



BROMSGROVE DISTRICT COUNCIL

YOU ARE HEREBY SUMMONED to attend a MEETING of BROMSGROVE DISTRICT COUNCIL to be held in the Council Chamber at Parkside Suite - Parkside at 6.00 p.m. on Wednesday 23rd January 2019, when the business referred to below will be brought under consideration:-

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 Council held on 21st November 2018 (Pages 1 - 20)**

4. **To receive any announcements from the Chairman and/or Head of Paid Service**

5. **To receive any announcements from the Leader**

6. **To receive comments, questions or petitions from members of the public**

A period of up to 15 minutes is allowed for members of the public to make a comment, ask questions or present petitions. Each member of the public has up to 3 minutes to do this. A councillor may also present a petition on behalf of a member of the public.

7. **Recommendations from the Cabinet (Pages 21 - 22)**

To consider the recommendations from the meeting(s) of the Cabinet held on 5th December 2018 and 16th January 2019.

Any recommendations from 16th January 2019 will be to follow.

8. **To receive the minutes of the meetings of the Cabinet held on 5th December 2018 and 16th January 2019** (Pages 23 - 28)

Minutes from the meeting on 16th January 2019 (to follow)

9. **Report and Recommendations from the Independent Remuneration Panel** (Pages 29 - 44)

10. **Questions on Notice (to be circulated at the meeting)**

To deal with any questions on notice from Members of the Council, in the order in which they have been received.

A period of up to 15 minutes is allocated for the asking and answering of questions. This may be extended at the discretion of the Chairman with the agreement of the majority of those present.

11. **Motions on Notice (to follow if any)**

A period of up to one hour is allocated to consider the motions on notice. This may only be extended with the agreement of the Council.

12. **Background Information on the recommendations from the Cabinet 5th December 2018** (Pages 45 - 68)

13. **Background Information on the Recommendations from the Cabinet 16th January 2019** (Pages 69 - 170)

14. **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</u> |
|-----------------|------------------|
| 15 | 3 |

15. **Confidential Papers - Fees and Charges Appendix 5i (Item 13 above refers) (Pages 171 - 176)**

K. DICKS
Chief Executive

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TO ALL MEMBERS OF THE BROMSGROVE DISTRICT COUNCIL

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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE COUNCIL

21ST NOVEMBER 2018, AT 6.00 P.M.

PRESENT: Councillors C. J. Spencer (Chairman), M. J. A. Webb (Vice-Chairman), C. Allen-Jones, S. J. Baxter, C. J. Bloore, M. T. Buxton, S. R. Colella, B. T. Cooper, R. J. Deeming, G. N. Denaro, R. L. Dent, M. Glass, J. M. L. A. Griffiths, C.A. Hotham, R. E. Jenkins, H. J. Jones, R. J. Laight, K.J. May, C. M. McDonald, P. M. McDonald, S. R. Peters, S. P. Shannon, M. A. Sherrey, C. B. Taylor, P.L. Thomas, M. Thompson, L. J. Turner, K. J. Van Der Plank, S. A. Webb and P. J. Whittaker

54\18 **TO RECEIVE APOLOGIES FOR ABSENCE**

At the start of the meeting the Chairman invited students from Chadsgrove School to give a short presentation on the work they carried out.

An apology for absence was received from Councillor L. Mallett.

55\18 **DECLARATIONS OF INTEREST**

The Chairman noted that Councillors M. Sherrey and S. Webb were school governors at Chadsgrove School. However, as this was not a disclosable pecuniary interest they were not required to leave the room whilst the students from the school spoke.

56\18 **MINUTES**

The Minutes of the meeting of Council held on 19th September 2018 were submitted.

During consideration of the minutes Councillor M. Thompson noted that at the previous meeting of Council he had questioned the inclusion of confidential minutes and had requested that a public minute be included to demonstrate that the Council was open and transparent. He requested feedback from the Monitoring Officer on this subject. The Monitoring Officer confirmed that wherever possible Democratic Services produced both a public and a private version of a minute.

Reference was made to minute 51/18 by Councillor S. Shannon who commented that he did not feel he had received an answer to his question at the previous meeting of Council. This question referred to the collection of grey and brown bins and the need to prioritise waste collections. Councillor Shannon expressed concerns that this had not

happened during a recent problem with the waste collection service. The Leader advised that grey bin collections were always prioritised.

Councillor M. Thompson noted that, with regard to minute 52/18 and his motion in respect of waste collection services, it had been recorded that there had been a lengthy discussion. Councillor Thompson suggested that this was inaccurate as only the proposer and seconder of the Motion had spoken on the matter.

RESOLVED that the minutes of the Council meeting held on 19th September 2018 be approved as a correct record.

57\18

TO RECEIVE ANY ANNOUNCEMENTS FROM THE CHAIRMAN AND/OR HEAD OF PAID SERVICE

The Chairman thanked all Councillors who had attended the Remembrance Services on 11th November 2018. This had marked 100 years since the end of the First World War, though participants were also remembering those who had died in other conflicts such as World War Two.

Members were advised that the Bromsgrove Carol Concert would be held at St John's Church on Wednesday 12th December 2018. The Holocaust Memorial Service would subsequently be held on Monday 28th January 2019 starting at 10.00am. Further details about both events would be sent to Members in due course.

58\18

TO RECEIVE ANY ANNOUNCEMENTS FROM THE LEADER

The Leader advised that as requested he had written to the Secretary of state for Health and Social Care, the Rt. Hon. Matt Hancock MP regarding car parking charges for hospitals. The Leader had not yet received a response to this letter and he confirmed that he would pursue the matter further in due course if he did not receive any feedback.

Members were informed that since the previous meeting of Council Councillor P. McDonald had replaced Councillor C. Bloore as a member of the Overview and Scrutiny Board.

59\18

TO RECEIVE COMMENTS, QUESTIONS OR PETITIONS FROM MEMBERS OF THE PUBLIC

There were no comments, questions or petitions from the public on this occasion.

60\18

RECOMMENDATIONS FROM LICENSING COMMITTEE HELD ON 12TH NOVEMBER 2018

Councillor R. Dent, Chairman of the Licensing Committee, proposed the recommendations arising from the meeting of the Committee held on 12th November 2018. These were seconded by Councillor P. Whittaker.

Councillor Dent provided background information in respect of the recommendations. Members were advised that the purpose of the Statement of Licensing Policy was to provide clarity in relation to how the Licensing Authority would determine applications on the supply of alcohol. The policy would also provide guidance to Members in respect of the decisions that could be taken by Committee.

RESOLVED:

- (a) that the revised Statement of Licensing Policy as detailed at Appendix 2 of the report be approved; and
- (b) that the revised Statement of Licensing Policy be published with effect from 1st April 2019.

61\18

TO RECEIVE THE MINUTES OF THE MEETINGS OF THE CABINET HELD ON 31ST OCTOBER 2018

The minutes of the Cabinet meeting held on 31st October 2018 were received for information.

During consideration of the minutes Councillor P. McDonald commented that paragraph 39/18 of the minutes from that Cabinet meeting referred to funding for the development of the Burcot Lane site. Councillor McDonald expressed concerns that the costs of establishing a housing company would have a negative impact on the Council's budgetary position. Concerns were also raised about the proportion of affordable housing in Bromsgrove district and he suggested that there needed to be more than the proposed 18 affordable units within the development of the Burcot Lane site. To address this Councillor MacDonald commented that the Council needed to work in partnership with Bromsgrove District Housing Trust (BDHT) on the development of the site.

Councillor C. Hotham sought assurances that at least one of the 67 properties that were due to be developed on the Burcot Lane site would be provided to care leavers. The Leader acknowledged that he had noted this request.

RESOLVED that the minutes of the meeting of Cabinet held on 31st October 2018 be noted.

62\18

TO RECEIVE AND CONSIDER A REPORT FROM THE PORTFOLIO HOLDER FOR ECONOMIC DEVELOPMENT, TOWN CENTRE AND STRATEGIC PARTNERSHIPS

As Portfolio Holder for Economic Development, Town Centre and Strategic Partnerships, Councillor K. J. May presented her annual report.

During the delivery of her presentation Councillor May highlighted the following points for Members' consideration:

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- The Council had worked in partnership with organisations in the public and private sector on delivering economic growth in Bromsgrove district.
- Peter Brett Associates had undertaken independent research commissioned by North Worcestershire Economic Development Unit (NWEDR) and had found that Bromsgrove had a good track record with start up businesses but more work needed to be undertaken to help businesses grow.
- The Centres Manager worked closely with the businesses in the various town centres in the district to help deliver the Bromsgrove Centres Strategy 2017 – 2020.
- There was a need for a strategic transport assessment to be undertaken for Bromsgrove as this had implications for the local economy.
- There was also a need to enhance infrastructure within the district in order to increase footfall in the town centres and economic development overall.
- There were seven priorities for economic development that would be addressed over the following 12 months.
- Councillor May thanked the Chief Executive, the Interim Head of North Worcestershire Economic Development and the NWEDR team for their hard work and support.
- The new Head of North Worcestershire Economic Development would start work in January 2019.

Once the presentation of the report had been delivered Members raised the following matters with the Portfolio Holder for Economic Development, Town Centre and Strategic Partnerships:

- The economic development activities led by the Council in previous years and the impact that the new priorities would have on economic development in the district.
- The changes to business rates and the impact that this had had on local businesses. Councillor May advised that the majority of businesses had had no change to their business rates and 16 per cent of the businesses that had been affected by an increase in business rates had been eligible for business rates relief.
- The historic position of Bromsgrove as a dormitory town. Councillor May advised that Bromsgrove needed to adapt as times changed.
- The focus in the Portfolio Holder's written report on Bromsgrove, with Members noting that residents in locations such as Wythall could not travel to Bromsgrove on public transport and therefore they focused on their communities.
- The need to involve outlying areas in all work on economic development within Bromsgrove district.
- The proposed Strategic Transport Assessment and the timing of this review. Councillor May advised that the proposals in the Wyre Forest District Plan would impact on Bromsgrove and these had emerged since the Local Transport Plan 4 was approved.

- The extent to which all of the actions detailed in the Bromsgrove Centres Strategy 2017 – 2020 were being delivered. Councillor May confirmed that they were all being addressed and the Town Centre Manager could provide further details on request.
- The value of providing support to social enterprises. Councillor May advised that support would be provided to social enterprises where they approach the Council for help.
- The impact of new stores that had opened in Bromsgrove on business within the town centre. Councillor May advised that stores like Aldi and Lidl had been opened at one end of the town centre, with other businesses located at the other end.
- The Town Centre Heritage initiative in Bromsgrove, Members were advised that this had involved expenditure of £250,000 in the town centre.
- The availability of parking spaces within the town centre for business customers and the Council's plans for the use of the car park at Stourbridge Road. Members were advised that this site was the subject of a planning application.
- Car parking arrangements that would be in place during the festive period to encourage trade.
- The availability of space within the district on which to expand businesses and the use of some land for housing development.
- The term "unblocking investment opportunities" and what this referred to. Councillor May explained that this referred to proposals in the previous plan to develop 28 hectares for employment sites. There were 5 hectares that remained to be developed.
- The impact of transportation links across the whole of the district and air quality on the extent to which both staff and businesses would choose to be based in Bromsgrove.

63\18

QUESTIONS ON NOTICE

Questions submitted by Councillor M. Thompson

"What has been the revenue lost from town centre car parks since the opening Lidl and Aldi?"

The Leader responded by advising that Aldi opened on 9th August 2018 and Lidl opened on 11th October 2018. Comparison of 3 months' figures to October 2018 showed that there was a decrease year on year of approximately £8,000. The largest decrease was in August, although the Leader noted that this might be as a result of a lack of signage or policing on the Aldi site. The Council would continue to monitor those figures closely, alongside the wider economic and commercial factors like new jobs and businesses in the town.

Question submitted by Councillor S. Peters

“Can the Leader of the Council inform me whether any artefacts belonging to Bromsgrove Museum are still in storage at the Council’s premises and, if so, is a charge being levied for such storage?”

The Leader responded by informing Members that the museum had a license with the Council for 3 years which required a nominal fee of £1 per month. This was only ever intended to be a temporary situation. There was no risk to the local authority from an insurance perspective as the requirement was for the Trustees to ensure cover and the Council had expressly excluded any liability for loss or damage to the items in storage. The Leader confirmed that the storage was not causing any difficulties, though the agreement would soon be up for review.

Questions submitted by Councillor S. Shannon

“With news of the dangers of obesity and the diabetes ticking time bomb appearing daily the threat of a collapse of the NHS is emerging as a real possibility. Examining BDC Local Plan Health and Wellbeing Policy sections BDP 25.6 and 25.7 related to % numbers of hot food takeaway shops and distances from schools, parks, or youth centres and recognising that this councils policies, although only ratified in 2017 are nowhere near strong enough to control the siting of hot food takeaway shops close to schools etc.

