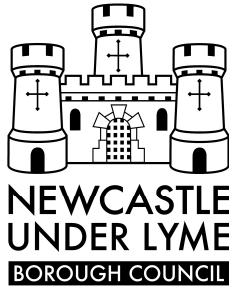


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PLEASE NOTE THAT PRAYERS WILL BE HELD AT 6.50PM BEFORE THE COMMENCEMENT OF THE BUSINESS OF THE COUNCIL.

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

Dear Sir/Madam,

You are summoned to attend the meeting of the Borough Council of Newcastle-under-Lyme to be held in the ***Council Chamber, Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffordshire, ST5 2AG*** on ***Wednesday, 11th September, 2013*** at ***7.00 pm***.

BUSINESS

- 1 **MINUTES** **(Pages 1 - 6)**
To approve as a correct record the minutes of the meeting held on 10th July 2013.
- 2 **Mayors Announcements**
- 3 **REPORT OF THE LEADER OF THE COUNCIL** **(Pages 7 - 8)**
To receive a statement by the Leader of the Council on the activities and decisions of Cabinet and items included on the Forward Plan.
- 4 **REPORTS OF THE CHAIRS OF THE OVERVIEW AND SCRUTINY COMMITTEES**
 - a) Overview and Scrutiny Co-ordinating Committee
 - b) Transformation and Resources Overview and Scrutiny Committee
 - c) Active and Cohesive Communities Overview and Scrutiny Committee
 - d) Cleaner, Greener and Safer Overview and Scrutiny Committee
 - e) Economic Development and Enterprise Overview and Scrutiny Committee
 - f) Health Scrutiny Committee

5 REPORTS OF THE CHAIRS OF THE STATUTORY COMMITTEES

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

6 MINUTES OF THE MEETING OF THE LICENSING COMMITTEE (Pages 9 - 10) HELD ON 3RD JULY 2013

The Council is asked to confirm the recommendation made by the Licensing Committee at its meeting on 3rd July 2013 with regards to the Council's Scheme of Delegation. The minutes of the meeting are attached and the recommendation is listed at item 6.

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

In accordance with Procedure Rule 11, questions must be submitted at least 24 hours in advance of the meeting. Any questions considered urgent will only be accepted with the agreement of the Mayor prior to the meeting.

8 MOTIONS OF MEMBERS (Pages 11 - 14)

Motion 1: Mid Staffordshire NHS Foundation Trust Special Administrator Consultation.

Motion 2: Opposition to the Privatisation of Royal Mail.

9 Implementing the Council Plan: A Co-operative Council Delivering High Quality, Community Driven Services.

10 Treasury Management Annual Report 2012-2013 (Pages 15 - 22)

11 RECEIPT OF PETITIONS

To receive from Members any petitions which they wish to present to the Council pursuant to Standing Order 17.

12 STANDING ORDER 18 - URGENT BUSINESS

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

Yours faithfully



Chief Executive

NOTICE FOR COUNCILLORS

1. Fire/Bomb Alerts

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

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

On exiting the building Members, Officers and the Public must assemble at the front of the former Hubanks store opposite to the Civic Offices. DO NOT re-enter the building until advised to by the Controlling Officer.

2. Attendance Record

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

3. Mobile Phones

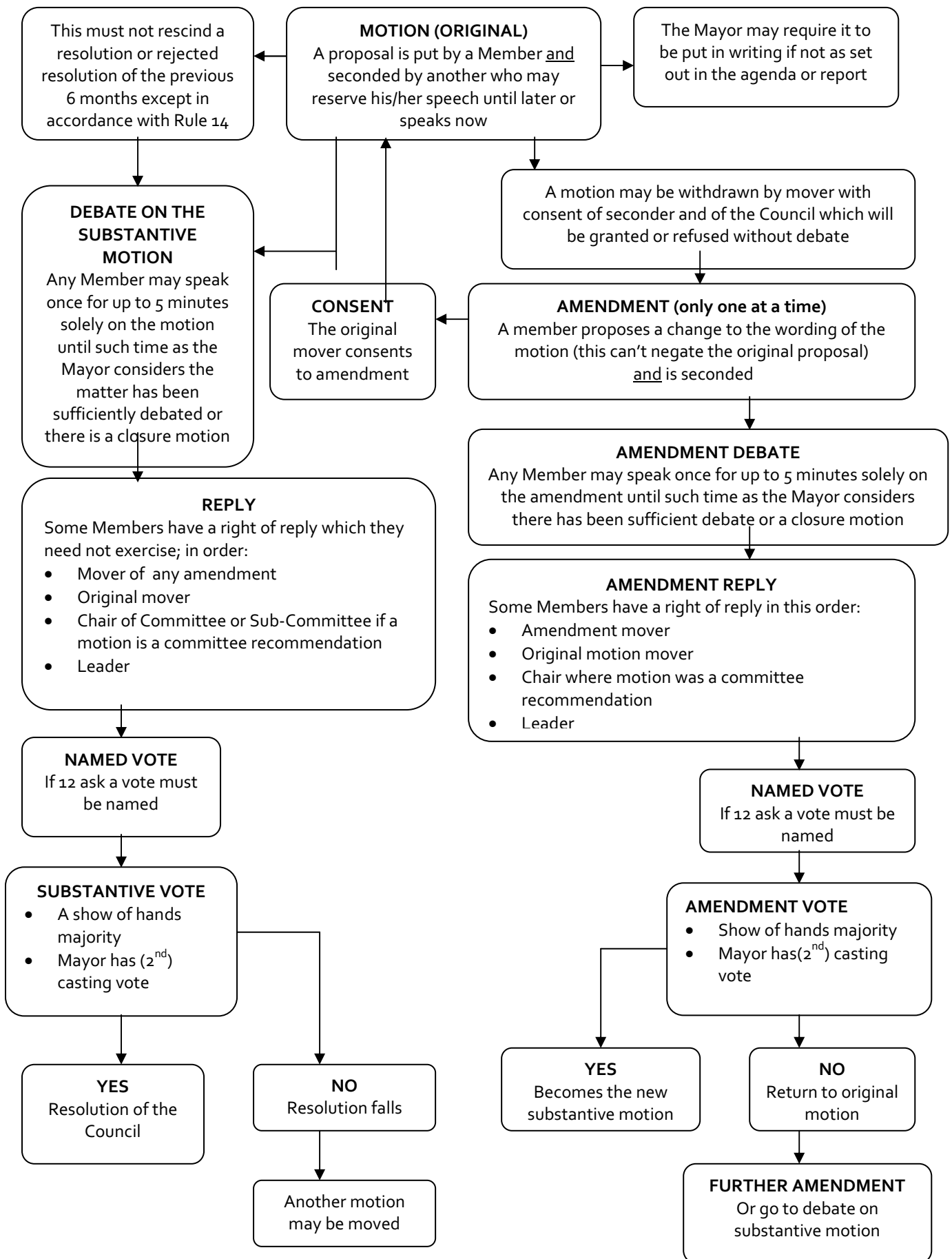
Please switch off all mobile phones before entering the Council Chamber.

