

24 January 2017

Committee	Executive
Date	Wednesday, 1 February 2017
Time of Meeting	2:00 pm
Venue	Committee Room 1

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND



**for Sara J Freckleton
Borough Solicitor**

Agenda

1. ANNOUNCEMENTS

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the visitors' car park at the front of the building and await further instructions (staff should proceed to their usual assembly point). Please do not re-enter the building unless instructed to do so.

In the event of a fire any person with a disability should be assisted in leaving the building.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.



Item	Page(s)
3. DECLARATIONS OF INTEREST	
<p>Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.</p>	
4. MINUTES	1 - 12
<p>To approve the Minutes of the meeting held on 23 November 2016.</p>	
5. ITEMS FROM MEMBERS OF THE PUBLIC	
<p>To receive any questions, deputations or petitions submitted under Rule of Procedure 12.</p> <p><i>(The deadline for public participation submissions for this meeting is 26 January 2017)</i></p>	
6. EXECUTIVE COMMITTEE FORWARD PLAN	13 - 16
<p>To consider the Committee's Forward Plan.</p>	
7. PERFORMANCE MANAGEMENT REPORT - QUARTER TWO 2016/17	17 - 50
<p>To receive and respond to the findings of the Overview and Scrutiny Committee's review of the quarter two performance management information.</p>	
8. BUDGET 2017/18	51 - 83
<p>To recommend a budget to Council for 2017/18.</p>	
9. FINANCIAL UPDATE - QUARTER 3 2016/17	84 - 92
<p>To consider the financial performance information for the third quarter of 2016/17.</p>	
10. SEPARATE BUSINESS	
<p>The Chairman will move the adoption of the following resolution:</p> <p>That under Section 100(A)(4) Local Government Act 1972, the public be excluded for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.</p>	
11. SEPARATE MINUTES	93 - 98
<p>To approve the separate Minutes of the meeting of the Committee held on 23 November 2016.</p>	

	Item	Page(s)
12.	REVENUES AND BENEFITS SECTION REVIEW AND RESTRUCTURE	99 - 156

(Exempt –Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972 – Information relating to any individual)

To note the outcome of the service review undertaken and to recommend to Council the approval of the new staffing structure in Revenues and Benefits.

13.	PUBLIC SERVICES CENTRE REFURBISHMENT - PHASE 2	157 - 167
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(Exempt –Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 –Information relating to the financial or business affairs of any particular person (including the authority holding that information))

To recommend to Council the approval of the second phase of the refurbishment of the Public Services Centre.

DATE OF NEXT MEETING

WEDNESDAY, 15 MARCH 2017

COUNCILLORS CONSTITUTING COMMITTEE

Councillors: R E Allen, Mrs K J Berry, R A Bird, D M M Davies, M Dean, Mrs E J MacTiernan, J R Mason, R J E Vines (Chair) and D J Waters (Vice-Chair)

Substitution Arrangements

The Council has a substitution procedure and any substitutions will be announced at the beginning of the meeting.

Recording of Meetings

Please be aware that the proceedings of this meeting may be recorded and this may include recording of persons seated in the public gallery or speaking at the meeting. Please notify the Democratic Services Officer if you have any objections to this practice and the Chairman will take reasonable steps to ensure that any request not to be recorded is complied with.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the public and press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

TEWKESBURY BOROUGH COUNCIL

**Minutes of a Meeting of the Executive Committee held at the Council Offices,
Gloucester Road, Tewkesbury on Wednesday, 23 November 2016 commencing
at 2:00 pm**

Present:

Chair
Vice Chair

Councillor R J E Vines
Councillor D J Waters

and Councillors:

R E Allen, Mrs K J Berry, R A Bird, D M M Davies, M Dean, Mrs E J MacTiernan and J R Mason

EX.53 ANNOUNCEMENTS

53.1 The evacuation procedure, as set out on the Agenda, was taken as read.

EX.54 DECLARATIONS OF INTEREST

54.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.

54.2 The following declarations were made:

Councillor	Application No./Item	Nature of Interest (where disclosed)	Declared Action in respect of Disclosure
Mrs E J MacTiernan	Item 13 – Recruitment of Environmental Warden.	Is a Member of Northway Parish Council, which had considered this issue, but had not taken part in the discussions.	Would speak and vote.
J R Mason	Item 13 – Recruitment of Environmental Warden.	Is Chair of Winchcombe Town Council, which had considered this issue, but had not been present for the discussions.	Would speak and vote.

54.3 There were no further declarations made on this occasion.

EX.55 MINUTES

- 55.1 The Minutes of the meeting held on 12 October 2016, copies of which had been circulated, were approved as a correct record and signed by the Chair.

EX.56 ITEMS FROM MEMBERS OF THE PUBLIC

- 56.1 There were no items from members of the public on this occasion.

EX.57 EXECUTIVE COMMITTEE FORWARD PLAN

- 57.1 Attention was drawn to the Committee's Forward Plan, circulated at Pages No.11-14. Members were asked to consider the Plan.

- 57.2 Accordingly, it was

RESOLVED: That the Committee's Forward Plan be **NOTED**.

EX.58 MEDIUM TERM FINANCIAL STRATEGY 2017/18-2021/22

- 58.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 15-40, set out the Medium Term Financial Strategy for 2017/18-2021/22. Members were asked to consider the Strategy and recommend it to the Council for adoption.

- 58.2 The Head of Finance and Asset Management explained that the Strategy was a five year rolling forecast for the Council which was set against a backdrop of uncertainty. The government had, however, recently confirmed a four year funding deal for the authority which would help with its future financial planning and meant the figures contained within the Medium Term Financial Strategy for core government support were correct for the next three years which was helpful. In terms of some of the key points within the Strategy, he explained that the future funding for New Homes Bonus was still unknown at this stage but it was hoped that any reduction in years payable would be offset by an increased growth in house building. In terms of business rates, the Council had experienced losses in the last two years and, unfortunately, this was expected to continue; with this in mind the income target had been removed from the base budget for future years. It may be put back in at some point if the outlook improved. In addition, there had been no further announcements on scheme design or on the timetable in respect of 100% business rates retention. The growth elements of the Scheme were highlighted at Paragraph 7 of the report and included the cost of employees, in particular pension contributions which the actuary had recently confirmed would increase from an ongoing rate of 14.7% to 17.5%. Notwithstanding this, the annual contribution to the deficit would only increase by £50,000 instead of the £200,000 which had initially been forecast. Overall, the Council faced a £3.3 million shortfall in its budget over the next five years.

- 58.3 In respect of the Council Tax Strategy, confirmation had been received from the government that the current excessive Council Tax limits would remain in place for next year. This meant the Council could, if it so wished, increase its Council Tax by £5 or 2% whichever was higher. The Strategy was currently modelled on the £5 increase on a Band D property for the life of the Strategy which still left the Council in a position of being in the bottom quartile for Council Tax charges. In terms of the Business Transformation Strategy, the Head of Finance and Asset Management advised that it was essential that all elements were delivered to make £1.4 million savings; this meant pushing ahead with the Commercial Strategy, digitalisation,

commercial viability etc. In terms of the Medium Term Financial Strategy reserve, it was felt this was vital to help guard the Council against the deficit which was faced; the suggestion was that the reserve would be accumulated from New Homes Bonus, in-year savings etc.

58.4 During the discussion which ensued, a Member expressed some concern about the Council Tax Strategy and suggested some amendments to the wording to change the emphasis bearing in mind the uncertain future. Drawing attention to Paragraph 10.3, he felt it was important not to commit the Council to a £5 increase for every year of the Strategy and he proposed that, in order to ensure flexibility to be creative with financial management in the future, the Paragraph be amended to state that ‘...given the size of the deficit faced by the Council it is recommended that this strategy is continued **for 2017/18 recognising the likely need for further increases in future years**’. In addition, at Paragraph 10.5, he proposed that it be amended to read ‘...The proposed Council Tax for the next financial year of £109.36 is likely to be approximately £40 below the bottom quartile threshold and £60 below the national average for a District Council. ~~Projections of future increases to council tax will ensure the council remains within the bottom quartile for council tax charges and meet its priority to maintain a low council tax~~’. He further proposed that Paragraph 1.1 be amended to read ‘...the level of savings and increased income that are likely to be needed. ~~to keep Council Tax affordable~~...’. The proposals were duly seconded.

58.5 In response, the Head of Finance and Asset Management advised that, whilst the wording in the paragraphs could be changed, he would question whether the Member would also want the tables and forecasts that were contained within the Strategy to be amended. If the Member wanted the information to be recast he would need to indicate what that would be and where he saw the balance coming from. He did feel, however, that it should be borne in mind the document was refreshed annually and, as such, there was always an opportunity to change it should circumstances change. As a matter of course the Medium Term Financial Strategy was a document that changed constantly and the version before the Committee was only a snapshot in time. The Member indicated that there was no need to change the tables or forecasts as they offered a suitable projection for the future he merely wanted to ensure flexibility within the wording of the Strategy, should it be required. Another Member expressed the view that the Strategy showed the Council was thinking ahead and she could see no problem with it as it was.

58.6 Having considered the report, and amendments as discussed, it was

RESOLVED:

That the Medium Term Financial Strategy 2017/18-2021/22 be **RECOMMENDED TO COUNCIL** for **ADOPTION**, subject to the following amendments which would add flexibility to the Strategy:

- Paragraph 1.1 – amend sentence to read ‘...the level of savings and increased income that are likely to be needed. ~~to keep Council Tax affordable~~...’
- Paragraph 10.3 – amend sentence to read ‘...given the size of the deficit faced by the Council it is recommended that this strategy is continued **for 2017/18 recognising the likely need for further increases in future years**’.
- Table 8 – amend heading to read ‘Impact of ~~proposed~~ charges per Council tax band’.

- Paragraph 10.5 – delete last sentence '~~**Projections of future increases to council tax will ensure the council remains within the bottom quartile for council tax charges and meet its priority to maintain a low council tax.**~~

EX.59 FINANCIAL UPDATE - QUARTER TWO 2016/17 PERFORMANCE AND HALF YEAR TREASURY MANAGEMENT REPORT

- 59.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 41-61, highlighted the quarter two surplus of £186,421 on the revenue budget and detailed the expenditure to date against both the capital programme and the approved reserves. Members were asked to scrutinise the information provided; approve the use of the reported surplus to fund the one-off costs of the management restructure and to use the balance available to support the Medium Term Financial Strategy reserve; and to note the half year treasury management report.
- 59.2 The Head of Finance and Asset Management advised that the purpose of the report was to let Members know of significant variations to budgets for the current financial year; highlight any key issues; and advise of any action to be taken if required. Income was up in planning, licensing and on recycling credits etc. and the current £186,000 surplus was promising. However, there were some half year overspends on staffing and on the Ubico contract. There was also some concern expressed about the quarter three position since September which had seen a marked slowdown in planning income and, in addition, a number of business rates appeals were now starting to come through with the level of success, and subsequent reduction in rates, being well in excess of historic levels; if the current trend continued the Council was likely to be in a safety net position again.
- 59.3 A Member questioned whether agencies and consultants were assigned to supplies and services and, in response, was advised that they were attributed to employees' expenditure.
- 59.4 Accordingly, it was

RESOLVED:

1. That the financial performance information for the second quarter of 2016/17 be **NOTED**.
2. That the use of the reported surplus to fund one-off costs of the management restructure be **APPROVED** with the balance being used to support the Medium Term Financial Strategy reserve.
3. That the half year treasury management report be **NOTED**.

EX.60 REVIEW OF TREE SAFETY MANAGEMENT POLICY

- 60.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 62-72, attached an updated corporate Tree Safety Management Policy which Members were asked to approve.

- 60.2 Members were advised that, in 2012, the Tree Safety Management Policy had been introduced to guarantee the authority met its obligation to ensure the risk of falling trees and branches was minimised and managed. The authority had over 5,000 trees on land that it owned and leased and it had a duty of care to ensure those trees were managed to reduce the risk to properties and the public. Previously the Council had struggled to resource the inspections required by the old Policy and, when the tree management responsibilities had transferred to the Asset Management section in 2015, it had been agreed that investment would be made in a GPS and software system which would accurately plot the trees within the Council's ownership and allow Officers to accurately monitor the findings and ensure the risks were mitigated. Since 2016, the Asset Team had visited Council owned sites across the Borough to ensure all trees had been scored with a scoring matrix which enabled the Team to give clear instructions with regard to the inspections to be completed by the contractor. It also allowed the inspections to be spread over one through to five years, depending on the risk matrix score, which made it easier to resource.
- 60.3 Members agreed that this was a good policy which was succinct and seemed to meet the Council's requirements. One Member questioned whether there was collaboration between Council departments and other organisations and another Member queried the position with regard to trees on private land. In response, the Asset Manager explained that landowners had responsibility to mitigate the risks of trees on their own land. In terms of working with partners, Members were advised that the authority worked closely with Ubico as it carried out the inspections for the Council. Officers also worked with the planning team in terms of areas of conservation and tree preservation orders. Referring to the Policy, a Member noted that the Inspector must be suitably qualified and she questioned how this was policed. In response, the Asset Manager indicated that they needed to have a horticultural knowledge of trees and understand the risks etc. There were two suitably qualified staff within Ubico and Officers had seen their qualifications.
- 60.4 Accordingly, it was

RESOLVED: That the updated Tree Safety Management Policy be **APPROVED**.

EX.61 LEISURE CENTRE STRATEGIC PARTNERSHIP BOARD

- 61.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 73-76, provided details of a new Leisure Centre Strategic Partnership Board to which Members were asked to agree the Council's representation.
- 61.2 The Committee was advised that, in June 2016, Places for People Leisure Management had commenced its contract for the provision of leisure centre services on the Council's behalf. Within that contract it had been agreed that a user group would be formed which would be known as the Leisure Centre Strategic Partnership Board and would comprise Councillors, members of the Swimming Bath Trust, representatives from Places for People and Officers of the Council. The purpose of the Board would be to monitor service performance; to consider proposals for continuous service improvement; and to ensure the partnership was consistent with cooperative working.
- 61.3 Referring to the report before the Committee, a Member indicated that it seemed to suggest that meetings would be both twice a year and quarterly and she questioned which was correct. In response, the Asset Manager confirmed that the meetings would be quarterly in line with the suggestion from Places for People that this would be the most effective way forward.

61.4 Accordingly, it was

- RESOLVED:**
1. That the Lead Members for Finance and Asset Management and Health and Wellbeing be the Member representatives on the Leisure Centre Strategic Partnership Board.
 2. That the Head of Finance and Asset Management be authorised to nominate two Officer representatives to the Leisure Centre Strategic Partnership Board.

EX.62 SAFEGUARDING POLICY

- 62.1 The report of the Interim Head of Community Services, circulated at Pages No. 77-102, attached a revised Safeguarding Policy which the Committee was asked to approve.
- 62.2 The Interim Head of Community Services explained that the Council's original Safeguarding Children's Policy had been approved in 2013 and scheduled for review this year. That review had now been undertaken and had looked at the wider safeguarding responsibilities which the Council had under the Care Act 2014; those were reflected in the Policy before the Committee which now included the welfare of vulnerable adults as well as children. The role of the Council and its Officers in this respect was to gather information and report any safeguarding issues to the appropriate agency; the Council did not make any judgements in respect of safeguarding itself. The Interim Head of Community Services explained that the Council was also engaged with the monitoring of duties of the Gloucestershire Safeguarding Children's Board and was currently undertaking a Section 11 audit to ensure it was discharging its functions correctly by having regard to the need to safeguard and promote the welfare of children and young people. The results of that process would be reported to the Audit Committee in December and Internal Audit would be carrying out an audit of safeguarding in quarter four.
- 62.3 A Member congratulated Officers on a comprehensive and concise report which she felt effectively drew attention to the detail of what to do if a Member or Officer had a safeguarding issue. She hoped that everyone would read the policy to ensure they knew what the guidance was and was pleased that the document set out contact details by post rather than Officers names so everyone knew who they should speak to. There was one area that needed amendment and the Member explained that the document should refer to children, young people and vulnerable adults throughout; there were currently a number of places where 'vulnerable adults' was omitted and this would need to be changed before it was published.
- 62.4 In terms of the need to ensure all Members, as well as staff, were kept informed it was suggested that a link to some online training could be forwarded to Councillors as well as them being invited to the staff briefings which took place on the subject. A Member felt that this would be a good idea as it needed to be recognised that safeguarding was everyone's job not just the responsibility of the County Council. In response to a query regarding how well the Council worked with partner agencies within the Public Services Centre on this issue, the Chief Executive advised that, within the building, the relationships with the police and other agencies were superb and, given the seriousness of the issue, there was a focus on this across all partnerships. The policy was communicated to all partners and had been reviewed with County Council colleagues so it was considered consistently across the County; although it should be borne in mind that there were different versions of it depending on the particular function that each organisation had within the process.

- 62.5 It was felt that it would be helpful to provide all Members with an email and hard copy of the Policy and, accordingly, it was

RESOLVED: That the revised Safeguarding Policy be **APPROVED**, subject to amendments being made where necessary to refer to 'children, young people and vulnerable adults' rather than just 'children and young people'; and that future amendments to the Policy be delegated to the Deputy Chief Executive.

EX.63 WORK EXPERIENCE AND WORK PLACEMENT POLICY

- 63.1 The report of the Head of Corporate Services, circulated at Pages No. 103-126, attached a Work Experience and Work Placement Policy for approval and adoption.

