

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL

23 February 2011

1. REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2011/12

Submitted by: Executive Director (Resources and Support Services)

Portfolio: Resources and Efficiency

Wards(s) affected: All

Purpose of the Report

This report sets out the recommendations of Cabinet for the Revenue and Capital Budgets for 2011/12 and later and sets out the recommendations for setting the 2011/12 Council Tax.

Recommendation

That the Council approve the recommendations set out in Appendix 'A' (yellow paper).

1. Background

1.1 This report is the culmination of the 2011/12 budget process, which started as soon as the current 2010/11 budget was set. The Cabinet and the Transformation and Resources Overview and Scrutiny Committee (TROSC) have already considered the content of the 2011/12 Budget together with detailed reports concerning Council Tax options and the consequential overall budget level and the resultant Council Tax which is recommended. At its meeting on 9 February 2011 the Cabinet considered the comments of the TROSC of 26 January. After considering the various comments made the Cabinet recommend an unchanged Council Tax for this Council in 2011/12 of £176.93 (based on Band D), supporting a net Revenue Budget after use of reserves of £15,258,700.

2. General Fund Budget 2010/11 – Projected Out-turn

2.1 Monthly reports monitoring actual spending against budget have shown only small variances throughout the first nine months of the year.

2.2 Pressures affecting the current budget include:

- a continuing fall in investment income owing to reduced interest rates obtainable within the current economic climate
- some sources of income (e.g. land charges fees, planning fees, market stall rents, commercial property rents, car parking fees) which are yielding less compared to what would be expected to be received in a more buoyant climate. All of these are areas that we predicted would be affected by the current economic situation when the 2010/11 Budget was set in February 2010 and accordingly an allowance of £200,000 was included in the budget to cover such eventualities. Although this allowance now seems insufficient to cover the likely total income shortfall for the year, there are a number of areas where spending is less than budgeted, which, if the trend continues, should to a large extent offset this.

- 2.3 In addition, the Chancellor's emergency budget on 22 June brought about a reduction in the grants payable to the Council. Three grants were affected, Housing and Planning Delivery Grant, the community cohesion element of the Area Based Grant and Local Authority Business Growth Incentive (LABGI) grant. All of these were abolished immediately, meaning none of these payments will be received in 2010/11. At the same time the government announced that there will be a freeze on public sector (including local authority) pay which means that there will be no pay increases for the majority of the Council's staff this year. Because the Council's budget allowed for a 1 per cent increase in pay this saving will offset the loss of grant income so that overall the effect of the budget announcements should be neutral.
- 2.4 Taking account of the above factors it appears likely that the outturn for 2010/11 will not differ significantly from the budget.

3. **Revenue Budget 2011/12**

- 3.1 Excluding levies for Town and Parish Councils the recommended Borough Council Tax for a 'Band D property' remains at £176.93, the same level as in 2010/11.

	Estimated Expenditure £	Rate of Council Tax (Band D) £ p
Borough Council requirements –		
Total Net Expenditure	15,258,700	390.64
Less: External Support	<u>8,285,906</u>	<u>212.13</u>
	6,972,794	178.51
Collection Fund Surplus 2010/11	<u>61,850</u>	<u>1.58</u>
	<u>£6,910,944</u>	<u>£176.93</u>

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

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

<u>Parish</u>	<u>Rate of Council Tax (Band D) £ p</u>
Audley	17.29
Betley, Balterley and Wrinehill	17.26
Chapel and Hill Chorlton	15.38
Keele	18.63
Kidsgrove	14.70
Loggerheads	21.36
Madeley	57.52
Maer	20.66
Silverdale	7.44
Whitmore	20.96

The above levies are based on the requirements supplied by the parishes, all of which have forwarded their official precept demands to the Council.

4. **Medium Term Financial Strategy and Budgets for 2011/12**

4.1 Members will recall that the Council's Medium Term Financial Strategy (MTFS) forecast a budget shortfall of £2.712m for 2011/12, with additional shortfalls of £1.231m for 2012/13, £0.643m for 2013/14, £0.606m for 2014/15 and £0.613m for 2015/16. Officers are examining the implications of this for future budgets and will carry out an update of the MTFS and report to Cabinet early in the new financial year to enable members to consider a budget strategy to bridge the predicted gap. Details of areas already being explored were contained in the report to Cabinet on 26 January 2011.

4.2 The 'gap' between expenditure and resources for 2011/12 of £2.712m arises from the factors set out in the table below:-

CHANGES TO BASE BUDGET	£'000
<u>ADDITIONAL INCOME</u>	
Fees and Charges (as original MTFS in November)	111
Fees and Charges (additional income from higher average increase)	91
TOTAL ADDITIONAL INCOME (A)	202
ADDITIONAL EXPENDITURE & LOSS OF INCOME	1,108
Loss of Revenue Support Grant and NNDR Grant (as November MTFS)	209
Additional Loss of Revenue Support Grant and NNDR Grant announced in settlement	85
Pay Awards (employees earning below £21k)	84
Incremental Rises	141
National Insurance increased rate	143
Superannuation increase in employers contribution	70
Reduced Vacancy Factor allowance	152
Price Increases e.g. energy, fuel, rates, insurances, supplies & services	319
Loss of Investment Interest due to lower interest rates	66
Reduction in Housing Benefits Admin Grant (announced in settlement)	23
Concessionary Travel residual costs	46
Baseline Adjustments included in settlement	
TOTAL ADDITIONAL EXPENDITURE AND LOSS OF INCOME (B)	2,446
<u>USE OF BUDGET SUPPORT FUND IN 2010/11 BUDGET (C)</u>	468
NET INCREASE IN BASE BUDGET (B+C-A)	2,712

4.3 In addition the Council also has a medium term capital programme. Details of this can be found in Appendix 'E' (lavender paper) to this report but the main areas of investment to which resources have been allocated are:

	£M
MAJOR CAPITAL INVESTMENTS IN COUNCIL PRIORITIES	
Creating a Cleaner, Safer and Sustainable Borough	1.7
<ul style="list-style-type: none"> • Midway Multi-storey Car Park Repair Works 	
Creating a Borough of Opportunity	XX
<ul style="list-style-type: none"> • Site Acquisition (former Sainsbury's) (see note below) • Newcastle Town Centre Works 	0.5
Creating a Healthy and Active Community	9.2
<ul style="list-style-type: none"> • Health and Wellbeing Centre • Silverdale Community Facilities • Housing Investment Programme - Renewal Grants/Disabled Facilities Grants • Housing Projects 	1.1 3.9 0.7
TOTAL MAJOR CAPITAL INVESTMENTS IN COUNCIL PRIORITIES	17.1

Note: As the acquisition of this site has not yet been completed, the amount is not shown owing to commercial sensitivity.

4.4 In order to address the 'gap' or shortfall of £2.712m identified in paragraph 4.1 a comprehensive budget service review process was carried out in the summer of this year to examine all services and identify areas where savings could be made. Savings identified which can be incorporated in the 2011/12 budget total £1,377,000 and are outlined below:

4.4.1. ***Reduction in the corporate publicity budget (£65,000)***

Reduction in frequency of the Reporter (£20k) and prioritisation of publicity expenditure (£45k)

4.4.2 ***Reduction in expenditure on events (£60,000)***

Reductions in the amount spent on the Jazz & Blues Festival (the budget for 2011/12 will be £10k) and the provision of Christmas lights and trees and associated energy costs (the budget for 2011/12 will be £50k). How the budget for Christmas lights, etc is to be spent will be reviewed in consultation with the Business community with a view to achieving the most beneficial arrangements to support the town centre economy over the year including provision for the festive season. Sources of sponsorship funding to be investigated.

4.4.3 ***Removal of Posts (£248,000)***

A number of posts were identified which could be deleted. These include the posts of: Head of Neighbourhoods and Partnerships, the Scrutiny Officer and the Risk and Insurance Manager. In addition a reduction in the number of modern apprentices in back office areas will save £60,000.

4.4.4 **Review of Park Attendants and Community Wardens (£130,000)**

In order to reshape services and develop community capacity a review and reorganisation of the parks ranger and attendant service will be undertaken.

4.4.5 **Sports and Active Lifestyle Service review (£100,000)**

Integration of the Community Recreation and Leisure teams and prioritisation of resources together with improving income generation.

4.4.6 **Reduction in ICT Costs (£56,000)**

Savings can be made through: the review of software agreements together with the cessation of the County Council hosting the Borough's website.

4.4.7 **Other Reviews of Service Provision (£313,000)**

A number of other service areas were identified where savings can be made by reviewing the way that the service is provided and/or considering the appropriate level of service provision. Specific areas, showing the amount of the potential saving, include:

- Document Printing - introduction of multi-functional devices (printers, copiers, scanners and faxes combined) resulting in a reduction in the number of printers, copiers, etc and paper used (£29k)
- Museums Service - generation of additional income, review of opening hours (£20k)
- Trade Waste Service - e.g. increase customer base by improved marketing, reduce disposal costs, review of rounds (£60k)
- Bulky Waste Service - change of pricing structure (£10k)
- Bereavement Services - revised management and administrative structure (£30k)
- Licensing/Central Services - revised management arrangements (£27k)
- CCTV Provision - review of monitoring levels and seek contributions from other parties who benefit from CCTV monitoring (£15k)
- Out of Hours Service - review of allowances and rotas (£10k)
- Grounds Maintenance contract review (£30k)
- Pest Control - change of pricing structure and introduction of agile working by employees. (£30k)
- Introduction of Pre-application Planning Fees. There is currently no charge made for providing advice and guidance to applicants prior to submission of their application (£2k)
- Post room - centralisation of clerical/administration arrangements (£15k)
- Transport Workshop - e.g. review of staff costs and vehicle hire. (£20k)
- Implement charges for credit card transactions. No charge is currently made by the Council where customers make payments by means of credit cards. The Council, however, is charged for these transactions. It is proposed to charge customers a credit card fee to cover these costs and administration. Debit card transactions will continue to be free of charge. (£15k)

4.4.8 **Review Contributions to Outside Bodies (£47,000)**

The Council makes contributions towards the costs of various bodies and subscribes to various bodies and services. Following a review of these contributions and subscriptions, the following potential savings have been identified:

Newcastle Countryside Project (reduce from £24k to £14k)

N.Staffs Building Control Partnership (£7k)

Urban Vision (reduce from £20k to £15k)

Subscriptions to various bodies - areas for review include: Instaffs, West Midlands Leaders' Board, Local Government Association, Local Government Information Unit, Staffordshire Partnership (£25k)

4.4.9 *Reduce the amount of Council Tax Discount given in respect of Empty Properties and Second Homes (£77,000)*

Owners of second homes, unoccupied furnished dwellings and long term empty properties (i.e. empty for over 6 months) currently are given a 50% discount against their council tax bills, in line with the discount percentage which applied when this concession was originally introduced by the government of the day. Councils are now, however, permitted to apply a lower discount rate in these cases and it is proposed to reduce the discount given to nil in the case of empty properties and 10% for the other two categories (the minimum prescribed by the current government regulations).

This will improve the balance on the Collection Fund. As a result the Council will benefit by receiving a share of this improvement amounting to some £77,000.

4.4.10 *Reduction in Day to Day Expenditure across Various Services (£168,000)*

The review identified a number of items of expenditure on the provision of day to day services and running costs where savings could be made.

4.4.11 *Reduce Payments to Consultants and Other Service Providers (£113,000)*

Some payments to consultants or to other service providers can be eliminated or reduced by either doing some or all of the work in house or ceasing the activity.

4.5 In addition to the above Budget Service Review savings, further savings of £740,000, from back office services, have been identified in order to protect front line services, as follows:

Strategy	Amount £'000	Notes
Vacant Posts Review	310	Posts which are currently vacant have been reviewed and a number have been identified which it is considered can be left unfilled during 2011/12
Minor Restructures – Communications	100	A number of minor restructurings are proposed to Sections within Directorates which would result in staff and other savings.
Assets & Regeneration	100	
Customer Services/ICT	50	
Review of Car Leasing Scheme	20	Review of scheme
Energy Efficiency Savings	30	Savings from measures to reduce energy consumption
Base Budget Changes	130	Budget heads have been examined, looking at patterns of expenditure over three years to identify those which are consistently underspent, where the budget can be reduced or eliminated

4.6 The government have stated that they wish to see no increase in Council Tax for 2011/12. To encourage local authorities to adopt this strategy, a new non-specific grant has been announced which will be payable to those authorities which do not increase their council tax for 2011/12. It will be paid at a rate equivalent to a 2.5 per cent increase in the authority's 2010/11 basic amount of council tax multiplied by its council tax base. For Newcastle, this would result in a grant of around £170,000 being payable. No increase in the council tax for 2011/12 is proposed, therefore, the Council will be eligible to receive this £170,000 grant.

4.7 The government have now notified the Council of the final amount of its formula grant for 2011/12. This is £57,000 more than notified as the provisional settlement figure. The main reason for the increase is additional funding being made available to district councils to assist with the transfer of concessionary travel functions to the shire counties.

5 **Balances and Reserves**

5.1 The Council's Balances and Reserves Strategy currently states that there should be a minimum General Fund balance of £1.75m and a Contingency Reserve of £100,000. The Council currently holds these reserves. Appendix 'C' (salmon paper) sets out the estimated balances on the Council's reserves as at 31 March 2011.

5.2 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.

5.3 It is proposed to use £368,000 from the Budget Support Fund to support the 2011/12 Budget.

5.4 Therefore, the total budget shortfall of £2.712m highlighted in paragraph 4.1 will be funded as follows:

	Amount £'000	Report Reference
Budget Focus Areas	1,377	4.4
Other Savings	740	4.5
Use of Budget Support Fund	368	5.3
Council Tax Freeze Grant	170	4.6
Additional Formula Grant	57	4.7
TOTAL	2,712	

- 5.5 It is also proposed to transfer £100,000 from the Contingency Reserve to the Repairs and Renewals Fund. This is required due to the amount of the contributions to the reserve being frozen over the previous five years and the increase of wear and tear on the Council's ageing buildings.

6 **Consultation**

- 6.1 The preparation of the budget has continued to be informed by the results of the Simalto survey. It was designed to make the Council aware of the public's view of levels of service and their preferences with regard to the budget provision to be made for different services. This exercise also assisted in the formulation of the Council's corporate priorities. Further opportunity was given to the public to comment on the budget via an article and questionnaire in the Reporter circulated to every household within the Borough, and via the Council's website.
- 6.2 The Medium Term Financial Strategy and the budget proposals have also been considered by the Transformation and Resources Overview and Scrutiny Committee at their meetings on 3 November 2010 and 26 January 2011.

7. **Risks**

- 7.1 Appendix 'D' (grey paper) shows the risk assessment in relation to the 2011/12 General Fund Revenue Budget.

8. **Capital Programme 2010/11 - 2011/12**

- 8.1 The Capital Programme 2010/11 - 2011/12, recommended by Cabinet, is attached at Appendix 'E' (lavender paper), together with a summary of the proposed financing of the Programme. This contains projects directed towards meeting the Council's corporate priorities, as reflected in its Capital Strategy. The revenue consequences of the Capital Programme have been incorporated in the 2011/12 Revenue Budget.
- 8.2 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 £27,439 (in a full year once the projects are complete and operational), which equates to a council tax levy of £0.70, using the current council tax base for calculation purposes. This is based on additional capital expenditure of £2.743m (net of grants and contributions) and the loss of interest at

current rates, resulting from the use of capital receipts or reserves. Provision has been made in the 2011/12 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**

Appendix 'A' (yellow paper) - Recommendations (paper)

Appendix 'B' (blue paper) - Revenue Budget 2011/12 (paper)

Appendix 'C' (salmon paper) - Estimated Reserves at 31 March 2011 and 2012 (paper)

Appendix 'D' (grey paper) - Risk Assessment (paper)

Appendix 'E' (lavender paper) - Capital Programme 2010/11 to 2011/12, including financing of expenditure (paper)

2. **CAPITAL STRATEGY**

Submitted by: **Head of Finance**

Portfolio: **Resources and Efficiency**

Wards Affected: **All**

Purpose

To consider and approve the Capital Strategy 2011 to 2014.

Recommendation

That the Capital Strategy be approved.