4. Tea/Coffee

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

5. Notice of Motion

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



COUNCIL

Wednesday, 10th July, 2013

Present:- Cllr Eddie Boden – in the Chair

Councillors Miss Walklate, Mrs Heames, Mrs Cornes, Mrs Johnson, Studd, Clarke, Cooper, Mrs Beech, Bannister, Hambleton, Howells, Cairns, Boden, Matthews, Olszewski, Mrs Hambleton, Wemyss, Wilkes, Mrs Williams, Williams, Mrs Astle, Fear, Hailstones, Mrs Hailstones, Allport, Eagles, Kearon, Taylor.J, Miss Olszewski, Loades, Holland, Bailey, Miss Cooper, Jones, Miss Reddish, Robinson, Mrs Simpson, Mrs Heesom, Snell, Sweeney, Tagg, Mrs Bates, White, Miss Mancey, Mrs Burgess, Eastwood, Miss Baker, Mrs Peers, Plant, Stringer, Stubbs, Taylor.M, Turner, Becket and Mrs Winfield

1. APOLOGIES

Apologies were received from Cllr Mrs Heames, Cllr Mrs Burnett, Cllr Wilkes, Cllr Subbs, Cllr Mrs Shenton and Cllr Welsh.

2. MINUTES OF THE LAST MEETING

Resolved: That the minutes of the meeting held on 15th May 2013 be agreed as a correct record.

3. DECLARATION OF INTERESTS

There were no declarations of interest.

4. SILVERDALE AND PARKSITE WARD BY-ELECTION - 4 JULY 2013

It was reported that the successful candidate at the by-election held for the Silverdale and Parksite Ward on 4th July 2013 was Amelia Catherine Rout.

5. MAYOR'S ANNOUNCEMENTS

The Mayor stated that he was investigating the possibility of appointing a town crier for Newcastle under Lyme in partnership with the Civic Society which had offered to fund the appointment.

The Council Leader stated that he fully supported this and thanked the Civic Society for its generous offer.

6. REPORT OF THE LEADER

A report was received informing the Council of decisions made by Cabinet and other actions undertaken by the Cabinet since the last Council meeting.

The leader stated that the 100 in 100 campaign had been a resounding success. Working in partnership with Paul Farrelly MP and Newcastle under Lyme College, 177 young people had been matched up with jobs, employment or training opportunities in the local area. The Leader thanked Kim Graham, the Councils

Principal Regeneration Officer, Newcastle under Lyme College, Paul Farrelly MP and Karen Bradley MP for their help with the project.

A question was raised following discussions at the Transformation and Resources Overview and Scrutiny Committee regarding whether there would be a time limit or cut of date regarding finding a new long term partner for Keele Gold Course. The Leader stated that the process would not carry on longer than 6 months.

Resolved: That the report and its contents be noted.

7. REPORTS OF THE CHAIRS OF THE SCRUTINY COMMITTEES

Verbal and written updates were received from the Chairs of the Overview and Scrutiny Committees on work undertaken since the last meeting of the Council.

Resolved: That the updates be received and the work undertaken noted.

8. REPORTS OF THE CHAIRS OF THE STATUTORY COMMITTEES

Verbal updates were received from the Chairs of the Statutory Committees on work undertaken since the last meeting of the Council.

The suggestion was made that a digest be created for all Elected Members regarding the recent changes in Planning legislation.

The request was also made that a report be sent to all Elected Members regarding the recent changes to the Licensing Act 2003. It was noted that there was a link to these changes on the website where members would be able to access this information.

Resolved: That the updates be received and the work undertaken noted.

