



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 16TH JANUARY 2019
AT 6.30 P.M.

PARKSIDE SUITE - PARKSIDE

MEMBERS: Councillors G. N. Denaro (Leader), K.J. May (Deputy Leader),
B. T. Cooper, M. A. Sherrey, C. B. Taylor and P. J. Whittaker

AGENDA

1. To receive apologies for absence
2. Declarations of Interest

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the meeting of the Cabinet held on 5th December 2018 (Pages 1 - 6)
4. Minutes of the meeting of the Overview and Scrutiny Board held on 3rd December 2018 (Pages 7 - 14)
 - (a) To receive and note the minutes
 - (b) To consider any recommendations contained within the minutes
5. Homelessness Grant and Flexible Support Grant 2019/20 (Pages 15 - 20)
6. Medium Term Financial Plan (Pages 21 - 38)
7. Fees and Charges 2018/19 (Pages 39 - 86)
8. Council Tax Base 2019/20 (Pages 87 - 92)

9. Capital Strategy Report 2019/20 (Pages 93 - 128)
10. 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
11. To consider, and if considered appropriate, to pass the following resolution to exclude the public from the meeting during the consideration of item(s) of business containing exempt information:-

"RESOLVED: that under Section 100 I of the Local Government Act 1972, as amended, the public be excluded from the meeting during the consideration of the following item(s) of business on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraph of that part, in each case, being as set out below, and that it is in the public interest to do so:-

<u>Item No.</u>	<u>Paragraph(s)</u>
12	3
13	3

12. Fees and Charges - Confidential Appendix 1i (Item 7 refers) (Pages 129 - 134)
13. Overview and Scrutiny Board Confidential Minutes 3rd December 2018 (Pages 135 - 136)

K. DICKS
Chief Executive

Parkside
 Market Street
 BROMSGROVE
 Worcestershire
 B61 8DA

8th January 2019



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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

5TH DECEMBER 2018, AT 6.00 P.M.

PRESENT: Councillors G. N. Denaro (Leader), B. T. Cooper, C. B. Taylor and P. J. Whittaker

Observers: Councillor S. R. Colella and Councillor R. E. Jenkins

Officers: Ms. A. Scarce, Mr. K. Dicks, Mrs. S. Hanley, Ms. J. Pickering, Mrs. C. Felton, Mr. M. Dunphy and Ms. M. Worsfold

41/18 **APOLOGIES**

Apologies for absence were received from Councillors K. May and M. Sherrey.

42/18 **DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

43/18 **MINUTES**

The minutes of the Cabinet held on 31st October were submitted.

RESOLVED that the minutes of the Cabinet meeting held on 31st October 2018 be approved as a correct record.

44/18 **MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY BOARD HELD ON 29TH OCTOBER 2018**

It was noted that the minutes were from the Overview and Scrutiny Board meeting held on 29th October 2018 and the recommendations had been discussed at the Cabinet meeting held on 31st October 2018. The minutes were therefore submitted for information only.

RESOLVED that the minutes from the Overview and Scrutiny Board meeting held on 29th October 2018 be noted.

45/18 **ADOPTION OF REVISED DODFORD CONSERVATION AREA BOUNDARIES, APPRAISAL AND MANAGEMENT PLAN**

The Portfolio Holder for Planning and Regeneration introduced the report and provided a summary of the proposals.

The Conservation Officer gave a brief overview of the Council's statutory duty to formulate and prepare the Conservation Area Appraisal and advised that Homes England guidance had been followed and they had been consulted together with a number of other partners such as the parish council. A public consultation had also been carried out. Homes England had confirmed its agreement to the proposals.

Following presentation of the report Members discussed the following in more detail:

- Whether residents would in future need permission to make minor changes to their properties. It was confirmed that currently they would not but that the introduction of Article 4 could be considered at a later stage.
- It was noted that many of the frontages of properties in Dodford were set back from the roads so did not, in many cases, have such an impact. If Article 4 were to be introduced, this would be following a further period of consultation.

RESOLVED:

- a) that the Dodford Conservation Area Appraisal and Management Plan be approved and its contents be endorsed as a material consideration for planning purposes;
- b) that the designation of the area to the south of Woodlands Road (Woodlands Road Extension) be appended to the Dodford Conservation Area as outlined in the report; and
- c) that the designation of the area along the southern stretch of Priory Road (Priory Road Extension) be added to the Dodford Conservation Area as outlined in the report.

46/18

BROMSGROVE DISTRICT COUNCIL'S RESPONSE TO WYRE FOREST DISTRICT COUNCIL'S PRE-SUBMISSION LOCAL PLAN

The Chairman welcomed Councillors S. Colella and R. Jenkins, the Ward Councillors for Hagley, who had asked to speak at the meeting and advised that they would be able to do so once the report had been presented.

The Portfolio Holder for Planning and Regeneration introduced the report, which he believed was a robust response to the Wyre Forest Local Plan Pre-Submission Plan, which it was felt was undeliverable in its current format. The main areas which would be affected by the Plan were highlighted and it was commented that there was no appropriate data or information within the plan to support much of its content.

The Planning and Conservation Manager highlighted a number of key areas within the response, which included:

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- The objection had not been done lightly, however from the information provided the infrastructure suggested did not support the plan and therefore there was no option but to put in an objection.
- The level of growth was predominately through Hagley and whilst the suggestion was for a bypass the evidence did not make this clear or support it.
- The lack of detailed modelling within the plan.
- As this was the only stage where the Council could put forward an objection, it had no option but to take this course of action.
- It was likely it would go before the Planning Inspector in July 2019.

The Chairman invited Councillors Jenkins and Colella to speak to this item and the following areas were discussed in more detail:

- Both had great concerns around the impact on Hagley and the surrounding area.
- Concerns that the Plan would fail within a five year period.
- The County Council Local Transport Plan 4 (LTP4) had not mentioned the inclusion of a bypass and it was believed that if it was not included within this then it was unlikely to happen. Whilst, this was acknowledged by Officers it was explained that this was not relevant to the response at this stage.
- It was understood that Councillor K. May as a County Councillor had asked for an assessment of the traffic in Hagley through one of the LEPs.
- The Ward Councillors were grateful for the objection but were concerned that the response could have gone further.
- Concerns that the Plan also did not included the impact of South Staffordshire and Dudley on the local areas. Officers responded that both Dudley and South Staffordshire were at the earliest stages of producing their plans and therefore it was not possible to include the impact of these within this matter.
- That the response should include reference to the fact that there had not been any investment in the infrastructure of North Worcestershire by the County Council for over 50 years.
- It was important that the Planning Inspector got the full picture of the concerns raised in respect of this matter.
- That the residents of Hagley had been campaigning for a bypass for a number of years.
- Concerns that the matter could go to the Planning Inspector as early as July 2019.
- Work with Blakedown Parish Council in respect of transport and the train station and potential improvements to it in order to make access better.
- Potential improvements to the Kidderminster Train Station in order to encourage people to use it.
- Specific reference was made to 6.1, 6.3 and 6.11 within the report which summarised the objections.

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- Funding gaps and the ability for the County Council to carry through any proposals for improvements to the infrastructure.

The Leader advised that he was continuing to press for a strategic assessment of Bromsgrove and that he would be attending a meeting with the County Council to discuss this further in the following week. It was confirmed that this was not a public meeting.

In summing up, the Portfolio Holder for Planning and Regeneration thanked the Ward Councillors for their comments and clarified the next stage of the process. The Monitoring Officer confirmed that as set out within the Constitution the Leader and Chief Executive in consultation with the relevant Head of Service, had delegated powers to put forward such a response, should there be insufficient time for it to be considered at full Council. The Leader confirmed that he had sent the response to Group Leaders and given them the opportunity to make a comment.

RESOLVED that the officer response to the Wyre Forest Local Plan Review Pre-submission Plan (as attached at Appendix A of the report) be submitted before the end of the representation period.

RECOMMENDED:

- a) that the Officer response to the Wyre Forest Local Plan Review Pre Submission Plan, be approved by Council as its formal response, and that this is confirmed with Wyre Forest District Council; and
- b) that delegated authority be given to the Head of Planning and Regeneration to ensure that the Council is represented at the Examination in Public element of the Wyre Forest Local Plan review.

47/18

FINANCE MONITORING QUARTER 2 REPORT

The Portfolio Holder for Finance and Resources introduced the report and handed over to the Executive Director, Finance and Resources to highlight a number of areas, which included:

- The projected position to end of March 2019.
- Unidentified savings of £400k which had been allocated within the purpose of enabling others – it was confirmed that this item would be removed by the end of the year and all significant savings would be drawn down.
- Additional income for a number of areas, in particular Bereavement Services and Core Waste.
- Projected additional income in respect of Business Rates S31 Grant.
- Projected shortfall in planning applications and the impact this has on other areas, including Council Tax and New Homes Bonus.
- The request for approval of an increase in budget of £59k for a district heating feasibility study. It was confirmed that the cost of this would be funded by a Government Heating

Network Development Unit Grant, NWEDR and Worcestershire LEP contributions.

- Income and efficiency savings of £293k had already been identified.
- Capital Programme under spend.
- Reserves – the Heads of Service and Portfolio Holders had been asked to review this as part of the budget process.
- Balances were discussed and the estimated budget gap as approved in February 2018.

The Portfolio Holder for Finance and Resources took the opportunity to thank the Executive Director, Finance and Resources and her team for all their hard work and reiterated her concern in respect of the planning applications shortfall in income and its impact on the Council's financial position overall.

The Executive Director, Finance and Resources advised Members that she had received, within the last few hours an email from Central Government advised that the settlement details for 2019/20, which had been expected on 6th December, would now be delayed. It was not anticipated that these would come through before 12th December. She advised that she would keep Members up to date of any further information she received.

Following discussion, it was agreed that the resolved item 2.2, under the Recommendations within the report, would be removed pending clarification.

RESOLVED that the current financial position for the period April – September 2018 as detailed in the report be noted;

RECOMMENDED that an increase in the 2018-19 Revenue Budget of £59k for the Bromsgrove Heating feasibility study be approved and to be funded by a Government Heat Network Development Unit Grant (£40k), NWEDR (£5k) and Worcestershire LEP (£14k).

48/18

CONFIDENTIAL MINUTES

The confidential minutes of the Cabinet meeting held on 31st October 2018 were submitted.

RESOLVED that the confidential minutes of the Cabinet meeting held on 31st October be approved as a correct record.

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OVERVIEW AND SCRUTINY BOARD - CONFIDENTIAL MINUTES 29TH OCTOBER 2018

The confidential minutes from the Overview and Scrutiny Board meeting held on 29th October 2018 were submitted.

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RESOLVED that the confidential minutes of the Overview and Scrutiny Board meeting held on 29th October 2018 be noted.

The meeting closed at 6.40 p.m.

Chairman

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE OVERVIEW AND SCRUTINY BOARD

3RD DECEMBER 2018, AT 6.00 P.M.

PRESENT: Councillors L. C. R. Mallett (Chairman), S. A. Webb (Vice-Chairman), R. J. Deeming, M. Glass, C.A. Hotham, P. M. McDonald, P.L. Thomas and M. Thompson

Officers: Ms F. Mughal, Ms. J. Pickering and Ms. A. Scarce

68/17 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

The Chairman welcomed Councillor P. McDonald to the Overview and Scrutiny Board.

Members were advised that Councillor C. Bloore was no longer a Member of the Board and the Chairman expressed his gratitude for his contribution and commitment to the Board.

Apologies for absence were received on behalf of Councillors C. Allen Jones, S. Colella and R. J. Laight.

69/17 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest or whipping arrangements.

70/17 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY BOARD HELD ON 29 OCTOBER 2018**

The minutes of the Overview and Scrutiny Board held on 29th October, 2018 were submitted for Members' consideration. The Senior Democratic Services Officer (Bromsgrove) provided an update on the following recommendations to Cabinet from the last meeting:

- Transport Planning Report - that the Issues and Options consultation process be suspended pending receipt of further information from Worcestershire County Council in respect of the future plans for the infrastructure for Bromsgrove. The recommendation was rejected by Cabinet.
- Corporate Peer Challenge - that the Constitution Review Working Group carry out a wider review of Council procedures to aid the debating process, with particular focus on supplementary questions. The recommendation was carried at Cabinet and would be on the agenda for the next meeting of that Group, planned for February 2019.

- Development of the Burcot Lane Site – The recommendations were carried, with a slight amendment of the wording in respect of recommendation (b).

RESOLVED that the minutes of the Overview and Scrutiny Board held on 29th October, 2018 be approved as an accurate record.

71/17

FINANCE AND BUDGET WORKING GROUP - UPDATE

The Chairman provided an update in respect of the Finance and Budget Working Group. The Board was advised that at the last meeting of the Group an update in respect of the Fees and Charges budget was provided from the Head of Planning and Regeneration and from the Executive Director, Finance and Resources in respect of Customer Access and Financial Services.

It was agreed that at the next meeting of the Working Group to be held on 17th December, 2018, an update on the Local Government's Settlement would be considered. It was anticipated that this would be received on 6th December, 2018.

Members were further advised that all Head of Services, Portfolio Holders and Group Leaders had been invited to attend the Working Group meeting to be held on 10th January, 2019 to review the Fees and Charges for their respective areas. Members would also consider reports in respect of any Capital Bids and unidentified savings.

72/17

CORPORATE PERFORMANCE WORKING GROUP - UPDATE

The Board received a report which outlined the findings of the Corporate Performance Working Group in respect of paperless committee meetings. In presenting the report, Councillor S. Webb highlighted that the Group had looked into the use of electronic devices (iPads) in place of printed committee agendas and papers. This had included more extensive use of the modern.gov app to access agendas and reports.

The Board was reminded that in December, 2017, Councillor B. Cooper had proposed that a Scrutiny review be launched in order to look at how to reduce paper generated for Committee meetings. The Overview and Scrutiny Board had subsequently concluded that the review should be undertaken by the Corporate Performance Working Group.

Members discussed the cost of printing and noted that the Council had recently taken out a new contract and therefore comparative data was not currently available. However, the Executive Director, Finance and Resources confirmed that she would speak to the relevant officers and clarify savings which had been made from that contract and potential future savings.

Members acknowledged that the potential advantages of paperless working would reduce printing and postage cost, environmental benefits through reduced use of paper, and savings in officer time spent in printing agendas.

The Modern.Gov software allowed Councillors and officers to access committee agendas and minutes for Bromsgrove District Council committee meetings. Members raised concerns in relation to IT issues and accessing the Wi-Fi at the Council building.

The Senior Democratic Service Officer (Bromsgrove) suggested a presentation be given at a future Board meeting to demonstrate to Members how to access agenda packs on their iPads, using the Modern.Gov software.

Councillor Webb reiterated that training would be offered to Members if requested and clarified that the Group had found their experience of using the app was easier than expected to use.

The Senior Democratic Services Officer (Bromsgrove) clarified that Members and respective officers would also be able to access confidential/exempt agendas and papers when provided with the appropriate log in details.

It was agreed that a trial of paperless meetings be undertaken by Members of the Overview and Scrutiny Board. A hard copy of agendas would still be provided to Members that did not wish to go paperless.

It was also agreed that the Executive Director of Finance and Resources would ask the relevant officers to provide a breakdown of the cost of maintaining and supporting Members' use of iPads.

RESOLVED:

- a) that a trial of paperless meetings should be undertaken by Members of the Overview and Scrutiny Board;
- b) that the Overview and Scrutiny Board should launch a trial whereby the agenda should be displayed on a screen during the future meetings; and
- c) that the Senior Democratic Service Officer (Bromsgrove) arrange a demonstration to Members of the Overview and Scrutiny Board in how to access agenda packs in an electronic form, using the Modern.Gov software on their iPads at a future meeting of the Board.

73/17

TOPIC PROPOSAL - BROMSGROVE SPORTING

At the last meeting of the Board, Members agreed to launch a Task Group to review the work of Bromsgrove Sporting Football Club. Members were reminded that Councillor C. Bloore had put forward the topic proposal.

The Senior Democratic Services Officer (Bromsgrove) advised the Board that as Councillor C. Bloore was no longer a Member of the Board he could not be appointed as Chairman to the Task Group, however, he could still take part in the review if he so wished.

The Chairman asked for expressions of interest from Members to Chair the Task Group. Both Councillors S. Webb and M. Thompson expressed their interest.

The Senior Democratic Service Officer (Bromsgrove) advised Members that the terms of reference would be circulated to Members and nominations sought to take part in the review. It was noted that Councillor Webb showed an interest to be part of the review.

RESOLVED:

- a) the a Task Group be established to review the Bromsgrove Sporting Football Club;
- b) that Councillor M. Thompson be appointed as Chairman of the Task Group; and
- c) that officers make the necessary arrangements to set up the Task Group and its work commence as soon as possible.

74/17

TASK GROUP UPDATES

The Senior Democratic Services Officer (Bromsgrove) advised Members that the Cabinet responses in respect of the CCTV Short Sharp Review and the Road Safety Around Schools Task Group would be submitted at the next Overview and Scrutiny Board on 14th January, 2019 for consideration. With regards to further task groups, it was noted that a Task Group had been established to review the Bromsgrove Sporting Football Club in the previous item of the agenda.

75/17

WORCESTERSHIRE HEALTH OVERVIEW AND SCRUTINY COMMITTEE - UPDATE

Councillor C. Bloore had provided a written update of the Worcestershire Health Overview and Scrutiny Committee which was tabled at the meeting.

(The meeting was adjourned at 6:27 pm and resumed at 6:29 pm in order for Members to read the update provided).