Does the Leader of the Council agree with me that this Council should examine and modify policy parts BDP 25.6 and 25.7 relating to % numbers of hot food takeaway shops and where they can be sited, this Council needs to play its part in reducing the national obesity and diabetes crisis.”

The Leader referred the answer to the Portfolio Holder for Planning Services and Strategic Housing who responded by explaining that the position in respect of fast food outlets was addressed in planning policy documents. The Strategic Planning Steering Group had been reviewing planning policies and it was suggested that the points raised in Councillor Shannon’s question could be added to the consultation responses along with any other points that Councillor Shannon might want to add.

Question submitted by Councillor R. Jenkins

“In relation to the Issues and Options Public Consultation which Council recently ran from 24th September to 19th November, having spoken to a large number of residents who informed me that they were not aware of the Issue and Options Public Consultation, even though the consultation had been advertised; might it not have been better to extend the Issues and Options consultation time period to include a leaflet drop to every household to ensure everyone has at least had the opportunity to respond, as there is only a self-imposed time limit to the first part of this consultation as set out by government guidelines as a fact-finding and evidence gathering stage.

Can the Portfolio Holder for Planning confirm that the way in which the consultation was run complied fully with the Council's Statement of

Community Involvement Policy, and detail the various ways in which the consultation was advertised including in which local newspapers and guarantee that any potential shortcomings in the thoroughness of the public consultation process will not leave this Council open to any legal challenge on the basis of a potential lack of public engagement at a later date of the District Plan process?"

The Portfolio Holder for Planning and Regeneration responded by saying that the Council was compliant. The document had been developed by those councillors who had attended meetings of the Strategic Planning Steering Group. The local authority had consulted with interested stakeholders in as many ways as possible and had advertised the consultation in the local press, had consulted with Parish Councils and had placed adverts in local libraries and on social media. Council representatives had also visited schools and had undertaken a planning for real exercise, which had both informed young people about the consultation and highlighted what a career in planning might involve. Councillor Taylor concluded by suggesting that it would be impractical to circulate information in leaflets but many alternative methods of communication had been used.

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MOTIONS ON NOTICE

Unitary Authorities

Members considered the following Notice of Motion submitted by Councillor C. Hotham:

As local councils come under more and more financial pressure all possible efficiencies/savings must be considered. Across the country some two tier council areas are actively forming unitary authorities which they believe will bring very considerable cost savings.

The motion is:

"BDC will actively engage, through a cross party working group, with the county and other district councils to assess the feasibility and benefit of the formation of one or two unitary authorities for the whole of Worcestershire."

The motion was proposed by Councillor C. Hotham and seconded by Councillor S. Baxter.

In proposing the motion Councillor Hotham commented that it was important to ensure that local government in Worcestershire was placed on a secure footing whilst delivering good public services. The extent to which a single or two unitary authorities in the county would resolve the financial difficulties facing local government needed to be clarified. Councillor Hotham explained that he was not necessarily advocating the introduction of one or more unitary authorities but he felt that this subject had not been investigated enough to date and it was important to be prepared in case at a later date Worcestershire was placed in a position

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where one or more unitary authorities would need to be introduced. Worcestershire County Council was aiming to save £32 million and this could have implications for public services moving forward. Councillor Hotham quoted research undertaken by PriceWaterhouseCoopers (PWC) which had found that significant financial savings could be achieved when unitary Councils were introduced. Members were also asked to note that two-tier local government could be much more confusing for residents than unitary authorities as it was not always clear to local communities which Council delivered which services.

In seconding the motion Councillor Baxter commented that it was important to investigate the potential to introduce a unitary or multiple unitary authorities in Worcestershire in more detail. It would take time to introduce a single or multiple unitary authorities in the county. Bromsgrove District Council's boundaries were bordered by Dudley Metropolitan Borough Council, Solihull Metropolitan Borough Council and Birmingham City Council. In every case the Council Tax they charged their residents for properties was lower than in Bromsgrove district. Councillor Baxter suggested that the public should have a right to a say over whether there continued to be two-tier local government in the area and an explanation as to why two-tier authority working was potentially more expensive than having a unitary authority. There was the potential to make financial savings from replacing the six district Councils and one County Council with a single or multiple unitary authorities.

Councillor G. Denaro noted that having listened closely to the points raised in the motion he would always be willing to engage with any other parties who could help to improve the Council's efficiency and provision of services to the authority's customers. The question of unitary authorities had been raised by another Councillor at a recent meeting of the Worcestershire Leaders' Board. During that meeting all the Leaders had confirmed that their current plans were to continue to find ways to work together to deliver services across two tiers in Worcestershire. It had been made clear during that meeting that some Leaders would not entertain the possibility of one or more unitary authorities at this stage across Worcestershire. Members were advised that the legislation to form a unitary authority would be changing from 1st April 2019. Under the Cities and Government Devolution Act 2016 the Secretary of State for Housing, Communities and Local Government would no longer have the power to force a merger of district and County Councils without the agreement of all parties. This would mean that in future unanimous agreement from all parties would be required to form a unitary authority and this would not be achievable at the present time. In this context Councillor Denaro noted that he could not support the motion as he believed he would receive a negative response to the proposal.

Councillor M. Thompson commented that he felt that a decision that would fundamentally change local government in Worcestershire needed a decision to be taken by the public through a local referendum. As this was not proposed in the motion he advised that his group would be abstaining on the vote.

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Speaking in a personal capacity Councillor B. T. Cooper commented that he was pleased that the topic of unitary authorities for Worcestershire had been raised. Increasingly over his terms of office as a district Councillor, Councillor Cooper had become concerned that the two-tier local government arrangement did not work well; this had been much more apparent as the County Council had slipped into severe financial difficulties. Councillor Cooper suggested that it was unwieldy, unnecessarily bureaucratic, inefficient, expensive, led to duplication of effort and blurring of accountability and also led to conflicts of interests as well as actual conflicts as demonstrated by the problems between Bromsgrove District Council and Worcestershire County Council over roads and infrastructure. Councillor Cooper expressed the view that more than half of the population of England were served well by unitary authorities, which were responsible for and accountable to residents for all local government services. The difficulties faced by Worcestershire County Council needed to focus minds on possible solutions, which inevitably included the creation of unitary authorities. Councillor Cooper noted that his preference would be for the creation of two Worcestershire unitary authorities, at a time when there was a new settlement on local government finance by central government. However, given the information highlighted by the Leader, Councillor Cooper concluded that the motion might not be helpful at this time and so he would not be able to support the motion. He expressed the view that he hoped that the matter would return to the Council for active discussion at some time in the not too distant future.

During consideration of this item Councillor K. Van Der Plank commented that Members had a responsibility to the tax payer to ensure that best value for money was achieved when spending public money. Frontline services needed to be protected and difficult conversations needed to be held about the future. Councillor Van Der Plank suggested that it was important to start holding these conversations in order to encourage the Leaders of the other Councils in Worcestershire to start thinking differently about the potential for a unitary authority or a number of unitary authorities to be introduced in Worcestershire.

In speaking on the motion Councillor S. Colella suggested that a unitary authority would be closer to the people than the current two-tier system and would be more accountable. However, Councillor C. Allen-Jones commented that a district Council was closer to the people than a unitary authority and this would be increasingly important as more housing developments arising from commitments in other local authority areas occurred.

In accordance with Council Procedure Rule 18.3 a recorded vote was taken on this amendment and the voting was as follows:

For the Motion: Councillors S. Baxter, S. Colella, C. Hotham, R. Jenkins, S. Peters, L. Turner and K. Van Der Plank. (7)

Against the Motion: Councillors C. Allen-Jones, B. Cooper, R. Deeming, G. Denaro, R. Dent, J. Griffiths, H. Jones, R. Laight, K. May, M. Sherrey, C. Taylor, P. Thomas, M. Webb, S. Webb and P. Whittaker. (15)

Abstaining on the Motion: Councillors C. Bloore, M. Buxton, M. Glass, C. McDonald, P. McDonald, S. Shannon and M. Thompson. (7)

The Chairman declared the Motion to be lost.

Zero Hours Contracts

Members considered the following Notice of Motion submitted by Councillor P. McDonald:

“We call upon the Chief Executive to take whatever measures are required and legally permissible to stop the Council’s use of Zero Hour Contracts for it’s employees.”

The motion was proposed by Councillor P. McDonald and seconded by Councillor C. McDonald.

In proposing the motion Councillor McDonald commented that it was only when one lived with the consequences of having a zero hours contract that one understood the impact that this could have on a person’s health and wellbeing. People on zero hours’ contracts could be provided with only a day’s notice that they would be required at work and this did not provide either stability or certainty in respect of their future wages. Bromsgrove District Council had been known to be a good employer. However, Councillor McDonald expressed the view that the use of zero hours’ contracts by the Council was exploiting workers and he suggested that all staff needed to be provided with more secure contracts of employment.

In seconding the Motion Councillor C. McDonald noted that she viewed zero hours’ contracts as a cruel abuse of staff. People employed on zero hours contracts generally could not plan their lives as they were never certain when they would be required to work. Staff on zero hours’ contracts were not eligible for redundancy or pension payments and this could cause stress. Members were asked to note that the Council’s Equality Strategy stated that it was in the local authority’s interests for all staff to be treated fairly. Councillor McDonald questioned whether the Council was meeting this commitment if some staff were employed on zero hours’ contracts.

In speaking on the Motion Councillor G. Denaro explained that the Electoral Registration Officer and Returning Officer employed a small number of casual staff to help with elections and the annual electoral canvass. For the canvass in Bromsgrove in 2018 the Council had employed casual staff who had delivered Household Enquiry Forms to properties. All these casual staff, who were paid the national living wage, helped with general canvass work as well as telephone

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canvassing and data entry. There were no set hours for this work just a requirement for the work to be completed within an 8 week period. All of the staff involved in the work understood that by its very nature this would be very short-term. Under these circumstances Councillor Denaro commented that he was not in a position to support the Motion.

Councillor P. McDonald subsequently raised concerns that only one member of staff in the Electoral Services team had a permanent contract of employment. In response to a Point of Order raised by Councillor K. May the Monitoring Officer explained that every member of staff in the Electoral Services team, apart from those employed specifically to deliver the electoral canvass, were employed on permanent contracts. The casual workers employed to deliver the electoral canvass could not be employed for longer than 8 weeks as in line with national practice that was the length of time that the canvass lasted.

In accordance with Council Procedure Rule 18.3 a recorded vote was taken on this amendment and the voting was as follows:

For the Motion: Councillors S. Baxter, C. Bloore, M. Buxton, C. Hotham, R. Jenkins, C. McDonald, P. McDonald, S. Shannon, M. Thompson and L. Turner. (10)

Against the Motion: Councillors C. Allen-Jones, B. Cooper, R. Deeming, G. Denaro, R. Dent, M. Glass, J. Griffiths, H. Jones, R. Laight, K. May, M. Sherry, C. Taylor, P. Thomas, M. Webb, S. Webb and P. Whittaker. (16)

Abstaining on the Motion: Councillors S. Colella, S. Peters and K. Van Der Plank. (3)

The Chairman declared the Motion to be lost.

Business Rates Relief

Members considered the following Notice of Motion submitted 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.”

The motion was proposed by Councillor M. Thompson and seconded by Councillor P. McDonald.

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In proposing the motion Councillor Thompson commented that the Government had decided how to allocate the business rate relief package based on a calculation of those businesses affected by a higher increase. Councils had been invited to develop their own criteria which would set out how that funding should be spent. An independent business advisor had informed a number of Councils that the funding should be redistributed amongst affected businesses to help local communities. Councillor Thompson commented that Bromsgrove District Council had not followed this approach and had eventually returned some of the funding back to the Government.

In seconding the Motion Councillor P. McDonald noted that in his view the funding from the Government should have been invested in regenerating Bromsgrove town centre. The funding could also have helped to subsidise parking in the town centre and thereby help to attract more visitors.

In responding to the Motion the Portfolio Holder for Finance and Enabling commented that the scheme had had set criteria. The grant funding needed to be allocated to businesses with increasing rates and the Council could not determine how this funding was spent. In 2016/17 business rates had been the subject of a revaluation process. As a result in 2017/18 some business ratepayers had faced increases in their rate demands, some had reductions and some had found that their rates had remained at a similar level as it had been in previous years. This meant that business rate payers who would benefit from a reduction in rates might have to pay a premium which was added to their rates bill and would reduce over time until the new rate charge was reached, which, was in line with statutory requirements. Councillor Cooper commented that the grant funding provided by the Government to local authorities for business rate relief in 2017/18 was aimed at providing support to ratepayers who were most impacted by the revaluation. Therefore relief could only be awarded to ratepayers who faced an increase in the rates in 2017/18. Businesses which had to pay a transitional premium were excluded from the business rate relief scheme because they had a reduction in their initial rate demand. In considering the scheme, Bromsgrove District Council had to balance the interests of all of its business ratepayers. Therefore, the scheme had to be fair, so that any relief provided to businesses facing an increase in their rates, could not be seen to give them a competitive advantage over those whose rates were on a downward trajectory.