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

The following questions were submitted and discussed:

- 1)** Why has the litter figure for Q4 2012/2013 risen to 15% (Target 9%) from a figure of 6.79% in 2011/12, and why has the detritus figure risen to 15.02% from 9.32% in 2011/12? Submitted by Cllr David Becket

Response from Cllr Ann Beech, Portfolio Holder for Environment and Recycling:

Cllr Beech agreed that she was a little disappointed with the figures but that they were still at distinction level. Cllr Beech stated that improvement was desired and that officers had been asked to provide a report on current working practices which would be distributed to all Members and from which it would be possible to see where improvements could be made. Investments had been made in the service including the purchase of a new road sweeper and litter campaigns had been run. Resident satisfaction with the cleanliness of the streets and open spaces had risen and it was thought that greater resident participation had helped on this, Cllr Beech thanked Simon Long, Community Development Officer for his help with this. Elected Members were encouraged to report any problem areas and it was stated that a review was also being looked at regarding refuse collections.

- 2) Why is the second round of the site allocations consultation running late, and by how many months? Question submitted by Cllr Nigel Jones.

Response from Cllr Terry Turner, Portfolio Holder for Economic Development, Regeneration and Town Centres:

A revised timetable had been released in February 2012 but unfortunately the 2nd draft option stage was now behind schedule. Cllr Turner stated that this was due to a more rigorous consultative approach being carried out and the diversion of officer time and resources to deal with legislative and structural changes. A revised timetable would be considered by Cabinet in the near future.

- a) Supplementary questions from Cllr Nigel Jones:

Will the lack of a detailed local plan increase the risk that the Council will not have enough control regarding where building takes place in the Borough?

Cllr Terry Turner stated that unfortunately due to cuts from Central Government the Council had to prioritise.

- 3) Will you agree that the council is unable to demonstrate an up-to-date 5 year plus 5% supply of deliverable housing sites? Question submitted by Cllr David Becket. Response from Cllr Terry Turner, Portfolio Holder for Economic Development, Regeneration and Town Centres:

Cllr Turner stated that a report had been discussed regarding this at the last meeting of the Planning Committee and that this was not a new situation for the Council. The methodology for calculating the percentage had changed in 2009/10 and the Borough was currently experiencing the highest rate of building since 2006/07. Cllr Turner stated that building houses reduced the number of sites available and that a 20% buffer rather than a 5% buffer now had to be allowed for. Each year a 5 year supply had to be shown which was continually reduced by new building.

- a) Supplementary question from Cllr David Becket:

Would you agree that if the previous Site Selection Policy had not been disregarded then the Council would not be in this Positions?

Cllr Turner stated that this was not the case.

- 4) Will you agree that the failure of this council to get its planning act together brings the risk of the government taking over our planning function? Question submitted by Cllr David Becket

Response from Cllr Terry Turner, Portfolio Holder for Economic Development, Regeneration and Town Centres:

This was not the case, the Council was significantly above the threshold and there was no reason to consider it to be at risk.

- a) Supplementary question from Cllr David Becket:

Did the Portfolio Holder agree that the Council had come close to the threshold in 2006.

Cllr Turner stated that as he was not a Member of the Council at the time he was unable to comment on this.

- 5) In the report considering the future of the Mayor's car, what alternative vehicles were considered and did the council look at a low-emission low-running cost vehicle? Question submitted by Cllr David Becket

Response from Cllr Gareth Snell, Leader of the Council and Portfolio Holder for Communications, Policy and Partnerships:

The report in question had been considered by the Revenue Investment and Budget Support Panel and therefore only budgetary considerations had been debated.

- a) Supplementary question from Cllr David Becket:

The annual servicing costs had been detailed as £300, was there confidence in this amount?

Cllr Snell stated that all work would be carried out by the Council's depot and that the figure of £300 would be adhered to.

- 6) A range of KPIs in the most recent (2012/13 Q4) Quarterly Performance Report show that the Council is failing to meet its targets in a diverse number of areas. Can the Leader assure us that the development of the formatting of this report will continue to give councillors the information they need to scrutinise properly the Executive's performance, or is there truth in the rumour that the smiley faces in the Performance Report are being abolished because they are not smiling any more? Question submitted by Cllr Mark Holland.

Response from Cllr Gareth Snell, Leader of the Council and Portfolio Holder for Communications, Policy and Partnerships:

The smiley faces had been removed and the changes made to enable greater detail to be provided in the performance reports. A red, amber, green system would be used in the future and where a figure was lower than expected, detail as to the reasons why would now be included.

- a) Supplementary question from Cllr Mark Holland:

Could the Leader reassure him that the scrutiny process was robust in this area?

Cllr Snell stated that greater cross party attendance at meetings would make it more robust.

- 7) What assessment would the Portfolio Holder for Finance and Resources make of the impact on revenue and collection rates of Cabinet's decision on the report, 'Technical Reforms to Council Tax', made on 16th January 2013, and when does Cabinet next intend to review its policy on council tax discounts and premiums? Question submitted by Cllr Mark Holland.

Response from Cllr Gareth Snell, Leader of the Council and Portfolio Holder for Communications, Policy and Partnerships:

Cllr Snell referred Cllr Holland to Appendix A of the report. The Council kept 12% of the amount collected with the majority of funds going to other organisations including

the Fire Service and the County Council. It was hard to make any estimations regarding collection rates after only three months but they appeared to be improving compared to the same time the previous year.

