



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 6TH MARCH 2013

AT 6.00 P.M.

COMMITTEE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

MEMBERS: Councillors R. Hollingworth (Leader), Mrs. M. A. Sherrey JP (Deputy Leader), Dr. D. W. P. Booth JP, M. A. Bullivant, C. B. Taylor and M. J. A. Webb

AGENDA

1. To receive apologies for absence
2. Declarations of Interest
3. To confirm the accuracy of the minutes of the meeting of the Cabinet held on 20th February 2013 (Pages 1 - 4)
4. Minutes of the meeting of the Shared Services Board held on 10th January 2013 (Pages 5 - 8)
 - (a) to receive and note the minutes
 - (b) to consider any recommendations contained within the minutes
5. Minutes of the meeting of the Overview and Scrutiny Board held on 25th February 2013 (To follow)
 - (a) To receive and note the minutes
 - (b) To consider any recommendations contained within the minutes
6. Home Energy Conservation Act (Pages 9 - 24)
7. Flooding Mitigation Measures (Pages 25 - 34)
8. Finance Monitoring 2012/2013 Q3 (Pages 35 - 54)

9. Write off of Debts 2012/2013 Q3 (Pages 55 - 62)
10. Treasury Management and Investment Strategy (Pages 63 - 84)
11. Welfare Reforms Policy (Pages 85 - 92)
12. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

26th February 2013

Agenda Item 3

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY, 20TH FEBRUARY 2013 AT 3.00 P.M.

PRESENT: Councillors R. Hollingworth (Leader), Mrs. M. A. Sherrey JP (Deputy Leader), M. A. Bullivant and C. B. Taylor

Officers: Mr. K. Dicks, Ms. J. Pickering, Mr. J. Godwin, Ms. J. Willis, Ms. S. Morgan, Mrs S. Sellers and Ms. R. Cole.

112/12 APOLOGIES

Apologies for absence were received from Councillors Dr. D. W. P. Booth JP and M. J. A. Webb.

113/12 DECLARATIONS OF INTEREST

No declarations of interest were received.

114/12 MINUTES

The minutes of the meeting of the Cabinet held on 6th February 2013 were submitted.

RESOLVED that the minutes be approved as a correct record.

115/12 FEES AND CHARGES 2013/2014

The Cabinet considered a report on proposed Fees and Charges in respect of a range of Council services for 2013/2014. It was noted that in general the overall increase was 3% although this varied slightly between services.

Following discussion it was

RESOLVED that the Fees and Charges for 2013/2014 as contained in Appendix A to the report be approved.

116/12 MEDIUM TERM FINANCIAL PLAN 2013/2014 - 2015/2016

Consideration was given to the report on the Medium Term Financial Plan for 2013/2014 to 2015/2016 relating to revenue and capital expenditure.

The Leader and the Executive Director for Finance and Corporate Resources referred to the background to the Medium Term Financial Plan and the detailed work undertaken by officers and Members as part of the budget process. The Leader stated that this year there had been an extremely challenging background to the production of the Medium Term Financial Plan.

Following discussion it was

RECOMMENDED:

- 1) that the Council determines the level of Council Tax discount to be applied to the prescribed classes of dwellings as defined by the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 (as amended) for
 - a) Class A [“second homes with planning restriction”] be set at 0% - no discount;
 - b) Class B [“second homes without planning restriction”] be set at 0% - no discount; and
 - c) Class C [vacant dwellings] be set at:
 - a. Where the dwelling appears in the Valuation List for the first time and it has been continuously unoccupied and substantially unfurnished since the effective date of entry into the list:
 - i. for the first 3 months from the date of entry into the list 100%
 - ii. for periods of more than 3 months and for less than 6 months 50%
 - iii. for periods of 6 months or more 0% - no discount
 - b. Where the dwelling has been unoccupied and substantially unfurnished for a continuous period of less than 6 months 50%
 - c. where the dwelling has been continuously unoccupied and substantially unfurnished for 6 months or more 0% - no discount
 - d. For the purposes of Class C when considering whether a dwelling falls within the class any period of occupation, not exceeding 6 weeks, during which it was not unoccupied and substantially unfurnished shall be disregarded.
 - d) Class D [uninhabitable dwellings] be set at 100%
- 2) that the powers to reduce the Council Tax payable on a case by case basis , as provided by Section 13A 1(c) of the Local Government Finance Act 1992, be delegated to the Executive Director of Finance and Resources and the Revenue Services Manager;

- 3) that authority be delegated to the Head of Legal, Equalities and Democratic Services to amend the Scheme of Delegation to Officers to implement (2) above;
- 4) that the high revenue bids and unavoidable pressures of; 2013/14 £561k as detailed in Appendix 1 be approved;
- 5) that the use of balances totalling £97,000 for 2013/14 be approved;
- 6) that an increase in Council Tax of 1.9% for 2013/14 be approved;
and
- 7) that the Pay Policy as set out in Appendix 2 be approved.

The meeting closed at 3.21 p.m.

Chairman

This page is intentionally left blank

**REDDITCH BOROUGH COUNCIL AND
BROMSGROVE DISTRICT COUNCIL**

SHARED SERVICES BOARD

10th January 2013 at 5.30pm

COUNCIL CHAMBER, THE COUNCIL HOUSE, BROMSGROVE

Present: Councillors Roger Hollingworth (Chairman), Mark Bullivant (substitute for Councillor Mike Webb), Steve Colella and Margaret Sherrey.
(Bromsgrove District Council)

Bill Hartnett, Greg Chance, Carole Gandy and Debbie Taylor.
(Redditch Borough Council)

Invitees: Councillors Rita Dent, John Ruck and Les Turner (Bromsgrove DC)
Councillors Rebecca Blake, Mike Braley, Andy Fry, Yvonne Smith
and Pat Witherspoon (Redditch BC)

Officers: Kevin Dicks, Sue Hanley, Angie Heighway, Helen Mole and Liz
Tompkin

Notes: Rosemary Cole

1. **APOLOGIES**

Apologies for absence were received from Councillor Mike Webb.

2. **MINUTES**

The minutes of the previous meeting of the Board held on 11th October 2012 were approved as a correct record subject to the inclusion of apologies from Councillor Margaret Sherrey and Mike Webb.

CONFIDENTIALITY

These notes are an open public record of proceedings of the Board.

[Meetings of the Board are not subject to statutory Access to Information requirements; but information relating to individual post holders and/or employee relations matters would nonetheless not be revealed to the press or public.]

3. PRESENTATION – JOINED UP WORKING

Mr Dicks and Mrs Heighway gave a detailed presentation on “A Cross Agency Review of Service Delivery” which focussed on the work which had been undertaken in respect of Joined up Working. Whilst the work had concentrated on Redditch so far this was largely because Redditch still had control of its housing stock and had Areas of Highest Need. The work would be rolled out to cover Bromsgrove District in due course. The issues arising from the work applied also to Bromsgrove.

Mr Dicks explained in detail the background and the reasons for undertaking the work in the light of the need to focus expenditure on protecting frontline services to support the most vulnerable people. The challenge was to address difficult social problems with ever decreasing resources.

It was reported that officers would be giving this presentation to the Public Services Executive Group later in the month. It was vital that the organisations involved accepted that there was a need for change both to improve services and to make better use of resources.

Officers explained that with the full agreement of the individuals involved a detailed study of two cases had been undertaken. In both cases there had been a long history of involvement with the individuals by a large number of organisations and agencies and these had eventually agreed to share data in order that an effective study could be undertaken. The individuals “journey” through the system had been mapped.

The studies had shown a large number of assessments and referrals had been undertaken by a number of agencies in respect of the individuals and families involved. It was questioned whether this had been the best use of resources when it appeared that earlier intervention through listening to what was actually required would have been more effective in improving the circumstances of the families and less costly as a whole.

The presentation which contained details of the case studies would be circulated to all Members. In addition Members were welcome to view the detailed mapping information which illustrated the complexity of the processes.

The presentation also illustrated a new approach which was being trialled by the Locality Team at Winyates. Mrs Tompkin explained some of the background and the progress which had been made. The Team was operating under a new set of principles and had permission to do what they felt was appropriate within these. The intention was to design “Citizen shaped services” Mr Dicks paid tribute to the work which was being undertaken and which so far did seem to be delivering an improved service. Members were welcome to visit the Team and to discuss matters further.

The next step included consideration of the presentation to be given to the Public Sector Steering Group and acceptance of the underlying principles, as additional resources/skills/expertise were required within the Locality Team. In addition there would be a need for internal senior leader for each expertise area to understand and validate the learning and take it back into their organisation.

Members thanked officers for the presentation and appreciated the work which had been undertaken so far by staff “on the ground”. It was recognised that risks had been taken in allowing the Team to work outside the normal restrictions and to trial a new approach. It was felt to be important that other partner organisations could be encouraged to take a similar approach in order that the new system could be properly tested.

Members recognised they had an important role as “leaders of the community” and in encouraging understanding of the new ways of working.

4. PROGRESS REPORT

The Board received a progress report which provided an update on all elements of the Shared Services / Transformation work taking place across both Councils.

5. NEXT MEETING

There was discussion on arrangements for future meetings of the Board.

It was felt it would be advantageous to have a programme of four meetings per year even if these were not required nearer to the date.

The meeting commenced at 5.30 pm
and closed at 7.10pm

This page is intentionally left blank

Home Energy Conservation Act – Approval of Report

Relevant Portfolio Holder	Councillor Kit Taylor
Portfolio Holder Consulted	Yes
Relevant Head of Service	Guy Revans
Ward(s) Affected	All
Ward Councillor(s) Consulted	n/a
Key Decision / Non-Key Decision	Non-Key

1. SUMMARY OF PROPOSALS

- 1.1 The Council is formally required to present a ‘further report’ to the Department of Energy and Climate Change (DECC) under the Home Energy Conservation Act 1995 (HECA) by 31.3.13. This further report is included in Appendix 1.
- 1.2 The report specifically commits the Authority to undertake its obligations in relation to domestic home energy efficiency to tackle fuel security, combat fuel poverty, and contribute to mitigation of carbon emissions locally. The report details progress made so far against these obligations and concludes that we will participate in, and use the Green Deal and ECO (Energy Company Obligation – replacing all previous subsidies for energy efficiency) as our main delivery mechanism for HECA aims.
- 1.3. The Council has been asked within DECC guidance to set “ambitious” targets to improve home energy efficiency. Although the Council is committed to acting on issues relating to energy, and has agreed strategies in place to deliver on these issues, the report (Appendix 1) specifically does not set targets to be achieved in the short or long term, citing the unknown additional resource implications as the reason not to set specific targets. The Council would however, seek to establish targets in the future when there is a clearer idea of how the Green Deal will be delivered.

2. RECOMMENDATIONS

- 2.1 That Members note and approve the report Appendix 1 for submission to DECC and publication on the Council’s website.
- 2.2 That Members note the current position in relation to the Green Deal.

3. KEY ISSUES

Financial Implications

- 3.1 If the Council does not commit to specific targets, HECA in itself does not have any additional financial burdens.

- 3.2 However, delivering a comprehensive Green Deal in Bromsgrove is likely to have financial/resource implications; the extent of which is dependent on which delivery mechanism is chosen (either a Worcestershire based Community Interest Company) or a Bromsgrove-Redditch only contract under the Birmingham Energy Savers procurement framework (run by Carillion).
- 3.3. Members have been made aware of this future decision as part of budget setting for 2013/14 and a full report will be required when more information is available (likely to be April/May 2013). At this later stage, a key decision will be required from Council.