Reason

The Capital Strategy sets out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives.

1. **Background**

1.1 The previous Capital Strategy was approved by the Council on 24 February 2010. It covered the period 2010 to 2013. When Full Council considered revised Financial Regulations on 25 February 2009 it resolved that following discussion by the Cabinet the Capital Strategy be approved by Full Council.

1.2 The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and stakeholders with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It covers the period 2010 to 2014. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

2. **Issues**

- 2.1 The 2011 to 2014 Capital Strategy is appended to this report at Appendix 'F' (cream paper).
2.2 The Strategy was considered by Cabinet on 9 February 2011 and is recommended to you for approval.

3. **Financial and Resource Implications**

- 3.1 There are none deriving directly from the Strategy.

4. **List of Appendices**

Appendix 'A' (**** paper) - Capital Strategy 2011 to 2014.

3. **TREASURY MANAGEMENT STRATEGY 2011/12**

Submitted by: Head of Finance

Portfolio: Resources and Efficiency

Ward(s) affected: All Indirectly

Purpose of the Report

To approve the Treasury Management Strategy for 2011/12, including the Prudential Indicators, Investment Strategy and Minimum Revenue Provision Strategy contained within it.

Recommendations

- (a) That the Treasury Management Strategy Report for 2011/12 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 2011/12 in place before the start of the 2011/12 financial year.

At the Council meeting of 24 June 2009 it was resolved that the strategy be scrutinised by the Transformation and Resources Overview and Scrutiny Committee before being submitted for approval by Full Council. The strategy was scrutinised by the Transformation and Resources Overview and Scrutiny Committee on 3 November 2010. Minor amendments have been made to the Treasury Management Strategy since submission to the Transformation and Resources Overview and Scrutiny Committee due to revised interest rate forecasts and guidance notes being received from our Treasury Management Consultants, Sector Treasury Services.

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, 2011/12.
- 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 2011/12 is attached at Appendix ‘G’ gold (paper).
- 2.2 The proposed prudential indicators relating to treasury management are contained in the report.
- 2.3 The Investment Strategy for 2011/12 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 2011/12 is contained in Annex C to the report.

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.

7. **List of Appendices**

7.1 Appendix 'G' (gold paper), Treasury Management Strategy Report.

8. **Background Papers**

CIPFA Treasury Management Code of Practice (revised November 2009);
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 of Communities and
Local Government (revised March 2010).
Sector Treasury Services' Treasury Management Strategy Statement template

4. **DRAFT POLICY IN RELATION TO THE LICENSING OF SEX ESTABLISHMENTS**

Submitted by: Elections and Licensing Manager

Portfolio: Culture and Active Communities

Ward(s) affected: All

Purpose of the Report

For Members to consider the draft policy in relation to the licensing of sex establishments as recommended by the Licensing Committee at its meeting on 1 December 2010.

Recommendation

That the Draft Sex Establishment Policy be adopted by Newcastle under Lyme Borough Council.

1. **Background**

1.1 Newcastle Borough Council adopted schedule 3 of The Local Government (Miscellaneous Provisions) Act 1982 (Appendix 'H' - cream paper) on 31 March 2010 which came into effect on 3 August this year. A copy of the report submitted to Council is attached at Appendix 'I' - pink paper).

1.2 The adoption of the schedule means that the Council can control and regulate the operation of certain kinds of sex establishment within its area.

1.3 The draft policy was sent out for consultation in September 2010 and all responses were submitted to the Licensing Committee at its meeting on 1 December 2010.

2. **Issues**

- 2.1 The Licensing Committee discussed the following issues when considering the draft policy:
- Opening Times
 - Clarity regarding the meaning of proximity within the draft policy
 - Consultation that had been undertaken with interested parties including parish and town councils
 - Clarity regarding the meaning of vicinity within the draft policy
 - The number of sex establishments to be permitted in the Borough
- 2.2 The Committee also discussed the fee that should be charged for an annual Sexual Entertainment Venue Licence but following further consultation it was agreed to revisit this at the next meeting of the Licensing Committee on 9 March 2011.

3. **Options Considered**

- 3.1 Draft policy is attached at Appendix 'J' – white paper.

4. **Proposal**

- 4.1 That the Draft Sex Establishment Policy be adopted by Newcastle under Lyme Borough Council

5. **Reasons for Preferred Solution**

- 5.1 Draft Policy has been recommended by the Licensing Committee following consultation with all interested parties.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- crime and disorder
- regeneration
- quality of life
- environment
- health improvement implications

7. **Legal and Statutory Implications**

- 7.1 Newcastle Borough Council adopted schedule 3 of The Local Government (Miscellaneous Provisions) Act 1982 on 31 March 2010 which came into effect on 3 August this year.

8. **Equality Impact Assessment**

No differential impact has been identified.

9. **Financial and Resource Implications**

None at the present time.

10. **Major Risks**

None identified at present.

11. **Key Decision Information**

There are none.

12. **Earlier Cabinet/Committee Resolutions**

None

13. **List of Appendices**

Appendix 'H' (cream paper) - Schedule 3 of The Local Government (Miscellaneous Provisions) Act 1982

Appendix 'I' (pink paper) - Copy of the report submitted to Council regarding adoption of Schedule 3.

Appendix 'J' (white paper) - Draft Policy in relation to the Licensing of Sex Establishments.

14. **Background Papers**

None

STATEMENT OF THE LEADER OF THE COUNCIL TO FULL COUNCIL

Submitted by: Councillor Simon Tagg

Portfolio: All

Wards affected: All

Purpose of the Report

To provide an update to Members on the activities and decisions of Cabinet together with the Forward Plan.

Recommendation

That the statement of the Leader of the Council be received and noted.

Reasons

To update Council Members on the activities and decisions of the Cabinet and to allow questions and comments on the Statement to the relevant Portfolio Holders.

1. Background

Since the last Full Council meeting on 15 December 2010, Cabinet has met twice on 26 January and 9 February 2011. Below is a summary of decisions and actions taken along with a link to the Forward Plan covering the next 3 month period. (For further background to the Cabinets Decisions please refer to the Cabinet agendas of 26 January and 9 February).

2. Annual Audit Letter 2009/10

The Annual Audit letter from the Government appointed financial watchdog looked at how the Council performed during 2009/10.

The Auditors reported that the Council has continued to focus on delivering good value services in areas that matter to local people, and has improved performance management arrangements that have tackled cases of historic under performance, for example in waste and recycling services.

They also acknowledge that the Council has clear priorities detailed in its Corporate Plan which sets out how it will deliver its mission statement - making the Borough a better place to live, work and invest.

The contents of the Audit letter are yet another reflection of all the hard work that everyone associated with the Borough Council has put in to deliver excellent, value for money services for local residents.

3. Financial and Performance Management Monitoring Report

Cabinet received the Finance and Performance Management Report for the end of Quarter Three providing information about the performance of individual Council services along with financial information.

The report shows that 90% of performance indicators are currently achieving target.

4. **Proposed Footpath Link, Adjacent to Church Lane/Silverdale Road, Knutton**

In response to a local Ward Member's request for assistance to develop a community project in his area, officers from the Council's Landscape Team prepared a design and cost estimate and then worked with the Ward Member to apply for and secure the funding for the project in the region of £35,000 from a number of sources.

The scheme is programmed to be delivered in the spring of this year, weather permitting and will provide a footpath link from the greenway on the former mineral railway at the bridge on Church Lane down to the crossroads at Silverdale Road.

5. **Local Authority Carbon Management Programme**

Cabinet Members approved in principal the Local Authority Carbon Management Programme. The objectives of the Programme are to:

- (a) Deliver energy cost reductions to the Council through an energy efficiency programme.
- (b) Secure resources from within the Council to achieve a reduction in carbon emissions from the Council's estate and operations.
- (c) Raise awareness of energy efficiency and carbon reduction.

6. **Forward Plan**

The Forward Plan covering the period 1 February to 31 May to 2011 can be found at:

<http://www.newcastle-staffs.gov.uk/forwardplan>

Councillor S Tagg
Leader of the Council

Schedule of detailed recommendations

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2011/12.

Recommendations

- (a) That the Revenue Budget for 2011/12 be approved in the sum of £15,258,700 as set out in Appendix B.
- (b) That £368,000 of the Budget Support Fund be utilised to fund the 2011/12 budget.
- (c) That the Council Tax at Band 'D' be £176.93, unchanged from 2010/11.
- (d) That the Capital Programme to 2011/12 be approved as set out in Appendix E, together with the Prudential Indicator relating to the Incremental Impact of Capital Investment Decisions on the Council Tax.
- (e) That £100,000 be transferred from the Contingency Reserve Fund to the Repairs and Renewals Fund.
- (f) That it be noted that at its meeting on the 19 January 2011 the Cabinet calculated the following amounts for the year 2011/12 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.
 - (i) 39,061 being the amount calculated by the Council, in accordance with the regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year.
 - (ii) For part of the Council's area:-

Kidsgrove	7,252
Loggerheads	1,966
Audley	2,687
Betley, Balterley and Wrinehill	587
Chapel and Hill Chorlton	195
Keele	339
Madeley	1,530
Maer	252
Silverdale	1,411
Whitmore	811

Being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

- (g) That the following amounts be now calculated by the Council for the year 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
 - (i) £56,007,982 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.
 - (ii) £40,414,070 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.

- (iii) £15,593,912 being the amount by which the aggregate at (g)(i) above exceeds the aggregate at (g)(ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- (iv) £8,347,756 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant or additional grant increased by the amount of the sums which the Council estimates will be transferred in the year to its general fund from its collection fund in accordance with Section 98(4) of the Local Government Finance Act 1988 (Council Tax Deficit).
- (v) £185.51 being the amount at (g) (iii) above less the amount at (g) (iv) above, all divided by the amount at (f) (i) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
- (vi) £335,212 being the aggregate amount of all special items referred to in Section 34 (1) of the Act.
- (vii) £176.93 being the amount at (g) (v) above less the result given by dividing the amount at (g) (vi) above by the amount at (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 relates.
- (viii) **Part of the Council's Area**

Audley Parish Council	£194.22
Betley, Balterley and Wrinehill Parish Council	£194.19
Chapel and Hill Chorlton Parish Council	£192.31
Keele Parish Council	£195.56
Kidsgrove Town Council	£191.63
Loggerheads Parish Council	£198.29
Madeley Parish Council	£234.45
Maer Parish Council	£197.59
Silverdale Parish Council	£184.37
Whitmore Parish Council	£197.89

Being the amounts given by adding to the amount at (g) (vii) 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.

(ix)

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	127.76	149.04	170.34	191.63	234.22	276.80	319.39	383.26
Loggerheads Parish Council	132.20	154.22	176.26	198.29	242.36	286.42	330.49	396.58
Audley Parish Council	129.48	151.06	172.64	194.22	237.38	280.54	323.70	388.44
Betley, Balterley and Wrinehill Parish Council	129.46	151.03	172.61	194.19	237.35	280.50	323.65	388.38
Chapel and Hill Chorlton Parish Council	128.21	149.57	170.94	192.31	235.05	277.78	320.52	384.62
Keele Parish Council	130.38	152.10	173.83	195.56	239.02	282.47	325.94	391.12
Madeley Parish Council	156.30	182.35	208.40	234.45	286.55	338.65	390.75	468.90
Maer Parish Council	131.73	153.68	175.63	197.59	241.50	285.41	329.32	395.18
Whitmore Parish Council	131.93	153.91	175.90	197.89	241.87	285.84	329.82	395.78
Silverdale Parish Council	122.92	143.39	163.88	184.37	225.35	266.31	307.29	368.74
Other Parts of Borough Area	117.96	137.61	157.27	176.93	216.25	255.56	294.89	353.86

Being the amounts given by multiplying the amounts at (g)(vii) and (g)(viii) 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.

- (h) That it be noted that for the year 2011/12 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:-

Precepting Authority

Valuation Bands

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Staffordshire County Council	685.87	800.19	914.50	1028.81	1257.43	1486.06	1714.68	2057.62
Staffordshire Fire Authority	45.09	52.61	60.12	67.64	82.67	97.70	112.73	135.28
Staffordshire Police Authority	118.41	138.14	157.88	177.61	217.08	256.55	296.02	355.22

- (i) That having calculated the aggregate in each case of the amounts at (g) (ix) and (h) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2009/10 for each of the categories of dwelling shown below:-

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	977.13	1139.98	1302.84	1465.69	1791.40	2117.11	2442.82	2931.38
Loggerheads Parish Council	981.57	1145.16	1308.76	1472.35	1799.54	2126.73	2453.92	2944.70
Audley Parish Council	978.85	1142.00	1305.14	1468.28	1794.56	2120.85	2447.13	2936.56
Betley, Balterley and Wrinehill Parish Council	978.83	1141.97	1305.11	1468.25	1794.53	2120.81	2447.08	2936.50
Chapel and Hill Chorlton Parish Council	977.58	1140.51	1303.44	1466.37	1792.23	2118.09	2443.95	2932.74
Keele Parish Council	979.75	1143.04	1306.33	1469.62	1796.20	2122.78	2449.37	2939.24
Madeley Parish Council	1005.67	1173.29	1340.90	1508.51	1843.73	2178.96	2514.18	3017.02
Maer Parish Council	981.10	1144.62	1308.13	1471.65	1798.68	2125.72	2452.75	2943.30
Whitmore Parish Council	981.30	1144.85	1308.40	1471.95	1799.05	2126.15	2453.25	2943.90
Silverdale Parish Council	972.29	1134.33	1296.38	1458.43	1782.53	2106.62	2430.72	2916.86
Other Parts of Borough Area	967.33	1128.55	1289.77	1450.99	1773.43	2095.87	2418.32	2901.98

APPENDIX 'B'
(Blue Paper)

REVENUE ESTIMATES 2011/12

STATEMENT OF NET EXPENDITURE AND COUNCIL TAX REQUIREMENTS

Topic Area	2010/11 General Fund		2011/12 General Fund	
	Estimate 2010/11	Basic Band D Council Tax	Estimate 2011/12	Basic Band D Council Tax
Administration Before Recharges to Services	10,545,640	274.29	10,352,070	265.03
Less Recharges to Services	(10,545,640)	(274.29)	(10,352,070)	(265.03)
Total Administration Net of Recharges	-	-	-	-
Central Services	4,306,730	112.01	4,151,820	106.29
Cultural Services	5,344,110	139.00	4,424,310	113.27
Environmental Services	7,821,540	203.43	7,394,750	189.31
Planning	1,418,800	36.90	1,232,740	31.56
Transport	949,070	24.69	(384,630)	(9.84)
Housing	2,613,040	67.96	2,420,660	61.97
Net Cost of Services	22,453,290	583.99	19,239,650	492.56
Pensions Liabilities Account - Interest Costs Less Return on Assets	40,000	1.04	40,000	1.02
Interest and Investment Income	(482,700)	(12.55)	(288,100)	(7.38)
Net Operating Expenditure	22,010,590	572.48	18,991,550	486.20
Contribution to/(from) Revenue Reserves	(1,406,810)	(36.59)	(825,720)	(21.14)
Contribution to/(from) Capital Reserves	(1,096,800)	(28.53)	(1,096,800)	(28.08)
Contribution to/(from) Pension Reserve	(129,330)	(3.36)	(129,330)	(3.31)
Deferred Charges Write-off	(1,511,000)	(39.30)	(1,511,000)	(38.68)
Amount to be met from Government Grant and Local Taxpayers	17,866,650	464.70	15,428,700	394.99
Revenue Support Grant	(1,579,070)	(41.07)	(1,940,470)	(49.68)
Council Tax Freeze Grant	-	-	(170,000)	(4.35)
NNDR Pool Receipts	(9,500,020)	(247.09)	(6,329,460)	(162.04)
Collection Fund Deficit/(Surplus)	15,150	0.39	(77,830)	(1.99)
Borough Council Tax Requirement	6,802,710	176.93	6,910,940	176.93
Staffs C.C. Precept		1,028.81		1,028.81
Fire Authority Precept		67.64		67.64
Police Authority Precept		177.61		177.61
Total Council Tax Requirement		1,450.99		1,450.99