There were no plans at present to review the Council's policy on council tax discounts and premiums but the scheme was looked at annually. Members and Officers were however fully aware of the current issues including the number of property rich/cash poor residents in the Borough.

a) Supplementary question from Cllr Mark Holland:

As authority to make decisions regarding areas such as council tax exemptions had now been delegated to local authorities would this Council be taking any action?

Cllr Snell stated that due to reductions in central funding all partners including the Fire Service and the County Council had to make cuts and that we were currently dealing with the best option possible.

10. REVISED FINANCIAL REGULATIONS

A report was submitted requesting Council to approve the revised Financial Regulations and Procedures be approved.

The Council's Financial Regulations and Procedures needed to be reviewed regularly and revised where necessary so that they reflected the current structure and requirements of the Council.

Resolved: That the revised Financial Regulations and Procedures be approved.

11. MEMBERSHIP OF COMMITTEES AND REPRESENTATION ON OUTSIDE BODIES

Resolved: (a) That Cllr Terry Turner replace Cllr Gareth Snell on the Staffing Committee.

(b) That Councillor Gareth Snell replace Cllr Kyle Robinson on the Public Protection Committee.

No further changes were requested.

12. URGENT BUSINESS

There was no urgent business.

COUNCILLOR EDDIE BODEN
Chair

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REPORT TITLE Report from Cabinet to Full Council

Submitted by: Leader of the Council

Portfolio: Communications, Policy & Partnerships

Ward(s) affected: Non specific

Purpose of the Report

To provide an update to the Council on the actions, activities and decisions of Cabinet that have taken place since the last Full Council Meeting.

Recommendation

To note the report and receive questions accordingly.

1. Cabinet Meetings since the last Full Council meeting.

Cabinet has met once, on the 17th July 2013, since the last Full Council meeting and a full list of decisions taken by the Cabinet can be found online using the link below.

<http://modern.gov.newcastle-staffs.gov.uk/documents/g1892/Decisions%2017th-Jul-2013%2019.00%20Cabinet.pdf?T=2>

2. Town Centre Parking Initiatives

Cabinet, working in conjunction with the Town Centre Partnership and on the advice of the Economic Development Overview and Scrutiny Committee, agreed four proposals designed to help stimulate footfall in the Town Centre through parking initiatives.

These were trialling a cashless parking system in the Midway multi-storey car park, free short stay (nipper) parking on Merrial Street, introduction of a 'double-ticketing' scheme allowing shoppers to get discounts in local shops and an enhancement to the number of free parking days which can be deployed in the Town Centre on days when the Town Centre Partnership have organised large scale events.

The cost for these trails has been funded through a partnership between the Borough Council and Benrose Booth, who will be supplying equipment for number-plate recognition technology to assist with the cashless parking provision in the Midway car park.

3. Revenue Investment and Budget Support Cabinet Panel

This panel has been meeting to consider bids made by Heads of Service for funding for a variety of schemes to support service delivery through the Revenue Investment Fund and to prepare services for future saving opportunities through the Invest to Save fund.

4. Silver-Gilt award at RHS Tatton Park Flower Show

Our display at the RHS Tatton Park Flower show was awarded a Silver-Gilt by judges. The display was an homage to John Cook, a former miner born in Silverdale who became the Prime Minister of Australia and a founding member of the Australian Labor Party.

5. Keele Golf Course

Cabinet Members continue to monitor the situation of Keele Golf Course and are pleased that the Council has received two high-quality and well-considered bids. Both bids are currently being scored by the relevant officers in line with our tendering processes. It is the intention of the Cabinet to share details of both bids with the Transformation & Resources and Active & Cohesive Overview and Scrutiny Committees and seek their views before any lease is awarded.

6. Budget Consultation

Cabinet members have been discussing the budget consultation process with officers and proposals have been shared with the Transformation & Resources Overview and Scrutiny Committee. The intention for this year's consultation to build on the results obtained from last year's process.

Having learnt some important lessons from last year's consultation, this year's will contain more focussed interactions with a blend of public meetings, street stalls, mini-Reporters, partnership briefings, web-based questionnaires, use of the e-Panel and a member scrutiny cafe.

7. European Local Democracy Week

Working with the Democratic Services Department and the Partnerships Team, the Cabinet have agreed to participate in European Local Democracy Week with the intention of involving young people in the work of the Council and the important role played by Local Government.

Events over the week will include young people shadowing the Mayor and Cabinet Members, a debate in the Chamber on a topical local issue, a Young Person's Question Time session with the Leader and leads from partner organisations and a day following the scrutiny, cabinet and planning processes.

8. Kidsgrove Town Centre Partnership

After a number of meetings with businesses, local residents, Town Councillors and interested partners, the Kidsgrove Town Team have taken the decision to become a formally constituted Town Centre Partnership CIC.

As with the highly-successful Newcastle Town Centre Partnership, the Borough Council will have a minority stake in the CIC, it will be chaired by a private-sector lead and will be asked to determine its own priorities and work plans.

LICENSING COMMITTEE

Wednesday, 3rd July, 2013

Present:- Councillor Trevor Hambleton – in the Chair

Councillors Bailey, Eastwood, Mrs Heames, Miss Mancey, Mrs Simpson, Tagg, Welsh and Mrs Winfield

1. APOLOGIES

Apologies were received from Councillors Mrs Bates, White and Williams

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest stated

3. MINUTES OF PREVIOUS MEETING

Resolved:- That the minutes of the meeting held on 13 February, 2013 be agreed as a correct record.