Legal Implications

- 3.3 The Home Energy Conservation Act 1995 places a duty on local authorities to submit reports to the Secretary of State. The current requirement to submit a report by 31st March 2013 is set out in DECC Guidance which was issued in July 2012. The Council is therefore required to compile and submit the report by 31st March 2013 in order to meet it's statutory obligations.
- 3.4 Although the Council is encouraged by Government to set ambitious targets and indicators, the Council is under no statutory requirement to do so.

Service / Operational Implications

- 3.5 HECA responsibility has moved from the private sector housing team and currently sits within Environment and Planning, although there is some crossover of responsibility.

Customer / Equalities and Diversity Implications

- 3.6 Although the Green Deal and ECO will include all of our domestic and commercial business premises, the Council is specifically committed to improving home comfort and working with those who are currently or likely to be suffering from fuel poverty.

4. RISK MANAGEMENT

- 4.1 None identified at this stage.

5. APPENDICES

Appendix 1 - The draft HECA report.

6. BACKGROUND PAPERS

DECC (July 2012) Guidance to English Energy Conservation Authorities issued pursuant to the Home Energy Conservation Act 1995.

7. KEY

N/A

AUTHOR OF REPORT

Name: Ceridwen John, Climate Change Manager

email: c.john@bromsgroveandredditch.gov.uk

Tel.: 01527 64252 x3046

This page is intentionally left blank

HECA “Guidance 2012” Further Report: Bromsgrove District Council and Redditch Borough Council

Following the 2012 guidance issued by the Secretary of State under Section 4 of the Home Energy Conservation Act 1995, a “further report” regarding energy conservation in our area is required by DECC by 31 March 2013. Although Bromsgrove District and Redditch Borough Councils are separate ECAs (Energy Conservation Authority), because this function is now delivered as a shared service between both Councils we request the right to issue the following as a joint report to DECC.

It includes data obtained from the DECC website, information collected locally and where appropriate, information and activities shared with neighbouring ECAs.

Summary

Bromsgrove District and Redditch Borough Councils understand the importance of home energy conservation and the influence the council has with its residents. We will make all reasonable efforts to support the installation of energy conservation measures in the areas, and where applicable in our own stock in Redditch; and continue to encourage householders to take advantage of appropriate Government and other national initiatives as well as local projects that support improved energy efficiency, namely the new delivery frameworks for the Green Deal (GD) and Energy Company Obligation (ECO).

We will support the principles of “Climate Local” by recognising that the council has a vitally important role to help residents and businesses capture the opportunities and benefits of action on climate change. These include saving money on energy bills, generating income from renewable energy, attracting new jobs and investment in ‘green’ industries, supporting new sources of energy, managing local flood-risk and water scarcity and protecting our natural environment and its resources. We have developed a joint [Climate Change Strategy](#) across both Councils. However, we are not considering signing up formally, because tight internal resource demands mean that the increased reporting requirements involved are not justifiable, especially as we already have a recognised strategy in place.

The Councils recognised from the outset that considerable effort was needed to turn around our high energy consuming behaviour to become more sustainable, and we have made important progress towards our ultimate goal of achieving a significant reduction in energy use throughout residential accommodation across the district and borough. We have been working through a number of channels, including as partners in our local Affordable Warmth group and [Local Strategic Partnership \(Better Environment Theme Group\)](#) and collaborating more widely with countywide [Warmer Worcestershire](#) and Green Deal groups. In the latter, we are working together with other councils to ensure we can offer a package of energy efficiency measures that benefit both our residents, business and our local economy through the use of our local skill and supply base.

Adverse social impacts associated with energy costs also seem to be growing. The incidence of fuel poverty across the district is increasing with some rural areas experiencing fuel poverty levels as high as 27%; these are often in areas previously perceived as being affluent. Excess winter deaths are also higher in the Bromsgrove areas than in other parts of the county and this is now one of the districts key priorities recognised through the JNSA. Excess summer deaths are also likely if we experience the summer temperature rises predicted. We and our community will strive to limit these impacts by working with neighbours and partners across both the district and the County to put in place the measures needed to make a difference.

Reducing our need for energy has so many benefits that it is impossible for us not to take part in this agenda. We have a large stock of aging homes that leak heat and waste energy, and residents are finding it difficult to maintain a comfortable affordable home. Residents and businesses need help and guidance to improve their properties not just for the current occupants but for further generations to come. We also need to make sure that homes that may be affordable at the moment remain affordable when energy prices rise as they inevitable will. Most of the solutions are already available and our role will be to continue to make our householders aware of these through local advice, local support and local examples.

Our vision is that through leadership, our Councils engage fully with national and local initiatives, and ensure that our residents and local businesses prosper by taking advantage of all that is available to support them. This Council has an enviable record of achievement in delivering energy efficiency programmes, including large scale external wall insulation in some of our most deprived social housing communities, and a heat recovery system for our new Abbey Stadium, an award winning innovation project reusing waste heat from the adjacent Crematorium which reduces Redditch Councils heating energy demand at the new leisure centre by 42%. This project demonstrates our seriousness about addressing climate change issues, especially reducing our reliance on fossil fuels. We are also reducing both Councils' carbon footprint by sharing services and being more efficient, for example through route optimisation.

The details of some of our most notable achievements to date are included in the following pages of this report, but in short it is our intention to meet this "follow on" requirement under the Home Energy Conservation Act by continuing in the same vein.

2. Background and achievements to date

As required under the original HECA Guidance, both Councils identified the potential to improve home energy efficiency by 30% over a 15 year period from 1996-2011 and local monitoring showed that this had been achieved this by the **12th HECA** update report, figures from which are shown below. We have not been required to undertake any reporting since 2011

	% improvement	Energy saved (GJ)	Carbon saved (tCO₂)
Bromsgrove DC	29.58	1,376,770	84,243
Redditch BC	30.69	1,034,253	99,240

The measures originally assessed included wall and roof insulation, double glazing , draught proofing, replacement high efficiency boilers, improved heating controls, additional hot water cylinder insulation and temperature controls, low energy lighting, publicity materials and property specific advice.

Under HECA, the Councils reported that we would set up an Energy Efficiency Advice Centre to work with the Energy Saving Trust to provide free and impartial information and advice to householders in the area. The organisation was registered as an independent company in August 1998 and registered charity in May 1999 and is known as “Act on Energy”. Both Councils continue to have in place a service level agreement with Act on Energy to deliver on these commitments.

The improvement information reported under the original guidance was gathered independently by Act on Energy and included in the annual report together with an action plan for the following year, of which DECC have copies. A self completion householder questionnaire was sent annually to homes selected at random and the proportion of each improvement measure identified by householders as being carried out in the previous 12 months was applied to the baseline report figures as an estimate of the level of improvement during that period.

The council continues to work with Act on Energy to promote national initiatives, devise and manage local energy saving projects and provide a free local energy advice service to householders in the area; particularly important now that the Energy Saving Trust has ceased having a local presence.

The Councils promoted local initiatives for insulation contractors to access CERT energy supplier funding and refer appropriate people to the Warm Front Scheme up until 31st December 2012. We will continue to promote local and national schemes including Green Deal and ECO.

3. Time table for revised Energy, Carbon and Fuel Poverty strategies

The Councils, along with other partners in the Bromsgrove and Redditch Affordable Warmth Action Group work together to ensure residents are able access to warm and affordable homes through local delivery of Worcestershire County's Fuel Poverty Strategy and Action Plan. We are also partners in the countywide 'Warmer Worcestershire' group, which ensures that health needs linked to fuel poverty are addressed at both local and county levels, providing an effective vehicle for the delivery of the Cold Weather Plans using the Warm Homes and Healthy People Fund. We are also an active partner in the Worcestershire Climate Change Partnership and Worcestershire Partnership Environment Group, who are responsible for the delivery of Worcestershire's Sustainable Community Strategy.

These strategies will be renewed over the coming months to take account of the current situation, including more recent data and changes to the definition of fuel poverty and information available from DECC. We will align our targets where appropriate to match the Government's objectives in the Carbon Plan, subject to current funding constraints.

The extension of HECA resulting from the latest UK-wide guidance leads to renewed targets of a reduction in buildings CO2 emissions by 24-39% from 2009 levels by 2027. The Councils recognise however that they have little direct access to improve buildings other than their own, but accepts that they have a responsibility to advise households of their options for saving energy and promote up-take of all appropriate national and local schemes.

Therefore, the Councils are fully engaged with the Green Deal/ ECO processes and will be deciding in the coming months whether our best option is to deliver these alongside other Worcestershire Council's, or as Bromsgrove and Redditch Councils under the BES framework. In the interim, we have ensured that our residents continue to be able to access energy efficiency measures through impartial advice from our energy partners Act on Energy.

4. Data obtained from DECC website

CO₂ data

Using data published on the DECC website in September 2012, the Councils have reported to have reduced the emissions in the domestic housing sector for 2010 as follows (note this excludes industrial, commercial, transport and land use emissions):

	Total emissions (ktCO₂)	Emissions per capita (tonnes)	% reduction since 2005
Bromsgrove	232	2.48	6.05%
Redditch	173	2.20	7.06%

The Councils are pleased that there has been a reduction in CO₂ in the domestic sector although the emissions per capita are greater than the local and national average. This is not surprising considering the local demographic with large numbers of rural, older homes off the mains gas network in Bromsgrove. The Authority will continue to support schemes that promote and install energy saving measures in homes: in particular engaging with energy suppliers delivering ECO support under the Rural Obligation in Bromsgrove and Affordable Warmth and Community Carbon Saving branches of ECO across both areas.

Fuel Poverty Data

The 2010 sub-regional data indicates the following levels of fuel poverty, which are higher than the county average but lower than the regional average:

	% Fuel Poverty	Number of households	No. of LSOAs > 25%
Bromsgrove	17.7%	6,707	4
Redditch	16.5%	5,517	3

However, Bromsgrove does not have any areas which come under the lowest level of deprivation in the national top 15%, therefore will not be able to access the Affordable Warmth Obligation of ECO funding. In Redditch, there are nine such areas: Winyates, Woodrow (3), Church Hill, Batchley (2), Abbeydale, St Georges. This gives Redditch significant potential to leverage in external ECO funding to complete works in these areas.

The Councils are aware of the situation regarding fuel poverty in the district and have a local delivery partnership through its Affordable Warmth group as well as being

active in the Worcestershire Affordable Warmth group (Warmer Worcestershire). This group includes other agencies such as NHS, Age UK, Act on Energy and other interested parties particularly representing rural communities. There are a number of local initiatives planned including joint projects with NHS and the county mobile library service, the provision of information and advice at the autumn “Flu Clinics”, and providing support for the formation of rural oil buying clubs.

The Authority continues to be active in promoting energy efficiency and are continuing to resource a number of local schemes aimed directly at relieving fuel poverty and making energy more affordable to all households. Further to this, we have received some funding from DECC to undertake some piloting work, the first part of this scheme is to provide two show-homes locally.

5. Support for Green Deal and other government initiatives

The Authorities have looked in detail, and continues to do so, at the various options for engagement with Green Deal. We do not feel that within current resource constraints it is appropriate for us to become a Green Deal Provider.

The Authority does not consider that it has the necessary skills or resources to become a Green Deal Partner to deliver measures or make assessments and would rather utilise those existing local organisations preparing to provide the required services.