ESTIMATED RESERVES

Reserve	Actual Balance at 31 March 2010	Estimated Net movement in 2010/11	Estimated Balance at 31 March 2011	Estimated Net movement in 2011/12	Estimated Balance at 31 March 2012	Purpose	Notes
	£'000s	£'000s	£'000s	£'000s	£'000s		
General Fund Balance	1,750	-	1,750	-	1,750	Working balance to cover unforeseen adverse events affecting the budget	Approved minimum balance is £1,750,000, as confirmed by risk assessment
Special Projects (Economic Development) Fund	883	-	883	(883)	-	To fund capital schemes, although since it is of revenue origin it can be used for revenue purposes	Balance committed to finance capital expenditure
Insurance Fund	628	(288)	340	(238)	102	Earmarked to cover any self insured claims against the Council	
Contingency Reserve	540	(113)	427	-	427	To meet cost of unforeseen contingencies or for any other purpose approved by the Council	Approved minimum balance is £100,000
Equipment Replacement Fund	144	(37)	107	3	110	To pay for the replacement of certain items of plant and equipment, eg cremators	
Renewals and Repairs Fund	300	(205)	95	(55)	40	To meet the cost of repairs and maintenance of Council owned buildings and structures	
ICT Development Fund	1,255	(478)	777	(365)	412	To meet the cost of new IT requirements	balance committed to finance capital expenditure
New Initiatives Fund	321	(142)	179	(142)	37	To fund new initiatives, both capital and revenue	Also earmarked to cover costs arising from loss of exempt VAT status (c£100,000 per annum, should this occur)

Reserve	Actual Balance at 31 March 2010	Estimated Net movement in 2010/11	Estimated Balance at 31 March 2011	Estimated Net movement in 2011/12	Estimated Balance at 31 March 2012	Purpose	Notes
	£'000s	£'000s	£'000s	£'000s	£'000s		
Organisational Development Fund	153	(153)	-		-	To meet costs arising from the implementation of Single Status arrangements for employees (eg pay protection) or of other organisational changes	
Budget Support Fund	1,628	(468)	1,160	(368)	792	To support the General Fund revenue budget or to meet the cost of specific items approved by the Council	
Conservation and Heritage Fund	44	15	59	15	74	To provide grants to owners of historic buildings to maintain their repair	
Museum Purchases Fund	83	-	83	-	83	To purchase exhibits and to conserve and enhance the display of exhibits	
Maintenance Contributions	180	-	180	-	180	To fund maintenance costs of land transferred to the Council	Sums are received from developers to pay for a period of maintenance costs following transfer of land to the Council
RENEW Reserve	171	(55)	116	(100)	16	To meet revenue costs arising from participation in the Housing Market Renewal Pathfinder for N Staffordshire (RENEW)	
Change Management Fund	163	(55)	108		108	To support the Council's change management programme	
Standards Fund	97	-	97	-	97	To ensure the Council meets its responsibilities under the ethical and other standards frameworks	
Planning Delivery Grant Reserve	430	(235)	195	(127)	68	For any purpose determined by the Council (capital or revenue)	No grant for 2010/11 or after
Deposit Guarantee Reserve	19	2	21	2	23	To hold balances relating to rent guarantees	

Risk Register

Project – Budget Forecast 2011/12

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. Also £200k set aside to cover the potential effects on income of the current economic climate	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, e.g. because of economic recession	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances. As above, £200k set aside to cover the potential effects on income of the current economic climate	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 sundry bad debts provision (£583k balance at 31/03/10).	3x 3	Moderate	Increase monitoring of collection performance	Exec Dir Resources	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
5	Single Status – additional unbudgeted costs for successful appeals, market force supplements etc	Potential substantial additional costs	3 x 3	High	Reserves and Balances substantial. (Deadline for appeals is 31/10/11)	3 x 3	High	Seek independent legal advice for potential claims	Exec Mgt Team	N/a
6	Employee budgets – The budget is discounted on the assumption there will be vacancies. The impact of 1% vacancy is about £100,000	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 4%. This is realistic compared with experience from previous years.	3 x 3	High	None	Exec Mgt Team	N/a
7	Employee Budgets - The 2011/12 employee pay settlement results in an increase higher than included in the budget.	Additional unbudgeted costs	3 x 3	High	Balances sufficient to deal with any additional costs General inflation reducing rapidly plus reduced job security in economy	3 x 3	High	None	Exec Mgt Team	N/a
8	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
9	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
10	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
11	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
12	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

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
13	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.	3 x 3	High	None	Exec Mgt Team	N/a
14	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
15	Energy costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget. Fixed contracts.	2 x 3	Moderate	None	Exec Mgt Team	N/a
16	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
17	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
18	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
19	Government increase NI rates during 2011/12. 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
20	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
21	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
22	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
23	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. Included in calculation of prudent	3 x 3	High	None	Exec Mgt Team	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
					minimum balances.					
24	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
25	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

APPENDIX 'E'
(Lavender Paper)

NEWCASTLE-U-LYME BOROUGH COUNCIL CAPITAL PROGRAMME 2010/11 - 2011/12

Scheme	Corporate Priorities	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed	External Cont	Council Financing
		£	£	£	£	£
Customer Service & Transformation						
Customer Access Development	d	15,000		15,000		15,000
Kids Customer Service Centre/ICT Disaster Rec	d	9,100		9,100		9,100
Totals	a b c d	24,100	0	24,100	0	24,100

Scheme	Corporate Priorities	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed	External Cont	Council Financing
		£	£	£	£	£
Safer & Stronger Communities						
Parkhouse/Lymedale CCTV	a b d	20,000		20,000		20,000
CCTV Replacement Equipment	a b	83,000	110,000	193,000		193,000
Totals	a b c d	103,000	110,000	213,000	0	213,000

Scheme	Corporate Priorities	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed	External Cont	Council Financing
		£	£	£	£	£
Culture & Active Communities						
Replacement/Repair of Play Equipment	a c	223,000		223,000		223,000
Chesterton Park Bowls Pavilion	a c	5,000		5,000		5,000
Thistleberry Parkway Play Area	a c	3,000		3,000	3,000	0
Leisure, Health & Wellbeing Centre	a b c d	2,796,000	6,425,200	9,221,200	950,000	8,271,200
Cont to Madeley Community Dev Project	a c	95,000		95,000		95,000
Health Projects Lyme Valley/Bathpool Park	a c	14,800		14,800	14,800	0
Replacement Play Area Marsh Way Wolstanton	a c	60,000		60,000	60,000	0
Land Purchase	a c	42,500		42,500		42,500
Rural Green Space Strategy	a c	30,000		30,000	20,000	10,000
Silverdale Community Facilities	a c	50,000	1,093,000	1,143,000	1,143,000	0
Knutton Footpath Link	a c	36,500		36,500	28,500	8,000
Neighbourhood Park The Wammy	a c	195,800		195,800	195,800	0
Totals	a b c d	3,551,600	7,518,200	11,069,800	2,415,100	8,654,700

Scheme	Corporate Priorities	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed	External Cont	Council Financing
		£	£	£	£	£
Neighbourhoods & Regeneration						
HIP Renewal Grants/Loans	a c	2,011,000	289,000	2,300,000	1,300,800	999,200
Knutton Heritage Scheme	a	49,100		49,100		49,100
HIP Disabled Facilities Grants	a c	830,000	760,000	1,590,000	1,090,000	500,000
Housing (HMR and other areas)*	a b d	100,000	200,000	300,000	150,000	150,000
Newcastle Town Centre Works	a b d	0	483,200	483,200		483,200
Choice Based Lettings	c	73,500		73,500	65,500	8,000
Ecohomes Project	b c	234,100		234,100	234,100	0
Future Housing Projects	b c	150,000	150,000	300,000	300,000	0
Collins and Aikman	b c	150,000	150,000	300,000	300,000	0
Madeley Extracare Contribution	b c		115,000	115,000	115,000	0
Stock Condition Survey Repairs/DDA Works Ph2	a b c d	565,400		565,400		565,400
Lancaster Buildings	a b c d	193,200		193,200		193,200
New Depot Entrance	a e	60,000		60,000		60,000
Strategic Gateways	b	200,000		200,000		200,000
Land Purchase/Feasibility Studies	a b c d	40,700		40,700	16,300	24,400
Midway MSCP Repair Works	a	1,370,000	300,400	1,670,400		1,670,400
Strategic Investment Framework	b	8,000	28,600	36,600		36,600
Acquisition of Sainsburys Site	d	*****		*****		*****
Land/Property Purchase (a)	a	10,000		10,000	10,000	0
Totals	a b c d	6,045,000	2,476,200	8,521,200	3,581,700	4,939,500

Scheme	Corporate Priorities	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed	External Cont	Council Financing
		£	£	£	£	£
Environment & Recycling						
Pool Dam Valley Marshes Nature Reserve	a b		47,000	47,000	47,000	0
Madeley Pool Embankment Repairs	b d	37,400		37,400		37,400
Cemetery Memorial Safety Programme	a	40,000		40,000		40,000
Public Lighting - Footpaths etc	a	15,800		15,800		15,800
Replacement Cemetery	a d	60,400		60,400		60,400
Cremated Remains Garden	a d	50,000		50,000		50,000
Audley Burial Facilities	a d	251,900		251,900		251,900
General Projects						
Asset Disposal Programme		10,000	54,000	64,000		64,000
Final Accounts & Retentions Various				0		0
Totals	a b c d	465,500	101,000	566,500	47,000	519,500

Scheme	Corporate Priorities				2010/11 Est Exp	2011/12 Est Exp	Exp to be financed	External Cont	Council Financing
					£	£	£	£	£
Operational Equipment/ICT Development Fund									
Refuse Vehicle Fleet	a		d		90,000		90,000		90,000
ICT PC Replacements	a		d		63,000	68,000	131,000		131,000
ICT Replacement Servers	a		d		118,000	39,200	157,200		157,200
ICT Civic Offices Network Upgrade			d		3,500		3,500		3,500
ICT Interim Disaster Recovery Site			d		6,000		6,000		6,000
Customer Relationship Management			d		37,000	27,700	64,700		64,700
IEG - GIS Implementation			d		28,000	5,200	33,200		33,200
ICT Projects			d		152,000	7,000	159,000		159,000
ICT Pericles Replacement			d		192,100		192,100		192,100
New Cremators/Mercury Abatement Equip.	a				303,800	22,000	325,800		325,800
Streetscene Equipment	a		d		81,700		81,700		81,700
Totals	a	b	c	d	1,075,100	169,100	1,244,200	0	1,244,200
GRAND TOTAL	a	b	c	d	11,264,300	10,374,500	21,638,800	6,043,800	15,595,000

Notes -

1 Corporate & Sustainable Communities Priorities -

- a Cleaner, Safer and Sustainable
- b Opportunity
- c Healthy and Active
- d Transforming to Excellence

2 As the acquisition of the former Sainsbury's site has not yet been completed the amount is not shown owing to commercial sensitivity.

Sources of Funding	2010/11 Est Exp	2011/12 Est Exp	Exp to be financed
	£	£	£
Special Projects Fund	0	883,300	883,300
Plant Account	39,800	0	39,800
Other Revenue Funds	355,200	2,532,800	2,888,000
Capital Receipts	7,215,900	4,568,400	11,784,300
External Grants/Contributions	3,653,400	2,390,000	6,043,400
Capital Programme	11,264,300	10,374,500	21,638,800



CAPITAL STRATEGY 2011 to 2014

Submitted to Cabinet 9 February 2011

CONTENTS

1. INTRODUCTION
2. KEY OBJECTIVES AND PRIORITIES
3. LINKS WITH OTHER STRATEGIES, POLICIES AND PLANS
4. EXTERNAL INFLUENCES, PARTNERS AND CONSULTATION WITH STAKEHOLDERS
5. RESOURCES AVAILABLE TO FINANCE CAPITAL INVESTMENT
6. REVENUE IMPLICATIONS
7. APPRAISAL OF INVESTMENT PROPOSALS
8. MONITORING ARRANGEMENTS AND PROJECT MANAGEMENT
9. STATUTORY FRAMEWORK
10. PROCUREMENT

1. INTRODUCTION

- 1.1 The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and stakeholders with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.
- 1.2 The Council's detailed capital investment plan is contained in its Approved Capital Programme. A two year programme was approved by Full Council on 23 February 2011. This programme provides for £21,638,800 of investment over the two-year period in projects across all of the Council's priority areas.
- 1.3 The Strategy has been prepared against a background of unprecedented reductions in funding provided to local authorities by central government and its agencies, arising from the need to restrain public expenditure owing to the ongoing economic recession and to rebalance public finances. At the same time, the Council's own resources available to finance capital projects are running out and will need replenishing before any substantial further capital investments can be made. As a result the Council has initiated a programme of asset disposals to address this situation. In the interim period, before asset sales can provide these additional resources, the Capital Programme has been restricted to cover a two year period, 2010/11 to 2011/12.

2. KEY OBJECTIVES AND PRIORITIES

- 2.1 The Council's Priority Areas contained in its current (2011/12 to 2013/14) Corporate Plan are:
- Creating a Cleaner, Safer and Sustainable Borough
 - Creating a Borough of Opportunity
 - Creating a Healthy and Active Community
 - Transforming our Council to Achieve Excellence

Annex A shows the indicative areas of projects and activities which are set out in the Plan which may require capital investment by the Council or its partners in order to contribute to the delivery of these priorities.

- 2.2 These priorities are compatible with those contained in the Local Area Agreement for Staffordshire to which the Council is a party, that is:
- A vibrant, prosperous and sustainable economy
 - Strong, Safe and Cohesive communities
 - Improved health and sense of well being
 - A protected, enhanced and respected environment
- 2.3 Capital investment projects will be included in the Council's Capital Programme on the basis that they address issues arising from one or more of the Priority Areas contained in the Corporate Plan. An indication is shown against each project in the Programme of the area or areas whose issues it addresses.
- 2.4 New proposals for capital investment will be assessed against the corporate priority areas to ensure that they will contribute towards achieving the aims expressed. This assessment will be carried out as part of the appraisal process for new projects.

- 2.5 The Council will also endeavour, through its programme of capital investment, to maintain its assets to a standard such that they remain fit for purpose, enabling continuity of service delivery. In particular, it will carry out regular surveys of its stock of buildings and structures to ascertain their state of repair and any remedial works which may be necessary. Repair or improvement works arising from such surveys will be carried out subject to the availability of resources and consideration of the role the building plays in service delivery and the need to continue the relevant service in order to contribute to meeting corporate priorities. If a building is no longer required for service delivery, it will either be considered for alternative use by the Council or its partners or disposed of and the proceeds made available for future capital investment in priority areas. All property assets are held to either (i) provide Council services, (ii) provide an investment return or (iii) to further regeneration projects.
- 2.6 Regular reviews of the property portfolio will be carried out by the Assets Review Group, chaired by the Executive Director (Regeneration and Development). A complete review of the whole portfolio was undertaken in 2010/11 to identify properties or land which could potentially be disposed of and a capital receipt obtained from the sale. Because of the currently poor market conditions arising from the economic recession, however, it is unlikely that significant sales will take place in the short term, both because of lack of demand and the need to obtain the best sale price.
- 2.7 Where suitable “Invest to Save” projects can be identified the Council will actively pursue such projects as it recognises the benefits, in the form of reduced costs falling on the General Fund Revenue Account, that can result from such investment.
- 2.8 The Council will seek, where practicable and economically justifiable, to develop its investment projects having regard to principles of sustainability, for example in relation to materials used and environmentally friendly modes of operation once in use, following construction or purchase.

3. LINKS WITH OTHER STRATEGIES, POLICIES AND PLANS

- 3.1 As well as the Corporate Plan and the Capital Programme the Capital Strategy has clear links to many of its other strategies, policies and plans, the most significant of which are:
- Asset Management Strategy
 - Medium Term Financial Strategy
 - Service and Financial Plans
 - Value For Money Strategy
 - Procurement Strategy
 - Economic Development Strategy
 - North Staffs Green Spaces Strategy
 - Leisure Strategy
 - Private Sector Housing Renewal Strategy
 - Housing Strategy
 - Cultural Strategy
 - Customer Access Strategy
 - Energy Efficiency and Climate Change Strategy and Carbon Reduction Plan
 - Treasury Management Strategy
 - Performance Plan
- 3.2 An important link is to the Asset Management Strategy (AMS) in that many capital investment projects are related to the Council’s fixed assets, such as its stock of buildings. Needs and priorities identified in the AMS will require consideration for inclusion in the Council’s Capital Programme and have wider financial consequences.