4. DEREGULATION OF ENTERTAINMENT

Consideration was given to a report advising Members about the Draft order on the Deregulation of Entertainment which was laid before Parliament on 22 April, 2013, highlighting three areas concerning plays and dance, Indoor sport and Combined Fighting Sports.

An indication was given of other possible areas for future deregulation.

Resolved:- That the report be received

5. SATURATION POLICY

Consideration was given to a report relating to the Cumulative Impact Policy contained in the Council's Statement of Licensing Policy. Members were asked to consider whether the Policy was still required.

Chief Inspector Hulme of Staffordshire Police gave a presentation relating to incidents of Crime and Disorder within the Borough and stated that the Police were happy with the positive effect that the special policy was having.

There had been a good reduction in the figures relating to all incidents, including violent crime and anti-social behaviour.

Members were all agreed that the special policy relating to cumulative impact within Newcastle should be retained and reviewed annually.

Resolved:- That the Saturation Policy be retained and reviewed on an annual basis

6. COUNCIL'S SCHEME OF DELEGATION

Consideration was given to a report informing Members of the need to amend the Council's Scheme of Delegation relating to the determination of applications for Sexual Entertainment Venue Licences.

It was proposed to delete the current all encompassing delegation at item 11 which currently delegated the licensing of sex establishments to the Public Protection Committee and replace it with:

- That applications for the grant of new Sex Establishment Licences be determined by the Licensing Committee.
- That applications for the grant, variation or transfer of Sex Establishment Licences whether or not representations are received be determined by the Licensing Committee.

It was felt that the changes would properly enable the whole process to be within the remit of this Committee.

Resolved:- That it be recommended to Full Council that the Council's Scheme of Delegation be amended to provide:

- That applications for the grant of new Sex Establishment Licences be determined by the Licensing Committee.
- That applications for the grant, variation or transfer of Sex Establishment Licences whether or not representations are received be determined by the Licensing Committee.

COUNCILLOR TREVOR HAMBLETON
Chair

Mid Staffordshire NHS Foundation Trust Special Administrator Consultation.

Motion proposed by the Labour Group

This Council notes the proposals by the Mid Staffordshire NHS Foundation Trust Special Administrators to abolish the Mid Staffordshire NHS Trust and transfer the provision of acute services to neighbouring Trusts, including moving some functions from Stafford Hospital to the University Hospital of North Staffordshire NHS Trust.

This Council notes that the Trust Special Administrator has started a consultation process on the 6th August 2013 with residents in the catchment area of the Mid Staffordshire NHS Trust which is scheduled to end on the 1st October 2013.

This Council expresses its concern that no formal consultation is planned with residents in the Newcastle-under-Lyme Borough area or North Staffordshire area by the Trust Special Administrator despite their recommendations having a direct impact on the services they currently receive.

This Council calls upon the Trust Special Administrator and the University Hospital of North Staffordshire to arrange public consultation events in North Staffordshire to gauge the opinion of residents.

This Council offers support to the University Hospital of North Staffordshire Trust and the Mid Staffordshire Trust Special Administrators in undertaking the consultation and, if necessary, act as a facilitator for consultation events.

This Council instructs the Chief Executive to convey the contents of this motion to the Chief Executive of the University Hospital of North Staffordshire Trust; the Chair of the University Hospital of North Staffordshire Trust and the Mid Staffordshire NHS Foundation Trust Special Administrators.

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Opposition to the Privatisation of Royal Mail

Proposed by Cllr Tony Kearon on behalf of the Labour Group.

This council notes the proposal by the government to privatise the Royal Mail and wishes to place on record its opposition to the process of privatisation taking place within the Royal Mail and the threat to the 'six day, one price goes anywhere' delivery. These proposals will lead to higher prices and a worse service for residents across the Borough.

This council notes that the proposals for the privatisation of Royal Mail are opposed by the Federation of Sub-Postmasters; opposed by 96% of Royal Mail employees; opposed by 71% of Royal Mail managers; opposed by the Communication Workers Union, and according to a poll conducted the Bow Group is opposed by 67% of the public (inc. 52% of Conservative supporters).

This council believes that the privatisation of Royal Mail, coupled with the separation from the Post Office by the Postal Services Act 2011, could put rural sub-post offices in Newcastle-under-Lyme in danger of closure if new owners seek to renegotiate contracts. Most sub-post offices are reliant upon provision of Royal Mail services in order to remain viable.

This council further believes that it is within the interests of local residents for the Royal Mail to remain a publicly owned company, ensuring the continuation of the daily delivery service, protecting the free mail for HM Armed Forces, keep prices reasonable and competitive and ensure that rural communities remain connected and with a reliable service.

This council mandates the Leader to write to Michael Fallon MP and Vince Cable MP expressing our objection to the privatisation of Royal Mail.

This council further mandates that the Leader write to the 4 Members of Parliament representing the Borough and urge them to vote against any privatisation plans.

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Treasury Management Annual Report 2012/13

Submitted by: Head of Finance

Portfolio: Resources and Efficiency

Ward(s) affected: All indirectly

Purpose of the Report

To receive the Treasury Management Annual Report for 2012/13

Recommendations

- a) That the Treasury Management Annual Report for 2012/13 be received.**
- b) That the Actual Prudential Indicators contained within the report be approved.**

Reasons

It is a requirement of the CIPFA Treasury Management Code of Practice and its Prudential Code for Capital Finance that an Annual Report is made to the Council in respect of each year's Treasury Management activities.