We do recognise that we have a role to play in supporting the Green Deal and it is our intention to promote Green Deal to our local communities by adding our branding and reputation to Green Deal activity in the area.

Having appointed consultants to look at the available options for us in detail, we are now in a position of considering two. The first is to engage in a County-wide promoter role; however, we also have expressed an interest in joining with the Birmingham Green Deal scheme and will be exploring this option over the current months. Both Councils are engaged with two separate LEP's, one in Worcestershire and the other in Birmingham, due to our close geographical proximity to both LEP's.

We are anxious that whichever Green Deal Providers are supported and promoted, they utilise local companies and build on the existing skills within the district rather than rely on delivery through external organisations. There are a number of local business and organisations already focused on becoming Green Deal Installers and Assessors and we will engage with Green Deal Providers who are able to use these local resources.

Alongside Green Deal, we will also promote the Energy Company Obligation by engaging with all energy suppliers who can provide financial assistance to householders in the district. Bromsgrove Council is predominantly rural with large areas off the mains gas grid and older solid wall properties. Redditch however is a new town with a much newer housing stock. We see considerable benefit in promoting the Carbon Saving Obligation to support improvements to many of the older properties in the district. Many of these are also suitable for renewable technologies, particularly where mains gas is not available, and we see the Feed in Tariff and Renewable Heat Incentive key to encouraging greater take up.

The areas have pockets of fuel poverty although it is not generally recognised as suffering from this problem. This is a particular issue for rural areas where fuel poverty is not widespread but concealed within otherwise affluent areas making it difficult to identify. For this reason the Authority works with other agencies, particularly Act on Energy and the health sector, to provide a referral service for those who suffer ill health as a result of cold homes.

6. Existing and proposed further initiatives and partnerships

The Authorities are a key member of the Act on Energy Local Authority Consortium Group which identifies and shares best practice in energy efficiency with the other authorities in Warwickshire, Worcestershire, Coventry and Solihull. This has been active since 1998 and now includes 11 ECAs and 2 first tier authorities and gives the member authorities the opportunity to replicate successful projects which have proven benefit in improving energy efficiency.

The Council supports the Warmer Worcestershire Network with neighbouring authorities, NHS and other partners which provides some additional funding for health and well being projects which support our fuel poverty agenda.

The Authority is also represented on the Carbon Action Network (previously the HECA Forum) by Act on Energy who also chairs the West Midlands CAN and reports to all regional members.

7. Communication strategy

A marketing and communications strategy has been developed which outlines the measures we will be taking to ensure we promote and provide guidance to all households within the district. This will ensure we achieve maximum take-up and engagement with the energy efficiency schemes available

Activity	Purpose	Timing
Council staff training	Ensure all staff are aware of the LAs desires and objectives to promote energy efficiency including in its own buildings	Annual
Senior Officer training	Ensure that all department heads within the council are aware of the duties we have to reduce CO ₂ and fuel poverty and cooperate with appropriate initiatives	Annual
Partner organisation meetings	Include energy efficiency as an agenda item for all meetings held with external partners	As appropriate
Develop a poster campaign	Create campaign branding, print and distribute posters to council and other buildings	Within 3 months
Media release	Send press release to local media, including council publications and website, outlining the council policy on energy efficiency	Immediate
Promotion	Work with partners to promote all energy related initiatives through normal partner activities such as presentations, exhibitions, events and home visits.	Within 3 months
Private sector householders	Encourage RSLs to consider private sector households when developing stock improvement schemes	Within 6 months
Social housing tenants	Provide advice to tenants on the efficient use of the equipment provided	Within 12 months
Private rented sector	Provide information on energy efficiency at Landlord Forum meetings	As appropriate
Signposting	Identify all energy efficiency activity available in the area and signpost householders to appropriate support organisations	Within 6 months

8. HECA Action Plan showing activities, outcomes, partners and timeframe

Object	Action	Outcome	Lead/Partners	Delivery date
HECA Further Report	Collate energy information	Submit and publish report	Ceridwen John (BDC & RBC) Act on Energy	31 March 2013
Partnerships	Identify and contact potential partners	Distribution lists for interested partners	Ceridwen John (BDC & RBC) Act on Energy NHS Worcestershire AgeUK	31 March 2013
Government initiatives	Support Green Deal through joint work with other LA's and partners	Identify GD Providers, agree level of support and promote GD services	Ceridwen John (BDC & RBC) Worcestershire LA's? Act on Energy	On going
Energy Suppliers	Identify ECO opportunities	Installed measures Fuel poverty reduction	Ceridwen John (BDC & RBC) Act on Energy Energy Suppliers	On going
Promotion	Deliver communication plan	Council staff, other partners and householders aware of HECA plan and energy efficiency objectives	Ceridwen John (BDC & RBC) Act on Energy Local media	On going

Local initiatives	Identify other local energy efficiency projects	Support provider in delivering projects	Ceridwen John (BDC & RBC) Act on Energy Local contractors Energy Suppliers Local supply chain	On going
Council initiatives	Support/fund targeted projects Undertake communications as per section 7.	Increased project activity delivering measures and reducing fuel poverty	Ceridwen John (BDC & RBC) Elected Members	On going
Monitor and review	Record and collate data from activity	Refine action plan	Ceridwen John (BDC & RBC) Act on Energy	On going
Follow on Report	Repeat action plan with variations as determined necessary	Submit report to DECC and publish locally	Ceridwen John (BDC & RBC) Act on Energy	31 March 2015

This page is intentionally left blank

**CABINET
COMMITTEE**

6th March 2013

FLOOD MITIGATION WORKS ACROSS THE BROMSGROVE DISTRICT

Relevant Portfolio Holder	Cllr Mike Webb, Leisure, Cultural Services & Environment
Portfolio Holder Consulted	Yes
Relevant Head of Service	Guy Revans, Head of Environmental Services
Wards Affected	All Wards
Ward Councillor Consulted	Various
Non Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 Trash screens are often installed at or near the entrance to culverts for safety and also to prevent excess debris entering the culverts and causing blockages. While all grids pose some risk of blockages, the risk is lower (and the cyclic maintenance costs are less) than if a blockage is to occur within a culvert.
- 1.2 This proposal is to replace 10 vertical trash screens and to install one grid at a where there is currently nothing in place, with properly designed angled grilles in accordance with Environment Agency policy in association with associated flood alleviation works in order to minimise the potential of blockages and therefore reducing flood risk across the District.
- 1.3 North Worcestershire Water Management is investigating the prevalence of these grids across Bromsgrove District, and it may be that there are more in place than is currently known. It is therefore proposed that contingency funding is secured to replace a total of 16 grids and carry out associated flood alleviation works.
- 1.4 Figure 1 (appendices) highlight's the need for these replacements as there is a clear relationship between the presence of these vertical grids (where their location is known) and flooding nuisances.

2. RECOMMENDATIONS

The Cabinet is asked to RECOMMEND to Council that:

The Capital Programme 2013/14 is increased by £37,400k to fund the costs associated with provision of 11 grilles and associated works to be met from balances.

**CABINET
COMMITTEE**

6th March 2013

The Capital Programme 2013/14 is increased by £17k to fund the costs associated with provision of contingency for 5 further grilles and associated works to be met from balances.

3. KEY ISSUES

Financial Implications

- 3.1
- a) The cost of designing, producing and installing a correctly angled grille (made from a strengthened plastic material to deter theft) is approximately £3,400.
 - (b) The cost of this may vary with different suppliers and grille sizes, and it is possible that with a bulk order and combined site visits by one supplier the unit costs could be reduced through economies of scale.
 - c) The financial implications of not replacing these unsuitable trash screens will be in the region of £400 per flood event to have contractors on stand-by, often during weekends and evenings, and arranged at short notice in order to clear the vertical screens of debris to prevent flooding.
 - d) Between June and December 2012 there were at least 7 occasions where North Worcestershire Water Management had to arrange such a service (including over Christmas), costing approximately £3,000 in total for the clearance of vertical grids across the District (plus extra for other maintenance work).

Legal Implications

- 3.2
- a) It could be argued that some of the vertical trash screens are contravening Section 25 of the Land Drainage Act 1991 by causing an obstruction to flow.
 - b) The replacement or installation of new grids may require prior land drainage consent (from the Environment Agency for main rivers, and from North Worcestershire Water Management for ordinary watercourses), although it is not envisaged that this will be an issue.
 - c) As Lead Local Flood Authority under the Flood & Water Management Act 2010, we have a duty to investigate flood incidents, and to work with riparian owners to reduce flood risk where possible. The ideal approach is working in partnership with riparian owners and other agencies in assisting to reduce

**CABINET
COMMITTEE**

6th March 2013

flood risk without the need to serve notices under the Land Drainage Act 1991 or undertake works in default.

Service/Operational Implications

- 3.3 a) There are currently 10 known trash screens which cause maintenance issues in the District, 4 of which are owned by Bromsgrove District Council and with the majority of the remainder privately owned but affecting either a highway or multiple properties (please see table 1 in the appendices for location details and ownerships), and it hoped that joint funding between the District Council and riparian owners could be arranged to replace those which are privately owned or in shared ownership. Bromsgrove District Housing Trust are in the process of replacing 2 further grids which fall under their ownership. Where ownership is unknown or agreement cannot be reached with multiple owners easily, it is recommended that the Council steps in to make the necessary improvements.
- b) The vertical trash screens which are currently in place require far more maintenance than properly designed angled grilles.
- c) By replacing the existing vertical trash screens with proper angled ones less resources will be required for both proactive and re-active maintenance regimes allowing improved resilience to flood risk management matters.
- d) It is also recommended that a proper grille is fitted to the culvert entrance in St. Chad's recreation ground (under New Road), Rubery, where there is currently no protection in place and the culvert is known to block.
- e) It is extremely likely that more of these vertical grids or locations requiring a culvert grille will emerge as routine visits are made around the district, therefore it is suggested that there is contingency funding for a further 5 locations.

Customer / Equalities and Diversity Implications

- 3.4 Flooding has an adverse impact upon land and property owners / occupiers. Reducing flood risk is in the best interest of everyone.

4. RISK MANAGEMENT

- 4.1 Best practice guidance will be followed to ensure the replacement grilles are designed to Environment Agency specification and do not

**CABINET
COMMITTEE**

6th March 2013

pose any increased risk. There is no foreseen increase in risk associated with the actual replacing of the vertical trash screens.

- 4.2 There is a duty to ensure that watercourses are kept free of obstructions under the Land Drainage Act 1991, and as such leaving vertical trash screens in place where they accumulate debris could be contravening the Act.
- 4.3 The risk of flooding from blockages greatly increases with a vertical trash screen compared to a properly designed and angled grille.

The greatest risk comes from doing nothing.

5. APPENDICES

Appendix 1 - Figure One – Locations of known vertical trash screens & locations known to have flooded between June and December 2012

Appendix 2 The figures below illustrate a few examples of vertical trash screens in Bromsgrove District where replacement grilles are recommended.