63.2 Members were advised that the Policy had been developed by drawing together all of the existing procedural arrangements and then expanded to include specific reference to groups which may experience significant barriers to employment; this was in addition to the existing arrangements for access to work experience for school leavers and undergraduate students. There was also reference made to the potential for paid work in exceptional circumstances and subject to budget. All requests would be considered on merit and the Council reserved the right not to agree to any requests if it did not have enough capacity; this would ensure it offered good quality work experience placements.

63.3 Referring to Paragraph 4.9 of the Policy, a Member questioned whether the Council had direct links with the armed forces to let it know when personnel were leaving and whether they had expressed an interest in local government. In response, the Committee was advised that the Council did not have an active programme in place but it had a good link with the armed forces through its Community Development team so that was a way to gain information when necessary. In response to a suggestion that the Council could get more involved with taking younger children away to learn various different skills, the HR Advisor indicated that she would look into this.

- 63.4 Accordingly, it was

RESOLVED: That the new Work Experience and Work Placement Policy be **APPROVED** and **ADOPTED** with effect from 1 December 2016.

EX.64 RECRUITMENT OF ENVIRONMENTAL WARDEN

- 64.1 The report of the Interim Head of Community Services, circulated at Pages No. 127-155, considered the involvement of the Council in proposing and leading on the formation of a partnership between the Borough and Town and Parish Councils to recruit an Environmental Warden for a three year period to help reduce incidences of dog fouling and related environmental issues. Members were asked to approve the recruitment of an Environmental Warden over a three year period, subject to cost neutrality and a satisfactory partnership agreement.

- 64.2 Members were advised that, in essence, the Council was looking at forming a partnership with the Parish and Town Councils. The offer from Tewkesbury Borough would be the line management of the Officer(s) undertaking the role of the Environmental Warden over and above the duties currently carried out by the Council. Feedback had been received from nearly all of the Borough's Parish and Town Councils with 11 having shown an interest; 29 who did not wish to participate; seven who were still considering the matter; and three from which no response had been received – those three were all Parish Meetings so it was likely that they would not want to participate. The next step would be to create a formal partnership with the Parishes that wanted to be involved so a meeting would be set up early in December; the Warden would then be recruited in the New Year to commence their duties in the new financial year.
- 64.3 During the discussion which ensued, Members asked a number of questions relating to the powers available to local Councils in respect of the Environmental Warden; what the Warden could do to tackle someone that they saw dropping litter, letting their dog foul etc.; how many fixed penalty notices the Council had issued to date, how much a fixed penalty was and how they were paid; what the duties of the Warden would be; whether a Parish Council that did not sign up to the Scheme initially could enter the agreement at a later date; whether different Parishes could sign up on the basis of precept and/ or population or whether all had to sign up on the same basis; who would pay for the Personal Protective Equipment (PPE); whether a part-time Warden would be sufficient to meet the needs of Parishes; who would pay insurance costs for the post; and how monitoring would be undertaken to ensure Parishes were receiving the services that they paid for.
- 64.4 In response to the queries raised, the Environmental Health Manager explained that local Councils had a general duty to carry out activities and spend money in this area; the Borough Council had a corporate enforcement policy in place which he would pass on to any Members that so wished. In terms of fixed penalty notices, none had been issued in the last 12 months but in the last two years, two notices had been issued; the fine was usually up to £100 and in both instances the money had been collected. The Council also regularly wrote to dog owners who were suspected of allowing their dogs to foul and this would continue with input from the Warden about what they had seen whilst out in the Borough. The payment of fines was usually done via an invoice; in terms of any action taken, the offence of the notice was the non-payment of the fine so that would be the basis on which the Council would take Court action. There was good detailed guidance from the government on this issue so the Warden would receive training prior to being asked to issue any fixed penalty notices. In terms of duties, the Warden would look at flytipping, littering etc. as well as dog fouling – they could also concentrate on particular issues in specific areas if that was what the Parish required. Whether Parishes could join the Scheme at some point within the three year period was something that the partnership would need to determine; a number of Parishes had suggested they would like to see how the scheme worked before signing up so this was something that would need to be considered at the outset. Within the initial information that had been sent to Parishes, the Environmental Health Manager had tried to give an idea of what the contribution might be depending on the number of Councils that signed up which was why he had provided examples of payments based on population/precept. Once the partnership had confirmed what would be within the job description of the Warden it would go through a pay evaluation process to get a salary scale; for the purposes of the information contained in the current report the national average had been used. Once the job description and salary scale was agreed it would then be possible to look at the number of hours that each Parish wanted to assess what the hours of the postholder would need to be. It needed to be clear what each Parish was putting in and what they expected to gain to ensure the system was fair to all. In terms of PPE, the Council already

had a substantial amount which could be used, however, if any needed to be purchased the cost would be shared between the partners. The insurance costs would be paid by the employing authority which would be the Borough Council.

- 64.5 The Environmental Health Manager indicated that, to date, all Parishes that had responded had received a general response to say thank you for their comments and that they would be kept updated with how the project was proceeding. The discussions so far had made it clear that Tewkesbury Borough Council carried out a lot of activity in the enforcement area and the Warden would provide an additional level of service. In terms of protection for the Council, a Member indicated that he was pleased that the recommendation was subject to the project being cost neutral and that it required a partnership agreement. The Chief Executive provided assurance that the project would only go ahead if it was cost neutral. The scheme had been put forward in response to approaches from Parish Councils in the past and it aimed to work with Parishes on those issues which affected them greatly. Members agreed that enviro-crimes were a modern blight on the Council's streets and it was important that Councils used all of the tools available to them to combat the problems; it was felt that this could be a good answer to those issues.

- 64.6 Accordingly, it was

- RESOLVED:**
1. That the recruitment of an Environmental Warden be **APPROVED** subject to it being cost neutral over the proposed three year appointment and a satisfactory partnership agreement being entered into.
 2. That responsibility be delegated to the Head of Community Services, in consultation with the Lead Member for Clean and Green, to negotiate a partnership agreement with those Parish and Town Councils wishing to participate with that agreement including Terms of Reference.

EX.65 COMMUNITY GRANTS CRITERIA

- 65.1 The report of the Head of Development Services, circulated at Pages No. 156-168, outlined a revised criteria for the community grants scheme and Members were asked to approve the revisions for implementation in April 2017.

- 65.2 Members were advised that the current criteria was linked to the priorities in the Council Plan 2012-16. There was now a new Plan in place with new priorities that did not align with the current criteria and this offered the Council an opportunity to review its community grants process. Attention was drawn to Paragraph 2.2 of the report which set out a proposal as to how grants would be awarded. Instead of the current criteria, the Grants Working Group would be considering the evidence of need for a project along with whether the grant would positively influence the community by bringing communities together and becoming more socially sustainable; encouraging communities to be healthier and more active; encouraging the learning of new skills that would be used for community benefit; demonstrating the financial sustainability of the group and project; encouraging volunteering in the community; and improving and maintaining the community's environment. The maximum amounts awarded would remain the same and all other criteria such as minimum lease periods, payment timescales and application periods were also recommended to remain the same. Members were advised that, in order to allow a transition between the new and existing schemes, it was proposed that applications made under the existing criteria were honoured until March 2017 and that the new Scheme be introduced from April 2017.

- 65.3 Members of the Committee, who were also Members of the Grants Working Group, indicated that the proposals had been made in consultation with the Working Group in light of its experiences to date.
- 65.4 Accordingly, it was

RESOLVED: That the new community grants criteria be **APPROVED** for implementation from April 2017.

EX.66 PROPOSED EXPANSION TO THE COUNCIL'S VEHICLE FLEET

- 66.1 It was noted that, as a Director of Ubico, the Chief Executive had declared an interest in this item of business and had left the meeting for its consideration.
- 66.2 The report of the Interim Head of Community Services, circulated separately at Pages No. 1-10, asked Members to consider a request from Ubico to expand the Council's proposed vehicle fleet outside the approved budgetary framework; the capital costs of the vehicle could be met within the approved budget but the revenue implications for crewing, running, maintaining and replacing an additional vehicle would be outside of the approved budget and would have an impact on the Medium Term Financial Strategy. Members were asked to consider the proposed options available, as set out within the report, and to recommend to Council that the revenue budget be increased on an ongoing basis to fund Ubico's provision of a part-time driver and part-time loader to service its request for an additional refuse vehicle.
- 66.3 The Interim Head of Community Services explained that, latterly during the vehicle fleet procurement process, Ubico had undertaken round reviews to ensure operational effectiveness and compliance with health and safety regulations etc. During that process, it had come to light that an additional vehicle was required in order that long reversing manoeuvres in narrow lanes could be avoided, as could the use of the street cleansing vehicle to carry out such rounds which put pressure on that vehicle and crew to undertake both duties. Ubico had been trying to avoid the extra expenses associated with the provision of an additional vehicle but, ultimately, it had been decided that the purchase of a new vehicle with a part-time driver and loader was the most cost effective way to address the issues faced; the business case for this was set out at Appendix 1 to the report.
- 66.4 The reason for the urgency of the decision was that Ubico was currently in the midst of its route scheduling work and this was time sensitive as residents needed to be made aware of changes to collection rounds as soon as possible. In terms of revenue generation, there would be some spare capacity on the vehicle so it was suggested that there may be potential to generate revenue income of approximately £15,000 by hiring the vehicle out to other contracts; this had been deducted from the revenue costs to offset the full amount required to fund the expansion of the service, however, there was a risk that this target income may not be achieved as it relied on unquantifiable business opportunities and uncertain service demand which could therefore result in increased costs.
- 66.5 During the discussion which ensued, a Member questioned why the vehicle fleet was not purchased between all members of Ubico. In response, the Committee was advised that the new vehicle would be used for both refuse and recycling collection, as well as garden waste, if the residents in question qualified for that service. There were approximately 600 properties that would be served by the new vehicle and it was not currently known whether any of the partner authorities within Ubico had the same need for that size vehicle. The other partner authorities were also looking at rounds etc. but they would not be able to commit, in a timely fashion, to whether or not they would have a use for the new vehicle. In terms of there being one collection service for all Ubico partners, this was an aspiration for

the Joint Waste Committee but not something that was likely to be implemented in the very near future. Health and Safety Executive guidance was that if long reversing manoeuvres could be avoided they should be and, as the rounds were being considered anyway, it was reasonably practicable to address this through the procurement of a new vehicle. In addition, the Borough Solicitor indicated that the Council needed to grasp the health and safety issue and, as Ubico had done the assessment, it was reasonable for the Council to consider it. The Ubico Contract Manager explained that Tewkesbury Borough was the only authority within Ubico that did not have a vehicle of this size in its fleet and, whilst the reason for this was historical, now seemed to be a good time to address it.

- 66.6 Members generally agreed that the health and safety imperatives outweighed any issues around the purchase of the vehicle but also recognised that the report was asking for revenue for the crew for the vehicle rather than for capital to purchase the vehicle. It was also felt that, to allow a full and frank discussion about the issues at Council, it would be better if the item was considered in confidential business. Accordingly, it was

RESOLVED: That, having considered the options contained within the report and Ubico's associated business case, it be **RECOMMENDED TO COUNCIL** that the ongoing increase to the revenue budget to fund Ubico's provision of a part-time driver and part-time loader to service their request for an additional refuse collection vehicle (Option 5 within the Ubico Business Case) be **APPROVED**.

EX.67 SEPARATE BUSINESS

- 67.1 The Chair proposed, and it was

RESOLVED That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely discussion of exempt information as defined in Part 1 of Schedule 12A of the Act.

EX.68 SEPARATE MINUTES

- 68.1 The separate Minutes of the meeting held on 12 October 2016, copies of which had been circulated, were approved as a correct record and signed by the Chair.

EX.69 REVIEW OF DEVELOPMENT MANAGEMENT TEAM STAFFING STRUCTURE

(Exempt –Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972 – Information relating to any individual)

- 69.1 Members considered the proposed staffing structure for the Development Management Team and made a recommendation to Council thereon.

EX.70 COMMERCIAL INVESTMENT PROGRAMME

(Exempt –Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 –Information relating to the financial or business affairs of any particular person (including the authority holding that information))

- 70.1 The Committee approved the Commercial Investment Strategy and agreed to set up a Member Commercial Property Investment Board. It also made recommendations to Council which sought to create a commercial property investment fund and allow it to move forward with asset purchases.

EX.71 ACQUISITION OF LAND AT FURROWFIELD PARK, NEWTOWN, TEWKESBURY

(Exempt –Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 –Information relating to the financial or business affairs of any particular person (including the authority holding that information))

- 71.1 Members considered the acquisition of public open space at Furrowfield Park, Newtown, Tewkesbury. It was agreed that negotiations should move forward and a number of delegations were approved in order that this could happen.

EX.72 ABBEY CARAVAN SITE, TEWKESBURY

(Exempt –Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 –Information relating to the financial or business affairs of any particular person (including the authority holding that information))

- 72.1 The Committee considered the report and agreed that the current lease be surrendered and a new option agreement be entered into on terms highlighted within the report.

The meeting closed at 5:15 pm

EXECUTIVE COMMITTEE FORWARD PLAN 2016/17

REGULAR ITEM:

- **Forward Plan – To note the forthcoming items.**

Addition to 1 February 2017

- Performance Management Report – Quarter Two 2016/17.
- Confidential Item: Revenues and Benefits Restructure.
- Confidential Item: Public Service Centre Refurbishment.

Deletion from 1 February 2017

- Treasury Management Strategy – Removed as is part of the Budget Report.

Committee Date: 15 March 2017

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Fee Charging Strategy	To consider and agree a Fee Charging Strategy for the Council.	Simon Dix, Head of Finance and Asset Management.	Yes – from January 2017.
Joint Core Strategy Strategic Allocation Sites: Allocation of Affordable Housing.	To consider changes to the allocation of affordable housing on the Strategic Allocation sites in the Joint Core Strategy and to make a recommendation to Council on the way forward.	Paul Baker, Housing Services Manager.	No.
Workforce Development Strategy.	To approve the Workforce Development Strategy.	Janet Martin, Human Resources Manager.	Yes deferred from February 2017.

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Agenda Item 6

Committee Date: 15 March 2017

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
<p>Confidential Item: Spring Gardens/Oldbury Road Regeneration.</p> <p>(To be considered in private because of the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)).</p>	<p>To consider the information provided and agree a way forward.</p>	<p>Simon Dix, Head of Finance and Asset Management.</p>	<p>Yes – Deferred from January 2017 to allow time for further information to come forward to allow a decision on the matter.</p>
<p>Confidential Item: Disposal of Garage Sites.</p> <p>(To be considered in private because of the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)).</p>	<p>To consider the information provided and agree a way forward.</p>	<p>Simon Dix, Head of Finance and Asset Management.</p>	<p>No.</p>

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Committee Date: 26 April 2017

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Performance Management Report – Quarter 3 2016/17 (Annual).	To receive and respond to the findings of the Overview and Scrutiny Committee’s review of the quarter three performance management information.	Graeme Simpson, Head of Corporate Services.	No.
Flood Risk Management Group Terms of Reference and Action Plan (Annual).	To undertake an annual review of the Terms of Reference of the Flood Risk Management Group and action plan.	Yvonne Hope, Environmental Health Manager	No.
Council Plan 2016/20 Refresh - Year One (Annual).	To consider the Council Plan refresh and make a recommendation to Council.	Graeme Simpson, Head of Corporate Services.	No.
High Level Service Plan Summaries (Annual).	To consider the key activities of each service grouping during 2017/18.	Graeme Simpson, Head of Corporate Services.	No.
Economic Development and Tourism Strategy.	To approve the amended Economic Development and Tourism Strategy following an Overview and Scrutiny review.	Andy Sanders, Economic and Community Development Manager.	Yes deferred from January 2017 to allow for Overview and Scrutiny Committee consideration.
Confidential Item: Transfer of Sports Facilities, Cold Pool Lane.	To consider the transfer of sports facilities at Cold Pool Lane to a club or organisation on a 25 year lease.	Andy Noble, Asset Manager	No.

(To be considered in private because of the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)).

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Committee Date: (Date To be Confirmed) June 2017			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Appointment of Portfolio Holders and Support Members (Annual)	To approve the Portfolio Holders and Support Members for the forthcoming Municipal Year.	Lin O'Brien, Head of Democratic Services.	No.

Committee Date: (Date To be Confirmed) July 2017			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Performance Management Report – Quarter Four 2016/17 (Annual).	To receive and respond to the findings of the Overview and Scrutiny Committee's review of the quarter four performance management information.	Graeme Simpson, Head of Corporate Services.	No.
Financial Outturn Report incl. capital financing and earmarked reserves (Annual).	To consider the Council's financial outturn.	Simon Dix, Head of Finance and Asset Management.	No.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	1 February 2017
Subject:	Performance Management – Quarter 2 2016-17
Report of:	Councillor Phil Awford, Chair of Overview and Scrutiny Committee
Corporate Lead:	Mike Dawson, Chief Executive
Lead Members:	Councillor Mrs E J MacTiernan
Number of Appendices:	Two

Executive Summary:

New Council Plan priorities (2016-2020) were approved by Council on 19 April 2016. Supporting the priorities is a set of objectives and actions. Progress in delivering the objectives and actions are reported through a Council Plan Performance Tracker. The tracker is a combined document which also includes performance on a key set of performance indicators. The tracker is reported to Overview and Scrutiny Committee on a quarterly basis and the outcome of the review is then reported to Executive Committee by the Chair of Overview and Scrutiny.

At Overview and Scrutiny Committee on 29 November 2016, consideration was given to the 2016/17 quarter two performance management information. The observations made by the Committee can be found in Appendix 1. The tracker document that was presented at Overview and Scrutiny Committee can be found in Appendix 2.