- 3.3 The Medium Term Financial Strategy will take account of the revenue effect of capital investment.
- 3.4 Capital investment proposals are contained in the Service and Financial Plans produced as part of the annual budget cycle. Some of these proposals may be included in the Capital Programme.
- 3.5 Appraisal, procurement and management of capital projects needs to be carried out with regard to the objectives and methodologies contained in the Value for Money Strategy and the principles and practices set out in the Procurement Strategy.
- 3.6 The various service based strategies will inform the Council's capital investment process through their identification of areas for action and of priorities within individual service areas.
- 3.7 The Treasury Management Strategy needs to reflect planned capital spend, particularly with regard to setting limits for tying up money over the longer term.
- 3.8 The Performance Plan contains the same data regarding Priority Areas as the Corporate Plan together with similar actions proposed to achieve the aims expressed in relation to the Priority Areas so by linking to the Corporate Plan the same link is made to the Performance Plan.
- 3.9 In addition the Capital Strategy will be influenced by the results of any Service Reviews which have been carried out by the Council, either as part of the budget preparation process or as one-off exercises. Where these reviews identify areas of service which are to be discontinued, this may give rise to surplus assets which will be available for disposal and possibly generate a capital receipt which will be available for funding further capital investment. Alternatively reviews may identify areas for investment, some of which may be capital investment.

4. EXTERNAL INFLUENCES, PARTNERS AND CONSULTATION WITH STAKEHOLDERS

- 4.1 The Council's capital investment plans are influenced by a number of external parties and factors: central government and its agencies, legislation requiring capital works, partner organisations, businesses, developers and by its stakeholders' needs and views, particularly those of Borough residents.
- 4.2 Government sponsored initiatives and programmes will influence the projects which the Council will include in its capital investment plans. In particular, its Housing Investment Programme in which the Council participates with regard to Renewal and Disabled Facilities Grants is a major area of investment where significant funding has been provided by Government to meet a proportion of the costs of these activities. This funding is being severely curtailed from 2011/12, however, and is likely to consist, over the period covered by this strategy, almost entirely of grant payments to partially meet the cost of disabled facilities grants payable to eligible applicants. The Capital Programme 2010/11 to 2012/13 provides for £3.9 m to be spent in this area over the two year period.
- 4.3 Where it may be required by legislation to carry out works of a capital nature, such as to comply with the Disablement Disability Act or Health and Safety requirements, or anti-pollution regulations, the Council will consider the most effective way to discharge its obligations and appropriate provision will be made in its Capital Programme once it has determined that it shall carry out the necessary work and that this should be capitalised.
- 4.4 The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. Relationships with partners, including those concerning capital matters, will be governed by the Council's Partnerships Code of Practice. Wherever possible the Council will seek to work in partnership with others to deliver its capital investment programme in order to provide facilities which meet its own and partners needs. When working with the private sector, the objective will be to maximise the benefits to the Council

and the community from any projects, both in terms of outputs and in relation to obtaining funding for the project.

- 4.5 The Council is a participant in the Local Strategic Partnership (LSP) and will have regard to the content of its Sustainable Community Strategy together with any other elements of the partnership which relate to capital investment and will increasingly use the capital programme as a means of fulfilling its obligations to the LSP.
- 4.6 A major partnership with which the Council has been associated, together with Stoke City and Staffordshire Moorlands Councils, the North Staffordshire Housing Market Renewal Partnership (Renew), is now being wound down.
- 4.7 Projects for consideration for inclusion in the Capital Programme may arise from the Council's participation in the new Staffordshire and Stoke on Trent Local Enterprise Partnership (LEP)
- 4.8 The overall level and direction of the Council's capital investment proposals embodied in its capital programme and the individual schemes included in it will be informed by consultation carried out with stakeholders. This may be by means of the "Peoples' Panel", Simalto or similar consultation exercises or any other means which the Council feel are appropriate.
- 4.9 The availability of external funding will also influence the projects which the Council will include in its capital investment plans. This is referred to in the following section of the Strategy.
- 4.10 Regard will be had to the Council's obligations under Disabled Access requirements in putting forward proposals for capital investment and in the design of any facilities which are proposed.
- 4.11 Wherever possible the principles of sustainability will be incorporated into any capital projects.

5. RESOURCES AVAILABLE TO FINANCE CAPITAL INVESTMENT

- 5.1 Capital investment may be financed by any one or a combination of the following:
 - Borrowing
 - Use of Capital Receipts
 - Use of Reserves
 - Government Grants
 - Contributions from External Parties
 - Directly from the General Fund Revenue Account
 - Private Finance Initiative (PFI)
- 5.2 The Council is presently debt free, having no long term loans outstanding. Its current policy, expressed in its Treasury Management Strategy for 2011/12, approved by Council on 23 February 2011, is that it is not intended to utilise borrowing to fund the capital programme in view of the Council currently possessing sufficient reserves and useable capital receipts to finance capital expenditure from those sources. It is stated that borrowing may become an option in future years, if these resources become sufficiently depleted that they are insufficient to finance proposed capital expenditure and, if the costs of borrowing compare favourably with those of alternatives such as using unapplied capital receipts. It is likely that for a period of time during the span of the Capital Strategy capital resources may be depleted to the extent that they are insufficient to finance further capital investment. In that case, consideration might have to be given to utilising borrowing to enable projects to proceed.
- 5.3 Capital Receipts have been the major source of funding for the Capital Programme in recent years. It is estimated that the amount of useable capital receipts in hand at 1 April 2011 will be around

£1.5m. All of the capital receipts are committed to finance the currently approved Capital Programme. Unless further receipts are generated by asset sales, there will then be no capital receipts remaining to finance further capital projects.

- 5.4 In the normal run of events, new sources of capital receipts are somewhat limited. At present the major significant (but much reduced from earlier levels) source is the Council's continuing right to a share of receipts arising from tenants of Aspire Housing under the Right to Buy legislation, which are estimated to amount to some £800,000 over the two years covered by this Strategy. Right to Buy sales are diminishing both because of the present depressed property market and there being fewer potential purchasers as time goes by. These receipts are fully committed to finance the cost of the Renewal and Disabled Facilities Grants not met from Government Grant. In addition there are usually some small receipts from the sale of minor pieces of land or property but these would be unlikely to be significant in amount over the two year period.
- 5.5 Following the review of property assets referred to in paragraph 2.6 and to address the prospective shortfall in resources to finance future capital investment, a number of sites have been identified for sale. Two tranches of sites have so far been approved by the Council and these are in the process of being marketed, with appropriate planning consent. The timing of any receipts arising from this exercise cannot be predicted with certainty. However, it is likely that it will be 2012/13, or later, before a significant proportion of potential receipts will be realised.
- 5.6 The Council has established a number of reserves which are available to finance capital investment. These are as follows:
- Special Projects Fund
 - ICT Development Fund
 - New Initiatives Fund
 - LSVT Capital Fund

The Special Projects Fund is fully committed to funding the current approved Capital Programme and will be exhausted during the period spanned by the Programme.

The ICT Development Fund is specifically earmarked for meeting the costs of ICT development, both capital and revenue. It is estimated that the balance on the Fund at 1 April 2011 will be around £0.9m.

The New Initiatives Fund's purpose is to finance new initiatives, both capital and revenue, not currently provided for in the Council's budgets. It is estimated that the balance on the Fund at 1 April 2011 will be around £0.2m, all of which will be required to meet the cost of ongoing revenue account initiatives or earmarked for covering costs which may arise if the Council suffers the loss of its exempt VAT status for a period.

The LSVT Capital Fund was established to receive the principal element of leasing charges made to services under the internal leasing scheme, which has been used to charge financing costs to users of ICT and other equipment where the initial purchase of that equipment was financed by using capital receipts arising from the disposal of the housing stock referred to above. This mechanism is intended to ensure that a sum equivalent to the capital receipt used is made available to finance future capital investment. It is estimated that the balance on this Fund at 1 April 2011 will be £2.1m. Completion of the currently approved Capital Programme will exhaust the Fund by 31 March 2012, although further contributions from revenue in respect of internal leasing repayments will flow into it from 2012/13 (around £0.2m each year until all leases have expired).

- 5.7 The use of capital receipts and reserves to finance new capital projects has an effect upon investment income receipts and hence the General Fund Revenue Account. At current investment

interest rates of around 1.0% (rates available in the market currently pay a premium of up to an additional 0.5% above the base rate of 0.5%), every £100,000 of such capital receipts or reserve balances used will cost £1,000 to the revenue account on an ongoing basis. The use of capital receipts and reserves to finance the Capital Programme 2010/11 to 2011/12 has been taken account of in the Medium Term Financial Strategy and in the 2011/12 Revenue Budget. Any receipts generated from the assets disposal programme will be invested until they are required to finance capital expenditure.

- 5.8 Wherever Government grants are available to meet all or part of the cost of capital projects the Council will ensure that these are applied for and used to maximise the amount of investment which can be made and the benefit which will result from that investment.
- 5.9 Wherever possible and appropriate, funding will be sought towards the cost of capital projects from external parties. These will include property developers, government agencies, funding from the European Union (normally channelled via a UK Government Department), funding bodies such as the National Lottery or the Football Foundation, and partner organisations that may join with the Council to bring forward particular projects of mutual benefit. In the current climate, however, the Council may find such sources of funding to be limited compared with previous years.
- 5.10 There is no intention to charge any capital investment directly to the General Fund Revenue Account.
- 5.11 The Council does not presently intend to consider the use of Private Finance Initiative type arrangements to meet the cost of capital investment.
- 5.12 The Executive Director (Resources and Support Services) will prepare estimates of the resources which are presently in hand plus those likely to be available in future to finance capital investment. He will keep these estimates up to date and periodically report upon them to Cabinet and Council, particularly when the Capital Programme is being considered. The Council will decide on the appropriate form of financing for projects included in the Capital Programme based on advice from the Executive Director as to availability and the consequences and costs of use of the various options.
- 5.13 The need to have available liquid funds to be used to pay for capital projects will be borne in mind when drawing up the Council's Treasury Management Strategy. An appropriate limit will be placed on long term investments based on predictions of the capital spending profile over the period covered by the Strategy so that there are likely to be enough readily available easily cashable investments to meet requirements.

6. REVENUE IMPLICATIONS

- 6.1 The impact, if any, upon the General Fund Revenue Account, which will arise from capital investment proposals will be calculated and considered at the time projects are placed before Cabinet or Full Council for inclusion in the Approved Capital Programme or for specific approval. Such impact may be in the form of reduced interest receipts, where projects are to be financed from capital receipts or reserves, borrowing costs, if loan finance is to be employed, or additional running costs arising from the provision of a new or altered facility. Offset against these costs will be any savings which might accrue, for example from "invest to save" projects.
- 6.2 In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital, which the Council has adopted, the incremental impact of the Capital Programme will be calculated and considered when that programme is placed before Full Council for approval, in February each year.

6.3 The Council will always have regard to the affordability of its proposed capital investments, in terms of the revenue implications arising.

6.4 The revenue implications of the capital programme will be taken account of in the Council's Medium Term Financial Strategy.

7. APPRAISAL OF INVESTMENT PROPOSALS

7.1 In accordance with the Council's Financial Regulations proposals for new capital investment estimated to cost more than £20,000 will be subject to the Benefits Management Model process, whereby a business case will be made out for the proposal based on whole life costing, its fit with corporate priorities will be demonstrated, outputs detailed, and project milestones set out. The process will consider the availability of resources to fund the project and its effect, if any, upon the revenue budget in future years. All new capital investment proposals must be appraised by the Capital Programme Review Group prior to specific Cabinet approval being requested. Before any project may be commenced Specific Cabinet approval must be obtained and the project must be included in the Approved Capital Programme, after considering its priority relative to other proposed projects and the overall level of resources available to fund the Capital Programme as a whole.

7.2 A Risk Assessment, in the approved corporate format, will be completed for all capital projects subject to the Benefits Management Model process.

8. MONITORING ARRANGEMENTS AND PROJECT MANAGEMENT

8.1 Progress in relation to individual projects will be monitored through the Council's arrangements for the monitoring of capital projects, which entail quarterly monitoring reports to be received by the Cabinet. The Capital Programme Review Group will also review project progress and corrective action will be initiated where projects fall behind schedule, appear likely to overspend or otherwise give cause for concern. Individual Project Forms will be maintained in respect of each project by the Executive Director (Resources and Support Services) which will track the progress of projects and be available to officers and members with an interest in reviewing progress of those projects. Monitoring will also take place as part of the Benefits Management Model process, whereby reports will be completed for any projects which deviate from planned progress.

8.2 All projects will be assigned to a named officer who will be responsible for overseeing the project, including project monitoring and control and implementing exception reports and, where appropriate, corrective action if the project deviates from its planned progress or cost.

8.3 Where complex major projects are to be carried out, consideration will be given to employing the Prince2 project management methodology.

8.4 All capital projects will be subject to Internal Audit review to ensure correct procedures have been followed and sums have been paid out in accordance with Financial Regulations and Standing Orders as they relate to contracts. Where projects have received funding from government or quasi-governmental sources, the expenditure will also be subject in many cases to external audit by auditors from the Audit Commission. European Union funded projects may also be subject to audit by auditors on behalf of that body. Where monitoring returns or claims for reimbursement of expenditure are required to be sent to funding bodies, these will be completed and forwarded promptly to the relevant body in compliance with any deadlines laid down by them.

8.5 All capital investment proposals and project progress and management are subject to the Council's scrutiny arrangements.

9. STATUTORY FRAMEWORK

- 9.1 The Council's capital investment is carried out within the statutory framework laid down by the Local Government Act 2003 and regulations under that Act. Accordingly, only expenditure which fits the definition of capital expenditure contained in the Act or Regulations pursuant to it will be capitalised.
- 9.2 Capital expenditure is defined by the 2003 Act as that which falls to be capitalised in accordance with proper practices, which means in accordance with the Code of Practice on Local Authority Accounting, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), applicable to all local authorities. Annex B sets out a summarised version of the definition provided by the Code. In addition there are a number of other types of expenditure that have been defined by Regulations as being treatable as capital in nature. Generally these do not apply to this Council.
- 9.3 It should be noted that the Act and Regulations are framed in a permissive way, allowing local authorities to capitalise expenditure which fits the definition but not forcing them to capitalise such expenditure. The Council will decide, therefore, whether to include a project meeting the capital definition in its capital programme or to meet its cost from a revenue account.
- 9.4 The Council does not set a minimum amount for the capitalisation of expenditure (de minimis level). Accordingly, any expenditure complying with the above definition may be capitalised.
- 9.5 Capital Finance Regulations stipulate that amounts of less than £10,000 may not be treated as capital receipts. Accordingly, any such sums received, although otherwise capital in nature, will be credited to a revenue account.

10. PROCUREMENT

- 10.1 Regard will be had to the contents of the Council's Procurement Strategy when considering the delivery of capital projects.
- 10.2 Where estimated project contract costs exceed the relevant European Union threshold, the appropriate EU tendering procedures will be followed.
- 10.3 Standing Orders relating to contracts will apply to all contracts proposed to be let in relation to capital projects, together with Financial Regulations and the provisions of the Council's scheme of Delegation.
- 10.4 The achievement of Value for Money will be a guiding principle in the procurement of capital works and services and in managing contracts. Accordingly, the objectives and methodologies contained in the Value for Money Strategy will be observed.