Councillor Cooper commented that the Government's consultation on the operation of the rate relief scheme had wanted local authorities to target funding at the rate payers who faced the most significant increases in their rates liability. When allocating funding and identifying these ratepayers, the government used an increase of 12.5 per cent. Therefore, the Council's scheme provided relief where the business rate increase was more than 12.5 per cent. However, it had turned out that as a result of the revaluation process, Bromsgrove as well as Redditch had had some of the biggest cuts in the country and the biggest in the

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West Midlands, so far fewer businesses had qualified for relief than anticipated. Out of the total 3,125 business ratepayers in Bromsgrove 89 per cent had a decrease or no increase in their rates in 2017/18. Only 332 businesses had had an increase of 1 per cent or more on their business rates, though this included rates that were paid on businesses or premises that would not be included in the scheme, such as public bodies, branches of national chains, advertising spaces, car parking spaces, phone masts and empty properties. With this in mind, together with the 12.5 per cent threshold, only 37 business ratepayers qualified for relief and a total of £46,300, or 34.4 per cent of the total grant, was paid out. The funding that had not been used had been returned to the Government at the end of the financial year and could not be retained by the Council to use for other purposes.

In conclusion Councillor Cooper noted that the Council had written to the government to request that a review be undertaken of the conditions for giving grants in respect of rate relief to businesses. By the date of the meeting no official response had been received. The Council continued to face significant financial challenges but these, together with the situation in respect of the rate relief, had been reported to the external auditors and this had subsequently been reported to the Audit, Standards and Governance Committee.

In responding to Councillor Cooper's comments Councillor Thompson noted that an independent business advisor, Mr. Sloan, was observing proceedings and would be happy to provide advice to Members. A request was made by Councillor S. Baxter for an adjournment but the Chairman noted that no public speakers had been booked for the meeting and she had not been notified in advance that the gentleman wanted to speak.

Following further debate on this subject, and after a number of Members had requested an opportunity to speak to Mr. Sloan, there was an adjournment from 19.55 to 20.05.

Once the meeting had recommenced Councillor S Baxter proposed an amendment to the Motion. This amendment was seconded by Councillor M. Thompson.

The amended Motion read as follows:

"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 refer this matter to the Overview and Scrutiny Board to investigate how this was allowed to happen."

In seconding the amendment Councillor Thompson noted that the scheme had not had set criteria. He suggested that if the Council was confident that the correct process had been followed there should be no opposition to a cross-party investigation of the matter.

Members subsequently voted to support the amendment to the Motion.

On being put to the vote the Motion was approved.

Issues and Options Consultation

Members received the following Notice of Motion submitted by Councillor S. Colella.

“The Issues and Options consultation finished on the 19th November. A number of issues have be raised which makes the Bromsgrove Development Plan instantly unsafe.

At a recent Overview and Scrutiny meeting with WCC Highways Officers it was generally accepted that senior Officers failed to grasp the many issues with Highways across the district.

Recent Freedom of Information requests and investigations have found that Nest6 (within the LTP4) is flawed and has no substance to resolve highways issues along the A456 and A491.

Wyre Forest DC have begun its consultation which will see several thousand housing being built along the Lea Castle and Hussum Way settlements. There are no Highway Investment Plans to direct the undoubted several thousand extra vehicles away from the A456.

The LTP4 has been proved not to be fit for purpose as a strategic plan to the Bromsgrove Development Plan that will ultimately be the undoing of getting the Bromsgrove Development Plan approved.

Redditch BC has been exposed for over estimating housing needs to the tune of c2600. This is roughly equal to BDC’s housing needs.

The motion is

The Council re-engages with WCC on a sustainable highways investment plan that will not only address the current overcapacity of the road network but to prioritise investment across the district and re-consults on the Issues and Options.

And

The Redditch alarmingly over estimated, overspill housing needs is replaced with Bromsgrove’s Housing needs so that the Development

Plan can be fast tracked to adoption and saving Bromsgrove's Greenbelt."

As the hour available for the consideration of Motions had passed, Councillor Colella confirmed that he was happy for the Motion to be considered at the following meeting of Council.

65\18

RECOMMENDATIONS FROM THE CABINET

At the start of the debate around this item Members discussed whether there was a need for the recommendations arising from the Cabinet meeting held on 31st October 2018 to be considered in exempt session. The Executive Director of Finance and Corporate Resources explained that the capital costs of the programme were considered to be appropriate to consider in exempt session as these figures would be sensitive when the Council went through any subsequent procurement exercise. However, due to the financial implications involved in establishing the housing company referred to in the papers Councillor P. McDonald suggested that the decision should be considered in a public session of the meeting.

On being put to the vote Members agreed to consider all the information arising from the Cabinet meeting on 31st October 2018 in open session.

The recommendations detailed in the minutes of the Cabinet meeting held on 31st October 2018 were proposed by Councillor B. Cooper. These were seconded by Councillor C. Taylor.

In proposing the recommendations Councillor Cooper noted that the Cabinet had resolved various matters related to this project, including the approval of the indicative plans and projected financial outcomes for the development project and the agreement in principal to set up a housing company to manage the retained housing stock. The Cabinet was asking Council to approve the necessary financial measures for the scheme. The total development costs were estimated to be £8.072 million. The Council proposed to fund this with the £1 million grant from Homes England and with £7.072 million borrowed from the Public Works Loan Board (PWLB). By agreeing to these financial recommendations, Council would allow the start of this project, with the aim to deliver at least 61 homes in Bromsgrove, and to create an income stream for Bromsgrove District Council from the 37 market rental properties that would be retained by the housing company.

During consideration of these recommendations Councillor P. McDonald proposed an amendment to the recommendations. This amendment was seconded by Councillor M. Thompson.

The amendment proposed the following:

“Action in respect of the Burcot Lane site should be placed on hold for 8 weeks to allow for meaningful discussions with Bromsgrove District Housing Trust (BDHT).”

In proposing the amendment Councillor McDonald noted that the Council had already borrowed money in the past and the proposals to introduce a capital programme of £8.072 million would extend the Council's debt. Councillor McDonald commented that a board of directors would be required for the new housing company and he expressed concerns about who would be appointed to the board. The land at the Burcot Lane site provided an opportunity for the Council to develop much needed social housing. There were more houses in Bromsgrove district available for sale at a market rate than social housing and there was less affordable housing available in the district than in the rest of the county.

In discussing the amendment Councillor Hotham commented that a number of Members had not received the exempt papers in time for discussion at the meeting of the Overview and Scrutiny Board when the matter had been considered. As such there had not been time to date to clarify the borrowing figures detailed in the report. Councillor Hotham also questioned whether any stress testing had been undertaken to assess the potential impact of events such as Brexit on the interest rates that the Council would have to pay back on any borrowing.

The Executive Director of Finance and Corporate Resources explained that the total cost would be £8.072 million. This would include £3.962 arising from the sale of the land and a debt of £4.110 million. Officers had considered a number of scenarios in relation to the interest payments. However, as the Council would be borrowing from the PWLB on a long-term basis there would be a fixed rate of interest.

Councillor S. Baxter noted that the proposed development contained 18 units of affordable housing, including 10 flats, together with a number of houses sold at the market rate and on the basis of shared ownership. Similarly Councillor S. Shannon raised concerns that the Council had the lowest affordable housing rates in the county and he suggested that shared ownership arrangements would not benefit those on low incomes. In response Councillor G. Denaro explained that the 18 affordable units had been included in the plans to comply with requirements from Homes England that 30 per cent of the development should be affordable.

In response to the amendment the Portfolio Holder for Planning Services and Strategic Housing commented that he agreed that there was not enough social and affordable housing available in the district to meet demand. However, a delay of 8 weeks could place the grant funding from Homes England at risk. Discussions had already been held with BDHT about the available options and they would continue to take place as BDHT was the Council's preferred provider. The houses that would be developed at the Burcot Lane site would be a mixture of market,

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social housing and affordable housing. Further information about the proposed housing company would be discussed by Members, including the Overview and Scrutiny Board, at a later date.

Councillor C. Bloore subsequently spoke on the amendment and noted that there were other ways in which the Council could develop new houses, including building Council houses. In speaking on the amendment Councillor Bloore raised concerns about the level of debt associated with the proposals.

In accordance with Council Procedure Rule 18.3 a recorded vote was taken on this amendment and the voting was as follows:

For the Amendment: Councillors S. Baxter, C. Bloore, M. Buxton, S. Colella, R. Jenkins, C. McDonald, P. McDonald, S. Peters, S. Shannon, M. Thompson, L. Turner and K. Van Der Plank. (12)

Against the Amendment: Councillors C. Allen-Jones, B. Cooper, R. Deeming, G. Denaro, R. Dent, M. Glass, H. Jones, R. Laight, K. May, M. Sherry, C. Taylor, P. Thomas, M. Webb, S. Webb and P. Whittaker. (15)

Abstaining on the Amendment: Councillor C. Hotham. (1).

The Chairman ruled that the amendment was lost.

Members subsequently discussed the recommendations detailed in the agenda papers and Councillor B. Cooper noted that the housing company would be owned by Bromsgrove District Council. He expressed concern about the potential for the Council to build Council houses as these would be subject to Right to Buy. Instead, Councillor Cooper suggested that a company would help to provide new affordable housing whilst the houses would become a source of income for the authority. New income streams were increasingly important to explore at a time when the Council faced financial challenges. The houses proposed in the paper would only be the start of the project, with the Council planning for further houses to be built that could be managed by the housing company at a later date.

In speaking on the recommendations Councillor C. Bloore raised concerns about the levels of homelessness in the district, including the hidden homeless. He suggested that the establishment of a new housing company would cost a lot of money and instead the authority should be working on developing and managing houses. Councillor Bloore also questioned where any future properties that would be managed by the company would be built and he noted that in some parts of the country housing companies had gone into administration after they had been in operation for some time.

Councillor S. Baxter also commented on the proposals and noted that she welcomed the fixed interest rate for the loans from the PWLB. There was a need to develop the Burcot Lane site and this could be

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used for housing. As the housing company would also help to generate income for the Council she welcomed the proposals.

It was noted by Councillor C. Hotham that the articles of association for the housing company would help to provide protections. These articles of association would be reported back to the Council in due course.

In accordance with Council Procedure Rule 18.3 a recorded vote was taken on this amendment and the voting was as follows:

For the Proposals: Councillors C. Allen-Jones, S. Baxter, S. Colella, B. Cooper, R. Deeming, G. Denaro, R. Dent, M. Glass, C. Hotham, R. Jenkins, H. Jones, R. Laight, K. May, M. Sherrey, C. Taylor, P. Thomas, K. Van der Plank, M. Webb, S. Webb and P. Whittaker. (20)

Against the Proposals: Councillors C. Bloore, M. Buxton, C. McDonald, P. McDonald, S. Peters, S. Shannon, M. Thompson and L. Turner. (8)

RESOLVED:

- a) that the £1m conditional grant funding offered by Homes England, be accepted and delegated authority be given to the Head of Legal, Equalities and Democratic Services and Section 151 Officer to finalise the terms of the Funding Agreement with Homes England, after consultation with the Leader and Finance Portfolio Holder; and
- b) that Council approve an increase in the Capital Programme of £8.072m to fund the associated costs of the demolition and development of the site and that £7.072m be borrowed from Public Works Loans Board. Additional £1m will be funded from the grant allocation. The 3 year increase in the Capital Programme be allocated:

| | |
|---------|---------|
| 2018/19 | £1.611m |
| 2019/20 | £2.065m |
| 2020/21 | £4.396m |

(As the exempt minutes and recommendations arising from the meeting of Cabinet held on 31st October 2018 were considered in public session there is no private version of the minutes for this item).

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CONFIDENTIAL CABINET MINUTES 31ST OCTOBER 2018

That the confidential minutes of the Cabinet meeting held on 31st October 2018 be noted.

The meeting closed at 8.57 p.m.

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Chairman

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CABINET RECOMMENDATIONS TO THE COUNCIL

On 23rd January 2019

Cabinet meeting 5th December 2018

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

Members considered the Bromsgrove District Council's Response to Wyre Forest District Council's pre-submission Local Plan.

RECOMMENDED TO COUNCIL:

- 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.

FINANCE MONITORING QUARTER 2 REPORT

Members considered the Finance Monitoring Quarter 2 Report.

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).

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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.

- 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.