Recommendation:

To review and, if appropriate, take action against the observations of the Overview and Scrutiny Committee resulting from its review of the 2016/17, quarter two performance management information.

Reasons for Recommendation:

The Overview and Scrutiny Committee examine the work of the Executive Committee and hold it to account in order to help the Council achieve its priorities.

Resource Implications:

None directly associated with this report.

Legal Implications:

None directly associated with this report.

Risk Management Implications:

If delivery of the Council's priorities is not effectively monitored then the Council cannot identify where it is performing strongly or where improvement in performance is necessary.

Performance Management Follow-up:

Performance management information is reported to Overview and Scrutiny Committee on a quarterly basis. The outcome of each quarterly review is then reported to Executive Committee.

Environmental Implications:

None directly associated with this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1** New Council Plan priorities (2016-2020) were approved by Council on 19 April 2016. Supporting the priorities is a set of objectives and actions. Progress in delivering the objectives and actions are reported through a Council Plan Performance Tracker. The tracker is a combined document which also includes performance on a key set of performance indicators. The tracker is reported to Overview and Scrutiny Committee on a quarterly basis and the outcome of the review is then reported to Executive Committee by the Chair of Overview and Scrutiny.
- 1.2** At Overview and Scrutiny Committee on 29 November 2016, consideration was given to the 2016/17 quarter two performance management information. The observations made by the Committee can be found in Appendix 1. The tracker document that was presented at Overview and Scrutiny Committee can be found in Appendix 2.

2.0 COUNCIL PLAN PERFORMANCE TRACKER

- 2.1** The Council Plan (2016-2020) has four priorities which contribute to the overall Council Plan vision "Tewkesbury Borough, a place where a good quality of life is open to all". The priorities are:
- Finance and Resources.
 - Economic Development.
 - Housing.
 - Customer Focused Services.

Each of the four priorities is supported by a number of objectives and actions which will focus activity on delivery of the priorities. The tracker has been developed and contains a set of key performance measures to monitor delivery of each Council Plan action. The actions are reviewed and, where appropriate, refreshed on an annual basis.

- 2.2** For monitoring the progress of the Council Plan actions the following symbols are used:

☺ – action progressing well.

☹ – the action has some issues or delay by there is no significant slippage in the delivery of the action.

☹ – significant risk to not achieving the action or there has been significant slippage in the timetable or performance is below target.

Grey – project has not yet commenced.

✓ – action complete or annual target achieved.

For monitoring of key performance indicators the following symbols are used:

↑ - PI is showing improved performance on previous year.

↔ - PI is on par with previous year performance.

↓ - PI is showing performance is not as good as previous year.

2.3 The majority of actions are progressing well, for example, key activities to bring to Member's attention include;

- Production of the Medium Term Financial Strategy.
- A significant commercial property investment proposal approved by Council in October, supported by a Commercial Property Investment Strategy.
- Completion of and presentation to Members of a draft economic assessment.
- The demolition of Cascades is now complete.
- Successful bid of £377k to the LEP to host a Growth Hub within the Public Services Centre.
- Target to deliver 150 affordable homes is estimated to come in above target (197).
- Significant support to Parish Councils in developing neighbourhood plans.
- Development of a new website which went live on 30 November.
- Milestones continue to be achieved in relation to procurement of a new vehicle fleet, meeting its target implementation date of 1 April.

2.4 Due to the complex nature of the actions being delivered then inevitably some may not progress as smoothly or quickly as envisaged. Actions with either a 😞 or 😊 are highlighted below: -

Action	Status and reason for status
Joint Core Strategy related actions.	😞 - deciding not to approve the strategic allocation at Twigworth is a significant change to the proposed main modifications. This will potentially cause a delay to the progress of the JCS.
Put in place a plan to regenerate Spring Gardens, following the opening of the new Leisure Centre.	😊 - delivery of the approved development plans are on hold pending the securing of a tenant for the proposed retail unit.
Develop the Tewkesbury Borough Plan.	😞 - delays to the JCS will have a knock-on impact on the progress of the Borough Plan.

Let out the top floor of the Public Services Centre.	☹️ - this project has morphed into a bigger project involving both the top floor and ground floor. The successful Growth Hub bid adds an additional element to the project.
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Five actions have yet to commence as these are programmed to start later in the financial year with the majority of these targeted for completion by the end of the financial year. These include a review of the trade waste service and a programme of customer service training.

3.0 KEY PERFORMANCE INDICATORS (KPIs)

3.1 The set of Key Performance Indicators (KPIs) are a combination of contextual indicators and target related indicators. The set of KPIs must remain flexible to ensure they meet our needs. The data reported is the position at the end of September 2016.

3.2 Of the 17 indicators with targets, their status as at the end of quarter 2 (quarter 1 figures in brackets) is :

☹️ (achievement of target is unlikely)	☺️ (on target)	☺️ (target likely to be achieved by the end of the year)
(2) 1	(11) 11	(4) 5

And in terms of the direction of travel i.e. performance compared to last year, the status for the 17 indicators are:

↑ (better performance than last year)	↓ (not as good as last year)
(11)	(6) 6

Note: the direction of travel for KPI 27 and 28 - anti-social behaviour and crime incidents. There are no targets for these indicators. The direction of travel on both these indicators is negative as there has been a small increase in the number of incidents reported over a 12 month rolling period.

3.3 Key indicators of interest include:

KPI 14 – processing major planning applications. Significant improvement in performance since quarter one and expectation that target of 80% will be achieved.

KPI 15&16 – processing minor and other planning applications. Improved performance compared with 2015/16 though the target for minor applications (90%) remains a challenge.

KPI 20 – number of enviro-crimes. The number reported remains significant hence an action within the Council Plan to review the approach to dealing with such crimes.

KPI 23 & 24 – processing of benefit claims and change of circumstances. Performance is not as good as 2015/16 but remains top quartile nationally and 2016/17 targets expected to be achieved.

KPI 29 – sickness absence. Improvement in days absent since quarter one (av. 2.56 days to 1.5 days) as a result in reduction of long term sickness.

KPI 30 – recycling. Both the direction of travel and keeping on target remain very positive.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 None.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Council Plan 2016-2020.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None directly.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None directly.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 Linked to individual Council Plan actions.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 Linked to individual Council Plan actions.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 Council Plan 2012-16 approved by Council 19 April 2016.

Background Papers: None.

Contact Officer: Graeme Simpson, Head of Corporate Services Tel: 01684 272002
Email: Graeme.simpson@teWKesbury.gov.uk

Appendices: 1 – O&S Review and Observations of Quarter Two Performance Management Information.
2 – Quarter Two 2016/17 - Council Plan Performance Tracker.

**Questions Raised by Overview and Scrutiny Committee at Meeting Held on
29 November 2016**

Questions raised by Overview and Scrutiny	Response from Officers
Performance Tracker:	
<p>Economic Development – Objective 4 – Action a) Put in place a plan to regenerate Spring Gardens, following the opening of the new leisure centre – A Member felt that this action should be given an unhappy face as no progress was being made and he suggested that a meeting of the Spring Gardens and Oldbury Road Regeneration Member Reference Panel needed to be held to discuss alternative solutions.</p>	<p>The Head of Finance and Asset Management explained that the preferred tenant for the site had indicated that it would not be investing in the near future based on concern following the Brexit decision. Unfortunately the whole project had been built on the preferred tenant and alternative options would need to stack up financially. The Chief Executive pointed out that this was a major long-term project for Tewkesbury Town centre and, whilst he appreciated it was difficult not to become impatient, it would be preferable to take the scheme forward as a whole. Notwithstanding this, the Panel would meet in the New Year to consider the issues and take things forward from there</p>
<p>Housing - KPI 11 – Total number of active applications on the housing register – A Member queried whether the figures for quarter 2 included the same people from quarter 1.</p>	<p>The Housing Services Manager confirmed that was likely to be the case.</p>
<p>Customer Focused Services - Objective 1 – Action b) Consider our approach to environmental crimes with particular focus on fly-tipping and dog-fouling – A Member noted that the Executive Committee had recently received a report regarding the recruitment of an Environmental Warden which would be funded by Parish and Town Councils and he questioned whether the Borough Council should be putting more into the role given that it was a Key Performance Indicator.</p>	<p>The Environmental Health Manager explained that this had been discussed at the Executive Committee the previous week where Members had expressed the strong opinion that the project should be cost neutral to the Borough Council; the Council would offer its expertise in terms of employment, management, legislation, equipment etc. The majority of Parish Councils had reacted well to that and most of the larger ones had indicated that they wished to play a part and would contribute financially. A meeting was being held the following week for further discussions. The Chief Executive clarified that the suggestion for the Environmental Warden role had come from the Parish and Town Councils initially.</p>

<p>Customer Focused Services - Objective 3 – Action b) Let out the top floor of the Public Services Centre – A Member welcomed the approval of the Growth Hub bid but questioned whether there would be additional car parking provision as the Public Services Centre expanded further.</p>	<p>The Head of Finance and Asset Management explained that work on the overall plan for the Public Services Centre was ongoing, and footfall would need to be established; however, he understood that parking could be difficult and advised that it was intended to make improvements to Lower Lode Depot, which had spaces for 40-50 vehicles. The Chief Executive indicated that, given the number of potential new users of the building, management of the car park would need to be dealt with effectively through a plan and he provided assurance that would be done accordingly.</p> <p>In response to a query regarding how the Growth Hub linked with the letting out of the top floor, Members were advised that there were several individual projects underway and they needed to be brought together into a phased plan. A number of positive meetings had been held with another local authority about its potential use of the building and there had been strong interest from an existing partner in relation to letting the top floor but advice was also being taken regarding a marketing strategy for putting it on the open market. Costings were currently being put together for a full package of the works required for the Public Services Centre including refurbishment of the Civic Suite. It was intended that a report would be brought to Members in February setting out the overall plan, the requirements to facilitate the letting out of the top floor and the renovation of the Lower Lode Depot and the Civic Suite which would bring the Public Services Centre to a position where it was fully refurbished.</p>
<p>Key Performance Indicators:</p>	
<p>KPI 20 – Number of reported enviro-crimes – A Member indicated that this topic was discussed regularly by the Committee and needed to be addressed. He suggested that achievable targets be introduced so that Members could see exactly what was being done to try to reduce the figures.</p>	<p>The Environmental Health Manager felt that this was a fair comment and he took on board the point about the need for SMART (specific, measurable, agreed upon, realistic and time-based) targets. The Committee was due to receive a further update on enviro-crimes at its meeting in February 2017 and he suggested this could form part of that report depending on the staffing resources at that time. With regard to abandoned vehicles, he had received an email from the Police and Crime Commissioner who was looking to organise a meeting in the New Year to look at introducing community</p>

	<p>targets and ways of working between authorities; any progress would be shared with Members in due course. It was to be borne in mind that enviro-crimes was a national issue and one which was very difficult to address.</p> <p>A Member queried whether focusing additional resources in this area would help to address the problem and was informed that the Council had a deficit of £3.3M over the next five years and, whilst the Council would be discussing growth items in December, it was likely that any additional funding would need to be found from within existing resources. The Chief Executive felt that it was not advisable to take on additional costs given the pressures on the existing budget. There were already considerable resources within the Environmental Health department, the new Deputy Chief Executive would be in post in January and there would be a replacement for the Head of Environmental Services later in the year so he provided assurance that this issue would be dealt with. A Member asked for costings to be included within the update report in February to identify whether any savings could be made and where additional investment may be needed.</p>
<p>KPI 27 and 28 – Number of anti-social behaviour incidents and number of overall crime incidents – A Member felt that it would be useful if these figures could be broken down to show where the incidents were taking place and to give more detail about the age of the people involved e.g. how many were under 18.</p>	<p>The Head of Corporate Services indicated that he would find out what information was available on MAIDeN (Multi-Agency Information Database for Neighbourhoods); he understood that breakdowns were provided by Ward and Parish but he was unsure about age.</p>

Council Plan Performance Tracker and Key Performance Indicators 2016-17 Progress Report (Quarter 2)

Council Plan tracker actions/ KPI progress key:		KPI direction of travel key:	
☺	Action progressing well/ PI on or above target	↑	PI is showing improved performance on previous year
☹	Action has some issues/delay but not significant slippage/ PI below target but likely to achieve end of year target	↔	PI is on par with previous year performance
⊗	Significant risk to not achieving the action or there has been significant slippage in the timetable, or performance is below target/ PI significantly below target and unlikely to achieve target	↓	PI is showing performance is not as good as previous year
	Project has not yet commenced/ date not available or required to report		
✓	Tracker action is complete or annual target achieved		

PRIORITY: FINANCE AND RESOURCES

Actions	Performance tracker and target date	Responsible Officer/Group	Progress to date	Comment
Objective 1. Start on the path to being financially independent of the government's core grants.				
a) Deliver the council's transformation programme.	1. Delivery of approved programme. Target date: March 2017	Corporate Leadership Team (CLT)	☺	Delivery of the programme is monitored by the Transform Working Group. There are a number of projects across the key themes of the programme which all have different delivery dates. These include projects nearing completion such as the website (November 2016) to longer term projects such as the Spring Gardens/Oldbury Road regeneration.
b) Implement a Fees and Charges Strategy to maximise return in the medium term.	1. Approval of strategy. Target date: January 2017	Head of Finance & Asset Management	☺	The strategy is scheduled to be taken to Executive Committee on 4 January 2017.

PRIORITY: FINANCE AND RESOURCES

Actions	Performance tracker and target date	Responsible Officer/Group	Progress to date	Comment
Objective 2. Maintain a low council tax.				
a) Produce a medium term strategy which ensures that council tax remains in the lowest quartile nationally.	1. Benchmark to confirm lowest quartile. Target date: December 2016	Head of Finance & Asset Management	☺	Scheduled for approval at Executive Committee in November followed by Council in December. Proposed MTFS is for a £5 increase in Council Tax bringing band D to £109.36. This remains in the lower quartile nationally.
Objective 3. Investigate and take appropriate commercial opportunities.				
26 a) Develop a programme of commercial projects, including developing an entrepreneurial-type culture for councillors and staff.	1. Implement agreed programme. Target date: December 2016	Corporate Leadership Team (CLT)		Commercial workshop for members and senior managers has taken place. Further workshops were also carried out in September and October. The training was facilitated by Association for Public Service Excellence (APSE). A cohort of officers, including some partners, looked at developing commercial skills and aiming to produce a number of live business cases to support corporate aims. These 'commercial champions' will be available to support development of ideas as and when they come forward. A structure to support this is currently being developed with the aim to have this complete by the end of November.
	2. Develop entrepreneurial culture. Target date: March 2017		☺	The organisation has taken its first step in developing an entrepreneurial culture. (See above) Members and officers are embracing the commercial property investment opportunities with a report taken to Council on 19 October being approved. The culture will be embedded further with a Commercial Property Investment Strategy scheduled to go to Executive Committee. Along with the potential to consider options to promote entrepreneurial culture within Job descriptions and Council Plan values in the future.

PRIORITY: FINANCE AND RESOURCES

Actions	Performance tracker and target date	Responsible Officer/Group	Progress to date	Comment
Objective 3. Investigate and take appropriate commercial opportunities.				
b) Produce a business case alongside partner authorities for the formation of a housing development company.	1. Development of business case. Target date: December 2016	Head of Finance & Asset Management	☺	The four partner councils are obtaining information on existing and proposed housing development companies. In addition, five sites have been identified to carry out viability appraisals. A high level financial analysis was presented to the project board in early July and passed this gateway assessment. Further work on developing the business case is ongoing with the intention of having a document ready for assessment before the end of the year.
c) Undertake a review of the discretionary trade waste service to ensure it is operating on a viable commercial level.	1. Undertake and complete review. Target date: April 2017	Interim Head of Community Services		The review is being led by Ubico with the first project meeting scheduled to take place in November. This meeting will be to discuss the current methods Tewkesbury Borough Council, Cheltenham Borough Council and West Oxfordshire District Council use for trade waste collections and to look at a way forward.
Objective 4. Use our assets to provide maximum financial return.				
a) Ensure value-for-money procurement of a new waste and recycling fleet.	1. Deliver against project milestones Target date: April 2017	Interim Head of community services	☺	Vehicle providers have been identified through the tendering process. Meetings with the providers took place in October to agree the final specification and place orders. All milestones of the project are being met.
b) Deliver the council's asset plan.	1. Monitor delivery of asset plan. Target date: March 2017	Head of Finance & Asset Management	☺	Quarter two activity has included: <ul style="list-style-type: none"> • Demolition of Cascades- completed. • Options appraisal of cemetery provision in Tewkesbury- completed. • Development of Tree Management policy- being taken to Executive Committee in November. • Development of on-line help desk facility for Public Service Centre-work has commenced with a target date for completion being December 2016. • Purchase of a retail unit- contracts are currently with One Legal to agree.