INDICATIVE AREAS OF PROJECTS AND ACTIVITIES WHICH ARE SET OUT IN THE CORPORATE PLAN WHICH MAY REQUIRE CAPITAL INVESTMENT BY THE COUNCIL AND ITS PARTNERS IN ORDER TO CONTRIBUTE TO THE DELIVERY OF THE CORPORATE PRIORITIES

Creating a Cleaner, Safer and Sustainable Borough

- Improve efficiency of recycling and waste
- Implementation of the climate change and carbon reduction Plans

Creating a Borough of Opportunity

- Seeking funding for redevelopment through the Local Enterprise Partnership
- Implementing the refreshed Economic Development Strategy
- Implementing a Local Investment Strategy
- Implementing a Housing Strategy
- Making the town centre vibrant and attractive
- Making a good range of housing available

Creating a Healthy and Active Community

- New Health and Wellbeing Centre
- Regeneration of the former St Giles and St Georges school site as a community venue

Transforming Our Council to Achieve Excellence

- Continuing to improve customer service and relations, including providing a customer contact point within the Madeley community development
- Achieving savings through smarter working and improved use of technology

DEFINITION OF CAPITAL EXPENDITURE INCLUDED IN THE CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM

All expenditure that can be directly attributed to the acquisition, creation or enhancement of items of property, plant and equipment or the acquisition of rights over certain longer-term intangible benefits is accounted for on an accruals basis and capitalised as a non-current asset. It must be probable that the future economic benefits or service potential associated with the item will flow to the Council - the Council does not have to own the item but it must be more than likely that it has gained the right to use the item in the provision of services or to generate cash from it. In addition it must be possible to measure the cost of the item reliably.

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation or laying out of land
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels

In this context, the definition of enhancement contained in the previous Code of Practice (SORP) is still applicable and means the carrying out of works which are intended to:

- Lengthen substantially the useful life of the asset, or
- Increase substantially the market value of the asset, or
- Increase substantially the extent to which the asset can or will be used for the purpose or in conjunction with the functions of the local authority concerned.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred. Expenditure on existing fixed assets should be capitalised in three circumstances:

- Enhancement - see above
- Where a component of the fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful life is replaced or restored
- Where the subsequent expenditure relates to a major inspection or overhaul of a fixed asset that restores the benefits of the asset that have been consumed by the authority and have already been reflected in depreciation

Assets acquired on terms meeting the definition of a finance lease should be capitalised and included together with a liability to pay future rentals.

Where an asset is acquired for other than cash consideration or where payment is deferred the asset should be recognised and included in the balance sheet at fair value.

TREASURY MANAGEMENT STRATEGY REPORT 2011/12

1. Introduction

Background

1.1 Treasury management is defined 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.”

Statutory Requirements

1.2 The Local Government Act 2003 and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

The aim of this report is to lay down the strategy to be followed for the financial year commencing 1 April 2011 in respect of the Council’s treasury management activities. It is prepared in accordance with the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised in November 2009) which was adopted by this Council on 24 February 2010.

The primary requirements of the code are as follows:

- (1) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.
- (2) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- (3) To produce an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- (4) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. For this Council the delegated body is the Audit and Risk Committee.
- (5) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Transformation and Resources Overview and Scrutiny Committee.

Balanced Budget Requirement

1.3 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

- increases in interest charges caused by increased borrowing to finance additional capital

expenditure, and

- any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future

Treasury Management Strategy for 2011/12

- 1.4 The suggested strategy for 2011/12 in respect of the following aspects of the treasury management function is based upon the finance officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisors, Sector Treasury Services.

The strategy covers:

- Prudential and Treasury Indicators
- the current treasury position
- the borrowing requirement
- investment of surplus funds
- prospects for interest rates
- the annual investment strategy (Annex A)
- creditworthiness policy (Annex B)
- the MRP strategy (Annex C)

2. Prudential and Treasury Indicators

- 2.1 The report also 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.
- 2.2 The indicators are intended to demonstrate that the Council has fulfilled the objective of ensuring that its capital investment decisions are affordable, prudent 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.
- 2.3 It should be clearly understood that the prudential indicators are intended to support and record local decision making. They are not designed to be comparative performance indicators and the use of them in this way would be likely to be misleading and counter-productive.
- 2.4 All forward looking indicators must be monitored, comparing actual results with the estimate, with procedures in place to do this. Significant deviations require investigation, possible action and, where appropriate, reporting to members. Indicators for the forthcoming and following years must be set before the beginning of the year.
- 2.5 Indicators, other than actuals derived from information in the Council's accounts, are required to be set and revised through the process established for the setting and revising of the Council's budget. This report contains the indicators relating specifically to treasury management. The indicators relating to capital expenditure and its effect upon the Council Tax are reported separately to the Council meeting which sets the General Fund Revenue Budget and the Council Tax (23 February 2011).
- 2.6 Adoption of the CIPFA Treasury Management Code of Practice is prescribed as a Prudential Indicator in relation to treasury management generally. The Council adopted the current Code at the meeting of Full Council on 24 February 2010. The other indicators relevant to treasury management are:

- Ratio of Financing Costs to Net Revenue Stream (estimates and previous year's actual)
- Net Borrowing and the Capital Financing Requirement
- Capital Financing Requirement (estimates and previous year's actual)
- Operational Boundary
- Authorised Limit
- Upper limit on fixed interest rate exposures
- Upper limit on variable interest rate exposures
- Total principal sums invested for periods longer than 364 days
- Actual External Debt
- *Estimates of Capital Expenditure*
- *Actual Capital Expenditure*
- *Estimates of the incremental impact of capital investment decisions on the Council Tax.*

The final three Prudential Indicators shown in italics are more relevant to the setting of the General Fund Revenue and Capital Budgets. These are reported to the Council within reports relating to those matters.

3. Current Position in Relation to the Council's Debt and Investment Portfolio Debt

- 3.1 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.
- 3.2 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) plus any other relevant long term liabilities as shown in the Council's balance sheet. The indicator is not directly comparable to the authorised limit or the operational boundary since the actual external debt will reflect the actual position at one point in time. As at 31 March 2010 the Actual External Debt of the Council was nil.

Investments

- 3.3 As a result of the sale of its housing stock on 1 February 2000, the Council had a considerable capital sum available for investment. It is estimated that the approximate capital value of these investments at 31 March 2011 will be £20,000,000 all of which will be managed In House. The decline in total investments is due to a combination of very few capital receipts being received due to the economic downturn and capital expenditure being incurred on large projects including:
- Health and Wellbeing Centre
 - Lancaster Buildings refurbishment
 - Replacement Cemetery
 - Refuse vehicle fleet procurement
 - Recycling containers procurement

The strategy and detailed arrangements to be followed for the investment of the Council's funds during 2011/12 is detailed under 'Investment of Surplus Funds' in section 5.0 of this report.

4. Borrowing Requirement

Amount Required for Year

- 4.1 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.
- 4.2 At present borrowing is not being used to fund the capital programme in view of the Council currently possessing 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 or, if the costs of borrowing compare favourably with those of alternatives such as using unapplied capital receipts.
- 4.3 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.

Prudential Indicators for Borrowing Requirement

- 4.4 In order to identify the Council's underlying need to borrow for capital purposes the Code specifies that a Capital Financing Requirement Indicator should be calculated. The Capital Financing Requirement is derived from the Council's balance sheet by consolidating various items appearing in it which relate to capital, such as: fixed assets; deferred charges; fixed asset restatement reserve; capital financing reserve. The relevant figures for this Council are set out in the table below (It should be noted that these figures may be subject to change following the implementation of International Financial Reporting Standards in 2011/12):

31/03/10 Actual (£000's)	31/03/11 Estimate (£000's)	31/03/12 Estimate (£000's)	31/03/13 Estimate (£000's)	31/03/14 Estimate (£000's)
(896)	(896)	(896)	(896)	(896)

- 4.5 It should be noted that a negative Capital Financing Requirement reflects the position of the Council in having no outstanding external long term debt. A further Indicator, which should be continually monitored, is a comparison of the Capital Financing Requirement with the Council's Net Borrowing (borrowing less investment). Net Borrowings should always be less than the Capital Financing Requirement. This indicator is intended to ensure that over the medium term net borrowing will only be for a capital purpose.

Borrowing Limits

- 4.6 The following two control figures will be applied to set the parameters within which borrowing is permitted to take place. Both of them are Prudential Indicators in terms of the Code.

Operational Boundary

- 4.7 This indicates the probable external debt during the course of the year. It is not a limit and actual borrowing can vary around this boundary for short times during the year. It should act as an indicator to ensure that the Authorised Limit is not breached. The Code requires the inclusion of a figure, separately shown, for Other Long Term Liabilities representing commitments in relation to credit arrangements such as finance leases, etc. Since these do not apply in the Council's case, a

nil amount is shown against this item. As referred to under 'borrowing requirement' above, the Council may, if considered desirable from a treasury management point of view, take out long term loans to finance capital expenditure incurred in 2011/12, 2012/13 and 2013/14. The figures shown in the table below reflect the possibility that up to £5,000,000 may be borrowed at any one time on a long term basis in 2011/12 (It should be noted that the figures for Other Long Term Liabilities may be subject to change following the implementation of International Financial Reporting Standards in 2011/12). The Operational Boundaries for the Council are set out below:

	2011/12 Estimate (£000's)	2012/13 Estimate (£000s)	2013/14 Estimate (£000's)	2014/15 Estimate (£000's)
Borrowing	5,000	5,000	5,000	5,000
Other Long Term Liabilities	0	0	0	0

Authorised Limit

- 4.8 This represents the limit beyond which borrowing (long and short term added together) is prohibited. Officers responsible for day-to-day treasury management operations must ensure that the Council's borrowings do not exceed this limit. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. It is a statutory limit which Councils must determine in accordance with Section 3 (1) of the Local Government Act 2003. The Authorised Limits for the Council are set out in the table below:

	2011/12 Estimate (£000's)	2012/13 Estimate (£000s)	2013/14 Estimate (£000's)	2014/15 Estimate (£000's)
Borrowing	15,000	15,000	15,000	15,000
Other Long Term Liabilities	0	0	0	0

Sources of Borrowing

- 4.9 Temporary borrowing will 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 it is anticipated that this will be via the Public Works Loans Board. The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Interest Rates, Loan Periods and Types of Loan

- 4.10 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, Sector Treasury Services.

5. Investment of Surplus Funds

- 5.1 The strategy in relation to investments together with the relevant prudential indicators is set out in Annex A. This has been compiled according to Guidance on Local Government Investments revised in March 2010 by the Department for Communities and Local Government 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.

6. Interest Rate Exposure

- 6.1 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 expressed as a percentage of total borrowings/investments

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2011/12	100%	0%	100%	0%
2012/13	100%	0%	100%	0%
2013/14	100%	0%	100%	0%
2014/15	100%	0%	100%	0%

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

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
2011/12	100%	0%	100%	0%
2012/13	100%	0%	100%	0%
2013/14	100%	0%	100%	0%
2014/15	100%	0%	100%	0%

- 6.2 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. It will also enable a greater spread of risk via the Council utilising Money Market Funds (variable interest rates) to extend the Counterparties that the Council currently invests with.

7. Leasing

Requirement for Year

- 7.1 In previous years the Council has acquired many of its vehicles and items of plant by means of leases and major items of equipment may also be obtained in the same way.
- 7.2 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 (see below). The appropriate form of finance will be chosen to obtain the best deal for the Council at the time that the requirement arises.

Period and Type of Lease

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

Leasing Consultants

- 7.4 The current contract with the Council's Treasury Management advisors includes the provision of leasing advice.

8. Ratio of Financing Costs to Net Revenue Stream

- 8.1 In order to show how much of the General Fund Revenue Budget is taken up by financing costs and thereby enable a judgement to be made as to whether this is a reasonable proportion, the Prudential Code requires the calculation of a Prudential Indicator to show financing costs as a percentage of Net Revenue Stream.
- 8.2 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 a 'Minimum Revenue Provision; depreciation and impairment charges that have not been reversed out of the revenue account.
- 8.3 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 NNDR) and adjusting for the Collection Fund Surplus/Deficit. The relevant figures for this Council are set out in the table below:

	2009/10 Actual (£000's)	2010/11 Estimate (£000's)	2011/12 Estimate (£000's)	2012/13 Estimate (£000's)	2013/14 Estimate (£000's)
Net Revenue Stream	18,377	17,762	16,654	15,657	15,208
Financing Costs	(1,054)	(412)	(93)	(178)	(338)
Ratio	(5.74%)	(2.32%)	(0.56%)	(1.14%)	(2.22%)

- 8.4 The negative Financing Costs reflect the position that the Council's investment income exceeds the interest paid to service its external debt.

9. Cash Flow

- 9.1 Every effort will be made to match receipts with payments. Prompt billing of customers in respect of sums due to the Council will take place and arrears will be actively pursued. Any cash surpluses arising will be dealt with in accordance with the procedure outlined under "Investment of Surplus Funds" in Section 5.0 above.

10. Treasury Management Advisors

- 10.1 Your officers will continue to work with the Council's Treasury Management Advisors, Sector, 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.

11. Treasury Management Training

- 11.1 Officers engaging in Treasury Management activities will receive appropriate training. In particular, the Accountancy Assistant (Treasury Management) will receive on the job training from the Principal Accountant in all aspects of the day to day operation of the Treasury Management function.
- 11.2 Officers engaging in Treasury Management activities will also attend any suitable courses/seminars provided by the Council's Treasury Management Consultants, Sector Treasury Services and any other appropriate organisations where it is considered that this will increase or complement their expertise in relation to the Treasury Management function. Training needs are reviewed on a regular basis.

12. Treasury Management Scheme of Delegation

12.1 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.

12.2 Transformation and Resources Overview and Scrutiny Committee

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

12.3 Audit and Risk Committee

- scrutiny of Treasury Management performance including receiving and reviewing a mid-year report.

13. Treasury Management Role of the Section 151 Officer

13.1 The S151 (responsible) officer role includes:

- 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 2011/12

1. Introduction

- 1.1 This Strategy is compiled according to Guidance on Local Government Investments issued by the Department for Communities and Local Government (revised in March 2010). 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 yield can be obtained consistent with these priorities).
- 1.2 The initial Strategy may be replaced with a revised Strategy at any time during the year in cases where investment issues need to be brought to the attention of Full Council.

2. General Principles

Security of Investments

- 2.1 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 offer high security and high liquidity and are:

- (a) Denominated, paid and repaid in sterling;
- (b) Not long term investments, i.e. they are due to be repaid within 12 months of the date on which the investment was made;
- (c) Not defined as capital expenditure; and
- (d) Are made with a body or in an investment scheme which has been awarded a high credit rating by a credit rating agency or are made with the UK Government, a Local Authority in England, Wales, Scotland or Northern Ireland or a Parish or a Community Council.

Non-Specified Investments are those which do not meet the definition of Specified Investments. In considering whether it is prudent to place funds for longer than 12 months in 2011/12 and in determining the period of such investment the principles and limits set out under "Liquidity" below will apply together with the counterparty criteria set out in Annex B.

- 2.2 A review of the counterparty list was undertaken by your Officers in conjunction with Sector, the Council's treasury management advisors during May and June 2009. The findings of this exercise were reported to and approved at the Council Meeting on 24 June 2009.
- 2.3 This Council uses the creditworthiness service provided by the Council's treasury management advisors, Sector. This service has been progressively enhanced over previous years and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:
- (a) Credit watches and credit outlooks from credit rating agencies;
 - (b) Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
 - (c) Sovereign ratings to select counterparties from only the most creditworthy countries
- 2.4 This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands.

- 2.5 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 Sector creditworthiness service.
- 2.6 The Local Authority Mortgage Guarantee Scheme is a pilot scheme whereby local authorities would issue mortgages to potential home-buyers to support the local area and address pressing issues in increasing the supply of affordable housing. If the Council participates in the Local Authority Mortgage Guarantee Scheme, it may be required to place a deposit with the mortgage provider(s) up to the full value of the guarantee. The deposit will be in place for the term of the guarantee (i.e. 5 years, with the possibility of a further 2 year extension if the account is 90+ days in arrears at the end of the initial 5 years) and may have conditions/structures attached. The mortgage provider will not hold a legal charge over the deposit.
- 2.7 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.”

- 2.8 Because fund managers are not currently employed this means that investments in 2011/12 will be limited to fixed cash deposits, 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.
- 2.9 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.

Liquidity of Investments

- 2.10 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. The principles concerning time limits contained in the Schedule to the Treasury Management Practices will be followed.
- 2.11 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 paid over to the Counterparty.
- 2.12 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 31/03/12	10,000
Beyond 31/03/13	10,000
Beyond 31/03/14	10,000

Yield

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

Interest Rate Exposure

- 2.14 Limits will apply in relation to the Council's interest rate exposure. These are intended to reduce the risk of the Council suffering unduly from significant adverse fluctuations in interest rates. The limits which will apply are set out in the body of the Treasury Management Strategy Report.