Members raised a number of concerns, including pregnant women having to be transported to the Worcester Hospital in taxis; as the Maternity Ward in Redditch was no longer in operation and the shortage of ambulance vehicles which impacted on patients being transported to and from Bromsgrove to Worcestershire Hospital.

Notwithstanding the concerns raised, the Chairman requested that Councillor Bloore be invited to the next meeting of the Board in January 2019, to provide a more detailed update in respect of the information provided and to address the points raised.

RESOLVED that Councillor C. Bloore be invited to the next meeting of the Overview and Scrutiny Board held on 14th January, 2019 in order to provide Members with an update in respect of the Worcestershire Health Overview and Scrutiny Committee.

76/17

CABINET WORK PROGRAMME - TABLED AT THE MEETING

Members considered the Cabinet Leader's Work Programme from 1st January to 30th April, 2019. It was noted that the Finance and Budget Working Group would consider all items related to finance.

The following items were agreed to be considered by the Overview and Scrutiny Board:

- Homelessness Grant and Flexible Support Grant 2019/20 to be considered at the Board on 14th January, 2019;
- Pay Policy Statement.

RESOLVED:

- a) that the Cabinet Leader's Work Programme from 1st January to 30th April, 2019 be noted; and
- b) that the Overview and Scrutiny Board's work programme be amended subject to the pre-amble above.

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OVERVIEW AND SCRUTINY BOARD WORK PROGRAMME

The Senior Democratic Services Officer (Bromsgrove) presented the Overview and Scrutiny Board's Work Programme for 2018/19.

Members were advised that at the last Council meeting, Members considered the following the Notice of Motion, in respect of Business Rates Relief, put forward by Councillor M. Thompson:

"In 2017 the chancellor committed a £435 million business rate relief package intended on helping high street businesses. The communities secretary at the time, Sajid Javid, promised "absolutely no delay" in allocating and using the money. However, a table of "worst offending councils" shows that Bromsgrove District Council failed to spend almost 70% of their grant. Council notes this waste of central government funding and will set up a cross party investigation into how this was allowed to happen.

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During the debate that had followed Councillor S. Baxter had proposed an amendment to the Motion, as detailed below:

“Council notes this waste of central government funding and will refer this matter to the Overview and Scrutiny Board to investigate how this was allowed to happen.”

On being put to the vote the Motion had been carried and the matter referred to the Overview and Scrutiny Board for further consideration.

The Board discussed the Notice of Motion and agreed that a Short Sharp Review would be established to review the Business Rates Relief. Members also agreed that as Councillor Thompson had put forward the Notice of Motion then he should be appointed as the Chairman of the review.

The Senior Democratic Service Officer (Bromsgrove) advised Members that as there were a number of Members absent from the meeting, that she would email Board Members to canvass any interest in joining this Review.

Councillor P. McDonald asked to be considered for the Group and it was also noted that Councillor S. Colella had expressed an interest in the subject. Councillor C. Hotham requested to be considered as a reserve. The Senior Democratic Services Officer (Bromsgrove) advised that an ideal number for any such review would usually be 4 to 5 Members and that should there be greater interest in the matter then the matter would be referred to the Chairman of the Board or brought back to the next Board meeting for further discussion.

The Board was also advised that Councillor Glass had contacted the Climate Change and Energy Support Officer in respect of an item; this had subsequently been referred to the Technical Services Manager at Worcestershire Regulatory Services. The Technical Services Manager had discussed this with Councillor P. Whittaker, the relevant Portfolio Holder and he had suggested that a report in relation to the Clean Air Fund be presented to the Overview and Scrutiny Board.

This report would cover how the Worcester City Task and Finish Group (on Air Quality) worked and present the options available to Bromsgrove District Council to review measures to improve air quality.

Following discussion, the Board agreed that it would be useful to receive a presentation in respect of Clean Air Fund at the meeting held on 11th February, 2019. In addition, Members also requested information to be provided in respect of speed restrictions and the impact on air pollution and low emission zone.

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**CONFIDENTIAL MINUTES OF THE OVERVIEW AND SCRUTINY BOARD
HELD ON 29 OCTOBER 2018**

RESOLVED that the confidential minutes of the Overview and Scrutiny Board held on 29th October, 2018 be approved as an accurate record.

(During consideration of this item Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to exclude the press and public prior to any debate on the grounds that information would be revealed relating to financial and business affairs. However, there is nothing exempt in this record of the proceedings.)

The meeting closed at 7.00 p.m.

Chairman

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CABINET

16th January 2019

HOMELESSNESS GRANT FUNDING APPROVAL FOR HOMELESSNESS PREVENTION AND SUPPORT 2019/20

Relevant Portfolio Holder	Cllr Kit Taylor
Portfolio Holder Consulted	Yes
Relevant Head of Service	Judith Willis – Head of Community Services
Wards Affected	All
Ward Councillor Consulted	No
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 The annual homelessness grant to BDC, allocated through the Ministry of Housing, Communities and Local Government (MHCLG) has been used each year since 2002 to fund a range of homelessness support services and schemes that focus upon the prevention of homelessness and repeat homelessness. These schemes play a key role in meeting the Council's Strategic Purposes:
- Help me live my life independently
 - Help me find somewhere to live in my locality
 - Help me to be financially independent
- 1.2 In addition to the annual DGLG Homelessness Grant, the Council is awarded two more allocations, the first is Flexible Homelessness Support Grant and the second is Homelessness Reduction Act 2017 New Burdens funding.
- 1.3 This report seeks Members approval to award Homelessness Grant, Flexible Homelessness Support Grant and Homelessness Reduction Act 2017 New Burdens Funding to specific schemes recommended by the Strategic Housing Manager and delegate authority to the Portfolio Holder and Head of Community Services to allocate any underspend of Homelessness Grant and Flexible Homelessness Support Grant during 2019/20 towards dealing with and preventing homelessness.

2. RECOMMENDATIONS

That cabinet note the 2019/20 grant funding implications to be included as part of the medium term financial plan report to Council in February 2019 and, subject Council approval of the budget;

That Cabinet RESOLVE as follows:-

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- 2.1 That the initiatives in 3.8, 3.10 and 3.11 recommended by the Strategic Housing Manager be approved to receive allocation of funding 2019/20.
- 2.2 That delegated authority be granted to the Head of Community Services following consultation with the Portfolio Holder for Strategic Housing to use any unallocated Grant during the year or make further adjustments as necessary to ensure full utilisation of the Grants for 2019/20 in support of existing or new schemes.

3. KEY ISSUES

Financial Implications

- 3.1 The Council receives an annual homelessness grant and an additional two grants have been confirmed for 2019/20 (table below) from the MHDCLG, the Flexible Homeless Support Grant has been ring fenced by the MHDCLG for activities that prevent and deal with homelessness.

Grant	2019/20
Homelessness Grant	£112,010
Flexible Homelessness Support Grant	£83,012
Homelessness Reduction Act New Burdens Funding	£18,035

- 3.2 Bromsgrove Council has received a Flexible Homelessness Support Grant allocation of £82,563 for 2018/19 to be carried forward into 2019/20 and will receive £83,012 for 2019//20 to be carried forward into 2020/2021.
- 3.3 The Council was awarded an allocation of Homelessness Reduction Act 2017 New Burdens funding for a three period. The grant is not ring fenced but has been awarded to reflect the increased workload anticipated as a result of the implementation of the Homelessness Reduction Act 2017.
- 3.4 The Council has agreed a budget of £112,010 for the 2019/20 Homelessness Grant allocation. Worcestershire County Council is anticipated to make an allocation of £11,200 to the Council to part fund the Young Persons Pathway Worker post. However, this is yet to be confirmed. In addition the Council carried forward an underspend last

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year and received income for the emergency crash pad accommodation resulting in a carry forward for 2019/20 of £11,500.

- 3.5 The Council therefore has a total £134,710 for Homelessness Prevention Services in 2019/20.

Legal Implications

- 3.6 Homelessness support and prevention initiatives and schemes developed and funded through MHDCLG Grant assists the Council in meeting its statutory duties to those threatened with homelessness and homeless applicants including those placed in Temporary Accommodation under the Homeless provisions of the Housing Act 1996 (as amended). The new resources are expected to be used to strengthen homelessness prevention in the District.

Service / Operational Implications

- 3.7 The allocation of funding to local projects takes into account the recommendations made by the Overview and Scrutiny Preventing Homelessness Task Group in 2016. As a result all of the Homelessness Grant is being used for the purposes of prioritising homelessness initiatives and continues and enhances the funding in respect of offender rehabilitation and emergency accommodation for young people.
- 3.8 The table below identifies the projects the Housing Strategy Team is recommending for approval from the Homelessness Grant.

Homelessness Grant Allocation	2019/20 £
Young Persons Pathway Worker – support to prevent homelessness to over 100 young people a year	23,200
Worcestershire Strategic Housing Partnership Co-ordinator – contribution towards county-wide development and delivery of housing initiatives in partnership with other agencies	6,300
St Basils Crash Pad – provide a unit of emergency accommodation to young homeless people – utilised continually during the year	9,235
Basement Drop In Service – support for young people at risk of homelessness – over 170 young people a year	35,000
Fry Housing Related Support – helping ex-offenders remain housed/seek employment – 23 people housed via 18 units in the last financial year	28,708

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St Basils Foyer – provides stable accommodation/support for young people - 15 units – fully occupied during last financial year	30,000
HOPES – rough sleeper service	2,267
Total committed expenditure	134,710

- 3.9 An element of the housing agency contract awarded to BDHT includes the management of Temporary Accommodation for Homeless Households. The Flexible Homelessness Support Grant has been allocated for the purpose of managing temporary accommodation and supporting those who are homeless or threatened with homelessness. This report proposes to allocate £22,500 from this grant to fund this element of the service.
- 3.10 The table below identifies the projects the Housing Strategy Team is recommending for approval from the Flexible Homelessness Support Grant.

Flexible Homelessness Support Grant	Scheme	2019/20 £
Step Up Private Tenancy Scheme	Access to the private rented sector in Bromsgrove for households on low incomes	£17,070
Accord (Fry)	Funding for 0.6 of a FTE support post – enables Accord to re-introduce Floating Support to Bromsgrove District Housing Trust’s tenants and transitional support for those moving from the accommodation-based service into their own accommodation	£14,494
Caring for Communities and People (CCP)	CCP offer an outreach and prevention service targeting rough sleepers and those at risk of rough sleeping. The office rough sleeper estimate this year was reported as zero. The Government funding ends in July and therefore we would like to continue this service utilising Flexible Homelessness Support Grant.	£16,500
New Starts	Provide Furniture and Volunteering Opportunities for Ex-Offenders – improves future employment opportunities / reduces risk of reoffending – 125 households in the	£12,000

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	last year, 30 of whom had been in homeless	
BDHT	Management of Temporary Accommodation for Homeless Households – helps manage supply and demand pressures within homelessness system	£22,500
Total		£82,564

- 3.11 The Homelessness Reduction Act 2017 has increased workloads for the Housing Options Teams. Therefore it is proposed to transfer this New Burdens grant to BDHT as previously done in 2018/19.

	2019/20	2020/21
Homelessness Reduction Act 2017 New Burdens Funding	£12,676	£18,035

Customer / Equalities and Diversity Implications

- 3.13 The Homelessness Grant, Flexible Homelessness Support Grant and Homelessness Reduction Act 2017 New Burdens Funding will benefit customers by offering household's more options to prevent their homelessness, support them to remain in their own homes or help the Council to manage and support households in Temporary Accommodation.
- 3.14 These schemes and functions play a role in meeting the Council's Strategic Purposes:
- Help me live my life independently
 - Help me find somewhere to live in my locality
 - Help me to be financially independent
- 3.15 The grant will also benefit the larger community as opportunities to prevent homelessness will be maximised.

4. RISK MANAGEMENT

- 4.1 If the recommended schemes are not approved there is a risk that more households who are threatened with homelessness, or who are in housing need, will have limited alternative options. There is also therefore the risk that they may have to make a homeless approach and this could consequently lead to the following negative outcomes:

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- Increased B&B costs
- Increased rough sleeping in the District
- Impacts on physical and mental health, educational achievement, ability to work and similar through increased homelessness

4.2 All recipients of Grant will enter into a grant agreement and have regular monitoring with officers on the delivery of the service

5. APPENDICES and BACKGROUND PAPERS

Homelessness Grant and Flexible Homelessness Support Grant 2018
Cabinet Report 7th February 2018

6. KEY

AUTHOR OF REPORT

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MEDIUM TERM FINANCIAL PLAN 2019/20 - 2022/23

Relevant Portfolio Holder	Councillor Brian Cooper, Portfolio Holder for Finance and Enabling Services
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

1.1 At Cabinet on the 13th February 2019 a recommendation will be made to Full Council on the Medium Term Financial Plan 2019/20 - 2022/23 and the Council tax will be set for 2019/20. This report outlines the issues faced by the council and delegates to officers to investigate ways to achieve a balanced budget for Cabinet to consider.

2. RECOMMENDATIONS

2.1 **Cabinet is asked to RECOMMEND to Council the approval of the pay model as included at Appendix 5ii to be adopted and implemented with effect from 1st April 2019.**

2.2 **Commencement of formal consultation with the Trade Unions with a view to reaching a Collective Agreement to implement the pay model in line with the revised National Pay spines**

2.3 **Cabinet is asked to note the current medium term financial plan gap and to request officers continue to review the position to enable a balanced budget to be presented to Cabinet on the 13th February.**

3. KEY ISSUES

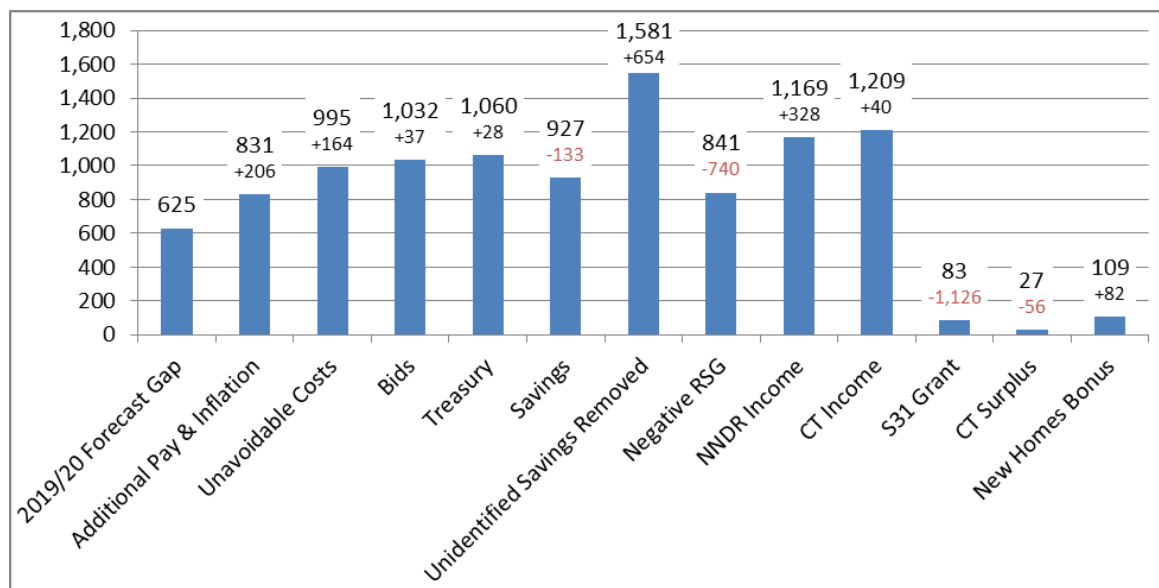
Financial Implications

3.1 The Council's Medium Term Financial Plan (MTFP) provides the framework within which the revenue and capital spending decisions can be made. For 2019/20 a 4 year plan is proposed to 2022/23. The plan addresses how the Council will provide financial funding to the Strategic Purposes and ensure residents receive quality services to meet their needs in the future. The Purposes that drive the financial considerations are :

- Help me find somewhere to live in my locality
- Provide good things for me to see, do and visit
- Help me live my life independently

- Help me run a successful business
- Help me be financially independent
- Keep my place safe and looking good

- 3.2 When reviewing the budget projections officers consider the impact of demand on service and the costs associated with this demand. This may result in additional costs (associated with maintaining current service delivery) or reductions in anticipated income revenue over the next 4 years.
- 3.3 Over the last 12 months the Finance and Budget working group, as established by the Overview and Scrutiny Committee has met on a regular basis to review costs, fees and charges and the capital programme and have made a number of recommendations to Cabinet.
- 3.4 Officers have factored in a number of assumptions into the Medium Term Financial Plan to update it in line with revised calculations and information from officers and Government. Once the final settlement is received the position will be updated.
- 3.5 The table below demonstrates the changes in the financial projections and budget gap for 2019/20 based on the original estimation of a £625k gap as presented in February 2018. Following the table there are explanations of the reasons for the changes resulting in the current gap of £109k for 2019/20. Officers are continuing to assess the position to enable a balanced budget to be presented in February.



Changes shown in the table above

- 3.6 **Additional pay and inflation £206k**

One of the main additional pressures to the budget is the financial impact of implementing the National pay agreement in relation to increasing the spinal points attached to the current pay model. There is a full briefing note attached at Appendix 5i to detail the reasons for the additional costs with the revised model that will be used for consultation with the unions at Appendix 5ii. In addition there are is a cost included for additional utility charges.

3.7 **Unavoidable Costs £164k**

When proposing the budget officers have also identified a number of budget pressures that have been deemed “unavoidable”. Unavoidable includes the ongoing effects of pressures identified during 2018/19 together with any issues that have been raised as fundamental to maintaining service provision as part of the budget process. In addition income shortfalls that cannot be managed by improved marketing or price increases have been addressed during the budget planning. The pressures and income shortfalls of £164k are identified at Appendix 1.