				<ul style="list-style-type: none"> Proposed commercial property investment- target date for completion is the end of November. Development of proposals for Public Service Centre including The Growth Hub- target date March 2017.
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Key performance indicators for priority: Finance and resources

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
1	Percentage of creditor payments paid within 30 days of receipt.	94.12%	94.00%	94.96%	94.40%			↑	☺	Regular payment runs and quick turnaround from Finance when invoices are received for payment.	Lead Member Finance and Asset Management / Simon Dix
2	Outstanding sundry debt in excess of 12 months old.	£44,609	£50,000	£30,866	£17,774			↑	☺	The Debt Control Officer has been liaising with Ubico to deal with old trade waste debts and many have now paid. Other services have been involved and old debts are being tackled.	Lead Member Finance and Asset Management / Simon Dix

PRIORITY: ECONOMIC DEVELOPMENT

Actions	Performance tracker and target date	Reporting Officer/Group	Progress to date	Comment
Objective 1. Be the primary growth engine of Gloucestershire's economy.				
a) Carry out an economic assessment within the borough.	1. Complete assessment Target date: October 2016	Head of Development Services	✓	Bruton Knowles has completed a draft economic assessment. This was presented at a Member Seminar in October 2016. The assessment will assist in developing the council's Economic Development and Tourism Strategy.
b) Produce, deliver and launch a new Economic Development and Tourism Strategy.	1. Approval of new strategy Target date: February 2017	Head of Development Services	☺	An Economic Development and Tourism Strategy Working Group has been formed to support the production of a new strategy. The economic assessment, employment land review and business survey that Bruton Knowles have carried out will feed into this work. A key component to the strategy is an emerging vision 'For Tewkesbury borough to be the engine that delivers growth in Gloucestershire'.
Objective 2. Identify and deliver employment land within the borough.				
a) Produce an employment land review of sites within the borough.	1. Complete review Target date: November 2016	Head of Development Services	☺	The review is in its final stages and nearing completion. A member seminar on the findings of the Economic Assessment report took place on 13 October 2016. The report is now being finalised and will be published in early November 2016.
b) Allocate and deliver employment land through the JCS and Tewkesbury Borough Plan.	1. Allocate and deliver through JCS Target date: To be confirmed (TBC)	Head of Development Services	☹	Evidence has suggested a need to support delivery of a minimum of 192ha of B class employment land and 39,500 jobs over the plan period to 2031. Cheltenham and Gloucester both approved the main modifications. This council resolved to accept the main modifications at its meeting on 25 October but without the strategic allocation at Twigworth. As this is a significant change the issue needs to go back and be discussed with partners to determine a way forward. This will cause a delay to the progress of the plan and ultimately adoption. The JCS team will be meeting over the course of November to discuss a way forward and target dates.

	2. Allocate and deliver through borough plan Target date: TBC			<p>The JCS will set out the strategic employment needs and will also note that some of this need is to be met through the delivery of the Borough Plan. The Employment Land Review study will provide the evidence about the potential for new and existing employment sites to meet this need.</p> <p>The next stages of the Borough Plan will require further work on the potential employment sites to see if they are ultimately suitable for allocation.</p> <p>Delays to the JCS as a result of the council decision on main modifications may have a knock-on impact on the progress of the Borough Plan but how much impact is yet to be established.</p>
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PRIORITY: ECONOMIC DEVELOPMENT

Actions	Performance tracker and target date	Reporting Officer/Group	Progress to date	Comment
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Objective 3. Maximise the growth potential of the M5 junctions within the borough.

30	a) Produce a vision for the J9 area.	1. Produce a vision Target date: March 2017	Head of Development Services	☺	As a result of external funding LSIF (Large Sites Infrastructure Fund) a consultant has now been appointed to produce and help develop the vision for J9. The consultant will be reporting to, and working with, the J9 Area Member Reference Panel. Discussions took place about the JCS and A46 Partnership at the reference panel meeting on 27 September. At Council on 20 September it was agreed Councillor Elaine MacTiernan would be the representative in the A46 Partnership for the council.
	b) Work with our partners, including the JCS partners and the LEP, to promote the M5 Growth Zone.	1. Initiatives to promote growth zone Target date: Ongoing as part of County Strategic Economic Plan (ends 2022)	Head of Development Services	☺	The council has been successful with a funding application to the LEP to host a Growth Hub within the Public Services Centre. This will support local businesses and help promote the M5 Growth Zone.
	c) Work with partners to build a case for an all-ways M5 junction 10.	1. Production of economic business case Target date: TBC	Head of Development Services	☺	The LEP, in partnership with Gloucestershire County Council, Cheltenham Borough Council and TBC, submitted a bid to the Large Local Major Transport Scheme fund in July 2016. This was to provide funding to develop a feasibility study and a business case to help support an all-ways junction at J10. The outcome of this is yet to be received.

PRIORITY: ECONOMIC DEVELOPMENT

Actions	Performance tracker and target date	Reporting Officer/Group	Progress to date	Comment
Objective 4. Deliver regeneration for Tewkesbury town.				
a) Put in place a plan to regenerate Spring Gardens, following the opening of the new leisure centre.	1. Regeneration plan Target date: April 2018	Head of Development Services/ Head of Finance & Asset Management	☺	Mixed use redevelopment plan approved in April 2016. Delivery of approved development plans are on hold pending the securing of a tenant for the proposed main retail unit. Preferred tenant's investment position is currently on hold following concern at Brexit decision. Exploring potential of alternative tenants.
31 b) Work with Tewkesbury Regeneration Partnership to progress projects that regenerate Tewkesbury Town.	1. Delivery of projects Target date: 31 March 2017 (updates on live projects throughout the year) All projects have individual target dates some of which have not yet commenced but form part of the Tewkesbury Regeneration, ends in 2027.	Head of Development Services	☺	Current and proposed projects linked to the Tewkesbury Town Regeneration partnership (TTRP) are as follows: Heritage walks and interpretation, Public Realm, Marketing and Investment, Spring gardens and Bishops Walk, Back of Avon, River Avon Moorings, Multi-model Greenway, MAFF site and Healings Mill. In the last quarter: <ul style="list-style-type: none"> • Marketing & Investment- the Tewkesbury Business website (http://www.tewkesburybusiness.co.uk) went live in September. • Heritage walks and interpretation- The draft texting for the signage project has been completed for the three walks. • Spring Gardens and Bishops Walk- Cascades was demolished in September. • An annual meeting was held in September with the TTRP to see if further active participations from all partners involved are required and if any improvements could be made. A further meeting will take place in November.

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
3	Employment rate 16-64 year olds.	83.7%		84%						84% relates to 45,900 people within the borough. This is higher than the county rate of 79.9%.	Leader Member Economic Development/ Julie Wood
4	Claimant unemployment rate.	1%		0.9%	1.0%					1.0% relates to 520 people within the borough. This rate is lower than the county rate of 1.1% (Source: ONS 2016)	Leader Member Economic Development/ Julie Wood
5	Number of business births.	445 (2014 figure)								Not yet available. The 2015 figures should be released in November 2016 and reported in Q3. Source: ONS Business demography.	Leader Member Economic Development/ Julie Wood
6	Number of business deaths	285 (2014 figure)									
7	Number of visitors to Tewkesbury Tourist Information Centre (TIC)	31,485	31,000	10,094	13,685 (Q1 & Q2: 23,779)			↑	☺	Numbers have increased by 413 compared to Q2 2015/16.	Leader Member Economic Development/ Julie Wood
8	Number of visitors to Winchcombe Tourist Information Centre (TIC)	10,187	10,000	4,302	4,243 (Q1 & Q2: 8,545)			↑	☺	Although numbers have slightly reduced (by 35) compared to Q2 2015/16. The overall number of visitors is on track to meet the target for 2016/17	Leader Member Economic Development/ Julie Wood

PRIORITY: HOUSING

Actions	Performance tracker and target date	Reporting Officer/Group	Progress to date	Comment
Objective 1. Increase the supply of suitable housing across the borough to support growth and meet the needs of our communities.				
a) Continue working with our partner councils to ensure the Joint Core Strategy is adopted.	1. Adoption of JCS Target date: TBC	Head of Development Services	☹	Following the Inspector's Interim Report (May 2016) the JCS authorities developed main modifications which it considers necessary to make the plan sound. Cheltenham and Gloucester both approved the main modifications. TBC resolved to accept the main modifications at its meeting on 25 October but without the strategic allocation at Twigworth. This is a significant change and needs to be discussed with partners to determine a way forward. This will result in further delay in adoption.
b) Develop the Tewkesbury Borough Plan.	1. Adoption of Tewkesbury Borough Plan. Target date: Winter 2018	Head of Development Services	☹	The timetable is inextricably linked to the JCS. Focus has been on progressing the JCS and this has impacted progress of the plan. A number of Neighbourhood Plans are also being progressed and these will inform the plan. The policy team are now working on a new draft of the plan which will include proposed housing and employment allocations. This will include a requirement to develop further evidence base studies to support the plan. It is intended to undertake public consultation on the new draft plan in Summer 2017. However, delays to the JCS as a result of the October Council decision may have a knock-on impact on the progress of the Borough Plan.
c) Support Neighbourhood Development Plans across the borough where communities bring them forward.	1. Promotion of and number of plans supported Target date: end March 2017	Head of Development Services	☺	A further two neighbourhood plans have been designated making 13 across 16 parishes. Most advanced are the Winchcombe & Sudeley and Highnam plans which both completed their examinations in June 2016. These plans are now subject to referendum which is due to take place on 24 November 2016. If successful then the plans could be 'made' by Tewkesbury Borough Council, expected in early 2017. A number of other plans are also advancing and officers have been working with Alderton, Ashchurch Rural, Churchdown & Innsworth, Down Hatherley, Norton & Twigworth, Gothington and Twynning neighbourhood plan groups. Two new neighbourhood areas have been designated in this quarter at The Leigh and Stoke Orchard & Tredington.

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PRIORITY: HOUSING

Actions	Performance tracker and target date	Reporting Officer/Group	Progress to date	Comment
Objective 1. Increase the supply of suitable housing across the borough to support growth and meet the needs of our communities.				
d) Utilise new tools available under the Housing and Planning Bill.	1. Identify and implement relevant tools Target date: TBC	Head of Development Services		Officers will continue to monitor new planning tools made available through the Planning Bill. In May 2015 the Bill achieve royal ascent and is now an act of parliament. Tools such as the permission in principle and the brownfield register are identified as particularly pertinent and we await further guidance on their implementation. Until this information has been received, work to identify and implement relevant tools cannot yet be established along with a target date.
Objective 2. Achieve a five year supply of land.				
a) Ensure adequate land is allocated within the Joint Core Strategy and Tewkesbury Borough Plan to meet housing needs.	1. Allocate of adequate land Target date: TBC	Head of Development Services	☹	<p>The JCS is required to demonstrate how the housing requirement will be met and ensure that there is a five year supply of housing land. The JCS identifies larger Strategic Allocation sites that will contribute significantly to meeting these needs. However, the TBP will also be required to allocate land for smaller-scale non-strategic growth at the Rural Service Centres and Service Villages and Tewkesbury town.</p> <p>Following the outcome of the Council meeting on the main modifications of the JCS in October. A clearer picture will be established to determine a way forward once all three councils (TBC, CBC, GCC) have met to discuss the issues throughout November. At this stage the length of the delay to the progress of the JCS plan and ultimately adoption is unknown. Along with the potential to impact developing the TBP should more resources be required for the JCS.</p>
b) Continue to promote sustainable development throughout the borough.	1. Ways to promote sustainable development Target date: TBC	Head of Development Services	☺	Through the JCS and TBP the strategy for growth and the identification of sustainable sites to deliver it will be identified. The plans will also provide general development management policies that, in accordance with the National Planning Policy Framework, will enable to ensure that any additional growth is delivered in a sustainable way and against the objectives of the plans.

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PRIORITY: HOUSING

Actions	Performance tracker and target date	Reporting Officer/Group	Progress to date	Comment
Objective 3. Deliver the homes and necessary infrastructure to create new sustainable communities in key locations.				
a) Monitor annually the delivery of homes within the borough.	1. Annual monitoring mechanism Target date: July 2016	Head of Development Services	✓	Housing and land monitoring completed for 2014/15 and the Annual Monitoring Report was published in October 2015. The 2015/16 monitoring has now been completed and the report has been published onto the council's website in July 2016. This report provides information on how many homes have been delivered within this year. Work to the 2016/17 annual report will commence in Spring 2017.
b) Work with partners, infrastructure providers and developers to progress the delivery of key sites.	1. Identification and delivery of key sites Target date: March 2017	Head of Development Services	☺	<p>Through the development of the JCS, partners have been working extensively with infrastructure providers to ensure the delivery of the strategic allocations. This has been necessary to provide sufficient evidence to demonstrate that the sites are deliverable and that their impacts can be mitigated.</p> <p>A particularly important area of infrastructure has been around highways and a close partnership has developed between the JCS authorities, Gloucestershire County Council (GCC) and Highways England (HE) to find the right solutions for the road network in the area. The JCS Transport Strategy is expected to be established by March 2017. This is dependent on the JCS and Gloucestershire County Highways to approve this.</p>

PRIORITY: HOUSING

Actions	Performance tracker and target date	Reporting Officer/Group	Progress to date	Comment
Objective 4. Deliver affordable homes to meet local need.				
a) Develop a new Housing and Homelessness Strategy for 2016-2020	1. Approval of strategy Target date: Jan 2017	Interim Head of Community Services	☐	An O&S task and finish group has been set up to deliver the strategy. There is good progress and it is scheduled for O&S to consider the strategy in January 2017.
b) Deliver 150 affordable homes each year.	1. Delivery of more than 150 homes Target date: 31 March 2017	Interim Head of Community Services	☐	We are now estimating above target completions with 197 new affordable homes to be delivered during this financial year. (See KPI 13 for quarterly figures). 44% of affordable homes being built to the Sustainable Homes code level 4 (a level above Building Regulations); at Longford, Cleavelands in Bishops Cleeve and Invista in Brockworth. 35% of the homes have been built to Lifetime Homes Standard this quarter, all of which are on the Cleavelands development.
c) Work in partnership to prevent residents becoming homeless.	1. Partnership working initiatives Target date: March 2017	Interim Head of Community Services	☺	We are continuing to work with partners to prevent homelessness in the borough. Examples of this work are: <ul style="list-style-type: none"> • Retendering of the Rough Sleeper Outreach contract as part of the district partnership with the PCC, Health and Glos County Council this is scheduled for completion by February 2017. • Actively engage in the peer reviews of our partner district homeless and prevention of homeless services. We will be one of the reviewing authorities looking at the services of South Gloucestershire in November 2016. This is as part of our Gold peer review schedule and is scheduled for completion by February 2017. • Continue to work with our Registered Providers partners to find temporary accommodation within the borough. • Undertaking joint visits with Severn Vale Housing as part of the financial inclusion partnership. Visiting tenants who are likely to be significantly affected by forthcoming welfare reform.

Key performance indicators for priority: Housing

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
9	Total number of homeless applications presented	111		28	31 (Q1 & Q2: 59)			↑		This figure is slightly higher than Q2 2015/16 figures, which was reported as 25.	Lead Member Health and Wellbeing/ Richard Kirk
10	Total number of homeless applications accepted	57		13	12 (Q1 & Q2: 25)			↔		This figure remains stable and is the same as reported in Q2 2015/16.	Lead Member Health and Wellbeing/ Richard Kirk
11	Total number of active applications on the housing register	1887 972 – 1 bed 623 – 2 bed 208 -3 bed 71 – 4 bed 12 – 5 bed 1 – 6 bed		1924 1012– 1 bed 630–2 bed 198–3 bed 74 – 4 bed 8 – 5 bed 2 – 6 bed	1931 1041 – 1 bed 610 – 2 bed 199 – 3 bed 70 – 4 bed 9 – 5 bed 2 – 6+ bed					The number of active households registered on Choice Based Lettings (CBL) has continued to rise steadily - in particular those with a one bedroom need. The demand for social housing has risen across the county and is likely in part to be as a result of ongoing welfare reform and consequent financial hardship.	Lead Member Health and Wellbeing/ Richard Kirk

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Key performance indicators for priority: Housing

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
12	Total number of homeless prevention cases	172		54	36 (Q1 & Q2: 90)			↔		<p>This figure has fallen compared to the last quarter but is the same as reported in Q2 2015/16.</p> <p>The reason for the fall is likely because of implementation of a new homeless and homeless prevention database. Time required for training and back dating cases meant the front desk was closed to applicants for several days. Proactive work with clients was not possible during this period.</p>	Lead Member Health and Wellbeing/ Richard Kirk
13	Number of affordable homes delivered	229	150	91	20 (Q1 & Q2: 111)			↓	☺	<p>Homes delivered in Q2:</p> <ul style="list-style-type: none"> • 2 Affordable rent • 18 Shared ownership <p>Within areas:</p> <ul style="list-style-type: none"> • Bishops Cleeve- 7 • Brockworth- 11 • Longford- 2 <p>Projections show that Q3 = 53 and Q4 = 33.</p>	Lead Member Health and Wellbeing/ Richard Kirk

Key performance indicators for priority: Housing

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
14	Percentage of 'major' applications determined within 13 weeks or alternative period agreed with the applicant.	87.50%	80%	58.82%	72.73%			↓	☹	Performance is based on a low number of applications. There has been a significant improvement in performance since Q1 and we expect to improve throughout the year to meet the target.	Lead Member Built Environment/ Julie Wood
15	Percentage of 'minor' applications determined within 8 weeks or alternative period agreed with the applicant.	70.11%	90%	76.67%	74.07%			↑	☹	Still showing an improvement on last year. Small reduction in performance since Q1. There are still some capacity issues particularly at senior level. However recruitment is ongoing with some appointments made. Will be a challenge to meet the target by year end but it is achievable.	Lead Member Built Environment/ Julie Wood
16	Percentage of 'other' applications determined within 8 weeks or alternative period agreed with the applicant.	79.13%	90%	85%	87.5%			↑	☹	Improvement against Q2 2015-16 figure where it was reported to be 74.17%. It is expected that performance will continue to be maintained in order to meet 2016-17 target.	Lead Member Built Environment/ Julie Wood

