

# Public Document Pack



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, 22nd February, 2017** at **7.00 pm**.

## BUSINESS

- 1 **Apologies**
- 2 **DECLARATIONS OF INTEREST**  
To receive declarations of interest from Members on items contained within this agenda.
- 3 **MINUTES** (Pages 7 - 14)  
To consider the minutes of the previous meeting(s)
- 4 **Mayors Announcements**
- 5 **Revenue and Capital Budgets and Council Tax 2017/18** (Pages 15 - 48)
- 6 **Treasury Management Strategy 2017/18** (Pages 49 - 70)
- 7 **Pay Policy Statement (Localism Act 2011)** (Pages 71 - 86)
- 8 **Proposed Changes to Electoral Cycle - Town and Parish Councils** (Pages 87 - 90)
- 9 **Consequential Changes to the Constitution** (Pages 91 - 92)
- 10 **Appointment of External Auditor** (Pages 93 - 98)
- 11 **Approval of Absence** (Pages 99 - 100)
- 12 **Appointment of member onto the Public Protection Committee**
- 13 **STATEMENT OF THE LEADER OF THE COUNCIL** (Pages 101 - 102)  
To receive a statement by the Leader of the Council on the activities and decisions of Cabinet and items included on the Forward Plan.

**14 REPORTS OF THE CHAIRS OF THE REGULATORY COMMITTEES (Pages 103 - 106)**

- a) Audit and Risk Committee – A verbal update will be given
- b) Planning Committee – Report attached
- c) Licensing Committee – Report attached
- d) Public Protection Committee – A verbal update will be given

**15 REPORTS OF THE CHAIRS OF THE SCRUTINY COMMITTEES (Pages 107 - 114)**

- a) Finance, Resources and Partnerships Scrutiny Committee
- b) Active and Cohesive Communities Scrutiny Committee
- c) Cleaner, Greener and Safer Communities Scrutiny Committee
- d) Economic Development and Enterprise Scrutiny Committee
- e) Health and Wellbeing Scrutiny Committee

**16 MOTIONS OF MEMBERS**

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

**17 Questions to the Mayor, Cabinet Members and Committee Chairs**

**18 RECEIPT OF PETITIONS**

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

**19 STANDING ORDER 18 - URGENT BUSINESS**

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

Yours faithfully

A handwritten signature in black ink, appearing to be 'S.M.', written over a horizontal line.

Chief Executive

## **NOTICE FOR COUNCILLORS**

### **1. Fire/Bomb Alerts**

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

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

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

### **2. Attendance Record**

Please sign the Attendance Record sheet on entering the building. This will be located at the Porter's lodge.

### **3. Mobile Phones**

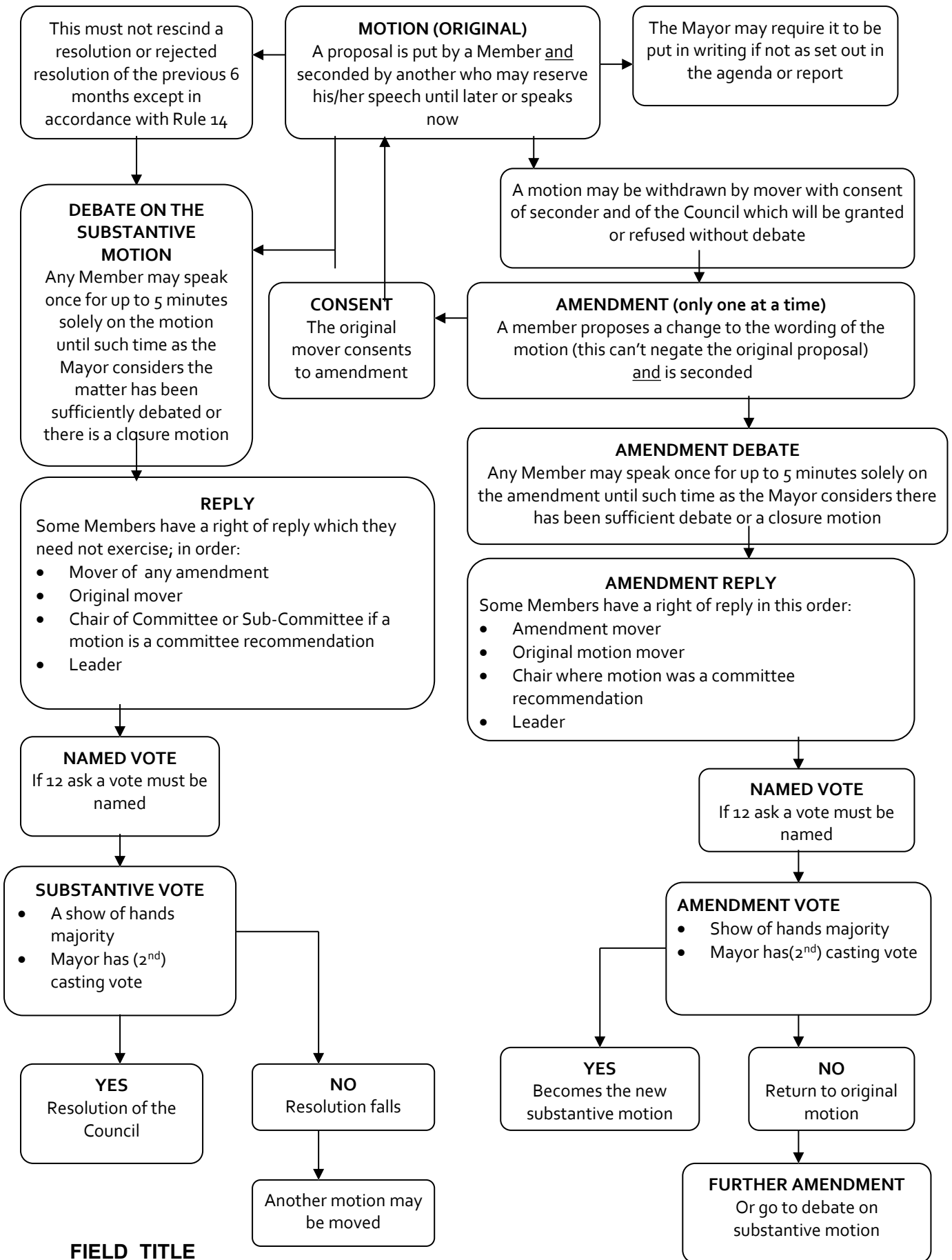
Please switch off all mobile phones before entering the Council Chamber.

### **4. Tea/Coffee**

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

### **5. Notice of Motion**

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



**FIELD\_TITLE**

## COUNCIL

Wednesday, 23rd November, 2016

Time of Commencement: 7.15 pm

**Present:-** The Mayor Councillor Ian Wilkes – in the Chair

**Councillors:**

Allport	Northcott
Bailey	Olszewski
Beech	Owen
Bloor	Panter
Burch	Parker
Burgess	Pickup
Cooper	Proctor
Dillon	Reddish
Dymond	Robinson
Fear	Rout
Frankish	Shenton
Gardner	Simpson
L Hailstones	Snell
P Hailstones	Spence
S Hambleton	Stubbs
T Hambleton	Sweeney
Harper	J Tagg
Heesom	S Tagg
Holland	Turner
Huckfield	Walklate
Johnson	Waring
Jones	White
Kearon	J Williams
Loades	Winfield
Mancey	Wing
Matthews	Woolley
Naylon	Wright

**Officers** Executive Director (Operational Services) - David Adams,  
Executive Director (Regeneration and Development) - Neale Clifton,  
Liz Dodd,  
Chief Executive - John Sellgren  
Executive Director (Resources and Support Services) - Kelvin Turner

1. **APOLOGIES**

Apologies were received from Councillors' Astle, Miss J Cooper, Eagles and G Williams.

2. **DECLARATIONS OF INTEREST**

In view of his role at Staffordshire County Council as Cabinet Support Member for Social Care and Wellbeing Councillor Loades declared an interest in item 13 (relating to Bradwell Hospital) and item 14 (relating to the Better Care Fund).

**3. MINUTES**

**Resolved:** That the minutes of the meeting held on 7 September, 2016 be agreed as a correct record subject to correcting the spelling of Councillor Sweeney's name at item 10.

**4. MAYORAL APPOINTMENT - MACE BEARER**

**Resolved:** That the appointment by the Mayor of Mrs Angela Mayer as Mace Bearer be noted.

**5. MAYORS ANNOUNCEMENTS**

The Civic Carol Service would take place at St Giles Church on Sunday 18 December 2016 at 6.30pm

The Mayor's Ball would be held at Keele Hall on Friday 21 April 2017

**6. LOCALISED COUNCIL TAX REDUCTION SCHEME**

The Portfolio Holder for Finance, IT and Customer introduced this report which proposed the continuation of the existing Localised Council Tax Reduction Scheme for the financial year 2017/18. He referred to the importance of consistency for residents and on the need to monitor the effects of any changes to the benefits system.

**Resolved:** That the Local Council Tax Reduction Scheme for the Newcastle-under-Lyme Borough Council area, as detailed at Appendix A to the report, be adopted for the financial year 2017/18.

**7. CONSEQUENTIAL AMENDMENT TO THE CONSTITUTION**

The Leader introduced this report which informed member of changes needed to the Constitution to provide authority to act in relation to untaxed vehicles on the highway and to issue Fixed Penalty Notices.

**Resolved:** That the revisions to the Scheme of Delegation be approved.

**8. ELECTORAL REVIEW OF NEWCASTLE-UNDER-LYME WARDING ARRANGEMENTS**

The Leader introduced this report which detailed the consultation currently underway at the Boundary Commission's request on proposals for a new pattern of electoral wards for the Borough. She specifically highlighted the Commission's request that all Community Governance Reviews, including that for Keele Parish Council, be deferred until the completion of their Review.

**Resolved:** That the report be noted.

**9. STATEMENT OF THE LEADER OF THE COUNCIL**

The Leader submitted a report updating members on the activities and decisions of Cabinet since the last Council meeting. She detailed the findings of an independent report on the Recycling and Waste Review.

Councillor Reddish moved and Councillor Holland seconded that a Special Council meeting be convened to consider the report.

After debate a motion moved by Councillor Snell and seconded by Councillor S. Hambleton that Council proceed to the next business on the agenda was carried.

10. **APPOINTMENT OF VICE-CHAIRS**

***Planning Committee***

Nominations were received for:  
Councillor S Hambleton  
Councillor Reddish  
Councillor Loades

**Resolved:** That Councillor S. Hambleton be appointed Vice-Chair of the Planning Committee

***Public Protection Committee***

Nominations were received for:  
Councillor Proctor  
Councillor Loades  
Councillor Walklate

**Resolved:** That Councillor Proctor be appointed Vice-Chair of the Public Protection Committee

11. **REPORTS OF THE CHAIRS OF THE SCRUTINY COMMITTEES**

Reports were submitted by the Chairs of the following Scrutiny Committees:

Active and Cohesive  
Cleaner, Greener and Safer Communities  
Health and Wellbeing

**Resolved:** That the reports of the Scrutiny Chairs be noted.

12. **REPORTS OF THE CHAIRS OF THE REGULATORY COMMITTEES**

Reports were submitted by the Chairs of the following Regulatory Committees:

Audit and Risk  
Licensing

**Resolved:** That the reports of the Chairs of Regulatory Committees be noted.

13. **MOTIONS OF MEMBERS**

***(1) Implementation of the new 2016 Recycling Service***

A motion was received, proposed by Councillor Loades and seconded by Councillor Sweeney regarding the implementation of the new 2016 Recycling Service. Subsequently an amendment to the motion was proposed by Councillor Burch and seconded by Councillor Snell.

Members debated the motion and amendment and, following a vote in favour of a motion that the question be now put, a vote was taken on the amendment as set out below:

*After "The Council notes..." delete all text and replace with.*

*"that the Leader of the Council, Portfolio Holder and Deputy Council Leader have made public apologies via the Reporter, the Sentinel and Radio Stoke to all residents affected by the changes to the new recycling system.*

*This Council further notes that the Leadership took swift and decisive action to deal with problems when they arose and ensured that problems were addressed as quickly as possible.*

*This Council recognised the Leadership's commitment to transparency and scrutiny by quickly establishing an independent report to investigate what went wrong and what lessons can be learnt.*

*This Council welcomes the news from the Leader that the independent report is now complete and will be published in its entirety and scrutinised by the Council's scrutiny committees.*

*The Council resolves that all recommendations from the independent report and the subsequent scrutiny process be submitted to the Cabinet for their consideration."*

**Resolved:** That the above amendment to the motion be carried.

## **(2) State Pension Arrangements for Women born in the 1950s**

The following motion was received, proposed by Councillor Wright, seconded by Councillor Rout, calling for fair transitional state pension arrangements for women born in the 1950s:

*"This Council calls upon the Government to make fair transitional state pension arrangements for all women born on or after 6<sup>th</sup> April 1951, who have unfairly borne the burden of the increase to the State Pension Age (SPA) with lack of appropriate notification.*

*Hundreds of thousands of women had significant pension changes imposed on them by the Pension Acts of 1995 and 2011 with little/no/personal notification of the changes. Some women had only two years notice of a six-year increase to their state pension age.*

*Many women born in the 1950's are living in hardship. Retirement plans have been shattered with devastating consequences. Many of these women are already out of the labour market, caring for elderly relatives, providing childcare for grandchildren, or suffer discrimination in the workplace so struggle to find employment.*

*Women born in this decade are suffering financially. These women have worked hard, raised families and paid their tax and national insurance with the expectation that they would be financially secure when reaching 60. It is not the pension age that is in dispute – it is widely accepted that women and men should retire at the same time.*

*The issue is that the rise in the women's state pension age has been too rapid and has happened without sufficient notice being given to the women affected, leaving women with no time to make alternative arrangements.*

*This Council requests that our Leader write a letter calling upon the Government to reconsider transitional arrangements for women born on or after 6<sup>th</sup> April 1951, so*



*that women do not live in hardship due to pension changes they were not told about until it was too late to make alternative arrangements.”*

**Resolved:** That the above motion be carried.

### **(3) Bradwell Hospital**

The following motion was received, proposed by Councillor Jones, seconded by Councillor S. Hambleton regarding the proposed deregistering of 67 community care and rehabilitation beds at Bradwell Hospital:

#### **This Council notes:**

That North Staffordshire Clinical Commissioning Group took the decision to reduce the funding available for the provision of community and step down rehabilitation beds in North Staffordshire. This has caused the University Hospital of North Midlands Trust to consider deregistering 67 community care and rehabilitation beds at Bradwell Hospital just before the usual winter ‘peak’.

The closure of these wards would not only affected the overall provision of service in North Staffordshire but has also put at risk the jobs of many clinical staff employed by UHNM Trust and support staff employed by the Staffordshire & Stoke on Trent Partnership Trust.

That information surrounding this closure was not made public until very late on in the process and no information was forthcoming to Newcastle Borough Council’s Health & Wellbeing Scrutiny Committee.

That the fragmentation of the National Health Service under the Health & Social Care Act (2012) has meant that there is now a huge divide between those who are empowered to commission acute and non-acute health services and those within the NHS who are asked to deliver those service, leading to a failed internal market which puts cost ahead of care.

That Staffordshire County Council’s ‘Healthy Staffordshire Select Committee’ has voted to refer the decision, under the Health & Social Care Act (2012), to close the beds at Bradwell Hospital to the Secretary of State for Health for consideration.

That following a public campaign, the initial decision has been put back until December with a phased reduction in beds taking place.

That Staffordshire is recognised by the Government as being ‘a distressed Health economy’ in which demand for service is not routinely met and that the CCG is running a deficit budget.

#### **This Council believes:**

That the integration of Health and Social Care facilities is, in principle, an inherently good thing.

That the loss of 67 beds from Bradwell Hospital will only lead to greater ‘bed blocking’ of acute beds at the Royal Stoke Hospital leading, in turn, to longer stays in hospital than necessary, greater costs accrued by University Hospital of North Midlands Trust.

That the small window created by the phasing of the closures is a good opportunity for the CCG, SSOTP and UHNM Trust to stop, reflect and reconsider their decisions to close wards, deregister beds and make staff redundant.

That as a result of the referral to the Secretary of State for Health, under the Health & Social Care Act (2012), the 67 beds at Bradwell Hospital must remain commissioned until a decision on the referral is made.

That greater transparency in the decision making within the CCG is desperately needed to ensure that the people of North Staffordshire have the best possible health care provision.

That there must be a formal role for Newcastle Borough Council's Health & Wellbeing Scrutiny Committee in scrutinising decisions which have a disproportionate affect on the provision of service in our Borough.

That the Conservative Government should ensure that the NHS is adequately funded and that areas, such as Staffordshire, which requires further investment should be given that financial help as a matter of urgency.

**This Council resolves:**

To insist that, following the referral to the Secretary of State for Health, the 67 beds at Bradwell Hospital remain commissioned until a decision on the referral is made.

To call upon the North Staffordshire Clinical Commission Group to restore the funding necessary to UHNM Trust to maintain Bradwell Hospital as a community hospital facility that is able to support patients back into their homes when ready, therefore alleviating pressure on the acute hospital and that this be communicated to the Chief Executive and the entire board of the CCG.

To congratulate the hard efforts of the 'Hands off Bradwell's Bed' campaign to oppose the cuts imposed by the CCG and offer our solidarity with their campaign.

That the Leader of the Council, relevant portfolio holder and the Chair of the Health & Wellbeing Scrutiny Committee write to the Chief Officer raising their concerns that pertinent information regarding the closure of Bradwell Hospital beds was not shared in a timely or transparent fashion.

That the Leader of the Council, relevant portfolio holder and Chair of the Health and Wellbeing Scrutiny Committee write to Secretary of State for Health in support of the referral Staffordshire County Council's 'Healthy Staffordshire Select Committee'.

The Leader of the Council write to the Borough's four Members of Parliament and ask that they use their platform within the House of Commons to raise this issue with the Secretary of State for Health.

**Resolved:** That the above motion be carried.

**14. QUESTIONS TO THE MAYOR, CABINET MEMBERS AND COMMITTEE CHAIRS**

The following questions were submitted:

1. From Councillor Sweeney to the Portfolio Holder for Leisure and Culture:  
Question: The Conservative led County Council has invested a figure, via the Penda Partnership , in the region of £30,000 to support the feasibility study for a new leisure facility in Kidsgrove.

What provision has been made in the Borough Council budget to deliver the Labour manifesto commitment of a new Leisure Centre in Kidsgrove?

Reply: We are grateful to the Penda Property Partnership and Staffordshire County Council for their work which has allowed the preparation of a business case for Kidsgrove Leisure Centre. The Capital Budget is not yet set. Existing facilities will remain open until funds for the new offer are in place.

Supplementary comment: Council was informed 2 meetings ago that funding was in place.

No reply given.

2. From Councillor Sweeney to the Portfolio Holder for Planning and Housing:  
Question: In the Newcastle under Lyme Locality profile published October 2016 by the County Council, Kidsgrove is listed as the ninth most at risk ward in Newcastle under Lyme. Can the relevant portfolio Holder explain why this

area has been selected for additional resources in the Miners estate report that went to Cabinet on the 14<sup>th</sup> September where there are eight worse at risk areas in the Borough?

Reply: Action is specifically being taken in the Miners estate which has been identified as being amongst the 20% most deprived areas in the country. The allocation of additional resources was agreed by Cabinet on 14 September 2016. Properties were originally intended to have a limited life. Enhancement works aim to improve occupancy and community cohesion.