49/18

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

**Independent Remuneration Panel
for Worcestershire District Councils**

Annual Report and Recommendations for 2019-20

Bromsgrove District Council

December 2018

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Recommendations

The Independent Remuneration Panel recommends to Bromsgrove District Council the following:

- 1. That the Basic Allowance for 2019-20 is £4,437, representing 2% increase.**
- 2. That the Special Responsibility Allowances are as set out in Appendix 1.**
- 3. That travel allowances for 2019-20 continue to be paid in accordance with the HMRC mileage allowance.**
- 4. That subsistence allowances for 2019-20 remain unchanged.**
- 5. That the Dependent Carer's Allowance remains unchanged.**
- 6. That for Parish Councils in the Bromsgrove District, if travel and subsistence is paid, the Panel recommends that it is paid in accordance with the rates paid by Bromsgrove District Council and in accordance with the relevant Regulations.**

Introduction

The Independent Remuneration Panel (IRP) has been appointed by the Council to carry out reviews of the allowances paid to Councillors, as required by the Local Government Act 2000 and subsequent legislation. The Panel has carried out its work in accordance with the legislation and statutory guidance.

The law requires each Council to "have regard" to the recommendations of the Independent Panel. We noted that for 2018/19 the recommended increase in the basic allowance was accepted but the special responsibility allowances remained at their current level. We further noted items regarding travel, subsistence and dependent carers' allowance be accepted.

This year the Panel offered to meet with the Leader of the Council to discuss any other particular issues. Members of the panel are due to meet the Leader of Bromsgrove District Council regarding the allowances of Planning Chair, Licensing Chair, Scrutiny Chair and the Deputy Leader in January 2019.

Our recommendations are based on thorough research and benchmarking and we have presented the Council with what we consider to be an appropriate set of allowances to reflect the roles carried out by the Councillors. The purpose of allowances is to enable people from all walks of life to become involved in local politics if they choose. The Panel does acknowledge that in the current challenging financial climate there are difficult choices for the Council to make. It is for the Council to decide how or whether to adopt the recommendations that we make.

Background Evidence and Research Undertaken

There is a rich and varied choice of market indicators on pay which can be used for comparison purposes. These include:

- Survey data on a national, regional or local level;
- Focussed surveys on a particular public sector;
- Regular or specific surveys
- Use of specific indices to indicate movement in rewards or cost of living.

As background for the decisions taken by the Panel this year we have:

- Analysed and considered the Annual Survey of Hours and Earnings (ASHE) statistics for 2018 which gives the mean hourly wage rate for Worcestershire at £14.09
- Benchmarked the Basic Allowance against allowances for comparable roles paid by the Chartered Institute of Public Finance and Accountancy (CIPFA) "Nearest Neighbour" Councils for each authority.
- Information from local analysis of time spent by Councillors on Council business (carried out by Worcester City Council in 2015)
- Considered local government pay awards

We give more details about these areas of research in Appendix 2.

Arising from our research, in **Table 1** we have included information showing the Members' allowances budget for Basic and Special Responsibility Allowances paid for 2017-18 as a cost per head of population for each Council. To give context, we have included details of the proportion of net revenue budget spent by each Council on basic and Special Responsibility allowances.

In **Table 2** we show the average payment per member of each authority of the Basic and Special Responsibility Allowances, which illustrates the balance between the level of Special Responsibility Allowances paid and the Basic Allowance.

Table 1 - Total spend on Basic and Special Responsibility Allowances (SRA) as a cost per head of population 2017-18 figures

| Authority, population¹ and number of Councillors | Total spend Basic Allowances | Total spend on SRA | SRA as a percentage of total Basic Allowance | Cost of total basic and SRA per head of population | Total of basic and SRA as a percentage of Net General Revenue Fund expenditure |
|--|-------------------------------------|---------------------------|---|---|---|
| | £ | £ | % | £ | % |
| Bromsgrove DC (31) 97,594 | 134,885 | 61,892 | 45.89 | 2.02 | 1.8 |
| Malvern Hills DC (38) 75,339 | 159,204.84 | 63,497.12 | 39.88 | 2.89 | 2.8 |
| Redditch Borough (29) 85,204 | 95,019 | 38,876 | 40.91 | 1.57 | 1.36 |
| Worcester City (35) 100,405 | 149,675 | 67,188 | 44.88 | 2.16 | 1.78 |
| Wychavon (45) 118,738 | 192,949 | 71,984 | 37.31 | 2.23 | 1.69 |

¹ ONS population figures mid 2018. Totals for Basic and Special Responsibility allowances paid are as published by each authority for the 2017-18 financial year.

Table 2 - Average allowance per Member of each authority (Basic and Special Responsibility Allowances, 2017 – 18 figures)

| Authority (number of Councillors) | Amount £ |
|--|-----------------|
| Bromsgrove District (31) | 6,348 |
| Malvern Hills District (38) | 5,860.58 |
| Redditch Borough (29) | 4,617 |
| Worcester City (35) | 6,196 |
| Wychavon District (45) | 5,887 |

Basic Allowance 2019 - 20

Calculation of Basic Allowance

The Basic Allowance is based on:

- The roles and responsibilities of Members; and
- Their time commitments – including the total average number of hours worked per week on Council business.
- A public service discount of 40% to reflect that Councillors volunteer some of their time to the role.

The Basic Allowance is paid to all Members of the Council.

Whilst each Council may set out role descriptions for Councillors, the Panel accepts that each councillor will carry out that role differently, reflecting personal circumstances and local requirements. However, we consider the Basic Allowance to include Councillors' roles in Overview and Scrutiny, as any non-Executive member of the Council is able to contribute to this aspect of the Council's work. It is for this reason that we do not recommend any Special Responsibility Allowance for members of the Overview and Scrutiny Committee. We also consider that ICT could be included in the Basic Allowance as it is generally more readily available to individuals than in previous years. We are comfortable that specific local decisions may be made about how ICT support is provided, however it is felt that where iPads or other equipment is provided for use by Councillors, an ICT allowance should not be paid.

As mentioned earlier, in 2015 Worcester City Councillors recorded the time spent per week on Council business for a number of weeks during the early autumn. This was considered to reflect an appropriate "average" period of time for meetings and other commitments. The results from this survey showed that the average input was 10 hours and 50 minutes per week. This figure matches the one used for a number of years by the Panel, based on previous research with constituent councils, to calculate the basic allowance.

As outlined above we reviewed the levels of wage rates for Worcestershire as set out in the ASHE data (details in appendix 2) and the benchmark information available to us from the Chartered Institute of Public Finance and Accountancy (CIPFA) "nearest neighbours" authorities as part of our research into the level of basic allowance recommended. We are also aware that the majority of local government employees received an average of 2% increase in pay in April 2018 (dependent on scale).

The figure being recommended by the Panel of £4,437 for the Basic Allowance appears reasonable and appropriate when compared to other Local Authorities. It represents an increase of 2%. The calculation used to arrive at the Basic allowance is set out at appendix 2.

Special Responsibility Allowances (SRA) 2019-20

General Calculation of SRAs

The basis for the calculation of SRAs is a multiplier of the Basic Allowance as advocated in the national Guidance.

The Panel has reviewed the responsibilities of each post, the multipliers and allowances paid by similar authorities. As in previous years, the Panel has benchmarked the allowances against those paid by authorities listed as "nearest neighbours" by CIPFA.

The Panel has been asked on occasions to consider recommending SRA's for Vice-Chairs of Committees. Having considered evidence presented to us and the nature of the roles, as a principle the Panel does not recommend SRA's for Vice-Chair roles.

Appendix 1 to this report sets out the allowances recommended for 2019-20.

Mileage and Expenses 2019-20

The Panel notes that the Council has used the HMRC flat rate for payment of mileage for Councillors and recommends that this continues. The Panel is satisfied that the current levels of subsistence allowances are set at an appropriate level and recommends that these continue.

The Panel notes that the Council's Scheme of Members' Allowances provides that Dependant Carer Allowances are payable to cover reasonable and legitimate costs incurred in attending approved duties and recommends that this provision continues.

Allowances to Parish Councils 2019-20

The Independent Remuneration Panel for Worcestershire District Councils acts as the Remuneration Panel for the Parish Councils in each District. This year the Panel has not been asked to make recommendations on any matters by any Parish in Bromsgrove.

The Independent Remuneration Panel

The Members' Allowances Regulations require Local Authorities to establish and maintain an Independent Remuneration Panel. The purpose of the Panel is to make recommendations to the authority about allowances to be paid to Elected Members and Local Authorities must have regard to this advice. This Council's Independent Remuneration Panel is set up on a joint basis with 4 of the other 5 District Councils in Worcestershire. Separate Annual Reports have been prepared for each Council.

Recruitment of new IRP Panel

Following the retirement of three of the five existing panel members at the end of the 2017 reporting cycle, including panel Chair Bill Simpson, the authorities embarked on a recruitment process for new panel members during the early summer of 2018. The job description and person specification were reviewed and updated and adverts for new panel members were placed in WM Jobs and the authorities' websites in July 2018. A very good response was received and the shortlisting panel met on 24th July. Seven candidates were shortlisted for interview on 9th and 21st August and five candidates were subsequently offered and accepted appointments.

The two remaining members of the 2017 panel will continue to serve in 2018, when their terms of office will expire, though one of the two (Terry Cotton) has agreed to serve for one further year to provide some continuity and support to the new panel.

The shortlisting and interview panel members were:

- Cllr Linda Robinson, Leader Wychavon
- Cllr Geoffrey Denaro, Leader Bromsgrove
- Terry Cotton, Vice Chair IRP
- Claire Chaplin, Democratic and Civic Services Manager/Deputy Monitoring Officer
- Mel Harris, Member Support Officer
- Matthew Box, Member Support Officer
- Darren Whitney, Electoral Services Manager

The new members of the Independent Remuneration Panel are:

Polly Reed, Chair of the Panel - Polly has 15 years' experience working in local government and public sector organisations, within the West Midlands. Between 2009 and 2015 she was a Programme Manager for a regional West Midlands Children's Services programme, delivering efficiency and improvement projects and supporting Lead Members to deliver their safeguarding responsibilities. She is currently the Head of Business Services for the West Midlands Police and Crime Commissioner, and manages a portfolio including governance and the Strategic Police and Crime Board, engaging with members of the public and delivering against workforce and HR priorities. The Police and Crime Commissioner is supporting her to undertake the ICSA Qualifying Scheme to become a Company Secretary, which is a professional qualification at Master's Level. She is also a school governor in Bromsgrove.

Terry Cotton - Terry spent 34 years working in central and local Government, mostly managing regeneration programmes across the West Midlands. Until May 2011 he worked at The Government Office for The West Midlands where he was a Relationship Manager between central and local Government and a lead negotiator for local performance targets. Following voluntary early retirement in May 2011, he worked part-time in Birmingham's Jewellery Quarter, setting up a new business led community development trust and currently works part-time for Worcestershire County Council on sustainable transport initiatives. He is also a trustee of a small charitable trust providing grants to grass roots community initiatives in deprived communities.

Don Barber - After several Human Resources and Productivity Improvement Management roles in Industry, Don became Chief Executive of a change management facilitating consultancy. Over the last 20 years he has been an independent consultant

and advisor on a number of United Nations, European Commission, and World Bank transition projects, in particular in Europe, Africa, Asia, and Australasia. He also operates in an advisory role to other consultancy groups seeking EU contracts. This experience has included the development of national civil service/public sector reform programmes including aspects of the effect of legislative change for central and local government and, in the U.K., working for the Office of Manpower Economics (advisors to the Prime Minister) on Public Sector Pay, in particular relating to: Civil Service Pay Reform, UK Armed Forces and the Medical Professions.

Caroline Murphy – Caroline has 20 years' experience of working in public and voluntary sector organisations, including three West Midlands Local Authorities and the Civil Service. She was a senior Education Manager at Wolverhampton City Council until 2011 developing and delivering a large part of the 14-19 Pathfinder, during which time her department was recognised as achieving Beacon Council Status. She has a wealth of experience at building partnerships. Caroline now works as freelance Education, Skills and Development Adviser supporting individuals and organisations with strategic management, quality assurance and improvement, safeguarding, regulation compliance, research and evaluation, data protection and developing policies and procedures. She has worked in a consultancy capacity for a number of organisations, specialising in those who support vulnerable young people. She also spent 14 years as the Vice Chair of Governors of a primary school in Birmingham.

Jonathan Glover – Jonathan has over 30 years experience working in central and local government. He has worked mostly in central government, in a range of departments and disciplines. These include: regional finance and accounts; building management; personnel management; contract management. At a local level he specialised in employment support for people with disabilities. Returning to a regional role, he ensured projects throughout the West Midlands region, which were receiving European Commission grants, complied with EC financial and regulatory compliance. Since leaving the civil service he has worked in both the public and private sector. Jonathan was a governor at his local junior school for eight years. He was vice chair of the full governing body, representing the school at Ofsted inspection and appeal panels; chair of its curriculum sub committee; and a member of personal and finance sub committees. He was a member of several recruitment and interview panels, including for a new headteacher.

Reuben Bergman – Reuben is a Fellow of the CIPD with significant senior HR leadership experience across a range of public sector organisations in both England and Wales. He currently runs a HR Consultancy Business in Worcestershire providing advice and support on managing change, employment law, HR policy development, mediation, management coaching and employee relations. Reuben has led successful equal pay reviews in three separate local authorities and is known for his successful work in managing change and developing effective employee relations. He is a qualified coach, mediator and a Shared Service architect. He has won national awards for his work on employee engagement and the development of an innovative Café style leadership development programme.