3.8 **Bids £37k**

In addition to the unavoidable pressures revenue bids have been identified and included at Appendix 2. Bids relate to new funding requests made by officers to improve service delivery or to realise future efficiencies. The total bids for 2019/20 of £37k include funding for automation of transactional processing and funding for an apprentice.

3.9 **Treasury £28k**

The slight increase of £28k is a result of the additional borrowing costs associated with the capital programme offset by the savings from making an up front payment to the pension fund.

3.10 **Identified Savings/ additional income -£133k**

Identified savings and additional income of £133k are detailed at Appendix 2. These are proposed to ensure that budget pressures can be met and demonstrate the additional income that the Council is generating. This includes the income of £80k that has been generated from the service agreement to provide Lifeline services to Cannock Council.

3.11 **Unidentified savings £654k**

In previous years an assessment has been made of savings and additional income that could potentially be realised by the Council. It is proposed that there are no longer any savings or income allocations that are not specifically identified and therefore there is a pressure to the budget of £654k to reflect the removal of the unidentified savings.

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3.12 Negative RSG -£740k

Whilst the final settlement has not been received the projections include the removal of the £750k negative grant payment to Government. It is assumed that following consultation in August that this requirement will be removed. Any updates will be made following the final settlement.

3.13 NNDR Income £328k

For 2019/20 the government assessed baseline for business rates is £1.717m, if business rates grow above the baseline, then this council keeps a proportion of that funding. The opposite applies for any losses with the Council having to repay some of it its formula funding. There has been an increase in section 31 grant which compensates for government decisions to reduce rate liability mainly for small businesses. To get an overall position members would review the combined impact of section 31 and NNDR.

3.14 Council Tax £40k

The Council is allowed to increase Council Tax by up to 2.99% without the need for a referendum. The Council will decide the level of the council tax for 2019/20 on 27th February 2019. The current projections include a 2.99% increase and therefore the demand on the collection fund to meet the Council's own needs will be £8.175m. The Council Tax relating to the Councils services will rise from £216.53 to £223.00.

Compared with the base budget assumed for 2019/20 in the medium term financial plan there has been a reduction in Council Tax and reflects fewer new dwellings.

3.15 S31 Grant -£1,126m

Since 1st April 2013 the Government has made decisions that have reduced the amount payable by businesses in relation to business rates. These decisions have included lowering the rate multiplier due to be paid by all businesses and also initiatives to reduce the business rate burden paid by small businesses.

These decisions have resulted in the Council share of the rate income being lower than it would otherwise be. The section 31 grant compensates for this loss of income. The concept is that it calculates what a Council would have been received if the Government had not made the decisions and pays the difference. The reality is that it is often driven by formula and this formula is often challenged by local authorities because it under estimates the lost income.

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Over the years the decisions by the Government have had increasing impact on the lost rate income and therefore the level of Section 31 grant has grown.

3.16 CT Surplus -£56k

This is the estimated surplus based on the latest 2018/19 collection fund information.

3.17 New Homes Bonus (NHB) £82k

3.17.1 The amount of NHB for 2019/20 has been confirmed as £1.589m which is £54k less than anticipated in the MTFP. This is due to the Band D equivalent properties being less than anticipated due to redevelopments not being delivered in the District. The 2019/20 income would be generated from 363 band D properties. However the 0.4% levy on growth equates to 171 properties which results in an annual reduction of £227k in New Homes Bonus received.

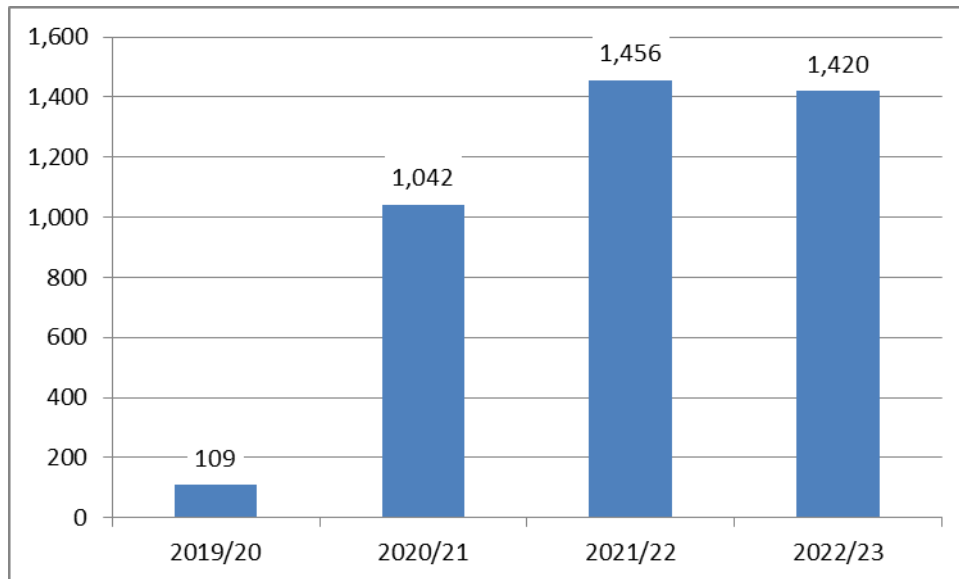
3.17.2 An assumption has been made that the Community Bid scheme will continue at a level of 25% per annum based on the additional New Homes Bonus payable for the year. For 2019/20 this equates to £74k.

3.18 **Future Years**

3.18.1 Assumptions have been made in the financial plan for the following years including :

- The final year of the New Homes Bonus Scheme in 2019/20. Therefore an estimate of £295k is included in 2019/20 to continue for 4 years. There is no further funding included in the MTFP for “new” monies from 2020/21 which will result in a considerable funding gap for the Council. In addition members will need to consider the impact on the community group funding from 2020/21. The level of 2019/20 funding of £74k has been retained in the financial plan for future considerations.
- Additional costs of borrowing for the capital programme
- Financial impact of the revised pay model

This results in a medium term financial gap to 2022/23 as follows:



Officers are working with colleagues to ensure the impact of the fair funding review and other changes to Government financial distribution are included and updated for the final report.

3.19 General Fund

3.19.1 The level of the general fund balance is currently £4.7m. The minimum level of balances recommended is £750k however Members have agreed that a more reasonable level is £1.1m.

3.20 Collection Fund

3.20.1 The anticipated collection fund surplus is £407k, which will be distributed amongst the major preceptors using the prescribed formulae. This Councils share of the surplus payable as a one off sum is £56k.

3.21 Precepts

3.21.1 The precepts from Worcestershire County Council, the Hereford and Worcester Fire and Rescue Service and the West Mercia Police and Crime Commissioner are due to set their precepts in the week commencing 11th February. This will enable to Council to set the Council Tax on 27th February 2019, which is in advance of the 28th February deadline on precepts being received.

3.22 Capital Programme

3.21.1 The Capital Programme has been considered to propose any new bids required to deliver services to the community. These are included at

Appendix 4 with the proposed complete Capital Programme at Appendix 6. The borrowing costs have been factored into the revenue budget for the financial plan. There are detailed business cases available for all capital projects should members wish to consider them further.

4 Legal Implications

- 4.1 As part of the budget and the Council Tax approval process, the Council is required by the Local Government Finance Act 1992 to make specific calculations and decisions in approving a balanced budget for the following financial year and setting the Council Tax Level. These will be included in the report to Cabinet and Council in February.

5 Service / Operational Implications

- 5.1 The MTFP will enable services to be maintained and, where achievable, improvements to the community.

6 Customer / Equalities and Diversity Implications

- 6.1 The impact on the customer has been reduced due to the savings being realised by reduction of waste in the services and ensuring that all service that create value to the customer are resourced.

7 RISK MANAGEMENT

- 7.1 To mitigate the risks associated with the financial pressures facing the Authority regular monitoring reports are presented to both officers and Members to enable proactive action being undertaken to address any areas of concern. Risks include:
- Reductions in government funding leading to a reduction in the level of services delivered to the public
 - Reductions in business rates income as a result of appeals or reduction in the rateable value leading to a lower level of income for the Council.
 - Identification of sufficient and ongoing revenue savings to deliver a balanced budget.
 - Allocation of sufficient resources to meet the needs of service delivery and the Councils priorities.
 - Maintain adequate revenue and capital balances as identified in the MTFP to ensure financial stability.

The regular financial monitoring by Officers and Cabinet will provide a framework to mitigate the above risks.

8. APPENDICES

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Appendix 1 - Unavoidable Pressures
Appendix 2 - Revenue Bids
Appendix 3 - Identified savings
Appendix 4 - Capital bids
Appendix 5i – Briefing note pay model
Appendix 5ii – Revised pay model
Appendix 6 – Complete proposed Capital Programme

AUTHOR OF REPORT

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UNAVOIDABLE PRESSURES - BDC

Appendix 1

Department	Description of Pressure	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Comments
Business Transformation	Occupational Health Budget	15	15	15	15	To increase the level of occupational health support to previous budget level to ensure staff are supported in their health and well being
Corporate	Treasury & Bank charges	20	20	20	20	Due to more on-line / bacs payments the bank charges have increased significantly
Electoral Shared Service	Local Elections for BDC	129	0	0	0	The budget is to fund the District election cost for May 2019.
TOTAL		164	35	35	35	

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NEW REVENUE BIDS - BDC

Department	Description of revenue bid	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Comments
Business Transformation	Legal advice specific to employment Law	10	10	10	10	To ensure the Council can draw on specific employment law advice for complex cases when required
Business Transformation	Automation Resource	15	15	15	15	To support the automation of processing and system functionality to enhance efficiency
Parks and Green Space	Water bottle filling station	4	4	0	0	To provide water bottle filling units in Sanders Park and St Chads Park. These two trial sites will provide a facility that will help reduce the single use plastics and maintenance within these parks and provide access to water that is free of charge for users of the park. These units will be monitored as part of existing maintenance programme for existing buildings.
Parks and Green Space	1 x post for Modern Apprenticeships within the parks and green space team to provide additional support in maintaining the parks and gardens across Bromsgrove including Sanders Park and Lickey End Park as well as football pitches and play areas across the District	8	8	0	0	Apprenticeships for Leisure's Parks and Green Space team were approved by management within the restructure in September 2017. However, budget is required as a revenue bid to support this important apprenticeship post. The additional support will help provide a quality green space and inspection team for Sanders Park and Lickey End Park as well as the play areas and sports pitches across the district.
TOTAL		37	37	25	25	

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SAVINGS & ADDITIONAL INCOME - BDC

Appendix 3

Department	Description of saving	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Comments
Lifeline	Additional Income from new contract with Cannock Chase Council	-60	-60	-60	-60	new SLA with Cannock
Lifeline	Additional Income from new contract with Cannock Chase Council - SLA with Cannock	-20	-20	-20	-20	new SLA with Cannock
Corporate	New Print Contract	-29	-29	-29	-29	Savings realised on procurement of new print contract
Corporate	Car Mileage	-2	-2	-2	-2	Reduction in Car Mileage
Corporate	Community Group Funding	-5	-4	-4	-4	Budget has decreased due to New homes bonus.
Environmental Services	Review of budget allocations	-15	-15	-15	-15	Reductions in various materials, equipment & vehicle R&M budgets.
Land Charges	Review of budget allocations	-2	-2	-2	-2	Budget no longer required
TOTAL		-133	-132	-132	-132	

CAPITAL BIDS - BDC

Appendix 4

Department	Description	Funding Source i.e. Grant, Borrowing, Reserve, S106	CAPITAL IMPLICATIONS				Commentary (link to priorities etc)
			2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	
CCTV	Replacement of CCTV cameras	capital receipts/Borrowing	40	40	40	0	This bid is line with a recommendation by Cabinet on 31 October to have a 3 year rolling programme to replace the CCTV cameras
Environmental services	Fleet replacement	capital receipts/Borrowing	0	0	0	1,113	
Parks and Green Spaces	Re-landscaping of Recreation Ground	S106 - 14/082 Recreation Road, Bromsgrove (McArthy and Stone)	170	0	0	0	Proposal for S106 funding that is specifically allocated for re-landscape and enancement of the recreation ground, Bromsgrove Leisure officers to consult with stakeholders and partners to agree final design and landscape proposals.
TOTAL			210	40	40	1,113	

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National Pay Award – Joint Pay Model

Briefing Paper

A two year pay award was agreed Nationally to cover 2018/19 and 2019/20. As part of this agreement there was the introduction of a new pay spine that will take effect from April 2019.

In order to close the significant gap with the National Living Wage, scp's 6-17 inclusive have been paired off to create new spinal column points (scp's) 1-6, e.g. scp 6 & 7 are paired to produce the new scp 1; scp's 8 & 9 are paired to produce scp 2.

With effect from April 2019 scp 1 will be paid at £9.00 per hour. These changes would ensure that the bottom end of the pay spine is still relevant in the foreseeable future.

Therefore the new national pay spine has introduced 5 new spinal column points scp's. The purpose of this is to achieve a 2% increase in salary between scp's up to the new scp 22. If the new scp's were added in without changing the grade boundaries some grades would have 9 or 10 scp points contained within them and would therefore be open to challenge, particularly in respect of Age equality.

The pay spine itself is determined at national level and the pay model (grading) is determined at local level. The Council's pay model was last revised as part of the implementation of the Job Evaluation scheme in 2009.

227 employees will see an immediate pay increase
217 employees will see additional headroom progression
18 employees will see a smaller than expected increase*
0 will be negatively affected

* Whilst no employees will be negatively affected, some employee will not see the financial gain they had expected in April 2019, it may take a longer period to reach the top of the grade, due to the additional spinal column points that have been added to some grades.

Based on current costings the revised model will cost:

2019/20 £14,430
2020/21 £25,687
2021/22 £85,500
2022/23 £39,419

Or £165,036 over 4 years

There will be formal consultation with the Trade Unions with a view to reaching a Collective Agreement to implement a joint pay model across both Councils in line with the revised National Pay. In addition due to the pay models at BDC and RBC being slightly different, this revised model will mitigate any future equal pay challenges from joint employees.

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REVISED PAY STRUCTURE

APPENDIX 5

PROPOSED JOINT PAYSCALE			
OLD SCP	NEW SCP	GRADE	
49	43		
48	42		GR 11
47	41		SCP 40-43
46	40		
45	39	GR 10	
44	38	SCP 37-40	
43	37		
42	36		GR 9
41	35		SCP 34-37
40	34		
39	33	GR 8	
38	32	SCP 30-34	
37	31		
36	30		
35	29		
34	28		GR 7
33	27		SCP 25-30
32	26		
31	25		
30	24		
29	23		
28	22	GR 6	
	21	SCP 19-24	
27	20		
26	19		
	18		
25	17		GR 5
	16		SCP 14-19
24	15		
23	14		
	13		
22	12	GR 4	
21	11	SCP 9-14	
	10		
20	9		
19	8		
18	7		GR 3
17			SCP 5-9
16	6		
15			
14	5		
13			
12	4	GR 2	
11		SCP 2-5	
10	3		
9			
8	2		GR 1
7			SCP 1-2
6	1		

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BDC Current Capital Programme 2019/20 - 2022/23 - Includes Bids

Appendix 6

Description	Department	2019/20 Total	2020/21 Total	2021/22 Total	2022/23 Total
		£'000	£'000	£'000	£'000
SAN Storage Capacity	Business Transformation	10	0	0	0
Funding for DFGs	Community Services	750	750	750	0
Energy Efficiency Installation	Community Services	110	0	0	0
Home Repairs Assistance	Community Services	50	50	50	0
CCTV	Community Services	40	40	40	0
Fleet Replacement	Environmental Services	1,071	866	436	1,208
Wheelie Bin Purchase	Environmental Services	126	94	94	94
Depot Site resurfacing phase 2	Environmental Services	100	0	0	
Re-landscaping of Recreation Ground	Leisure & Cultural Services	170	0	0	
TOTAL PROPOSED CAPITAL PROGRAMME		2,427	1,800	1,370	1,322

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FEES AND CHARGES

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering , Director of Finance and Resources
Wards Affected	All
Ward Councillor Consulted	No
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To set out the fees and charges to be levied on services provided by the Council as used as the basis for income targets in the Medium Term Financial Plan 2019/20 – 2022/23.

2. RECOMMENDATIONS

- 2.1 It is recommended that Cabinet consider the fees and charges as included at Appendix 1 and;
- 2.1.1 **recommend to Council** the approval of all fees and charges that are included in Appendix 1

3. KEY ISSUES

Financial Implications

- 3.1 The Medium Term Financial Plan has been prepared on the basis that additional income will be generated from fees and charges. A new process was followed for the review of income to be realised from 1st April 2019/20. This included an assessment of each fee to identify how it met the Councils strategic purposes and the level of increase that was proposed. Therefore the levels of increase have been based on a robust estimate of the impact of cost increases and demand within the services. RPI at 3% has been used where a general inflationary increase is proposed.
- 3.2 Fees were to be considered using the following criteria:
- Service to be subsidised by the Council
 - Service to break even
 - Service to make a surplus to offset other overhead costs
- 3.3 Appendix 1 details all of the fees and charges for each area with a commentary against each block.

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Legal Implications

- 3.4 A number of statutes governing the provision of services covered by this report contain express powers or duties to charge for services. Where an express power to charge does not exist the Council has the power under Section 111 of the Local Government Act 1972 to charge where the activity is incidental or conducive to or calculated to facilitate the Council's statutory function.

Service / Operational Implications

- 3.5 Monitoring will be undertaken to ensure that income targets are achieved.