3. From Councillor Sweeney to the Portfolio Holder for Finance, IT and Customer:

Question: One of the decisions of Cabinet on the 14<sup>th</sup> September was *“That officers be authorised to re-prioritise existing staff resources, in consultation with relevant Portfolio Holders, in order that this initiative can be effectively co-ordinated and managed by the Partnerships Team. That a further report is submitted to Cabinet in October 2016 outlining the medium term resource implications to ensure future delivery can be sustained “*

In this member lead Co-operative Council, what direction have members given to officers about where resources will be taken from to support work on the Miners Estate Galleys Bank Kidsgrove?

Reply: Kidsgrove is a pilot multi-agency project which will then be rolled out across the Borough. Additional resources are being directed into the Communities Team who will manage the project. Early emphasis will be placed on the housing function to address the absence of social housing. It is accepted that the Housing section will need additional resources for this and other initiatives. Priorities will need to be re-determined.

Supplementary question: When will a report be submitted to Cabinet?

Reply: Anticipated to be December meeting. Priorities need to be determined as part of the budget setting process.

4. From Councillor Snell to The Leader:

Question: Since the last full council, further announcements have been made by Staffordshire County Council as to their plans to mitigate the deficit in the 'Better Care Fund' caused by the reduction in funding by the CCG and Government cuts. This includes the closure of Brighton House in Silverdale and the end of direct care provision by the County Council for Newcastle Residents who may need respite or residential care.

As a signatory to the 'Better Care Fund' and a financial contributor, what, if any, attempts have the County Council made to discuss the impact that their decisions may have on Newcastle residents with this council and what discussions, if any, have the County Council instigated with Newcastle Borough Council regarding how our residents money is used as the County Council continues to cut services?

Reply: Brief information was received on decisions taken by the Portfolio Holder for Health, Care and Wellbeing under delegated authority. Budget reductions in a number of other service areas have affected the Borough. eg School Crossing Patrols, Drug and Alcohol Rehabilitation Services.

Supplementary Question: Given that the £15 million deficit in the BCF has not been fully made up, will the Leader seek information from the County Council on other areas under review?

Reply: Assurances given that detailed information will be sought a future meetings of Staffordshire Leaders and Chief Executives.

**15. RECEIPT OF PETITIONS**

There were no petitions received.

**16. STANDING ORDER 18 - URGENT BUSINESS**

There was no Urgent Business.

**THE MAYOR COUNCILLOR IAN WILKES**  
**Chair**

Meeting concluded at 10.10 pm

# Agenda Item 5

## NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

### REPORT OF THE EXECUTIVE MANAGEMENT TEAM TO COUNCIL

22 FEBRUARY 2017

#### REVENUE AND CAPITAL BUDGETS AND COUNCIL TAX 2017/18

**Submitted by:** Executive Director (Resources and Support Services)

**Portfolio:** Finance IT and Customer

**Wards(s) affected:** All

#### Purpose of the Report

This report sets out the recommendations of Cabinet for the Revenue and Capital Budgets for 2017/18 and sets out the recommendations for setting the 2017/18 Council Tax.

#### Recommendations

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

#### 1. Background

- 1.1 This report is the culmination of the 2017/18 budget process, which started before the current 2016/17 budget was set. The Cabinet and the Finance, Resources and Partnerships Scrutiny Committee (FRAPSC) have already considered the content of the 2017/18 Budget and the resultant Council Tax which is recommended. Cabinet met on 8 February 2017 and, after considering comments made by the FRAPSC, recommend a Council Tax for this Council in 2017/18 of £185.45 (based on Band D), as set out in Appendix B. This is an increase of £5.00 from the 2016/17 amount (an increase of 2.77 per cent), which is the maximum increase permitted without triggering the requirement for a referendum in accordance with the excessive council tax legislation.

#### 2. General Fund Budget 2017/18 - Projected Outturn

- 2.1 Monthly reports monitoring actual spending against budget have shown a number of variances throughout the first nine months of the year.
- 2.2 The main adverse variances have been:
- a) Income from car parking is significantly below the budgeted amount. Cabinet considered a report on 19 October which included recommendations to partly address this and an additional £100k budget pressure has been included in the 2017/18 budget to help address the issue. Work is being undertaken to review both car parks income and expenditure and a report on this will be submitted to a future Cabinet meeting.
  - b) Kidsgrove Sports Centre is operating at a net overspend primarily due to income shortfall. Officers have looked at ways to both retain current income levels and pursue additional income to eradicate the current shortfalls. Income has increased in the third quarter (by £26k, 13%) compared to the same period in the last financial year.
  - c) The introduction of the new household waste recycling service has incurred additional costs relating to staffing overtime, agency staff and the short term hire of vehicles in order to meet the demands of establishing the service. A plan is in place to limit these additional costs, involving limiting overtime, daily monitoring of agency staff and optimising income from the sale of recycled materials. In addition, the replacement waste collection vehicle fleet will be delivered during February and March which will reduce short term hire costs, save on fuel and vehicle repair costs. Despite the initial difficulties, it is still anticipated that that the service will make a saving of £500k in 2017/18.

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

- a) Employee costs in respect of a number of vacant posts and flexible retirements that have taken place across the Council.
  - b) The Streetscene service has operated without reductions in service standards with significant underspends in staff overtime and fuel costs. The service has also managed to generate additional income from external organisations.
  - c) Additional planning application income has been received due to the receipt of a larger application.
- 2.3 Taking account of the above factors it appears likely that the outturn for 2016/17 will not differ significantly from the budget.
- 2.4 Resources provided within the revenue and capital budgets have enabled a number of notable achievements to be accomplished in 2016/17. These are set out at Appendix G.

### 3. Revenue Budget 2017/18

- 3.1 Excluding levies for Town and Parish Councils the recommended Borough Council Tax for a 'Band D property' is £185.45, a 2.77 per cent increase compared with 2016/17, based on a Borough Council Tax requirement of £6,776,340, as set out below.

	<b>Estimated Expenditure</b>	<b>Rate of Council Tax (Band D)</b>
	<b>£</b>	<b>£ p</b>
Borough Council requirements –		
Total Net Expenditure	11,886,990	325.31
Less: External Support	<u>(5,110,650)</u>	<u>(139.86)</u>
	<b>6,776,340</b>	<b>185.45</b>

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

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

<b>Parish</b>	<b>Rate of Council Tax (Band D)</b>
	<b>£ p</b>
Audley	42.14
Betley, Balterley and Wrinehill	17.26
Chapel and Hill Chorlton	15.44
Keele	31.42
Kidsgrove	18.11
Loggerheads	21.08
Madeley	43.62
Maer	18.43
Silverdale	18.92
Whitmore	30.83

The above levies are based on the requirements supplied by the parishes, some of which are provisional at the time of writing this report, as the relevant parish meeting had not yet taken place. Similar circumstances apply to the major precepting authorities.

Accordingly, the amounts shown in the tables in Appendix 'A' are based on provisional notifications provided by these bodies.

If any of the provisional amounts change these will be reported to you and the tables in Appendix 'A' will be redone.

#### **4. Medium Term Financial Strategy and Budgets for 2017/18**

4.1 The Council's updated Medium Term Financial Strategy (MTFS), as reported to Cabinet, indicated a forecast budget shortfall of £2.728m for 2017/18, with additional shortfalls of £1.224m for 2018/19, £1.353m for 2019/20, £0.384m for 2020/21 and £0.274m for 2021/22.

4.2 The government also notified councils of the changes that are to be made to the New Homes Bonus scheme at the same time as the 2017/18 provisional finance settlement announcement, partly to reduce its overall cost in order to free up funding to be diverted elsewhere to meet adult social care costs and partly to sharpen the incentive to local authorities to approve new housing developments (reinforcing the expectations upon the Council in its capacity as the local planning authority). Following government consultation, the changes that will be implemented will be:

- New Homes Bonus amounts earned will be payable for five years in 2017/18 and then for four years in subsequent years rather than the current six.
- New payments will only be made for housing that is built over a nationally established baseline of 0.4% as it is thought by the Government that building would occur up to this level whether or not an incentive was given.
- Payments may be reduced where new developments take place only after successful appeals against an original decision to refuse permission (this will be implemented from 2018/19).

There will be a significant impact on the Council's finances arising from these changes. The MTFS assumes that the Council will be worse off by £0.777m in 2017/18 and it had been assumed that £0.319k of new funding would be generated for 2017/18. The change to the deadweight from an assumed 0.25% (as per the consultation) to 0.4% has reduced this new funding by £0.082m.

4.3 Previous years' shortfalls have been addressed by a combination of measures such as efficiency savings, reductions in expenditure or income increases, consideration of the need for Council Tax increases and service reviews. These will continue to be pursued to meet future shortfalls but it is inevitable that there will also have to be service reductions, cessation of services or looking at alternative models of service delivery. The Budget Review Group will continue to develop a strategy for eliminating the shortfalls.

4.4 The 'gap' between expenditure and resources for 2017/18 of £2.728m arises from the factors set out in the table on the next page:-

<b><u>CHANGES TO BASE BUDGET</u></b>	<b>£'000</b>
<b><u>ADDITIONAL INCOME</u></b>	
Fees and Charges	111
<b>TOTAL ADDITIONAL INCOME (A)</b>	<b>111</b>
<b><u>ADDITIONAL EXPENDITURE &amp; LOSS OF INCOME</u></b>	
Reduction in Government Funding	687
Government funding re Business Rates Baseline	(3)
New Homes Bonus - Revised Scheme	777
Provision for Pay Awards	114
Incremental Pay Rises for Staff	33
Superannuation increase in employers contribution	434
Additional National Insurance re increases in Pay	16
Reduction in Investment Income	34
Price Increases e.g. energy, fuel, rates, insurances, supplies & services	25
Reduction in Car Park Income based on past income levels	100
Adjustments re One-Off items in 2016/17	58
<b>TOTAL ADDITIONAL EXPENDITURE AND LOSS OF INCOME (B)</b>	<b>2,275</b>
<b><u>OTHER ITEMS</u></b>	
<b><u>NEW PRESSURES</u></b>	
Public Sector Hub - Borrowing and Holding Costs (as reported to Full Council 7 September 2016)	300
Kidsgrove Sports Centre - end of Joint Use Agreement with School	90
Revenue Costs currently funded from Reserves	43
Apprenticeship Levy per 2015 Autumn Statement to fund apprentices	43
ICT Licences - Increase in Microsoft Fees	20
Additional Business Rates payable as a result of Revaluations	50
Market Supplements re Planning Officers	18
<b>TOTAL NEW PRESSURES (C)</b>	<b>564</b>
<b>NET INCREASE IN BASE BUDGET (B + C - A)</b>	<b>2,728</b>

- 4.5 In addition the Council also has a medium term capital programme. Details of this can be found in Section 8 of this report and Appendix F.
- 4.6 Savings and funding strategies have been identified and agreed with managers as being feasible and sustainable in order to bridge the £2.728m "Gap". Some consist of savings in expenditure whilst others involve increasing income. These proposals total £2.728m and are summarised in the table below and set out in detail at Appendix C:



Category	Amount	Comments
	£'000	
Procurement	16	Insurance premium renewals
Additional Income	184	Net savings arising from New Waste and Recycling Service
Staffing Efficiencies	624	No redundancies are anticipated to arise from these proposals
Good Housekeeping Efficiencies, General Other Savings, Changes in Base Budgets	667	Various savings arising from more efficient use of budgets
Alternative Sources of Finance/ Other Savings	1,237	Additional contribution to the revenue budget from New Homes Bonus funding and increase in NHB grant payable, savings from advance payments of superannuation contributions, end of requirement for minimum revenue provision, additional business rates income, cessation of Revenue Investment Fund contribution, reduction in concurrent functions grants to parishes, effect of forecast Council Tax Base increase, Council Tax increase of £5 per annum based on a Band D property
<b>Total</b>	<b>2,728</b>	

- 4.7 Cabinet recommends an increase in council tax for 2017/18 of £5.00 from the 2016/17 amount (an increase of 2.77 per cent), which is the maximum increase permitted without triggering the requirement for a referendum in accordance with the excessive council tax legislation. The table below shows the effect of a £5 Band D increase across all the council tax bands, as an annual amount and a weekly amount.

Band	Annual Increase	Weekly Increase
	£ p	£ p
A	3.33	0.06
B	3.89	0.07
C	4.44	0.09
D	5.00	0.10
E	6.11	0.12
F	7.22	0.14
G	8.33	0.16
H	10.00	0.19

- 4.8 Noteworthy activities which are planned to achieve Council Plan outcomes in 2017/18 to be met from provision within the revenue or capital budgets are shown at Appendix H.
- 4.9 Bringing together all the above, the result is a balanced budget, as shown in the table below:

	£'000	Report Reference
Changes to Base Budget	2,728	4.4
Savings/Increased Income	(2,728)	4.6
<b>BUDGET SHORTFALL ('GAP')</b>	<b>0</b>	

4.10 The government has offered councils a four year funding settlement, which, in addition to the allocation for 2016/17, will provide them with provisional allocations for the following three years, 2017/18 to 2019/20. The Council has accepted the government's offer by the submission of an Efficiency Plan. The government has now notified the Council of the final amount of its formula grant for 2017/18, which confirms that it will receive the allocations as provisionally notified in December 2016. The MTFs assumes that these allocations will be the ones which the Council will receive. Based on the provisional amounts, in 2017/18 funding will reduce by £0.687m, which is a 13.1% reduction compared to the 2016/17 settlement, by a further £0.368m (8.1%) in 2018/19 and by £0.411m (9.9%) in 2019/20. The MTFs assumes for the following two years, 2020/21 and 2021/22, that there will be a reduction of £0.062m and no further change in 2021/22.

## 5 **Balances and Reserves**

5.1 The Council's Balances and Reserves Strategy for 2016/17 is that there should be a minimum General Fund balance of £1.2m and a minimum balance on the Contingency Reserve of £100,000. The Council currently holds these reserves.

5.2 A review of all the Council's Balances and Reserves together with a risk assessment has been carried out. Details of these are included in Appendices D and E.

5.3 The review and risk assessment indicate the following:

- Overall reserves are still adequate to meet normal levels of expenditure.
- The level of minimum balances required after considering the risk assessment remains at £1.3m.

5.4 Based on these minimum levels of reserves being sustained the Executive Director (Resources and Support Services) is of the opinion that the Revenue Budget is robust and that the Council's Revenue Reserves are adequate to support it based on the assumptions set out in this report.

5.5 As is usual and required by council tax legislation, an estimate has been made of the current year outturn position in relation to the Council Tax and Business Rates Collection Funds. It is estimated that there will be a combined surplus of some £413,490 for 2016/17. The legislation requires an estimated surplus on the Collection Fund to be transferred to the major precepting authorities in the following year and included in their revenue budgets for that year, in proportion to their respective council tax levies or business rates shares. This council's share of the estimated surplus is £63,320. Presently, the Medium Term Financial Strategy does not include an amount in respect of a Collection Fund transfer in 2017/18. The transfer of £63,320 will, therefore, be additional income to the revenue account.

5.6 At the end of each financial year a review of the amounts set aside in provisions to meet likely expenses is required to ensure that the amounts contained in the provisions are sufficient to meet known and assessed liabilities. The main provisions concerned are the Insurance Provision, Bad Debts Provision and the Municipal Mutual Insurance Provision (set up to meet the cost of levies charged to authorities by MMI's administrator following that company, which at one time insured many of the Council's risks, going into administration on account of having insufficient funds to meet outstanding claims liabilities). It is recommended that the Collection Fund Surplus of £63,320 be used to top up whichever of these provisions require it, following the year-end review.

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

6.1 The Medium Term Financial Strategy and the budget proposals have been considered by the FRAPSC at their meetings on 8 September 2016, 2 November 2016 and 25 January 2017. Following the January FRAPSC meeting, the Committee's comments were fed back to the Cabinet at their meeting on 8 February 2017.

6.2 The Cabinet responded by thanking the committee for their comments and scrutiny of the budget and made the following specific responses to a number of the issues raised.

- a) The cabinet felt that the budget was aspirational and highlighted a number of significant areas such as the new civic offices; the Keele Deal; the Business Improvement District and various developments taking place within the town centre.
- b) In respect of the concerns raised about the funding of the Capital Programme the cabinet reiterated the report they had received at their meeting on 18 January 2017 on progress being made with asset sales together with details of recent planning applications that had been approved for council owned sites. All council owned assets (both land and buildings) are being reviewed including exploration of the development potential of the built areas of the former Keele Golf course that was highlighted by the committee. Further sites may also come out of the review of the open space strategy.
- c) Leisure centres – in response to the concerns expressed the cabinet resolved the following: *“Members agreed to explore a more efficient operating model for the two Council leisure Centres and that a report on this will come back to Cabinet by the Summer. This should include capital investment requirements, operating models in use by other local authorities and resource implications for the future”*.
- d) Use of open source software – the Council is already using this where applicable.
- e) Notable Achievements and Planned Outcomes – appendices G and H of this report –the cabinet agreed with the views expressed by the committee and have asked officers to review and amend these as part of next year’s budget process.

## 7. **Risks**

7.1 Appendix ‘E’ shows the risk assessment in relation to the 2017/18 General Fund Revenue Budget.

## 8. **Capital Programme 2016/17 - 2017/18**

- 8.1 The Newcastle Capital Investment Programme Report considered by Cabinet on 5 February 2014 (see 8.9 below) set out the essential capital investment needed over the four years 2015/16 to 2018/19. This report, together with the associated “Funding the Council’s Capital Investment Programme” report was endorsed by Full Council when it approved the Capital Strategy 2015-2019, to which these were appended, in February 2015 and re-affirmed by Cabinet at its meeting on 10 February 2016 when considering amendments to the Capital Strategy. The capital expenditure proposed for 2017/18 reflects the needs identified in the report updated to take account of current priorities and resources expected to be available for funding purposes.
- 8.2 Attached at Appendix F is the updated capital programme 2016/17 to 2017/18 based on current commitments and agreed schemes plus a number of new schemes which are vital to ensure continued service delivery. New schemes total £0.500m. The remainder of items included in the Programme relate to continuing expenditure on current schemes, funding for which has already been approved. As reported in the Financial and Performance Management Report considered by Cabinet at their meeting on 14 September, a number of current schemes, amounting to around £2.4m in total, have been put on hold owing to the present lack of capital receipts to finance them. Only schemes in defined priority areas are being carried out in 2016/17 which means that the continuing expenditure amount to be included in the 2017/18 programme is only £1.547m, the majority of which (£1.500m) relates to the Public Sector Hub.
- 8.3 The programme for 2017/18 is severely constrained by the availability of funding. Because funds in hand are minimal and the current programme of land sales has not resulted so far in any capital receipts arising and will not now do so until at least the final quarter of 2017/18, only a very limited programme of schemes can be supported. Accordingly, the programme to be funded from Council resources has been limited to an amount of £0.500m, which is considered to be the most that can be prudently put forward at the present time. The schemes included are those which most urgently need to be carried out to ensure continued service delivery or to safeguard income.