1. Background

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires an Annual Report to be made to the Council concerning Treasury Management activities after the end of each year. In addition the Prudential Code for Capital Finance requires that the Actual Prudential Indicators for the year be reported to and approved by the Council.
- 1.2 The Audit and Risk Committee monitor and oversee the delivery of the Treasury Management Strategy. The Treasury Management Annual Report for 2012/13 has already been reviewed by the Audit and Risk Committee at their meeting on 15 July 2013.
- 1.3 Treasury Management operations are carried out by your Officers in accordance with policies laid down in the currently approved Treasury Policy Statement, backed up by approved Treasury Management Practices and Schedules thereto, and the Annual Treasury Management Strategy Report.

2. Issues

- 2.1 The Annual Report for 2012/13 is attached as Appendix " " (paper). This contains information supplied by the Council's Treasury Management advisors, Sector, augmented by data provided by your Officers. As well as giving a summary of the Council's Treasury Management activities during 2012/13, the report provides an analysis of the economic markets and trends. It also details the Actual Prudential Indicators for 2012/13.

3. Proposal

- 3.1 That the Treasury Management Annual Report 2012/13 be received.

4. **Legal and Statutory Implications**

4.1 The Local Government Act 2003 and Regulations thereto require Local Authorities to comply with the Prudential Code.

5. **Equality Impact Assessment**

5.1 There are no equality issues arising from the Annual Report.

6. **Financial and Resource Implications**

6.1 There are no specific financial implications arising from the Annual Report.

7. **Major Risks**

7.1 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.

7.2 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.

8. **Key Decision Information**

8.1 All wards are indirectly affected.

9. **Earlier Cabinet/Committee Resolutions**

9.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 was adopted by this Council on 24th February 2010. This updated the previous code produced in 2001 that had been adopted by the Council on 27th February 2002.

10. **List of Appendices**

10.1 Appendix A, Treasury Management Annual Report 2012/13

11. **Background Papers**

11.1 CIPFA Treasury Management Code of Practice; Council's Treasury Management Strategy Statement 2012/13, 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, Sector's Model Report for 2012/13 and Guidance on Local Authority Investments issued by ODPM in March 2004.

ANNUAL TREASURY REPORT 2012/13

1. INTRODUCTION AND BACKGROUND

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2009 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. Receipt by the Full Council of an annual treasury management strategy report (including the annual investment strategy) for the year ahead and an annual review report of 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.
5. Delegation by the Council of the role of scrutiny of the treasury management strategy to a specific named body which in this Council is the Transformation and Resources Overview and Scrutiny Committee.
6. Delegation by the Council of the role of scrutiny of treasury management performance to a specific named body which in this Council is the Audit and Risk Committee, a midyear and year end review report is received by this Committee.

Treasury management in this context 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."

The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the annual review report of treasury management activities, for the financial year 2012/13.

2. THIS ANNUAL TREASURY REPORT COVERS

- ❖ The Council's treasury position as at 31st March 2013;
- ❖ The strategy for 2012/13;
- ❖ The economy in 2012/13;
- ❖ Investment rates in 2012/13;
- ❖ Compliance with treasury limits and Prudential Indicators;
- ❖ Investment outturn for 2012/13;
- ❖ Involvement of Elected Members;
- ❖ Other issues.

3. TREASURY POSITION AS AT 31 MARCH 2013

The Council's investment position at the beginning and the end of the year was as follows:

	At 31/3/13	Return	Average Life (Days)	At 31/3/12	Return	Average Life (Days)
Total Debt	£0m	N/A	N/A	£0m	N/A	N/A
Total Investments	£4.900m	0.99%	16	£10.475m	1.03%	43

It should be noted that the above table is only a snapshot of the Total Investments as at 31 March. Large fluctuations in cash inflows and outflows that occur throughout the month can have an impact on the figure reported.

The decline in total investments has been due to a combination of few capital receipts being received due to the economic downturn and capital expenditure being incurred on projects including:

- HIP Disabled Facilities
- Newcastle Town Centre Partnership Scheme
- Beasley Place Housing Scheme
- The Wammy Neighbourhood Park

4. THE STRATEGY FOR 2012/13

The strategy agreed by Council on 22 February 2012 was that:

- There would be no long term borrowing for capital purposes;
- Short term borrowing would be required in the event to cover any temporary shortfalls in revenue income or to temporarily fund capital expenditure during the interim period before a permanent means of finance became available;
- All borrowing would be kept absolutely within the Authorised Limit of £15m and would not normally exceed the Operational Boundary of £5m (although it could for short periods of time be permitted to rise to a figure between £5m and £15m due to variations in cash flow);
- Temporary surpluses which might arise would be invested, either in short term deposits with the Council's bankers or in money market investments (cash deposits) if the size warranted this and for an appropriate period in order that these sums would be available for use when required;
- The proportions of loans and investments to be at fixed or variable rates were: fixed rate loans to be between 0% and 100% of the total and fixed rate investments to be between 0% and 100% of the total;
- Long term investments to be permitted as follows: maturing beyond 31/03/13 £10m, maturing beyond 31/03/14 £10m, maturing beyond 31/03/15, £10m;
- The overriding consideration in determining where to place the Council's surplus funds was to safeguard the Council's capital. Within this constraint the aim was to maximise the return on capital; and,

- Forward commitment of funds for investment is permitted in respect of in house investments.