Matthew Davies – Matthew qualified as a Social Worker in 2008, and subsequently worked in Worcestershire and Jersey in the Channel Islands with children, their families and carers. On returning to Worcestershire in 2013 he worked with children in the care of the local authority before he was appointed as a Safeguarding Manager in Worcestershire in 2014, a role he continued in Manchester City until 2017. Currently

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he's employed as an Independent Reviewing Officer in Worcestershire. Independent Reviewing Officers are Social Workers, who are also experienced social work managers whose duty is to ensure the care plans for children in care are legally compliant and in the child's best interest. Passionate about learning and development Matthew is a guest speaker who contributes toward the West Midlands Step Up To Social Work Programme for the West Midlands, contributing toward the learning of social workers in training. He is also an Independent Panel Member of an Independent Fostering Agency, contributing toward the approval of prospective and established foster parents for children in care.

The Panel has been advised and assisted by:

- Claire Chaplin and Margaret Johnson from Worcester City Council;
- Darren Whitney from Bromsgrove and Redditch Councils;
- Mel Harris from Wychavon District Council;
- Matthew Box and Lisa Perks from Malvern Hills District Council.

The Panel wishes to acknowledge its gratitude to these officers who have provided advice and guidance in a professional and dedicated manner. The Panel also thanks the previous panel for their commitment to this agenda.

Polly Reed, Chair of Independent Remuneration Panel

Appendix 1

Independent Remuneration Panel for District Councils in Worcestershire Recommendations for 2019-20

Bromsgrove District Council

| Role | Recommended Multiplier | Current Multiplier* | Recommended Allowance £ | Current Allowance (paid) £ |
|---|------------------------|---------------------|----------------------------|---|
| Basic Allowance – all Councillors | 1 | 1 | 4,437 | 4,350 |
| Special Responsibility Allowances: | | | | |
| Leader | 3 | 2.9834 | 13,311 | 12,978 |
| Deputy Leader | 1.75 | 1.9892 | 7,765 | 8,653 |
| Cabinet members (Portfolio Holders) | 1.5 | 1.2929 | 6,656 | 5,624 |
| Chair of Overview and Scrutiny Board | 1.5 | 1.2929 | 6,656 | 5,624 |
| Chair of Overview and Scrutiny Task Groups | 0.25 | 0.2487 | 1,109 | 1,082, Paid pro-rata for length of task group |
| Chair of Audit, Governance and Standards Committee | 0.25 | 0.2487 | 1,109 | 1,082 |
| Chair of Planning Committee | 1 | 1.2929 | 4,437 | 5,624 |
| Chair of Licensing Committee | 0.3 | 0.2984 | 1,331 | 1,298 |
| Political Group Leaders | 0.25 | 0.2487 | 1,109 | 1,082 |

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| Role | Recommended Multiplier | Current Multiplier* | Recommended Allowance £ | Current Allowance (paid) £ |
|---|-------------------------------|----------------------------|------------------------------------|---------------------------------------|
| Chair of Appointments Committee | 0.03 | 0.0299 | 133 per meeting | 130 per meeting |
| Chair of Electoral Matters Committee | 0.03 | 0.0299 | 133 per meeting | 130 per meeting |
| Chair of Appeals Panel | 0.03 | 0.0299 | 133 per meeting | 130 per meeting |

*It should be noted that Bromsgrove District Council froze all SRAs so current multipliers are not round figures.

Appendix 2

Summary of Research and Influencing Factors

"Nearest Neighbour" Authorities

No two Councils or sets of Councillors are the same. Developed to aid local authorities in comparative and benchmarking exercises, the CIPFA Nearest Neighbours Model adopts a scientific approach to measuring the similarity between authorities. Using the data, Bromsgrove District Council's "nearest neighbours" are:

- Stroud
- Lichfield
- Maldon
- South Staffordshire
- Harborough
- Tewkesbury

The average basic allowance for all nearest neighbour councils* is £5250. (*This figure is the average of all named nearest neighbours for all 5 Worcestershire Districts.).

Annual Survey of Hours and Earnings (ASHE) Data on Pay

Published by the Office for National Statistics, the Annual Survey of Hours and Earnings (ASHE) shows detailed information at County and District level about rates of pay. For benchmarking purposes the Panel uses the levels for hourly rates of pay excluding overtime (£14.09 for 2018) This is multiplied by 11(hours per week) to give a weekly rate, which is then multiplied by 44.4 weeks to allow for holidays. Eleven hours per week was the number of hours spent on Council business by frontline Councillors which had been reported in previous surveys and substantiated most recently by a survey with Worcester City Councillors in the autumn of 2015. The rate is then discounted by 40% to reflect the element of volunteering that each Councillor undertakes in the role. Applying this formula produces a figure of £4,129 per annum.

CPI (Consumer Price Inflation)

In arriving at its recommendations the Panel has taken into account the latest reported CPI figure available to it, published by the Office for National Statistics. This was 2.2% for November 2017 – November 2018.

Local Government Pay Award

The Panel was also mindful of the latest Local Government pay award implemented from 1 April 2018. For the majority of Local Government employees (i.e. those on salaries of £19,430 per annum and above) this resulted in a pay increase of 2% on 1 April 2018 with a further 2% increase payable on 1 April 2019.

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From this analysis we have determined that a 2% increase in the figure from last year is an appropriate recommendation, in line with the increases in our benchmark figures.

MEMBERS ALLOWANCES – INDEPENDENT REMUNERATION PANEL REPORT AND RECOMMENDATIONS

| | |
|------------------------------|--|
| Relevant Portfolio Holder | Cllr Denaro |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Claire Felton, Head of Legal, Equalities and Democratic Services |
| Ward(s) Affected | All |
| Ward Councillor(s) Consulted | N/A |

1. SUMMARY OF PROPOSALS

1.1 This report asks the Council to consider the report and recommendations of the Independent Remuneration Panel (IRP); to decide whether or not to accept the IRP's report and to agree the Members Allowances scheme for 2019-20 arising from this.

2. RECOMMENDATIONS

The Council is asked to **RESOLVE**

2.1 whether or not to accept all, some or none of the recommendations of the Independent Remuneration Panel for 2019-20;

2.2 having considered the Panel's report and recommendations, whether or not changes are required to the Council's scheme of allowances for Members arising from this.

3. KEY ISSUES

Financial Implications

3.1 If the Council makes changes to the current amounts of allowances there may be additional savings or costs. If the Council implements all the recommendations of the IRP costs would be increased in the region of £6,250.

Legal Implications

3.2 The Council is required to maintain a Panel of people from outside the Council to consider and recommend to it:

- the level of basic and special responsibility allowances paid to Councillors and
- travel, subsistence and dependent carers' expenses for Councillors

The Council is required to “have regard” to the recommendations of the Panel. However, it is not obliged to agree to them. It can choose to implement them in full or in part, or not to accept them.

- 3.3 If the Council wishes to change its scheme of allowances for Councillors it should do so prior to the start of the new financial year, having had regard to recommendations made by the Panel. If changes to the amounts of the allowances are agreed by the Council, then the scheme will be updated automatically.

Service/Operational Implications

- 3.4 The current allowances paid by the authority are shown in appendix 1 to the IRP’s report, together with the allowances recommended by the Panel.

Customer/Equalities and Diversity Implications

- 3.5 There are no specific customer or equalities implications arising from this report.

4. RISK MANAGEMENT

Payments to Councillors can be a high profile issue. The main risks are reputational. However, the Council is transparent about the decisions made on allowances. The Allowances scheme and sums paid to Councillors each year are published on the Council’s website.

5. APPENDICES

Report and recommendations from the Independent Remuneration Panel for 2019-20.

6. BACKGROUND PAPERS

None

AUTHOR OF REPORT

Name: Darren Whitney

Tel.: 01527 881650

email: darren.whitney@bromsgroveandredditch.gov.uk

Response of BDC on Wyre Forest Local Plan Pre-Submission Version

| | |
|----------------------------|-----------------------|
| Relevant Portfolio Holder | Councillor Kit Taylor |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Ruth Bamford |
| Wards Affected | All Wards |
| Ward Councillor Consulted | Yes |
| Non-Key Decision | Yes |

1. SUMMARY OF PROPOSALS

- 1.1 Wyre Forest District Council (WFDC) have published the Wyre Forest Local Plan Review pre submission plan (WFLP), the representation period on this plan and its supporting evidence is taking place between 1st November and 17th December.
- 1.2 It is requested that the objection as summarised below and included in full at appendix A, is submitted to WFDC as BDC's formal response to the pre submission plan. Due to the deadline of the representations period, the initial response will have to be submitted as an officer response.

2. RECOMMENDATION

Cabinet is asked to RESOLVE

- 2.1 **to endorse the officer response to the Wyre Forest Local Plan Review Pre submission plan (as attached at Appendix A) in order for it to be submitted before the end of the representation period.**

Cabinet is asked to RECOMMEND to Council that

- 2.2 **the officer response to the Wyre Forest Local Plan Review Pre submission plan, be approved by Council as its formal response, and that it is confirmed with Wyre Forest District Council as such.**
- 2.3 **Delegated Authority is given to the Head of Planning and Regeneration to ensure that BDC is represented at the Examination in Public element of the Wyre Forest Local Plan review.**

Cabinet

5th December 2018

3. KEY ISSUES

Financial Implications

- 3.1 There are no direct financial implications associated with this report.

Legal Implications

- 3.2 WFDC has published its pre submission plan in accordance with Regulation 19 of the Town & Country Planning (Local Planning) (England) Regulations 2012.
- 3.3 It is important that the Bromsgrove District Council submit a representation at this stage as this is the last opportunity to respond to the plan before the Examination in Public. Not responding at this stage would end BDC's ability to influence the content of the WFLP.

Service / Operational Implications

Summary of Response - Wyre Forest Local Plan pre-submission

- 3.4 The WFLP is in effect the final draft version of the plan and that which WFDC will be submitting to the Secretary of State to undergo Examination in Public.
- 3.5 BDC has responded to previous versions of the WFLP, most notably at preferred option stage in August 2017. At that stage the Council expressed concerns that the transport implications of the proposed development sites in Wyre Forest were not able to be quantified; and therefore mitigation strategies not properly identified.
- 3.6 Within the WFLP the focus for major new development remains predominantly to the north and east of Kidderminster, and adjacent to transport routes that flow towards Bromsgrove. The concerns expressed at the preferred option stage largely remain, the transport evidence that supports the plan has not advanced significantly, with the only substantive addition being a modelling report which shows where the impact of development is predicted to be.
- 3.7 Whilst this modelling work is to be welcomed, in isolation it does not provide the evidence that BDC stressed was needed in previous responses. Of particular concern is the outcome of the model which shows additional congestion on the routes into Bromsgrove and most notably through Hagley. Bypasses are suggested to alleviate this congestion although no evidence is presented on the rationale for way

Cabinet

5th December 2018

a bypass is the correct solution. Without this supporting evidence the ability of the plan to actually deliver the mitigation is questioned. Therefore there is a very real danger that the effect of the modelling i.e. further congestion in Bromsgrove District becomes the reality.

Customer / Equalities and Diversity Implications

3.8 There are no Customer / Equalities and Diversity Implications associated with this report.

4. RISK MANAGEMENT

4.1 The risks associated with not submitting a representation is that BDCs views will not be taken into account by the inspector examining the WFLP.

5. APPENDICES

Appendix A – BDC response to WFLP

6. BACKGROUND PAPERS

- WFLP Pre submission Document
- WFLP Infrastructure Delivery Plan
- WFLP evidence base

AUTHOR OF REPORT

Name: Mike Dunphy
Strategic Planning and Conservation Manager

E Mail: m.dunphy@bromsgroveandredditch.gov.uk
Tel:01527 881325

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Wyre Forest Local Plan Pre-Submission response

4. Do you consider the Local Plan is:

| | |
|--|-----|
| 4.1 Legally Compliant | Yes |
| 4.2 Sound | No |
| 4.3 Complies with the Duty to co-operate | Yes |

5. If you do not consider the Local Plan is sound, please specify on what grounds

| | |
|---------------------------------|-----|
| Positively Prepared | Yes |
| Justified | No |
| Effective | No |
| Consistent with National Policy | No |

6. Please give details of why you consider the Local Plan is not legally compliant or is unsound or fails to comply with the Duty to co-operate. Please be as precise as possible.

6.1 It is the view of Bromsgrove District Council (BDC) that unfortunately The Wyre Forest Local Plan (WFLP) is unsound, BDC do not consider that the plan is Justified, Effective, or Consistent with National Policy.