8.4 Particular points to note are:

- a) Consideration has been given to requirements for essential plant and equipment replacements, buildings repairs and maintenance and other work which will be needed over the next few years to enable services to be continued at acceptable levels (including compliance with Health and Safety legislation) or to safeguard income from commercial properties. The most urgently required items have been included in the proposed capital programme.
- b) The Housing Programme provides only for the continuation of activities which are externally funded, i.e. disabled facilities grants which are funded by a contribution from the Staffordshire Better Care Fund.
- c) The approved MTFS assumes that all of the New Homes Bonus received in 2017/18 will be used to support the revenue budget so there will be none available to fund capital projects.
- d) In summary, expenditure of £3.047m shown in the proposed programme for 2017/18 at Appendix F comprises:

	<b>£m</b>
(a) New Schemes funded by the Council from Capital Receipts	0.500
(b) New Schemes funded from External Sources (Disabled Facilities Grants)	1.000
(c) Schemes brought forward from the original 2016/17 Programme	<u>1.547</u>
<b>Grand Total</b>	<b><u>3.047</u></b>

Funding for Item (c) has already been approved in February 2016 when the 2016/17 Capital programme was approved. A summary of all of the new items included in the Programme and how they are proposed to be funded is set out in the table below:

<b>Scheme</b>	<b>Costs</b>	<b>External Funding</b>	<b>Capital Receipts</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Housing Programme</b>			
Disabled Facilities Grants	1,000	1,000	0
<b>Replacement Vehicles and Equipment</b>			
Vehicles	289		289
Waste Bins	25		25
<b>Parks and Open Spaces</b>			
Footpath Repairs	25		25
Play Area Refurbishment	56		56
Railings/Structures Repairs	25		25
Public Railings Painting	25		25
<b>Other Projects</b>			
Crematorium - Petal Garden	20		20
Crematorium - Monthly Gardens	5		5
Cemetery Memorial Survey Works	10		10
Midway Car Park - Structural Repairs and Lighting Maintenance	20		20
<b>TOTAL</b>	<b>1,500</b>	<b>1,000</b>	<b>500</b>

- 8.5 As stated in paragraph 8.3 only a very basic programme of new schemes is proposed for approval for 2017/18. Currently there are sites which have been approved for sale and whilst it is possible that there may be disposals and capital receipts received in 2017/18, possibly some time in the final quarter (January to March 2018), it is considered imprudent to rely on this occurring in 2017/18.

Because only a basic programme is proposed for 2017/18 this means that expenditure on a number of new schemes, amounting to around £3.4m, will have to be deferred until at least 2018/19. Commitments for the period 2018/19 up to and including 2021/22 amount to £12.9m, as follows:

Improving Housing £2.8m  
Investing in Community Facilities £3.8m  
Community Centres £0.6m  
Safeguarding the Borough's Heritage £0.6m  
Investing for the Future £2.7m  
Vehicles and Plant £2.4m

- 8.6 There is clearly a direct link with the revenue budget as there may be revenue implications arising from new capital projects and the requirement to spend capital funds will lessen the ability to earn interest on the cash that is invested. It is therefore vital that the revenue and capital budgets are integrated.
- 8.7 Continuation of the capital programme beyond 2017/18 is dependent upon the achievement of a continued programme of receipts from the disposal of assets. It is essential that sufficient capital receipts are generated from these asset sales to enable essential capital investment to take place.
- 8.8 The Council's overall capital strategy was most recently updated in February 2016. Neither this document nor the related Asset Management Strategy has been comprehensively updated for 2017/18 since the underlying strategies remain the same (although Members will note a report on the Asset Management Strategy (including an updated delivery plan) was submitted to the Cabinet at their meeting on 18 January 2017).
- 8.9 Two key reports have been considered by Cabinet in relation to future capital investment needs. These are the Newcastle Capital Investment Programme (Cabinet 5 February 2014) and Funding the Council's Capital Investment Programme (Cabinet 15 October 2014). The first report set out the amount of capital investment required over the four year period 2015/16 to 2018/19 in order to maintain service continuity and to safeguard income from the commercial property portfolio. The second report set out options for funding the capital investment identified in the preceding report. It concluded that the only realistic option to meet investment needs is a systematic programme of surplus land disposal, which will also enable the Council to deliver its policy objective of bringing forward more affordable and social housing by the release of some of its land holdings. The alternative of borrowing to part fund the programme is seen to be a more expensive option owing to the cost of servicing the debt. Accordingly it was resolved: ***"That Cabinet agrees with the principle that the Council, as a first resort, will seek to fund its future known capital programme needs through the annual asset management planning process by the identification of land or property in its ownership that is capable of, and appropriate for disposal"***.
- 8.10 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 £1,500 (in a full year once the projects are complete and operational), which equates to a council tax levy of £0.04, using the 2017/18 council tax base for calculation purposes. This is based on £0.500m additional capital expenditure funded from Council resources and an assumed interest rate of 0.3 per cent. Provision has been made in the 2017/18 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. In addition, as reported to Full Council on 7 September 2016, the £6.100m cost to the Council of the Public Sector Hub (Castle House) is now to be funded from borrowing pending the sale of the Ryecroft site, apart from £0.700m funded from right to buy receipts. The revenue impact (borrowing costs plus minimum revenue provision in respect of £5.400m) amounts to some £0.200m and has been included in the MTFs and, therefore, in the 2017/18 revenue budget.

9. **List of Appendices**

- A Recommendations
- B Revenue Budget 2017/18
- C Savings and Funding Strategies
- D Actual and Estimated Reserves at 31 March 2016 to 31 March 2018
- E Risk Assessment
- F Capital Programme 2016/17 to 2017/18, including financing of expenditure
- G Notable Achievements in 2016/17
- H Activities planned to achieve Council Plan outcomes in 2017/18

**Schedule of detailed recommendations**

The following recommendations set out the decisions needed for the Council to set its own budgets and Council Tax for 2017/18.

**Recommendations**

- (a) That the Revenue Budget for 2017/18 be approved, as set out in Appendix B.
- (b) That the Council Tax at Band 'D' be £185.45.
- (c) That the Capital Programme to 2017/18 be approved as set out in Appendix F, together with the Prudential Indicator relating to the Incremental Impact of Capital Investment Decisions on the Council Tax, as set out in paragraph 8.10.
- (d) That the minimum balances requirement be confirmed as £1,300,000, unchanged from a year ago.
- (e) That the estimated council tax and business rates surplus to be transferred to the revenue account in 2017/18 of £63,320 be used to top up the Insurance Provision, Bad Debts Provision and Municipal Mutual Provision as required, following a review of the adequacy of those provisions at the end of the financial year 2017/18.
- (f) That it be noted that the Executive Director (Resources and Support Services), under delegated authority assigned to him by Cabinet on 20 January 2016 and Full Council on 18 May 2016 calculated the following amounts for the year 2017/18:
- (i) 36,540 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the whole Council area for the year (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act"))
  - (ii) For dwellings in those parts of the Council's area to which a Parish precept relates as in the table below:
- |                                 |       |
|---------------------------------|-------|
| Kidsgrove                       | 6,651 |
| Loggerheads                     | 1,895 |
| Audley                          | 2,523 |
| Betley, Balterley and Wrinehill | 581   |
| Chapel and Hill Chorlton        | 195   |
| Keele                           | 338   |
| Madeley                         | 1,462 |
| Maer                            | 263   |
| Silverdale                      | 1,463 |
| Whitmore                        | 826   |
- (g) That the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish precepts) is £6,776,340.
- (h) That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:
- (i) £67,376,447 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.

- (ii) £60,188,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- (iii) £7,188,447 being the amount by which the aggregate at (h)(i) above exceeds the aggregate at (h)(ii) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (iv) £196.73 being the amount at (h) (iii) above (Item R), all divided by Item T (f) (i) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (v) £412,107 being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act.
- (vi) £185.45 being the amount at (h) (iv) above less the result given by dividing the amount at (h) (v) above by item T (f) (i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item (Parish precept) relates.

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

	<b>£ p</b>
Audley Parish Council	227.59
Betley, Balterley and Wrinehill Parish Council	202.71
Chapel and Hill Chorlton Parish Council	200.89
Keele Parish Council	216.87
Kidsgrove Town Council	203.56
Loggerheads Parish Council	206.53
Madeley Parish Council	229.07
Maer Parish Council	203.88
Silverdale Parish Council	204.37
Whitmore Parish Council	216.28

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

(viii)

**Valuation Bands**

<b><u>Part of the Council's Area</u></b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Kidsgrove Town Council	135.71	158.33	180.94	203.56	248.79	294.03	339.26	407.12
Loggerheads Parish Council	137.69	160.64	183.58	206.53	252.42	298.32	344.21	413.06
Audley Parish Council	151.73	177.02	202.30	227.59	278.16	328.74	379.31	455.18
Betley, Balterley and Wrinehill Parish Council	135.14	157.67	180.19	202.71	247.75	292.80	337.84	405.42
Chapel and Hill Chorlton Parish Council	133.93	156.25	178.57	200.89	245.53	290.17	334.81	401.78
Keele Parish Council	144.58	168.68	192.77	216.87	265.06	313.25	361.44	433.74
Madeley Parish Council	152.72	178.17	203.62	229.07	279.97	330.87	381.78	458.14
Maer Parish Council	135.92	158.58	181.23	203.88	249.18	294.49	339.79	407.76
Whitmore Parish Council	144.19	168.22	192.25	216.28	264.34	312.40	360.46	432.56
Silverdale Parish Council	136.25	158.96	181.66	204.37	249.78	295.20	340.61	408.74
Other Parts of Borough Area	123.64	144.24	164.85	185.45	226.66	267.87	309.08	370.90



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

- (i) That it be noted that for the year 2017/18 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:-

**Valuation Bands**

<b><u>Precepting Authority</u></b>	<b>A</b> £ p	<b>B</b> £ p	<b>C</b> £ p	<b>D</b> £ p	<b>E</b> £ p	<b>F</b> £ p	<b>G</b> £ p	<b>H</b> £ p
Staffordshire County Council	761.69	888.64	1015.59	1142.54	1396.44	1650.34	1904.23	2285.08
Staffordshire Fire Authority	47.71	55.66	63.61	71.56	87.46	103.36	119.27	143.12
Office of the Police & Crime Commissioner Staffordshire	120.77	140.90	161.03	181.16	221.42	261.68	301.94	362.32

- (j) That having calculated the aggregate in each case of the amounts at (h) (viii) and (i) above, the Council, in accordance with Section 30(2) of the Act, hereby sets the following amounts as the amounts of Council Tax for the year 2017/18 for each of the categories of dwelling shown below:

**Valuation Bands**

<b><u>Part of the Council's Area</u></b>	<b>A</b> £ p	<b>B</b> £ p	<b>C</b> £ p	<b>D</b> £ p	<b>E</b> £ p	<b>F</b> £ p	<b>G</b> £ p	<b>H</b> £ p
Kidsgrove Town Council	1065.88	1243.53	1421.17	1598.82	1954.11	2309.41	2664.70	3197.64
Loggerheads Parish Council	1067.86	1245.84	1423.81	1601.79	1957.74	2313.70	2669.65	3203.58
Audley Parish Council	1081.90	1262.22	1442.53	1622.85	1983.48	2344.12	2704.75	3245.70
Betley, Balterley and Wrinehill Parish Council	1065.31	1242.87	1420.42	1597.97	1953.07	2308.18	2663.28	3195.94
Chapel and Hill Chorlton Parish Council	1064.10	1241.45	1418.80	1596.15	1950.85	2305.55	2660.25	3192.30
Keele Parish Council	1074.75	1253.88	1433.00	1612.13	1970.38	2328.63	2686.88	3224.26
Madeley Parish Council	1082.89	1263.37	1443.85	1624.33	1985.29	2346.25	2707.22	3248.66
Maer Parish Council	1066.09	1243.78	1421.46	1599.14	1954.50	2309.87	2665.23	3198.28
Whitmore Parish Council	1074.36	1253.42	1432.48	1611.54	1969.66	2327.78	2685.90	3223.08
Silverdale Parish Council	1066.42	1244.16	1421.89	1599.63	1955.10	2310.58	2666.05	3199.26
Other Parts of Borough Area	1053.81	1229.44	1405.08	1580.71	1931.98	2283.25	2634.52	3161.42

## Revenue Budget 2017/18

## STATEMENT OF NET EXPENDITURE AND COUNCIL TAX REQUIREMENTS

Topic Area	2016/17 General Fund		2017/18 General Fund	
	Estimate 2016/17	Basic Band D Council Tax	Estimate 2017/18	Basic Band D Council Tax
	£	£ p	£	£ p
Administration Before Recharges to Services	7,289,000	202.03	6,720,230	183.91
Less Recharges to Services	(7,289,000)	(202.03)	(6,720,230)	(183.91)
Total Administration Net of Recharges	-	-	-	-
Holding Accounts Before Recharges to Services	2,760,350	76.51	2,569,160	70.31
Less Recharges to Services	(2,760,350)	(76.51)	(2,569,160)	(70.31)
Total Holding Accounts Net of Recharges	-	-	-	-
Central Services	3,552,710	98.47	2,959,200	80.99
Cultural Services	4,292,690	118.98	3,624,060	99.18
Environmental Services	6,791,370	188.24	6,855,440	187.61
Planning	1,633,700	45.28	1,203,570	32.94
Transport	34,490	0.96	(282,530)	(7.73)
Housing	1,666,920	46.20	1,378,580	37.73
<b>Net Cost of Services</b>	<b>17,971,880</b>	<b>498.13</b>	<b>15,738,320</b>	<b>430.71</b>
Pensions Liabilities Account - Interest Costs Less Return on Assets	(61,700)	(1.71)	(100,000)	(2.74)
Investment Properties	(58,290)	(1.62)	(304,320)	(8.33)
Interest and Investment Income	(101,180)	(2.80)	58,800	1.61
<b>Net Operating Expenditure</b>	<b>17,750,710</b>	<b>492.00</b>	<b>15,392,800</b>	<b>421.26</b>
Contribution to/(from) Revenue Reserves	740	0.02	221,000	6.05
Contribution to/(from) Capital Reserves	(3,612,900)	(100.14)	(1,788,740)	(48.95)
<b>Amount to be met from Government Grant and Local Taxpayers</b>	<b>14,138,550</b>	<b>391.88</b>	<b>13,825,060</b>	<b>378.35</b>
Revenue Support Grant	(1,813,980)	(50.27)	(1,059,980)	(29.01)
Other Non-Specific Grants	(1,786,880)	(49.53)	(1,621,480)	(44.38)
Business Rates Retention Funding	(4,184,110)	(115.97)	(4,303,940)	(117.79)
Collection Fund Deficit/(Surplus)	156,700	4.34	(63,320)	(1.73)
<b>Borough Council Tax Requirement</b>	<b>6,510,280</b>	<b>180.45</b>	<b>6,776,340</b>	<b>185.45</b>
Staffs C.C. Precept		1,088.65		1,142.54
Fire Authority Precept		70.33		71.56
Police Authority Precept		177.61		181.16
<b>Total Council Tax Requirement</b>		<b>1,517.04</b>		<b>1,580.71</b>

The Council Tax Base used in the above table is 36,540.

There has been a significant decrease in the contribution required from capital reserves due to decreases in impairment and depreciation charges that will be incurred during 2017/18. In turn the decreased impairment and depreciation charges are reflected in the reduced net cost of services.

## **GLOSSARY OF TERMS**

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

**Impairment.** A reduction in the value of a fixed asset below its carrying amount on the balance sheet. In this case, certain assets will have works of repair or improvement or other work to assets is planned to take place in 2017/18, which might be expected to result in an addition to the balance sheet carrying amount of the same amount as the expenditure incurred. However, it is likely that in fact the value will not be increased because the valuation principles employed do not recognise any increase in the real value of the assets. In such cases, the amount of non-value adding expenditure is classed as impairment and is written off as an impairment charge. These impairment charges are offset by a transfer from the Capital Adjustment Account in order to ensure that they do not count against the council tax.

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

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

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

Ref	Service Area	Description	£000's	% of Budget Line(s)	Detail
<b>Procurement</b>					
P1	Business Improvement and Partnerships	Insurance Premium Renewal	16	5.3%	Additional saving from 2016/17 tender and acceptance of increased excesses
			<b>16</b>		
<b>Income</b>					
I1	Recycling and Fleet	Waste and Recycling Review	184	5.5%	Bringing in house of external contracts, full review and rationalisation of service (in addition to savings of £316k in 2016/17)
			<b>184</b>		
<b>Staffing Related Efficiencies</b>					
S1	All	Vacant Posts Review	361	2.4%	Full review of current and future vacant posts: <ul style="list-style-type: none"> <li>• Head of Governance and Partnerships</li> <li>• Partnerships Officer</li> <li>• Head of Revenues and Benefits</li> <li>• Operational Services Apprentice</li> <li>• Environmental Health Officer</li> <li>• Secretary (part time)</li> <li>• Planning Officer (part time)</li> <li>• Principal Solicitor (part)</li> <li>• Streetscene Operatives (x3)</li> </ul>
S2	All	Flexible Retirements	117	0.8%	Employees approved for flexible retirement
S3	Environmental Health	Pest Control	13	10.3%	Reduction in Pest Control staffing from 2.5 full time employees to 2 full time employees
S4	Finance	Digital Delivery	100	TBC	Implementation of a programme of digital delivery to enable postage, stationery and resources efficiencies
S5	Finance	Car Leasing Scheme	27	23.3%	Car leases not renewed following expiry
S6	Operational Services	Employee Allowances	6	30.0%	Reduction in budgetary requirement for employee allowances
			<b>624</b>		
<b>Good Housekeeping/General Other Savings/Changes in Base Budgets</b>					

G1	All	Good Housekeeping Savings	256	TBC	Reductions in budgetary requirements for supplies and services
G2	Assets	Public Sector Hub	163	TBC	Revenue savings from occupation of new public sector hub when compared to occupation of Civic Offices
G3	Business Improvement and Partnerships	Grants	37	50.0%	Introduction of a Borough lottery to replace current grants process, with proceeds distributed to local good causes and charities
G4	Central Services	Elections	90	100.0%	No Borough Election to be undertaken during 2017/18. Budget to be reinstated as a pressure in 2018/19
G5	Communications	Printing Services	53	24.8%	Utilisation of external printers to provide printing service and cessation of the publication of the Reporter
G6	Customer and ICT Services	Reduction in Computer Software Costs	20	4.9%	Reduction in budgetary requirement for computer software costs
G7	Environmental Health	Pest Control and Dog Warden Vehicles	15	71.4%	Purchase of vehicles as opposed to leasing costs
G8	Finance	Business Rates on Council Owned Properties	9	1.1%	Reduction in business rates for which the Council is liable (Knutton Recreation Centre)
G9	Leisure and Cultural	Community Centres	14	22.2%	Reduction in grant given by the Council and reduction in repairs and maintenance following grant of full leases to Community Centre committees, agreed as part of the 2015/16 budget setting process
G10	Leisure and Cultural	New Victoria Theatre Grant	10	12.8%	Phased reduction of grant given over a 5 year period agreed as part of the 2015/16 budget setting process

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**Alternative Sources of Finance/Other**

A1	Corporate	Invest to Save Savings	15	20.0%	Savings following financing of invest to save schemes (telephony)
A2	Corporate	Superannuation Lump Sum	179	14.9%	Negotiation of contribution rate and discount for payment to the Pensions Actuary in advance of superannuation lump sums
A3	Corporate	Council Tax Base	83	0.7%	Increase in Council Tax Base (forecast increase of 260 residential properties)
A4	Corporate	New Homes Bonus contribution	612	34.2%	Further additional funding to be received in 2017/18 (£237k) and transfer of capital funding to revenue (£375k)
A5	Corporate	Minimum Revenue Provision	66	100.0%	Minimum revenue provision (a statutory requirement to make a charge to the Councils general fund to make provision for the repayment of the Councils past credit liabilities) is no longer required following expiry of expenditure finance leases
A6	Corporate	Business Rates	50	1.2%	Additional revenue generated through the Business Rates Retention system
A7	Corporate	Revenue Investment Fund	35	100.0%	Contributions to the revenue investment fund to be ceased

A8	Corporate	Council Tax Increase	182	2.8%	Assumed increase of £5 per Band D equivalent property
A9	Corporate	Parish Council Section 136 Contributions	15	25.0%	Reduction of 25% of the payments made to Parish Councils for concurrent functions
			<b>1,237</b>		
<b>Grand Total</b>			<b>2,728</b>		