Changes in strategy and credit Policy during the year

There have been no changes to the Treasury Management Strategy during the year. As approved by Council on 30 July 2008 we continue to use the lowest common denominator methodology in respect of determining suitable counterparties. This methodology is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

This, and the downgrading of numerous Banks and Building Societies, has led to a severely restricted counterparty listing remaining. Consequently, difficulty has been found in placing investments with counterparties that meet our criteria.

THE ECONOMY AND INTEREST RATES - narrative supplied by the Council's Treasury Management Advisors – Sector Treasury Services Limited

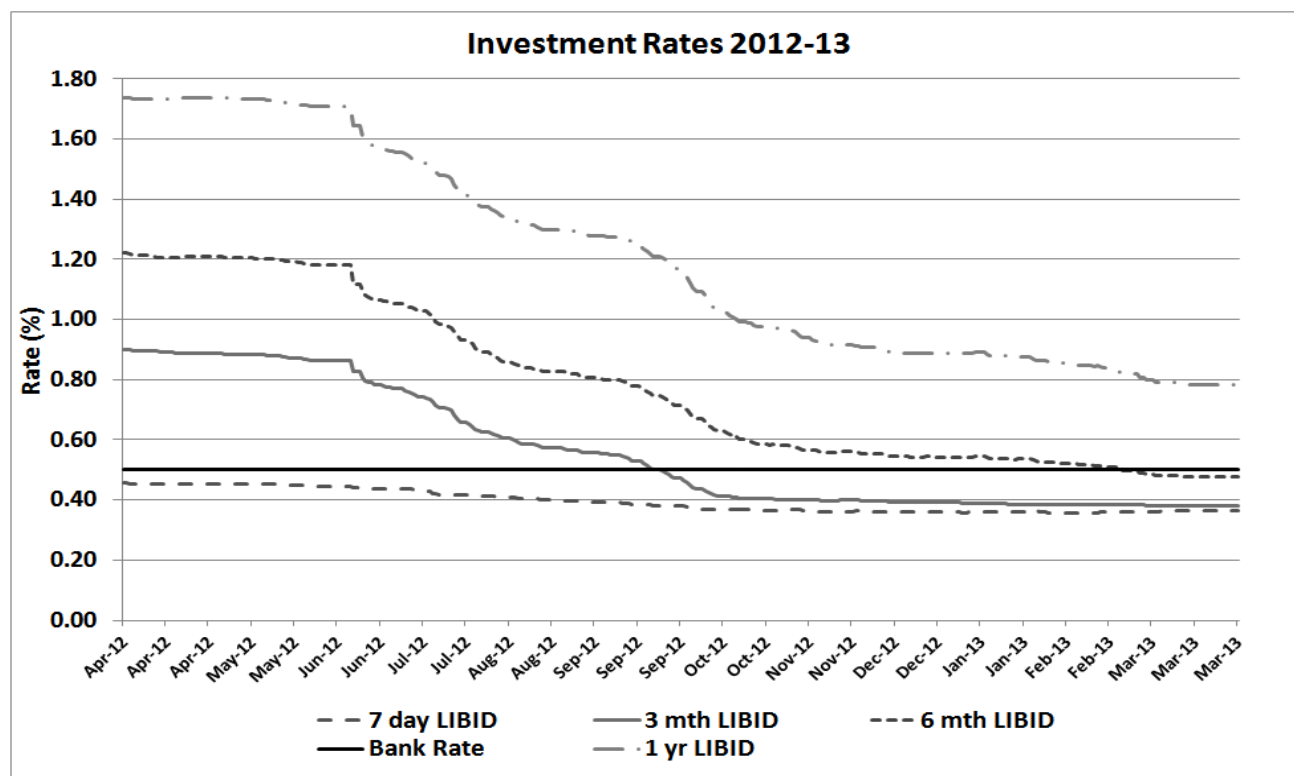
The financial year 2012/13 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. Economic growth did not materialise during the year due to the UK austerity programme, weak consumer confidence and spending, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the European Union (EU). The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Moodys followed up this warning by actually downgrading the rating to AA+ in February 2013 and Fitch then placed their rating on negative watch, after the Budget statement in March. Key to retaining the AAA rating from Fitch and S&P will be a return to strong economic growth in order to reduce the national debt burden to a sustainable level, within a reasonable timeframe. Weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing by £50bn in July to a total of £375bn. Bank Rate therefore ended the year unchanged at 0.5% while CPI inflation fell from 3% at the start of the year to end at 2.8% in March, with a fall back to below 2% pushed back to quarter 1 2016. The EU sovereign debt crisis was an ongoing saga during the year with first Greece and then Cyprus experiencing crises which were met with bailouts after difficult and fraught negotiations.

Gilt yields moved up and down during the year as events in the ongoing Eurozone debt crisis ebbed and flowed, causing corresponding fluctuations in safe haven flows into / out of UK gilts. This, together with a further £50bn of Quantitative Easing (QE) in July and widely expected further QE still to come, combined to keep Public Works Loan Board (PWLB) rates depressed for much of the year at historically very low levels.