3. Specific Strategy for 2011/12

Capital Receipts in Hand and Balances Held in Reserves

Amount Available for Investment

- 3.1 It is estimated that the amount of receipts in hand, plus reserve balances, and available for investment at 1 April 2011 will be in the region of £20,000,000. The reasons why this has reduced since the last annual strategy have been explained above in Section 3.3 of the Treasury Management Strategy Report.

Period of Investment

- 3.2 This will be determined in accordance with 2.11 to 2.13 (Liquidity of Investments) above.

Forward Commitment

- 3.3 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. In 2010/11 no forward commitment took place. It is intended to employ forward commitment in 2011/12 in instances where market conditions warrant it.

Return to be Obtained

- 3.4 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 made.

Investment of Money Borrowed in Advance of Need

- 3.5 It is not the Council's intention to undertake any borrowing in advance of need during 2011/12.

Other Temporary Surpluses

Amount Available for Investment

- 3.6 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.

- 3.7 Prudent financial management dictates that these temporary surpluses should be invested or used to redeem temporary loans if any are outstanding, rather than being left to lie idle in the Council's bank account. Such surpluses will normally be placed in a short term deposit account with the Council's bankers. Occasionally, where the size of the surplus warrants, short term investments will be made in the market.
- 3.8 Capital receipts which arise during the year, as a result of asset sales, will be invested with the Council's Central Loans Financing Account in substitution for external borrowing or invested on the money market on a short term basis if the Council does not have a borrowing requirement at any particular time for which they could be employed. When any useable receipts are required to finance capital expenditure or for any other purpose, the appropriate amount will be disinvested and so utilised.

Period of Investment

- 3.9 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 to be obtained

- 3.10 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.
- 3.11 Part of the service provided by the Council's Treasury Management Advisors, Sector, 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 (March):

- 2010/11 0.50%
- 2011/12 1.00%
- 2012/13 2.25%
- 2013/14 3.25%

There is a downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

Counterparty Listing Criteria

This Council uses the creditworthiness service provided by Sector Treasury Services in assessing the risk of loss of investments. This service has been progressively enhanced and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The service provided now gives an improved level of security for making investment decisions. It is also a service which the Council would not be able to replicate using in house resources.

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. 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 3 months
- No Colour not to be used

This Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys are currently much more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with few banks on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a scoring system, does not give undue preponderance 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 Sector 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 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 Councils lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support. 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).

Minimum Revenue Provision Strategy

- 1.1 Local Authorities are required to set aside a minimum amount from revenue to fund capital expenditure, this is known as the Minimum Revenue Provision.
- 1.2 An annual strategy on MRP has to be prepared and approved by Full Council. This document outlines the proposed treatment of MRP for 2011/12. There is a general duty placed on Local Authorities to make an amount of MRP which it considers to be prudent.
- 1.3 The Council's Capital Financing Requirement is a negative amount as a result of the capital receipt from the Housing Stock Transfer. This means that there is no longer any requirement to set aside a MRP for the redemption of external debt. Accordingly, this has not been provided for.

APPENDIX A
(CREAM PAPER)

Local Government (Miscellaneous Provisions) Act 1982 c. 30

67

4. For Part I of the Schedule to that Act there shall be substituted the following—

SCH. 2

" PART I

ADOPTING AND LICENSING AUTHORITIES

Area	Authority which may adopt this Act	Licensing authority
A district.	The council of the district.	The council of the district.
A London borough.	The Greater London Council acting with the consent of the council of the borough.	The Greater London Council.
The City of London.	The Greater London Council acting with the consent of the Common Council.	The Greater London Council.
The Isles of Scilly.	The Council of the Isles of Scilly.	The Council of the Isles of Scilly.

Licensing Act 1964 (c. 26)

5. In section 79(1) of the Licensing Act 1964 (licensing authority's certificate of suitability of club premises for music and dancing) for the words from "and which are" to "those regulations" there shall be substituted the words "the licensing authority under the statutory regulations for music and dancing".

6. In section 204(1) of that Act for the words after the word "means" in the definition of "statutory regulations for music and dancing" there shall be substituted—

- " (i) Schedule 12 to the London Government Act 1963 ; or 1963 c. 33.
- (ii) Schedule 1 to the Local Government (Miscellaneous Provisions) Act 1982 ; "

SCHEDULE 3

Section 2.

CONTROL OF SEX ESTABLISHMENTS

Saving for existing law

1. Nothing in this Schedule—

- (a) shall afford a defence to a charge in respect of any offence at common law or under an enactment other than this Schedule ; or
- (b) shall be taken into account in any way—
 - (i) at a trial for such an offence ; or
 - (ii) in proceedings for forfeiture under section 3 of the Obscene Publications Act 1959 or section 5 of the 1959 c. 66. Protection of Children Act 1978 ; or 1978 c. 37.
 - (iii) in proceedings for condemnation under Schedule 3 to the Customs and Excise Management Act 1979 of 1979 c. 2. goods which section 42 of the Customs Consolidation Act 1876 c. 36. 1876 prohibits to be imported or brought into the United Kingdom as being indecent or obscene ; or

- SCH. 3 (c) shall in any way limit the other powers exercisable under any of those Acts.

Meaning of "sex establishment"

2. In this Schedule "sex establishment" means a sex cinema or a sex shop.

Meaning of "sex cinema"

3.—(1) In this Schedule, "sex cinema" means any premises, vehicle, vessel or stall used to a significant degree for the exhibition of moving pictures, by whatever means produced, which—

(a) are concerned primarily with the portrayal of, or primarily deal with or relate to, or are intended to stimulate or encourage—

(i) sexual activity ; or

(ii) acts of force or restraint which are associated with sexual activity ; or

(b) are concerned primarily with the portrayal of, or primarily deal with or relate to, genital organs or urinary or excretory functions,

but does not include a dwelling-house to which the public is not admitted.

(2) No premises shall be treated as a sex cinema by reason only—

1909 c. 30. (a) if they are licensed under the Cinematograph Act 1909, of their use for a purpose for which a licence under that Act is required ; or

1952 c. 68. (b) of their use for an exempted exhibition as defined in section 5 of the Cinematograph Act 1952 (which relates to exemptions from the requirements of that Act for non-commercial organisations) by an exempted organisation within the meaning of section 5(4) of that Act.

Meaning of "sex shop" and "sex article"

4.—(1) In this Schedule "sex shop" means any premises, vehicle, vessel or stall used for a business which consists to a significant degree of selling, hiring, exchanging, lending, displaying or demonstrating—

(a) sex articles ; or

(b) other things intended for use in connection with, or for the purpose of stimulating or encouraging—

(i) sexual activity ; or

(ii) acts of force or restraint which are associated with sexual activity.

(2) No premises shall be treated as a sex shop by reason only of their use for the exhibition of moving pictures by whatever means produced.

(3) In this Schedule "sex article" means—

(a) anything made for use in connection with, or for the purpose of stimulating or encouraging—

(i) sexual activity ; or

(ii) acts of force or restraint which are associated with sexual activity ; and

SCH. 3

(b) anything to which sub-paragraph (4) below applies.

(4) This sub-paragraph applies—

(a) to any article containing or embodying matter to be read or looked at or anything intended to be used, either alone or as one of a set, for the reproduction or manufacture of any such article ; and

(b) to any recording of vision or sound,
which—

(i) is concerned primarily with the portrayal of, or primarily deals with or relates to, or is intended to stimulate or encourage, sexual activity or acts of force or restraint which are associated with sexual activity ; or

(ii) is concerned primarily with the portrayal of, or primarily deals with or relates to, genital organs, or urinary or excretory functions.

Miscellaneous definitions

5.—(1) In this Schedule—

“the appropriate authority” means, in relation to any area for which a resolution has been passed under section 2 above, the local authority who passed it ;

“the chief officer of police”, in relation to any locality, means the chief officer of police for the police area in which the locality is situated ; and

“vessel” includes any ship, boat, raft or other apparatus constructed or adapted for floating on water.

(2) This Schedule applies to hovercraft as it applies to vessels.

Requirement for licences for sex establishments

6.—(1) Subject to the provisions of this Schedule, no person shall in any area in which this Schedule is in force use any premises, vehicle, vessel or stall as a sex establishment except under and in accordance with the terms of a licence granted under this Schedule by the appropriate authority.

(2) Sub-paragraph (1) above does not apply to the sale, supply or demonstration of articles which—

(a) are manufactured for use primarily for the purposes of birth control ; or

(b) primarily relate to birth control.

7.—(1) Any person who—

(a) uses any premises, vehicle, vessel or stall as a sex establishment ; or

(b) proposes to do so,

may apply to the appropriate authority for them to waive the requirement of a licence.

SCH. 3

(2) An application under this paragraph may be made either as part of an application for a licence under this Schedule or without any such application.

(3) An application under this paragraph shall be made in writing and shall contain the particulars specified in paragraph 10(2) to (5) below and such particulars as the appropriate authority may reasonably require in addition.

(4) The appropriate authority may waive the requirement of a licence in any case where they consider that to require a licence would be unreasonable or inappropriate.

(5) A waiver may be for such period as the appropriate authority think fit.

(6) Where the appropriate authority grant an application for a waiver, they shall give the applicant for the waiver notice that they have granted his application.

(7) The appropriate authority may at any time give a person who would require a licence but for a waiver notice that the waiver is to terminate on such date not less than 28 days from the date on which they give the notice as may be specified in the notice.

Grant, renewal and transfer of licences for sex establishments

8. Subject to paragraph 12(1) below, the appropriate authority may grant to any applicant, and from time to time renew, a licence under this Schedule for the use of any premises, vehicle, vessel or stall specified in it for a sex establishment on such terms and conditions and subject to such restrictions as may be so specified.

9.—(1) Subject to paragraphs 11 and 27 below, any licence under this Schedule shall, unless previously cancelled under paragraph 16 or revoked under paragraph 17(1) below, remain in force for one year or for such shorter period specified in the licence as the appropriate authority may think fit.

(2) Where a licence under this Schedule has been granted to any person, the appropriate authority may, if they think fit, transfer that licence to any other person on the application of that other person.

10.—(1) An application for the grant, renewal or transfer of a licence under this Schedule shall be made in writing to the appropriate authority.

(2) An application made otherwise than by or on behalf of a body corporate or an unincorporated body shall state—

- (a) the full name of the applicant ;
- (b) his permanent address ; and
- (c) his age.

(3) An application made by a body corporate or an unincorporated body shall state—

- (a) the full name of the body ;

- (b) the address of its registered or principal office ; and
- (c) the full names and private addresses of the directors or other persons responsible for its management.

(4) An application relating to premises shall state the full address of the premises.

(5) An application relating to a vehicle, vessel or stall shall state where it is to be used as a sex establishment.

(6) Every application shall contain such particulars as the appropriate authority may reasonably require in addition to any particulars required under sub-paragraphs (2) to (5) above.

(7) An applicant for the grant, renewal or transfer of a licence under this Schedule shall give public notice of the application.

(8) Notice shall in all cases be given by publishing an advertisement in a local newspaper circulating in the appropriate authority's area.

(9) The publication shall not be later than 7 days after the date of the application.

(10) Where the application is in respect of premises, notice of it shall in addition be displayed for 21 days beginning with the date of the application on or near the premises and in a place where the notice can conveniently be read by the public.

(11) Every notice under this paragraph which relates to premises shall identify the premises.

(12) Every such notice which relates to a vehicle, vessel or stall shall specify where it is to be used as a sex establishment.

(13) Subject to sub-paragraphs (11) and (12) above, a notice under this paragraph shall be in such form as the appropriate authority may prescribe.

(14) An applicant for the grant, renewal or transfer of a licence under this Schedule shall, not later than 7 days after the date of the application, send a copy of the application to the chief officer of police.

(15) Any person objecting to an application for the grant, renewal or transfer of a licence under this Schedule shall give notice in writing of his objection to the appropriate authority, stating in general terms the grounds of the objection, not later than 28 days after the date of the application.

(16) Where the appropriate authority receive notice of any objection under sub-paragraph (15) above, the authority shall, before considering the application, give notice in writing of the general terms of the objection to the applicant.

(17) The appropriate authority shall not without the consent of the person making the objection reveal his name or address to the applicant.

(18) In considering any application for the grant, renewal or transfer of a licence the appropriate authority shall have regard to any

SCH. 3 observations submitted to them by the chief officer of police and any objections of which notice has been sent to them under sub-paragraph (15) above.

(19) The appropriate authority shall give an opportunity of appearing before and of being heard by a committee or sub-committee of the authority—

- (a) before refusing to grant a licence, to the applicant ;
- (b) before refusing to renew a licence, to the holder ; and
- (c) before refusing to transfer a licence, to the holder and the person to whom he desires that it shall be transferred.

(20) Where the appropriate authority refuse to grant, renew or transfer a licence, they shall, if required to do so by the applicant or holder of the licence, give him a statement in writing of the reasons for their decision within 7 days of his requiring them to do so.

11.—(1) Where, before the date of expiry of a licence, an application has been made for its renewal, it shall be deemed to remain in force notwithstanding that the date has passed until the withdrawal of the application or its determination by the appropriate authority.

(2) Where, before the date of expiry of a licence, an application has been made for its transfer, it shall be deemed to remain in force with any necessary modifications until the withdrawal of the application or its determination, notwithstanding that the date has passed or that the person to whom the licence is to be transferred if the application is granted is carrying on the business of the sex establishment.

Refusal of licences

12.—(1) A licence under this Schedule shall not be granted—

- (a) to a person under the age of 18 ; or
- (b) to a person who is for the time being disqualified under paragraph 17(3) below ; or
- (c) to a person, other than a body corporate, who is not resident in the United Kingdom or was not so resident throughout the period of six months immediately preceding the date when the application was made ; or
- (d) to a body corporate which is not incorporated in the United Kingdom ; or
- (e) to a person who has, within a period of 12 months immediately preceding the date when the application was made, been refused the grant or renewal of a licence for the premises, vehicle, vessel or stall in respect of which the application is made, unless the refusal has been reversed on appeal.

(2) Subject to paragraph 27 below, the appropriate authority may refuse—

- (a) an application for the grant or renewal of a licence on one or more of the grounds specified in sub-paragraph (3) below ;

- (b) an application for the transfer of a licence on either or both of the grounds specified in paragraphs (a) and (b) of that sub-paragraph.
- (3) The grounds mentioned in sub-paragraph (2) above are—
- (a) that the applicant is unsuitable to hold the licence by reason of having been convicted of an offence or for any other reason ;
- (b) that if the licence were to be granted, renewed or transferred the business to which it relates would be managed by or carried on for the benefit of a person, other than the applicant, who would be refused the grant, renewal or transfer of such a licence if he made the application himself ;
- (c) that the number of sex establishments in the relevant locality at the time the application is made is equal to or exceeds the number which the authority consider is appropriate for that locality ;
- (d) that the grant or renewal of the licence would be inappropriate, having regard—
- (i) to the character of the relevant locality ; or
- (ii) to the use to which any premises in the vicinity are put ; or
- (iii) to the layout, character or condition of the premises, vehicle, vessel or stall in respect of which the application is made.
- (4) Nil may be an appropriate number for the purposes of sub-paragraph (3)(c) above.
- (5) In this paragraph “ the relevant locality ” means—
- (a) in relation to premises, the locality where they are situated ; and
- (b) in relation to a vehicle, vessel or stall, any locality where it is desired to use it as a sex establishment.

Power to prescribe standard conditions

13.—(1) Subject to the provisions of this Schedule, the appropriate authority may make regulations prescribing standard conditions applicable to licences for sex establishments, that is to say, terms, conditions and restrictions on or subject to which licences under this Schedule are in general to be granted, renewed or transferred by them.

(2) Regulations under sub-paragraph (1) above may make different provision—

- (a) for sex cinemas and sex shops ; and
- (b) for different kinds of sex cinemas and sex shops.

(3) Without prejudice to the generality of sub-paragraphs (1) and (2) above, regulations under this paragraph may prescribe conditions regulating—

- (a) the hours of opening and closing of sex establishments ;
- (b) displays or advertisements on or in such establishments ;

SCH. 3

(c) the visibility of the interior of sex establishments to passers-by ; and

(d) any change of a sex cinema to a sex shop or a sex shop to a sex cinema.