**Actual and Estimated Reserves at 31 March 2016 to 2018**

Reserve	Actual Balance at 31 March 2016	Estimated Net movement in 2016/17	Estimated Balance at 31 March 2017	Estimated Net Movement in 2017/18	Estimated Balance at 31 March 2018	Purpose	Notes
	£'000s	£'000s	£'000s	£'000s	£'000s		
General Fund Balance	1,200	-	1,200	-	1,200	Working balance to cover unforeseen adverse events affecting the budget	Approved minimum balance to be £1,200,000, as confirmed by risk assessment
Contingency Reserve	226	(15)	211	(65)	146	To meet cost of unforeseen contingencies or for any other purpose approved by the Council	Approved minimum balance is £100,000
Equipment Replacement Fund	376	155	531	152	683	To pay for the replacement of certain items of plant and equipment, eg cremators	
Renewals and Repairs Fund	2	2	4	-	4	To meet the cost of repairs and maintenance of Council owned buildings and structures	
ICT Development Fund	225	20	245	(91)	154	To meet the cost of new IT requirements	Balance committed to finance capital expenditure
Budget Support Fund	340	(110)	230	(61)	169	To support the General Fund revenue budget or to meet the cost of specific items approved by the Council, including "Invest to Save" projects, funding to be repaid as savings occur.	
Revenue Investment Fund	71	20	91	-	91	To fund projects in accordance with corporate priorities	
Conservation and Heritage Fund	35	10	45	10	55	To provide grants to owners of historic buildings to maintain their repair	
Museum Purchases Fund	60	3	63	-	63	To purchase exhibits and to conserve and enhance the display of exhibits	
Maintenance Contributions	61	(1)	60	(15)	45	To fund maintenance costs in respect 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
Standards Fund	7	-	7	-	7	To ensure the Council meets its responsibilities under the ethical and other standards frameworks	
Deposit Guarantee Reserve	36	-	36	-	36	To hold balances relating to rent guarantees	
NNDR Reserve	718	(276)	442	-	442	To hold surpluses of business rates received per the revenue account and to pay subsequent deficits on the collection fund.	
Keele Master Plan Reserve	139	(139)	-	-	-	To meet the costs of the Keele Masterplanning exercise	

**Project – Budget Forecast 2017/18 – Required Balances/Contingency Reserve**

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

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

**All of the risks fall into the “Finance” Category**

Item No.	Risk	Potential Consequences	Risk Score I * L	Risk Rating	Specify Existing Control Measures	Final Score I * L	Final Risk Rating	Further Action Required	Owner	Target Date
1	Increase in fees and charges does not result in higher income levels	Shortfall in income leading to overspends	3 x 4	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
2	Income cannot be collected because of non-availability of service (e.g. through closure of facilities for repairs)	Shortfall in income leading to overspends	3 x 3	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
3	Income falls short of Budget because of general reduction in activity, eg because of economic recession	Shortfall in income leading to overspends	3 x 5	High	Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
4	Bad debts reduce the Council's income	Shortfall in income leading to overspends Need to top up Bad Debts Provision	3 x 4	High	The Council has a bad debts provision (£312k balance at 31/03/16). £77k contribution to provision included in the base budget.	3x 3	High	Increase monitoring of collection performance	Exec Dir Resources	N/a
5	Employee budgets – The budget is discounted on the assumption there will be	Vacancies do not occur leading to additional costs	3 x 3	High	The budget assumes a vacancy factor of 2.0%. This is realistic compared	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
	vacancies. The impact of 1% vacancy is about £100,000				with experience from previous years.					
6	Employee Budgets - The 2017/18 employee pay settlement results in an increase higher than included in the budget.	Additional unbudgeted costs	3 x 1	Moderate	Balances sufficient to deal with any additional costs, plus reduced job security in economy.	3 x 1	Moderate	None	Exec Mgt Team	N/a
7	Problems with staff recruitment/retention result in significant use of agency/interim staff at extra cost or the payment of market supplements	Additional unbudgeted costs	3 x 3	High	Situation subject to ongoing review.	3 x 3	High	None	Exec Mgt Team	N/a
8	Council becomes liable to pay compensation or legal fees or other unforeseen commitment arises.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
9	Inflation relating to supplies and services exceeds the allowance in the budget.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Mgt Team	N/a
10	Existing commitment(s) missed out of budget	Additional unbudgeted costs	3 x 2	Moderate	Budgets subject to checking at several levels. Preparation of standstill budget for comparison.	3 x 2	Moderate	None	Exec Mgt Team	N/a
11	Fall in interest rates reduces income to the Council.	Investment income targets not met	4 x 4	Extreme	Rates are very low now. A decrease would make only a relatively small difference. Included in calculation of prudent minimum balances	2 x 3	Moderate	None	Exec Mgt Team	N/a
12	Profile of capital spend differs adversely from that assumed in the investment interest calculation	Investment income targets not met	3 x 3	High	Capital Budgets have been realistically set. Due to low interest rates investment income is no longer significant.	2 x 3	Moderate	None	Exec Mgt Team	N/a
13	Fuel costs increase by more than allowed for in budget.	Additional unbudgeted costs	3 x 3	High	Realistic increases included in base budget.	2 x 3	Moderate	None	Exec Dir Op Serv	N/a

	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
14	Energy 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 Mgt Team	N/a
15	Unforeseen major repairs needed to Council properties.	Additional unbudgeted costs	4 x 3	High	Planned maintenance programme in place and stock condition survey.	3 x 2	Moderate	None	Exec Mgt Team	N/a
16	Insurances – unexpected increases in premiums.	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Chief Exec	N/a
17	Insurances - high level of excesses to be met by Council or uninsured losses	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances. Insurance Provision established.	3 x 3	High	Monitor level of Insurance Provision	Chief Exec	N/a
18	Government increase NI rates during 2017/18. An increase of 1% adds about £100,000 to the Council's costs	Additional unbudgeted costs	3 x 3	High	Included in calculation of prudent minimum balances	3 x 3	High	None	Exec Dir Resources	N/a
19	Loss of VAT Exempt Status	Additional unbudgeted costs	3 x 3	High	None	3 x 2	Moderate	Continue to monitor position regularly	Exec Mgt Team	N/a
20	Savings built into Budget are not realised	Additional unbudgeted costs	3 x 3	High	Regular Budget Monitoring	3 x 3	High	None	Exec Mgt Team	N/a
21	New Legislation imposes extra costs but provides insufficient resources	Additional unbudgeted costs	3 x 3	High	Contingency Reserve available. Included in calculation of prudent minimum balances.	3 x 3	High	None	Exec Mgt Team	N/a
22	Partnerships - expenses falling on Council as accountable body	Additional unbudgeted costs	3 x 3	High	Monitor partnership activities and ensure carried out according to agreements.	3 x 3	High	None	Exec Mgt Team	N/a
23	Civil Emergency	Additional unbudgeted costs	5 x 2	High	Bellwin Scheme should meet 85% of cost	4 x 2	Moderate	None	Exec Mgt Team	N/a

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
24	Investment Counterparty (including own bank re current account, etc) fails to meet its financial commitments	Loss of interest due Ongoing loss of interest owing to loss of capital	4 x 3	High	Use of credit rating agencies Counterparty list based on minimum ratings with CDS overlay. Limits to investments with one counterparty (£7m)	3 x 3	High	Frequent reviews of investment strategy	Exec Dir Resour-ces	N/a
25	Municipal Mutual Insurance (MMI) Clawback	Additional unbudgeted costs	4 x 4	Extreme	MMI Provision	4 x 3	High	Consider increasing amount of provision if reports from administrator indicate it to be necessary	Exec Dir Resour-ces	N/a
26	Localised Council Tax Support Scheme is oversubscribed	Additional unbudgeted costs	3 x 3	High	Local scheme	3 x 3	High	None	Exec Dir Resour-ces	N/a
27	Data Protection breach resulting in fine	Additional unbudgeted costs	3 x 3	High	Data Protection Policy Reminders to staff	3 x 3	High	None	Exec Mgt Team	N/a
28	Failure of Banking Services provider	Frozen Funds Additional unbudgeted costs	5 x 3	High	Business Continuity Plan	2 x 3	Moderate	None	Exec Dir Resour-ces	N/a
29	Members act against officer advice resulting in cost to the Council	Additional unbudgeted costs	3 x 3	High	Agenda pre-meetings. Liaison with members	3 x 3	High	None	Exec Mgt Team	N/a

**NEWCASTLE-U-LYME BOROUGH COUNCIL CAPITAL PROGRAMME 2016/17 TO 2017/18**

<b>PROJECTS WITHIN CAPITAL PROGRAMME THEMES</b>	<b>2016/17 Est Exp</b>	<b>2017/18 Est Exp</b>	<b>Total Exp</b>	<b>External Contribn</b>	<b>Council Financing</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>IMPROVING HOUSING IN THE BOROUGH</b>					
HIP Disabled Facilities Grants	1,034,300	1,000,000	2,034,300	2,034,300	0
Empty Homes	16,000	0	16,000	0	16,000
Choice Based Lettings	22,400	0	22,400	0	22,400
PSH/Emergency HHSRS Grants/Vulnerable H	27,500	0	27,500	0	27,500
Energy Efficiency Grants	11,400	0	11,400	0	11,400
Landlord Accreditation	19,200	0	19,200	0	19,200
<b>IMPROVING HOUSING IN THE BOROUGH SUB TOTAL</b>	<b>1,130,800</b>	<b>1,000,000</b>	<b>2,130,800</b>	<b>2,034,300</b>	<b>96,500</b>
<b>INVESTING IN COMMUNITY FACILITIES</b>					
Footpaths Repairs	0	25,000	25,000	0	25,000
Play Area Refurbishment	0	56,000	56,000	0	56,000
Railings./Structures, Repairs	3,500	25,000	28,500	0	28,500
Public Railings Painting	0	25,000	25,000	0	25,000
Crematorium - Petal Garden	0	20,000	20,000	0	20,000
Crematorium - Monthly Gardens	0	5,000	5,000	0	5,000
Thistleberry Parkway	82,000	0	82,000	82,000	0
Cemetery Memorial Survey Works	10,000	10,000	20,000	0	20,000
Street Furniture Replacement	3,000	0	3,000	0	3,000
Ski Slope - Car Park & Path Replacements	15,000	0	15,000	0	15,000
Footpath Repairs Lyme Valley	1,200	0	1,200	0	1,200
Wolstanton Marsh Pavillion	7,000	0	7,000	0	7,000
Wolstanton Marsh Improvements	5,400	0	5,400	0	5,400
Parks Pavillions	1,500	0	1,500	0	1,500
Pool Dam Marshes Nature Reserve	0	47,000	47,000	47,000	0
S106 Works Lowlands Road	33,300	0	33,300	33,300	0
Clayton Sports Centre Works	5,000	0	5,000	5,000	0
Silverdale CC Roof Damage	18,400	0	18,400	0	18,400
Silverdale Community Facilities	7,500	0	7,500	0	7,500
<b>INVESTING IN COMMUNITY FACILITIES SUB TOTAL</b>	<b>192,800</b>	<b>213,000</b>	<b>405,800</b>	<b>167,300</b>	<b>238,500</b>
<b>COMMUNITY CENTRES</b>					
Red Street Community Centre - Stock Condition Work	5,000	0	5,000	0	5,000
<b>COMMUNITY CENTRES SUB TOTAL</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>

<b>PROJECTS WITHIN CAPITAL PROGRAMME THEMES</b>	<b>2016/17 Est Exp</b>	<b>2017/18 Est Exp</b>	<b>Total Exp</b>	<b>External Contribn</b>	<b>Council Financing</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>SAFEGUARDING THE BOROUGH'S HERITAGE</b>					
Museum - Boiler replacement, electrical refurb & window replacements	5,700	0	5,700	0	5,700
<b>SAFEGUARDING THE BOROUGH'S HERITAGE SUB TOTAL</b>	<b>5,700</b>	<b>0</b>	<b>5,700</b>	<b>0</b>	<b>5,700</b>
<b>INVESTING FOR THE FUTURE</b>					
Strategic Investment Framework/Markets Software	10,500	0	10,500	0	10,500
Ryecroft Development	35,100	0	35,100	0	35,100
Knutton Lane Depot - Garage Repairs/Resurfacing of Yard	50,000	0	50,000	0	50,000
Asset Site Disposal Tranche 2 Fees	289,600	0	289,600	0	289,600
New Waste Service - Vehicles, Equipment and Premises	2,409,000	0	2,409,000	0	2,409,000
ICT Projects	284,200	0	284,200	0	284,200
ICT PC Replacements	1,400	0	1,400	0	1,400
Customer Relationship Management	4,700	0	4,700	0	4,700
Public Sector Hub	4,600,000	1,500,000	6,100,000	0	6,100,000
Civic Offices/Public Buildings Stock Condition Works	54,500	0	54,500	0	54,500
Midway Car Park Safety Works	20,000	0	20,000	5,000	15,000
Midway Car Park – Structural Repairs & Lighting Maintenance	0	20,000	20,000	0	20,000
Newcastle Town Centre Public Works	1,700	0	1,700	0	1,700
Subway Improvement Programme	15,000	0	15,000	15,000	0
Knutton Recreation Centre - Demolition	40,000	0	40,000	0	40,000
Engineering Structures	46,500	0	46,500	0	46,500
Carbon Management Plan	10,000	0	10,000	0	10,000
<b>INVESTING FOR THE FUTURE SUB TOTAL</b>	<b>7,872,200</b>	<b>1,520,000</b>	<b>9,392,200</b>	<b>20,000</b>	<b>9,372,200</b>
<b>VEHICLES AND PLANT</b>					
Vehicles	2,437,500	289,000	2,726,500	0	2,726,500
Waste Bins	100,000	25,000	125,000	0	125,000
<b>VEHICLES AND PLANT SUB TOTAL</b>	<b>2,537,500</b>	<b>314,000</b>	<b>2,851,500</b>	<b>0</b>	<b>2,851,500</b>
<b>GRAND TOTAL</b>	<b>11,744,000</b>	<b>3,047,000</b>	<b>14,791,000</b>	<b>2,221,600</b>	<b>12,569,400</b>

Sources of Funding	2016/17 Est Exp	2017/18 Est Exp	Total Exp
	£	£	£
External Contributions:			
Bettercare Fund (Disabled Facility Grants)	1,034,300	1,000,000	2,034,300
S106 Planning Contributions	97,000	47,000	144,000
External Grants/Contributions	43,300	0	43,300
<i>Sub Total External Contributions</i>	<i>1,174,600</i>	<i>1,047,000</i>	<i>2,221,600</i>
Council Financing:			
Other Revenue Funds (ICT Devel Fund)	284,200	0	284,200
Borrowing (Public Sector Hub)	3,900,000	1,500,000	5,400,000
Right to Buy Receipts (Public Sector Hub)	700,000	0	700,000
New Homes Bonus	375,000	0	375,000
Capital Receipts	5,310,200	500,000	5,810,200
<i>Sub Total Council Financing</i>	<i>10,569,400</i>	<i>2,000,000</i>	<i>12,569,400</i>
<b>Capital Programme</b>	<b>11,744,000</b>	<b>3,047,000</b>	<b>14,791,000</b>

**Notable Achievements in 2016/17****A Co-operative Council which delivers high-quality, community driven services**

- a) The successful Shared Apprenticeship scheme continues to work with partners to increase the number of employment opportunities for young people within the borough. The scheme enables the young people to gain valuable work experience and a meaningful qualification.
- b) Workforce Development Plans are now embedded within every service, which strives to ensure that we have the right people, in the right place, and with the right skills at the right time.
- c) The council has achieved the Investors in People (IIP) accreditation at Silver standard in September 2016.
- d) Implemented the Agile Working guidance to support staff in the change readiness programme for the move to the Public Sector Hub.
- e) Implementation of a new Recycling and Waste service for the borough.
- f) For the new Recycling Service, Customer Services redesigned systems to ensure any enquires are integrated with the current CRM system and the back office system for Recycling & Waste, known as Bartec, enabling the drivers/crews to deal with these enquires and the information added into the CRM system.
- g) Support was given from HR to the Waste & Recycling service to TUPE transfer waste recycling contract staff in-house.
- h) Customer Services has maintained its Customer Service Excellence (CSE) accreditation for the 5th year by demonstrating continuous improvement in all areas of the Standard. With support from Customer Services, Planning, Leisure & Cultural and Revenues & Benefits have now achieved accreditation.
- i) Provision of an ICT Service Desk from 7.30am to address the needs of staff.
- j) Improvements in the corporate telephony system include a revised menu structure based on customer demand, improvements to the voice recording system to provide increased security, and automated customer call backs.
- k) The Citizens Access project has resulted in a large reduction in the number of telephone calls received by the section. In addition the self- service element has reduced the amount of back office processing time dramatically meaning that 4 members of staff have been able to voluntarily reduce their hours and contributing majorly to the saving of £100,000 within the department
- l) Delivered Improvements to the taxi licensing service to make it more responsive to customers, and improve efficiency and process in the back office.
- m) Customers can now do more business online and the Creditors service continues to comply with the Prompt Payment code of practice.
- n) Delivery of an internal and external shared telephone directory and the launch of the MyStaffs App.
- o) An excellent Ombudsman report received with only 2 cases upheld out of 33 complaints.
- p) The Communications Team secured a £6,000 grant from the Local Government Association to support the development of digital services for residents.
- q) In the last 12 months the number of unique users visiting the Council's new website has doubled to more than 40,000 each month.
- r) A procurement process has resulted in a new private sector partner coming on board to work with the Council in a unique project to generate income from advertising hoardings and car park signage with almost £30,000 generated so far.
- s) The Communications Team generated positive media coverage of the Council, its services, policies and activities.
- t) The website retained its two star rating in the annual assessment of public sector websites carried out by the Society of Information Technology Management (Socitm).
- u) The Council carried out more than 300 face-to-face discussions with residents to gauge their views on key services such as Streetscene and Customer Services.
- v) Development of the Community Engagement and Participation Framework continues to encourage volunteer groups to care for their green spaces and neighbourhoods.

- w) Reviewed potential for community management of local facilities and continued to work with partners to deliver locally important projects. Roe Lane Playing Fields is now leased to Newcastle Town FC Youth Section.
- x) A number of community events in parks and open spaces continue to be organised and facilitated including Communities Day and the Eco Schools Forum.
- y) Implementation of new markets software to reduce reliance on paper based systems and in preparation to offer non-cash based forms of payment for market stalls.
- z) Leisure & Cultural services successfully gained a Customer Service Excellence accreditation
- aa) Officers have continued to undertake spending reviews to identify potential savings across a range of services and goods procured by the Council from either the re-procurement of existing suppliers and/or services and new procurements, the Council's Long Term Agreement (LTA) for Insurance has been awarded and delivered considerable savings.
- bb) Regular reporting of contract spend and opportunities linked to the LA Transparency Code 2014 continues and supports spend analysis.
- cc) Identified opportunities for district procurement collaborations, for example the delivery of outbound mail and the introduction of a hybrid mail solution with the City Council.
- dd) The introduction of an e-tendering tool to improve consistency, continuity, transparency and compliance with future legislative requirements.
- ee) Locality Working continues to be supported through the work of the Locality Action Partnerships who brought in an additional £46,692.32 of external funding into the borough to address priorities in local communities.
- ff) Monitoring and delivery of contracts commissioned as part of the Newcastle Partnership Commissioning Prospectus Round 1 & 2 has resulted in many good outcomes for the residents of the borough.
- gg) The Grant Funding scheme was reviewed and the Borough's Community Chest and Small Grants funding schemes delivered.
- hh) The Partnership has continued to support and co-ordinate the Safer Neighbourhood Panel for Newcastle under Lyme on behalf of Staffordshire Office of the Police and Crime Commissioner.
- ii) The landlord portal was introduced in January 2016 and gives landlords direct access to Housing benefit information from a portal on the council's website, this reduces the need for any landlord that has registered for this service to make direct contact with the benefit service. Not only has it reduced the number of phone calls, it has reduced the amount of correspondence sent to the landlord, as all the information previously supplied in writing is now directly available to them.