PRIORITY: CUSTOMER FOCUSED SERVICES

Actions	Performance Tracker and target date	Reporting Line	Progress to date	Comment
Objective 1. Maintain and improve our culture of continuous service improvement.				
a) Deliver phase two of the planning and environmental health service reviews.	1. Completion of review Target date: Environmental Health: June 2017 Planning: end February 2017	Head of Development Services/ Interim Head of Community Services		<p>Environmental Health- The corporate project board has agreed this project is incorporated into another related corporate project. Presentations from three providers have been received, one has built a demonstration system for abandoned vehicles. This system is currently being tested by officers and a decision on moving forward based on this testing will be incorporated into the project plan as indicated above.</p> <p>Planning- Actions identified and where practicable, these have been introduced, for example a recently a new telephone call handling procedure which provides an improved service to customers has been implemented. Other actions include a new customer protocol for inclusion on the new website and in correspondence, setting out more clearly the planning department processes. This is currently in draft format. A review has also taken place to ensure consistent information is uploaded and maintained on the public access planning portal.</p>
b) Consider our approach to enviro-crimes, with particular focus on fly-tipping and dog fouling.	1. Deliver different approval to enviro-crimes Target date: April 2017	Interim Head of Community Services		<p>For fly tipping, the proactive project to tackle the issue has reached a conclusion with equipment being procured and officers receiving training on how to use them and the legal implications. Unfortunately there has been no direct actions taken as a result of the project but there are still a number of leads that the team are following.</p> <p>A further project is currently being devised to tackle fly tipping in areas worst affected, including Sandhurst Lane, Longford and Coriander Drive, Churchdown.</p> <p>Parish councils have been contacted about a proposed joint venture to employ an 'environmental warden' to help combat enviro-crimes. A report to the Executive Committee is proposed for November with a number of parishes expressing interest.</p>

PRIORITY: CUSTOMER FOCUSED SERVICES

Actions	Performance Tracker and target date	Reporting Line	Progress to date	Comment
Objective 2. Develop our customer service ethos to ensure that we deliver to the needs of residents.				
a) Adopt and promote customer care standards to further improve the quality of service our residents receive.	1. Approval and role out Target date: March 2016	Head of Corporate Services	✓	Customer care standards have been adopted as part of the Customer Services Strategy. The strategy was approved at Executive Committee on 9 March 2016. The standards have been promoted and this promotion will continue.
b) Roll out a programme of customer services training for staff across the council.	1. Roll out of training programme Target date: March 2017	Head of Corporate Services		With regards to the customer services team, three of the team are currently undertaking an NVQ in Customer Service. This is due for completion early 2017. As defined by the customer service standards, customer service is the responsibility of all. A programme of training will be rolled out across all service areas.
Objective 3. Further expansion of the Public Services Centre (bring in other partners).				
a) Work with partners to investigate the potential for a reception refurbishment and integrated customer services team.	1. Explore potential options Target date: March 2018	Head of Corporate Services		Reception refurbishment and the potential of an integrated customer services team is dependent upon the strategic 'jigsaw' of letting out the second floor and its impact on the public services centre.
b) To let out the top floor of the Public Services Centre.	1. Let out and receive income Target date: March 2018	Head of Finance and Asset Management	☺	Plans to let out the top floor have morphed into a much bigger project involving both the top floor and ground floor. Plans to incorporate further public services within the building are progressing and recent approval of Growth Hub bid supports this and adds some certainty. Cost of reconfiguration and lack of partners willing to pay a rental have hindered progress, although creative solutions are being pursued in a bid to answer the many requirements of the redesign. The vacant space will shortly be advertised on the open market to test whether the assumed rental from the private sector can be secured or not.

PRIORITY: CUSTOMER FOCUSED SERVICES

Actions	Performance Tracker and target date	Reporting Line	Progress to date	Comment
Objective 4. Improve and expand our partnership both public and private sector and explore opportunities to do this.				
a) Continued delivery of the proposed One Legal expansion.	1. Delivery of project milestones Target date: March 2017	Corporate Leadership Team (CLT)	☺	One Legal continues to explore and take up appropriate opportunities to expand its work and client base by delivering services to other public bodies. A business plan is being developed to set out the direction of travel for the service over the next three years.
b) With partners, develop and implement a programme for financial inclusion.	1. Approval and roll out of programme Target date: March 2017	Head of Revenues and Benefits	☺	Following the roll out of the Policy in Practice's report on the impact of welfare reform our focus has been on dealing with the new benefit cap. Assisting those working age claims who are about to have their incomes restricted. Joint work has been taking place with DWP, Registered Social Landlords, CAB, and other agencies. All affected claims have been contacted and visited to go through the effects of the cap on their claims. The emphasis is on getting people into work. The revenues and benefits team are assisting affected claims by checking to ensure that they are not already eligible for an exemption and looking to pay Discretionary Housing Payments on appropriate cases for a short period of time. The new benefit cap will be implemented from the 7 November 2016.
c) Work with partners to improve digital links between public services to make life simpler for customers.	1. Deliver digital initiatives Target date: March 2018	Head of Corporate Services	☺	'Join forces with our partners' is one of three key priorities in our digital strategy. One project soon to start is a skype pilot between customers at Bishops Cleeve library and the Revenues and Benefits team. Once a way forward is determined with any potential reception re-design this may open up potential digital opportunities.

PRIORITY: CUSTOMER FOCUSED SERVICES

Actions	Performance Tracker and target date	Reporting Line	Progress to date	Comment
Objective 5. To improve customer access to our services and service delivery through digital methods.				
a) Develop and deliver a Digital Strategy.	1. Approval and delivery of strategy actions Target date: March 2018	Head of Corporate Services	☺	Strategy actions are progressing including: <ul style="list-style-type: none"> • Development of new website • Looking at new HR system • Property services help desk system • Dialogue with services regarding digital opportunities • Collaborative working The strategy is at an early stage and projects will be monitored by Transform Working Group.
b) Develop and roll out a new website to reflect our commitment to excellent online services.	1. Launch new website Target date: November 2017	Head of Corporate Services	☺	The website project is on course to meet its target date. Feedback has been obtained from members and the Citizen's Panel. The Web Developer continues to meet with services to ensure their content needs are met.

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Key performance indicators for priority: Customer focused services

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
17	Total enquiries logged by the Area Information Centre (AIC).	1708		499	428 (Q1& Q2: 927)					Enquiries received at the AIC's are as follows for Q1 and Q2: Q1, Q2 Bishops Cleeve: 131, 85 Brockworth: 199, 204 Churchdown: 102, 83 Winchcombe: 67,	Lead Member Customer Focus/ Graeme Simpson

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 Total: 499, 428

Key performance indicators for priority: Customer focused services

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
18	Total number of people assisted within the borough by Citizens Advice Bureau (CAB).	1363		370	360 (Q1 & Q2: 730)					Heaviest demand has been: Brockworth 12%, Churchdown St Johns 11%, Cleeve St Michaels 9%, Northway 7% and Coombe Hill 6%. These five wards represent 46% of clients seen. The five main areas where advice was given: <ul style="list-style-type: none"> • Benefits 29% • Debt 27% • Employment 10% • Relationships 8% • Housing 7% 	Lead Member Economic Development/Promotion / Julie Wood
19	Financial gain to clients resulting from CAB advice	£332,197		£92,585	£66,818 (Q1 & Q2: £159,403)					During this quarter clients have benefitted from £66,818 of financial gains. Over six months £159,403 of which £124,294 (78%) represent increases in disposable incomes.	Lead Member Economic Development/Promotion / Julie Wood

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Key performance indicators for priority: Corporate

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
20	Number of reported enviro crimes	1314	1000	413	397 (Q1 & Q2: 810)			↓	⊖	Breakdown is: <ul style="list-style-type: none"> Noise – 70 (79) Dog fouling – 13 (12) Fly tipping – 231 (261) Abandoned vehicles – 83 (61) (Q1 2016/17 in brackets). 	Lead Member Clean and Green Environment/ Richard Kirk
21	Community Groups assisted with funding advice	N/A (new KPI)		80	65 (Q1 & Q2: 145)					Community groups assisted have received £26,400 (£203,261) worth of external grants and £116,390 (£279,069) worth of TBC community Grants. Cumulative figures since July 2015 in brackets. 280 community groups being supported with funding advice.	Lead Member Economic Development/Promotion / Julie Wood
22	Benefits caseload: a) Housing Benefit b) Council Tax Support	4,032 4,627		4,049 4,571	4,007 4,557					We are seeing a fall in caseloads for both Housing Benefit and Council Tax Support. Q2 2015/16 benefits caseload was 4,079 and Council Tax support was 4,705.	Lead Member Finance and Asset Management/ Richard Horton

Key performance indicators for priority: Corporate

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
23	Average number of days to process new benefit claims	12.76	15.00	16.49	16.17			↓	☹	This quarter's figure was higher than Q2 2015/16 (13.18 days) due to carrying out work on the welfare reform- benefit cap. Although this figure is higher, when looking back at the county figures released in Q1 the figure remains in the county's top quartile on performance.	Lead Member Finance and Asset Management/ Richard Horton
24	Average number of days to process change in circumstances	5.22	10.00	6.48	6.47			↓	☹	Processing times are holding steady compared to last quarter. We are below our target figure as well as Q2 2015/16 figure where it was reported being 7.02	Lead Member Finance and Asset Management/ Richard Horton
25	Percentage of council tax collected	98.24%	98%	29.45%	57.44%			↑	☺	Collection rate is going very well and is matching Q2 2015/16 performance of 57.45%.	Lead Member Finance and Asset Management/ Richard Horton

26	Percentage of NNDR collected	99.24%	98%	32.01%	58.87%			↓	☺	The collection rate continues to improve with £754,504 being collected more than last year.	Lead Member Finance and Asset Management/ Richard Horton
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Key performance indicators for priority: Corporate

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
47 27	Number of anti-social behaviour incidents	2447		621	619 (Q1 & Q2: 1240)			↓		There is a decrease in ASB incidents compared to the same period last year (619 compared to 666). Overall on a 12 month rolling total there is an increase of 4.85% (2441 incidents compared to 2328 incidents).	Lead Member Community/ Richard Kirk
28	Number of overall crime incidents	3071		731	760 (Q1 & Q2: 1491)			↓		There is a small decrease in incidents compared to the same period last year (748 compared to 760). Overall on a 12 month rolling total there is an increase of 5.93% (3017 incidents compared to 2848 incidents).	Lead Member Community/ Richard Kirk

29	Average number of sick days per full time equivalent	8.74	7.00	2.56	1.5 (Q1 & Q2: 4.06)			↑	☺	The number of sick days in Q2 fell to 255 days, down from 436 in Q1. This was due to a 75% reduction in long term sick days, from 274 in Q1 to 67 in Q2. Short term absence slightly up (from 162 days in Q1 to 188 in Q2) but HR continues to support line managers with formal absence management procedures.	Lead Member Organisational Development/ Graeme Simpson
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Key performance indicators for priority: Corporate

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KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
30	Percentage of waste recycled or composted	50.68%	52%	54.76%	54.94%			↑	☺	Compared to 2015/16, almost all the tonnages have improved. The food waste campaign is still having an effect and increasing the tonnage from last year. Contamination in the recycling has dropped in Q2 and this is positive for performance but also financially. Garden waste is up by 412 tonnes which is fantastic. This	Lead Member Clean and Green Environment/ Richard Kirk

											<p>tapered off toward the end of Q2 as the growing season slowed, but still high tonnages were reported considering the seasonal change.</p> <p>Needle contamination issue in the recycling bins still remains very low with only one needle reported in Q2.</p>	
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Key performance indicators for priority: Corporate

KPI no.	KPI description	Outturn 2015-16	Target 2016-17	Outturn Q1 2016-17	Outturn Q2 2016-17	Outturn Q3 2016-17	Outturn Q4 2016-17	Direction of travel	Traffic light icon	Comment	Portfolio Lead / Head of service
31	Residual household waste collected per property in kgs	427kg	430kg	109kg	105kg (Q1 & Q2: 214kg)			↑	☺	<p>Waste to landfill has decreased by 233 tonnes compared to Q2 15-16). There has been an increase to bulky waste and fly tips which has increased the amount taken to landfill. It was reported fly tipping had increased by two tonnes compared to Q2 2015/16. On a positive note, the increase in</p>	Lead Member Clean and Green Environment/ Richard Kirk

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										furniture recycling through the new Furniture Recycling Project has increased the amount of reusable furniture in Q2 by 14 tonnes compared to Q2 last year.	
32	Food establishments in area broadly compliant with food hygiene regulations (%)	92.19%	93%	93.95%	92.36%			↑	😊	<p>During Q2 the total number of 825 premises:</p> <ul style="list-style-type: none"> • 762 were broadly compliant • 42 non-compliant • 21 unrated premises 	Lead Member Clean and Green Environment/ Richard Kirk

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	1 February 2017
Subject:	Budget 2017 – 2018
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Robert Weaver, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	Three

Executive Summary:

The proposed net budget totals £9.91m and, after deducting Government support and other financing streams, the resultant Council Tax requirement is £3.56m giving a Band D Council Tax figure of £109.36.

Recommendation:

To RECOMMEND TO COUNCIL approval of:

- i. a net budget of £9,913,693;
- ii. a Band D Council Tax of £109.36, an increase of £5.00 per annum;
- iii. the use of New Homes Bonus as proposed in Paragraph 3.8 of the report;
- iv. the Capital Programme as proposed in Appendix A to the report;
- v. the capital prudential indicators as proposed in Appendix B to the report;
- vi. the annual Minimum Revenue Provision (MRP) statement, as contained in Appendix B to the report; and
- vii. the 2017-18 Treasury Management Strategy, as proposed in Appendix C to the report.

Reasons for Recommendation:

The Council must set a balanced budget and a level of Council Tax necessary to meet its revenue needs, but it must be set at a level affordable to the taxpayer and within the parameters set by the government.

Resource Implications:

Set out in this report.

Legal Implications:

Section 32 of the Local Government Finance Act 1992 as amended places a duty on the Council, as Billing Authority, to calculate before 11 March 2017 its budget requirement for 2017/18.

Under Section 25 of the Local Government Act 2003, the Section 151 Officer must report on the robustness of the estimates for the purposes of making the appropriate calculations and of the adequacy of the Council's proposed financial reserves.

Risk Management Implications:

The risks are set out more fully in the report but, in summary, centre around the continuing pressure on local government funding as Revenue Support Grant is withdrawn and the New Homes Bonus scheme is amended. It is under these circumstances that holding balances at a higher level for the time being is an appropriate course of action to protect the Council from the financial uncertainty ahead.

Performance Management Follow-up:

Performance reports are presented to Members on a quarterly basis and include details of the revenue and capital budgets performance and updates on the use of reserves.

Environmental Implications:

None directly from this report.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The Council considered its financial position as shown in the Medium Term Financial Strategy (MTFS) at its meeting on 6 December 2016.
- 1.2** The MTFS outlines the budget pressures facing this Council currently and in future years and depicts the gap between the estimated net budget of the Council and the estimated funding available in order to finance that net expenditure. The deficit over the five years of the MTFS is estimated to be in the order of £3.3million with a gap suggested in 2017/18 of approximately £2,050,000.
- 1.3** Since the production of the MTFS, the Chancellor has given his Autumn Statement, the Council has been accepted for a four year funding deal from the government and the details of the provisional Local Government Settlement have been received for 2017/18. In summary, the headlines from these announcements include:
- no changes to the planned level of financial support for local authorities over this Parliament.
 - 'Core Spending Power' to fall by 1.14% between financial years.
 - Expanded flexibility over the adult social care precept.
 - Continuation of the £5 or 2%, whichever is higher, Council Tax referendum principles for District Councils.
 - Confirmation of changes to the New Homes Bonus scheme resulting in £241m being redirected to support adult social care in 2017/18.

- 1.4 This report now brings together the general information on the financial climate with the detailed figures associated with the 2017/18 budget and the work undertaken by the Transform Working Group and makes a proposal for a balanced budget and resultant Council Tax.
- 1.5 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (nominated Section 151 Officer) to make a statement to the Council on the robustness of the estimates and adequacy of financial reserves. This statement is set out in Section 10 of this report. The Council is under a statutory obligation to have regard to this when making its decision on the proposed budget.
- 1.6 Whilst the budget is compiled using the best estimates available, the lack of clarity on certain aspects of Local Government Finance, such as business rates retention, and the late announcement with regards to the New Homes Bonus scheme redesign make the setting of the 2017/18 budget difficult and forecasts for future years require a greater degree of sensitivity, impacting on the robustness of these latter year estimates. This adds significant risk to planning the operations of the Council over the medium term.
- 1.7 In setting the budget for 2017/18, the Council has continued to provide the same level of service as in previous years and in many areas, provide an enhanced service. Much of the deficit which has faced the council for the new financial year has been met through increased income and financing streams, restructured management and services, increased commercial activity and of course increased council tax. Future budget setting may not find these areas as plentiful and members and officers will be faced with tough decisions on the operation of the Council, including reducing or stopping some services, and taking further risk in its commercial activities.

2.0 LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/18

- 2.1 The Local Government Finance Settlement for 2017/18 is the fifth under the new funding arrangements introduced in the Local Government Finance Act 2012. 2013/14 saw the implementation of a new Business Rates Retention scheme, a Gloucestershire Business Rates Pool and a Localised Council Tax Support scheme whilst core government support is now in the form of Revenue Support Grant (RSG) and a Business Rate baseline.
- 2.2 The provisional Local Government Finance Settlement for 2017/18 was announced on 15 December 2016. Following the agreement of a four year funding deal in November 2016, the settlement is in line with the indicative figures provided along with the current year settlement. The four year funding deal also provides certainty on core government funding for 2018/19 and 2019/20. The settlement is subject to consultation which will end on 13 January 2017, with a final settlement expected at the end of January.