6. BACKGROUND PAPERS

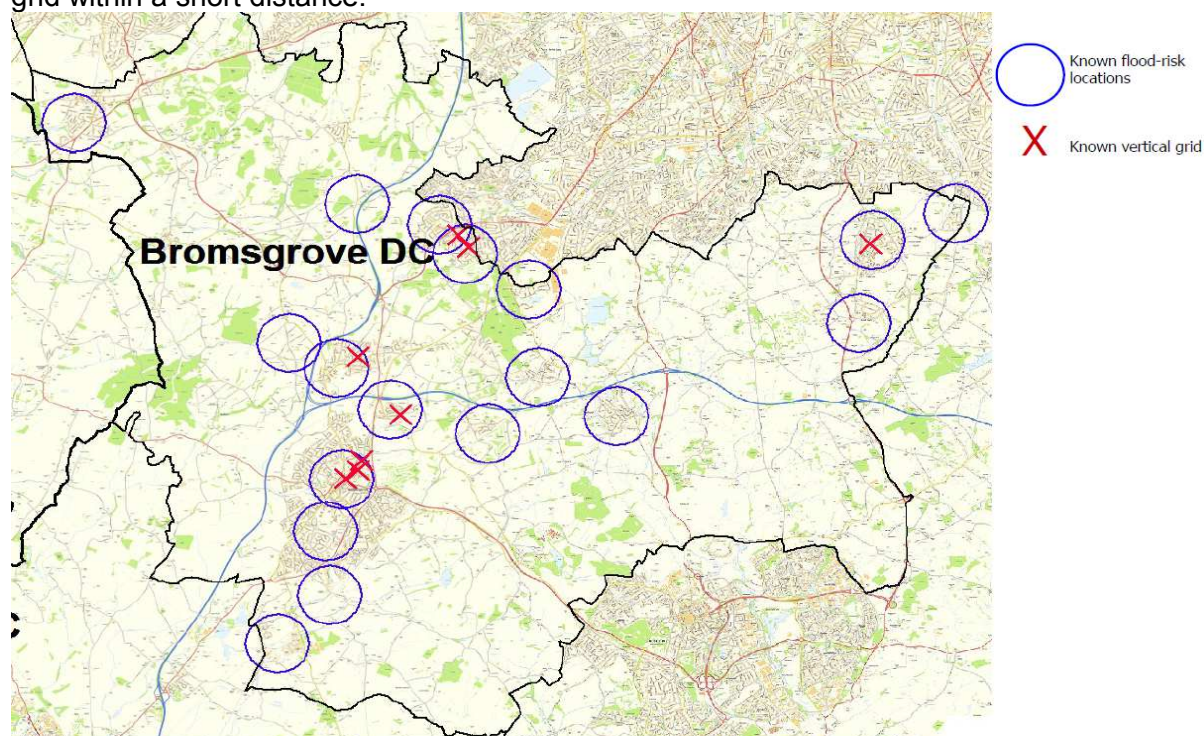
Environment Agency (2009) Trash and Security Screen Guide
Environment Agency, Bristol. Available via:
<https://publications.environment-agency.gov.uk/skeleton/publications/ViewPublication.aspx?id=b966925b-4122-46b8-afe9-affb2b79bdb6>

7. AUTHOR OF REPORT

Name: Fiona McIntosh, Water Management Officer
E Mail: Fiona.mcintosh@nwwm.org.uk
Tel: 01562 732 567 or 01527 881 360

Appendix One

Figure One – Locations of known vertical trash screens & locations known to have flooded between June and December 2012. Please note the image is for illustration purposes only; for instance some locations marked on the map have more than one grid within a short distance.



A map of better quality is available from North Worcestershire Water Management upon request.

Table One – Locations and assumed ownerships for locations requiring suitable grilles.

Location	Ownership (assumed)	Responsibility to Replace
Little Heath Lane, Lickey End	Bromsgrove District Council	BDC to replace
Car park to rear of The Strand, Bromsgrove	Private	BDC to replace in partnership with owner
Bromsgrove Bus Station	Bromsgrove District Council	BDC to replace
Crown Close, Bromsgrove	Private	BDC to replace in partnership with owner
All Saint's Church Yard, Bromsgrove	Private	BDC to replace in partnership with owner
Green Lane, Catshill (x2)	Bromsgrove District Housing Trust	BDHT to replace
Car park on Golden Cross Lane, Catshill	Bromsgrove District Council	BDC to replace
Golden Cross Lane / Wildmoor Lane, Catshill	Bromsgrove District Council	BDC to replace
Beaudesert Park off May Lane, Wythall	Worcestershire County Council / Private	WCC to replace (in partnership with owner if necessary)
Beacon Close, Rubery	Private	BDC to replace in partnership with owner
Land opposite Manchester Inn, Romsley	Private	BDC to replace in partnership with owner
Eachway Recreation Ground, Rubery	Bromsgrove District Council	BDC to provide (there is currently no grid in place)

This page is intentionally left blank

Appendix Two

The figures below illustrate a few examples of vertical trash screens in Bromsgrove District where replacement grilles are recommended.



Green Lane, Catshill



Golden Cross Lane, Catshill



Little Heath Lane, Lickey End



Birmingham Road, Bromsgrove



May Lane, Wythall



Beacon Close, Rubery



An example of a correctly designed and angled grille

This page is intentionally left blank

CABINET6th March 2013**APRIL – DECEMBER (QUARTER 3) FINANCE MONITORING REPORT
2012/13**

Relevant Portfolio Holder	Roger Hollingworth, Portfolio Holder for Finance, Partnerships and Economic Development
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa Kristunas, Head of Resources
Wards Affected	All Wards
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

To report to Cabinet on the Council's financial position for the period April - December (Quarter 3 - 2012/13) and approval of a number of budget amendments.

2. RECOMMENDATIONS

- 2.1 The Cabinet is requested to note the current financial position on Revenue and Capital as detailed in the report and to RECOMMEND that:**
- 2.2 £30,000 from the ICT revenue budget be approved for capital expenditure for the purchase of new computer equipment,**
- 2.3 Capital funding totalling £45,000 is reallocated to Barnsley Hall project as detailed in 3.1.3,**
- 2.4 £32,000 of Section 106 funding from Holy Cross Lodge in Clent is carried forward to 2013/14,**
- 2.5 the remaining £49,600 of Section 106 funding for the scheme at Heath Close is carried forward into 2013/14,**
- 2.6 £15,000 capital funding for repairs & maintenance of bridges is carried forward to 2013/14,**
- 2.7 the £200,000 capital funding for affordable housing development is carried forward to 2013/14,**
- 2.8 the £25,000 capital funding for Cemetery toilets be carried forward to 2013/14,**
- 2.9 the £10,000 capital funding for members ICT facilities be carried forward to 2013/14.**

3. KEY ISSUES

Financial Implications

- 3.1 A separate finance report for each department plus a Council summary is shown on the following pages.

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Revenue Budget summary Quarter 3 (April - Dec) 2012/13 - Overall Council

Service Head	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Environmental Services	4,040	1,431	1,571	140	4,262	222
Community Services	2,492	1,062	924	-138	2,336	-156
BDC Reg Client	803	167	128	-39	752	-51
Leisure & Cultural Services	1,994	1,442	1,417	-25	1,982	-12
Planning & Regeneration	1,078	267	432	165	1,273	195
Customer Services	-47	308	301	-7	-50	-3
Finance & Resources	979	683	750	67	1,116	137
Legal, Equalities & Democratic Services	1,236	634	596	-38	1,164	-72
Business Transformation	11	994	1,025	31	28	17
Corporate Services	1,993	1,442	1,282	-160	1,880	-113
SERVICE TOTAL	14,579	8,430	8,426	-4	14,743	164
Interest on Investments	-75	-56	-79	-23	-95	-20
Interest payable	9	4	0	-4	0	-9
COUNCIL SUMMARY	14,513	8,378	8,347	-31	14,648	135

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Capital Budget summary Quarter 3 (April - December) 2012/13 - Overall Council

Department	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected Outturn £'000	Projected Variance £'000
Business Transformation	130	127	89	-38	120	-10
Environmental Services	761	571	82	-489	736	-25
Planning & Regeneration	1,538	1,538	57	-1,481	288	-1,250
Regulatory Services	116	4	4	0	58	-58
Community Services	1,102	1,102	541	-561	556	-546
Leisure & Cultural Services	743	187	186	-1	600	-143
Budget for Support Services Recharges	100	75	75	0	100	0
Total	4,490	3,604	1,034	-2,570	2,458	-2,032

Financial Commentary:

- The main projected variance is on Planning and Regeneration which relates to the funding for the Public Realm works in the Town Centre together with the Parkside development. Recommendations have been made at Cabinet and are awaiting approval at Council that this funding be carried forward to be spent in 2013/14.
- Within Leisure & Cultural Services and Community Services it is proposed that the funding be carried forward to be spend in 2013/14.
- Recommendations have been made at Cabinet and awaiting approval at Council that the underspend within Regulatory Services be carried forward.

CABINET

6th March 2013

3.1.1 Environmental Services - Quarter 3 (April - December) 2012/13

Revenue Budget summary Quarter 3 (April - December) 2012/13 - Environmental Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Waste Management Policy	-4	-3	-7	-4	-8	-4
Depot	-19	511	503	-8	-30	-11
Car Parks / Civil Enforcement Parking	-576	-623	-506	117	-373	203
Cemeteries / Crematorium	96	31	23	-8	87	-9
Highways	254	110	44	-66	178	-76
Streets Cleansing	1,297	588	612	24	1,333	36
Grounds Maintenance	612	282	265	-17	571	-41
Waste	2,289	535	638	103	2,417	128
Garage	25	-50	-48	2	24	-1
Land Drainage	39	29	35	6	47	8
Climate Change	27	21	12	-9	16	-11
TOTAL	4,040	1,431	1,571	140	4,262	222

Financial Commentary

- Car parking income as reported in the first and second quarters is projecting a significant shortfall for the year; the reduction in income is due to the inclement weather conditions, the opening of the medical centre which has its own car park, a reduction in excess charge notices issued. Savings have been made within the service to reduce impact where possible and officers have met with Wychavon District Council, who now manage the car parks, to discuss how the situation might be improved.

CABINET

6th March 2013

**Capital Budget summary Quarter 3 (April - December) 2012/13
Environmental Services**

Service	Revised Budget 2012/13 £'000	Budget April - Dec 2012/13 £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Depot Services	65	49	23	-26	65	0
Vehicle & Equipment replacement programme	592	444	58	-386	592	0
North Cemetery - Phase 2	79	59	0	-59	79	0
Cemetery Toilets	25	19	1	-18	0	-25
TOTAL	761	571	82	-489	736	-25

Financial Commentary:

- Small plant has not yet been ordered; the tendering for the remaining vehicles is in progress.
- A carry forward request has been made for the toilets; the work will not be completed within the current financial year.

CABINET

6th March 2013

3.1.2 Community Services Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Community Services**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Housing Strategy & CMT	1,753	629	646	17	1,759	6
Community Safety & Transport	682	390	235	-155	521	-161
Community Cohesion	57	43	43	0	56	-1
TOTAL	2,492	1,062	924	-138	2,336	-156

Financial Commentary:

- There is an under-spend on Community Safety and Transport due to efficiency savings achieved by the shared provision of the CCTV and lifeline service.

**Capital Budget summary Quarter 3 (April - December) 2012/13
Community Services**

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Strategic Housing	1,102	1,102	541	-561	556	-546
TOTAL	1,102	1,102	541	-561	556	-546

Financial Commentary:

- There has been a reduction in the demand for grant applications being received by the Authority.
- £200,000 to be carried forward to 2013/14 for the affordable housing programme with BDHT.