### **A Clean, Safe and Sustainable Borough**

- a) In the Heart of England in Bloom competition, the Operations Service gained a Gold award for 15th year running and won the Small City category and overall winner.
- b) A total of 7 Green Flag Awards were gained for parks and green spaces.
- c) Local Environment Quality (LEQ) scores for litter, detritus, graffiti and flyposting continue to be good and performing better than target.
- d) The council is a finalist in the APSE Performance Networks Most Improved Performer in Street Cleansing Award 2016, and in Best Performer and Most Improved Performer for Cemeteries and Crematoria 2016.
- e) Expanded the "Planting Pledge" and "Litter Pledge" initiatives where over 50 schools and businesses signed up to improve their local environment.
- f) Bereavement Services gained the Gold standard in the Institute for Cemetery and Crematorium Management (ICCM) Charter for the Bereaved for the 13th year running and progress with the Memorial Safety Inspections in the borough's cemeteries has continued.
- g) Invested in new vehicles to deliver the Streetscene service more efficiently.
- h) A total of 240 food safety inspections undertaken with businesses in the borough and improved standards within several, consistently poor performing food businesses.
- i) Planning and joint working to achieve an acceptable outcome from the Betley Mere Concert Variation Hearing. The execution of successful Policing and monitoring of the Betley Mere Concert.
- j) Environmental Services worked with partners - the Police and Trading standards to ensure a suitable outcome in the Newcastle Food and Wine Licensing Hearing, with trading Standards



to achieve a successful Licensing Training Programme for all borough Licensed Premises, with the Police and Community Safety to address CSE issues.

- k) Seized noise making equipment from a domestic premise to abate a statutory noise nuisance caused by amplified music
- l) Obtained a successful prosecution in the Magistrates Court for breach of a noise abatement notice with a full investigation costs award to the Council.
- m) The council has undertaken a total of 1,495 pest control requests, 1,058 Dog Warden requests, seized 74 strays and undertaken 44 licencing inspections this year to date.
- n) A Heritage Lottery Funding (HLF) Steering Group was established to explore the potential opportunity to redevelop the Brampton Museum.
- o) The Partnership team submitted an application for reaccreditation for the Purple Flag award for Newcastle Town Centre and are waiting for the results which are due in the New Year.
- p) Achieved White Ribbon accreditation which is a national campaign to put a stop to male violence against women and girls.
- q) Participated in a Safeguarding Children Peer Audit with Staffordshire Moorlands District Council to ensure that the Council is delivering its statutory safeguarding duties effectively.
- r) Safeguarding Level 1 training for Children and Adults at risk of abuse and neglect was rolled out to all Council staff and Members.
- s) Delivery of Safeguarding and CSE awareness training to taxi drivers in the borough continues to take place.
- t) Further development of multi-agency working undertaken to improve outcomes around community safety and to vulnerable victims of crime through the Partnership Hub.
- u) Delivery of the Local Police and Crime Plan objectives and Newcastle Partnership Workplan actions around the themes of health and wellbeing, safer and stronger communities and economic growth have included many projects in the borough such as the comprehensive DV service, CCTV, support to vulnerable victims, diversionary activities for young people.
- v) The council has contributed to the work of the countywide Gangs and Youth Violence agenda and participated in the Home Office's Local Assessment Process to help explore Gangs and Youth Violence issues in more detail and to influence future delivery to better protect vulnerable people in our communities.

## **A Borough of Opportunity**

- a) A total of 167 serious hazards to health were addressed to improve private homes, making them safe to occupy. This includes targeted action on a specific road with poor property conditions, an initiative which received good local press coverage.
- b) Assistance with advice on adaptations was given to 115 vulnerable residents, leading to the provision of financial assistance to 81 disabled residents to assist with adaptations to their home.
- c) Undertaken pro-active inspections of 102 private sector shared housing (HMO's) to ensure good quality housing standards are achieved and maintained.
- d) Continued self-funding of the North Staffs Landlord Accreditation Scheme to support and promote good landlord practices and encourage high standards.
- e) In total, 109 Empty Homes have been returned to use this year.
- f) Progressing with an estate based initiative to improve property condition and landlord practices in an area with high levels of private renting.
- g) A private sector house condition survey was commissioned to provide an up to date understanding of the housing stock within Newcastle under Lyme and therefore enable a targeted approach to improving housing.
- h) A Housing Strategy 2016-2021 was developed and adopted, providing a framework for setting priorities and the direction of housing related plans and policies. The Homelessness Strategy 2016-2021 was also produced to provide a framework for the delivery of services designed to prevent homelessness and support those who may become homeless.
- i) Undertook delivery of the 5 year action plan of the Council's Economic Development Strategy.
- j) The Council is a member of the Newcastle Business Improvement District, and as part of the Business Plan the BID has delivered a wide range of activities including the Jazz and Blues Festival, Lymelight Musical Festival, The Homecoming circus event which was supported by a successful Arts Council bid and Christmas Spectacular with improved Christmas Lights

- switch on. Working in partnership, support has been given with parking free for major events, and after 3pm for the Christmas period.
- k) Kildsgrove Town Centre Partnership has worked hard to increase support including purchasing additional new Christmas Lights and engaging with business to have them installed.
  - l) Another successful Business Boost competition and awards event was held to promote support for small businesses.
  - m) Vacancy rates in respect of the commercial portfolio maintained at 8.1% thereby generating about £1.127m of revenue to support the Council's general fund.
  - n) Commitment with partner agencies to develop Ryecroft for retail led scheme including student accommodation, to support the regeneration of the town centre continues. A land sales agreement has been signed to take forward the redevelopment of the Ryecroft site for a major new retail-led, mixed-use development and car park.
  - o) The new Public Sector Hub is progressing in the town and will provide joined up customer services with other public service partners as well as achieving financial efficiencies.
  - p) Implementation of a land/property disposal programme commenced in accordance with the approved Asset Management Strategy with the aim of generating capital receipts to fund the Council's capital programme and to facilitate development needs of the borough.
  - q) Masterplanning and options appraisal for Newcastle Western Extension has commenced in partnership with Staffordshire County Council and Keele University.
  - r) Delivered the second phase of the public art programme on Pool Dam Traffic Island in partnership with Newcastle BID and local business sponsors to promote economic development in Newcastle town centre.
  - s) Agreed an improvement scheme for Queens Gardens to complement the new Public Sector Hub building.
  - t) Successfully awarded Stage 1 Heritage Lottery Funding £28,500 as partners in the Astley Project (partners inc. New Vic, NULC, Staffs & Keele University, Newcastle Library, Civic Society).
  - u) Developed a working relationship with Victoria & Albert Museum loaning artwork for a joint exhibition between the V & A and the Bard Gallery, New York.
  - v) Continued to contribute to the work of the Financial Inclusion Group for North Staffs.
  - w) Reviewed and refreshed the governance arrangements for the Newcastle Partnership, the strategic partnership of the borough.

## **A Healthy and Active Community**

- a) Completion of leases for several community centres to be managed by community organisations by the end of 2016-17: Harriet Higgins, Silverdale Social Centre, Bradwell Lodge and Ramsay Road.
- b) Completed refurbishment of Clayton Sports Centre at a cost of circa £350,000 with over 95% from external funding.
- c) A total of 2868.5 volunteer hours were given from volunteer groups and individuals in the first six months of the year (April – Sept 2016) to care for the local green spaces and neighbourhoods through the delivery of the Community Engagement Framework.
- d) A third annual "Communities Day" was held in June and a total of 25 groups participated in a range of community events.
- e) Local priority projects were delivered at Thistleberry Parkway, Bateswood Local Nature Reserve and other sites.
- f) The Community Food Garden project continued to be delivered at Queen Elizabeth Park and Chesterton Park.
- g) Reviewed the Green Space Strategy and drafted the new Open Space Strategy and Green Infrastructure Strategy which are currently out to public consultation.
- h) Working in partnership with Belong Village on their successful £1.8m Heritage Lottery Bid to provide a Heritage Gallery – supplying interpretation materials and resources for the new site.
- i) Developed the volunteer programme at the museum resulting in more volunteers and already exceeding annual volunteer hours target by 50%.
- j) Co-ordination and delivery of SPACE summer holiday activities on behalf of the Staffordshire Office of the Police and Crime Commissioner with Leisure services for the borough.

- k) Worked with the County Council to deliver a range of projects to encourage healthy and active lifestyles, including healthy eating and increased physical activity.
- l) The council has achieved the Dementia Action Alliance accreditation.

**Activities planned to achieve Council Plan outcomes in 2017/18****A Co-operative Council which delivers high-quality, community driven services**

- a) A new cloud based e-payments system will begin in the New Year, working in partnership with four other Staffordshire local authorities.
- b) Launch of a digital delivery programme to boost customer services and generate savings for the Council.
- c) Development of a new intranet system to support staff in agile working practices which enable them to deliver quality council services.
- d) Delivery of the key milestones from the Electronic Document & Records Management Board (EDRM) project – ensuring compliance of the Records Management Policy and delivery an offsite storage solution and scanning solution.
- e) As part of the Public Sector Hub Work - co-ordinate front line service delivery and ensure postal arrangements between partners are in place,
- f) Assist with the deliverables of the Payment method review board – ensuring sufficient methods of payment are available to customers to allow the removal of cash transactions. Reduce the number of cheques dispatched to customers/suppliers.
- g) Deliver the suggested improvements from the IIP assessment, which includes a review of the reward and recognition scheme.
- h) The Mitrefinch system, which records staff attendance will be updated during the coming year.
- i) Progress and implement the new Apprenticeship Levy scheme which changes the funding arrangements for training of apprentices and increases the number of employees for the borough.
- j) Continue to develop the Community Engagement and Participation Framework to encourage volunteer groups to care for their green spaces and neighbourhoods.
- k) Review the potential for community management of local facilities and continue to work with partners to deliver locally important projects. Seek to lease Madeley Pool to Madeley Parish Council.
- l) Continue to organise and run community events including Communities Day, the Eco Schools Forum and facilitate a number of community events in parks and open spaces.
- m) Partnership project with Museum Friends to undertake collection digitisation and widen community access.
- n) Carry out stakeholder consultation on vision for the museum development.
- o) Complete redevelopment of 'Newcastle Lives' Gallery in partnership with the HLF funded St Giles Heritage project.
- p) To achieve Museum Accreditation from the Arts Council England.
- q) Continue to drive efficiencies within the Recycling & Waste service.
- r) Deliver and embed a hybrid mail solution that reduces the need for an outbound postal solution, supports the physical move to the public sector hub and offers greater flexibility in the support of agile working.
- s) The drafting of a new procurement strategy and action plan which aims to support the delivery of the Council's key objectives.
- t) Working with partners, increase the level of procurement collaboration to offer greater efficiencies and savings to the authority.
- u) Work to identify and deliver further commissioning opportunities alongside Newcastle Partners and to review, refine and continue to develop the Newcastle Partnership Commissioning processes.
- v) Deliver a 'Newcastle Lottery' working with a single External Lottery Manager (ELM) which generates an income to support a range of good causes within the borough.
- w) Continuation of the work to embed the changes brought about as part of the Public Contract Regulations monitoring the implications of Brexit from a public contract procurement perspective.
- x) Review and further development of the Council's approach to multi agency co-ordination and locality working.

## **A Clean, Safe and Sustainable Borough**

- a) Represent Heart of England in the National Britain in Bloom finals in 2017.
- b) Work towards a gold award in the regional competition for the 16th year running and seek to achieve Green Flag Awards for 7 of its parks and green spaces.
- c) Will continue to monitor Local Environment Quality (LEQ) scores for litter, detritus, graffiti and flyposting and seek to continue to achieve targets.
- d) Continue with the "Planting Pledge" and "Litter Pledge" initiatives where over 50 schools and businesses are signed up to improve their local environment.
- e) Bereavement Services will seek to retain the Gold standard in the ICCM Charter for the Bereaved for the 14th year running, and continue to progress with the Memorial Safety Inspections in the borough's cemeteries.
- f) Invest in new vehicles to deliver the Streetscene service more efficiently.
- g) Maintain recycling levels in the borough and continue to encourage residents to recycle more.
- h) Development of 4 Air Quality action plans which will contain measures to improve air quality within the borough.
- i) Broaden membership of Museum Development steering group for HLF bid.
- j) Review and refresh of Local Police and Crime plan for 2017 – 2020.
- k) Delivery of Local Police and Crime Plan 2017 – 2020 actions and objectives.
- l) Continue to embed the revised Safeguarding Children and Adults at Risk of Abuse and Neglect Protection Policy 2015.
- m) Review and refresh the Stronger and Safer Communities Strategy for 2017-2020.
- n) Re-commissioning of services to support vulnerable victims of crime e.g. those at risk of Child Sexual Exploitation or Domestic Abuse.

## **A Borough of Opportunity**

- a) Prepare a new 5-year Economic Development Strategy.
- b) Contribute towards the preparation of a refreshed Strategic Economic Plan for the Local Enterprise Partnership.
- c) Contribute towards the preparation of a Growth Strategy for the Northern Gateway Development Zone.
- d) Continue to work with the City Council in the preparation of a joint Local Plan including the key stages of consultation on Strategic Options and Draft Plan during 2017/18.
- e) Extend the current contract for the Newcastle Housing Advice Service for a further 3 years to 2020.
- f) Continue to work with the Newcastle Business Improvement District and Kildgrove Town Centre Partnership.
- g) Work with partner agencies to ensure that the needs of vulnerable disabled residents continue to be recognised with the Better Care Fund, to ensure that adaptations can be delivered effectively.
- h) Continue to seek to improve the standards of private sector housing. Continue to tackle areas with high volumes of private rented accommodation as per the pilot project on the ex-coal board estate in Kildgrove, and making sure that we work with landlords and tenants to maintain good standards and remove any hazards to health where necessary.
- i) Continue to work with the County Council and partners in construction of the Public Sector Partnership Hub to enable occupation by the end of August 2017.
- j) Working with the Council's development partner and the County Council to facilitate commencement of the redevelopment of the Ryecroft site.
- k) To continue with implementation of a Land Disposals programme in accordance with the forthcoming refresh of the Asset Management Strategy.
- l) Optimise occupation of our commercial properties by continuing to work with the tenants and maximise revenue income from rental payments.
- m) To approve and implement specific actions aimed at improving the attractiveness and viability of the Newcastle General Market.
- n) Seek to deliver the third phase of the public art programme on Pool Dam Traffic Island in partnership with Newcastle BID and local business sponsors to promote economic development in Newcastle town centre.

- o) Implement an improvement scheme for Queens Gardens to complement the new Civic Hub building.
- p) Work to achieve Stage 2 award of £100k HLF funding for the Astley project.
- q) Develop partnership exhibitions programme with Staffordshire Archives and Heritage.
- r) Continue to support local small businesses to bid for council contracts.
- s) Review, refine and continue to develop and deliver the Newcastle Partnership Commissioning Prospectus.

## **A Healthy and Active Community**

- a) Implement the Council's Sport & Active Lifestyles strategy and update the Playing Pitch strategy.
- b) Develop a Festival of Sport for the borough with partners.
- c) Progress a feasibility study for a new Kidsgrove Sports Centre.
- d) Undertake a review of the GP referral programme.
- e) Delivery of a Space Programme in Summer 2017 subject to funding from the Office of the Police and Crime Commissioner (OPCC).
- f) Continue to support community centres to become sustainable and increase the adoption of leases.
- g) Seek to secure 5250 volunteer hours from volunteer groups and individuals to care for the local green spaces and neighbourhoods through the delivery of the Community Engagement and Participation Framework.
- h) Co-ordinate a fourth annual "Communities Day".
- i) Deliver local priority projects at the Wammy, Audley and other sites.
- j) Continue to support the Community Food Growing gardens at Queen Elizabeth Park, Chesterton Park and Clough Hall Park.
- k) Adopt the new Open Space Strategy and Green Infrastructure Strategy following public consultation.
- l) Complete Heritage Belong Gallery Project (HLF funded).
- m) Develop summer activity programme in partnerships with Museum Friends and Landscape.
- n) Contribution to the further development of Health and Wellbeing work with partners.
- o) Design and launch of new web pages for Jubilee2 and the Brampton Museum.

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE COUNCIL**

**22 February 2017**

**1. TREASURY MANAGEMENT STRATEGY 2017/18**

**Submitted by:** Head of Finance  
**Portfolio:** Finance IT and Customer  
**Ward(s) affected:** All Indirectly

**Purpose of the Report**

To approve the Treasury Management Strategy for 2017/18, including the Prudential Indicators, Investment Strategy and Minimum Revenue Provision Strategy contained within it.

**Recommendations**

- (a) That the Treasury Management Strategy Report for 2017/18 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 2017/18 in place before the start of the 2017/18 financial year.

At the Council meeting of 24<sup>th</sup> June 2009 it was resolved that the strategy be scrutinised by the Finance, Resources and Partnerships Scrutiny Committee before being submitted for approval by Full Council. The strategy was scrutinised by the Finance, Resources and Partnerships Scrutiny Committee on 25 January 2017.

**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, 2017/18.
- 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 2017/18 is attached at Appendix 1
- 2.2 The proposed prudential indicators relating to treasury management are contained in the report.
- 2.3 The Investment Strategy for 2017/18 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 2017/18 is contained in Annex C to the report.
- 2.6 Some of the paragraphs and the economic commentary have been supplied by Sector Treasury Services Ltd, the Council’s treasury management advisors.
- 2.7 The Treasury Management Strategy for 2017/18 allows for borrowing. At the Cabinet meeting on 15th October 2014, Cabinet resolved, via the ‘Funding the Council’s Capital Investment Programme’ report:

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

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

- 2.7 Additionally at the Council meeting on 7<sup>th</sup> September 2016, it was reported that:  
  
‘The delay in receiving the capital receipt from HDD (in respect of the Rycroft redevelopment scheme), together with the Council’s overall capital financial position, will mean that the Council will have to borrow, at least in the short term, to finance its interest in the Public Sector Hub project.’
- 2.8 Since the strategy was scrutinised at the Finance, Resources and Partnerships Scrutiny Committee on 25<sup>th</sup> January 2017, Council officers have appointed Arlingclose Ltd to replace Sector Treasury Services Ltd to provide the Council’s Treasury Advisory Services contract from 1<sup>st</sup> April 2017 until 31<sup>st</sup> March 2020. A small amendment has been made to the Strategy Report at paragraphs 1.4, 3.2 and 5.1 to reflect this appointment.

3. **Legal and Statutory Implications**

- 3.1 See Background for details.

4. **Financial and Resource Implications**

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

5. **Major Risks**



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

6. **List of Appendices**

- 6.1 Appendix 1, Treasury Management Strategy Report 2017/18.

7. **Background Papers**

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

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**Treasury Management Strategy Report 2017/18****1.0 Introduction****1.1 Background**

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

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

CIPFA defines treasury management as:

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

**1.2 Statutory Reporting Requirements**

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

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

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

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

**Scrutiny**

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

### **1.3 Treasury Management Strategy for 2017/18**

The strategy for 2017/18 covers two main areas:

#### ***Capital Issues***

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

#### ***Treasury Management Issues***

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

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

### **1.4 Treasury Management Consultants**

The Council uses Sector Treasury Services Ltd as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

The Council has appointed Arlingclose Ltd for the external treasury management advice service for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020.