Customer / Equalities and Diversity Implications

- 3.6 The implementation of the revised fees and charges will be notified in advance to the customer to ensure that all users are aware of the new charges and any concessions available to them.

4. RISK MANAGEMENT

- 4.1 There is a risk that if fees and charges are not increased that income targets will not be achieved and the cost of services will increase.

5. APPENDICES

Appendix 1 – Fees and Charges

Appendix 1i – Fees and Charges – commercially sensitive

6. BACKGROUND PAPERS

None.

7. KEY

None

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BROMSGROVE DISTRICT COUNCIL

Business Transformation

Roundings are generally rounded to the nearest 10p.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>New & Existing Properties</u>				
Naming a new street	269.00	4.83%	13.00	282.00
Naming and numbering new premises.	133.00	5.26%	7.00	140.00
Additional Adjoining premises to the above	26.00	3.85%	1.00	27.00
Confirmation of address to solicitors/conveyancers/occupiers or owners	26.00	3.85%	1.00	27.00
Additional charge where this includes naming of a building (e.g. block of flats)	67.00	4.48%	3.00	70.00

Comments

The price increase for this financial year reflects the need to help balance a reduced number of planning applications against the costs to administer the process. In addition, this brings the charges in line with our closest neighbouring authority.

BROMSGROVE DISTRICT COUNCIL**Customer Access and Financial Support**

Roundings are generally rounded to the nearest 10p.

SERVICE CATEGORY	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
LOCAL TAX COLLECTION				
- Council Tax Court Costs (includes Magistrates Court fee of 50p)	67.60	-3.70%	-2.50	65.10
- NNDR Court Costs (includes Magistrates Court fee of 50p)	96.30	-2.60%	-2.50	93.80
- Magistrates' court fee (added to both council tax and NNDR Summons)	3.00	-83.33%	-2.50	0.50
Customer Services				
Interview Rooms (based at Service Centre Max 6 persons in room)				
- Per full day (9am - 5pm)	43.70	0.00%	0.00	43.70
- Per half day 9am-1pm/1pm-5pm)	27.30	0.00%	0.00	27.30
- Per hour (1full hour only)	9.30	0.00%	0.00	9.30

Comments

The Magistrates Courts have advised the levy charge of £3 included in court costs is to be reduced to 50p.

There is no increase proposed in the interview rooms due to an assessment made of usage and customer demand and this charge remains at an appropriate level.

BROMSGROVE DISTRICT COUNCIL

Community Services

Roundings are generally rounded to the nearest 10p.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>STRATEGIC HOUSING</u>				
Homeless persons' hostels				
- Single room	9.60	3.00%	0.30	9.90
- Heating	0.60	3.00%	0.00	0.60
- Two single rooms	14.70	3.00%	0.40	15.10
- Heating	1.40	3.00%	0.00	1.40
- Double room	14.70	3.00%	0.40	15.10
- Heating	1.40	3.00%	0.00	1.40
- More than one double room	20.20	3.00%	0.60	20.80
- Heating	2.30	3.00%	0.10	2.40
Bed and breakfast				
- Single room	15.60	3.00%	0.50	16.10
- Two single rooms	31.50	3.00%	0.90	32.40
- Double room	15.60	3.00%	0.50	16.10
- More than one double room	20.30	3.00%	0.60	20.90
- Breakfast				
- adult	2.40	3.00%	0.10	2.50
- child	2.00	3.00%	0.10	2.10
- Storage of effects (per night)	2.50	3.00%	0.10	2.60
- RTB Plan Preparation for BDHT	116.20	3.00%	3.50	119.70

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Private Sector Housing Housing Fitness Inspections Registration of housing in multiple occupation: per occupant Service and Administration of Improvement Prohibition, Hazard Awareness or Emergency Measures Notices * under Housing Act 2004, per hour Enforcement of Statutory Notices, Supervision of Work in Default etc. - Valuation Fee (relating to properties of 30% ownership) - Late Consents to transfer (shared ownership and low cost properties) *Based on salary of employee	119.00 100.00 30.00 Actual + 10% Admin fee 200.00 250.00	3.36% 4.00% 6.67% 12.50% 0.00%	4.00 4.00 2.00 25.00 0.00	123.00 104.00 32.00 225.00 250.00
Comments Based on statutory fees or cost recovery with an inflationary increase In respect of the Valuation fee we have been informed that from September19 the charge made by the external valuer will increase to £225.				

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>LIFELINE</u>				
- Installation Fee	50.00	2.00%	1.00	51.00
- Lifeline (per week)	4.00	2.50%	0.10	4.10
	Cost of product + 17% admin fee			Cost of product + 17% admin fee
- Replacement Pendant				Manufacturers cost + 17% admin fee
- Key Safe	5.80	1.72%	0.10	5.90
- GSM Alarm Hire	6.80	1.47%	0.10	6.90
- GPS Tracker Hire				
<u>HIRE PRODUCTS</u>				
Hire of smoke alarm per week	1.30	3.85%	0.05	1.35
CO2 Detector per week	1.30	3.85%	0.05	1.35
Burglar Caller Panic Button	1.30	3.85%	0.05	1.35
Flood Detector	1.30	3.85%	0.05	1.35
Falls Detector	1.30	3.85%	0.05	1.35
Additional pendant	1.30	3.85%	0.05	1.35
Temperature extreme sensor	1.30	3.85%	0.05	1.35
<u>Comments</u>				
<p>The fees are based on full cost recovery and the Proposal to raise charges by between 2 - 4 % based on salary and inflationary increases and to enable rounding to the nearest 5p.</p> <p>In respect of hire charges consideration is given to market forces as well as cost recovery for the initial purchase and ongoing maintenance of the product.</p>				

BROMSGROVE DISTRICT COUNCIL

Environmental Services

Roundings are generally rounded to the nearest 10p.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Parking Fines PCN's On Street				
Certain Contraventions	70.00	0.00%	0.00	70.00
If paid within fourteen days	35.00	0.00%	0.00	35.00
Other contraventions	50.00	0.00%	0.00	50.00
If paid within fourteen days	25.00	0.00%	0.00	25.00
<i>These charges will increase if the charge remains unpaid after the 28 days given on the NTO (Notice to Owner)</i>				
Parking Fines PCN's Off Street				
Other contraventions	35.00	0.00%	0.00	35.00
If paid within fourteen days	50.00	0.00%	0.00	50.00
If paid within fourteen days	25.00	0.00%	0.00	25.00
<i>These charges will increase if the charge remains unpaid after the 28 days given on the NTO (Notice to Owner)</i>				

Comments

All pay and display and pay on-foot car parking charges remain are unchanged for 19/20.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
CEMETERY				
Interments in a grave				
- children aged under 1 year	FREE		FREE	FREE
- children aged under 1 year (non resident)	109.00	2.29%	2.50	111.50
- children aged 1 year - 17 years	FREE		FREE	FREE
- children aged 1 year - 17 years (non resident)	158.50	2.21%	3.50	162.00
- persons aged 18 and over	607.00	2.14%	13.00	620.00
Interment in a bricked grave				
Interment of cremated remains				
Interment of Cremated Remains (under 17 years non residents only)	201.50	2.23%	4.50	206.00
	74.00	2.70%	2.00	76.00
Scattering cremated remains in grave				
	84.50	2.37%	2.00	86.50
Exclusive rights of burial (75-year grants)				
- adult grave space	1,528.00	2.23%	34.00	1,562.00
- child grave space	279.00	2.15%	6.00	285.00
- cremated remains plot	584.50	2.14%	12.50	597.00
Renewal of expired deed (single fee charged in all cases)				
- Burial	436.00	2.18%	9.50	445.50
- Cremated remains	170.00	2.35%	4.00	174.00
- Ashes grave purchased in reserve	699.00	2.15%	15.00	714.00
- Full grave purchased in reserve	1,878.00	2.18%	41.00	1,919.00
- Disinterment of Remains - Cremated Remains	531.00	2.26%	12.00	543.00
- Wooden cremated remains casket	93.00	2.15%	2.00	95.00
Comments				
Interment charges to be changed as follows children aged 1 - 16years to now read 1 - 17 years.				
Persons aged 17 and over to now read persons aged 18 and over				
Increase based on assessment for cost in 2019/20.				

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Memorials				
- Memorial application administration fee	99.00	2.02%	2.00	101.00
Bench with 10 year lease & top rail engraving (max 40 letters) - £800.00	823.00	2.19%	18.00	841.00
Bench with 10 year lease & standard silver plaque (max 60 letters) - £760.00	782.00	2.17%	17.00	799.00
Bench replacement plaque - £110.00	113.00	2.21%	2.50	115.50
-Assignment / Transfer of Exclusive Right of Burial	99.00	2.02%	2.00	101.00
Exhumation Ground works	202.00	1.98%	4.00	206.00
New Container	93.00	2.15%	2.00	95.00
Officer time	206.00	2.18%	4.50	210.50
Cremator usage	31.00	1.61%	0.50	31.50
Certified copy of entry	22.00	2.27%	0.50	22.50
Bird bath memorial				
5 Year Lease				
- size 1 (small)	200.50	2.24%	4.50	205.00
- size 2	223.00	2.24%	5.00	228.00
- size 3	245.00	2.45%	6.00	251.00
- size 4	267.50	2.06%	5.50	273.00
- size 5 (large)	289.50	2.25%	6.50	296.00
10 Year Lease				
- size 1 (small)	312.00	2.24%	7.00	319.00
- size 2	334.00	2.40%	8.00	342.00
- size 3	356.50	2.10%	7.50	364.00
- size 4	378.50	2.25%	8.50	387.00
- size 5 (large)	401.00	2.24%	9.00	410.00
20 Year Lease				
- size 1 (small)	423.50	2.24%	9.50	433.00
- size 2	445.50	2.13%	9.50	455.00
- size 3	468.00	2.14%	10.00	478.00
- size 4	490.00	2.24%	11.00	501.00
- size 5 (large)	512.50	2.24%	11.50	524.00
Motif	111.50	2.24%	2.50	114.00

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Memorial Vaults				
Double unit - 20 year lease in first interment and casket	1,250.00	2.16%	27.00	1,277.00
2nd interment of remains including casket	172.00	2.33%	4.00	176.00
Inscribed tablet of upto 80 letters	140.00	2.14%	3.00	143.00
Additional letters (per letter)	4.00	2.50%	0.10	4.10
Standard Motif	100.00	2.00%	2.00	102.00
Photo of 1 person	120.00	2.50%	3.00	123.00
Photo of 2 people	190.00	2.11%	4.00	194.00
Photo of 3 people	245.00	2.04%	5.00	250.00
Other items are available but quoted individually	QUOTED INDIVIDUALLY			QUOTED INDIVIDUALLY
Memorial Posts				
Memorial plaque - 3 year lease	240.00	2.08%	5.00	245.00
Motif	45.00	2.22%	1.00	46.00
Replacement Plaque	120.00	2.50%	3.00	123.00
Private Memorial Garden				
Including memorial - 20 year lease	1,600.00	2.19%	35.00	1,635.00
Barbican Memorial				
Inscribed tablet including 3 year lease	250.00	2.00%	5.00	255.00
Standard Motif	100.00	2.00%	2.00	102.00
Photo of 1 person	120.00	2.50%	3.00	123.00
Photo of 2 people	190.00	2.11%	4.00	194.00
Photo of 3 people	245.00	2.04%	5.00	250.00
Other items are available but quoted individually	QUOTED INDIVIDUALLY			

Comments

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>REFUSE COLLECTION</u>				
<u>Bulky Household Waste</u>				
Proposed Charges				
The Bulky Service operates based on a standard unit price based on size and weight,				
Bulky collection - single unit*	8.50	0.00%	0.00	8.50
*Depending on size items maybe charged for as a multiple of units				
Items that are classed by WCC as non domestic waste	Quotation			Quotation
Items not on the boundary of the property	Quotation		Quotation	Quotation
Litter and Dog Bins (Yearly Charge)				
High Usage Site First Bin	910.00	-6.59%	-60.00	850.00
High Usage Site Additional Bins (each)	386.75	-9.50%	-36.75	350.00
Medium Usage Site First Bin	455.00	-6.59%	-30.00	425.00
Medium Usage Site Additional Bins (each)	193.37	-9.50%	-18.37	175.00
Low Usage Site First Bin	227.50	-7.69%	-17.50	210.00
Low Usage Site Additional Bins (each)	96.69	-6.92%	-6.69	90.00
Investigation of Abandoned Vehicles on Private Land				
Per Vehicle	60.00	0.00%	0.00	60.00
Mechanically Sweep Private Road / Car Park - Mini Sweeper per Hour	30.00	0.00%	0.00	30.00
Mechanically Sweep Private Road / Car Park - HGV Sweeper per Hour	50.00	0.00%	0.00	50.00
Garden Waste Collection Service				
Re-issue of service	45.00	0.00%	0.00	45.00
	40.00	0.00%	0.00	40.00
<u>Comments</u>				
The reduction to Litter and Dog bins yearly charge is to support developing closer working relationships with parishes, charities, etc. to help make the service more sustainable.				

BROMSGROVE DISTRICT COUNCIL

Legal and Democratic

Roundings are generally rounded to the nearest 10p.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>ELECTORAL REGISTRATION</u>				
<u>Register Sales*</u>				
In data form				
- basic fee	20.00	0.00%	0.00	20.00
- for each 1,000 names or part thereof	1.50	0.00%	0.00	1.50
In printed form				
- basic fee	10.00	0.00%	0.00	10.00
- for each 1,000 names or part thereof	5.00	0.00%	0.00	5.00
<u>Marked Election Register Sales*</u>				
In data form				
- basic fee	1.00	0.00%	0.00	1.00
In printed form				
- basic fee	10.00	0.00%	0.00	10.00
- for each 1,000 names or part thereof	2.00	0.00%	0.00	2.00
Copy of return of Election expenses plus 20p per sheet, per side.	5.00	0.00%	0.00	5.00
<u>Miscellaneous Charges</u>				
* Address labels printed	13.50	0.00%	0.00	13.50
* - for each 1,000 properties or part thereof	6.80	0.00%	0.00	6.80
- street list	13.50	0.00%	0.00	13.50
* - Data Property Addresses	24.50	0.00%	0.00	24.50
* - For each 1,000 properties or part thereof	1.90	0.00%	0.00	1.90
- Confirmation letter of registration	18.30	0.00%	0.00	18.30
* Plus Postage & Packaging at cost.				

****This charge is determined by the Representation of the People Regulations 2001***

Comments

No change to Register Sales and Marked Election Register Sales as set by statute

No change to Miscellaneous Charges apart from Confirmation letter of registration. Under the new GDPR regulations we can no longer charge for this.

LEGAL

- Legal work (per hour)	136.40	3.00%	4.10	140.50
- Legal Consent - Admin Fee		0.00%	25.00	25.00
- RTB	190.60	3.00%	5.70	196.30
- Consent for proposed works	149.80	3.00%	4.50	154.30
- Retrospective Consent	157.60	3.00%	4.70	162.30
Garden License	103.90	130.00%	135.10	239.00
Wayleave Agreement	155.90	130.00%	202.70	358.60
Deed of Grant or Easement	364.90	3.00%	10.90	375.80
License to Assign	364.90	3.00%	10.90	375.80
Rent Deposit Deed	364.90	3.00%	10.90	375.80
Authorised Guarantee Agreement	364.90	3.00%	10.90	375.80
License for Alterations	364.90	3.00%	10.90	375.80
License to Sublet	364.90	3.00%	10.90	375.80
Deed of Variation	364.90	3.00%	10.90	375.80
Grant of Lease	493.50	3.00%	14.80	508.30
Extended Lease	493.50	3.00%	14.80	508.30
Deed of Surrender	364.90	3.00%	10.90	375.80
Tenancy at Will	364.90	3.00%	10.90	375.80
Renewal of Lease	364.90	3.00%	10.90	375.80

Section 106:

- Private Owner	509.80	3.00%	15.30	525.10
- Each additional unit added (up to a maximum of £1,500) *	63.80	3.00%	1.90	65.70
- Affordable housing schemes	957.00	3.00%	28.70	985.70
- Deed of Variation	363.70	3.00%	10.90	374.60
- Fee for agreeing a unilateral undertaking	363.70	3.00%	10.90	374.60

** Please note that for complex 106 agreements charges may be calculated based at the current hourly rate for legal work to reflect the time taken to complete the negotiations and drafting. Fees calculated under this provision may exceed £1,500*

Comments

Legal Consent - Admin Fee - New charge to cover legal officer/solicitors rates, admin assistances, copying and postage and overheads for simple, non-procontracted consents and certificates for property matters to benefit a member of the public.

Garden License - Previous Fee related to solely to application fee. The increase reflects the charge to include all legal costs. It is anticipated that it will take 1 to 2 hours (see hourly rate below) to review previous deeds, draft and complete the license, inform internal departments and engage in correspondance. This fee is also in line with other license fees previously approved.

Wayleave Agreement - as with Garden License this increase reflects all Legal costs.

Deed of Grant or Easement - This reflects 3 to 5 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

License to Assign - This reflects 3 to 4 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Rent Deposit Deed - This reflects 1 to 2 hours work in drafting and agreeing the deed.

Authorised Guarantee Agreement - This reflects 1 to 2 hours work in drafting and agreeing the deed.

License to Alterations - This reflects 3 to 4 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

License to Sublet - This reflects 3 to 4 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Deed of Variation - This reflects 3 to 5 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Grant of Lease - This reflects 5 to 8 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Extended Lease - This reflects 5 to 8 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Deed of Surrender - This reflects 3 to 5 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Tenancy at Will - This reflects 3 to 5 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Renewal of Lease - This reflects 3 to 5 hours working in liasing with internal departments, checking title, drafting and negotiating and completing.