6.2 The objection focuses on Policy 12 - Strategic Infrastructure and Policy 13 - Transport and Accessibility in Wyre Forest and the evidence base which purports supports them, most notable the Infrastructure Delivery plan (IDP) and the Transport Modelling Report (TMR).

6.3 Para 16 of the NPPF requires that plans should:
b) be prepared positively, in a way that is aspirational but deliverable;
d) contain policies that are clearly written and unambiguous, so it is evident how a decision maker should react to development proposals;

Policy 12 is a generic policy for the requirement of infrastructure to support the plan, and Policy 13 begins to provide more detail on what infrastructure is required. It is the view of BDC that policies 12 and 13 fail to satisfy b) and d) of the above policy. For the reasons expanded on in the paragraphs 6.6 to 6.19 below concerning the evidence base, BDC fail to see how the infrastructure requirements are **deliverable**. BDC also fails to see and how the policy is **clear and unambiguous** on what infrastructure is required, and when and how it is to be delivered. Of particular concern in relation to the clarity of the policy are the inconsistencies between the IDP requirements and the requirements in the policy.

6.4 Para 20 of the NPPF states

Strategic policies should set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for:

b) infrastructure for transport, telecommunications, security, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat);

It is BDCs view that the concerns expressed about the evidence at para's 6.6 to 6.19 identifies that the WFLP and its evidence base does not at this stage clearly identify in a robust manner the infrastructure required or the impacts of the infrastructure, and therefore the plan is inconsistent with the requirements of para 20 of the NPPF.

6.5 Para 104 of the NPPF states Planning policies should:

b) be prepared with the active involvement of local highways authorities, other transport infrastructure providers and operators and neighbouring councils, so that strategies and investments for supporting sustainable transport and development patterns are aligned;

c) identify and protect, where there is robust evidence, sites and routes which could be critical in developing infrastructure to widen transport choice and realise opportunities for large scale development;

It is BDCs view that in relation to b) and c) above that issues identified with the evidence base at paras 6.6 to 6.19 below shows, that there is not robust evidence which has allowed for any routes to be identified and protected for the bypasses in relation to Hagley and Mustow Green. And that lack of robust evidence, which also include un-costed schemes in the IDP, does not allow for a sufficient strategy for investment in infrastructure to be developed and aligned, therefore the WFLP is not consistent with the requirements of para 104 of the NPPF.

6.6 Paras 6.3 to 6.5 above show how the policies in the WFLP are inconsistent with the requirements of the NPPF, BDCs soundness concerns are also related to the ability of the WFLP to be judged as being justified and effective, this primary concern relates to the evidence base supporting Policies 12 and 13.

6.7 It appears from the published evidence base the main supporting evidence for the transport and infrastructure policies in the WFLP are the IDP and the TMR. Reference is made in both May 2017 and October 2018 versions of the IDP to a transport evidence paper. It has been confirmed by Wyre Forest District Council (WFDC) that there is no transport evidence paper. The May 2017 IDP also states

It should also be noted that local impacts of individual potential development sites can be more easily identified; however, the cumulative impact of development on both the local and wider strategic network is difficult to quantify without undertaking modelling. As detailed above, the WFTM will be used to fully assess all development sites, both individually and cumulatively, to ensure a robust assessment of the likely transport related infrastructure is identified and all appropriate multimodal infrastructure identified to support the preferred option.

For the reasons expanded on below BDC, do not consider that this stated intention of the previous version of the IDP has been undertaken.

6.8 The WFLP contains development allocations across the District, there are some significant allocations to the eastern and north eastern side of Kidderminster. These sites have been in the public domain for a considerable period of time and were part of the preferred options presented by WFDC. BDC responded to the preferred option plan, expressing concern about the possible implications of development in these locations on transport infrastructure in Bromsgrove. At the time BDCs concern was the lack of evidence to allow BDC to make an informed decision on the implications for the district. Sadly little work appears to have been done to strengthen the evidence base and therefore BDCs concern remains.

6.8 turning specifically to the Transport Modelling Report (TMR) BDC has concerns that

- a) The Wyre Forest Transport model is a multi-modal model but only the highway assignment model has been used.
- b) There is a mis-match between the development assumptions in the Wyre Forest Local Plan Review (2016-2036) – Transport Modelling Report and the Wyre Forest District Council IDP.
- c) A simplistic approach to trip generation has been adopted. A single rate assumed for all residential development and a single rate assumed for all job / employment types.
- d) It is not clear whether there has been any optimisation of the highway network in the future year network.
- e) There is no definition provided of “capacity” or “congestion”.
- f) In the Appendix, information on housing is not provided for mixed use development. Housing capacity is provided for residential areas, but the number of jobs assumed for employment is not provided.

6.9 In relation to the Wyre Forest District Council IDP, the following observations are made.

- a) There is a mis-match between the development assumptions in the Wyre Forest Local Plan Review (2016-2036) – Transport Modelling Report and the Wyre Forest District Council IDP.
- b) No reference to modelling 5 years ahead, albeit the IDP refers to national guidance that states that the IDP should be clear for at least 5 years ahead
- c) There is reference to options consultation but no reference to modelling of options.

- d) The document states that where the deliverability of critical infrastructure is uncertain alternative strategies should be assessed. It is not clear if the testing of alternative strategies has been undertaken in the (highway) modelling.
- e) There is no definition provided of “capacity” or “congestion”, so it is not clear how infrastructure needs have been identified.
- f) Not clear how network capacity has been maximised albeit the document states that there is a need to demonstrate that capacity has been maximised.
- g) Not clear on how infrastructure needs have been identified as there is no reference provided to an appraisal or sifting process or definition of need.

6.10 The reason why these elements are a concern and lead to a conclusion of unsoundness relates to the identification of additional congestion on the A456 through Hagley in Bromsgrove. Also the identification of additional congestion on the A448 at Mustow Green which the main route between Bromsgrove and Kidderminster is a similar concern. Both these locations have now been identified as requiring bypasses. It must be stated that in principle BDC does not necessarily object to these bypass proposals, providing they are underpinned by robust evidence of need and more importantly delivery. But for BDC to get to this position it needs to be clear that these proposals are the correct form of mitigation when considered against other options in these locations, and it needs to be clear what the wider cumulative impacts of these proposals are on transport infrastructure. This is important because once the need for them is robustly established; it needs to be clear how these and other proposals will be funded and delivered in a coordinated way. The WFLP requires infrastructure to align with allocated development as they progress to provide the correct mitigation, although it does appear no actual phasing appears in the plan. BDC is unable to establish that a robust process has been undertaken in identifying these schemes as the correct schemes. BDC is also unable to form any view based on the evidence of the likelihood of these scheme being enable or delivered by the WFLP

6.11 In more detail BDC cannot understand the assessment process that has been undertaken to determine the bypass is needed. The adopted Local Transport Plan 4 LTP4 highlights that a review of the junctions in Hagley should take place, to be funded by developers and the LTP. Notwithstanding the technical concerns highlighted at para 6.8 above, the results of the TMR appears to show further congestion in Hagley. The LTP4 junction review requirement appears to have now been superseded by a bypass, there appears to be no evidence to support the need other than the model report. The IDP states *‘Using this information WCC have been able to undertake an assessment of the probable impact on the local and wider network and produce a list of the infrastructure required to support the level of growth. This assessment has been undertaken using the Wyre Forest Transport Model (WFTM).’* The TMR does not mention the mitigation required, it simply shows where the network is affected by development, there are no other published reports referencing the WFTM. Therefore trying to work out how all the schemes have been assessed as being the required, and appropriate mitigation for the level of impact is impossible to do based on the published evidence. The same applies to the Mustow

green scenario where a junction enhancement scheme has been replaced with a bypass. Policy 13 of the WFLP still refers to a junction enhancement scheme, this is the inconsistency referred to at para 6.3 above.

6.12 It is a fact that the IDP schemes haven't been modelled for their impact, as they are not referenced in the TMR. So it is unclear not only what impact a Hagley bypass will have in reducing congestion in Hagley but it is not clear what impact a Hagley bypass might have on other locations, these impacts maybe both positive and negative. The same can be said for the bypass around Mustow Green. For example the Mustow Green Scheme might have an impact on Bromsgrove Town if it increases the volumes which are able to use the A448. Similarly the enhancement scheme on the A450 corridor might have an impact on Hagley if it improves the attractiveness of this route, how would / has that then be factored into the bypass proposals at Hagley. It is accepted that transport planning / modelling is not an exact science, and there will always be impacts of schemes which will not be able to be quantified. In this instance again appears to be is no work which attempts to identify how all these transport schemes work together to mitigate the cumulative impacts of all the developments in Wyre Forest. For these reasons alone BDC does not feel that the WFLP is sound, as key proposals required both within the district but also outside are not robustly justified.

6.13 It could be seen as strange that BDC are objecting to a plan which on the face of it is providing a solution to a known issue; congestion in Hagley. The robust justification for a scheme is directly related to the ability to implement the required scheme. Therefore BDC cannot support the plan if, the need for the scheme is not justified to the extent that its ability to be implemented becomes clear and deliverable.

6.14 The Hagley bypass scheme as identified in the IDP does not have a cost associated with it, the Mustow Green bypass scheme has a £12 million cost associated with it. Neither scheme as far as BDC can ascertain has got a plan which shows the alignment of the road or any technical considerations. Purely by looking at a map, a bypass around Mustow Green would appear to be a shorter piece of road than a bypass around Hagley. Therefore we can only assume that the Hagley scheme will be in excess of £12 million, this is a significant amount of funding which does not have any certainty at this stage. BDC acknowledge that this is a very crude assumption to make on cost, and there are many issues such as underground services etc which can significantly affect the final amount. It is also accepted that as the detail of schemes are worked up more detailed cost estimates can be made. It appears the costs that have been used to inform the viability work, which is part of the evidence base to the plan, are not reflective of or have been informed by these schemes. The approach in the viability work is to use a typical infrastructure cost. However in this instance this typical cost cannot account for all the typical or abnormal costs, as so many of them are yet to be identified.

6.15 It is noted at para 12.3 of the WFLP that

The Council will consider wider infrastructure funding streams as part of the Local Plan Review process and in due course will consider the introduction of a Community Infrastructure Levy in conjunction with the latest Planning Obligations SPD, as adopted by the Council in September 2016.

6.16 BDC do not understand why the consideration of infrastructure funding streams would be left for a plan review to decide. This wording appears verbatim in the preferred option version of the plan and therefore maybe a drafting error. If this is the case then it would suggest that this plan should have considered the funding streams. BDC cannot see where this has been done with any rigour. If a CIL is the mechanism to fund the plans infrastructure, then it would need to be clearly timetabled, and then progressed in line with that timetable to ensure the benefits of having a CIL are realised from all the development in the plan. This would appear to be key for WFDC so many infrastructure schemes have been identified. The Local Development Scheme states that the position on a CIL will be considered alongside the preparation of the pre-submission plan. There is no timetable for the production of a CIL and the WFLP does not clarify the position on CIL. The inconsistent costing information and complete lack of costing in relation to the Hagley bypass, and an uncertain policy regime about infrastructure delivery casts doubt on the funding of a bypass for Hagley.

6.17 The IDP has a lot of high cost schemes in it, and a lot of possibly expensive schemes which have yet to be costed, including the Hagley bypass. If the evidence isn't robust to support the specific requirement for these schemes as a result of development, the likelihood of them being funded by developers or other mechanisms such as Central Government or LEP money is uncertain. Where there are lots of competing schemes it is expected that funding normally be directed at those which provide the greatest direct benefit, such as enabling housing development or providing for economic activity. From the information provided BDC has no way of understanding how much development from specific allocations impacts on Hagley to justify the bypass. This lack of information then makes it impossible to understand the likely level of developer contribution, and therefore if not fully developer funded the likely amount of other funding required. Without being able to understand how much housing and economic development proposals such as the bypass enable, it is impossible to form a view on the likely applicability to the funding streams that are available to infrastructure providers.

6.18 It is accepted that funding regimes are not fixed, and change as government policy is amended, meaning different levels of finance become available. With that in mind BDC accepts that it is not possible to have complete certainty on these issues at this stage in the planning process. But without being able to quantify the impact of individual developments on the scheme being tabled as mitigation, and then being able to quantify the impact of the mitigation even at a basic level BDC fails to see

how the plan can be seen as justified, and therefore also effective if the required funding for the mitigation remains such an unresolved issue.

6.19 In Conclusion it is regrettable that BDC has to object to the plan, but unless the mitigation required supporting the plan cannot be robustly evidenced, which in turn secures the ability for it to be delivered, it is the view of BDC that the plan is unsound as it is not justified, effective, and consistent with national policy.

7. Please set out what modification(s) you consider necessary to make the Local Plan legally compliant or sound, having regard to the Matter you have identified at 6 above where this relates to soundness. (NB Please note that any non-compliance with the Duty to co-operate is incapable of modification at examination). You will need to say why this modification will make the Local Plan legally compliant or sound. It will be helpful if you are able to put forward your suggested revised wording of any policy or text. Please be as precise as possible.