- 2.3 The Council's MTFS was based on the previously supplied indicative figures and so there is no change between the MTFS and this, the detailed budget report for 2017/18. Table 1 highlights the confirmed level of support for the next three years.

Table 1

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Cash levels				
Revenue Support grant	887	515	283	23
NNDR baseline funding	1,690	1,723	1,774	1,830
Total	2,577	2,238	2,057	1,853
Change in funding (£)				
Revenue Support grant		-372	-232	-260
NNDR baseline funding		33	51	56
Total		-339	-181	-204
Change in funding (%)				
Revenue Support grant		-41.94%	-45.05%	-91.87%
NNDR baseline funding		1.95%	2.96%	3.16%
Total		-13.15%	-8.09%	-9.92%

- 2.4 As can be seen from Table 1, significant reductions to core government support continue over the next three years and are currently estimated to total a reduction of £724,000 from current funding levels. For 2017/18, the reduction is £339,000 or 13.15%. This position is slightly better than the average reduction facing Shire Districts which is 15.06%.

3.0 NEW HOMES BONUS

- 3.1 As part of the 2016/17 Local Government Finance Settlement, the government launched a consultation on the future of the New Homes Bonus (NHB) scheme. The consultation closed on 11 March 2016 but it has taken until the announcement of the new settlement for the government to respond to the consultation and issue a direction of travel for the scheme. The implications of the changes to the scheme, which are set out below, are significant and of particular concern to District Councils.
- 3.2 As widely expected, the government has decided to reduce the number of years for which the bonus is paid from the current six year allocation down to four years. Again as expected, this transition will happen over two years with a five year allocation being paid in 2017/18 and four year allocation being paid in 2018/19.
- 3.3 Not expected was the introduction of a growth baseline, below which no NHB will be paid. Having consulted on introducing a 0.25% baseline and with 80% of respondents against this proposal, the government has introduced a baseline of 0.4% from 2017/18. All growth below this baseline, which is measured against the number of properties on the current tax base, is ignored for calculating NHB payments. For Tewkesbury, this has resulted in 151 properties being disregarded and reducing the Council's NHB payment by over £180,000 for next year. As this growth baseline starts to affect future years, it is estimated that the annual loss from its introduction could reach approximately £750,000. For many authorities, their total growth falls below 0.4% and in these circumstances they will not attract any NHB payment next year.

3.4 The government has confirmed that there will be no other changes affecting 2017/18 but further changes will remain under consideration. These include:

- Amending the growth baseline so that payments remain within the overall financial envelope for the scheme.
- Not making any NHB payments if an authority does not have an adopted local plan in place.
- Not making and NHB payments against housing that has been developed following an appeal to the original planning committee decision to refuse the planning application.

3.5 The changes for 2017/18 will result in the re-direction of £241m from NHB to support financial issues within the adult social care sector. The cumulative impact of the changes in the next few years should result in the government meeting its intention to transfer £800m from NHB to adult social care.

3.6 The impact of these changes on Tewkesbury has been softened by the increasing housing growth that has been seen within the Borough. For 2017/18, Tewkesbury's overall NHB payment will fall by 5.5% compared to the average reduction in District Councils of 14.8%. In addition, forecasts within the Joint Core Strategy of new housing numbers over the medium term suggest the overall impact of the scheme redesign on this Council is limited. This could however change if the government brings in the additional changes that remain under consideration. Table 2 details the revised projection of NHB over the medium term.

Table 2 – Revised projection of NHB

	16/17	17/18	18/19	19/20	20/21	21/22
	£'000	£'000	£'000	£'000	£'000	£'000
Year 1	527	0	0	0	0	0
Year 2	411	411	0	0	0	0
Year 3	295	295	295	0	0	0
Year 4	638	638	638	638	0	0
Year 5	871	871	871	871	871	0
Year 6	659	659	659	659	659	659
Year 7	0	935	935	935	935	935
Year 8	0	0	919	919	919	919
Year 9	0	0	0	1,051	1,051	1,051
Year 10	0	0	0	0	1,441	1,441
Year 11	0	0	0	0	0	1,491
Sub-total	3,401	3,809	4,317	5,073	5,876	6,496
Reductions in payable years	0	-411	-933	-1,509	-1,530	-1,594
Reductions from growth baseline	0	-184	-374	-564	-752	-754
Total NHB available	3,401	3,214	3,010	3,000	3,594	4,148
Variance (£)		-187	-204	-10	594	554
Variance (%)		-5.50%	-6.35%	-0.33%	19.80%	15.41%

- 3.7** As can be seen from the table, the Council will receive £3.214m in 2017/18 from the NHB scheme. This is a reduction of £187,000 on the current levels but a reduction of £595,000 against the original scheme. By year three of the projection, the full effect of the introduced change is seen with total reductions against the original scheme of over £2m forecast. In cash terms, a reduction of £401,000 is forecast against the current year income. The table also illustrates how the latter years see an increase in NHB as a result of projected housing numbers.
- 3.8** The total allocation of NHB for 2017/18 is £3,213,838 and therefore the proposed use of NHB is as follows:
- Support to base budget - £2,410,755.
 - Planning appeals reserve - £129,160.
 - Vehicle Contract termination cost - £100,000.
 - Asset (IT & Property) Management - £95,000.
 - Community Grants - £31,623.
 - Business Transformation - £47,300.
 - MTFs reserve - £400,000.
- 3.9** The suggested use of NHB includes utilising £2,410,755 to support the base budget. This is an increase of £200,000 over the current utilisation and is in line with the phased increase in support outlined within the MTFs. In percentage terms, this increases base budget support to 75% of total NHB and leaves 25% or £803,083 to support the Council's other requirements.
- 3.10** Given the forecast of the Council's financial position contained within the MTFs and the need to utilise reserves to provide a balanced budget for 2017/18, it is suggested that at least £400,000 is placed into a MTFs reserve to help fund the future year requirements of one-off funding in order to achieve balanced budgets. The use of one-off sums to fund transformational projects, to cover an expected deficit in 2016/17 and to smooth the deficit for the 2017/18 budget has resulted in the near full commitment of existing reserves. It is therefore essential for future prudent management of the Council's financial affairs that a sum of at least £400,000 is set aside within this NHB allocation.
- 3.11** Given this recommended use, the sum available to support other requirements is limited. The proposal includes the continued support of funding a planning appeals reserve and the employment of a barrister to act on behalf of the council in these appeals. A sum of £47,300 is also included to fund one-off costs of some of our transformational activities and £100,000 is set aside to cover the likely costs associated with the end of the current vehicle contract. Monies are also set aside, as in previous years, to maintain the Council's assets, both in terms of building and information technology assets.
- 3.12** Given the overall reduction in NHB funding available, it is no longer possible to fund an ongoing community grants scheme. Monies have been earmarked to fund the continuing employment of a Grants Funding Officer whose role will be to focus on supporting community organisations in identifying grant funding opportunities and successfully applying for grant awards. The Council's role in grants will move from being a direct provider of grants to having a signposting and enabling role.

4.0 BUSINESS RATES RETENTION

- 4.1** The last two financial years have seen Tewkesbury in a safety net position as a result of the application of the 50% retention of business rates scheme. A safety net position means that no income has been retained by the Council and in fact losses have been made. The size of the loss is limited to 7.5% of the business rates base before a safety net is activated. As the Council was previously within the Gloucestershire Pool for business rates retention, the safety net payments have been met by the Gloucestershire authorities rather than central government therefore depriving the local citizen of increased funding. The losses have resulted from successful appeals being made by a variety of businesses and for a variety of reasons. The success of the appeals and the size of the reduction in rateable value have far outweighed any growth in business seen within the Borough.
- 4.2** As a result of this position, and the ongoing threat of further successful appeals, Tewkesbury withdrew from the pool for the start of 2016/17 and, due to that risk not being mitigated, will continue to operate independently for 2017/18. In these circumstances, a safety net position will be financed by central government. The quarter three position of our current year budget indicates that yet again Tewkesbury is likely to end up in a safety net position and trigger a payment from central government.
- 4.3** This will mean that for three out of four years, Tewkesbury has suffered from substantial losses from this scheme. In addition, a new valuation list, which will come into effect on 1 April 2017, has been published which gives cause for concern that there will be increased levels of appeals being submitted, not least of which could be from Virgin Media as a result of the increased value of their fibre optic network. Given the history and the potential new appeals, there appears to be no immediate prospect of the Council being able to retain income from this scheme. As a result, the budget proposal for 2017/18 has removed the assumed income target of £261,000. Should the Council benefit from the scheme next year this will reduce the use of reserves to support the base budget and start to give some confidence that an income target could be re-introduced in the future.
- 4.4** The government continues to consult on the design of a scheme to enable 100% retention before the end of this Parliament.

5.0 COUNCIL TAX

- 5.1** As with the current year, the government has set an excessive Council Tax threshold, whereby increases over the threshold would trigger a local referendum, at £5 or 2 %, whichever is higher, for District Councils. The current year was the first year for some time that a threshold in excess of 2% has been made available to District Councils and as a result many Council's opted to increase Council Tax by more than 2%.
- 5.2** The thresholds set for upper tier authorities include a standard Council Tax increase of 2% but also the ability to raise a social care levy of up to 3%. Whilst the government consulted on introducing thresholds for Town and Parish Councils, it has decided to refrain from introducing them for the next financial year.

- 5.3** During the period of 2011 to 2016, Tewkesbury had decided to freeze its share of the Council Tax to support its taxpayers during tough economic times. In setting the current budget, Council agreed that it should raise Council Tax by the full amount possible before triggering a referendum. Therefore an increase of £5 on Band D was approved leading to Council Tax charge of £104.36 per annum. Despite this increase, the Council maintained its position as the fifth lowest lower tier authority Council Tax in England with its charge being approximately £40 lower than the lower quartile threshold and some £60 short of the average District Council for 2016/17.
- 5.4** Given the reductions in core government funding, New Homes Bonus and retained business rates as well as the investment needed in service area due to the expanding nature of the Borough, it is once again necessary to recommend that Tewkesbury increases its Band D Council Tax by £5 per annum, bringing its total tax to £109.36 for 2017/18. In proposing this increase, the Council will retain its position within the lowest charging authorities, thereby honouring its commitment to maintain a low Council Tax, but will also generate an additional income of around £162,000 to support its core services.
- 5.5** The impact of this proposal on the Borough taxpayers is illustrated in Table 3.

Table 3

	No. of properties	Percent of total	Annual Council Tax 16/17	Annual Council Tax 17/18	Annual Increase
Band A	6,327	15.92%	£69.57	£72.91	£3.34
Band B	6,405	16.12%	£81.17	£85.06	£3.89
Band C	11,021	27.74%	£92.76	£97.21	£4.45
Band D	5,851	14.73%	£104.36	£109.36	£5.00
Band E	4,970	12.51%	£127.55	£133.66	£6.11
Band F	3,132	7.88%	£150.74	£157.96	£7.22
Band G	1,838	4.63%	£173.93	£182.27	£8.34
Band H	190	0.48%	£208.72	£218.72	£10.00

- 5.6** The Council's recent record on council tax is shown below for information.

Table 4

	Budget £000s	Increase %	Council Tax £	Increase Pa £	Increase %
2012/13	7,050	5.0	99.36	0.00	0.0
2013/14	8,525	20.9	99.36	0.00	0.0
2014/15	8,746	2.6	99.36	0.00	0.0
2015/16	9,210	5.3	99.36	0.00	0.0
2016/17	9,663	4.9	104.36	5.00	5.0
2017/18	9,900	2.5	109.36	5.00	4.8

6.0 BUDGET PROPOSALS

6.1 The base estimates for the Council in 2017/18 have been compiled and are as follows:

Table 5

	2016/17 Budget	2017/18 Budget
Chief Executive	£187,864	£250,187
Corporate Services	£1,342,549	£1,372,149
Democratic Services	£727,750	£750,929
One Legal	£270,237	£362,170
Deputy Chief Executive	£116,979	£113,826
Development	£821,920	£647,284
Housing & Environmental Services	£3,261,546	£3,574,798
Revenues and Benefits	£593,898	£488,174
Finance and Assets	£2,340,599	£2,354,176
TOTAL	£9,663,342	£9,913,693

6.2 The estimates for 2017/18 include the following headlines:

- £65,000 increase in direct staffing costs as a result of the assumption of a 1% pay award to be agreed for the period from April 2017.
- £50,000 increase in pension deficit contributions which is the first stepped increase following the valuation of the fund in 2016. This will take the annual contribution towards the pension deficit to £1.583m with further increases planned of £192,000 per annum over the following two years.
- £130,000 increase in current employee pension costs as a result of the valuation of the fund previously highlighted.
- £390,000 increase in the costs of providing waste and recycling, street cleansing and grounds maintenance services predominately caused by the change in waste and recycling collection methodology where food waste is now collected separately.
- £345,000 increase in costs associated with the disposal of recyclate collected.
- £41,000 additional resources requested by Ubico Ltd to meet capacity requirements.
- £80,000 increase in the cost of the planning department manpower to meet increased demand.
- £20,000 increase in expenditure to meet the growing demand of homelessness.
- £14,000 increase in costs to provide additional capacity to support fraud detection and prevention work across the council. The result of this area of activity is likely to lead to increased income from Council Tax and business rates to support the Council's base budget in future years.
- £15,000 for the governments new apprentice levy.
- £120,000 increase in planning income.
- £45,000 increase in garden waste income.
- £47,000 of new procurement targets.

- 6.3 In addition, the base estimates include the additional income gained from the £15m purchase of commercial property within the Borough completed in December 2016. This purchase will generate an income, net of financing costs, of approximately £430,000 in the next financial year. Council also approved a Commercial Investment Strategy in December 2016 which approved the investment of a further £15m from prudential borrowing to acquire additional commercial units. An estimate of the net return from acquiring these assets has also been included in the base budget but is reduced to reflect the part year benefit likely in 2017/18.
- 6.4 The cashable savings forecast by the service review of Revenues and Benefits have also been included in the base estimate. The same service has also contributed increased income of around £100,000 as a result of improved performance in reclaiming housing benefit subsidy from the government.
- 6.5 The base estimates also include the use of NHB as outlined previously at Paragraph 3.8.
- 6.6 The finance available to fund the net budget requirement is as follows:

Financing	£
Government Settlement	-2,239,391
New Homes Bonus	-3,213,838
Collection Fund Surplus	-67,300
Retained Business Rates	-0
Total	-5,520,529

- 6.7 Tewkesbury’s Council Tax base has increased by 697.37 to 32,512.32, an increase of 2.2% on the previous year. This coupled with the proposed increase in Council Tax by £5 per annum at Band D level would generate a total income of £3,555,547 from Council Tax payers. Adding this to the financing available which was outlined in the previous Paragraph gives the Council a total of £9,076,076 from which to fund services. This is a shortfall of £837,617 against the total net budget requirement outlined in Paragraph 6.1.
- 6.8 The shortfall will need to be met by the use of reserves in 2017/18. Whilst the use of one-off monies to fund ongoing activities should be avoided if at all possible, given the size of the reductions in finance available as well as the growth needed to maintain services, the use of reserves will be necessary. The Council has sums of £330,000 available in the current MTFS reserve and a further £300,000 of uncommitted current year NHB available. A review of the current level of earmarked reserves and provisions have been undertaken and a further £210,000 can be released to meet the shortfall in reserves available.
- 6.9 The use of reserves to balance the budget for 2017/18 is necessary but is not sustainable at this level. It will be necessary to ensure the delivery of all current and new savings targets identified within in the budget but also the commencement and delivery of further service reviews, shared services and commercial opportunities to ensure reliance on the use of one-off monies is reduced in future years and can be met through the monies available to the Council.

7.0 RISKS

7.1 The Council's budget is prepared using best estimates for the level and timing of expenditure, budget and efficiency savings and available resources. However, a number of uncertainties exist which could have an impact on the budget of the Council:

- Government Support – the settlement is only provisional and is subject to change. Funding levels beyond 2019/20 are as yet unknown. A prudent view of future years funding has been included in the MTFP.
- New Homes Bonus – the Council now relies heavily on this source of funding. Whilst the Council has absorbed, to a large extent, the changes introduced to the scheme, further changes cannot be ruled out which could have a severe impact on the Council's finances.
- Business Rates – until such time as the issues with backdated appeals have been resolved, accurately forecasting the level of business rate income in future years is difficult. The government have announced a review of the scheme which is expected to be financially neutral. The detail of the 100% retained rates scheme is not yet known and neither are the new burdens the council will need to take on as part of the deal.
- Interest rate forecasts – rates continue at a historically low level. The current base rate is 0.25%. Our Treasury Advisers indicate that it is unlikely that rates will increase until late 2017 at the earliest and therefore a cautious approach has been adopted within the MTFP for forecasting likely returns and cost of borrowing.
- Welfare Reform – the introduction of Universal Credit has been delayed but is now planned for a phased roll out in December 2017. However other reforms are already having an impact on tenants ability to pay their rent e.g. the under occupancy charge. The Council is continuing to give full Council Tax support in 2017/18.
- Savings plan – whilst savings are only included in budget after it has been concluded that they are deliverable, some aspects of the savings plan will still require ongoing management during the year to ensure that the agreed targets are met.
- Salary award – an assumed 1% pay award has been included in the estimates. Any agreement in excess of this will require further finance to be sourced.
- Income – assumptions about the level of likely income are at the high end of expectations in many areas. It is unlikely that additional income will be received above these estimates which can balance expenditure and any failure to meet the targeted income levels could result in a budget deficit.