(4) Where the appropriate authority have made regulations under sub-paragraph (1) above, every such licence granted, renewed or transferred by them shall be presumed to have been so granted, renewed or transferred subject to any standard conditions applicable to it unless they have been expressly excluded or varied.

(5) Where the appropriate authority have made regulations under sub-paragraph (1) above, they shall, if so requested by any person, supply him with a copy of the regulations on payment of such reasonable fee as the authority may determine.

(6) In any legal proceedings the production of a copy of any regulations made by the appropriate authority under sub-paragraph (1) above purporting to be certified as a true copy by an officer of the authority authorised to give a certificate for the purposes of this paragraph shall be prima facie evidence of such regulations, and no proof shall be required of the handwriting or official position or authority of any person giving such certificate.

Copies of licences and standard conditions

14.—(1) The holder of a licence under this Schedule shall keep exhibited in a suitable place to be specified in the licence a copy of the licence and any regulations made under paragraph 13(1) above which prescribe standard conditions subject to which the licence is held.

(2) The appropriate authority shall send a copy of any licence granted under this Schedule to the chief officer of police for the area where the sex establishment is situated.

Transmission and cancellation of licences

15.—In the event of the death of the holder of a licence granted under this Schedule, that licence shall be deemed to have been granted to his personal representatives and shall, unless previously revoked, remain in force until the end of the period of 3 months beginning with the death and shall then expire ; but the appropriate authority may from time to time, on the application of those representatives, extend or further extend the period of three months if the authority are satisfied that the extension is necessary for the purpose of winding up the deceased's estate and that no other circumstances make it undesirable.

16. The appropriate authority may, at the written request of the holder of a licence, cancel the licence.

Revocation of licences

17.—(1) The appropriate authority may, after giving the holder of a licence under this Schedule an opportunity of appearing before and being heard by them, at any time revoke the licence—

(a) on any ground specified in sub-paragraph (1) of paragraph 12 above ; or

- (b) on either of the grounds specified in sub-paragraph (3)(a) and (b) of that paragraph.

SCH. 3

(2) Where a licence is revoked, the appropriate authority shall, if required to do so by the person who held it, give him a statement in writing of the reasons for their decision within 7 days of his requiring them to do so.

(3) Where a licence is revoked, its holder shall be disqualified from holding or obtaining a licence in the area of the appropriate authority for a period of 12 months beginning with the date of revocation.

Variation of licences

18.—(1) The holder of a licence under this Schedule may at any time apply to the appropriate authority for any such variation of the terms, conditions or restrictions on or subject to which the licence is held as may be specified in the application.

(2) The appropriate authority—

- (a) may make the variation specified in the application ; or
- (b) may make such variations as they think fit ; or
- (c) may refuse the application.

(3) The variations that an authority may make by virtue of sub-paragraph (2)(b) above include, without prejudice to the generality of that sub-paragraph, variations involving the imposition of terms, conditions or restrictions other than those specified in the application.

Fees

19. An applicant for the grant, renewal or transfer of a licence under this Schedule shall pay a reasonable fee determined by the appropriate authority.

Enforcement

20.—(1) A person who—

- (a) knowingly uses, or knowingly causes or permits the use of, any premises, vehicle, vessel or stall contrary to paragraph 6 above ; or
- (b) being the holder of a licence for a sex establishment, employs in the business of the establishment any person known to him to be disqualified from holding such a licence ; or
- (c) being the holder of a licence under this Schedule, without reasonable excuse knowingly contravenes, or without reasonable excuse knowingly permits the contravention of, a term, condition or restriction specified in the licence ; or
- (d) being the servant or agent of the holder of a licence under this Schedule, without reasonable excuse knowingly contravenes, or without reasonable excuse knowingly permits the contravention of, a term, condition or restriction specified in the licence,

shall be guilty of an offence.

SCH. 3

21. Any person who, in connection with an application for the grant, renewal or transfer of a licence under this Schedule, makes a false statement which he knows to be false in any material respect or which he does not believe to be true, shall be guilty of an offence.

22.—(1) A person guilty of an offence under paragraph 20 or 21 above shall be liable on summary conviction to a fine not exceeding £10,000.

(2) A person who, being the holder of a licence under this Schedule, fails without reasonable excuse to comply with paragraph 14(1) above shall be guilty of an offence and liable on summary conviction to a fine not exceeding £200.

Offences relating to persons under 18

23.—(1) A person who, being the holder of a licence for a sex establishment—

- (a) without reasonable excuse knowingly permits a person under 18 years of age to enter the establishment ; or
- (b) employs a person known to him to be under 18 years of age in the business of the establishment,

shall be guilty of an offence.

(2) A person guilty of an offence under this paragraph shall be liable on summary conviction to a fine not exceeding £10,000.

Powers of constables and local authority officers

24. If a constable has reasonable cause to suspect that a person has committed an offence under paragraph 20 or 23 above, he may require him to give his name and address, and if that person refuses or fails to do so, or gives a name or address which the constable reasonably suspects to be false, the constable may arrest him without warrant.

25.—(1) A constable may, at any reasonable time, enter and inspect any sex establishment in respect of which a licence under this Schedule is for the time being in force, with a view to seeing—

- (i) whether the terms, conditions or restrictions on or subject to which the licence is held are complied with ;
- (ii) whether any person employed in the business of the establishment is disqualified from holding a licence under this Schedule ;
- (iii) whether any person under 18 years of age is in the establishment ; and
- (iv) whether any person under that age is employed in the business of the establishment.

(2) Subject to sub-paragraph (4) below, a constable may enter and inspect a sex establishment if he has reason to suspect that an offence

SCH. 3 21. Any person who, in connection with an application for the grant, renewal or transfer of a licence under this Schedule, makes a false statement which he knows to be false in any material respect or which he does not believe to be true, shall be guilty of an offence.

22.—(1) A person guilty of an offence under paragraph 20 or 21 above shall be liable on summary conviction to a fine not exceeding £10,000.

(2) A person who, being the holder of a licence under this Schedule, fails without reasonable excuse to comply with paragraph 14(1) above shall be guilty of an offence and liable on summary conviction to a fine not exceeding £200.

Offences relating to persons under 18

23.—(1) A person who, being the holder of a licence for a sex establishment—

- (a) without reasonable excuse knowingly permits a person under 18 years of age to enter the establishment ; or
- (b) employs a person known to him to be under 18 years of age in the business of the establishment,

shall be guilty of an offence.

(2) A person guilty of an offence under this paragraph shall be liable on summary conviction to a fine not exceeding £10,000.

Powers of constables and local authority officers

24. If a constable has reasonable cause to suspect that a person has committed an offence under paragraph 20 or 23 above, he may require him to give his name and address, and if that person refuses or fails to do so, or gives a name or address which the constable reasonably suspects to be false, the constable may arrest him without warrant.

25.—(1) A constable may, at any reasonable time, enter and inspect any sex establishment in respect of which a licence under this Schedule is for the time being in force, with a view to seeing—

- (i) whether the terms, conditions or restrictions on or subject to which the licence is held are complied with ;
- (ii) whether any person employed in the business of the establishment is disqualified from holding a licence under this Schedule ;
- (iii) whether any person under 18 years of age is in the establishment ; and
- (iv) whether any person under that age is employed in the business of the establishment.

(2) Subject to sub-paragraph (4) below, a constable may enter and inspect a sex establishment if he has reason to suspect that an offence

SCH. 3

(2) An applicant whose application for the grant or renewal of a licence is refused, or whose licence is revoked, on any ground specified in paragraph 12(1) above shall not have a right to appeal under this paragraph unless the applicant seeks to show that the ground did not apply to him.

(3) An applicant whose application for the grant or renewal of a licence is refused on either ground specified in paragraph 12(3)(c) or (d) above shall not have the right to appeal under this paragraph.

(4) In this paragraph—

“the relevant area” means—

(a) in relation to premises, the petty sessions area in which they are situated; and

(b) in relation to a vehicle, vessel or stall, the petty sessions area in which it is used or, as the case may be, desired to be used as a sex establishment; and

“the relevant date” means the date on which the person in question is notified of the refusal of his application, the imposition of the term, condition or restriction by which he is aggrieved or the revocation of his licence, as the case may be.

(5) An appeal against the decision of a magistrates' court under this paragraph may be brought to the Crown Court.

1981 c. 54.

(6) Where an appeal is brought to the Crown Court under sub-paragraph (5) above, the decision of the Crown Court shall be final: and accordingly in section 28(2)(b) of the Supreme Court Act 1981 for the words “or the Gaming Act 1968” there shall be substituted the words “, the Gaming Act 1968 or the Local Government (Miscellaneous Provisions) Act 1982”.

(7) On an appeal to the magistrates' court or the Crown Court under this paragraph the court may make such order as it thinks fit.

(8) Subject to sub-paragraphs (9) to (12) below, it shall be the duty of the appropriate authority to give effect to an order of the magistrates' court or the Crown Court.

(9) The appropriate authority need not give effect to the order of the magistrates' court until the time for bringing an appeal under sub-paragraph (5) above has expired and, if such an appeal is duly brought, until the determination or abandonment of the appeal.

(10) Where a licence is revoked or an application for the renewal of a licence is refused, the licence shall be deemed to remain in force—

(a) until the time for bringing an appeal under this paragraph has expired and, if such an appeal is duly brought, until the determination or abandonment of the appeal; and

(b) where an appeal relating to the refusal of an application for such a renewal is successful and no further appeal is available, until the licence is renewed by the appropriate authority.

(11) Where—

Sch. 3

- (a) the holder of a licence makes an application under paragraph 18 above ; and
- (b) the appropriate authority impose any term, condition or restriction other than one specified in the application,

the licence shall be deemed to be free of it until the time for bringing an appeal under this paragraph has expired.

(12) Where an appeal is brought under this paragraph against the imposition of any such term, condition or restriction, the licence shall be deemed to be free of it until the determination or abandonment of the appeal.

Provisions relating to existing premises

28.—(1) Without prejudice to any other enactment it shall be lawful for any person who—

- (a) was using any premises, vehicle, vessel or stall as a sex establishment immediately before the date of the first publication under subsection (2) of section 2 above of a notice of the passing of a resolution under that section by the local authority for the area ; and
- (b) had before the appointed day duly applied to the appropriate authority for a licence for the establishment,

to continue to use the premises, vehicle, vessel or stall as a sex establishment until the determination of his application.

(2) In this paragraph and paragraph 29 below “the appointed day”, in relation to any area, means the day specified in the resolution passed under section 2 above as the date upon which this Schedule is to come into force in that area.

29.—(1) This paragraph applies to an application for the grant of a licence under this Schedule made before the appointed day.

(2) A local authority shall not consider any application to which this paragraph applies before the appointed day.

(3) A local authority shall not grant any application to which this paragraph applies until they have considered all such applications.

(4) In considering which of several applications to which this paragraph applies should be granted a local authority shall give preference over other applicants to any applicant who satisfies them—

- (a) that he is using the premises, vehicle, vessel or stall to which the application relates as a sex establishment ; and
- (b) that some person was using the premises, vehicle, vessel or stall as a sex establishment on 22nd December 1981 ; and
- (c) that—
 - (i) he is that person ; or
 - (ii) he is a successor of that person in the business or activity which was being carried on there on that date.

D 2

SCH. 3

Commencement of Schedule

30.—(1) So far as it relates to sex cinemas, this Schedule shall come into force on such day as the Secretary of State may by order made by statutory instrument appoint, and accordingly, until the day so appointed, this Schedule shall have effect—

- (a) with the omission—
 - (i) of paragraph 3 above ; and
 - (ii) of paragraph 13(3)(d) above ;
- (b) as if any reference to a sex establishment were a reference only to a sex shop ; and
- (c) as if for paragraphs (a) and (b) of paragraph 13(2) above there were substituted the words “for different kinds of sex shops”.

(2) Subject to sub-paragraph (1) above, this Schedule shall come into force on the day on which this Act is passed.

(3) Where, in relation to any area, the day appointed under sub-paragraph (1) above falls after the day specified in a resolution passed under section 2 above as the day upon which this Schedule is to come into force in that area, the day so appointed shall, for the purposes of paragraphs 28 and 29 above, be the appointed day in relation to sex cinemas in the area.

Section 3.

SCHEDULE 4

STREET TRADING

Interpretation

1.—(1) In this Schedule—

- “consent street” means a street in which street trading is prohibited without the consent of the district council ;
- “licence street” means a street in which street trading is prohibited without a licence granted by the district council ;
- “principal terms”, in relation to a street trading licence, has the meaning assigned to it by paragraph 4(3) below ;
- “prohibited street” means a street in which street trading is prohibited ;
- “street” includes—

(a) any road, footway, beach or other area to which the public have access without payment ; and

(b) a service area as defined in section 329 of the Highways Act 1980,

and also includes any part of a street ;

“street trading” means, subject to sub-paragraph (2) below, the selling or exposing or offering for sale of any article (including a living thing) in a street ; and

“subsidiary terms”, in relation to a street trading licence, has the meaning assigned to it by paragraph 4(4) below.

1980 c. 66.

ADOPTION OF SCHEDULE 3 LOCAL GOVERNMENT [MISCELLANEOUS PROVISIONS] ACT 1982

Submitted by: Head of Central Services - Paul Clisby

Portfolio: Culture and Active Communities

Ward(s) affected: All Wards

Purpose of the Report

To propose that the Council adopts Schedule 3 of The Local Government [Miscellaneous Provisions] Act 1982 ---The control of Sex Establishments within the boundaries of Newcastle under Lyme

Recommendation

That the Council adopts Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982

Reasons

In order to have control over Sex establishments.

1. **Background**

1.1 The forthcoming Policing and Crime Act 2009 will have the effect of inserting new paragraphs into Schedule 3 of The Local Government (Miscellaneous Provisions) Act 1982. This will provide for a new category of Sex Establishment – The New category is a “Sexual Entertainment Venue”. This type of entertainment provided at such a venue may take the form of a live performance or live display of nudity and must be of such a nature that, ignoring financial gain, it must reasonably be assumed to have been provided solely or principally for the purpose of sexually stimulating any member of the audience – in essence lap dancing and pole dancing.

2. **Issues**

2.1 Failure to adopt Schedule 3 of The Local Government (Miscellaneous Provisions) Act 1982 will have the effect that Section 27 of the Policing and Crime Act cannot be inserted to Schedule 3 and as a result the Council will have no control of “Sexual Entertainment Venues”. The Council will be unable to prevent this type of premise from operating and would not be able to impose any conditions on the operation of the Venue.

2.2 Should the Council adopt aforesaid Schedule 3, the Council would be in a position to set criteria it deems appropriate such as the setting of fees, having a Policy which restricts the locations of such Venues, and to impose a restriction on the numbers of such Venues.

3. **Options Considered**

The options are as above

4. **Proposal**

4.1 To adopt the act as shown in the recommendation above.

5. **Reasons for Preferred Solution**

5.1 As highlighted earlier in Issues

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 Indirectly relevant to:-

6.2 Creating a cleaner, safer and sustainable Borough

7. **Legal and Statutory Implications**

7.1 These have been shown in the report.

8. **Equality Impact Assessment**

There are no equality issues with the proposal.

9. **Financial and Resource Implications**

There are no implications

10. **Major Risks**

10.1 Failure to adopt the act may lead to unlicensed sex venues.

11. **Key Decision Information**

(Whether it is a decision involving significant expenditure or savings, or will impact on 2 or more wards and whether it has/has not been included in the Forward Plan)

12. **Earlier Cabinet/Committee Resolutions**

Not a key decision

13. **List of Appendices**

Appendix 'A' (cream paper) - Schedule 3 of the L.G.M.PA.1982)
Appendix 'B' (gold paper) - Section 27 of the Police and Crime Act 2009.