7.1 BDC consider that the wording of policies 12 and 13 could be amended to strengthen them and provide more clarity in relation to the mitigation required. But as the fundamental issue is with the evidence which underpins these policies without a more robust evidence base BDC do not consider this plan can be made sound with simple policy wording changes.

8. If your representation is seeking a modification, do you consider it necessary to participate at the oral part of the examination?

~~No I do not wish to participate at the oral examination.~~
Yes I would like to participate at the oral examination.

9. If you wish to participate at the oral part of the examination, please outline why you consider this to be necessary:

To hopefully aid the inspectors understanding of the particular local circumstances specific to the objections raised.

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CABINET

5th December 2018

Finance Monitoring Quarter 2 2018/19

| | |
|----------------------------------|---|
| 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. Purpose and Summary

To report to Cabinet on the Council’s financial position for Revenue and Capital for the financial year April 2018 – September 2018.

2. Recommendations

The Cabinet is asked to

RESOLVE

2.1 That Cabinet note the current financial positions for the period April – September 2018 as detailed in the report.

2.2 Approve the virement within the service of Planning and Regeneration from Economic Development to the Business Centres Management budget of £23k required to meet the Shared service agreement with NWEDR.

That Cabinet recommend to Council

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

3. Revenue budgets

3.1 This report provides details of the financial performance of the Council. The purpose of this report is to ensure officers and members have the relevant information necessary to consider the overall financial position of the Council. The report reflects the finances across all of the Strategic Purposes to enable Members to be aware of the level of funding attributed to each area and how this compares to budget. The summary at 3.4 shows the financial position for revenue funding for the year April – September 2018.

3.2 Financial reports are sent to budget holders on a monthly basis. As part of this process a detailed review is undertaken with support from the finance team to ensure that all issues are considered and significant savings or cost pressures are addressed. This report aims to focus on the key variances from budgets to ensure that these are addressed appropriately during the year.

3.4 The £10.988m original budget as included in the table below is made up of the budget approved in February 2018 of £10.583m which is then adjusted to reflect the transfers from reserves of £327k along with the community group funding £79k.

CABINET

5th December 2018

In addition, the Latest Budget 2018/19 of £11.248m includes a net transfer from reserves of £262k which is shown in appendix 1 (Appendix 1 also includes a transfer to reserves of -£562k from corporate financing).

**Revenue Budget summary
Financial Year 2018/19 – Overall Council**

Please note figures have been rounded

| Strategic Purpose | Original Budget 2018/19 £'000 | Revised budget 2018/19 £'000 | Budget to date 2018/19 £'000 | Actuals 2018/19 £'000 | Variance 2018/19 £'000 | Projected outturn 2018/19 £'000 | Projected Variance 2018/19 £'000 |
|---|----------------------------------|---------------------------------|---------------------------------|--------------------------|---------------------------|------------------------------------|-------------------------------------|
| Keep my place safe and looking good | 4,406 | 4,532 | 1,804 | 1,752 | -52 | 4,410 | -122 |
| Help me run a successful business | -559 | -582 | -208 | -215 | -6 | -619 | -37 |
| Help me be financially independent | 154 | 99 | 234 | 252 | 17 | 143 | 44 |
| Help me to live my life independently | -8 | -8 | -126 | -143 | -17 | -40 | -32 |
| Help me find somewhere to live in my locality | 725 | 804 | 374 | 353 | -21 | 779 | -25 |
| Provide Good things for me to see, do and visit | 660 | 759 | 399 | 393 | -6 | 760 | 1 |
| Enable others to work/do what they need to do (to meet their purpose) | 5,609 | 5,646 | 2,751 | 2,796 | 48 | 5,832 | 186 |
| Total | 10,988 | 11,250 | 5,228 | 5,188 | -41 | 11,264 | 13 |
| Corporate Financing | -10,988 | -11,250 | -14,195 | -14,687 | -492 | -11,860 | -609 |
| Grand Total | 0 | 0 | -8,966 | -9,499 | -533 | -596 | -596 |

Financial Commentary:

There are a number of variances across the strategic purposes. The summary above shows the overall position for the Council and the main variations are as a result of:

Keep my place safe and looking good

These budgets include those relating mainly to environmental services, planning, lifeline, CCTV and other activities to deliver against the purpose to ensuring an area is both safe and attractive for the community.

Having reviewed the variance position, the below explains the variances:

- It is projected that Bereavement services will receive additional income by the end of 2018/19 of **£87k** due to the rolling out of a new service offering reserved graves, which is expected to be achievable.
- Core Waste have received additional income and it is projected to be **£63k** at the end of the financial year due to a new trade recycling service. The income budget will be reviewed for 2019/20 once service is established and resource implications have been fully reviewed.
- There is a small underspend within Depot services due to a budgeted for staff vacancy which is hoped to be filled by the end of 2018/19 **£26k**.
- A projected shortfall in planning application income of **£164k**. There have been a low number of applications approved in 2018/19 and also major applications on strategic sites have been delayed due to highway considerations.
- Engineering services have some small underspends on repairs and maintenance of vehicles and other general supplies along with salary savings while the service area is under review **£26k**
- There are savings within strategic planning due to salary vacancies **£60k**.
- Trees and woodland management also have some salary savings while the services is under review **£31k**

Help me run a successful business

The budgets within the strategic purpose include economic development, car parking, all licenses and costs associated with the town and other centres within the District.

- There are no individual variances in the quarter 2 to report.

Help me be financially independent

The strategic purpose includes all costs relating to the support of benefits and the administration and delivery of Council Tax services in the District.

- The variance projected of **£44k** mainly relates to additional resources required in Revenues and Benefits teams whilst facing ongoing changes.

Help me to live my life independently

There are a number of budgets relating to the delivery of the strategic purpose including; Lifeline, Community Transport and Disabled facilities grants.

- There has been additional income received within the Lifeline service due a new contract that has been procured with Cannock Chase District Council. This will be reflected in 2019/20 budgets.

Help me find somewhere to live in my locality

The costs associated with homeless prevention, housing strategy and land charges are all included in the strategic purpose.

CABINET

5th December 2018

- To date additional land charge income has been received due to a larger number of search applications. The increase is therefore reflected in the projected outturn along with other general supplies and services savings.

-

Provide Good things for me to see, do and visit

The majority of budgets within this purpose relate to Leisure and Culture services.

- Whilst within this strategic purpose that there is not a significant variance projected there is a slight shortfall in income within Business Development. This is due to a low interest this year on Christmas lights sponsorship. This is offset against savings on general supplies within sports services.

Enable others to work/do what they need to do (to meet their purpose)

All support services and corporate overheads are held within the enabling purpose. These include; IT, HR, Finance, Management team and other support costs.

- Accounts and Financial Management have a saving which is due to vacant posts **£29k**
- There are a number of unallocated savings that sit within the corporate / enabling service **£211k** at quarter 2. It is anticipated that these will be offset by service savings during the year as detailed with savings monitoring at point 4 below.
- There is a projected underspend of **£58k** within Customer Services centre due to a one off business rate refund and salary vacancies.
- There are other salary vacancies within Equalities & Policy, Financial support, ICT and Legal Services projected **£172k** by the end of 2018/19.

Corporate Financing

- The variance shown is due to a grant received for section 31. Section 31 Grant compensates the Council for an element of mandatory business rates reliefs and the cap on inflationary increases on the business rates multiplier. For 2018/19 the council did not budget for section 31 grant due to uncertainty around the amount to be received when budgets were set. Going forward due to the recent revaluation of business rates there are potential costs which may arise, as such it is proposed that 50% of the section 31 grant received is transferred into a specific reserve to support any future potential business rates pressures.

3.5 The request for approval of an increased budget **£59k** at 2.3 above is for a district heating feasibility study. District heating is a system for distributing heat generated in a centralised location for residential and commercial heating requirements. District heating plants can sometimes provide higher efficiencies and better pollution control than localised boilers while significantly reducing carbon emissions.

4. Savings Monitoring

4.1 The medium term financial plan included £580k of savings identified to be delivered during 2018/19. The breakdowns of these savings are attached at appendix 2. To quarter 2 £293k has been realised against the budgeted April to September savings of £295k. In addition, there are £454k of unidentified savings for 2018/19, which sit within the corporate / enabling service as highlighted in the table above. To date a projection for year-end 2018/19 £371k has been identified against these unidentified savings. These savings will be offset against the unidentified savings for quarter 3.

CABINET

5th December 2018

5. Cash Management

5.1 The financial position in relation to borrowing at the start of the financial year and year to date positions are shown in the table below:

| Date | £m | Position |
|---|-----------|-----------------|
| As at 31 st March 2018 (Actual) | 13.0 | Borrowing |
| As at 30 th September 2018 | 5.0 | Borrowing |

Borrowing

Outstanding as at the 30th September 2018 are £5m in short term borrowing with associated borrowing costs within the quarter of £1k.

An interest payable budget has been set of £71k for 2018/19 due to expenditure relating to current capital projects.

Investments

At 30th September 2018 there were nil investments held.

6. Capital Budgets

| |
|---|
| Capital Budget summary |
| Financial Year 2018/19 – Overall Council |

Please note figures have been rounded

| Strategic Purpose | Original Budget 2018/19 | Revised budget 2018/19 | Budget to date 2018/19 | Actuals 2018/19 | Variance 2018/19 | Projected outturn 2018/19 | Projected Variance 2018/19 |
|--|--------------------------------|-------------------------------|-------------------------------|------------------------|-------------------------|----------------------------------|-----------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Keep my place safe and looking good | 2,238 | 2,238 | 1,269 | 1,165 | -104 | 2,001 | -237 |
| Help me be financially independent | 6 | 6 | 3 | 1 | -2 | 1 | -5 |
| Help me to live my life independently | 1,257 | 1,257 | 884 | 768 | -115 | 776 | -481 |
| Provide good things for me to see, do and visit | 566 | 566 | 283 | 268 | -15 | 506 | -60 |
| Enable others to work/do what they need to do (to meet their purpose) | 96 | 96 | 48 | 25 | -23 | 96 | 0 |
| Totals | 4,163 | 4,163 | 2,487 | 2,227 | -259 | 3,380 | -783 |

Finance commentary:

Keep my place safe and looking good

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5th December 2018

The variance for quarter 2 mainly relates to the Infrastructure works at the Bromsgrove depot budget. It is unlikely this budget will be spent this financial due to the detailed design required for the works to be undertaken and therefore it will requested to carry forward the budget into next financial year 2019/20.

Help me be Financially independent

The variance relates to funding originated from a grant obtained from the government by Warmer Worcestershire via WCC to be spent on Park Homes insulation within the Bromsgrove District however there are currently no suitable projects to spend this grant therefore officers request that the budget is retained until suitable projects are available.

Help me to live my life independently

The underspend projected relates to a number of projects firstly the Energy Efficiency installations. This fund has been unable to be spent this year due to the need to procure the energy advice service prior to restarting the Bromsgrove Energy Efficiency Fund. The energy advice service will be procured with a 3 year contract April 2019 - March 2022. There is a underspend showing on discretionary home repairs assistance which is due to a Lack of applications being received despite advertising. There will be a request to carry forward an underspend on the disabled facilities grants due to delays in referrals from occupational therapists.

Provide Good things for me to see, do and visit

The project within this strategic purpose, providing £62k towards refurbishment of the Barnt Green Millennium Park - Toilets, remains under review by the Parish Council and it is likely it will be requested to be carried forward into the 2019/20 budget.

Enable others to work/do what they need to do (to meet their purpose)

There are no significant individual variances in the quarter 2 to report. It is projected that all schemes will be completed by the end of the financial year 2018/19.

7. Earmarked Reserves

7.1 The position as at 30th September 2018/19 is shown in Appendix 1.

8. General Fund Balances

8.1 The General Fund Balance as at the 31th March 2018 is £4.789m. A balanced budget was approved in February 2018 to include identified savings which have been built into individual budget allocations. This also included a planned use of balances for 2018/19 of £9k.