Where specific changes have not been proposed we consider it is appropriate to reflect a general increase for charging in 2019/20.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Other Fees				
- Fees for sale of property under Low Cost Housing Scheme	250.80	3.00%	7.50	258.30
- Fees for purchase of additional 30% Share	163.60	3.00%	4.90	168.50
- Fees for preparation of Deed of postponement	106.80	3.00%	3.20	110.00
- Administration fee for the grant of licences for more than 12 months	60.00	3.00%	1.80	61.80
- Issuing of consents (transfer of mortgage)	70.90	3.00%	2.10	73.00
Minor land sales up to £10,000	488.30	1.06%	5.20	493.50
Major Land sales £10,000+ 0.5% of purchase price with a minimum charge of £500	Fixed Fee	Fixed Fee	Fixed Fee	Fixed Fee
Major Land sales £50,000+ 0.5% of purchase price with a minimum charge of £750	Fixed Fee	Fixed Fee	Fixed Fee	Fixed Fee
Deed of Release of Covenant		100.00%	375.80	375.80
- Footpath Diversion Orders	2,050.30	2.20%	45.10	2,095.40
Comments				
Minor Land Sales - Increase slight adjustment to reflect property solicitors' rates across shared service.				
Deed of Release of Covenant reflects 3-4 hours' work check title, drafting, negotiating and completing				
Page				
LAND SEARCHES				
Single Con29 Question				
Official Certificate of Search (LLC1) only	27.60	3.00%	0.80	28.40
CON29R Enquiries of Local Authority (2007)				
- Residential	101.50	4.70%	4.80	106.30
- Commercial	144.70	4.35%	6.30	151.00
Standard Search Fee: LLC1 and CON 29R combined				
- Residential	128.80	4.60%	5.90	134.70
- Commercial	172.30	4.20%	7.20	179.50
CON 29O Optional enquiries of Local Authority (2007)				
(Questions 5,6,8,9,11,15) per question	12.80	2.70%	0.30	13.10
(Questions 7,10,12,13,14,16-21) per question	6.40	3.00%	0.20	6.60
(Question 22)	25.40	5.00%	1.30	26.70
Extra written enquiries (Refer to Worcestershire County Council for Highways enquiries)	49.80	3.00%	1.50	51.30
Question 4	13.80	6.50%	0.90	14.70
Each additional parcel of land (LLC1 and CON29R)	23.30	3.00%	0.70	24.00
Refresher Search	40.20	3.00%	1.20	41.40
Expedited (within 48 hrs)	31.80	3.00%	1.00	32.80

Comments

Con29 - higher percentage increases are required to incorporate the uplift imposed by the County Council on their element of the charges
Q4 & Q22 - as Con29

BROMSGROVE DISTRICT COUNCIL

Leisure Services

Roundings are generally rounded to the nearest 10p.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>SPORTS DEVELOPMENT</u>				
Community exercise class	3.30	0.00%	0.00	3.30
Specialised health class	3.30	0.00%	0.00	3.30
Primary Sports Project (Standard Curriculum)	25.00	0.00%	0.00	25.00
Primary Sports Project (Specialist Curriculum)	27.00	0.00%	0.00	27.00
After school session	2.15	30.23%	0.65	2.80
Activity Specific Coaching (Adults)				
Inclusive activities (hourly rate)	3.00	0.00%	0.00	3.00
Inclusive activities (90 minute rate)	3.50	0.00%	0.00	3.50
Inclusive activities (2 hour rate)	4.00	0.00%	0.00	4.00
Parks Activities - delete charge	1.00	-100.00%	-1.00	0.00
Junior Sport Specific Holiday club / sport session	50.00	0.00%	0.00	50.00
Multi Skills clubs	3.50	0.00%	0.00	3.50
Activity referral	17.00	0.00%	0.00	17.00
Community Gymnastics	3.50	0.00%	0.00	3.50
Couch 2 5k	1.00	0.00%	0.00	1.00
PSI Falls Prevention	3.00	0.00%	0.00	3.00

Comments

After School session, price increased (rounded to nearest whole), to move the charge in line with increased coach fees incurred to deliver the sessions.
 Parks Activities to remove charge
 Multi-skills/Gymnastics/PSP Standard/specialist charge to remain unchanged

No changes made to Community Exercise, Activity Referral, C25K and PSI falls prevention as cost is considered to reflect the current market and/or are set as the service is commissioned.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
SANDERS PARK				
Tennis Courts (per court per Hour)				
- Adult	7.55	0.00%	0.00	7.55
- Adult & Junior	6.60	0.00%	0.00	6.60
- Junior/Senior Citizen	5.05	0.00%	0.00	5.05
Tennis Courts (per court per 1 and 1/2 Hour)				
- Adult	11.00	0.00%	0.00	11.00
- Adult & Junior	9.50	0.00%	0.00	9.50
- Junior/Senior Citizen	8.50	0.00%	0.00	8.50
Bowls				
- Adult (per hour)	7.85	0.00%	0.00	7.85
- Junior (per hour)	4.25	0.00%	0.00	4.25
- Senior Citizen (per hour)	5.40	0.00%	0.00	5.40
- Adult (season ticket)	52.50	0.00%	0.00	52.50
- Junior (season ticket)	28.42	0.00%	0.00	28.42
- Senior Citizen (season ticket)	38.25	0.00%	0.00	38.25
Bromsgrove Town Bowling Club				
- for season (exclusive use on present basis)	3,188.70	0.00%	0.00	3,188.70
- additional use, other days (per rink)	28.85	0.00%	0.00	28.85

Comments

Tennis income and usage was down on previous year, therefore proposed fees remain as 18/19 in 19/20 to encourage increase usage to drive income generation. Bromsgrove Town Bowls Club ceased in 2018 due to a lack of members. Officers are now reviewing our option to return competitive bowl to the rink, it is therefore proposed to hold the fees in 2019/20 whilst the new approach is rolled out.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>OTHER RECREATION GROUNDS AND OPEN SPACES</u>				
Football Pitch (without changing facilities)				
- adult (per game)	33.10	2.50%	0.85	33.95
- junior (per game)	20.20	2.50%	0.50	20.70
Changing Facilities				
- adult	45.20	2.50%	1.15	46.35
- junior	23.20	2.50%	0.60	23.80
Boleyn Road, Frankley				
- fairs (per day)	473.80	0.00%	0.00	473.80
- deposit	2,166.70	0.00%	0.00	2,166.70
Market Street Recreation Ground				
- fairs (per day)	477.35	0.00%	0.00	477.35
- deposit	2,187.75	0.00%	0.00	2,187.75
<p data-bbox="100 734 134 798" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 59</p> <p data-bbox="174 734 1131 794">One free day is allowed for each of the above bookings by fairs/circuses. Other hiring's – charge to be decided at the time of application.</p>				
<u>Comments</u>				
<u>ALLOTMENTS</u>				
<i>(Charge is for October 2014 - September 2015)</i>				
- Rent per acre equivalent to 0.404685 hectares	1,144.50	2.50%	28.60	1,173.10
- Rent per 3/4 acre equivalent to 0.303514 hectares	768.55	2.50%	19.25	787.80
- Rent per 1/2 acre equivalent to 0.202342 hectares	456.12	2.50%	11.38	467.50
- Rent per 1/4 acre equivalent to 0.101171 hectares	209.58	2.50%	5.22	214.80
- Rent per 1/16 acre equivalent to 0.25529 hectares	48.20	2.50%	1.20	49.40
- Rent per 1/32 acre equivalent to 0.01264 hectares	33.76	2.50%	0.84	34.60
<u>Comments</u>				
2.5% increase to ensure best value service against increased expenditure across the service.				

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>Bromsgrove Outdoor Events & Outdoor Fitness– Hire of Parks and Open</u>				
<u>Spaces</u>				
<u>£250 - £1500 Bond Payable</u>				
<u>Events</u>				
<u>Commercial Rates</u>				
Small Attendance = 0 to 99				
Per Hour	55.64	2.20%	1.26	56.90
Per Day	271.35	2.20%	5.95	277.30
Medium Attendance = 100 to 499				
Per Hour	72.65	2.20%	1.55	74.20
Per Day	362.14	2.20%	7.96	370.10
Large Attendance = 500 to 1999				
Per Hour	91.91	2.20%	1.99	93.90
Per Day	452.98	2.20%	9.92	462.90
<u>Community Rates</u>				
Small Attendance = 0 to 99				
Per Hour	21.62	2.20%	0.48	22.10
Per Day	101.69	2.20%	2.21	103.90
Medium Attendance = 100 to 499				
Per Hour	27.08	2.20%	0.62	27.70
Per Day	129.85	2.20%	2.85	132.70
Large Attendance = 500 to 1999				
Per Hour	32.49	2.20%	0.71	33.20
Per Day	159.07	2.20%	3.53	162.60

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>Charities / Not For Profit Organisations</u>				
Small Attendance = 0 to 99				
Per Hour	14.85	2.20%	0.35	15.20
Per Day	71.05	2.20%	1.55	72.60
Medium Attendance = 100 to 499				
Per Hour	18.00	2.20%	0.40	18.40
Per Day	85.90	2.20%	1.90	87.80
Large Attendance = 500 to 1999				
Per Hour	23.40	2.20%	0.50	23.90
Per Day	113.50	2.20%	2.50	116.00
<u>Fairs & Circuses Min of 3 day Hire</u>				
Small Attendance = 0 to 99 Per Day	422.33	2.20%	9.27	431.60

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>Outdoor Fitness Session</u>				
Commercial Rates (Per Day)				
Summer Fee (Apr to Sept) One day maximum usage per week	400.45	0.00%	0.00	400.45
Summer Fee (Apr to Sept) Two days maximum usage per week	650.00	0.00%	0.00	650.00
Summer Fee (Apr to Sept) Three days maximum usage per week	700.00	0.00%	0.00	700.00
Winter Fee (Oct to Mar) One day maximum usage per week	200.00	0.00%	0.00	200.00
Winter Fee (Oct to Mar) Two days maximum usage per week	400.00	0.00%	0.00	400.00
Winter Fee (Oct to Mar) Three days maximum usage per week	600.00	0.00%	0.00	600.00
Annual Fee One day maximum usage per week	520.00	0.00%	0.00	520.00
Annual Fee Two days maximum usage per week	850.00	0.00%	0.00	850.00
Annual Fee Three days maximum usage per week	1,000.00	0.00%	0.00	1,000.00
Community Rates (Per Day)				
Summer Fee (Apr to Sept) One day maximum usage per week	200.00	0.00%	0.00	200.00
Summer Fee (Apr to Sept) Two days maximum usage per week	300.00	0.00%	0.00	300.00
Summer Fee (Apr to Sept) Three days maximum usage per week	350.00	0.00%	0.00	350.00
Winter Fee (Oct to Mar) One day maximum usage per week	80.00	0.00%	0.00	80.00
Winter Fee (Oct to Mar) Two days maximum usage per week	200.00	0.00%	0.00	200.00
Winter Fee (Oct to Mar) Three days maximum usage per week	300.00	0.00%	0.00	300.00
Annual Fee One day maximum usage per week	250.00	0.00%	0.00	250.00
Annual Fee Two days maximum usage per week	450.00	0.00%	0.00	450.00
Annual Fee Three days maximum usage per week	500.00	0.00%	0.00	500.00
Trial fee (1 day per week - MAX 4 week trial)	100.00	0.00%	0.00	100.00
Additional Costs for Outdoor Event Space:				
Ø Set up and Clearance charged @ 50% of applicable rate				
Ø Any event in excess of 1999 attendees is STN				
Additional Costs for Outdoor Fitness Space:				
Ø Set up and Clearance charged @ 50% of applicable rate				

Comments

Outdoor Fitness comments - To try and increase income for 19/20 leisure propose a 0% increase to encourage more clubs and activities to use the parks and open spaces as a venue

All rates for outdoor events space hire have been updated in line with assessment of increase @ 2.2%

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>BROMSGROVE DISTRICT COUNCIL - PARKSIDE SUITE</u>				
<u>Scale of Charges from 2015</u>				
<u>Per Hour (Suggest min Hire of 2hrs)</u>				
Main Room				
Community Group	22.05	3.00%	0.65	22.70
Regular Hire	33.08	3.00%	1.02	34.10
Commercial Hire	44.10	3.00%	1.30	45.40
Committee Room				
Community Group	12.10	3.00%	0.40	12.50
Regular Hire	18.15	3.00%	0.55	18.70
Commercial Hire	24.20	3.00%	0.70	24.90
Combined				
Community Group	29.59	3.00%	0.91	30.50
Regular Hire	47.30	3.00%	1.40	48.70
Commercial Hire	65.07	3.00%	1.93	67.00
<u>Half Day up to 5pm (max 4hrs)</u>				
Main Room				
Community Group	82.69	3.00%	2.51	85.20
Regular Hire	99.23	3.00%	2.97	102.20
Commercial Hire	165.38	3.00%	4.92	170.30
Committee Room				
Community Group	36.30	3.00%	1.10	37.40
Regular Hire	48.40	3.00%	1.50	49.90
Commercial Hire	60.50	3.00%	1.80	62.30
Combined				
Community Group	101.59	3.00%	3.01	104.60
Regular Hire	141.12	3.00%	4.28	145.40
Commercial Hire	203.18	3.00%	6.12	209.30

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Full Day Up to 5pm Main Room Community Group Regular Hire Commercial Hire Committee Room Community Group Regular Hire Commercial Hire Combined Community Group Regular Hire Commercial Hire	 154.35 192.94 275.63 60.50 72.60 90.75 203.18 254.00 338.63	 0.00% 0.00% 0.00% 3.00% 3.00% 3.00% 0.00% 0.00% 0.00%	 0.00 0.00 0.00 1.82 2.18 2.72 0.00 0.00 0.00	 154.35 192.94 275.63 62.32 74.78 93.47 203.18 254.00 338.63
Comments Increased weekday hourly rates by 3% to include equipment hire and make more attractive to local companies for business as a package for short meetings - left combined rates as is due to current lesser demand for this type of use				
<u>Combined Evening Commercial Hire, Fridays and Saturday's, 5pm - Midnight</u> Only half day and full day rates allowed for weekends. No hourly rates. All day rate for weddings £720** (day and evening to include kitchen and set up) 9am – 12 midnight Sunday hire rates by negotiation. Room 54(Training Room) - Any internal county organisations whom wish to use this room will be charged £25.00 per hour.	440.00	-100.00%	-110.00	330.00

Comments

New Committee Room will be available next year (old member room) but will be charged initially the same as the current committee Room and reviewed after 6 months
~Weekend 5pm to midnight rate to be reduced by 25% to encourage more weekend hire (useage low and price currently a barrier)
All day wedding rates to be reduced to £600 per day

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>Bromsgrove Markets</u>				
3 x 3 Market Stall				
Tuesday / Friday (per day)	28.00	0.00%	0.00	28.00
Saturday (per day)	32.00	0.00%	0.00	32.00
Tues, Fri & Sat (Casual Booking) (per week)	85.00	0.00%	0.00	85.00
Tues, Fri & Sat (Annual Booking) (per week)	80.54	0.00%	0.00	80.54
6 x 3 Market Stall				
Tuesday / Friday (per day)	39.50	0.00%	0.00	39.50
Saturday (per day)	44.00	0.00%	0.00	44.00
Tues, Fri & Sat (Casual Booking) (per week)	119.00	0.00%	0.00	119.00
Tues, Fri & Sat (Annual Booking) (per week)	111.62	0.00%	0.00	111.62
Electricity (per day)	4.00	25.00%	1.00	5.00
<u>Catering Van</u>				
Tuesday / Friday		0.00%	28.00	28.00
Saturday		0.00%	28.00	28.00
Tues, Fri & Sat (Casual Booking)		0.00%	82.00	82.00
Tues, Fri & Sat (Annual Booking)		0.00%	77.00	77.00

Comments

Market prices will remain as outlined above whilst we establish the service. There will be additional specialist markets provided throughout the year where prices will be established through benchmarking and consultation to ensure we remain competitive and able to develop the offer on the high street further. The Market Manager will undertake cost analysis when looking at additional events.

The electricity charge is incorrect in the current charges. There are two rates one for traders who only have lighting and one for traders who use electricity for refrigeration or cooking. These charges will vary depending on the actual consumption.