3.1.3 Leisure and Cultural Services Quarter 3 (April-December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Leisure and Cultural Services**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Parks & Open Spaces	440	126	113	-13	430	-10
Allotments	50	16	15	-1	49	-1
Promotions	203	118	145	27	240	37
Sports & Recreation Development	281	139	129	-10	270	-11
Property, Assets & Facilities Management	144	536	524	-12	137	-7
Leisure Services / Sports Centres & Mgt	876	507	491	-16	856	-20
TOTAL	1,994	1,442	1,417	-25	1,982	-12

Financial Commentary

- Sponsorship income from roundabouts is lower than the budgeted level as several islands have come to the end of their agreement in the second and third quarters.
- Within Property, Assets & Facilities Management utility bills at the Council House are lower than anticipated and income from investment properties is greater than expected. However, there have been also been a number of essential legislative works carried out at the Council House to ensure the building is compliant.
- The underspend on Leisure Services, Sports Centres & Management is due to the following reasons: the budget for the Artrix operating grant was increased in line with inflation but the agreement is based on a flat rate per annum with no annual increase, projected expenditure on the Leisure Services options appraisal has decreased (an amount of which will need to be carried forward at year end) and projected expenditure on Dolphin Centre maintenance has decreased.

CABINET

6th March 2013

Capital Budget summary Quarter 3 (April - December) 2012/13 Leisure and Cultural Services

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Sports Facilities	473	50	50	0	442	-31
Sanders Park	95	95	95	0	95	0
Play Areas	121	3	3	0	25	-96
Other Schemes	54	39	38	-1	38	-16
TOTAL	743	187	186	-1	600	-143

Financial Commentary:

- The delays in the Barnsley Hall project have led to increased costs because the Council has had to re-tender the contract works as the original process took place in 2009 and the quotations were no longer valid. Therefore, officers recommend that unspent funding previously allocated to other schemes is used to support the project and to manage the increased cost within the overall capital programme at no extra cost, as follows: £14,752 previously allocated to Battlefield Brook (this will now be addressed through external funding sources and a partnership contribution isn't required at this stage), £11,000 of Section 106 funding which was allocated to Wythall Teenage Sports Facility (superseded now the Selsdon Close Section 106 is available) & £19,350 of Section 106 funding from the playing pitch improvements scheme.
- £32,000 of Section 106 funding has been received from a development at Holy Cross Lodge in Clent. Officers are currently developing proposals for a youth play scheme in the area following a review of available schemes across the area and to ensure the most appropriate use of the funding. This will not take place until 2013/14 so officers request that the funding is carried forward.
- Planning permission for the Play Area scheme at Heath Close will be considered for approval on 4th March. Work will then commence officers estimate that only 20% of the scheme will be completed in this financial year and request that the remaining £49,600 is carried forward into 2013/14.
- There is a £15,000 partnership scheme with Worcestershire County Council for repairs & maintenance of bridges. They have done investigative digs and testing of the bridge but it appears likely that the project will not take place until next financial year. Therefore, officers request that this project is carried forward to 2013/14 whilst they await confirmation from the County.

3.1.4 Planning and Regeneration Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Planning and Regeneration**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Building Control	-40	-109	-7	102	-3	37
Development Control	376	14	87	73	473	97
Economic & Tourism Development	245	134	45	-89	241	-4
Emergency Planning	10	8	9	1	18	8
Land Charges	-75	-84	-22	62	1	76
Strategic Planning	466	235	252	17	457	-9
Town Centre Development	96	69	68	-1	86	-10
TOTAL	1,078	267	432	165	1,273	195
Financial Commentary:						
<ul style="list-style-type: none"> • Building Control, Development Control and Land Charges are estimating a shortfall in income due to a reduction in demand for the services. 						

Capital Budget summary Quarter 3 (April - December) 2012/13 Planning and Regeneration

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Town Centre Development - Project Management	38	38	38	0	38	0
Town Centre Development - Public Realm	1,000	1,000	19	-981	250	-750
Parkside School	500	500	0	-500	0	-500
TOTAL	1,538	1,538	57	-1,481	288	-1,250

Financial Commentary:

- Project Management are waiting to confirm the costs with WCC but spend will take place this financial year.
- Only a small amount of work is planned for current year, therefore it is requested the scheme be carried forward.
- There is currently no spend on Parkside School and projected that the budget will need to be carried forward into next financial year.

CABINET

6th March 2013

3.1.5 Regulatory - Client Quarter 3 (April - Dec) 2012/13

Revenue Budget summary Quarter 3 (April - Dec) 2012/13 - Regulatory Client

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Environmental Health	980	300	267	-33	932	-48
Licensing	-177	-133	-139	-6	-180	-3
TOTAL	803	167	128	-39	752	-51
Financial Commentary:						
<ul style="list-style-type: none"> • Environmental Health transferred to Regulatory Services 1st June 2010 						

3.1.6 Worcestershire Regulatory Services Quarter 3 (April - Dec) 2012/13

Revenue Budget summary 2 (April - Dec) 2012/13 - Regulatory Services

The main revenue expenditure relating to Regulatory Services is reported on a quarterly basis to the Joint Committee and reflects the total costs associated with providing the service across all of the participating Councils.

**Capital Budget summary Quarter 3 (April - December) 2012/13
Regulatory Services**

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Worcestershire Enhanced Two Tier Programme (WETT)	116	4	4	0	58	-58
TOTAL	116	4	4	0	58	-58
Financial Commentary:						
<ul style="list-style-type: none"> • Environmental Health transferred to Regulatory Services 1st June 2010 • A request has been made at cabinet to carry forward the capital budget to 2013/14 but this has not been approved at Council 						

CABINET

6th March 2013

--

3.1.7 Customer Services Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Customer Services**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Customer Services	-47	308	301	-7	-50	-3
TOTAL	-47	308	301	-7	-50	-3

Financial Commentary:

- Underspends relate to vacant posts and minimal spend only.

3.1.8 Finance and Resources Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Finance and Resources**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Central Overheads	0	13	34	21	21	21
Accounts & Financial Mgmt	-29	375	380	5	-42	-13
Human Resources & Welfare	-50	219	191	-28	-42	8
Revenues & Benefits	1,058	76	145	69	1,179	121
TOTAL	979	683	750	67	1,116	137

Financial Commentary

- There are increased insurance premiums within Central Overheads.
- The underspend within Accounts and Financial Management area is due to savings from cash collection service now contract.
- Within Human Resources the saving identified is due to reduced expenditure on corporate training, efficiencies have been achieved sharing training with Redditch Borough Council.
- Overspends within revenues and benefits is due to payments for discretionary rate relief and increased housing benefit payments.

3.1.9 Legal, Equalities and Democratic Services Quarter 3 (April - Dec) 2012/13

Revenue Budget summary Quarter 3 (April - December) 2012/13 - Legal, Equalities and Democratic Services

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Democratic Services & Member Support	1,104	358	326	-32	1,077	-27
Elections & Electoral Services	160	93	92	-1	156	-4
Legal Advice & Services & CMT	-28	183	178	-5	-69	-41
TOTAL	1,236	634	596	-38	1,164	-72

Financial Commentary:

- The legal underspend is largely due to maternity leave and the fact that posts were not filled until part way through the financial year as a result of the shared service restructure. In addition half a post remains vacant in the legal team to support the transformational work that has been done in housing, revenues and benefits which has revealed compelling evidence to support the need for additional debt management and income maximisation support to be made available to our customers. The Head of Service has undertaken some work to identify costs historically allocated to debt recovery and realigned the same in a trial exercise to support the provision of income maximisation and debt advice to customers. Whilst there is an under spend currently identified in the area it is likely that this will reduce before the end of the financial year as the support for this trial continues.

3.1.10 Business Transformation Quarter 3 (April - December) 2012/13

**Revenue Budget summary Quarter 3 (April - December) 2012/13 -
Business Transformation**

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Policy and Equalities	1	85	67	-18	-15	-16
IT Services	-40	819	872	53	-8	32
Business Transformation	50	90	86	-4	51	1
TOTAL	98	994	1,025	31	28	17

Financial Commentary

- The underspend within the IT services section is due to renegotiation of IT contracts
- £30,000 to be approved for capital expenditure funded from revenue for purchase of new computer equipment
- There are underspends in Policy and Equalities due to staff vacancies

Capital Budget summary Quarter 3 (April - December) 2012/13 Business Transformation

Service	Revised Budget 2012/13 £'000	Budget April - Dec £'000	Actual spend April - Dec £'000	Variance To date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Member ICT Facilities	10	7	0	-7	0	-10
XP Sunray Servers	38	38	30	-8	38	0
Additional Electronic Storage	12	12	12	0	12	0
Sunray Devices	18	18	18	0	18	0
Office 2010	22	22	15	-7	22	0
ESX Servers	30	30	14	-16	30	0
TOTAL	130	127	89	-38	120	-10

Financial Commentary:

- A review is currently being made of the requirement for members ICT facilities, a request has been made to carry forward any underspend on ICT facilities.

3.1.11 Corporate Resources Quarter 3 (April - December) 2012/13

Revenue Budget summary Quarter 3 (April - December) 2012/13 - Corporate Resources

Service Head	Revised Budget 2012/13 £'000	Profiled Budget April - Dec £'000	Actual Spend April - Dec £'000	Variance to date April - Dec £'000	Projected outturn 2012/13 £'000	Projected variance 2012/13 £'000
Corporate Resources	1,993	1,245	1,103	-142	1,900	-93
Corporate Admin / Central Post / Printing	0	197	179	-18	-20	-20
TOTAL	1,993	1,442	1,282	-160	1,880	-113

Financial Commentary

- There is small underspend on printing unit due to external contracts running more efficiently.

4. TREASURY MANAGEMENT

- 4.1 The Council's Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.
- 4.2 The Council receives credit rating details from its Treasury Management advisers on a daily basis and any counterparty falling below the criteria is removed from the list of approved institutions.
- 4.3 Due to market conditions the Council has reduced its credit risk for all new investments by only investing in the highest rated instruments and has shortened the allowable length of investments in order to reduce risk.
- 4.4 At 31st December short term investments comprised:

	31st March 2012 £000	31 st December 2012 £000
Deposits with DMO*	2,750	2,500
Deposits with Banks/Building Societies	6,000	17,490
Total	8,750	19,990

- *Investments with the DMO are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, from a credit perspective no upper limit was imposed on investments with the DMO.

Income from investments and other interest

- 4.5 An investment income target of £75k has been set for 2012/13 using a projected return rate of 0.75% - 1.50 %. During the past financial year bank base rates have remained 0.5% and current indications are projecting minimal upward movement for the short term.

- 4.6 In the 9 months to 31st December the Council received income from investments of £79k.

5. REVENUE BALANCES

Revenue Balances

- 5.1 The revenue balances brought forward at 1 April 2012 were £2.580m. Excluding the impact of any projected over or under spends it is anticipated that £113k will be transferred from balances during 2012/13 to fund revenue expenditure; giving a current projected balance at 31 March 2013 of £2.467m. At the end of the third quarter it is anticipated that a further £135K will need to be used from balances to support revenue expenditure thus reducing the expected balances to £2.332m.

6. CAPITAL RECEIPTS

- 6.1 The Capital Programme was approved by Members in January 2012, the effect of the level of Capital Spend to 2014/15 on capital receipts is estimated below:-

Capital Programme	2012/13 £'000	2013/14 £'000	2014/15 £'000
Balance b/fwd	3,358	1,866	-
Actual funding to date (April – Dec)	484	0	0
Estimated use for the remainder of the year	1108	5200	5,253
Received in year - General Sales - Sale of freehold at Sherwood Road	100	100	100
Borrowing Requirement/awaiting Capital receipts		3,234	5,153
Balance c/fwd/	1,866	-	-

- 6.2 The figures in the above table include general capital receipts for the funding of projects throughout the District. In addition, an estimate of capital receipts has been made of £100k per annum in relation to any sales of assets. It is anticipated that during 2013/14 Bromsgrove District Council will need to borrow £3.2 million to support capital expenditure.