9. Legal Implications

9.1 No Legal implications have been identified.

10. Service/Operational Implications

10.1 Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

CABINET

5th December 2018

11. Risk Management

11.1 The report includes the risks associated with the delivery of the savings within the efficiency plan.

APPENDICES

Appendix 1 - Earmarked Reserves 2018/19

Appendix 2 - Savings Monitoring 2018/19

AUTHOR OF REPORT

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Tel: (01527) 881208

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FINANCIAL RESERVES STATEMENT 2018/19

Appendix 1

Please note these figures have been rounded

| Description | Balance b/fwd 1/4/2018 | Budgeted Release 2018/19 | Revised balance b/fwd 1/4/2018 | Transfers in existing reserve 2018/19 | Transfers out existing reserve 2018/19 | New Reserve 2018/19 | C/fwd 31/3/2019 | Comment |
|--------------------------------------|------------------------|--------------------------|--------------------------------|---------------------------------------|--|---------------------|-----------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Building Control | -7 | 0 | -7 | 0 | 0 | 0 | -7 | To Fund the mobile working project |
| Building Control Partnership | -57 | 0 | -57 | 0 | 0 | -12 | -69 | Partnership income has to be reinvested in the service behalf of the shared service |
| Business Transformation | -11 | 0 | -11 | 0 | 0 | 0 | -11 | Towards organisational development following the staff survey |
| Commercialism | -41 | 0 | -41 | 3 | 0 | 0 | -38 | To help fund costs in relation to commercialism projects |
| Community Safety | -30 | 0 | -30 | 30 | 0 | 0 | 0 | Grant funding received to fund associated community projects |
| Community Services | -40 | 0 | -40 | 0 | 0 | 0 | -40 | To help towards a district network feasibility study |
| Economic Regeneration | -501 | 0 | -501 | 0 | 0 | 0 | -501 | To fund the Economic Development opportunities across the District |
| Election Services | -98 | 0 | -98 | 9 | -11 | 0 | -100 | To support the delivery of individual electoral registration and to set aside a reserve for potential refunds to government |
| Environmental Services | -13 | 0 | -13 | 0 | 0 | 0 | -13 | To help towards the unauthorised trespass prevention scheme, Tree works, and single use plastic project within the district |
| Financial Services | -813 | 0 | -813 | 0 | -37 | -581 | -1,431 | The reserve includes the small business rate relief grant that will offset the costs in future years. In addition a number of reserves / grants have been set aside to support residents through the changes to welfare reform |
| Housing Schemes | -450 | 0 | -450 | 119 | 0 | 0 | -330 | To support the feasibility and implementation of housing schemes across the district |
| ICT/Systems | -122 | 0 | -122 | 10 | 0 | 0 | -112 | To provide for replacement ICT systems |
| Leisure/Community Safety | -277 | 0 | -277 | 167 | 0 | 0 | -110 | Grant received and reserves set aside to support a number of leisure and well being schemes across the District |
| Litigation Reserve | -5 | 0 | -5 | 0 | 0 | 0 | -5 | To provide funding for any potential legal challenges |
| Local Development Framework | -142 | 0 | -142 | 0 | 0 | 0 | -142 | To fund the costs associated with the Core Strategy |
| Local Neighbourhood Partnerships | -16 | 0 | -16 | 0 | 0 | 0 | -16 | Grant received in relation to liveability schemes |
| Other | -90 | 21 | -69 | 0 | 0 | 0 | -69 | To support apprentices, set up costs and other general reserves |
| Regulatory Services (Partner Share) | -42 | 0 | -42 | 0 | 0 | 0 | -42 | BDC Share of WRS grant related reserves |
| Replacement Reserve | -339 | 325 | -14 | 0 | 0 | 0 | -14 | To fund replacement vehicles and plant |
| Shared Services Agenda incl Joint CE | -311 | 0 | -311 | 0 | 0 | 0 | -311 | To fund potential redundancy and other shared costs |
| Grand Total | -3,405 | 346 | -3,059 | 338 | -48 | -593 | -3,362 | |

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BROMSGROVE - SAVINGS & ADDITIONAL INCOME FROM 18-19 BUDGET ROUND

| Department | Description of saving | 2018-19 £'000 | Comments | Quarter 2 | | | |
|-------------------------------------|--|------------------|--|------------------|---|---------------------|-------------------|
| | | | | On target Y/N | Additional (add to to in yr savings) £'000 | below target Y/N | Pressure £'000 |
| Business Transformation | Annual Revenue Budget Saving | -123 | Saving from efficiencies and contract reviews | Y | | | |
| Community Services | acommodation charges | -12 | Already included in support recharges | Y | | | |
| Community Services | telephone charges | -6 | Savings from new contract | Y | | | |
| Community Services | staff savings from reduced mileage and reduced hours | -3 | Savings from staff member reducing working hours | Y | | | |
| Community Services | removal of budget historical DFG monies | -7 | Review of budget efficiencies | Y | | | |
| Community Services | acommodation charges | -12 | Already included in support recharges | Y | | | |
| Community Services | various | -28 | Review of budget efficiencies | Y | | | |
| Corporate Resources | Reduction in External Audit Costs | -16 | Reduced as per new contract arrangements | Y | | | |
| Corporate Resources | Appeals in Asset of Community | -20 | Savings to be offered, subject to any future appeals to be drawn down from balances | Y | | | |
| Customer Access & Financial Support | Reduction in Hrs | -5 | Savings from staff member reducing working hours | Y | | | |
| Environmental Services | Utlilities | -36 | More efficient lighting and boiler | Y | | | |
| Environmental Services | Maintenance | -9 | Saving on Depot Maintenance | Y | | | |
| Environmental Services | Additional Garden Waste income | -54 | Price increase to £45 in 18/19 | Y | | | |
| Environmental Services | Fuel and Veh R&M | -117 | Fuel and R&M due more efficient working lower fuel costs. | Y | | | |
| Environmental Services | Domestic Bin Replacements | -53 | Revenue saving achieved by moving replacement of bins to capital. | Y | | | |
| Environmental Services | Trade Bin Replacements | -10 | Revenue saving achieved by moving replacement of bins to capital. | Y | | | |
| Environmental Services | Garden Waste Bin Replacements | -3 | Revenue saving achieved by moving replacement of bins to capital. | Y | | | |
| Leisure & Cultural Services | Efficiency Saving | -5 | Review of budget efficiencies | Y | | | |
| Leisure & Cultural Services | Savings on accomodation costs | -8 | Review of budget efficiencies | Y | | | |
| Leisure & Cultural Services | NNDR on George House | -18 | Savings following demolition of building | Y | | | |
| Leisure & Cultural Services | R & M for Parkside Building | -25 | This saving relates to the repairs and maintenance of the building that are less than initially. This will be used to offset the income pressure against Parkside Hall which has been difficult to achieve but additional marketing will aim to mitigate the shortfall | Y | | | |
| Planning & Regeneration | Additional cross boundary partnership working | -2 | Additional income generated following marketing of service. | N | | Y | 2 |
| Planning & Regeneration | Reduction in car mileage costs | -8 | Review of budget efficiencies | Y | | | |
| | | -580 | | | 0 | | 2 |

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CABINET

16th January 2019

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 :

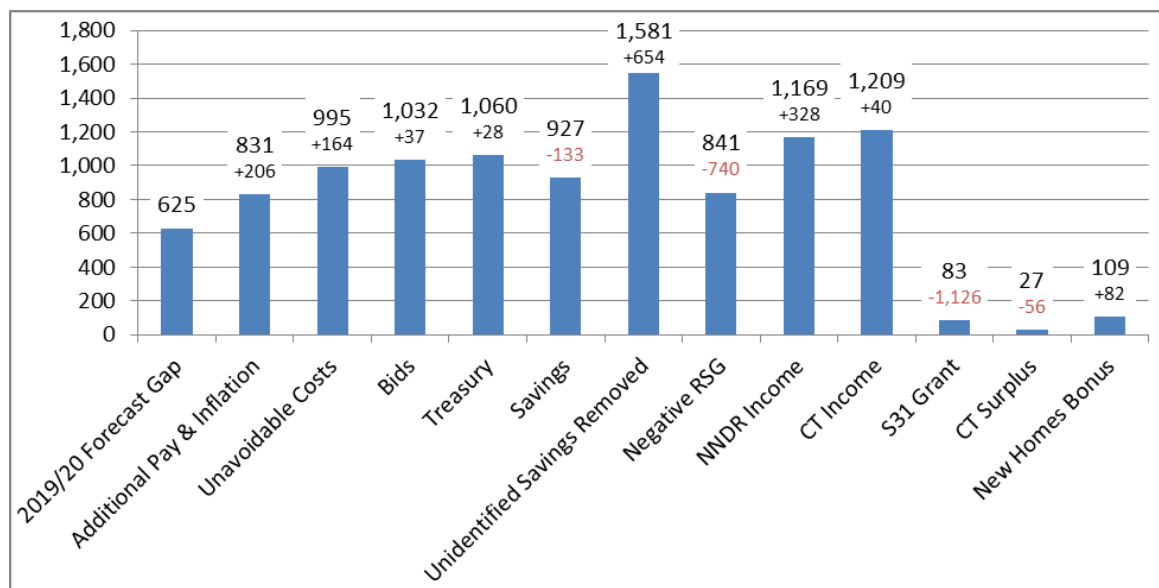
- Help me find somewhere to live in my locality
- Provide good things for me to see, do and visit
- Help me live my life independently

CABINET

16th January 2019

- 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

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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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16th January 2019

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.

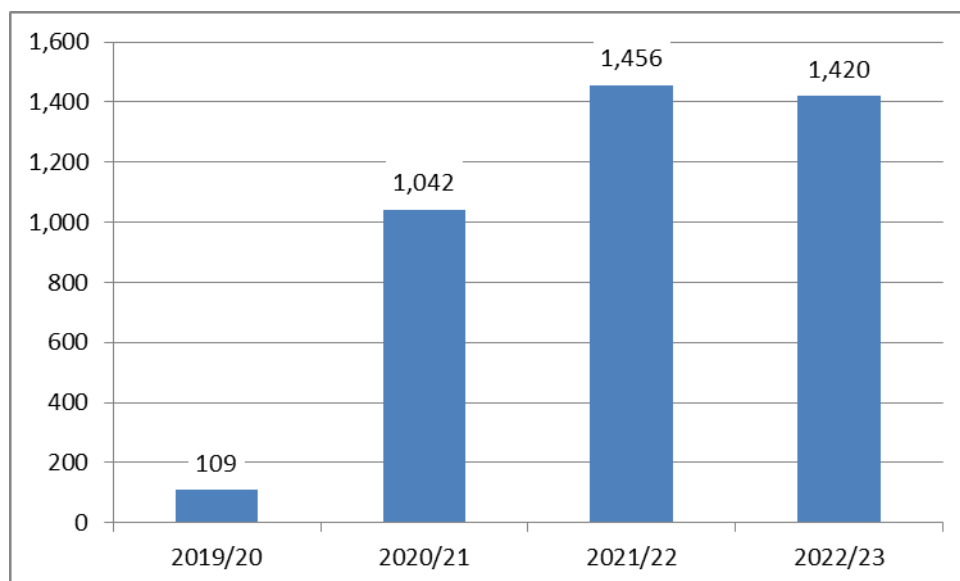
3.17.2 An assumption has been made that the Community Bid scheme will continue at a level of 25% per annum based on the additional New Homes Bonus payable for the year. For 2019/20 this equates to £74k.

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

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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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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 | |

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 |

Agenda item 13

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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.

CABINET

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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

AUTHOR OF REPORT

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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 | 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 Actual + 10% Admin fee 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 correspondence. 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 liaising with internal departments, checking title, drafting and negotiating and completing.

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

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

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

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

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

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

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

Renewal of Lease - This reflects 3 to 5 hours working in liaising 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>Page 107</p> <p>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 |
| <u>Comments</u> 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 data-bbox="499 236 707 260" style="text-align: center;">Fee Concessions</p> <p data-bbox="47 300 1155 387">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 data-bbox="47 427 1155 579">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 |
| <u>Comments</u> | | | | |

| 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>Family Entertainment Centre Gaming Machine Permit</u> | | | | |
| Grant | 300.00 | 0.00% | 0.00 | 300.00 |
| Existing operator grant | 100.00 | 0.00% | 0.00 | 100.00 |
| Change of name | 25.00 | 0.00% | 0.00 | 25.00 |
| Renewal | 300.00 | 0.00% | 0.00 | 300.00 |
| Copy of Permit | 15.00 | 0.00% | 0.00 | 15.00 |
| <u>Prize Gaming Permits</u> | | | | |
| Grant | 300.00 | 0.00% | 0.00 | 300.00 |
| Existing operator grant | 100.00 | 0.00% | 0.00 | 100.00 |
| Change of name | 25.00 | 0.00% | 0.00 | 25.00 |
| Renewal | 300.00 | 0.00% | 0.00 | 300.00 |
| Copy of Permit | 15.00 | 0.00% | 0.00 | 15.00 |
| Transitional Application Fee | 100.00 | 0.00% | 0.00 | 100.00 |
| <u>Small Lottery Registration (statutory)</u> | | | | |
| Grant | 40.00 | 0.00% | 0.00 | 40.00 |
| Annual fee | 20.00 | 0.00% | 0.00 | 20.00 |
| <u>Comments</u> | | | | |

| 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.</p> <p>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@worcestershire.gov.uk In all cases, cheques must be made payable to 'Bromsgrove District Council'</p> | | | | |
| Comments | | | | |

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.

Agenda Item 13

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 |

| | | | | |
|---------------------------|-------------|------------|------------|---|
| 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

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 |

| | | | | |
|---|---|---|----|-----|
| 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 Case | 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 |
| | | | | | |

| | | | | | |
|-----------------------|------|------|------|------|------|
| 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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