BROMSGROVE DISTRICT COUNCIL

Planning and Regeneration

Roundings are generally rounded to the nearest 10p.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>DEVELOPMENT MANAGEMENT</u>				
A0/A1 size print	14.80	-100.00%	-14.80	0.00
A2 size print	7.40	-100.00%	-7.40	0.00
<u>Development Management</u>				
High Hedge Complaints	595.10	0.00%	0.00	595.10
High Hedge Complaints - reduced for people on benefits	237.60	0.00%	0.00	237.60
<u>Pre Application Fee</u>				
<u>Residential Development/ Development Site Area/Proposed Gross Floor Area</u>				
1* Dwelling	200.00	3.00%	6.00	206.00
	600.00	3.00%	18.00	618.00
10 - 49 Dwellings	1,200.00	3.00%	36.00	1,236.00
50 - 99 Dwellings	2,200.00	3.00%	66.00	2,266.00
100 - 199 Dwellings	3,000.00	3.00%	90.00	3,090.00
200+ Dwellings	4,000.00	3.00%	120.00	4,120.00
* includes one-for-one replacements				
<u>Non-residential development (floor space)</u>				
<u>Floor area is measured externally</u>				
Less than 500sqm	0.00	0.00%	0.00	0.00
500 - 999sqm	500.00	3.00%	15.00	515.00
1000 - 1999sqm	1,000.00	3.00%	30.00	1,030.00
2000 - 4999sqm	2,000.00	3.00%	60.00	2,060.00
5000 - 9999sqm	2,500.00	3.00%	75.00	2,575.00
10,000sqm or greater	3,000.00	3.00%	90.00	3,090.00
<u>Non-residential development (site area) where no building operations are proposed</u>				
Less than 0.5ha	300.00	3.00%	9.00	309.00
0.5 - 0.99ha	600.00	3.00%	18.00	618.00
1 - 1.25ha	1,000.00	3.00%	30.00	1,030.00
1.26 - 2ha	2,000.00	3.00%	60.00	2,060.00
2ha or greater	3,000.00	3.00%	90.00	3,090.00

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<p style="text-align: center;">Fee Concessions</p> <p>Some pre-application advice will still be provided free of charge. For example where the development is for the direct benefit of a disabled person (and as such there would be no fee incurred to make the planning application) or where works relate to a listed building.</p> <p>Some advice is provided at a reduced or concessionary rate. If the proposal is being submitted by or is for the benefit of a Parish Council or other Local Authority, then the appropriate fee is reduced by 50%. In addition if the scheme relates to a solely affordable housing scheme, the Applicant is a Registered Social Landlord or Housing Association the fee for pre application advice would also be reduced by 50%.</p>				

Comments

Title "Development Control" to be changed to "Development Management"

Pre- application fees were recently reviewed in relation to the charges set by adjoining Worcestershire Authorities.

BUILDING CONTROL - APRIL 2019 - VAT AT 20%

Explanatory notes

1 Before you build, extend or convert a building to which the building regulations apply, you or your agent must submit a Building regulations application. The charge you have to pay depends on the type of work, the number of separate properties, or the total floor area. You can use the following tables with the current charges regulations to work out the charges. If you have any difficulties, please do not hesitate to call us.

2 The charges are as follows.

Category A: New domestic homes, flats or conversions etc.

Category B: Extending or altering existing homes

Category C: Any other project including commercial or industrial projects etc.

Individually determined fees are available for most projects. We would be happy to discuss these with you if you require.

In certain cases, we may agree that you can pay charges in instalments. Please contact us for further discussions.

3 Exemptions and reductions in charges.

a If your plans have been approved or rejected, you won't have to pay again if you resubmit plans for the same work which has not started, provided you resubmit with 3 years of the original application date.

b You don't have to pay charges if the work will provide access to a building or is an extension to store medical equipment or provide medical treatment facilities for a disabled person. In order to claim exemption, an application must be supported by appropriate evidence as to the nature of the disabled persons disability. In these regulations, a 'disabled person' is a person who is described under section 29(1) of the National Assistance Act 1948 (as extended by section 8(2) Mental Health Act 1959).

4 You have to pay VAT for all local authority Building Regulation charges, except for the regularisation charge. VAT is included in the attached fees.

5. Regularisation applications are available for cases where unauthorised building work was undertaken without an application. Such work can only be regularised where the work was undertaken after October 1985 and not within the last 6 months. The Authority is not obliged to accept Regularisation applications. Regularisation application fees are individually determined. Please contact us to discuss regularisation application fees.

6. Reversion applications. Where the control of a building project passes from a third party to the Council a reversion application will be required. Reversion application fees are individually determined.

7. The additional charge refers to electrical works undertaken by a non qualified person who is unable to certify their work to appropriate electrical regulations.

Other information

1 These notes are for guidance only and do not replace Statutory Instrument 2010 number 0404 which contains the full statement of the law, and the Scheme of Recovery of Fees dated April 2014.

2 These guidance notes refer to the charges that you have to pay for building control services within North Worcestershire.

Telephone payments are accepted. Please contact the relevant payment centre with your address and card details:

Bromsgrove 01527 881402

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>TABLE A: Standard Charges for the Creation or Conversion to New Housing</u>				
Application Charge	Please Ring for Quote			Please Ring for Quote
Regularisation Charge	Please Ring for Quote			Please Ring for Quote
Additional Charge	Please Ring for Quote			Please Ring for Quote
<u>TABLE B: Domestic Extensions and alterations to a Single Building (please contact us)</u>				
Application Charge - New	Please Ring for Quote			Please Ring for Quote
Regularisation Charge - New	Please Ring for Quote			Please Ring for Quote
Additional Charge - New	Please Ring for Quote			Please Ring for Quote
Garage Conversion to habitable room				
Application Charge	Please contact us	100.00%	360.00	360.00
Regularisation Charge	Please contact us	100.00%	360.00	432.00
Additional Charge	Please contact us			Please contact us
Electrical works by non-qualified electrician				
Application Charge	Please contact us			Please contact us
Regularisation Charge	Please contact us			Please contact us
Additional Charge	N/A			N/A
Renovation of thermal element				
Application Charge	Please contact us	100.00%	220.00	220.00
Regularisation Charge	Please contact us	100.00%	264.00	264.00
Additional Charge	N/A			N/A
Installing steel beam(s) within an existing house				
Application Charge	Please contact us	100.00%	215.00	215.00
Regularisation Charge	Please contact us	100.00%	258.00	258.00
Additional Charge	N/A			N/A
Window replacement				
Application Charge	Please contact us	100.00%	215.00	215.00
Regularisation Charge	Please contact us	100.00%	258.00	258.00
Additional Charge	N/A			N/A

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Installing a new boiler or wood burner etc. Application Charge Regularisation Charge Additional Charge	Please contact us Please contact us N/A	100.00% 100.00%	420.00 504.00	420.00 504.00 N/A
<u>TABLE C: All Other works - Alterations and new build</u>				
Application Charge Regularisation Charge	Please Contact Us Please Contact Us			Please Contact Us Please Contact Us
<u>Comments</u> No VAT is payable on Regularisation charges. The above fees (where stated) are to be published on the Council website as fixed fees. These fees reflect minor repetitive operations where the cost neutral input from the service can now be determined. The remaining 'please contact us' fees require site specific fee charges in line with regulatory requirements.				

For Office or shop fit outs, installation of a mezzanine floor and all other work where the estimated cost exceeds £50,000, please contact the Building Control Office on 01527 881402 for a competitive quote

These charges have been set on the following basis:

1. That the building work does not consist of, or include innovative or high risk construction techniques and / or duration of the building work from commencement to completion does not exceed 12 months
2. That the design and building work is undertaken by a person or company that is competent to carry out the relevant design and building work. If they are not, the building control service may impose supplementary charges.

Building Control – Supplementary Charges

If you are selling a property that has been extended or altered, you need to provide evidence to prospective purchasers that any relevant building work has been inspected and approved by a Building Control Body. That evidence is in the form of a Building Regulations Completion / Final Certificate and / or an Approval or Initial Notice (called the 'authorised documents' in the Home Information Pack Regulations).

Legal entitlement to a Completion Certificate is subject to conditions. In cases where the Council is not told that building work is completed, or the building is occupied without addressing outstanding Building Regulation matters, a certificate is not issued. Despite the best efforts of the Council's Building Control Surveyors, many home owners who undertake building works fail to obtain a Completion Certificate and their application is archived. A fee is payable to re-open archived building regulations applications for the purposes of issuing a completion certificate.

Other charges are payable where we are asked to withdraw a Building Regulations application and refund fees, or asked to re-direct inspection fee invoices. Fees are payable in cleared funds before the release of any authorised documents or other actions listed below.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>ARCHIVED APPLICATIONS</u>				
Process request to re-open archived building control file, resolve case and issue completion certificate (Administration Fee)	51.30	2.98%	1.50	52.80
Each visit to site in connection with resolving archived building control cases (Per Site Visit)	66.90	2.99%	2.00	68.90
<u>WITHDRAWN APPLICATIONS</u>				
Process request	51.30	2.98%	1.50	52.80
<u>With additional fees of:</u>				
Withdraw Building Notice application where no inspections have taken place	refund submitted fee less admin fee		refund submitted fee less admin fee	refund submitted fee less admin fee
Withdraw Building Notice application where inspections have taken place	refund submitted fee less admin fee, less £66.90 per site visit made		refund submitted fee less admin fee, less £65.90 per site visit made	refund submitted fee less admin fee, less £66.90 per site visit made
Withdrawn Full Plans application without plans being checked or any site inspections being made	refund submitted fee less admin fee		refund submitted fee less admin fee	refund submitted fee less admin fee
Withdraw Full Plans application after plan check but before any inspections on site	refund inspection fee (where paid up-front) less admin fee		refund inspection fee (where paid up-front) less admin fee	refund inspection fee (where paid up-front) less admin fee
Withdraw Full Plans application after plan check and after site inspections made	refund any paid inspection fee less admin fee, less £66.90 per site inspection made		refund any paid inspection fee less admin fee, less £65.90 per site inspection made	refund any paid inspection fee less admin fee, less £66.90 per site inspection made
<u>RE-DIRECT INSPECTION FEES / ISSUE COPY DOCUMENTS</u>				
Process request to re-invoice inspection fee to new addressee or issue copies of previously issued Completion Certificates, Plans Approval Notices or Building Notice acceptances.	51.30	2.98%	1.50	52.80
Optional Consultancy Services	Please Contact Us		Please Contact Us	Please Contact Us

Charges Note

Under the Building (Local Authority Charges) Regulations 2010 local authority building control is not permitted to make a profit or loss. The service is to ensure full cost recovery and no more. Any surplus or loss made against expenditure budgets is to be offset against the following years fees and charges setting. In addition, the level of competition from the private sector needs to continually defended against therefore it is proposed to curtail both the extent of fee categories published and to make extensive use of the fact that legislation now allows local authorities to offer site specific quotations for building regulations applications. In addition expenditure of the service has reduced since the creation of a shared service resulting in a reduction in the hourly rate charged by the service. Inspection fees equate to 70% of the total fee payable for a project.

Comments

Changes in the above additional fees have been made to reflect a 3% changes in the hourly rate of the service as defined by 19/20 budgets.

Regulatory Services

Roundings are generally rounded to the nearest 10p.

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>TAXI LICENSING</u>				
- Hackney Carriage - excluding vehicle testing	243.00	0.00%	0.00	243.00
- Hackney Carriage vehicle tests	64.00	0.00%	0.00	64.00
- Private Hire - excludes vehicle testing	225.00	0.00%	0.00	225.00
- Private Hire vehicle tests	54.90	0.18%	0.10	55.00
- Private Hire Operator 1 year	290.00	0.00%	0.00	290.00
- Private Hire Operator 5 year	1,102.00	0.00%	0.00	1,102.00
- HC/PH Drivers Licence - 1 year	95.00	0.00%	0.00	95.00
- HC/PH Drivers Licence - 3 year	228.00	0.00%	0.00	228.00
	228.00	0.00%	0.00	228.00
- Meter Test	24.00	4.17%	1.00	25.00
- Hackney Carriage mid-term vehicle test	64.00	0.00%	0.00	64.00
- Private Hire mid-term vehicle test	55.00	0.00%	0.00	55.00
- Re-Test Fee - Within 48 hours	28.00	0.00%	0.00	28.00
- Knowledge test	21.00	4.76%	1.00	22.00
- Administration charge - new applications	35.00	2.86%	1.00	36.00
- Replacement vehicle plate	21.00	4.76%	1.00	22.00
- Replacement Driver's Licence	16.00	25.00%	4.00	20.00
- Trailer Test	20.00	0.00%	0.00	20.00
- Transfer of ownership of licensed vehicle	36.00	2.78%	1.00	37.00
- Criminal Bureau Check	53.00	3.77%	2.00	55.00
- DVLA Check - Electronic	6.00	0.00%	0.00	6.00
- DVLA Check	11.00	0.00%	0.00	11.00

Comments

Taxi Licensing - Any increase would need to go to Licensing Committee/Consultation, and be advertised

Replacement Driver's License - increase to reflect cost increases / cost recovery

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
GENERAL LICENSING				
- Annual Street Trading Consent - Food - Initial - per annum	1,418.00	0.00%	0.00	1,418.00
- Annual Street Trading Consent - Food - Renewal - per annum	1,301.00	0.00%	0.00	1,301.00
- Annual Street Trading Consent - Non Food - Initial - per annum	1,183.00	0.00%	0.00	1,183.00
- Annual Street Trading Consent - Non Food - Renewal - per annum	1,064.00	0.00%	0.00	1,064.00
- Animal Boarding/Home Boarding - Vet fees / animal welfare visit costs if applicable charged at cost - charge now deleted and replaced by Animal Activity License below.	225.00	-100.00%	-225.00	0.00
- Dog Breeding establishments - Vet fees / animal welfare visit costs if applicable charged at cost - charge now deleted and replaced by Animal Activity License below.	225.00	-100.00%	-225.00	0.00
- Pet Shops - Vet fees / animal welfare visit costs if applicable charged at cost - charge now deleted and replaced by Animal Activity License below.	225.00	-100.00%	-225.00	0.00
- Riding Est. - Vet fees / animal welfare visit costs if applicable charged at cost - charge now deleted and replaced by Animal Activity License below.	225.00	-100.00%	-225.00	0.00
- Animal Activity Licence (includes animal boarding, dog breeding, pet shops & riding establishments)				
Application Fee		0.00%	322.00	322.00
Variation Fee		0.00%	235.00	235.00
Inspection Fee		0.00%	160.00	160.00
1 Year License		0.00%	180.00	180.00
2 Year License		0.00%	357.00	357.00
3 Year License		0.00%	535.00	535.00
Vet Fee Recharge - if applicable				Full Cost Recovery
- Performing Animals				
Application Fee		0.00%	215.00	215.00
Variation Fee		0.00%	155.00	155.00
Inspection Fee		0.00%	160.00	160.00
3 Year License		0.00%	290.00	290.00
Vet Fee Recharge - if applicable				Full Cost Recovery
- Dangerous wild animals - Vet fees / animal welfare visit costs if applicable charged at cost	225.00	2.22%	5.00	230.00
- Sex Establishments	979.00	2.15%	21.00	1,000.00
- Zoo - Vet fees / animal welfare visit costs if applicable charged at cost	105.00	4.76%	5.00	110.00
Tattooing/ ear piercing/ electrolysis/ acupuncture				
- Premises	130.00	2.31%	3.00	133.00
- Practitioners	85.00	2.35%	2.00	87.00

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Scrap Metal Dealers Act 2013				
- Site Licence (New)	290.00	0.00%	0.00	290.00
Per Additional Site	150.00	0.00%	0.00	150.00
- Collectors Licence (New)	145.00	0.00%	0.00	145.00
- Site Licence (Renewal)	240.00	0.00%	0.00	240.00
Per Additional Site	150.00	0.00%	0.00	150.00
- Collectors Licence (Renewal)	95.00	0.00%	0.00	95.00
- Variation of Licence	65.00	0.00%	0.00	65.00
- Copy of Licence (if lost or stolen)	25.00	0.00%	0.00	25.00
<u>ENVIRONMENTAL HEALTH</u>				
Dog Warden				
Penalty (statutory fee)	25.00	0.00%	0.00	25.00
Kennelling Fee - £13.50 per day or part day	13.50	0.00%	0.00	13.50
Kennelling Fee for dangerous dogs by breed or behaviour - £20 per day or part day	20.00	0.00%	0.00	20.00
Admin charge	15.00	0.00%	0.00	15.00
Out of hours fee	35.00	0.00%	0.00	35.00
Repeat offenders fee	25.00	0.00%	0.00	25.00
Other Environmental Health Fees				
ISS Certs Condemned Food	Full Cost Recovery		Full Cost Recovery	Full Cost Recovery
Food Hygiene Basic Course fee	Full Cost Recovery		Full Cost Recovery	Full Cost Recovery
<u>Comments</u>				
Zoo - Vet fees / animal welfare visit costs increases to reflect cost increase				
New animal activity licenses to reflect legislative changes.				