- 6.3 Finance Officers are working with the Town Centre project team to ensure all potential capital receipts are included in future reports.

Legal Implications

None.

Service/Operational Implications

All included in financial implications.

Customer / Equalities and Diversity Implications

None as a direct result of this report

7. RISK MANAGEMENT

- 7.1 Failure to manage the budgets effectively can lead to an overspend that has to be funded or services not being provided to the customer. Departmental registers include controls in place to support effective financial management.

8. APPENDICES

None

9. BACKGROUND PAPERS

None

7. KEY

AUTHOR OF REPORT

Name: Sib Moss - Business Support Accountant
Email: s.moss@bromsgroveandredditch.gov.uk
Tel: (01527) 881467

Name: Zoe Martin - Senior Accountancy Technician
Email: z.martin@bromsgroveandredditch.gov.uk
Tel: (01527) 881643

CABINET

6th March 2013

QUARTERLY MONITORING OF WRITE OFFS – 1ST APRIL – 31ST DEC 2012

Relevant Portfolio Holder	Councillor Hollingworth
Portfolio Holder Consulted	
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 Members are requested to consider the action taken by officers with respect to the write off of debts during the first three quarters of 2012/13 and to note the profile and/or level of outstanding debt.

2. RECOMMENDATIONS

The Cabinet is requested to RESOLVE that:

Subject to any comments, the contents of the report be noted, and

the bad debt provision for Housing Benefit be reduced by £200k and the Council Tax bad debt provision increased by the same amount.

3. KEY ISSUES

- 3.1. Members approved a revised Write Off Policy which changed the process for the reporting and approval process for the writing off of debts due to the Council. The revised Policy requires officers to report to members of the actual level of write offs and the profile of outstanding debt.

- 3.2. The current bad debts provisions are as follows:

	£
Housing Benefit	521,480
Council Tax	227,470
NDR	12,400
Sundry Debtors	<u>46,740</u>
Total	<u>808,090</u>

Financial Implications

- 3.3 The current bad debt provisions are adequate overall in relation to level of write offs and the level of outstanding debt. However, the provision for Housing Benefit and Council Tax bad debt provisions need to be reviewed. The Housing Benefit provision is high in relation to the current level of debt which stands at £700k, whereas the provision of Council Tax bad debt is low compared to the arrears of £1.4 million. It is

proposed that the provision for Housing Benefit be reduced by £200k and the Council Tax provision increased by the same amount.

Legal Implications

- 3.4. There are no legal implications.

Service / Operational Implications

- 3.5 No direct implications.

Customer / Equalities and Diversity Implications

- 3.6. No direct implications.

4. RISK MANAGEMENT

There is a risk of exceeding the bad debt provision for Council Tax debt write offs if the provision is not increased.

5. APPENDICES

Appendix 1 – Write offs 1st April 2012 – 31st Dec 2012

Appendix 2 - Aged Debt Profile for Sundry Debts Arrears
Council Tax Arrears and Business Rates Arrears as at 31st
Dec 2012.

Appendix 3 – Write off of Overpaid Housing Benefit 1st April 2012 – 31st
Dec 2012

6. BACKGROUND PAPERS

There are no background papers with this report.

AUTHORS OF REPORT

Name: Teresa Kristunas, Head of Finance & Resources
E Mail: t.kristunas@bromsgroveandredditch.gov.uk
Tel: (01527) 881748 (internal ext 3295)

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Appendix 1

Write Offs of Council Tax and Non-Domestic Rates
1st April 2012 – 31st Dec 2012

Council Tax		01/04/12 - 31/12/12
Period		
WGAW	Gone away	132,476
WDEC	Deceased no funds in estate	4,739
WOBK	Bankruptcy	19,106
W6YR	Statue Barred	7,861
WUNE	Uneconomical to pursue	23,348
WUNE	Automatic w/o +1/-1p	13
SBWO	Small Balance	1,154
MISC	Other	1,254
WCOS	Costs written off	23,551
		213,502

NDR		01/04/12 - 31/12/12
Period		
WGAW	Gone away	104,467
WDIS	Company dissolved	59,103
WOBK	Bankruptcy	36,912
WLIQ	Liquidation	80,358
WADM	In Administration	6,592
WONO	Ceased Trading – no assets	84,327
W6YR	Statue Barred	13,790
WUNE	Uneconomical to pursue	127
SBWO	Small Balance	649
MISC	Other	9,195
WCOS	Costs written off	5,211
		400,731

CABINET

6th March 2013

**Write Offs of Sundry Debtors -
1st April 2012 to 31st Dec 2012**

Sundry Debts	Reason	01/04/2012- 31/12/2012 £
GA	Gone Away	2,103.28
LB	Liquidation/Bankrupt	51.00
NFAV	No further Action due to value	12,185.52
D	Deceased	357.80
AWO	Auto write off under £1.00	7.81
LA	Legal Advised Write Off	2,755.72
PPAW	Part paid advised Write Off	8,299.49
OP	Overpaid no forwarding address	-680.93
	Total	25,079.69

Appendix 2

Aged Debt profile for Sundry Debts - 1st April 2012 to 31st Dec 2012

Age	30th Jun 2012	30th Sept 2012	31st Dec 2012 £
1 – 30 days	195,341.14	284,151.45	131,388.69
31 - 60 days	29,288.89	19,102.21	24,696.43
61 – 90 days	181,228.82	13,622.20	397,068.34*
90 days +	122,196.80	92,443.18	80,742.33
Total	528,055.65	409,319.04	633,895.79

* garden waste collection service invoices

Council Tax Arrears

Council Tax Arrears Analysis				
Year	Q1 Total £	Q2 Total £	Q3 Total £	Annual debit £
1995/96	1,425	1,425	-899	
1996/97	301	301	-2,281	
1997/98	3,811	4,216	1,479	
1998/99	5,525	5,959	2,739	
1999/00	13,095	13,512	8,897	25,836,407
2000/01	23,137	25,207	16,799	26,419,700
2001/02	33,799	34,423	25,789	29,487,929
2002/03	50,436	50,983	38,071	35,962,692
2003/04	48,158	48,671	35,380	40,922,548
2004/05	54,750	54,600	41,136	41,770,011
2005/06	96,880	98,169	85,585	44,059,868
2006/07	136,456	139,574	118,040	46,683,333
2007/08	141,646	141,924	114,968	49,061,780
2008/09	130,450	129,202	112,564	51,592,006
2009/10	150,404	144,238	122,310	53,577,097
2010/11	276,984	258,852	211,619	55,298,276
2011/12	509,695	<u>412,372</u>	<u>343,201</u>	55,399,069
		<u>1,563,626</u>	<u>1,275,397</u>	

Note: the above arrears figures will reduce over time.

Non Domestic Rates Arrears

Non Domestic Rates Arrears Analysis

Year	Q1 Total £	Q2 Total £	Q3 Total £	Annual Debit £
1997/98	3,586	3,586	687	
1998/99	2,572	2,572	711	
1999/00	1,688	1,688	0	
2000/01	195	195	0	17,415,978
2001/02	2,163	2,163	694	17,232,868
2002/03	1,018	1,018	940	17,175,162
2003/04	1,035	1,035	1,035	17,345,890
2004/05	1,228	1,141	799	17,854,642
2005/06	20,965	20,845	5,622	18,803,202
2006/07	39,654	38,854	23,813	19,823,744
2007/08	305,195	109,195	15,043	20,822,010
2008/09	77,693	56,831	60,263	23,586,234
2009/10	224,377	198,523	122,499	23,829,603
2010/11	232,533	205,808	139,497	23,233,864
2011/12	520,498	377,776	258,867	25,205,206
	1,434,400	1,021,230	630,470	

Note: the above arrears figures will reduce over time.

CABINET

6th March 2013

Appendix 3

Write off of Overpaid Housing Benefit – 1st April 2012 to 31st Dec 2012

Housing Benefit Write-Offs		
Reason	Amount £	No. of cases
Deceased	3,010.26	4
Debt Relief Order	954.52	2
Bankruptcy	1,802.48	1
Not reasonable to recover	30,772.64	14
Uneconomic to recover	3,455.74	13
Cannot trace	1,341.52	6
Old debt – recovery options expired	3,916.25	6
In prison	1,702.85	3
Totals	£46,956.26	49

This page is intentionally left blank

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2012-13 TO 2014-15

Relevant Portfolio Holder	Roger Hollingworth
Portfolio Holder Consulted	
Relevant Head of Service	Teresa Kristunas
Wards Affected	All
Ward Councillor Consulted	None specific
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 Members are asked to recommend approval of a strategy statement for the treasury management and investments to comply with the Local Government Act 2003.

2. RECOMMENDATIONS

- 2.1 Cabinet recommends approval of:

- 2.1.1 the Strategy and Prudential Indicators shown at Appendix 1.
- 2.1.2 the Authorised Limit for borrowing at £7.5 million if required.
- 2.1.3 the maximum level of investment to be held within each organisation (i.e. bank or building society) as detailed at £3 million, subject to market conditions.
- 2.1.4 an unlimited level for investment in Debt Management Account Deposit Facility (DMADF).
- 2.1.5 the updated Treasury Management Policy shown at Appendix 2, and

- 2.2 Cabinet notes the Audit Board will undertake additional scrutiny of the Strategy during 2013/14 to ensure the Council's investments are being managed in a risk controlled environment

3. KEY ISSUES

Financial Implications

3.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public services (the CIPFA TM Code) and the Prudential Code require local authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.

3.2 CIPFA has defined Treasury Management as:

“the management of the organisation's investments, 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.”

3.3 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Council's approved Treasury Management Practices and include:

- Liquidity Risk (Adequate cash resources)
- Market or Interest Rate Risk Fluctuations in the value of investments).
- Inflation Risks (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risks (Impact of debt maturing in future years).
- Legal & Regulatory Risk (Compliance with statutory and regulatory requirements)

3.4 In addition the Local Government Act 2003 requires the Council to 'have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable'.

3.5 The revised guidance issued in November 2011 makes it clear that investment priorities should be security and liquidity, rather than yield and that authorities should not rely just on credit ratings, but consider other information on risk.

3.6 The guidance requires investment strategies to comment on the use of treasury management consultants and on the investment of money borrowed in advance of spending needs.

- 3.7 In formulating the Treasury Management Strategy and the setting of the Prudential Indicators, the Council adopts the Treasury Management Framework and Policy recommended by CIPFA.

Legal Implications

- 3.8 This is a statutory report under the Local Government Act 2003.

Service/Operational Issues

- 3.9 None as a direct result of this report.

Customer/ Equalities and Diversity

- 3.10 None as a direct result of this report.

4. RISK MANAGEMENT

- 4.1 Failure to manage the Treasury Management function effectively to ensure the delivery of maximum return within a secure environment. These controls in place to mitigate these risks are as follows:
- Quarterly reporting to Overview and Scrutiny Committee and Cabinet of financial position on investments
 - Regular monitoring of the status of the organisations we invest with
 - Daily monitoring by internal officers of banking arrangements and cash flow implications.