## **2.0 Prudential and Treasury Indicators**

### **2.1 Background**

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

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

## 2.2 Capital Prudential Indicators

### ***Actual and Estimate of Capital Expenditure***

This indicator relating to Actual and Estimates of Capital Expenditure is reported separately to the Council meeting which sets the General Fund Revenue Budget and the Council Tax (22 February 2017).

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

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The Council is asked to approve the CFR projections below:

<b>31/03/16 Actual (£000's)</b>	<b>31/03/17 Estimate (£000's)</b>	<b>31/03/18 Estimate (£000's)</b>	<b>31/03/19 Estimate (£000's)</b>	<b>31/03/20 Estimate (£000's)</b>
(895)	Nil	6,000	4,000	2,000

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

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

## 2.3 Affordability Prudential Indicators

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

This indicator relating to Estimates of the Incremental Impact of Capital Investment Decisions on Council Tax is reported separately to the Council meeting which sets the General Fund Revenue Budget and the Council Tax (22 February 2017).

### ***Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream***

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

Financing Costs comprise the aggregate of: interest payable, interest receivable and investment income; the amount charged as MRP; depreciation and impairment charges that have not been reversed out of the revenue account.

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

	<b>2015/16 Actual (£000's)</b>	<b>2016/17 Estimate (£000's)</b>	<b>2017/18 Estimate (£000's)</b>	<b>2018/19 Estimate (£000's)</b>	<b>2019/20 Estimate (£000's)</b>
<b>Net Revenue Stream</b>	13,952	14,139	13,555	12,995	12,392
<b>Financing Costs</b>	(243)	(101)	148	142	142
<b>Ratio</b>	(1.74%)	(0.71%)	1.09%	1.09%	1.46%

## 2.4 Treasury Indicators

### ***Current Portfolio Position – Debt***

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

Any surplus funds arising, for example from favourable cash flow or as a result of asset sales, are potentially available for use as an alternative to short term borrowing. The Actual External Debt of the Council as at the end of the previous financial year is a Prudential Indicator. This indicator comprises actual borrowing (short and long term) as shown in the Council's balance sheet. This indicator will reflect the actual position at one point in time. As at 31 March 2016 the Actual External Debt of the Council was nil.

Delays in receiving capital receipts (in respect of the Ryecroft redevelopment scheme), together with the Council's overall capital financial position, will mean that the Council will have to borrow, at least in the short term, to finance its interest in the Public Sector Hub project. Therefore this would affect the Council's 'debt free' status.

### ***Current Portfolio Position – Investments***

It is forecast that at 1 April 2017 the amount of receipts in hand will only enable the Council to make minimal investments.

### ***Limits to Borrowing Activity***

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

Previously borrowing has not been used to fund the capital programme because the Council has had sufficient reserves and useable capital receipts to finance capital expenditure from these sources.

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

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

point in time to borrow up to this amount but is required to permit the option of borrowing to be employed, if necessary.

**The Operational Boundary**

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

<b>Operational boundary</b>	<b>2017/18 Estimate (£000's)</b>	<b>2018/19 Estimate (£000's)</b>	<b>2019/20 Estimate (£000's)</b>	<b>2020/21 Estimate (£000's)</b>
<b>Borrowing</b>	7,500	7,500	7,500	7,500
<b>Other long term liabilities</b>	0	0	0	0

**The Authorised Limit for External Borrowing**

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

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

The Council is asked to approve the following authorised limit:

<b>Authorised limit</b>	<b>2017/18 Estimate (£000s)</b>	<b>2018/19 Estimate (£000's)</b>	<b>2019/20 Estimate (£000's)</b>	<b>2020/21 Estimate (£000's)</b>
<b>Debt</b>	15,000	15,000	15,000	15,000
<b>Other Long Term Liabilities</b>	0	0	0	0

**Sources of Borrowing**

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

**Interest Rates, Loan Periods and Types of Loan**

The most favourable options will be selected, depending upon market conditions prevailing at the time of borrowing. The aim will be to minimise the impact upon revenue accounts and to achieve efficient management of the Council's debt portfolio. Advice will be taken, as appropriate from the Council's treasury management advisors. The Council will be eligible for loans at a reduced rate, around 20 basis points less than normally available, (the Treasury Certainty Rate) from the PWLB during 2017/18.

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

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

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

	<b>Borrowing</b>		<b>Investments</b>	
	<b>Upper</b>	<b>Lower</b>	<b>Upper</b>	<b>Lower</b>
<b>2017/18</b>	100%	0%	100%	0%
<b>2018/19</b>	100%	0%	100%	0%
<b>2019/20</b>	100%	0%	100%	0%
<b>2020/21</b>	100%	0%	100%	0%

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

	Borrowing		Investments	
	Upper	Lower	Upper	Lower
<b>2017/18</b>	100%	0%	100%	0%
<b>2018/19</b>	100%	0%	100%	0%
<b>2019/20</b>	100%	0%	100%	0%
<b>2020/21</b>	100%	0%	100%	0%

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

**Total Principal Funds Invested for Periods Greater than 364 days**

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

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

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

	£000's
<b>Beyond 31/03/17</b>	5,000
<b>Beyond 31/03/18</b>	5,000
<b>Beyond 31/03/19</b>	5,000

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

**3.0 Leasing**

**3.1 Requirement for the Year**

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

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

An appropriate lease period will be chosen in relation to the type of asset concerned and to achieve the most satisfactory revenue account impact. Fixed or variable rate leases may be



taken out; which is used will depend upon market conditions prevailing at the time the decision is made.

### 3.2 Leasing Consultants

The current contract with the Council's treasury management advisors includes the provision of leasing advice. This shall also be included in the contract with the Council's new treasury management advisors, Arlingclose Ltd, when this contract commences on 1<sup>st</sup> April 2017.

## 4.0 Treasury Management Training

### 4.1 Training Courses

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

### 4.2 Members Training

It is envisaged to run some training sessions for Members in respect of Treasury Management during the 2017/18 financial year.

## 5.0 Policy on the use of External Service Providers

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

The Council has recently awarded Arlingclose Ltd the contract for external treasury management advice for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020.

## 6.0 Prospects for Interest Rates

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

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar 2017	0.25	1.60	2.30	2.90	2.70
Sep 2017	0.25	1.60	2.30	2.90	2.70
Mar 2018	0.25	1.70	2.30	3.00	2.80
Sep 2018	0.25	1.70	2.40	3.10	2.90
Mar 2019	0.25	1.80	2.50	3.20	3.00
Sep 2019	0.50	1.90	2.60	3.30	3.10
Mar 2020	0.75	2.00	2.70	3.40	3.20

### 6.2 Economic Situation (highlights of the report supplied by Sector Treasury Services Ltd)

GDP growth rates in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%).

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

The Monetary Policy Committee, (MPC), meeting of 4 August 2016 was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals. The MPC meeting of 3 November 2016 left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged.

The latest MPC decision included a forward view that Bank Rate could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019. However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely.

The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, consumers have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP.

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

House prices have been rising during 2016 at a modest pace but the pace of increase has been slowing since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August 2016, and have hit a peak on the way up again of 1.46% on 14 November 2016.

## **7.0 Treasury Management Scheme of Delegation**

### **7.1 Full Council**

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

### **7.2 Finance, Resources and Partnerships Scrutiny Committee**

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

### **7.3 Audit and Risk Committee**

- Scrutiny of Treasury Management performance including receiving and reviewing the mid-year report.

- Reviewing the Annual Treasury Outturn Report

## **8.0 Treasury Management role of the Section 151 Officer**

### **8.1 The S151 (responsible) Officer Role**

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

**Investment Strategy 2017/18****1.0 Introduction****1.1 Background**

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

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

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

**1.2 Possible Revisions to the Strategy**

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

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

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

***Specified Investments***

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

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity);
- Supranational bonds of less than one year's duration;
- A local authority, parish council or community council;
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency;
- A body that is considered of a high credit quality (such as a bank or building society).

***Non-Specified Investments***

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

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

In considering whether it is prudent to place funds for longer than 12 months in 2017/18 and in determining the period of such investment the principles and limits set out under "3.0 Liquidity of Investments" below will apply together with the counterparty listing criteria set out in Annex B.

## **2.2 Use of Treasury Management Advisor's Creditworthiness Service**

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

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

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

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

## **2.3 Approved Investment Instruments**

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

### ***Extract from Schedule to TMP 4***

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

Because fund managers are not currently employed this means that investments in 2017/18 will be limited to fixed cash deposits (including deposit accounts and current accounts), money market funds and the Debt Management Account Deposit Facility (DMADF). The DMADF is guaranteed by HM Government and offers investors a flexible and secure facility to supplement their existing range of investment options.

## **3.0 Liquidity of Investments**

### **3.1 Maximum Investment Periods**

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

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

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

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

	£000's
<b>Beyond 31/03/18</b>	5,000
<b>Beyond 31/03/19</b>	5,000
<b>Beyond 31/03/20</b>	5,000

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

#### **4.0 Return on Investments (Yield)**

##### **4.1 Current Economic Climate**

Due to ongoing global economic uncertainties, investment returns are likely to remain relatively low during 2017/18. Interest rates on Instant access deposit accounts and Notice accounts have previously been more attractive than interest rates being offered by the market. However, banks have now reduced the rates they offer on their instant access and notice accounts.

##### **4.2 Prudent Investments**

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

#### **5.0 Specific Strategy 2017/18**

##### **5.1 Capital Receipts in Hand and Balances Held in Reserves**

###### ***Amount Available for Investment***

It is estimated that there shall be minimal receipts in hand or reserve balances for investing as at 1 April 2017.

###### ***Period of Investment***

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

###### ***Forward Commitment***

This involves agreeing in advance to place an investment with a borrower at a future specified date at an agreed interest rate. It is done in order to obtain the benefit of what are considered to be better rates than might be available later, when physical funds are likely to be available. No forward commitment has taken place to date in 2016/17. It is possible that forward commitments may be employed in 2017/18 in instances where market conditions warrant it.

###### ***Return on Investment***

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

##### **5.2 Investment of Money Borrowed in Advance of Need**

It is not the Council's intention to undertake any borrowing in advance of need during 2017/18.

### **5.3 Other Temporary Surpluses**

#### ***Amount Available for Investment***

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

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

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

#### ***Period of Investment***

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

#### ***Return on Investment***

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

### **5.4 Current Treasury Management Advisors-view on Interest Rates**

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

- 31<sup>st</sup> March 2018 – 0.25%
- 31<sup>st</sup> March 2019 – 0.25%
- 31<sup>st</sup> March 2020 – 0.75%

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

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

- 2017/18 – 0.25%
- 2018/19 – 0.25%
- 2019/20 – 0.50%

**Counterparty Listing Criteria**

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

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

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands (no colour means that the counterparty is not to be used):

- Yellow            5 years
- Purple            2 years
- Blue              1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange          1 year
- Red                6 months
- Green            100 days

The creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue superiority to just one agency's ratings. All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the advisor's creditworthiness service.

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

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process. The Council will also consider using other Local Authorities when making fixed investments.

**Country and Counterparty Limits**

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide).

In accordance with Treasury Management Practice (TMP) 4 – Approved Instruments, Methods and Techniques, a £7,000,000 counterparty limit will be used during 2017/18. This limit will not apply to the Government's Debt Management Account Deposit Facility offered by the Debt Management Office.



**Minimum Revenue Provision Policy****1.0 Background**

- 1.1 In instances whereby Local Authorities have a positive Capital Financing Requirement (CFR), Department of Communities and Local Government (DCLG) Guidance requires them to adopt a prudent approach in order to fund the repayment of debt. This may be achieved by setting aside a minimum amount from revenue, known as the Minimum Revenue Provision (MRP). This means that the Council would be required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP).

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

- **Option 1 – Regulatory Method**

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

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

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

- **Option 3 – Asset Life Method**

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

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

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

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

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

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

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

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

- **Option 4 – Depreciation Method**

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

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

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

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

## **2.0 MRP Policy in respect of Finance Leases**

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

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

## **3.0 MRP Policy – Other Capital Expenditure**

### **3.1 Capital Financing Requirement (CFR)**

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

### **3.2 Option for making MRP.**

The most appropriate of the four options permitted by the Regulations is Option 3, the Asset Life Method, within which there are two further options, an equal instalment method and an annuity method (as detailed in 1.1 – option 3). The Council is permitted to apply either of these two further options to projects on a scheme by scheme basis.

It should be noted that MRP does not commence until the year following that in which the asset concerned became operational, however, voluntary MRP can be made at any given time if considered prudent.

**ANNEX D**

**Treasury Management – Glossary of Terms**

- **Basis Points** – there are 100 basis points to 1%.
- **CDS** – ‘Credit Default Swap’ is an additional assessment of credit worthiness by providing a risk analysis of changes in credit quality as perceived by the market.
- **CFR** – the Capital Financing Requirement is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations.
- **Counterparty** – an institution with whom a borrowing or investment transaction is made.
- **CPI** – a measure that examines the weighted average of prices of a basket of consumer goods and services. The Consumer Price Index is calculated by taking price changes for each item in the predetermined basket of goods/services and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. The main rating agencies are Fitch. Standard and Poor’s and Moody’s.
- **DCLG** – Department for Communities and Local Government.
- **Depreciation** – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
- **DMADF and DMO** – the DMADF is the ‘Debt Management Account Deposit Facility’ which is a highly secure fixed term deposit account with the Debt Management Office, part of Her Majesty’s Treasury.
- **Forward Commitments** - agreeing in advance to place an investment with a borrower at a future specified date at an agreed interest rate.
- **GDP** – Gross Domestic Product is the market value of all officially recognised final goods and services produced within a country in a given period of time.
- **GILTS** – the name given to bonds issued by the UK Government. Gilts are issued bearing interest at a specified rate, however, they are traded on the markets like shares and their value rises or falls accordingly. The ‘yield’ on a gilt is the interest paid divided by the market value of that gilt.
- **IFRS (International Financial Reporting Standards)** – International accounting standards that govern the treatment and reporting of income and expenditure in an organisation’s accounts, which came fully into effect from 1 April 2010.
- **Impairment Charges** – a reduction in the value of a fixed asset below its carrying amount on the balance sheet.
- **Intangible Assets** – non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights. Specifically purchased software licenses are included in this category of asset.

- **iTraxx Benchmark** – iTraxx is the name of a credit default swap index used to inform credit risks. Credit default swap indexes are benchmarks for protecting investors against default, and traders use them to speculate on changes in credit quality.
- **Leasing** - a lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset.
- **Liquidity** – relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **Money Market Funds (MMF)** – Money Market Funds are investment funds that are invested by a Fund Manager in a wide range of money market instruments. MMF's are monitored by the official ratings agencies and due to many requirements that need to be fulfilled; the funds usually receive the highest quality rating (AAA) so provide minimal risk. They are very flexible and can be withdrawn in the same way as any other call deposit.
- **MPC** – interest rates are set by the Bank of England's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met
- **MRP** – the Minimum Revenue Provision represents the revenue charge for the repayment of debt.
- **PWLB** – the Public Works Loan Board is a statutory board that is run within the UK Debt Management Office (DMO), its function is to lend money to Local Authorities and other prescribed bodies.
- **Section 151 Officer** – it is a legal requirement that councils must appoint a named accountant to give them financial advice. The accountant in question is usually a chief finance officer, director of finance or treasurer.
- **Supranational Bonds** – bonds issued by institutions such as the European Investment Bank.

## NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

### EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE COUNCIL

22 February 2017

#### 1. LOCALISM ACT 2011 – PUBLICATION OF A PAY POLICY STATEMENT FOR 2017/18

**Submitted by:** Chief Executive

**Portfolio:** Policy, People and Partnerships

**Ward(s) affected:** Not applicable

#### **Purpose of the Report**

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

#### **Recommendation**

**That the Pay Policy Statement attached at Appendix A to this report be approved and published on the council's website by 31 March 2017.**

#### **Reasons**

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

#### 1. **Background**

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

#### 2. **Issues**

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

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

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

### 3. **Options Considered**

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

### 4. **Proposal**

- 4.1 It is proposed that the council approves the content of the Pay Policy Statement for 2017/18 based on the same format used for the last four years, as set out at Appendix A, with a view to this being published on the council's website by 31 March 2017. This will ensure that the appropriate information will continue to be made available to the public in accordance with the requirements of the Localism Act 2011.

### 5. **Reasons for the Preferred Solution**

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

### 6. **Outcomes Linked to Sustainable Community Strategies and Council Priorities**

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

### 7. **Legal and Statutory Implications**

- 7.1 Preparation of a Pay Policy Statement for 2017/18 is a requirement under section 38(1) of the Localism Act 2011.
- 7.2 Under Section 40(1) of the Act, Authorities must have regard to the guidance issued by the Department for Communities and Local Government in preparing and approving pay policy statements.

7.3 Before it takes effect, the Pay Policy Statement must be approved by a resolution of the authority. This must be done no later than 31 March 2017.

7.4 Following approval, the statement must be published as soon as possible on the authority's website (and in any other manner the authority thinks fit).

7.5 An authority may amend its Pay Policy Statement and this also requires resolution.

## 8. **Equality Impact Assessment**

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

## 9. **Financial and Resource Implications**

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

## 10. **Major Risks**

Not applicable.

## 11. **Sustainability and Climate Change Implications**

Not applicable.

## 12. **Key Decision Information**

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

## 13. **Earlier Cabinet/Committee Resolutions**

Council – 19 May 2010 – Resn 12/11  
Establishment of the Chief Officer Appointment, Review and Appeals Committee.  
Council – 28 March 2012 – Item 7  
Approval of 2012/13 Pay Policy Statement  
Council – 27 February 2013 – Item 9  
Approval of 2013/14 Pay Policy Statement  
Council 26 February 2014 – Item 9  
Approval of 2014/15 Pay Policy Statement  
Council 25 February 2015 – Item 8  
Approval of 2015/16 Pay Policy Statement  
Council 24 February 2016 – Item 6  
Approval of 2016/17 Pay Policy Statement

## 14. **List of Appendices**

Appendix A – Pay Policy Statement 2017/18  
Appendix I – Salary Scales from 01.04.2016 and 01.04.2017  
Appendix ii - Additions to Salary of Chief Officers  
Appendix iii - Flexible Retirement for Members of the Local Government Pension Scheme

15. **Background Papers**

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



## Newcastle-under-Lyme Borough Council

### Pay Policy Statement – 2017/18

#### Introduction and Purpose

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

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

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

#### Legislative Framework

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

#### Pay Structure

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

The National Joint Council pay spine was last increased in April 2016 by 1% and an additional flat rate payment of between £900 and £200 between spinal columns 6 to 16 and is part of a two year agreement. In April 2017 there will be a further 1% increase and an additional flat rate payment of between £500 and £225 inline with

spinal columns 6 to 17 and is part of a two year agreement. Prior to this the last increase in the national pay spine was January 2015.

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

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

### **Senior Management Remuneration**

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

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

#### **National Joint Council (JNC) Chief Officers**

- a) Chief Executive (Head of the Paid Service) (*statutory*)  
The current salary of the post is £ 100,733. This is a spot salary. There is no incremental point range.
- b) Executive Directors – 3 posts as follows:
  - Executive Director – Resources and Support Services (Section 151 Officer) (*statutory*)
  - Executive Director – Operational Services (*non-statutory*)
  - Executive Director – Regeneration and Development (*non-statutory*)

Head of Audit and Elections Band 2 (Monitoring Officer) (*statutory*)

Head of Communications Band 2 (*non-statutory*)

Head of Governance and Partnerships Band 1 (*non-statutory*) (post currently vacant)

The salaries of posts designated as Executive Directors fall within a range of 4 incremental points between £81,117 rising to a maximum of £ 86,530.