Deposit rates. The Funding for Lending Scheme, announced in July, resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling sharply in the second half of the year. However, perceptions of counterparty risk have improved after the European Central Bank (ECB) statement in July that it would do "whatever it takes" to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.

5. INVESTMENT RATES IN 2012/13 – narrative and graph supplied by the Council’s Treasury Management Advisors – Sector Treasury Services Limited

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for four years. Market expectations of the start of monetary tightening were pushed back during the year to early 2015 at the earliest. The Funding for Lending Scheme resulted in a sharp fall in deposit rates in the second half of the year.



6. COMPLIANCE WITH TREASURY LIMITS

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council’s annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in Annex 1.

7. INVESTMENT OUTTURN FOR 2012/13

Internally Managed Investments

The Council manages its investments in-house and invests with the institutions listed on the Council’s approved lending list. The Council invested for a range of periods from overnight to up to three months dependent on the Council’s cash flows, its interest rate view and the interest rates on offer. Four of the seven fixed investments made in 2012/13 were for a period of three months, with the remaining three fixed investments being for less than three months.

Investment Outturn for 2012/13

During 2012/13 an average rate of return of 0.99% was achieved on an average individual investment of £1.393m. This compared with the target of 1% included in the departmental business plan.

8. INVOLVEMENT OF ELECTED MEMBERS

Elected members have been involved in the treasury management process during 2012/13 including:

- Scrutiny of the treasury management strategy by the Transformation and Resources Overview and Scrutiny Committee prior to being submitted for approval by the Full Council.
- Scrutiny of treasury management performance by the Audit and Risk Committee through the receipt of a half yearly treasury management report and the annual report.
- The Portfolio Holder for Finance and Resources receives a monthly budget monitoring report which contains details of Treasury Management activity undertaken during the month; this is forwarded to all Members.
- A quarterly budget monitoring and performance report is reported to Cabinet, this contains details of Treasury Management activity undertaken during the quarter.

9. HERITABLE BANK DEFAULTS

This authority currently has the following investment frozen in the Heritable Bank:

- Investment 5092, £2.5m, maturity date 14 September 2009.

Payments up to 31 March 2013 totalled £1,937,728.

ANNEX 1: PRUDENTIAL INDICATORS

	Position/Prudential Indicator	2011/12 Actual	2012/13 Original Indicator	2012/13 Actual
1	Capital Expenditure	£14.796m	N/A	£2.532m
2	Capital Financing Requirement at 31 st March	£0.031m	0.115m	(0.197m)
3	Treasury Position at 31 st March			
	Borrowing	£0.0m	N/A	£0.0m
	Other long term liabilities	£0.0m	N/A	£0.0m
	Total Debt	(£0.0m)	N/A	(£0.0m)
	Investments	(£10.475m)	N/A	(£4.900m)
	Net Borrowing	(£10.475m)	N/A	(£4.900m)
4	Authorised Limit (against maximum position)	£0.0m	£15.0m	£0.0m
5	Operational Boundary (against maximum position)	£0.0m	£5.0m	£0.0m
6	Ratio of Financing Costs to Net Revenue Stream	(1.23%)	(0.56%)	(1.04%)
7	Upper Limits on Variable Interest Rates (against maximum position)			
	Loans	0%	100%	0%
	Investments	0%	100%	0%
8	Actual External Debt	£0.0m	N/A	£0.0m

9	Principal Funds Invested for Periods Longer than 364 days (against maximum position)	£0.0m	£10.0m	£0.0m
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GLOSSARY

CPI – Consumer Price Index

The Consumer Price Index (CPI) is the main UK measure of inflation for macroeconomic purposes and forms the basis for the Government's inflation target. It is also used for international comparisons.

ECB – European Central Bank

The European Central Bank (ECB) is the central bank for the euro and administers the monetary policy of the EU member states which constitute the Eurozone, one of the largest currency areas in the world.

LIBID – London Interbank Bid Rate

Banks in the City of London tend to lend and borrow money from one another in the wholesale money markets. The rate at which a bank is willing to borrow money is called the London Interbank Bid Rate (LIBID).

LIBOR – London Interbank Offered Rate

This is the benchmark used by banks, securities houses and investors to gauge the cost of unsecured borrowing in the money markets. It is calculated each day by asking a panel of major banks what it would cost them to borrow funds for various periods of time and in various currencies, and then creating an average of the individual bank's figures.

MPC – Monetary Policy Committee

Interest rates are set by the Bank's Monetary Policy Committee (MPC). The MPC sets an interest rate it judges will enable the inflation target to be met. The Bank's MPC is made up of nine members – the Governor, the two Deputy Governors, the Bank's Chief Economist, the Executive Director for Markets and four external members appointed directly by the Chancellor. The appointment of external members is designed to ensure that the MPC benefits from thinking and expertise in addition to that gained inside the Bank of England.

PWLB – Public Works Loan Board

The Public Works Loan Board (PWLB) is a statutory body operating within the Debt Management Office and is responsible for lending money to local authorities and other prescribed bodies, as well as for collecting the repayments.

QE – Quantitative Easing

Quantitative Easing is an unconventional monetary policy used by central banks to stimulate the national economy when standard monetary policy has become ineffective. A central bank implements quantitative easing by buying financial assets from commercial banks and other private institutions, thus increasing the money supply by flooding financial institutions with capital, in an effort to promote increased lending and liquidity.