14. **Background Papers**

Refer to the appendices

Licensing of Sex Establishments

Contents

1. Introduction
2. Period of Licensing Policy
3. Review of Licensing Policy
4. Exercise of Responsibilities
5. Definitions
6. Requirement for a licence
7. The Application Process
8. Mandatory Grounds for Refusal
9. Discretionary Grounds for Refusal
10. Relevant Locality
11. Duration of Licences
12. Hours of opening
13. Fitness of applicant

1. Introduction

This document contains the policy of Newcastle under Lyme Borough on the Regulation of Sex Establishments and the procedure relating to applications for Sex Establishment Licences.

The Local Government (Miscellaneous Provisions) Act 1982 introduced a licensing regime to control sex establishments. The Council adopted schedule 3 of the Act on the 31st March 2010 and the schedule took effect on the 3rd August 2010. This means that the Council can control and regulate the operation of certain kinds of Sex Establishment within its area. No Sex Establishment can operate unless it has obtained a licence from the Council. Any licence may contain conditions that will restrict how that Sex Establishment may trade.

2. Period of Licensing Policy

- 2.1 The Statement of Licensing Policy will be used by the Council in the administration and enforcement of its duties under the Act. It will remain in force for a period 3 years from the and will be reviewed and subject to further consultation before the end of the three year period.
- 2.2 A new Statement of Licensing Policy will be adopted to come into operation at the expiry of the current Policy.

3. Review of Licensing Policy

3. During the currency of any Statement of Licensing Policy the Council will keep the operation of the Policy under review and make appropriate revisions to ensure the effectiveness of the Policy subject to appropriate consultation.

4. Exercise of Responsibilities

- 4.1 In exercising its duties and responsibilities under the terms of the Act the Council will have regard to this Statement of Licensing Policy and to guidance issued by the Home Office.

4.2 Subject to 4.1 the Council will not follow this policy inflexibly but shall take all relevant factors into consideration in determining an application. Each case will be decided on its merits.

5. Definitions

The Term	The Meaning
The Council	Newcastle under Lyme Borough Council
The Act	The Local Government (Miscellaneous Provisions) Act 1982 as amended
Licensed Premises	any premises, vehicle or stall licensed under the Act
Licence Holder	a person who is the holder of a Sex Establishment Licence
Permitted Hours	The hours during which the licensed premises are permitted to be open to the public
Sex Establishment Licence	A licence granted pursuant to Schedule 3 of the Act (as amended)
Relevant Locality	the Borough of Newcastle under Lyme
Inappropriate Proximity	a minimum distance of 100 metres in direct line of sight between the proposed establishment or more in the case of the proposed establishment being in proximity to a primary school
Sex Establishment	Sex Cinema, Sex Shop or Sexual Entertainment Venue
Sex Cinema	Any premises, vehicle, vessel or stall used to a significant degree for the exhibition of moving pictures, by whatever means produced which: <ul style="list-style-type: none"> • Are concerned primarily with the portrayal of or primarily deal with or relate to, or are intended to stimulate or encourage: <ol style="list-style-type: none"> i) sexual activity ii) acts of force or restraint which are associated with sexual activity • are concerned primarily with the portrayal of , or primarily deal with or relate to, genital organs or urinary or excretory functions, but does not include a dwelling house to which the public is not admitted
Sex Shop	Any premises, vehicle, vessel or stall used for a business which consists to a significant degree of selling, hiring, exchanging, lending, displaying or demonstrating – <ol style="list-style-type: none"> a) sex articles; b) other things intended for use in connection with, or for the purpose of stimulating or encouraging:- <ol style="list-style-type: none"> i) sexual activity ii) acts of force or restraint which are associated with sexual activity
Sex Article	Anything made for use in connection with, or for the purpose of stimulating or encouraging <ol style="list-style-type: none"> a) sexual activity or b) acts of force or restraint which are associated with sexual activity; and <ul style="list-style-type: none"> • anything containing or embodying matter to be read or looked at or anything intended to be used either alone or as one of a set, for the reproduction

	<p>or manufacture or any such article and</p> <ul style="list-style-type: none"> • to any recording of vision or sound which:- <ol style="list-style-type: none"> 1. is concerned primarily with the portrayal of, or primarily deals with or relates to, or is intended to stimulate or encourage, sexual activity or acts of force or restraint which are associated with sexual activity; or 2. is concerned primarily with the portrayal of, or primarily deals with or relates to genital organs or urinary or excretory functions.
Sexual Entertainment Venue	<p>Any premises at which relevant entertainment is provided before a live audience for the financial gain of the organiser or the entertainer.</p> <p>Relevant Entertainment means:-</p> <ol style="list-style-type: none"> a) any live performance; or b) any live display of nudity; <p>which is of such a nature that ignoring financial gain, it must reasonably be assumed to be provided solely or principally for the purpose of sexually stimulating any member of the audience (whether by verbal or other means)</p>

6. Requirement for a Licence

- (a) The Act provides that no person shall in any area in which the Schedule is in force use any premises, vehicle, vessel or stall as a sex establishment except under and in accordance with the terms of a licence granted under the Schedule by the authority.
- (b) The Council may waive the requirement for a licence for such period as the Council deems fit in any case where they consider that to require a licence would be unreasonable or inappropriate

7. The Application Process

- (a) Individuals, limited companies and firms may apply for a licence. Licences will generally be issued on an annual basis but can be issued for a shorter term if deemed appropriate.
- (b) The application form and relevant documentation for the new licence, transfer or renewal must be completed and returned with the appropriate fee as set in the Council's fees and charges.
- (c) A copy of the application form and supporting documentation must be forwarded to the Chief Officer of Police within 7 days.
- (d) A notice of the application will need to be advertised both on or near to the Sex Establishment and no later than 7 days after the application is made in a newspaper circulating within the area of the Sex Establishment. The notice must identify the Sex Establishment to which it relates and remain in place for 21 days beginning with the date of the application.
- (e) The Council will consult with the Police, Fire and Rescue Service, Council Ward Members, Environmental Health and the Local Planning Authority.
- (f) Objections to the application shall be in writing stating the terms of the objection no later than 28 days after the date of the application.
- (g) Where objections are received the Council will give notice in writing to the applicant of the general nature of the objection before it is given due consideration.

8. Mandatory Ground for Refusal

8.1 The Act imposes a duty on the Council to refuse to grant a licence to a:-

- (a) person under the age of 18; or
- (b) person who is for the time being disqualified following the revocation of a licence; or
- (c) person, other than a body corporate, who is not resident in the United Kingdom or was not so resident throughout the period of six months immediately preceding the date when the application was made; or
- (d) body corporate which is not incorporate in the United Kingdom; or
- (e) person who has, within a period of 12 months immediately preceding the date when the application was made, been refused the grant or renewal of a licence of the Sex Establishment, vehicle, vessel or stall in respect of which the application is made, unless the refusal has been reversed on appeal.

9. Discretionary Grounds for Refusal

9.1 The Act allows the Council to refuse to grant or renew a licence on the grounds that:

- (a) the applicant is unsuitable to hold the licence by reason of having been convicted of an offence or for any other reason; or
- (b) if the licence were to granted, renewed or transferred, the business to which it relates would be managed by or carried on for the benefit of a person, other than the applicant, who would be refused the grant, renewal, or transfer of such a licence if he made the application himself, or
- (c) the number of sex establishments in the relevant locality at the time the application is made or determined is equal to or exceeds the number which the Authority consider is appropriate for that locality; or
- (d) the grant or renewal of the licence would be inappropriate, having regard:-
 - (i) to the character of the relevant locality; or
 - (ii) to the use to which any Sex Establishment in the vicinity are put;
 - (iii) to the layout, character or condition of the Sex Establishment, vehicle, vessel or stall in respect of which the application is made
- (e) The Act provides that the appropriate number under 6.1(c) may be nil. This policy sets the appropriate number of premises at 1 (one)
- (f) The Council cannot have regard to the morality of sex establishments. Its approval or disapproval of sex establishments is not a matter which can be considered.

10. Relevant Locality

10.1 The Council has determined that it is appropriate to consider the Borough of Newcastle under Lyme as the relevant locality.

10.2 The Council is of the view that it is not appropriate to have a sex establishment situated within inappropriate proximity to:-

- (a) purely or primarily residential accommodation
- (b) schools, play areas, nurseries, children's centres or similar premises
- (c) Places of worship
- (d) Community facilities or public buildings including, but not limited to, swimming pools, leisure centres, public parks, youth centres/clubs, leisure centres, public parks, youth centres/clubs and sheltered housing
- (e) Historic buildings or tourist attractions.

- 10.3 The Council is of the view that it may be appropriate to grant a licence in a commercial area where there are no residential premises, such as on a business park.
- 10.4 In considering all applications for the grant of new licences the Council will take into account paragraphs 10.1- 10.3 and the potential impact of the licensed activity on
- (a) crime and disorder
 - (b) public nuisance
 - (c) public safety
 - (d) protecting children from harm

11. Duration of licences

- 11.1 Licences will generally be issued on an annual basis but can be issued for a shorter term if deemed appropriate.

12. Hours of opening

- 12.1 .The Council does not prescribe hours of opening. Hours will be considered on a case by case basis.

13. Fitness of applicant

- 13.1 An applicant must be a fit and proper person to hold a licence. In determining suitability for a new licence or a transfer the Council will in most cases take into account:-
- (a) previous knowledge and experience of the applicant;
 - (b) any evidence of the operation of any existing or previous licence held by the applicant, including any licence held in any other borough;
 - (c) any report about the applicant and management of the Sex Establishment received from statutory objectors/responsible authorities
 - (d) any criminal convictions or cautions of the applicants

14. Determination of Applications

- 14.1 Each application will be considered on its own merits following the appropriate consultation and in accordance with this policy.
- 14.2 Any licence may be granted subject to conditions imposed by the Council therefore an application should not be refused if conditions could adequately address any area of concern
- 14.3 All licences will be subject to the Council's Standard Conditions for Sex Establishments in addition to any conditions that the Licensing Committee may impose
- 14.4 All applications for the grant of a new licence will be determined at a public hearing by the Licensing Committee.
- 14.5 All applications for a renewal of an existing licence where no objections are received will be considered by the Licensing Committee
- 14.5 All applications for a transfer of an existing licence will be referred to the Licensing Committee or a Licensing Sub-Committee to be determined at a public hearing.

15. Standard conditions

- (1) The Sex Establishment shall be closed throughout Good Friday, Christmas Day and every Sunday.

- (2) A copy of the Sex Establishment Licence and the conditions made by the authority must be kept exhibited in the public area of the Sex Establishment.
- (3) No person under the age of 18 years is to enter the Sex Establishment.
- (4) All customers appearing to be under the age of 21 to be required to provide proof of their age before being allowed access to the Sex Establishment.
- (5) No person under the age of 18 years is to be employed in the business of the Sex Establishment.
- (6) At all entrances there shall be prominently displayed so as to be visible at all times to persons approaching the Sex Establishment a notice prohibiting entry to all persons under 18 years of age.
- (7) The Licensee of the Sex Establishment shall ensure that all persons employed on the Sex Establishment are aware of the age restriction on customers and that they exclude or remove from the Sex Establishment any person attempting to evade the restriction.
- (8) The Licensee shall not display outside, near to, or within the Sex Establishment any advertising material, sign or pictorial display referring to the licensed Sex Establishment or the goods, articles or services provided at the Sex Establishment, in such a position or manner that it is visible to any person using adjacent highways, streets, footpaths or forecourts except any notice displaying the name or trading title of the Licensee, any notice indicating the times of opening of the premise or required by statute, regulation or bylaw applicable to the Sex Establishment or business carried thereon.
- (9) The Sex Establishment shall be so arranged by screening or obscuring windows, doors and other openings so that the interior of the licensed Sex Establishment and the displays of articles sold at the Sex Establishment shall not be visible at any time to persons outside the building. The external doors shall be fitted with automatic closing devices.
- (10) A police officer or an authorised officer of the Council or the Police may at any reasonable time enter and inspect the Sex Establishment in respect of which a sex establishment licence is in force or an application for the grant of a new licence has been served.
- (11) All refuse produced on the Sex Establishment and materials, goods and articles discarded for any reason shall be securely stored within the Sex Establishment and delivered in closed containers to the refuse collection service.
- (12) The Licensee shall make such provision for the reception of goods and articles for sale, hire, exchange, loan, demonstration or display on the Sex Establishment so that they are received directly into the Sex Establishment or packaged such that they are not identifiable.
- (13) The Licensee or some responsible person nominated by him in writing for the purpose and approved by the Council shall be in charge of and upon the licensed Sex Establishment during the whole time they are open to the public. Such written nominations shall be continuously available for inspection by authorised officers of the Council or the Police.
- (14) No part of the Sex Establishment shall be used for the purposes of prostitution.
- (15) The Licensee shall ensure that no employee or other person shall seek to obtain custom for the Sex Establishment by means of personal solicitation or marketing material identifying the Sex Establishment.

- (16) A record shall be kept of all mail order transactions (if any) in such form as agreed by the Council.
- (17) A CCTV system shall be installed in the Sex Establishment to the satisfaction of the Police Architectural Liaison Officer or in their absence the Police Licensing Officer. The system shall efficiently record the operation of the Sex Establishment and automatically indicate the time and date of events recorded to a standard that would be acceptable as evidence in Court. All recordings shall be securely maintained for a minimum of 28 days and shall be made available at the Sex Establishment for inspection by a police officer or an authorised officer of the Council or the Police.

When calling or telephoning please ask for

Mr M Jeffries

Direct line or ext

742221

My ref

MJ/EVB

18 February 2011

To the Chair and Members

of the

COUNCIL

Dear Sir/Madam

Council Agenda – 23 February 2011
Amendment to Appendix A – Report of the Officers

Following a review of the figures by the Executive Director – Resources and Support Services, please find enclosed revised page 1 to Appendix 'A' (yellow paper) of the Council agenda.

The amendments relate to para (g) (i) and (ii) and an explanation for the revised figures is also included.

Yours faithfully

for Head of Central Services

Enc

URGENT - Amendment to Council Tax Setting Resolution

Will members please note that there is an amendment to two of the figures contained in Appendix A to the "Revenue and Capital Budgets and Council Tax" report on the agenda for the Council meeting on 23 February 2011.

These are the gross expenditure and gross income figures shown at recommendation (g) (i) and (ii). These should read £56,928,232 and £41,334,320, respectively, rather than £56,007,982 and £40,414,070 as shown in the original report.

The net expenditure of £15,593,912 as shown at (g) (iii), which is obtained by deducting (g) (ii) from (g) (i), is unchanged.

Please note that the amendment makes no difference at all to any other amounts contained in the report or Appendix A, such as the recommended Revenue Budget for 2011/12, which remains as £15,258,700, or the amounts shown in the various subsequent tables as the Council tax amounts due. However, since these resolutions are required to be made by law and must be correct, it is necessary to make this amendment.

The need for the amendment arose purely from an error in the calculation of the gross expenditure and income amounts. No underlying budget amounts have been altered.

An amended version of the first page of Appendix A is shown overleaf, which should be substituted for the original one.

Schedule of detailed recommendations

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2011/12.

Recommendations

- (a) That the Revenue Budget for 2011/12 be approved in the sum of £15,258,700 as set out in Appendix B.
- (b) That £368,000 of the Budget Support Fund be utilised to fund the 2011/12 budget.
- (c) That the Council Tax at Band 'D' be £176.93, unchanged from 2010/11.
- (d) That the Capital Programme to 2011/12 be approved as set out in Appendix E, together with the Prudential Indicator relating to the Incremental Impact of Capital Investment Decisions on the Council Tax.
- (e) That £100,000 be transferred from the Contingency Reserve Fund to the Repairs and Renewals Fund.
- (f) That it be noted that at its meeting on the 19 January 2011 the Cabinet calculated the following amounts for the year 2011/12 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992.

- (i) 39,061 being the amount calculated by the Council, in accordance with the regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year.

- (ii) For part of the Council's area:-

Kidsgrove	7,252
Loggerheads	1,966
Audley	2,687
Betley, Balterley and Wrinehill	587
Chapel and Hill Chorlton	195
Keele	339
Madeley	1,530
Maer	252
Silverdale	1,411
Whitmore	811

Being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

- (g) That the following amounts be now calculated by the Council for the year 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
- (i) £56,928,232 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.
- (ii) £41,334,320 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.

- (iii) £15,593,912 being the amount by which the aggregate at (g)(i) above exceeds the aggregate at (g)(ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.