### **Deputy Chief Officers**

- a) *Heads of Service Band 1 – 7 posts*  
Head of Customer and ICT Services  
Head of Leisure and Cultural Services  
Head of Operations  
Head of Planning and Development  
Head of Recycling, Waste and Fleet Services  
Head of Housing, Regeneration and Assets Services  
Head of Environmental Health Services

The salaries of Band 1 posts fall within a range of 5 incremental points between £51,051 rising to a maximum of £56,736.

- Heads of Service Band 2 –3 posts*  
Head of Finance  
Head of Human Resources  
Head of Revenues and Benefits (post currently vacant)

The salaries of Band 2 posts fall within a range of 5 incremental points between £46,948 rising to a maximum of £51,023.

- b) Grade 12 - 2 posts, salary within a range of 4 incremental posts between £36,937 rising to a maximum of £39,660
- Partnerships Manager  
Principal Solicitor
- c) Grade 11 - 1 post, salary within a range of 4 incremental points between £33,106 rising to a maximum of £36,019
- Business Improvement Manager  
Communications Manager
- d) Grade 9 - 1 post, salary within a range of 4 incremental points between £28,203 rising to a maximum of £34,480
- Land Charges and Information Team Leader
- e) Grade 8 - 1 post, salary within a range of 4 incremental points between £25,694 rising to a maximum of £28,203
- Research and Development Officer

The pay spine for JNC and NJC was last increased in April 2016 by 1% and is part of a two year agreement, which will see a 1% increase in April 2017. Prior to this the last increase in the national pay spine was January 2015.

### **Recruitment of Chief Officers**

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

Where the council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The council does not currently have any chief officers engaged under such arrangements.

### **Additions to Salary of Chief Officers**

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

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

### **Payments on Termination**

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

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

### **Flexible Retirement**

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

### **Publication**

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

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

### **Lowest Paid Employees**

The lowest paid persons employed under a contract of employment with the council are employed on full time (37 hours) equivalent salaries in accordance with the National Living Wage which is set independently annually each November. The lowest paid employee will be paid at the Living Wage hourly rate of £8.45 which equates to a full-time equivalent salary of £16,258.

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

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

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

Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

The current pay levels within the council define the multiple between the lowest paid (full time equivalent salary) employee and the Chief Executive as 1:6.20 and; between the lowest paid employee and average chief officer (excluding the Chief Executive, including deputy chief officers) as 1:3.26. The multiple between the median (average) full time equivalent earnings and the Chief Executive as 1:4.17, and; between the median (average) full time equivalent earnings and average chief officer as 1:2.20.

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

### **Accountability and Decision Making**

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

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

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

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

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

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

**Date of Statement: 22 February 2017**

**SALARY SCALES FROM 01.04.2016**

**APPENDIX i**

Grade	Spinal Column Point	Spinal Column £ Salary Point	Grade	Spinal Column Point	Spinal Column £ Salary Point	Grade	Spinal Column Point	Spinal Column £ Salary Point
<b>Grade 1</b>	6	14,514	<b>Grade 6</b>	21	19,939	<b>Grade 11</b>	38	33,106
	7	14,615		22	20,456		39	34,196
	8	14,771		23	21,057		40	35,093
				24	21,745		41	36,019
				25	22,434			
<b>Grade 2</b>	6	14,514				<b>Grade 12</b>	42	36,937
	7	14,615	<b>Grade 7</b>	25	22,434		43	37,858
	8	14,771		26	23,166		44	38,789
	9	14,975		27	23,935		45	39,660
				28	24,717			
<b>Grade 3</b>	10	15,238				<b>Grade 13</b>	46	40,619
	11	15,507	<b>Grade 8</b>	29	25,694		47	41,551
	12	15,823		30	26,556		48	42,474
	13	16,191		31	27,394		49	43,387
				32	28,203		50	44,307
<b>Grade 4</b>	13	16,191						
	14	16,481	<b>Grade 9</b>	32	28,203	<b>Grade 14</b>	49	43,387
	15	16,772		33	29,033		50	44,307
	16	17,169		34	29,854		51	45,251
	17	17,547		35	30,480		52	46,217
<b>Grade 5</b>	16	17,169	<b>Grade 10</b>	35	30,480			
	17	17,547		36	31,288			
	18	17,891		37	32,164			
	19	18,560		38	33,106			
	20	19,238						
	21	19,939						

SALARY SCALES FROM 01.04.2017

## APPENDIX i

Grade	Spinal Column Point	Spinal Column £ Salary Point	Grade	Spinal Column Point	Spinal Column £ Salary Point	Grade	Spinal Column Point	Spinal Column £ Salary Point
<b>Grade 1</b>	6	15,014	<b>Grade 6</b>	21	20,138	<b>Grade 11</b>	38	33,437
	7	15,115		22	20,661		39	34,538
	8	15,246		23	21,268		40	35,444
				24	21,962		41	36,379
				25	22,658			
<b>Grade 2</b>	6	15,014				<b>Grade 12</b>	42	37,306
	7	15,115	<b>Grade 7</b>	25	22,658		43	38,237
	8	15,246		26	23,398		44	39,177
	9	15,375		27	24,174		45	40,057
				28	24,964			
<b>Grade 3</b>	10	15,613				<b>Grade 13</b>	46	41,025
	11	15,807	<b>Grade 8</b>	29	25,951		47	41,967
	12	16,123		30	26,822		48	42,899
	13	16,491		31	27,668		49	43,821
				32	28,485		50	44,750
<b>Grade 4</b>	13	16,491						
	14	16,781	<b>Grade 9</b>	32	28,485	<b>Grade 14</b>	49	43,821
	15	17,072		33	29,323		50	44,750
	16	17,419		34	30,153		51	45,704
	17	17,772		35	30,785		52	46,679
<b>Grade 5</b>	16	17,419	<b>Grade 10</b>	35	30,785			
	17	17,772		36	31,601			
	18	18,070		37	32,486			
	19	18,746		38	33,437			
	20	19,430						
	21	20,138						



**Additions to Salary of Chief Officers**

**Fees paid for Returning Officer Duties**

There is a County Council Election for 9 county divisions within the Borough in May 2017. The maximum amount for all borough divisions is estimated to be £5739.98.

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

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

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

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

#### 4. **Approval Process**

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

#### 5. **Review**

- 5.1 The Policy is to be reviewed annually.

- Approved December 2008** - Cabinet
- Reviewed April 2009** - No changes
- Reviewed April 2010** - No changes
- Reviewed December 2011** - No changes
- Reviewed July 2013** - Reference to Miscellaneous Regulations (2012) added at 3(vii)
- Reference to Age Retirement Procedure deleted at 3(iv)
- Reference to requests for phased reduction in hours to be treated sympathetically added at 3(vii) and 'will not' replaced by 'can not' at line 3
- Note clarifying options for claiming benefits added after 3(vii) (Approved – Staffing Committee 9 July 2013)
- Reviewed January 2015** - No changes
- Reviewed January 2016** - No changes

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1. **REPORT TITLE** **Proposed changes to Electoral Cycle - Town and Parish Councils**
- Submitted by:** **The Monitoring Officer**
- Portfolio:** **Policy, People & Partnerships**
- Ward(s) affected:** **All**

## **Purpose of the Report**

To seek authorisation to make an Order under Section 53 of the Local Government and Public Involvement in Health Act 2007 to enable the Borough Council to make an Order to change the electoral cycle of Town and Parish Councils within its area.

## **Recommendation:**

**That an Order be made under Section 53 of the Local Government and Public Involvement in Health Act 2007 to change the electoral cycle of the Borough Council's Town and Parish Councils to bring them into alignment with the Borough Council.**

## **Reasons**

The Borough Council's move to whole Council elections (referred to below) affects the Town and Parish Councils within its area. Any Town or Parish Council elections that fall in the years when there are no Borough elections would have to meet the cost of their elections in the same way that they would if there was a by-election. This impacts on all the parishes within the Borough of Newcastle-under-Lyme.

## 1. **Background**

- 1.1 The Borough Council's power to change its electoral cycle is set out in Sections 31 to 36 of the Local Government and Public Involvement in Health Act 2007 (the Act), as amended in Schedule 2 of the Localism Act 2011.

At a meeting of the Borough Council held on 25<sup>th</sup> November 2015, it was resolved to move to all-out (whole Council) elections with effect from the elections to be held in May 2018.

## 2. **Proposal**

- 2.1 The Borough Council's move to whole Council elections affects the Town and Parish Councils within its area. Any Town or Parish Council elections that fall in the years when there are no Borough elections would have to meet the cost of their elections in the same way that they would if there was a by-election. Section 53 of the Act enables the Borough Council to make an Order to alter the years of the ordinary elections of Towns and Parishes so that they coincide with the date of whole Council elections by the Borough Council. The Order can make transitional provision for the retirement of Town and Parish Councillors at different times than would have otherwise applied during that transitional period.

It is therefore proposed that the Council make an Order under Section 53 of the Act (a draft of which is annexed to this report) which will come into force on 1<sup>st</sup> March 2017 so that elections of all Town and Parish Councillors for any town/parish within the Borough area will be held simultaneously on 3<sup>rd</sup> May 2018 and every fourth year thereafter.

3. **Issues**

The Town and Parish Councils have been consulted on the Borough Council's proposal to make an Order under the Act and a copy of the draft Order was also supplied for their information.

Only one adverse comment in response has been received. Silverdale Parish Council say that they do not feel it is for the Borough Council to determine the electoral cycle of the Parish Council. Additionally they commented that the Order should not have been drafted ready to be made until consultation had been held with the parish councils.

4. **Reasons for Preferred Solution**

4.1 As set out above, any Town or Parish Council elections that fall in the years when there are no Borough elections would have to meet the cost of their elections in the same way that they would if there was a by-election. Bringing Town and Parish Councils in line with Borough Council election dates would result in financial savings for the town and parish councils.

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

- creating a cleaner, safer and sustainable Borough
- creating a Borough of opportunity
- creating a healthy and active community
- transforming our Council to achieve excellence

6. **Legal and Statutory Implications**

There are none directly flowing from this report.

7. **Financial and Resource Implications**

Financial expenditure for town and parish councils would be reduced.

8. **Major Risks**

There are none directly flowing from this report.

9. **Earlier Cabinet/Committee Resolutions**

Report to Full Council on 26<sup>th</sup> November 2014

Report to Full Council on 9<sup>th</sup> September 2015

Report to Full Council on 25<sup>th</sup> November 2015

10. **Background papers**

The Local Government and Public Involvement in Health Act 2007

Localism Act 2011

Report to Council 16 April 2014 'Proposed Changes to Electoral Arrangements'

Report to Council 9 September 2015 'Governance Review Sub Committee – Update'

**SECTION 53, LOCAL GOVERNMENT AND  
PUBLIC INVOLVEMENT IN HEALTH ACT 2007**

**THE BOROUGH COUNCIL OF NEWCASTLE-UNDER-LYME  
(WHOLE COUNCIL ELECTIONS)  
ORDER 2017**

By a resolution of 25<sup>th</sup> November 2015 the Borough Council of Newcastle-under-Lyme have, under Section 32 of the Local Government and Public Involvement in Health Act 2007 (the Act) determined that it will be subject to a scheme of Whole Council Elections under Sections 33 and 34 of the Act (as amended by the Localism Act 2011)

Citation and Commencement

This Order may be cited as the Borough Council of Newcastle-under-Lyme (Whole Council Elections) Order 2017 and shall come into force on 1<sup>st</sup> March 2017

Elections of the Council of the Borough of Newcastle-under-Lyme

1. Elections of all councillors for the wards of the Borough Council of Newcastle-under-Lyme (the Borough) shall be held simultaneously on the ordinary day of election of councillors in 2018 and every fourth year thereafter
2. The councillors holding office for any ward of the Borough immediately before the fourth day after the ordinary day of election of councillors in 2018 shall retire on that date and the newly elected councillors for those wards shall come into office on that date

Parish Elections

- (1) Elections of all Town and Parish Councillors for any town or parish specified in paragraph (2) below shall be held simultaneously on the ordinary day of election of councillors in 2018 and every fourth year thereafter

- (2) The Town and Parish Councils are:

Audley Parish Council  
Betley, Balterley and Wrinehill Parish Council  
Chapel and Hill Chorlton Parish Council  
Keele Parish Council  
Kidsgrove Town Council  
Loggerheads Parish Council  
Madeley Parish Council  
Maer Parish Council

Silverdale Parish Council  
Whitmore Parish Council

- (3) The Town and Parish Councillors for those town/parishes holding office immediately before the fourth day after the ordinary election of councillors in 2018 shall retire on that date and the newly elected councillors for those town/parishes shall come into office on that date
- (4) The term of office of all Town and Parish Councillors elected in accordance with paragraph (1) above shall be four years, and they shall retire on the fourth date after the ordinary day of election of councillors and the newly elected parish councillors shall come into office on the day on which their predecessors retire

THE COMMON SEAL OF THE )  
BOROUGH COUNCIL OF )  
NEWCASTLE-UNDER-LYME )  
was hereunto affixed in the )  
presence of: )

Mayor/Councillor

Authorised signatory



## REVIEW OF THE CONSTITUTION

**Submitted by:** Monitoring Officer

**Portfolio:**

**Ward(s) affected:** All

### **Purpose of the Report**

To advise Council of an addition which has been made to the Finance Scheme of Delegation and also to recommend amendments to the Licensing Scheme of Delegation.

### **RECOMMENDATION:**

- (a) That the addition made to the Finance Scheme of Delegation be noted.**
- (b) That the proposed amendment to the Licensing Scheme of Delegation be approved.**

### **Reasons**

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

Whilst the majority of fees and charges are approved by Cabinet decisions relating to non-statutory fees and charges in connection with Licensing functions remain with the Council.

## 1. Background

- 1.1 The Constitution is the set of rules that describe and constrain how the Council operates, how its decision are made and the procedures which are to be followed. The Council adopted a new formal Constitution in 2001 and this has been updated and reviewed on a regular basis since that date. The Constitution provides a framework for decision making through which the Council delivers its strategic objectives.
- 1.2 Revising the Constitution is necessary to ensure that the Council is efficient and effective in making and implementing decisions and is properly accountable. Changes may become necessary where the law has changed or where the Council decides to change the way it operates, for example if the management structure changes and/or services move from one directorate to another. The relevant Scheme of Officer Delegation must be updated and revised where necessary to allow officers to continue to act lawfully.
- 1.3 The addition to the Finance Scheme of Delegation has been made so that the Council can use powers to impose financial penalties in accordance with the appropriate legislation. The Cabinet report of 7<sup>th</sup> December sets out the detail in relation to this.
- 1.4 The addition to the Licensing Scheme of Delegation is proposed so that the fees and charges in relation to Gambling, Sexual Entertainment Venues, Private Hire and Hackney Carriage licensing, which are initially considered at the Licensing and Public Protection Committees, can be brought into effect at the earliest opportunity

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

The objective of the Constitution is to support the intentions of the Corporate Plan in the most efficient, effective, inclusive, open and accountable manner.

The Constitution governs the way the Council works. The amended Schemes of Delegation will enable the public, Council Members and officers to engage more effectively with the decision making processes of the Council and also ensure that processes are lawful.

An effective Constitution contributes to the overall ethical wellbeing of the Council, and helps to ensure a culture of high ethical standards, which the public and the Council's partners can have confidence in.

3. Legal and Statutory Implications

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

4. Major Risks

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

5. Financial Implications

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

6. Key Decision Information

This is not a Key Decision.

7. Background Papers

Report to Cabinet dated 7<sup>th</sup> December 2016 (Penalties Policy) and minutes.

**Addition to Finance Scheme of Delegation:**

(31)	<u>To impose Civil Penalties in accordance with Schedule 3 Local Government Finance Act 1992</u>	Executive Director (Resources and Support Services)
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**Additions to Licensing Scheme of Delegation:**

(4A)	<u>The setting of fees and charges in connection with the Private Hire and Hackney Carriage licensing regimes</u>	Public Protection Committee
(27)	<u>The setting of fees in connection with Gambling and Sexual Entertainment venues</u>	Licensing Committee

Classification: NULBC UNCLASSIFIED

## Report to Council 22 February 2017

### Appointment of External Auditor

**Submitted by:** Head of Finance

**Portfolio:** Finance IT and Customer

**Wards Affected:** All

#### **Purpose**

To enable the Council to determine the arrangements for the appointment of external auditors for the Council, with effect from the accounts for the financial year 2018/19.

#### **Recommendations**

- a) **That the Council opts into the national scheme for auditor appointments (Public Sector Audit Appointments).**

#### **Reason**

The current arrangements for external audit will end following the audit of the 2017/18 accounts and will in future be governed by the Local Audit and Accountability Act 2014, which provides for a number of different processes for the appointment of the auditor.

### **1. Background**

- 1.1 The council's current external auditors, Grant Thornton, were appointed by the Audit Commission. This was a transitional arrangement to enable continuity following the abolition of the Commission until formal arrangements were put in place by legislation.
- 1.2 The Local Audit and Accountability Act 2014 (the Act) now sets out the legal framework for the appointment of auditors and for Councils to monitor their work.
- 1.3 The current audit arrangements will end after the audit of the 2017/18 accounts. As a result, the Council will need to appoint an auditor for the 2018/19 accounts and after.
- 1.4 There are a number of appointment process options set out in the Act, which need to be considered and the most suitable selected.

### **2. Issues**

- 2.1 The appointment of the auditor and the process to be used in making the appointment is a decision that must be taken by Full Council. However, the Audit and Risk Committee will clearly have a view with regard to the procedure for the appointment. Accordingly, a similar report to this one was considered by the Committee on 13 February. The Committee resolved that the Council should opt into the national scheme operated by Public Sector Audit Appointments.
- 2.2 The scope of the audit will be specified nationally by the National Audit Office which is responsible for writing the National Code of Audit Practice, which all firms appointed to carry out local authority audits must adhere to. Not all accounting firms will be

eligible to compete for the work, they will need to demonstrate that they have the necessary skills and experience and be registered with a registered supervising body approved by the Financial Reporting Council. The registration process has not yet commenced and so the number of firms is not yet known but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the country, including the Council's current auditor. It is unlikely that small local firms will meet the eligibility criteria.

- 2.3 The Council has until December 2017 to make the appointment. In practical terms this means that one of the options outlined at paragraph 2.4 must be in place by early 2017 in order that the contract negotiation process can be carried out in time.
- 2.4 There are three options permitted by the Act for the process to be followed to appoint the auditor. These all involve the Council itself making the appointment and are:
- 1) The Council can carry out its own process and make a stand alone appointment;
  - 2) The Council can act jointly with other authorities to appoint an auditor for all of them;
  - 3) The appointment can be made using a national "Sector-Led Body".
- 2.5 The Act provides for local authorities to set up auditor panels. These will oversee the appointment of auditors and monitor the relationship with the auditor once appointed. This part of the Act takes effect once the Secretary of State has made regulations giving local authorities the power to set up panels. He has not yet done so. When the regulations have been made a report will be brought to the Committee outlining their functions and how they are to be set up. The appointment process must be carried out using an auditor panel in respect of options 1) and 2) above.
- 2.6 The Local Government Association (LGA) has set up a body entitled "Public Sector Audit Appointments" (PSAA). This body has been approved by the Secretary of State as a "Sector-Led Body". Currently it is the only such approved body and is likely to remain so. All local authorities have been invited to opt into the PSAA scheme, with a final deadline for doing so of 9 March 2017. Authorities that choose not to opt-in by this deadline may opt in later but not until after 1 April 2018, which is too late to make an auditor appointment for the audit of the 2018/19 accounts. PSAA will draw up a specification for local authority audit and invite bids from firms for the work.
- 2.7 PSAA intends to carry out a procurement exercise and to let contracts for five years and will divide the country into two large contract areas nationally; each one divided into three or four contract lots per area, depending on how many authorities opt in. Within each area they intend to appoint a number of firms, which will help them to manage independence issues. Following completion of this process each opted-in authority will be allocated an auditor. Each opted-in authority will be asked about any conflicts of interest which might arise with regard to specific firms (for example as a result of consultancy work already carried out by the firm for the Council) and about any other local factors considered relevant. PSAA will endeavour to appoint the same auditors to opted-in bodies that are involved in formal collaboration or joint working initiatives, if those bodies consider that this will enhance efficiency or value for money.
- 2.8 PSAA will pool scheme costs (i.e. the costs of the contracts negotiated with the various firms plus PSAA's administrative costs) and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit

risk. Pooling will mean that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants - the greater the level of participation, the better the value represented by the fees. Fees will be determined by the prices achieved in the procurement process that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017 and at this point the overall cost and therefore the level of fees required will be clear. PSAA expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

2.9 PSAA state that they will:

- a) Only contract with approved firms that have a proven track record in undertaking public audit work
- b) Include obligations in relation to maintaining and continuously improving quality in their contract terms and in the quality criteria in their tender evaluation
- c) Ensure that firms maintain the appropriate registration and will liaise closely with the Recognised Supervisory Body and the Financial Reporting Council to ensure any quality concerns are detected at an early stage
- d) Take a close interest in our feedback and in the rigour and effectiveness of firms' own quality assurance arrangements

2.10 There are advantages and disadvantages associated with all three options. These are outlined below.

2.11 **Option 1** - Council carries out the process itself and appoints the auditor solely as its auditor.