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>Gambling Fees 18-19</u>				
<u>Premises Licence Fees - Discretionary</u>				
Bingo Premises				
Application to vary	1,017.00	2.06%	21.00	1,038.00
Application to transfer	694.00	2.02%	14.00	708.00
New applications	2,029.50	2.00%	40.50	2,070.00
Annual fee	580.00	2.07%	12.00	592.00
Copy of licence (Statutory Charge - cannot be above £25)	25.00	0.00%	0.00	25.00
Notification of change (Statutory Charge - cannot be above £50)	50.00	0.00%	0.00	50.00
Reinstatement of licence	676.50	2.00%	13.50	690.00
Provisional statement	2,029.50	2.00%	40.50	2,070.00
Adult Gaming Centre				
Application to vary	870.00	2.07%	18.00	888.00
Application to transfer	694.00	2.02%	14.00	708.00
New applications	1,158.30	2.05%	23.70	1,182.00
Annual fee	580.00	2.07%	12.00	592.00
Copy of licence (Statutory Charge - cannot be above £25)	25.00	0.00%	0.00	25.00
Notification of change (Statutory Charge - cannot be above £50)	50.00	0.00%	0.00	50.00
Reinstatement of licence	676.50	2.00%	13.50	690.00
Provisional statement	1,158.30	2.05%	23.70	1,182.00
Family Entertainment Centre				
Application to vary	672.50	2.01%	13.50	686.00
Application to transfer	550.50	2.09%	11.50	562.00
New applications	1,158.30	2.05%	23.70	1,182.00
Annual fee	436.00	2.06%	9.00	445.00
Copy of licence (Statutory Charge - cannot be above £25)	25.00	0.00%	0.00	25.00
Notification of change (Statutory Charge - cannot be above £50)	50.00	0.00%	0.00	50.00
Reinstatement of licence	540.00	2.04%	11.00	551.00
Provisional statement	1,158.30	2.05%	23.70	1,182.00

Comments

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
Betting Premises (Excluding Track)				
Application to vary	870.00	2.07%	18.00	888.00
Application to transfer	694.00	2.02%	14.00	708.00
New applications	1,691.50	2.04%	34.50	1,726.00
Annual fee	348.50	2.15%	7.50	356.00
Copy of licence (Statutory Charge - cannot be above £25)	25.00	0.00%	0.00	25.00
Notification of change (Statutory Charge - cannot be above £50)	50.00	0.00%	0.00	50.00
Reinstatement of licence	676.50	2.00%	13.50	690.00
Provisional statement	1,691.50	2.04%	34.50	1,726.00
Track				
Application to vary	724.00	2.07%	15.00	739.00
Application to transfer	550.50	2.09%	11.50	562.00
New applications	1,411.50	2.02%	28.50	1,440.00
Annual fee	580.00	2.07%	12.00	592.00
Copy of licence (Statutory Charge - cannot be above £25)	25.00	0.00%	0.00	25.00
Notification of change (Statutory Charge - cannot be above £50)	50.00	0.00%	0.00	50.00
Reinstatement of licence	540.00	2.04%	11.00	551.00
Provisional statement	1,411.50	2.02%	28.50	1,440.00
Temporary use notices				
New applications	275.00	2.18%	6.00	281.00
Copy of licence	26.70	4.87%	1.30	28.00
Comments				

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>Gambling Act Permit Fees - Statutory</u>				
Licensed Premises Gaming Machine Permit				
Grant	150.00	0.00%	0.00	150.00
Existing operator grant	100.00	0.00%	0.00	100.00
Variation	100.00	0.00%	0.00	100.00
Transfer	25.00	0.00%	0.00	25.00
Annual Fee	50.00	0.00%	0.00	50.00
Change of name	25.00	0.00%	0.00	25.00
Copy of Permit	15.00	0.00%	0.00	15.00
<u>Licensed Premises Automatic Notification Process</u>				
Grant	50.00	0.00%	0.00	50.00
<u>Club Gaming Permits</u>				
Grant	200.00	0.00%	0.00	200.00
Grant (Club Premises Certificate holder)	100.00	0.00%	0.00	100.00
Existing operator grant	100.00	0.00%	0.00	100.00
Variation	100.00	0.00%	0.00	100.00
Renewal	200.00	0.00%	0.00	200.00
Renewal (Club Premises Certificate holder)	100.00	0.00%	0.00	100.00
Annual Fee	50.00	0.00%	0.00	50.00
Change of name	100.00	0.00%	0.00	100.00
Copy of Permit	15.00	0.00%	0.00	15.00
<u>Club Machine Permits</u>				
Grant	200.00	0.00%	0.00	200.00
Grant (Club Premises Certificate holder)	100.00	0.00%	0.00	100.00
Existing operator grant	100.00	0.00%	0.00	100.00
Variation	100.00	0.00%	0.00	100.00
Renewal	200.00	0.00%	0.00	200.00
Renewal (Club Premises Certificate holder)	100.00	0.00%	0.00	100.00
Annual Fee	50.00	0.00%	0.00	50.00
Copy of Permit	15.00	0.00%	0.00	15.00
Change of Name	25.00	0.00%	0.00	25.00
Transfer of Permit	25.00	0.00%	0.00	25.00

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<u>Licensing Act - Statutory</u>				
Personal Licence	37.00	0.00%	0.00	37.00
<u>Premises Licence and Club Premises Certificate</u>				
Non- Domestic rateable value of premises				
BAND A	0 - 4,300		0 - 4,300	0 - 4,300
BAND B	4,301 - 33,000		4,301 - 33,000	4,301 - 33,000
BAND C	33,001 - 87,000		33,001 - 87,000	33,001 - 87,000
BAND D	87,001 - 125,000		87,001 - 125,000	87,001 - 125,000
BAND E	125,001 and over		125,001 and over	125,001 and over
New applications and variations				
BAND A	100.00	0.00%	0.00	100.00
BAND B	190.00	0.00%	0.00	190.00
BAND C	315.00	0.00%	0.00	315.00
BAND D	450.00	0.00%	0.00	450.00
BAND E	635.00	0.00%	0.00	635.00
Annual Fee				
BAND A	70.00	0.00%	0.00	70.00
BAND B	180.00	0.00%	0.00	180.00
BAND C	295.00	0.00%	0.00	295.00
BAND D	320.00	0.00%	0.00	320.00
BAND E	350.00	0.00%	0.00	350.00
Property not subject to non-domestic rates will fall into Band A. Properties, which have not yet been constructed will fall into band C.				
Those premises which fall into Band 'D' will be subject to two times the amount of fee payable as outlined above, whilst those premises which fall into Band 'E' will be subject to three times the amount of fee payable, if they are used exclusively or primarily for the carrying on of the retail of alcohol for consumption on the premises , i.e. large public houses.				
Large Events				
An additional fee will be charged where the maximum number of persons exceeds 5000 at a licensable event. Please contact the Licensing Section for further details.				

Comments

Service Category	charge 1st April 2018 £	% Change	Increase / Decrease £	Proposed charge from 2019 £
<p>Exemptions Church Halls, Community Halls, Village Halls, or other similar building etc. are exempt from paying any fees for a premises licence authorising ONLY the provision of regulated entertainment. If the retail of alcohol is to be included in the Premises Licence, the full fee will be payable as outlined above. No fees are payable by an educational institution, such as a school or a college (whose pupils/students have not attained the age of 19) for a premises licence authorising ONLY the provision of regulated entertainment providing that is for and on behalf of the educational institution.</p> <p>Application for copy of licence or summary on theft, loss etc. 10.50</p> <p>Notification of change of name or address (holder of premises licence) 10.50</p> <p>Application to vary the Designated Premises Supervisor 23.00</p> <p>Application to transfer a premises licence 23.00</p> <p>Interim authority notice following death etc. of licence holder 23.00</p> <p>Right of freeholder etc to be notified of licensing matters 21.00</p> <p>Application for making of a provisional statement 315.00</p> <p>Application for copy of certificate or summary on theft, loss etc. 10.50</p> <p>Notification of change of name or alteration of club rules 10.50</p> <p>Change of relevant registered address of club 10.50</p> <p>Temporary Event Notices 21.00</p> <p>Application for copy of licence on theft, loss etc. of temporary event notice 10.50</p> <p>Application for copy of licence on theft, loss etc. of personal licence 10.50</p> <p>Notification of change of name or address (Personal Licence) 10.50</p> <p>Notice of interest in any premises 21.00</p> <p>Minor variation application 89.00</p> <p>Should you need assistance in determining which level of fee you are required to pay, please contact Worcestershire Regulatory Services Licensing Section on (01905) 822799 Alternatively email - wrsenquiries@worsregservices.gov.uk In all cases, cheques must be made payable to 'Bromsgrove District Council'</p>				
				10.50
				10.50
				23.00
				23.00
				23.00
				21.00
				315.00
				10.50
				10.50
				10.50
				21.00
				10.50
				10.50
				10.50
				21.00
				89.00

Comments

BROMSGROVE DISTRICT

Cabinet

16th January 2019

COUNCIL TAX BASE CALCULATION 2019/20

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering
Wards Affected	No
Ward Councillor Consulted	No
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 This reports sets out details of the calculation of the District's tax base for Council Tax setting purposes. The calculation of the Council Tax base is required as part of the determination of the level of Council Tax for 2019/20.

2. RECOMMENDATIONS

- 2.1 **Cabinet are asked to APPROVE that:**

The amount calculated by Bromsgrove District Council as the Council Tax Base for the whole area for 2019/20 is approved at **36,714.2** as detailed at **Appendix 1** to include the individual parish elements

3. KEY ISSUES

Financial Implications

- 3.1 The calculation of the Council Tax base forms the basis of the calculation of Council Tax for the new financial year. The Council Tax Base is calculated using a prescribed formula to generate the equivalent number of Band D properties in a District and also takes into account the number of Council Tax Support claimants within the area.

Legal Implications

- 3.4 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992 specify the rules for the calculation of the Council Tax Base.

Customer / Equalities and Diversity Implications

- 3.7 There are no implications for the Councils Equalities and Diversity Policies.

Cabinet

16th January 2019

4. RISK MANAGEMENT

4.1 There are no risk management issues.

5. APPENDICES

Appendix 1 - Council Tax Base Calculation for 2019/20

6. BACKGROUND PAPERS

Held with Revenue Services Section

AUTHOR OF REPORT

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Tel: 01527 881208

BROMSGROVE DISTRICT

Cabinet

16th January 2019

APPENDIX 1

Schedule of Council Tax Base by Parish Areas 2019/20

	£
Unparished	13,712.9
Alvechurch	2,321.4
Barnt Green	1,014.4
Belbroughton	1,203.6
Bentley Pauncefoot	187.4
Beoley	451.1
Bourneheath	220.7
Catshill and North Marlbrook	2,355.8
Clent	542.4
Cofton Hackett	1,008.1
Dodford with Grafton	402.4
Finstall	316.2
Frankley	49.9
Hagley	3,115.5
Lickey and Blackwell	2,095.1
Hunnington	235.5
Romsley	667.6
Parish of Stoke	1,704.1
Tutnall and Cobley	361.7
Wythall	4,748.7
Total for whole area	36,714.2

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Council Taxbase Calculation 2019-20

The Council Taxbase for each parish is detailed below (Band D Equivalents)

Parish Name	Gross	Net
Whole Area	37,085.1	36,714.2
101/107 Unparished	13,851.4	13,712.9
111 Alvechurch	2,344.9	2,321.4
102 Barnt Green	1,024.6	1,014.4
116 Belbroughton	1,215.8	1,203.6
118 Bentley Pouncefoot	189.3	187.4
119 Beoley	455.6	451.1
103 Bourneheath	222.9	220.7
104 Catshill and North Marlbrook	2,379.5	2,355.8
120 Clent	547.8	542.4
121 Cofton Hackett	1,018.3	1,008.1
122 Dodford with Grafton	406.5	402.4
105 Finstall	319.4	316.2
123 Frankley	50.4	49.9
124 Hagley	3,147.0	3,115.5
106 Lickey and Blackwell	2,116.2	2,095.1
125 Hunnington	237.9	235.5
126 Romsley	674.3	667.6
127/131 Parish of Stoke	1,721.3	1,704.1
129 Tutnall and Cobley	365.3	361.7
130 Wythall	4,796.6	4,748.7
	37,085.1	36,714.2

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BROMSGROVE DISTRICT COUNCIL

CABINET

2018

Capital Strategy 2019/20 incorporating Treasury

Management Strategy and half year treasury update

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY OF PROPOSALS

This report is a new report for 2019/20, required by changes in CIPFA and the Ministry of Housing, Communities and Local Government (MHCLG) guidance. The strategies set limits and indicators that embody the risk management approach that the Council believes to be prudent. The strategies are set against the mid-term financial strategy, the context of the UK economy and projected interest rates.

The new report sets treasury investment criteria and limits which are largely unchanged. The investment strategy pulls together information on commercial property and loans to explicitly show the Councils risk management approach in that area.

2. RECOMMENDATIONS

The Cabinet is asked to **RECOMMEND** that

- i) the **Capital Strategy as an appropriate overarching strategy for the Council be approved and the flexible use of capital receipts as per appendix E**
- ii) the full Council approve the **Treasury Management Strategy for 2019/20 and the associated limits, MRP policy and treasury management policy (appendixes C and D) and specific indicators included in this report.**

The Cabinet is asked to note

- i) The half year treasury update

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.

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 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.

3.5 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

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

Service/Operational Implications

3.7 None as a direct result of this report.

Customer / Equalities and Diversity Implications

3.8 None as a direct result of this report.

4. RISK MANAGEMENT

Failure to manage the Treasury Management function effectively to ensure the delivery of maximum return within a secure environment. Controls in place to mitigate these risks are as follows:

- Regular monitoring of the status of the organisations we invest with
- Daily monitoring by internal officers of banking arrangements and cash flow implications.

AUTHOR OF REPORT

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Treasury Management Strategy Statement 2019/20

Bromsgrove District Council

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

Following a weak reading in the first quarter of 2018 attributed to weather-related factors, UK GDP growth rebounded in the second quarter to 0.4%, but at an annual rate of only 1.2% this remains below trend. As economic growth had evolved broadly in line with its May Inflation Report forecast, the Bank of England's Monetary Policy Committee (MPC) voted unanimously for a rate rise of 0.25% in August, taking Bank Rate to 0.75%. In November 2018 the MPC maintained Bank Rate at 0.75% while the Inflation Report showed that compared to the August report further interest rate increases may be required to bring inflation down to the 2% target over the forecast horizon.

The headline rate of UK Consumer Price Inflation fell back to 2.4% year-on-year in September 2018 from 2.7% in August, as higher import and energy prices continued to hold inflation above the BoE target. Labour market data is positive. The ILO unemployment rate fell to 4%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.1% in August providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.7% and only likely to have a moderate impact on household spending.

While external inflationary pressures from energy costs and import prices are expected to subside, domestic pressures are projected to build over the forecast horizon with the balance of these effects likely to keep inflation above the Bank of England's target throughout most of their forecast horizon, meaning that strong real income growth is unlikely to materialise any time soon.

As the US economy has continued to perform well, the Federal Reserve maintained its monetary tightening stance and pushed up its target range for the Fed Funds Rate in September 2018 by 0.25% to 2% - 2.25%. One further rise is expected in 2018 and two more in 2019.

The fallout from the US-China trade war continues which, combined with tighter monetary policy, risks contributing to a slowdown in global economic activity in 2019. Despite slower growth in the region, the European Central Bank has started conditioning markets for the end of quantitative easing as well as the timing of the first interest rate hike, currently expected in 2019, and the timing and magnitude of increases thereafter.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.5% and 2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.75%, and that new long-term loans will be borrowed at an average rate of 0.75%.

Local Context

On 10th December 2018, the Authority held £1m of external borrowing and £0m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
General Fund CFR	19	22.6	28.3	35.3	42.6
Less: External borrowing	(13)	0	0	0	0
Internal (over) borrowing	6.0	22.6	28.3	35.3	42.6
Less: Usable reserves	(8.8)	(8.5)	(7.2)	(5.5)	(3.7)
Less: Working capital	(3.1)	(3.1)	(3.1)	(3.1)	(3.1)
Investments (or New borrowing)	(5.9)	(11)	(18)	(26.7)	(35.8)

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £35.8m over the forecast period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2019/20.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £0.2 m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
CFR	19	22.6	28.3	35.3	42.6
Less: Usable reserves	(8.8)	(8.5)	(7.2)	(5.5)	(3.7)
Less: Working capital	(3.1)	(3.1)	(3.1)	(3.1)	(3.1)
Plus: Minimum investments	0.2	0.2	0.2	0.2	0.2
Liability Benchmark	7.3	11.2	18.2	26.9	36

Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing each year, minimum revenue provision on new

capital expenditure based on a 50 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below:

Borrowing Strategy

The Authority currently holds £1 million of loans, a decrease of £12 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £16m in 2019/20. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £30 million.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Worcestershire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £0 and £7.5 million, and similar levels are expected to be maintained in the forthcoming year.

Objectives: The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2019/20. All of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, or with the DMADF. This diversification will represent a substantial change in strategy over the coming year.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

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Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2.5m 5 years	£2.5m 20 years	£2.5m 50 years	£2.5m 20 years	£1m 20 years
AA+	£2.5]m 5 years	£2.5m 10 years	£2.5m 25 years	£2.5m 10 years	£1m 10 years
AA	£2.5m 4 years	£2.5m 5 years	£2.5m 15 years	£2.5m 5 years	£1m 10 years
AA-	£2.5m 3 years	£2.5m 4 years	£2.5m 10 years	£2.5m 4 years	£1m 10 years
A+	£2.5m 2 years	£2.5m 3 years	£2.5m 5 years	£2.5m 3 years	£1m 5 years
A	£2.5m 13 months	£2.5m 2 years	£2.5m 5 years	£2.5m 2 years	£1m 5 years
A-	£2.5m 6 months	£2.5m 13 months	£2.5m 5 years	£2.5m 13 months	£1m 5 years
None	£1m 6 months	n/a	£3m 25 years	£1m 5 years	£500k 5 years
Pooled funds and real estate investment trusts		£2.5 m per fund or trust			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £500,000 per company as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £500,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to

negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment limits: The Authority’s revenue reserves available to cover investment losses are forecast to be £8.8 million on 31st March 2019. In order that no more than 30% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £2.5 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£2.5 m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£2.5 m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker’s nominee account	£5m per broker
Registered providers and registered social landlords	£2.5m in total
Unsecured investments with building societies	£2.5m in total
Loans to unrated corporates	£1m in total
Money market funds	£11 m in total
Real estate investment trusts	£2.5m in total

Liquidity management: The Authority uses cashflow forecasting in excel to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial

commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£2.5m

Interest rate exposures: This indicator is set to control the Authority’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£500,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£500,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Maturity structure of borrowing: This indicator is set to control the Authority’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above <i>Use additional periods above 10 years if there is a large amount of debt in this period</i>	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£1.5m	£1.0m	£0.5m

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Markets in Financial Instruments Directive: The Authority has retained retail client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a smaller range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Executive Director of Finance believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2019/20 is £38k, based on an average investment portfolio of £5 million at an interest rate of 0.75%. The budget for debt interest paid in 2019/20 is £137k, based on an average debt portfolio of £18.3 million at an average interest rate of 0.75%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Executive Director of Finance, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A - Arlingclose Economic & Interest Rate Forecast October 2018

Underlying assumptions:

- The MPC left Bank Rate unchanged at the September meeting, after voting unanimously to increase Bank Rate to 0.75% in August.
- Our projected outlook for the UK economy means we maintain the significant downside risks to our interest rate forecast. The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in Q2 2018, but the annual growth rate of 1.2% remains well below the long term average. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures were projected to ease but have risen more recently and are forecast to remain above the Bank's 2% target through most of the forecast period. The rising price of oil and tight labour market means inflation may remain above target for longer than expected. This means that strong real income growth is unlikely in the near future.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider both that: 1) ultra-low interest rates result in other economic problems, and 2) higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise and cuts are required.
- The global economy appears to be slowing, particularly the Eurozone and China, where the effects of the trade war has been keenly felt. Despite slower growth, the European Central Bank is adopting a more strident tone in conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. Meanwhile, European political issues, mostly lately with Italy, continue.
- The US economy is expanding more rapidly. The Federal Reserve has tightened monetary policy by raising interest rates to the current 2%-2.25% range; further rate hikes are likely, which will start to slow economic growth. Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon. Our central case is for Bank Rate is to rise twice in 2019. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our interest rate projections, the strength of the US economy and the ECB's forward guidance on higher rates. However, volatility arising from both economic and political events will continue to offer borrowing opportunities.

