival on land belonging to Whitmore Hall Estate.

After listening to evidence from local councillors, residents and the applicant the sub-committee went on a site visit before making their decision. The application was refused.

On the 21st January 2016 the Licensing Committee met to consider:-

A Premise Licence application for Embassy Grind Ltd. 45 King Street, Newcastle.

Staffordshire Police submitted representations on the basis that to grant the application would undermine the licensing objective relating to crime and disorder.

After discussions between the applicant and the police several conditions were agreed to be put on the licence.

The committee approved the conditions and granted the application.

Immigration Bill – New Licensing Powers.

The Government has published the Immigration Bill that places additional responsibilities on Licensing Authorities to take action where licence holders are found not to be entitled to work in the UK.

The Bill sets out proposed amendments to the Licensing Act 2003 to add new sections and sub-sections regarding Premise Licences and Personal Licences. The committee will receive further updates when they are available.

Relaxation of Late Night Refreshment Licensing.

The committee received a presentation on the new rule relating to Late Night Refreshments.

The committee were asked to consider whether to pursue a policy that:

- (a) Exempts certain categories of premises from requiring a licence for hot food or drink after 23.00.
- (b) Designates areas where premises do not need a Premise Licence to sell hot food or drink after 23.00.
- (c) Stipulate that during periods between 23.00 and 05.00 premises may trade freely for the provision of hot food and drink without the need for a licence.

It was proposed and agreed that the committee recommends to full Council that the granting of any exemptions should be delegated to the Licensing Committee.

The committee deferred making a decision to a future meeting where officers will provide further information.

Temporary Event Notices.

The committee were given an update on the number of Temporary Event Notices that can be issued each year for the same area or premises.

From the 1st January 2016 the permitted number of TEN's has increased from 12 to 15.

Trevor Hambleton
Chair of Licensing