5. APPENDICES

Appendix 1 - Treasury Management Strategy Statement and Investment Strategy 2012/13 to 2015/16

Appendix 2 – Treasury Management Policy Statement

AUTHOR OF REPORT

Name: Teresa Kristunas

E Mail: t.kristunas@bromsgroveandredditch.gov.uk

Tel: (01527)881748 (internal ext. 3295)

**Treasury Management Strategy Statement
And
Investment Strategy
2012/13 to 2014/15**

1. introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.
- 1.2 The purpose of this TMSS is, therefore, to approve:
- Treasury Management Strategy for 2013/14
 - Annual Investment Strategy for 2013/14
 - Prudential Indicators for 2013/14, 2014/15 and 2015/16 (**Appendix A**)
 - MRP Statement.
- 1.3 Treasury Management is about the management of risk. The Authority is responsible for its treasury decisions and activity. No treasury management activity is without risk.
- 1.4 In accordance with the requirements of the Prudential Code, the Authority has adopted the CIPFA Treasury Management Code at a meeting of the Council on 17th March 2010.
- 1.5 All treasury activity will comply with relevant statute, guidance and accounting standards.

2. Background

- 2.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves, are the core drivers of the Authority's Treasury Management activities.
- 2.2 The Authority's currently (05/02/2013) has no external debt and £16 million in short term investments.

- 2.3 The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2015/16. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 2.4 The forecasted movement in the CFR in coming years is one of the Prudential Indicators (PIs). The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years.

Table 1: Balance Sheet Summary Analysis

	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
CFR	0	3,544	8,660	9,090
Balances & Reserves	8,034	6,239	5,839	3,468
Cumulative Net Borrowing Requirement/(Investments)	(8,034)	(2,695)	2,821	5,622

- 2.5 Table 1 shows that the capital expenditure plans of the Authority cannot be funded entirely from sources other than external borrowing.

3. Interest Rate Forecast

- 3.1 The economic and interest rate forecast provided by the Authority's treasury management advisor is attached at **Appendix B**. The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

4. Borrowing Strategy

- 4.1 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. The interest rate forecast provided in **Appendix B** indicates that an acute difference between short and longer term interest rates is expected to continue. This difference creates a "cost of carry" for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment. Whilst the cost of carry can be assumed to be a

reasonably short-term issue since borrowing is often for longer dated periods (anything up to 50 years) it cannot be ignored against a backdrop of uncertainty and affordability constraints in the Authority's wider financial position.

- 4.2 The Authority has a gross and net borrowing requirement 2013/14 onwards as indicated in Table 1. The Authority will adopt a flexible approach to this borrowing. The following issues will be considered prior to undertaking any external borrowing:

- Affordability;
- Maturity profile of existing debt;
- Interest rate and refinancing risk;
- Borrowing source.

5. Sources of Borrowing and Portfolio implications

- 5.1 The Authority will keep under review the following borrowing sources:

- PWLB
- Local authorities
- Commercial banks
- European Investment Bank
- Money markets
- Capital markets (stock issues, commercial paper and bills)
- Structured finance
- Leasing

6. Annual Investment Strategy

- 6.1 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yields earned on investments is important but are secondary considerations.
- 6.2 Credit markets remain in a state of distress as a result of the excessive and poor performing debt within the financial markets. In some instances, Greece and Italy being the most notable examples, the extent and implications of the debt it has built up have led to a sovereign debt crisis and a banking crisis with the outcome still largely unknown. It is against

this backdrop of uncertainty that the Authority's investment strategy is framed.

- 6.3 Investments are categorised as "Specified" or "Non-Specified" within the investment guidance issued by the CLG. Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the "high credit quality" as determined by the Authority and are not deemed capital expenditure investments under Statute. Non specified investments are, effectively, everything else.
- 6.4 The types of investments that will be used by the Authority and whether they are specified or non-specified are as follows:

Table 2: Specified and Non-Specified Investments

Investment	Specified	Non-Specified
Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Certificates of deposit with banks and building societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	x
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	x
Commercial Paper	✓	x
Corporate Bonds	✓	✓
AAA rated Money Market Funds	✓	x
Other Money Market and Collective Investment Schemes	✓	✓
Debt Management Account Deposit Facility	✓	x

- 6.5 A number of changes were implemented to the investment strategy for 2012/13 in response to changes in the CLG Guidance and evolving conditions in financial markets. These resulted in the inclusion of corporate bonds which the CLG indicated would become an eligible non-capital investment from 1st April 2012. A number of amendments were also made

in relation to the individual institutions with which the Authority is prepared to lend its funds.

- 6.6 The Authority will select countries and financial institutions after analysis and ongoing monitoring of:
- Published credit ratings for financial institutions (minimum long term rating of A- or equivalent for counterparties; AA+ or equivalent for non-UK sovereigns) – this is lower than the A+ minimum adopted in 2011/12 and is in response to downgrades in credit ratings below A+ of many institutions considered to be systemically important to the financial system.
 - Credit Default Swaps (where quoted)
 - Economic fundamentals (for example Net Debt as a percentage of GDP)
 - Sovereign support mechanisms
 - Share Prices
 - Corporate developments, news, articles, markets sentiment and momentum
 - Subjective overlay – or, put more simply, common sense.

Any institution can be suspended or removed should any of the factors identified above give rise to concern.

It remains the Authority's policy to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. What this means is that an institution that meets criteria may be suspended, but institutions not meeting criteria will not be added.

- 6.7 **Authority's Banker** – The Authority banks with HSBC. At the current time, it *does* meet the minimum credit criteria of A- (or equivalent) long term. *Even if the credit rating falls* below the Authority's minimum criteria HSBC will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.

6.8. **Promoting Economic Development**

Loans for Small and Medium Enterprises (SMEs) – Subject to Cabinet approval, under this scheme the Council may loan up to £1million through a Bromsgrove Business Loans Fund administered by Finance Birmingham to SMEs which have been refused funding from banks. This is classified

as being a service investment, rather than treasury management investment, and is therefore outside of the Specified/Non specified categories.

7. Investment Strategy

- 7.1 With short term interest rates low for even longer, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk.
- 7.2 In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties in order to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return. The maximum investment level with each counterparty will be set to ensure prudent diversification is achieved.
- 7.3 Money market funds (MMFs) will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to diversify any exposure by utilising more than one MMF. The Authority will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In the case of Government MMFs, the Council will ensure exposure to each Fund does not exceed 2% of the net asset value of the Fund.

8 The Use of Financial Instruments for the Management of Risks

- 8.1 Currently, Local Authorities' legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Bill is not sufficiently explicit. Consequently, the authority does not intend to use derivatives.
- 8.2 Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require full Council approval.

9.0 Balanced Budget Requirement

- 9.1 The Authority complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

10. 2013/14 MRP Statement

- 10.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.
- 10.2 The broad aim of “prudent provision” is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant. This Authority does not have any borrowing supported by Revenue Support Grant.
- 10.3. MRP is calculated in the financial year after the capital expenditure has been incurred and so the capital spend in 2012/13 informs the MRP set aside in the revenue account for 2013/14. The new regulations have added an exception to this in that if expenditure has been incurred on an asset which has not become operational then MRP does not need to be set aside until the financial year after the asset becomes operational. In effect authorities are entitled to a “MRP holiday” until the new asset becomes operational.
- 10.4 MRP in respect of leases that have been brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

11. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

- 11.1 The Executive Director of Finance and Corporate Resources will report to Cabinet on treasury management activity / performance and Performance Indicators as follows:
- Quarterly against the Strategy approved for the year. The Authority will produce an outturn report on its treasury activity no later than 30th September after the financial year end.
 - The Audit Board will be responsible for the scrutiny of treasury management activity and practices.

12. Other Items

12.1 Training

CIPFA's Code of Practice requires the Executive Director of Finance and Corporate Resources to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Responsibility for scrutiny of the Treasury Management function will rest with the Audit Board. The Executive Director of Finance and Corporate Resources will ensure that adequate training is provided for all relevant Members during the Financial Year.

12.2 Investment Consultants/Treasury Advisors

The CLG's Guidance on local government investments recommend that the Investment Strategy should state:

- Whether and, if so, how the authority uses external contractors offering information, advice or assistance relating to investment and
- How the quality of any such service is controlled.

The Council currently uses external consultants, Arlingclose for information and advice relating to investments. Updated information is received and monitoring undertaken by regular meetings and reports between the Executive Director of Finance and Resources and representatives from Arlingclose.

This arrangement will be reviewed for 2013/14.

Prudential Indicators 2012/13 – 2015/16

1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Net Borrowing and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

The Executive Director of Finance and Corporate Resources reports that the authority had no difficulty meeting this requirement in 2012/13, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2012/13 Approved £'000	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
General	3,587	1,929	6,725	5,253	1,008
Total	3,587	1,929	6,725	5,253	1,008

3.2 Capital expenditure will be financed or funded as follows:

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Capital Financing	2012/13 Approved £'000	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Capital receipts	2,245	1,087	2,371	0	0
Government Grants	310	310	310	0	0
Section 106	532	532	0	0	
Other contributions	500	00	500	0	0
Total Financing	3,587	1,929	3,181	0	0
Unsupported borrowing			3,544	5,253	1,008
Total Funding	0	0	3,544	5,253	1,008
Total Financing and Funding	3,587	1,929	6,725	5,253	1,008

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
General Fund	0.50	-0.58	1.18	5.51	5.51
Total	0.50	-0.58	1.18	5.51	5.51

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Capital Financing Requirement	2012/13 Approved £'000	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
General Fund	0	0	3,544	8,660	9,090
Total CFR	0	0	3,544	8,660	9,090

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2012	£'000
Borrowing	83
Other Long-term Liabilities	0
Total	88

7. Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2012/13 Approved £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Increase in Band D Council Tax	0.19	4.74	7.92	-0.38

7.2 The increase in Band D council tax reflects the increases in running costs and/or increases in the provision for Capital Financing Charges.

8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

- 8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	2012/13 Approved £'000	2012/13 Revised £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Borrowing	3,500	3,500	7,500	11,000	16,000
Other Long-term Liabilities	0.0	0.0	0.0	0.0	0.0
Total	3,500	3,500	7,500	11,000	16,000

- 8.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.
- 8.6 The Executive Director of Finance and Corporate Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of Cabinet.

Operational	2012/13	2012/13	2013/14	2014/15	2015/16
--------------------	----------------	----------------	----------------	----------------	----------------

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Boundary for External Debt	Approved £'000	Revised £'000	Estimate £'000	Estimate £'000	Estimate £'000
Borrowing	2,500	2,500	6,500	10,000	15,000
Other Long-term Liabilities	0	0	0	0	0
Total	2,500	2,500	6,500	10,000	15,000

9. Adoption of the CIPFA Treasury Management Code:

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its meeting on 18 th May 2005.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on (*select as appropriate*) net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / net interest paid (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments)

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	100	100	100	100	100

10.3 As the Council does not have long-term debt, the limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's Treasury Management Strategy.

11. Maturity Structure of Fixed Rate borrowing:

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Lower Limit for 2013/14 %	Upper Limit for 2013/14 %
under 12 months	0.00	100.00
12 months and within 24 months	0.00	100.00
24 months and within 5 years	0.00	100.00
5 years above	0.00	100.00

As the Council does not have long-term debt, the limits above provide the necessary flexibility within which decisions will be made for drawing down new loans, should it be necessary, in the appropriate maturity band.