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	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
5-yr gilt yield														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B - Existing Investment & Debt Portfolio Position

	10/12/18 Actual Portfolio £m	10/12/18 Average Rate %
External borrowing:		
Local authorities	1	0.6
Total external borrowing		
Total gross external debt	1	0.6
Total treasury investments	0	0
Net debt	1	0.6

Appendix C

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 Full Council 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 is 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 Council’s investments followed by the yield earned on investments remain important but are secondary considerations.

Appendix D

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2019-20

Background

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2018.

The broad aim of the CLG Guidance is to ensure that capital expenditure is financed 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 that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance and a locally determined approach to loans to third parties.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate 4%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate,

Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2019, the budget for MRP has been set as follows:

	31.03.2019 Estimated CFR £m	2019/20 Estimated MRP £
Capital expenditure before 01.04.2008	0	0
Supported capital expenditure after 31.03.2008	0	0
Unsupported capital expenditure after 31.03.2008	22,595	816
Total	22,595	816

Treasury Management Report half year update 2018/19

Introduction

In March 2010 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.

The Authority's treasury management strategy for 2018/19 was approved at a meeting on the February 2018. The Authority has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Authority's treasury management strategy.

Following consultation in 2017, CIPFA published new versions of the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management Code of Practice but has yet to publish the local authority specific Guidance Notes to the latter. In England MHCLG published its revised Investment Guidance which came into effect from April 2018.

The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is to be a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority will be producing its Capital Strategy later in 2018-19 for approval by full Council.

External Context

Economic background: Oil prices rose by 23% over the six months to around \$82/barrel. UK Consumer Price Inflation (CPI) for August rose to 2.7% year/year, above the consensus forecast and that of the Bank of England's in its August *Inflation Report*, as the effects of sterling's large depreciation in 2016 began to fade. The most recent labour market data for July 2018 showed the unemployment rate at 4%, its lowest since 1975. The 3-month average annual growth rate for regular pay, i.e. excluding bonuses, was 2.9% providing some evidence that a shortage of workers is providing support to wages. However real wages (i.e. adjusted for inflation) grew only by 0.2%, a marginal increase unlikely to have had much effect on households.

The rebound in quarterly GDP growth in Q2 to 0.4% appeared to overturn the weakness in Q1 which was largely due to weather-related factors. However, the detail showed much of Q2 GDP growth was attributed to an increase in inventories. Year/year GDP growth at 1.2% also remains below trend. The Bank of England made no change to monetary policy at its meetings in May and June, however hawkish minutes and a 6-3 vote to maintain rates was followed by a unanimous decision for a rate rise of 0.25% in August, taking Bank Rate to 0.75%.

Having raised rates in March, the US Federal Reserve again increased its target range of official interest rates in each of June and September by 0.25% to the current 2%-2.25%. Markets now expect one further rise in 2018.

The escalating trade war between the US and China as tariffs announced by the Trump administration appeared to become an entrenched dispute, damaging not just to China but also other Asian economies in the supply chain. The fallout, combined with tighter monetary policy, risks contributing to a slowdown in global economic activity and growth in 2019.

The EU Withdrawal Bill, which repeals the European Communities Act 1972 that took the UK into the EU and enables EU law to be transferred into UK law, narrowly made it through Parliament. With just six months to go when Article 50 expires on 29th March 2019, neither the Withdrawal Agreement between the UK and the EU which will be legally binding on separation issues and the financial settlement, nor its annex which will outline the shape of their future relationship, have been finalised, extending the period of economic uncertainty.

Financial markets: Gilt yields displayed marked volatility during the period, particularly following Italy's political crisis in late May when government bond yields saw sharp moves akin to those at the height of the European financial crisis with falls in yield in safe-haven UK, German and US government bonds. Over the period, despite the volatility, the net change in gilt yields was small. The 5-year benchmark gilt only rose marginally from 1.13% to 1.16%. There was a larger increase in 10-year gilt yields from 1.37% to 1.57% and in the 20-year gilt yield from 1.74% to 1.89%. The increase in Bank Rate resulted in higher in money markets rates. 1-month, 3-month and 12-month LIBID rates averaged 0.56%, 0.70% and 0.95% respectively over the period.

Credit background: Reflecting its perceived higher risk, the Credit Default Swap (CDS) spread for non-ringfenced bank NatWest Markets plc rose relatively sharply over the period to around 96bps. The CDS for the ringfenced entity, National Westminster Bank plc, has held steady below 40bps. Although the CDS of other UK banks rose marginally over the period, they continue to remain low compared to historic averages.

The ringfencing of the big four UK banks - Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc - is complete, the transfer of their business lines into retail (ringfenced) and investment banking (non-ringfenced) is progressing and will need to be completed by the end of 2018.

There were a few credit rating changes during the period. Moody's downgraded Barclays Bank plc's long-term rating to A2 from A1 and NatWest Markets plc to Baa2 from A3 on its view of the credit metrics of the entities post ringfencing. Upgrades to long-term ratings included those for Royal Bank of Scotland plc, NatWest Bank and Ulster Bank to A2 from A3 by Moody's and to A- from BBB+ by both Fitch and Standard & Poor's (S&P). Lloyds Bank plc and Bank of Scotland plc were upgraded to A+ from A by S&P and to Aa3 from A1 by Moody's.

Our treasury advisor Arlingclose will henceforth provide ratings which are specific to wholesale deposits including certificates of deposit, rather than provide general issuer credit ratings. Non-preferred senior unsecured debt and senior bonds are at higher risk of bail-in than deposit products, either through contractual terms, national law, or resolution authorities' flexibility during bail-in.

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Arlingclose's creditworthiness advice will continue to include unsecured bank deposits and CDs but not senior unsecured bonds issued by commercial banks.

Local Context

On 31st March 2018, the Authority had net borrowing of £13m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.18
	Actual
	£m
General Fund CFR	19.0
External borrowing	13.0
Internal borrowing	
Less: Usable reserves	8.8
Less: Working capital	4.2

The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 30th September 2018 and the change during the period is show in Table 2 below.

Table 2: Treasury Management Summary

	31.3.18	Movement	30.9.18	30.9.18
	Balance	£m	Balance	Rate
	£m		£m	%
Short-term borrowing	13.0	8.0	5.0	0.7
Total borrowing	13.0	8.0	5.0	
Long-term investments	0	0	0	0

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Short-term investments	0	0	0	0
Cash and cash equivalents	0	0	0	0
Total investments	0	0	0	
Net (borrowing)	13.0	8.0	5.0	

Borrowing Strategy during the period

At 30th September 2018 the Authority held £5.0m of loans, a decrease of £8.0m to 31st March 2018, as part of its strategy for funding previous years' capital programmes. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.18 Balance £m	Q1 Net Movement £m	30.9.18 Balance £m	30.9.18 Weighted Average Rate %	30.9.18 Weighted Average Maturity (years)
Local authorities (short-term)	13	8.0	5.0	0.7	Less than 1
Total borrowing	13	8.0	5.0	0.7	

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

With short-term interest rates remaining much lower than long-term rates, the Authority considered it to be more cost effective in the near term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary loans is shown in table 3 above.

Treasury Investment Activity

From time to time the Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the six-month period, the Authority's investment balance ranged between £0 and £7.5 million due to timing differences between income and expenditure. These investments were placed with the Debt Management Office Deposit Facility [DMADF] or other local authorities.

The Authority had no investments on 30th September 2019.

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate

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balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Authority holds £0m of such investments.

Compliance

The Executive Director for Finance reports that all treasury management activities undertaken during the year to date complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 8 below.

Table 7: Debt Limits

	H1 Maximum	30.9.18 Actual	2018/19 Operational Boundary	2018/19 Authorised Limit	Complied?
Borrowing	13	0	30	40	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Table 8: Investment Limits

	H1 Maximum	30.9.18 Actual	2018/19 Limit	Complied?
Any single organisation, except the UK Government	2.5	0	2	No (a)
Any group of organisations under the same ownership	0	0	2	No
Any group of pooled funds under the same management	0	0	5	Yes

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Negotiable instruments held in a broker's nominee account	0	0	5	Yes
Money Market Funds	0	0	11	Yes

(a) This investment was placed with the Police and Crime Commission for Essex, as their creditworthiness is viewed in the same light as that of central government, this investment was placed to maximise the return for the council.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	H1 2018/19 Actual	2018/19 Target	Complied?
Portfolio average credit score	A	A	Yes

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

	30.9.18 Actual	2018/19 Target	Complied?
	£m	£m	
Total cash available within [3] months	3	3	Yes
Total sum borrowed in past [3] months without prior notice	0	0	Yes

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Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed was:

	30.9.18 Actual	2018/19 Limit	Complied?
Upper limit on fixed interest rate exposure	100	100	Yes
Upper limit on variable interest rate exposure	0	50	Yes

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	30.9.18 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	0	15	0	Yes
12 months and within 24 months	0	15	0	Yes
24 months and within 5 years	0	35	0	Yes
5 years and within 10 years	0	100	0	Yes
10 years and above	0	100	0	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Outlook for the remainder of 2018/19

Having raised policy rates in August 2018 to 0.75%, the Bank of England's Monetary Policy Committee (MPC) has maintained expectations of a slow rise in interest rates over the forecast horizon.

The MPC has a definite bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. While policymakers are wary of domestic inflationary pressures over the next two years, it is believed that the MPC members consider both that (a) ultra-low interest rates result in other economic problems, and that (b) higher Bank Rate will be a more effective weapon should downside Brexit risks crystallise and cuts are required.

Arlingclose's central case is for Bank Rate to rise twice in 2019. The risks are weighted to the downside. The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in Q2 2018, but the annual growth rate of 1.2% remains well below the long term average

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Ca:	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside risk	0.00	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

The view is that the UK economy still faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Central bank actions and geopolitical risks, such as prospective trade wars, have and will continue to produce significant volatility in financial markets, including bond markets.

Capital Strategy Report 2019/20

Bromsgrove District Council

Introduction

This capital strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10k are not capitalised and are charged to revenue in year.

In 2019/20, the Council is planning capital expenditure of £7.3m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
	£000	£000	£000	£000	£000
General Fund services	7,533	4,362	2,257	1,800	1,370
Investments	0	0	5,000	7,000	8,000
TOTAL	7,533	4,362	7,257	8,800	9,370

The main General Fund capital projects in 19/20 include the replacement of fleet vehicles, £1,071k and Disabled Facilities Grants Funding £750k. The Council also plans to incur £20m of capital expenditure on investments over the next three years, which are detailed later in this report in the commercial activities paragraph.

Governance: Service managers bid annually in November to include projects in the Council's capital programme. Bids are collated by corporate finance who calculate the financing cost (which can be nil if the project is fully externally financed). The final capital programme is then presented to Cabinet in February and to Council in February each year.

All capital expenditure must be financed, either from external sources (government grants and other contributions including S106), the Council's own resources (revenue, reserves and capital receipts) or borrowing. The planned financing of the above expenditure is as follows:

Table 2: Capital financing

	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
	£000	£000	£000	£000
External sources	1,371	800	800	800
Own resources	198	0	0	0
Borrowing	2,793	6,457	8,000	8,570
TOTAL	4,362	7,257	8,800	9,370

Borrowing is only a temporary source of finance, since loans must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is as follows:

Table 3: Replacement of debt finance

	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget	Total
	£000	£000	£000	£000	£000
Own resources	487	816	1,081	1,325	3,710

- The Council's full minimum revenue provision statement is in appendix 1.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £5.7m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
		£000	£000	£000	£000
General Fund services	18,978	22,595	23,286	23,307	22,728
Capital investments	0	0	5,000	11,947	19,821
TOTAL CFR	18,978	22,595	28,286	35,254	42,549

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. At present there is only one planned service transformation where this flexibility is planned to be used, that being the implementation of the Enterprise Resource Planning System. This will be particularly helpful for the ability to utilise capital receipts for the revenue implementation costs of the project. Repayments of

capital grants, loans and investments also generate capital receipts. The Council is not currently expecting any capital receipts to be received over the amounts already in reserves.

- The Council's Flexible Use of Capital Receipts Policy is available here: appendix 2

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to capital expenditure decisions taken in the past, there has been an underlying need to borrow for capital purposes which has in recent years been met through short-dated borrowing. The Council currently has a £1m short-dated loan outstanding {date}; borrowing is expected to rise to £14.8m by 31/3/2019.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
	£000	£000	£000	£000	£000
Borrowing	13,022	14,841	21,456	29,191	37,517
Capital Financing Requirement	18,978	22,595	28,286	35,254	42,549

The above table incorporates the borrowing the Council intends to take.

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £0.2m at each year-end.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
	£m	£m	£m	£m	£m

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Outstanding borrowing	19.0	22.6	28.3	35.3	42.5
Liability benchmark	7.3	11.2	18.2	26.9	36

The table shows that the Council expects to remain borrowed above its liability benchmark. This is because cash outflows to date have been below the assumptions made when the loans were borrowed.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
	£000	£000	£000	£000
Authorised limit - borrowing	30,000	30,000	40,000	45,000
Authorised limit - PFI and leases	500	500	500	500
Authorised limit - total external debt	30,500	30,500	40,500	45,500
Operational boundary - borrowing	25,000	25,000	35,000	41,000
Operational boundary - PFI and leases	500	500	500	500
Operational boundary - total external debt	25,500	25,500	35,500	41,500

Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Investments for Commercial Activities.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Executive Director of Finance and staff, who must act in line with the treasury management strategy approved by council. Quarterly reports on treasury management activity are presented to council. The audit committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Council makes investments to assist local public services, including making loans to. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to at least break even after all costs.

Governance: Decisions on service investments are made by the relevant service manager in consultation with the Executive Director of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Commercial Activities

With central government financial support for local public services declining, the Council is planning to invest in commercial property purely or mainly for financial gain. The Council does not currently have such investments.

With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include falls in capital values, void periods, unforeseen capital expenditure and damage. These risks are planned to be managed by an in house team whose remit is to mitigate these risks. In order that commercial investments remain proportionate to the size of the authority, these are subject to an overall maximum investment limit of £20m.

Table 9: Investments for Commercial Activities

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
	£000	£000	£000	£000	£000
Longer-term investments	0	0	5,000	7,000	8,000
TOTAL	0	0	5,000	7,000	8,000

These investments are designed to generate a return to the authority, and are likely to be in commercial property.

Governance: Decisions on commercial investments are made in line with the criteria and limits approved by council in the investment strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on commercial investments and limits on their use are in the investment strategy

Liabilities

In addition to debt of £13m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £34.1m). It has also set aside £1.6m to cover risks of business rates appeals, £1.3m, employee benefits, £183k and insurance provision £67k.

Governance: Decisions on incurring new discretionary liabilities are taken by Heads of Service in consultation with the Executive director of Finance. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported as appropriate.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Financing costs (£000)	566	1,028	1,892	2,601
Proportion of net revenue stream	5%	9%	16%	22%

- Further details on the revenue implications of capital expenditure are in the 2019/20 revenue budget

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Executive Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the current MTFP forecasts which show that the council is financially sustainable taking it into account.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Executive Director of Finance is a qualified accountant with more than 30 years' experience. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Appendix E

Policy for Flexible use of Capital Receipts Purpose

1. This report reviews the statutory guidance on the flexible use of Capital Receipts and its application within this authority. Background
2. Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure and the use of capital receipts to support revenue expenditure is not permitted by the regulations.
3. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.
4. The Secretary of State for Communities and Local Government has issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital,

“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”
5. In order to comply with this Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents.
6. There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects
7. The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project which plans to make use of the capital receipts flexibility, together with the expected savings that the project will realise. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.
8. The Flexible Use of Capital Receipts Strategy is set out below

Flexible Use of Capital Receipts Strategy

9. Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is: “Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future

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years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

10. The Council's intends to use the following use of capital receipts to fund the following transformation projects should a new ERP system be approved to go ahead:

Project Description	2019/20
	£000
Restructure costs as part of ERP Programme	50
Total	50

11. The savings generated by these projects are set out in the table below.

Project Description	2019/20
	£000
Restructure costs as part of ERP Programme	10
Total	10

12. Impact on Prudential Indicators

13. The guidance requires that the impact on the Council’s Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy.

14. The indicators that will be impacted by this strategy are none. The scheme is currently funded from capital receipts and the new planned use of capital receipts will be funded from capital receipts which are currently unallocated.

15. The Prudential Indicators show that this Strategy is affordable and will not impact on the Council’s operational and authorised borrowing limits.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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