**Advantages:**

- The process is entirely under the Council's control and members have direct input into the process

**Disadvantages:**

- The Council will not be able to take advantage of lower fees that may be available using Options 2 or 3.
- There will be administrative costs and probably considerable time spent in organising and attending panel meetings and carrying out the procurement process in-house.
- Panels will include independent appointees so the decision will not be taken solely by elected members
- The number of firms attracted to bid may be appreciably less than under the other options

2.12 **Option 2** - Council carries out a joint procurement process with other authorities

**Advantages:**

- Costs of the procurement process will be shared across a number of authorities
- More firms may be attracted to bid than under Option 1
- Consequently the fees payable may be less than under Option 1

**Disadvantages:**

- It is not known whether any other authorities would be interested in participating in a joint process with the Borough Council
- The fees payable, although possibly less than under Option 1 will most likely be higher than achievable under Option 3.
- There will still be administrative costs and probably considerable time spent in organising and attending panel meetings (there will still be a need for a joint panel) and carrying out the procurement process.
- Panels will include members from all participants and independent appointees so the decision will be further removed from local input.
- There will be the possibility of disagreement between the participating authorities.
- The choice of auditor could be complicated if individual authorities have independence issues.

### 2.13 **Option 3** - Council uses PSAA to make the appointment

#### **Advantages:**

- There will be no direct administrative costs incurred by the Council and virtually no time will be spent carrying out the procurement exercise. PSAA's costs will be shared over all of the opted-in authorities so provided there are sufficient the amount attributed to individual authorities will be insignificant.
- Fees are likely to be less than under either of the other options owing to the larger contract sizes attracting competitive rates
- Any conflicts involving individual authorities will be managed by PSAA who will have a number of contracted firms to call upon
- PSAA is a body set up by the LGA and should, therefore, be run in the interests of local government

#### **Disadvantages:**

- Borough Council Members will have little or no involvement in the process.

2.14 It is recommended that Option 3, to use PSAA to carry out the process, is adopted. This would appear to be the most cost effective way of making the appointment and would involve far less expenditure of administrative time. It is also believed, that there are likely to be worthwhile savings in terms of the audit fees payable because PSAA will be in a good position to secure competitive prices owing to the size of contracts offered. Because PSAA is an LGA body this also provides the necessary element of assurance that the Council's interests will be borne in mind and safeguarded. There are already a considerable number of authorities which have expressed an interest in participating in the PSAA scheme and it is likely that the majority of authorities will chose this option.

### **3. Legal and Statutory Implications**

3.1. The Council must have its accounts audited by an independent external auditor. The requirements and framework for appointing auditors are contained in the Local Audit and Accountability Act 2014.

### **4. Financial and Resource Implications**

4.1. Although the fees payable under the PSAA arrangements are not yet known it is unlikely that they will be significantly higher than the present fees. If this procurement option is not pursued, the likely fees are harder to predict and any significant increase would need to be included in the Medium Term Financial Strategy as a new pressure in 2019/20.

**5. Major Risks**

- 5.1. It is possible that there may be insufficient interest in bidding for the work from audit firms, resulting in competitive fee levels not being obtained. This is unlikely if PSAA is used for the procurement, owing to the contract sizes on offer.
- 5.2. If either of the other options are used there may be insufficient interest attracted to enable sufficient choice of potential contractor to be available. If no bids were received or they were of insufficient quality, there is a danger that the Council might run out of time to procure an auditor for the 2018/19 accounts.

**6. Background Papers**

- 6.1. Local Government and Accountability Act 2014.
- 6.2. Invitation from Public Sector Audit Appointments to become an opted in authority (letter dated 27 October 2016).

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Classification: NULBC UNCLASSIFIED

## Approval of absence

**Submitted by:** Chief Executive

**Portfolio:** Leader of the Council

**Ward(s) affected:** Kidsgrove

### **Purpose of the report**

This report sets out the reasons for the Council approving a Councillor's absence under section 85 of the Local Government Act 1972 on the grounds of ill health.

### **Recommendation:**

That the Council approves the absence of Cllr Mrs Margaret Astle from 9 September until 22nd February 2017 pursuant to section 85 of the Local Government Act 1972 on account of her ill health.

## **1. Background**

1.1 Under the provisions of the Local Government Act 1972 Section 85 a Member of the Council ceases to be a member of the authority if they have failed throughout a period of six consecutive months from the date of their last attendance to attend any meeting of the authority, which, unless failure was due to some reason approved by the authority before the expiry of that period.

## **2. Mrs Margaret Astle**

2.1 Mrs Astle attended a meeting of Kidsgrove Area Residents Association on Thursday 8 September 2016. The provisions of Section 85 of the Local Government Act 1972 would therefore apply on 9 March 2017 unless the Council approves Cllr Mrs Astle's absence. As Members will be aware, Councillor Mrs Astle has been seriously ill in recent months including a stay in hospital in October 2016. She wished to continue to perform her role as a Councillor during that time but was being advised by her doctor to limit her activities to aid a swift recuperation. As a result she has been unable to attend Council meetings, although continues to wish to do so.

2.2 The Council is therefore requested to approve the absence of Cllr Mrs Margaret Astle from 9 September until 22nd February 2017 pursuant to section 85 of the Local Government Act 1972 on account of her ill health.

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## STATEMENT OF THE LEADER OF THE COUNCIL TO FULL COUNCIL – 22<sup>ND</sup> FEBRUARY 2017

**Submitted by:** Councillor Elizabeth Shenton

**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. Cabinet Meetings**

Cabinet has met three times since the last meeting of Full Council, in November 2016. The next Cabinet meeting is 22 March 2017. Below is a summary of actions and decisions taken, along with a link to the Forward Plan. (For further background to the Cabinet's decisions please refer to the actual published Cabinet Agenda, Minutes and Decisions).

#### **2. Cabinet Meeting - December 2016**

<http://sviam/ieListDocuments.aspx?CId=118&MId=2772&Ver=4>

#### **3. Cabinet Meeting - January 2017**

<http://sviam/ieListDocuments.aspx?CId=118&MId=2773&Ver=4>

#### **4. Cabinet Meeting - 8<sup>th</sup> February 2017**

<http://sviam/ieListDocuments.aspx?CId=118&MId=2774&Ver=4>

<http://moderngov.newcastle-staffs.gov.uk/documents/g2774/Decisions%2008th-Feb-2017%2018.00%20Cabinet.pdf?T=2>

#### **(i) Revenue & Capital Budgets and Council Tax 2017-18**

Cabinet recommended that these be presented to Full Council on 22<sup>nd</sup> February. Comments from the FRAPS Scrutiny Committee were also noted and discussed.

#### **(ii) Budget Performance Report - Quarter Three**

Cabinet noted the report and recommendations, and will continue to monitor performance. Cabinet also agreed to explore a more efficient operating model for the two Leisure Centres, with a report coming back for consideration in the Summer.

(iii) **Income Generation Project**

Cabinet supported the appointment of Strategi Solutions Limited as partner in our income generation scheme.

(iv) **Keele University - Ambitions for Growth**

Cabinet welcomed the recent signing of the Keele Deal, and noted various other strategies relating to the ambitions for Keele University, as a commitment to our aspirational plans for the economic regeneration of the Borough.

5. **Forward Plan**

The Forward Plan covering the period from January to April 2017 can be found at:

<http://sviam/mgListPlanItems.aspx?PlanId=73&RP=118>

Councillor Elizabeth Shenton  
Leader of the Council

## Report of the Chair of the Planning Committee

Since the last meeting of full Council on 23rd November 2016 there have been three meetings of the planning committee.

- 02.02.17. There were five major applications and two "other " plus a report on two planning appeal decisions.
- 4.01.17. There were six major applications and two other plus a report on one planning appeal.
- 06.12.16. There were three major applications and three "other"plus a report on two planning appeal decisions.

An additional item of note was that the Tadgdale Quarry appeal took place before the Inspector in the council chamber between 24th and 27th of January,we await that decision.

There has been one further planning committee training events on 14.12.16 with others planned for the coming months.

Cllr Bert Proctor  
Chair Planning Committee.

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## Licensing Chairs report to full Council 22<sup>nd</sup> February 2017

The Licensing Committee has not met since the November 2016 full council meeting.

On the 18<sup>th</sup> January 2017 a sub-committee met to consider a new premise licence application for the petrol filling station at Morrisons Lower Milehouse Lane, Cross Heath.

The application was for the sale of alcohol and hot food.

Staffordshire Police, Staffordshire Trading Standards, Environmental Health Department and six residents of Mill Rise made representations.

After consulting the three Responsible Authorities Morrisons agreed to reduce the hours applied for and to have fourteen conditions added to the licence.

The residents' were concerned that there would an increase in anti-social behaviour, noise and light pollution from the car park lights and car head lights. The anti-social behaviour and noise issues are addressed in the list of conditions agreed.

Morrisons agreed to switch off the car park lights when the main store closes and look into some form of screening to prevent car head lights shining into the resident's apartments.

The licence was granted.

Trevor Hambleton  
Chair of Licensing

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## Active and Cohesive Communities Chairs report to full Council 22<sup>nd</sup> February 2017

Active and Cohesive Communities Scrutiny Committee  
28th November 2016

- Review and Development of the Space Scheme.
- Members wished to compare the objectives of the Space Scheme with specific evidence to how well they had been met.
- Jonathan Connolly from the Office of the Crime Commissioner attended the meeting and was invited to explain the background and objectives of the scheme.
- Jonathan explained how the Space Programme launched in 2015 by the Staffordshire Police and Crime Commissioner provided positive activities for young people across Staffordshire and Stoke on Trent.
- Budget allocation was based on localised partner agency need and had been funded by the PCC in the amount of £12,055 - 76.
- We next meet on the 6th March 2016 for a joint meeting with the Health and Wellbeing Scrutiny Committee.

Gill Williams  
Chair of Active and Cohesive Communities Scrutiny Committee

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## **Cleaner Greener Safer Scrutiny Committee has met four times since last report to Council**

The **October** meeting was taken up with reviewing the **Subways** survey process undertaken by the members. 14 surveys have been completed on the 15 subways with more surveys done for town centre subway arms than outlying ones

The results of field surveys show on balance subways were fairly litter free, At the time of most surveys there hadn't been heavy rain so the drain 'problem' ie not sufficient of capacity to take away storm water was not recorded.

The lighting was just about adequate and walking surfaces also adequate. All the subways were recorded to a greater or lesser degree as being rendered unpleasant due to scrawls of graffiti, some of it offensive and bordering on offensive. Nearly all the walls and lighting were shabby, dirty and giving an impression of neglect

It was noted that the subway arms with properly planned and executed art work appear to be less subject to random graffiti. Moves are planned by various officers of the Council to work with Darryl Colbourn, BID and 'Enterprise' (commissioners of the current successful art works) to put together a bid for Arts Council England funding for further high quality artworks in the town centre arms of the subways. It is thought appropriate that one of the Borough's current 'art themes' might be used; for instance, the life and times of Philip Astley, son of Newcastle and originator of the modern circus

The Staffs Youth Offender Team have been tasked by NULBC Environment team to clean whatever they can and whenever they can; an informal arrangement which is a good initiative but unlikely to keep pace with the increasingly dirty and down market appearance of most of the subways

The Chair has contacted the Police Crime Commissioner's office with a view to engagement with a Proceeds of Crime Initiative. Still waiting for further and more detailed discussion

## **The November meeting addressed scrutiny to the Open Space Strategy and Green Infrastructure Strategy.**

The Council's Landscape Manager and Head of Operations presented the strategies to the committee. The strategies identify a range of strategic aims and objectives for open space as well as green infrastructure planning provision maintenance and alternative use. The Committee were required to assess the robustness of these strategies to ensure the assets fulfil their potential to deliver a wide range of environmental, social and economic benefits. The strategies have been prepared by external consultants.

In response to questions from scrutiny committee, officers confirmed there would be links to already existing strategies for example: North Staffs Green Space Strategy, Rural Green Space Strategy. NBC's Equestrian Strategy and SCC's Rights of Way Improvement Plan.

Committee members were assured that our open spaces will remain accessible for public use. Less intensive maintenance regimes in some areas would release resources for areas needing a more intensive treatment. Members noted the promotion in the report of local consultation regarding any changes to local open space provision. The objective of seeking green corridors and linear access across LA boundaries also expressed in the documents and welcomed by members

It was noted that the key message of the executive summary was one of 'rationalisation' in the new climate of reducing resources and therefore the need for informing and consulting with local communities

Members were impressed by the high quality of the documents (notwithstanding poor proof reading with misspelling and poor grammar in places) The level of detail and complexity of information makes the accessibility of the strategies somewhat difficult for the general public but the overall opinion of the committee was that these are very thorough reports dealing with a very important aspect of daily life in Newcastle.

The **December 14** meeting was an ad hoc invitation to C’lIr Mark Deaville Portfolio holder for Highways at Staffs CC and James Bailey officer at SCC The meeting was held to discuss the condition ,maintenance and future of our **subways**.

The following preamble was presented prior to discussion

*Our 14 subways are under Staffs Highways, with the Borough Council’s Streetscene sweeping floors daily and collecting litter and as a ‘service’ to the County and our residents of course- painting out offensive graffiti. And that is a major issue; our subways have become haunts of disaffected youths tagging with spray paint, and inflicting general anti-social behaviour on the public*

*Generally, the condition of walls, barrel roofs and especially drains (which are inadequate to take flash floods) is poor and none of which can be currently remediated by the Borough Council. Not to be all negative, this Council and its partners have made some of the subway arms quite dramatic and colourful public art venues. These areas appear NOT to get tagged Postcards have been made of these art works, these are popular among residents*

A report from **Staffordshire Police** handed out at this meeting gave the nature and statistics relevant to subways in Newcastle of ASB

Following discussion these were the points raised with C’lIr Deaville and James Bailey:

- There are other towns with subways in the County, MD and JB could not say whether renovation schemes were under way elsewhere
- Reporting of problems by members of the public, the SCC website does not have on the drop down menu a specific for lodging problems with subways
- There is no specific dedicated officer for ‘subways’ Chris Plant had been visited by Chair and Kim Graham; meeting -friendly but with NO specific solutions offered
- Discussion about short medium and long term strategies for subways MD and JB stated there is a new strategy being developed this coming Spring ref. aspects of the public domain This strategy upgrade may have a bearing on the matter. It may include the possibility-long term- of closure of some
- MD was keen to welcome the initiative of the Scrutiny meeting as a way forward to engage more directly with Newcastle on improving the ‘subway experience’ for our residents; one aspect to stress is that some arms are certainly be part of County’s Safer Routes to School
- Existing partnerships of relevance: Town Centre Partnership, the B I D, Joint Operations Group, and Newcastle Sustainable Transport Group MD stressed using existing mechanisms and groups C’lIr Williams wants our College and schools to be ‘involved’ Kim Graham suggested a ‘task and finish group ‘ approach could be useful
- Discussion: using Community Payback and Proceeds of Crime initiatives, Chair had contacted Helen Jarvie of the Police Crime Commissioner’s Office( still waiting further contact) .MD and JB said they had engaged with these in other areas
- Kim Graham outlined the successful ‘artwork’ enhancement of subways in Newcastle. There is an application pending to the Arts Council England (Sustrans is also involved) for funding more professional artwork. . There was a specific request made of JB for SCC funds for antigrffiti

lacquer (which protects 2D art work) This, if committed, would form an important element of the ACE bid for funds

- C'Ilr Cooper suggested light up panels in subway arms with high footfall. Paid for advertising could be sought. MB and JB said this is already to be trialled in Stafford, they would provide update on the idea

**Specific Actions** recommended from this meeting:

- Kim Graham to finalise the offer of lacquer with James Bailey
- The NBC website can be changed to allow complaints about subways
- From this meeting, we were offered three-month *review and update* meetings by Mark Deaville

### **December 21 meeting: Scrutiny of the Davis Report on the Council's introduction of new recycling processes and provision**

The members were pleased to have senior officers present at the meeting and their briefing paper helped members to focus on the Davis report recommendations

Members felt they had learned a good deal about the process of recycling from the deeply through work presented in the Davis Report

The recommendations in respect of the following aspects were of concern and interest;

The increased volume (some 25%) of recyclates had not been anticipated and therefore some of the operational aspects had proved overstretched.

The need for a better 'in day' handling of material was addressed in the report and recommendations endorsed by Scrutiny. The handling was slowed down dramatically because of return trips to depot in an ad hoc way exacerbating delays

A better approach to pre-trialling new vehicles was recommended and this accorded well with Scrutiny members' experience of complaints (vehicles being too big for some areas)

Missed collections was also very much an issue involving members. Recommendations in the report about refining reporting processes and firming up bespoke requests for assisted collections; also, a clear centrally operated policy about kerbside collection (to be communicated to all residents) would have smoothed the first few weeks.

Davis report made several specific recommendations to address these issues. Endorsed by Scrutiny members

Issues for future operations were analysed and recommendations made: whether trolleys could be provided on request (with extra fee?), whether further household separation (glass/cardboard) should be pursued and how; more effective use of existing data bases with additional staff training

Reintroduction of 'missed bins' as a Key Performance Indicator and a much more comprehensive approach to communications, all endorsed by Scrutiny

Members of the Scrutiny Committee could get answers from senior officers about specific anecdotes they had heard about in their Wards in addition to the work of analysing the report

The solutions and recommendation all had 'time line added by the Consultant. Scrutiny members look forward to a further chance to match performance against these dated recommendations



## **Health and Wellbeing Scrutiny Committee Chair Report**

### **Dementia Friendly Services at Borough Leisure Centres**

The committee will be holding a joint meeting with Active and Cohesive to undertake scrutiny of dementia friendly services at the Borough leisure centres. In anticipation of this meeting the chair and vice-chair visited the leisure centre in Crewe to discuss their provision of similar services.

### **Staffordshire Sustainability and Transformation Partnership**

The Healthy Staffordshire Select Committee considered the STP document and provided scrutiny on it's major themes, and has agreed to look into aspects of the plan in more detail as they become available.

### **North Staffordshire CCG**

The committee received an update from the NSCCG regarding public engagement on the 'My Care My Way' programme. Recent communication from the NSCCG has notified the committee that engagement on this programme will stop during the purdah period for county council elections.

**Cllr Dave Jones**

**14/2/17**

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