12. Credit Risk:

12.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

12.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

12.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

12.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

13. Upper Limit for total principal sums invested over 364 days:

13.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	2.0	2.0	2.0	2.0	2.0

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Appendix B – Economic & Interest Rate Forecast (Sections 3.1 & 4.1)

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Official Bank Rate													
Upside risk						0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk													
1-yr LIBID													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.75	1.75	1.75	1.75	1.75	1.80	1.85	1.95	2.00	2.10	2.20	2.30	2.40
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	1.25	1.30	1.35	1.40	1.50	1.60	1.70	1.80	2.00	2.10	2.30	2.40	2.50
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt													
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	2.20	2.30	2.40	2.45	2.50	2.55	2.60	2.70	2.75	2.80	2.85	2.90	3.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt													
Upside risk	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	3.00	3.05	3.05	3.10	3.20	3.25	3.30	3.35	3.40	3.45	3.50	3.60	3.75
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	3.25	3.40	3.50	3.60	3.70	3.80	3.90	4.00	4.00	4.00	4.10	4.20	4.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- Momentum in economic growth is scarce.
- Conventional monetary policy has become largely redundant; the Bank of England and the US Federal Reserve have signalled their respective official interest rates will be on hold through to the end of 2012. We think that it could be 2016 before official interest rates rise.
- The Bank of England's Monetary Policy Committee has returned to unconventional monetary policy and embarked on a further round of Quantitative Easing. There will be more to come.

Underlying Assumptions:

- Against a backdrop of turmoil within the Eurozone and the unwillingness of its politicians to acknowledge and issue a credible plan to resolve it the result is that financial markets continue to see saw between risk "on" and risk "off"

daily patterns. The reality is that the risk "off" days outnumber the risk "on" days with the implication that the growth outlook is an increasing cause for concern.

- Despite the efforts of the politicians at the Brussels summit, the initial optimism of markets has been punctured as, once again, the lack of credible detail on the delivery of action as opposed to aspirations becomes worryingly clear. The detail appears to amount to the news that President Sarkozy will head to China to secure funds for the extended EFSF.
- The MPC's decision to embark on a further £75 billion of QE – which the Minutes showed was unanimously supported – demonstrated the strength of the economic headwinds that are blowing against the nascent UK economic recovery. For growth to occur you need somebody to spend.
- Inflation increased more than predicted to 5.2% in September. Energy prices continued to be the primary cause although the markets are now less interested in inflation given the economic growth focus. The Bank's Inflation Forecasts still point to a sharp downturn in CPI into 2012 as the index effects of VAT and earlier energy price shocks subside.
- Business confidence has yet to recover sufficiently for commitment to new capital investment and employment. Taken together the levels of unemployment remain very high and are a significant drag on consumption despite reasonably robust retail sales data.
- Q3 GDP is expected to be weak but positive.
- Public Finances remain just about on track to meet the Coalition's target. With the risk of lower growth, there is very little scope for tax giveaways to boost business and consumer spending.

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
- § A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - § Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet and for the execution and administration of treasury management decisions to Executive Director of Finance and Resources, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates Audit Board to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

- 2.1 The Council defines its treasury management activities as:
- “The management of the Council'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.”
- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management

activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”
- 2.4 The Council’s borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk.
- 2.5 The Council’s primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority’s investments followed by the yield earned on investments remain important but are secondary considerations.

CABINET6th March 2013**LOCAL WELFARE ASSISTANCE**

Relevant Portfolio Holder	Councillor Hollingworth
Portfolio Holder Consulted	
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 On the 9th January 2013 members considered a report on the new arrangements for the administration of Community Care Grants and Crisis Loans. This report considers the operational arrangements for the delivery of this new service.

2. RECOMMENDATIONS

The Cabinet is requested to RESOLVE that:

Subject to any comments, the proposal for operation of the Scheme set out at Appendix 1 be approved.

3. KEY ISSUES**Background**

- 3.1. The Welfare Reform Act 2012 abolishes Community Care Grants and Crisis Loans for living expenses from the 1st April 2013. A non-ring fenced grant is to be paid to Worcestershire County Council based on 2011 Community Care Grant expenditure and 2006 Crisis Loan expenditure. The funds have been transferred to local authorities as they are better able to take into account local knowledge and target the most vulnerable individuals. It has been agreed by that the Council will receive delegated authority to administer these funds.
- 3.2. Community Care Grants are currently payable to anyone in receipt of certain income-related benefits in certain circumstances. They are non-repayable grants awarded for range of expenses including household equipment and are primarily intended to support vulnerable people to return to or remain in the community or to ease exceptional pressure on families. Average initial award £437.
- 3.3. Crisis Loans are interest-free loans available to anyone (whether on benefit or not) who cannot meet their immediate short-term needs in an emergency or as a consequence of a disaster, where there is an immediate risk to their health or safety. Repayments are deducted from

CABINET

6th March 2013

benefit, and suitable recovery arrangements are made for those not on benefit. The average award was £82. Applicants may be awarded a Crisis Loan for four separate reasons:

- items or services;
- rent in advance;
- general living expenses; or
- alignment payments to cover living expenses up to the first payment of benefit or wages

Financial Implications

3.4. Funding for the scheme

3.4.1. The funding for the Scheme has been allocated across the County pro-rata to the data for the 2011/12 actual expenditure as follows:

Crisis Loans (Items & Living Expenses)	Number of applications	Successful applications	Expenditure 2011/12
Bromsgrove	720	540	£30,800
Community Care Grants	Number of applications	Successful applications	Expenditure 2011/12
Bromsgrove	370	180	£82,500
TOTAL	1,090	720	£113,300

3.4.2. The actual grant allocation is based on the 2006 expenditure levels which mean that Bromsgrove will receive 10.64% of the total allocation for the County based on 2011/12 demand. The funding for administration has been allocated in the same way. Funding has only been agreed for two years.

2013/14 Funding Allocation	% based on expenditure 2011/12	Programme Funding Allocation
Bromsgrove	10.64%	£100,786
2013/14 Funding Allocation	% based on number of applications	Administrative Funding Allocation
Bromsgrove	9.36%	£18,730

3.4.3 Existing demand

3.4.4.. It has been difficult to predict demand as DWP demand is only available at local level on number of awards. There is national data on the number and type of awards but there is no certainty that the payment was actually used for the purpose requested.

3.4.5. Data available on awards for Bromsgrove:

Community Care Grants

Awards to lone parents	33%
Awards where household included children under 5	28%
Awards where no children under 16	59%
Awards to people less than 54 years of age	88%
Awards to people less than 24 years of age	20%
Awards where household was a single female	48%
Awards where household was a single male	33%

Crisis Loans Items

Awards to lone parents	31%
Awards where household included children under 5	13%
Awards where no children under 16	69%
Awards to people less than 54 years of age	100%
Awards to people less than 24 years of age	25%
Awards where household was a single female	38%
Awards where household was a single male	63%

Crisis Loans Living Expenses

Awards to lone parents	17%
Awards where household included children under 5	18%
Awards where no children under 16	76%
Awards to people less than 54 years of age	99%
Awards to people less than 24 years of age	35%
Awards where household was a single female	36%
Awards where household was a single male	54%

Items most commonly requested under CCG

Item requested

Beds and bedding	38%
Clothing	14%
Kitchen/dining utensils	13%
Carpets/Curtains	8%
Other	8%
Cookers	8%
Seating	5%
Washing Machines	3%
Fridges	2%
Removal Expenses	1%

Main uses of Crisis Loans Living Expenses

Care Leavers – 16-18 year olds
Disabled
Prisoners and young offenders

CABINET

6th March 2013

Rent in advance – moving home (families security relevant) and leaving care.

Lost or stolen giro

Capital not realisable

Reconnection of fuel supply

Benefit spent

Benefits disallowed or sanctioned (to remain with DWP as hardship awards)

Disaster

3.4.6. Budgetary control

There are two main reasons that close budgetary control will be required. The grant is a fixed amount and there is no provision for extra spend (there may be some flexibility by using Discretionary Housing Payments and Homeless funds). The grant given is less than current demand.

Legal Implications

3.4.7. There are no legal implications.

Service / Operational Implications

3.4.8. This is a new service to be provided by the Council for which there is limited guidance available on customer demand.

Customer / Equalities and Diversity Implications

3.4.9. The proposed scheme provides flexibility for officers to respond to individual demands being placed on the service because the details in terms of customer likely demands are largely unknown.

4. RISK MANAGEMENT

There is a risk that the budget will prove to be inadequate because it is based on historic levels of demand.

5. APPENDICES

Appendix 1 – Proposed local scheme

6. BACKGROUND PAPERS

There are no background papers with this report.

AUTHORS OF REPORT

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

Name: Teresa Kristunas, Head of Finance & Resources
E Mail: t.kristunas@bromsgroveandredditch.gov.uk
Tel: (01527) 881748 (internal ext 3295)

Proposed local scheme

Essential Living Fund

1. Introduction

- 1.1. A local scheme, working title Essential Living Fund, is being designed to help local people in financial crisis out of immediate hardship and offer them advice and support to maintain their financial independence.
- 1.2. The scheme will link to the following strategic purposes;
 - Help me live my life independently.
 - Help me back to financial independence.
 - Help me find somewhere to live in my locality.
- 1.3. Delivery will be mainly face to face to understand the customer's needs and provide the appropriate support. The scheme will be delivered by the Benefits Service. It has been agreed to use the administration funding to recruit additional officers to support delivery of the scheme. Other partner organisations will be engaged to access the scheme, such as registered housing providers and organisations supporting resettlement. The scheme will mostly be grant based but will allow, where appropriate for repayable interest free loans. To avoid potential abuse of the system the provision of goods and appliances will be preferable but where the need arises for cash payments this will be provided.

2. Purpose of the scheme

- 2.1. The purpose of the Essential Living Fund is to:
 - Provide support to individuals to establish themselves in the community following a transition from care or prison.
 - Prevent serious risk to the health, well-being or safety of financially excluded residents.
 - Help individuals back into financial independence following a crisis.
 - Maximise the use of local discretionary funds, Discretionary Housing Payments, Homelessness Funds.

3. Eligibility

- 3.1. Only individuals who are local residents of Bromsgrove will be eligible for the scheme. Additionally the individual must not have moved to the above areas specifically for the purpose of obtaining an award unless the

move is related to re-settlement or fleeing domestic violence. Priority will be given to individuals who have recourse to public funds.

3.5. One of the main principles of the scheme will be that an award will only be made where other funding streams are not available. This may include:

- Section 17 payments from County Council under the Children's Act to provide welfare of children in need.
- Care leavers grants
- Social service payments
- Department of Work and Pensions (DWP) payments:
- Budgeting loans
- Benefit alignment payments
- Where a state benefit has been sanctioned or disallowed.
- Statutory social fund payments, winter fuel allowance, Sure Start maternity Grants, Funeral payments.
- Fair Access to Care Services (FACS)-statutory duty to provide medical or disability equipment.
- Where the applicant could receive assistance, either through their own resources or where other people could support them.
- Rent in advance, rent deposits or rent top-ups where a Discretionary Housing Payment can be made.
- Where private insurance could cover costs of damage or replacement.
- Where another individual or organisation is obligated to provide recompense i.e. landlord.

Requests for assistance where budgeting issue will not lead to an emergency or crisis.

4. Potential Suppliers

The scheme will utilise the local voluntary sector to help provide the goods and provisions needed. This will support local providers and employment opportunities.

5. Appeals Process

Individuals wishing to challenge a decision can request an internal review of the decision where an officer not involved with the original decision will decide if the original decision fits the scheme purpose.

This page is intentionally left blank