7.2 Given the reduction in NHB available and the future requirements to support the base budget from this pot, it is not possible to allow a contingency sum to meet potential deficits in 2017/18. The risk is mitigated to an extent by the business rates reserve which is forecast to have balances of £150,000 by the year end. As always, careful in-year management of the budget will be necessary to ensure the budget outturn is, at worst, cost neutral.

8.0 REVENUE RESERVES

- 8.1** As at 31 March 2016, the Council had useable earmarked reserves totalling £2.80m. In addition there was an uncommitted General Fund working balance of £450,000.
- 8.2** The revenue reserves are reviewed and approved annually as part of the closure of accounts. It has already been highlighted that a review of the reserves has been undertaken in order to target reserves that can be released to support the base budget of the Council for 2017/18. This requirement will be the primary need met when the reserves are presented to Executive Committee for approval. A Financial Outturn report will be taken to Executive Committee in July to approve the reserves of the Council for 2017/18.

9.0 CAPITAL PROGRAMME

- 9.1** The current capital programme is shown at Appendix A and covers estimates of expenditure in the current year and forward forecasts of the next four years.
- 9.2** The programme is significant in size and totals over £46.3m over the five years. The vast majority of the programme relates to investment in commercial properties with the aim of delivering an income stream to the Council over and above the cost of financing. This strand of the capital programme totals £31.8m and includes the recent purchase in Tewkesbury, the newly approved £15m within the Commercial Investment Strategy and the balance of the previously allocated property investment fund.
- 9.3** Other significant expenditure within the programme includes the purchase of a new vehicle fleet which will be completed before April 2017, the estimate of finance required for the regeneration of Tewkesbury town centre and an estimate of finance required to enable the second phase of the refurbishment of the Public Service Centre. Current levels of expenditure on Disabled Facilities Grants (DFG's) are projected throughout the programme.
- 9.4** The size of the capital programme will utilise the balance of the capital receipts reserve within the next two years and finance will be required from alternative sources. It is expected that grant funding will cover the total cost of DFG's in this and future years and the Council has already secured grant funding of £377,000 towards the Public Service Centre refurbishment. Direct revenue financing also supports the programme and utilises NHB to support the IT Investment Strategy and accumulated asset management reserves to support the Public Service Centre refurbishment. The majority of financing comes in the form of borrowing with £5m being estimated to be available from treasury balances (internal borrowing) and a total of £31.3m required to be borrowed from external sources. The cost of securing and repaying this borrowing have been factored into the revenue estimates. Any sale of existing assets in future years can offset the size of the borrowing requirement.

10.0 STATEMENT OF CHIEF FINANCE OFFICER

- 10.1** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to make a statement on the robustness of the estimates and adequacy of financial reserves when considering its budget and Council Tax. The Act requires Councillors to have regard to the report in making decisions at the Council's budget and Council Tax setting meeting.

- 10.2** The basis on which the budget for 2017/18 and the MTFP have been prepared has been set out very clearly in this report and the previous MTFP report. I am satisfied that the budgets for the General Fund and the Capital Programme have been based on sound assumptions.
- 10.3** The grant settlement for 2017/18 and the changes to the NHB scheme have had a significant impact on the Council's finances and the current economic climate continues to challenge the financial affairs of the Council. However, with the planning that has taken place with the Transform Working Group, the efficiency savings that have been identified and the commercial activity being undertaken the Council is able to set a balanced budget for 2017/18.
- 10.4** From 2017/18 onwards, the Council is increasingly dependent on General Fund balances and the full utilisation of New Homes Bonus allocations to support its annual spending plans. Action will need to be taken to ensure that, in future years, the Council's spending plans are reduced to match the resources available.
- 10.5** The Council has a good record for only including in the budget income estimates that are deliverable. The Council's core expenditure requirements are well understood, budgeted for accordingly and delivered in accordance with the estimates. It is on this basis that I am satisfied the estimates are robust.
- 10.6** The requirement for financial reserves is acknowledged in statute. Section 32 and 43 of the Local Government Finance Act 1992 requires billing authorities to have regard to the level of reserves needed for meeting future expenditure when calculating the budget requirement.
- 10.7** The Council's earmarked reserves are reviewed as set out in the report. Clearly there is an opportunity cost to holding reserves and so a regular review is essential to ensure the Council does not hold money in reserves unnecessarily.
- 10.8** The General Fund balance is adequate to meet any unforeseen requirements.
- 10.9** Overall, I am satisfied that the projected levels of reserves and balances held by the Council are adequate for the forthcoming year but will continue to review the position as necessary to ensure adequacy of reserves for future years.
- 11.0 TREASURY STRATEGY 2017/18**
- 11.1** The Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that, along with the CIPFA Treasury Management in the Public Services: Code of Practice 2011 requires the Council to approve an Investment Strategy before the start of each financial year.
- 11.2** The Treasury Management Strategy 2017/2018, in Appendix C, sets the framework in which day-to-day and strategic treasury activities are operated. The documents are compiled from the recommendations within the CIPFA guidance and from the Council's Treasury Management advisors with consideration given to the current financial climate and factors affecting market conditions.

11.3 Both the CIPFA Code and the DCLG Guidance require 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 strategy proposed addresses these requirements as well as the changing legislation with regards to failing banks and proposes a policy of diversification, utilising a number of investment vehicles, in order to protect the Council.

11.4 Given the Council’s approved capital programme relies on prudential borrowing to fund commercial property development, asset refurbishment and town centre regeneration, added importance is given to the sections in the strategy setting out the Council’s borrowing strategy and levels of intended borrowing.

12.0 MINIMUM REVENUE PROVISION

12.1 The statement at Appendix B sets out the Council policy on making a Minimum Revenue Provision (MRP) for the 2017/18 financial year in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. 2017/18 will be the first year where MRP charges will be necessary following the purchase of a commercial property in Tewkesbury funded by prudential borrowing. The MRP charge is likely to increase in future years as further capital investment funded from borrowing is made.

12.2 The Council will look to utilise capital and revenue balances where possible in order to reduce the revenue impact of investment plans. However, where either internal or external borrowing is required a MRP will be required to be made. Again to minimise the impact on the revenue account, the financially most advantageous MRP option will be chosen.

13.0 CONSULTATION

13.1 Consultation on the budget has taken place with the Transform Working Group. In addition, a public and business consultation has taken place on general budgetary principles. The Council has a duty to consult with business rate payers its budget proposals.

14.0 RELEVANT COUNCIL POLICIES/STRATEGIES

14.1 In line with Medium Term Financial Strategy approved by Council on 6 December 2016.

15.0 RELEVANT GOVERNMENT POLICIES

15.1 The Government has set down excessive Council Tax increase rules. Any increase in Band D Council Tax over a set limit will trigger a local referendum. The proposal for an increased Council Tax of £5 at Band D will mean that no referendum is required for Tewkesbury.

16.0 RESOURCE IMPLICATIONS (Human/Property)

16.1 Significant savings have been necessary to provide a balanced budget. Some of these have staffing implications although compulsory redundancy will be avoided wherever possible, but this cannot be ruled out.

17.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

17.1 None directly.

18.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

18.1 Changes may be required to the way services are provided in order to reduce costs. Service Managers are responsible for undertaking Equalities Impact Assessments for any changes they make to any services they provide and where appropriate, EIAs will have been undertaken.

19.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

19.1 Approval of Medium Term Financial Strategy – Council on 6 December 2016.

Background Papers: Medium Term Financial Strategy.

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Appendices:

- A - Capital Programme.
- B - Capital Prudential Indicators and MRP.
- C - 2017-18 Treasury Strategy.

Forecast Capital Programme 2016 - 2021 - Appendix A

Scheme	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
Council Projects						
<u>Land & Property</u>						
Tewkesbury - Riverside walk	4,298	0	0	0	0	4,298
Tewkesbury Regeneration project	0	1,000,000	4,000,000	0	0	5,000,000
Public Services Centre refurbishment	0	1,800,000	0	0	0	1,800,000
Leisure Centre Project	231,294	0	0	0	0	231,294
The Grange watercourse, Bishops Cleeve	180,000	0	0	0	0	180,000
Roses Theatre	22,110	0	0	0	0	22,110
	437,702	2,800,000	4,000,000	0	0	7,237,702
<u>Vehicles</u>						
Grounds Maintenance equipment	61,000	0	0	0	0	61,000
Vehicle replacement programme	3,250,000	0	0	0	0	3,250,000
	3,311,000	0	0	0	0	3,311,000
<u>Equipment</u>						
Asset Capitalisation	100,000	146,000	0	0	0	246,000
ICT Strategy	30,000	15,000	15,000	10,000	15,000	85,000
	130,000	161,000	15,000	10,000	15,000	331,000
<u>Capital Investment Fund</u>						
Commercial property investment	15,023,000	16,780,400	0	0	0	31,803,400
	15,023,000	16,780,400	0	0	0	31,803,400
Capital Grants						
Old scheme capital grants	75,824	0	0	0	0	75,824
Community Grants Working Group	107,229	0	0	0	0	107,229
	183,053	0	0	0	0	183,053
Housing and Business Grants						
Disabled Facilities Grants	700,000	700,000	700,000	700,000	700,000	3,500,000
	700,000	700,000	700,000	700,000	700,000	3,500,000
<hr/> Capital Expenditure <hr/>						
	19,784,755	20,441,400	4,715,000	710,000	715,000	46,366,155
Capital Resources required						
Capital Receipts	-3,774,053	-1,419,000	-760,000	0	0	-5,953,053
Capital Grants	-700,000	-1,077,000	-700,000	-700,000	-700,000	-3,877,000
Direct revenue financing	-30,000	-165,000	-15,000	-10,000	-15,000	-235,000
Borrowing - internal	-5,000,000	0	0	0	0	-5,000,000
Borrowing - external	-10,280,702	-17,780,400	-3,240,000	0	0	-31,301,102
<hr/> Capital resources consumed <hr/>						
	-19,784,755	-20,441,400	-4,715,000	-710,000	-715,000	-46,366,155

Prudential Indicators and MRP Statement 2017/18

Prudential Indicators 2017/18

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Authority's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
General Fund	19.784	20.441	4.715	0.710
Total Expenditure	19.784	20.441	4.715	0.710
Capital Receipts	3.774	1.419	0.760	0.0
Government Grants	0.7	1.077	0.70	0.70
Reserves	0.0	0.0	0.0	0.0
Revenue	0.03	0.165	0.015	0.010
Internal Borrowing	5.0	0.0	0.0	0.0
External Borrowing	10.280	17.780	3.240	0.0
Leasing and PFI	0.0	0.0	0.0	0.0
Total Financing	19.784	20.441	4.715	0.710

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.17 Revised £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
General Fund	15.280	17.780	3.240	0.0
Minimum Revenue Provision	-0.0	-0.261	-0.507	-0.146
Total CFR	15.280	32.799	35.532	35.386

The CFR is forecast to rise by £21.04m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.17 Revised £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
Borrowing	10.28	17.78	3.24	0.0
Finance leases	0.0	0.0	0.0	0.0
PFI liabilities	0.0	0.0	0.0	0.0
Transferred debt	0.0	0.0	0.0	0.0
Total Debt	10.28	28.06	31.30	31.30

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

Operational Boundary	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Borrowing	11.0	29.0	32.0	32.0
Other long-term liabilities	0.0	0.0	0.0	0.0
Total Debt	13.0	29.0	32.0	32.0

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2016/17 Limit £m	2017/18 Limit £m	2018/19 Limit £m	2019/20 Limit £m
Borrowing	19.0	35.0	38.0	38.0
Other long-term liabilities	0.0	0.0	0.0	0.0
Total Debt	19.0	35.0	38.0	38.0

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund	-0.82	3.01	5.23	1.43

In 2016/17 there is a negative ratio as investment income is higher than borrowing costs and impact of the MRP. It is not until 2017/18 that MRP impact is high enough that borrowing becomes a proportion of the revenue budget.

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed

Incremental Impact of Capital Investment Decisions	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
General Fund - increase in annual band D Council Tax	9.32	15.71	4.35

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in February 2012. It fully complies with the Codes.

Annual Minimum Revenue Provision Statement 2017/18

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 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 2012.

The broad aim of them CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of 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 only incorporates options recommended in the Guidance.

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 assets in equal instalments *or* as the principal repayment on an annuity with an annual interest rate, 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. (*Option 3 in England and Wales*)

Capital expenditure incurred during 2017/18 will not be subject to a MRP charge until 2018/19.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2017, the budget for MRP has been set as follows:

	31.03.2017 Estimated CFR £m	2017/18 Estimated MRP £
Unsupported capital expenditure after 31.03.2008	15.280	0.261
Total General Fund	15.280	0.261

Treasury Management Strategy Statement 2017/18

Introduction

In February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment 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 both the CIPFA Code and the CLG Guidance.

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 risk are therefore central to the Authority's treasury management strategy.

Revised strategy: In accordance with the CLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Authority's capital programme or in the level of its investment balance.

External Context

Economic background: The major external influence on the Authority's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.

The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Initial post-referendum economic data showed that the feared collapse in business and consumer confidence had not immediately led to lower GDP growth. However, the prospect of a leaving the single market has dented business confidence and resulted in a delay in new business investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017/18.

Looking overseas, with the US economy and its labour market showing steady improvement, the market has priced in a high probability of the Federal Reserve increasing interest rates in December 2016. The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth, and the European Central Bank has left the door open for further quantitative easing.

The impact of political risk on financial markets remains significant over the next year. With challenges such as immigration, the rise of populist, anti-establishment parties and negative interest rates resulting in savers being paid nothing for their frugal efforts or even penalised for them, the outcomes of Italy's referendum on its constitution (December 2016), the French presidential and general elections (April – June 2017) and the German federal elections (August – October 2017) have the potential for upsets.

Credit outlook: Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however continue to fall.

Interest rate forecast: The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017/18. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. Negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50. Long-term economic fundamentals remain weak, and the quantitative easing (QE) stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017/18 remains a possibility, to keep long-term interest rates low.

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 0.70%, and that new loans will be borrowed at an average rate of 0.4%.

Local Context

On 31st December 2016, the Authority currently held £14.0m of borrowing and £19.838m 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

	31.3.16 Actual £m	31.3.17 Estimate £m	31.3.18 Forecast £m	31.3.19 Forecast £m	31.3.20 Forecast £m
General Fund CFR	0.0	15.280	32.779	35.532	35.386
Total CFR	0.0	15.280	32.779	35.532	35.386
Less: Other debt liabilities*	0.0	0.0	0.0	0.0	0.0
Borrowing CFR	0.0	15.280	32.779	35.532	35.386
Less: External borrowing**	0.0	10.280	28.06	31.30	31.30

Internal borrowing	0.0	5.0	4.719	4.232	4.086
Less: Usable reserves	-11.401	-6.627	-3.843	-2.843	-1.843
Less: Working capital	3.489	1.768	0.068	0.068	0.068
Investments	7.912	9.859	8.494	7.007	5.861

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

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 £31.30m 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 2017/18.

Borrowing Strategy

The Authority currently holds £14.0 million of loans, an increase of £14.0 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 £17.78m in 2017/18. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £35.0 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 2017/18 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 2017/18, 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: 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
- UK public and private sector pension funds (except **your local** Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- UK Local Authorities
-

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

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

Municipal Bond 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 limit on the net exposure to variable interest rates 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 £10.0 and £23.23 million. These levels will reduce over the forecast period as internal funds will be used to fund capital investment, thus reducing the external borrowing costs. Investment rates will be carefully monitored against borrowing costs. The Authority intends to continue to make investments at a level above the cost of borrowing.

Objectives: Both the CIPFA Code and the CLG Guidance require 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 2017/18, 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 falling returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2017/18. This is especially the case for the estimated £2m that is available for longer-term investment. The majority of the Authorities surplus cash remains invested in short-term unsecured bank deposits, and money market funds. This diversification will represent a continuation of the new strategy adopted in 2015/16.

Approved Counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: 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	£2m 5 years	£2m 20 years	£5m 50 years	£1m 20 years	£2m 20 years
AA+	£2m 5 years	£2m 10 years	£5m 25 years	£1m 10 years	£2m 10 years
AA	£2m 4 years	£2m 5 years	£5m 15 years	£1m 5 years	£2m 10 years
AA-	£2m 3 years	£2m 4 years	£5m 10 years	£1m 4 years	£2m 10 years
A+	£2m 2 years	£2m 3 years	£5m 5 years	£1m 3 years	£2m 5 years
A	£2m 13 months	£2m 2 years	£5m 5 years	£1m 2 years	£2m 5 years
A-	£2m 6 months	£2m 13 months	£5m 5 years	£1m 13 months	£2m 5 years
BBB+	£1m 100 days	£1m 6 months	£5m 2 years	£0.5m 6 months	£1m 2 years
BBB	£1m next day only	£1m 100 days	n/a	n/a	n/a
None	£1m 6 months	n/a	£5m 25 years	£50,000 5 years	£2m 5 years
Pooled funds	£2m per fund				

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. 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.

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 an insignificant risk of insolvency. 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 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, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds: Shares 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.

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 and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating 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.

Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£2m
Total investments without credit ratings or rated below [A-]	£3m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below [AA+]	£2m
Total non-specified investments	£7m

Investment Limits: The Authority's revenue reserves available to cover investment losses are forecast to be £6.627 million on 31st March 2017. The council policy is a maximum limit of investing £2m to any one organisation (other than the UK Government), which represents 35% of reserves available. The Council will not normally invest up to this limit unless the risk related to this investment is considered significantly low enough to justify the return. 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	£2m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£2m per group
Any group of pooled funds under the same management	£2m per manager
Negotiable instruments held in a broker's nominee account	£4m per broker
Foreign countries	£2m per country
Registered Providers	£4m in total
Unsecured investments with Building Societies	£2m in total
Loans to unrated corporates	£1m in total
Money Market Funds	£6m in total

Liquidity Management: The Authority uses purpose-built cash flow forecasting software 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.

	Target	Actual
Portfolio average credit rating	A	A+

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 amount of net principal borrowed will be:

	2017/18	2018/19	2019/20
Upper limit on fixed interest rate exposure	£35m	£35m	£35m
Upper limit on variable interest rate exposure	£0m	£0m	£0m

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 will be:

	Upper	Lower
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	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 364 days: 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:

	2017/18	2018/19	2019/20
Limit on principal invested beyond year end	£2m	£1m	£1m

Other Items

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

Policy on Use of 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.

Investment Training: The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

Investment Advisers: The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. Periodic review by senior officers controls the quality of this service.

Investment of Money Borrowed in Advance of Need: The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £[X] million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

Financial Implications

The budget for investment income in 2017/18 is £56,000 based on an average investment portfolio of £8 million at an interest rate of 0.70%. The budget for debt interest paid in 2017/18 is £71,122 based on an average debt portfolio of £17.78 million at an average interest rate of 0.4%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, 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.

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 November 2016

Underlying assumptions:

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. The potential rise in protectionism could dampen global growth prospects and therefore inflation. Financial market volatility will remain the norm for some time.
- However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.
- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.
- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1.0% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to a sharp decline in real wage growth.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.

- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely..

Forecast:

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.12
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
3-month LIBID rate														
Upside risk	0.05	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.18
Arlingclose Central Case	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	0.20	0.25	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.34
1-yr LIBID rate														
Upside risk	0.10	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.60	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.65
Downside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
5-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	0.50	0.40	0.35	0.35	0.35	0.40	0.40	0.40	0.45	0.50	0.55	0.60	0.65	0.45
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
10-yr gilt yield														
Upside risk	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.15	0.95	0.85	0.85	0.85	0.85	0.85	0.90	0.95	1.00	1.05	1.10	1.15	0.96
Downside risk	0.30	0.45	0.45	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.47
20-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.70	1.50	1.40	1.40	1.40	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.75
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
50-yr gilt yield														
Upside risk	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.39
Arlingclose Central Case	1.60	1.40	1.30	1.30	1.30	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.60	1.41
Downside risk	0.40	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57

Appendix B – Existing Investment & Debt Portfolio Position

	31/12/2016 Actual Portfolio £m	31/12/2016 Average Rate %
External Borrowing:		
Public Works Loan Board	0.0	N/A
Local authorities	14.0	0.3978
LOBO loans from banks	0.0	N/A
Total External Borrowing	14.0	0.3978
Other Long Term Liabilities:		
PFI	0.0	N/A
Finance Leases	0.0	N/A
Transferred Debt	0.0	N/A
Total Gross External Debt	14.0	N/A
Investments:		
Banks & building societies (unsecured)	8.008	0.7467
Covered bonds (secured)	0.0	0.0
Government (incl. local authorities)	3.0	0.249
Corporate bonds and loans	2.0	1.35
Money Market Funds	2.830	0.267
Other Pooled Funds	4.0	0.8
Total Investments	19.838	0.68
Net Debt	-5.838	N/A

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	1 February 2017
Subject:	Financial Update – Quarter Three Performance Report
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Robert Weaver, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	Three

Executive Summary:

The budget for 2016/17 was approved by Council in February 2016 with the reserves being approved at Executive Committee in July 2016. This report is the third quarterly monitoring report of the Council's financial performance for the year.

The report highlights a Quarter 3 deficit of £163,749 on the revenue budget and details the expenditure to date against both the capital programme and the approved reserves.

Recommendation:

To scrutinise the financial performance information for the third quarter 2016/17.

Reasons for Recommendation:

The Executive Committee is responsible for recommending the budget to Council and for the management and delivery of the approved budget during the financial year.

The quarterly financial report is to notify Members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform Members of any corrective action to be taken if required.

Resource Implications:

As detailed within the report. If the budget is in deficit at year-end then the Council will have to use reserves to fund the overspend, meaning that these resources are not available to fund other activities or future financial management of the Council's projected medium term budgets. The Council currently has a £150,000 budget contingency reserve approved and a £250,000 retained business rates reserve.

Legal Implications:

None associated with the report.

Risk Management Implications:

A financial deficit will result in the utilisation of the limited reserves available to the Council. The financial performance of the Council is monitored on a monthly basis and reported to Members quarterly. Active management of the budget takes place to reduce the projected deficit whilst maintain delivery of services.

Performance Management Follow-up:

Budgets will continue to be monitored on a regular basis by budget holders supported by Finance. The outturn position is reported to the Committee in July 2017.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 This report provides the Quarter 3 (Q3) monitoring position statement for the financial year 2016/17. The purpose of this report is to notify Members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform Members of any action to be taken if required.

2.0 REVENUE BUDGET POSITION

2.1 The financial budget summary for Q3 shows a £163,749 deficit (£186,421 surplus at Q2) against the profiled budget. Below is a summary of the expenditure position for the Council split out between the main expenditure types:

2.2 Service Summary	Full Year Budget	Budget	Actual	Underspend / (overspend)	Budget Variance %
Employees	8,205,051	6,044,651	5,867,388	177,263	2.9
Premises	533,016	410,974	382,514	28,460	6.9
Transport	145,429	108,057	100,262	7,795	7.2
Supplies & Services	2,031,861	1,401,603	1,481,792	(80,189)	(5.7)
Payments to Third Parties	4,868,880	3,828,332	3,888,511	(60,179)	(1.6)
Transfer Payments - Benefits Service	18,989,000	14,598,744	14,523,528	75,216	0.5
Income	(25,154,349)	(17,899,782)	(17,969,406)	69,423	(0.4)
Support Services	0	0	0	0	0.0
Capital Charges	470,506	0	0	0	0.0
	10,089,394	8,492,579	8,274,789	217,791	2.6
Corporate Codes					
Corporate Savings Targets	(80,500)	(40,264)	0	(40,264)	
New Homes Bonus	47,407	23,712	0	23,712	
Business Rates Income	(260,000)	(173,333)	191,654	(364,987)	
	9,796,301	8,302,694	8,466,442	(163,749)	

Note: With regards to savings and deficits, items in brackets are overspends

- 2.3** The budget position in relation to the Heads of Service responsibility shows an underspend of £217,791 (£311,000 in Q2) as at the end of December. As can be seen there are three main areas of savings, employees of £177,000, Housing Benefits of £75,000 and income of £69,000.

Employee costs savings are generated mainly through staff vacancies and maternity leave. Services have managed vacancies in the short term with limited use of agency staff and help from current staff to cover work. The Environmental Health service is the one service which has seen a significant overspend on staff costs, due to use of agency staff and other external contractors to undertake work for the Council. It has provided cover for staff sickness, vacancies and gaps in current staff knowledge. Some of the use of agency staff has overlapped with staff returning from sickness and new starters joining. In Development Services, agency staff has been funded from government grants as work is carried out on large scale development projects in the Borough.

Underspends from recovery of benefits expenditure is also contributing to a positive position against the budget. A prudent budget was set in 2016/17 for this; given a significant overspend in 2015/16 which was reported to Members. Reductions in the level of overpayments being created due to changes in the way benefit claims are being assessed, has meant that the recovery is higher than the previous year.

Licencing income is ahead of budget, additional grants have been received which had not been budgeted for, and there has been a good return on recycling credits. Planning income continues to be higher than budgeted for in the year to date but was significantly under budget during the third quarter and therefore contributing to the loss in quarter. Current projections from the Development Manager are that the budgeted income will be received.

- 2.4** In terms of overspends being reported at the third quarter, the building control service, which is a joint service with Cheltenham Borough Council, reported an in-quarter deficit of (£27,355). In addition the contract with Ubico Ltd sees an increase in the overspend and now totals (£52,000) at the third quarter. Planned savings targets in relation to a property investment and the letting of the top floor have not materialised as envisaged in the third quarter.
- 2.5** Attached at Appendix 1 is a summary of the position for each Head of Service, which shows the current variance against their budget. Where the main types of expenditure headings within the Head of Service's responsibility have a variance over £10,000, a short explanation for the reason for the variance has been provided.
- 2.6** Although the Head of Service position is underspent, the budget report also recognises the need to achieve savings from the base budget in terms of salaries and procurement savings. These savings targets are currently held on the corporate budget codes on the ledger. No savings are recognised against these plans as they accumulate through the year within service groupings.
- 2.7** Also detailed under corporate budgets is the retained income from the Business Rates Scheme. This is showing a deficit of £365,000. This is a prediction of the year-end position and has been recognised in full at the Q3 stage. The budget projection was that a surplus of £260,000 above the business rates income target. The projection of business rates income for the year still continues to be affected by the high level of appeals being granted on properties within the Borough. The level of success of the appeals resolved, and the amount of reduction in rateable value, is far in excess of historical levels and provisions made.

This is the biggest single factor which has affected the change between a reported surplus at quarter 2 and the deficit now being reported. On this budget line alone there is an in-quarter movement of £212,000.

2.8 Taking into account the deficits on the corporate accounts, the overall position of the Council at the end of Q3 is a deficit of £163,749. If this position does not improve before the end of the financial year, the Council will have to use its reserves to cover the deficit. The management team has been briefed on the financial position of the Council and is seeking to limit expenditure in the final quarter in order to reduce the deficit.

3.0 CAPITAL BUDGET POSITION

3.1 Appendix 2 shows the capital budget position as at Q3. This is currently showing a significant underspend against the profiled budget.

3.2 The underspend is as a result of certain projects such as purchase of capital investments not being completed in the expected timescales. There is also some slippage in spend in relation to capital grants and disabled facilities grants. Plans are in place and being implemented to spend this before the year-end.

As reported in Q2 the overspend on Council owned buildings is showing as being overspent in relation to the leisure centre. However this is planned as the additional funding is coming from revenue resources.

4.0 RESERVES POSITION

4.1 Appendix 3 provides a summary of the current usage of available reserves.

4.2 Reserves have been set aside from previous years to fund known future costs and the strategic planning of the authorities operation. The information in the Appendix does not take account of reserves which have been committed, but not yet paid.

4.3 Whilst the Q3 position shows that there remains a significant balance on the reserves, the expectation is that the remaining balance will be spent in the future. Finance has asked for updates from all departments about their plans to ensure that earmarked reserves are either used for their intended purpose, or released back to the general fund, to help fund a potential deficit at year-end or provide finance for future year budgets.

5.0 CONSULTATION

5.1 Budget holders have been consulted about the budget outturn for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Budget monitoring is on the approved budget for 2016/17 which has been prepared in line with the Medium Term Financial Strategy.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 None.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: None

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Appendices: Appendix 1 – Quarter 3 Revenue Position by Group.
Appendix 2 – Quarter 3 Capital Position.
Appendix 3 – Quarter 3 Earmarked Reserves Update.

Appendix 1 - Analysis of Budget by Group Manager Unit

	Full Year Budget	Q3 Budget Position	Q3 Actual Position	Budget Under / (over) spend	Budget Variance %	Notes
Chief Executive	0	140,629	177,730	(37,101)	(26)	
Employees	233,545	174,890	175,043	(153)	(0.1)	
Premises	0	0	0	0	0.0	
Transport	2,099	1,577	1,771	(194)	(12.3)	
Supplies & Services	4,680	4,011	916	3,095	77.2	
Payments to Third Parties	2,000	1,000	0	1,000	100.0	
Support Services	(187,864)	0	0	0	0.0	
Income	(54,460)	(40,849)	0	(40,849)	100.0	1

1) A savings plan target of £54k included in the income budget has not yet been realised. A management restructure, resulting in the deletion of one head of Service post, was agreed at Council in September 2016. The restructure will be completed by Summer 2017

Corporate Services	609,282	968,990	913,331	55,659	6	
Employees	861,515	646,904	609,668	37,236	5.8	2
Premises	0	0	0	0	0.0	
Transport	5,827	4,374	4,670	(296)	(6.8)	
Supplies & Services	402,803	290,110	283,393	6,717	2.3	
Payments to Third Parties	64,064	30,752	21,030	9,722	31.6	
Support Services	(764,144)	0	0	0	0.0	
Depreciation	43,717	0	0	0	0.0	
Income	(4,500)	(3,150)	(5,430)	2,280	(72.4)	

2) The variance on employee costs is as a result of time lag to fill vacant posts and maternity leave savings within the policy and communications team.

Democratic Services	1,613,572	529,843	457,589	72,254	14	
Employees	231,677	173,841	133,217	40,624	23.4	3
Premises	0	0	659	(659)	0.0	
Transport	17,752	13,319	11,891	1,428	10.7	
Supplies & Services	442,121	323,683	316,585	7,098	2.2	
Payments to Third Parties	36,700	19,378	15,652	3,726	19.2	
Support Services	884,354	0	0	0	0.0	
Depreciation	1,468	0	0	0	0.0	
Income	(500)	(378)	(20,415)	20,037	(5,300.7)	4

3) Staff employed on a casual basis to cover peak workloads such as elections, annual canvass etc. in order to obtain maximum flexibility from budget to meet the needs of the service.

4) Additional funding received from the Government following the registration difficulties experienced during the referendum with the government website crashing and the subsequent extension of the registration deadline causing significant additional work.

Deputy Chief Executive	0	88,153	88,491	(338)	(0)	
Employees	112,217	84,177	84,177	0	0.0	
Premises	0	0	0	0	0.0	
Transport	2,012	1,511	1,745	(234)	(15.5)	
Supplies & Services	2,750	2,465	2,569	(104)	(4.2)	
Support Services	(116,979)	0	0	0	0.0	
Income	0	0	0	0	0.0	

Development Services	1,278,741	680,849	635,545	45,304	7	
Employees	1,501,187	1,125,643	1,023,991	101,652	9.0	5
Premises	41,470	7,928	10,747	(2,819)	(35.6)	
Transport	46,735	35,066	29,428	5,638	16.1	
Supplies & Services	320,359	245,297	244,735	562	0.2	
Payments to Third Parties	301,850	271,849	301,519	(29,670)	(10.9)	6
Support Services	406,220	0	0	0	0.0	
Depreciation	37,761	0	0	0	0.0	
Income	(1,376,841)	(1,004,934)	(974,876)	(30,058)	3.0	7

5) Employee Costs are showing an underspend due to staff turnover and changes in employment patterns in the quarter. A recruitment process is underway and some appointments have been made.

6) The deficit is due to a reduction in income of the Joint Building Control Service which is managed by Cheltenham Borough Council. Work will be undertaken to review the budget position with Cheltenham.

7) Planning income is ahead of the projected budget target; however Q3 included a payment to Cheltenham Borough Council of £93,000 as part of a cross boundary arrangement on the NW Cheltenham planning application

Environmental and Housing	3,897,379	2,620,793	2,711,930	(91,137)	(3)	
Employees	914,515	687,183	752,910	(65,727)	(9.6)	8
Premises	3,500	1,962	638	1,324	67.5	
Transport	29,432	20,881	21,894	(1,013)	(4.9)	
Supplies & Services	138,823	111,164	118,758	(7,594)	(6.8)	
Payments to Third Parties	3,946,671	3,211,107	3,272,701	(61,594)	(1.9)	9
Support Services	503,327	0	0	0	0.0	
Depreciation	95,481	0	0	0	0.0	
Income	(1,734,370)	(1,411,504)	(1,454,972)	43,468	(3.1)	10

8) Employee costs overspend relate to the use of agency cover during a period that operationally critical staff have been on long-term sick. Recently there has been positive moments with some returning to work albeit on a managed return.

9) Overspend on UBICO contract of £52k with additional cost of insurance on vehicles which was under budgeted at the start of the year and cost of delivering the garden waste as demand means use of additional vehicle.

10) Income is better than budget in relation to recycling credits received during the period and also licencing fees.

Finance and Asset	1,673,930	1,544,962	1,513,633	31,329	2	
Employees	2,361,371	1,655,712	1,629,712	26,000	1.6	11
Premises	488,046	401,084	370,470	30,614	7.6	12
Transport	9,237	6,948	9,443	(2,495)	(35.9)	
Supplies & Services	491,408	254,594	253,594	1,000	0.4	
Payments to Third Parties	480,185	272,004	259,474	12,530	4.6	13
Support Services	(868,022)	0	0	0	0.0	
Depreciation	282,832	0	0	0	0.0	
Income	(1,571,127)	(1,045,380)	(1,009,061)	(36,319)	3.5	14
Treasury Mg Activity	0	0	0	0	0.0	

11) Savings made on vacancies within both Financial Services and Asset Management. Both teams are now running at full capacity. Savings also generated on Cascades staffing prior to the transfer to the new leisure centre.

12) Savings have been made on utilities across the property portfolio. In addition, successful business rate appeals in respect of car parks and the public offices have reduced the council's liability in this area.

13) Part year savings across a range of service areas including the public service centre, car parks and Cascades pre transfer.

14) Strong income in a number of areas including car parks and cemeteries but overall position is affected by the delay in securing the property investment and the failure to secure a paying tenant for the top floor of the offices.

One Legal	0	813,504	803,910	9,594	1	
Employees	1,185,751	893,764	868,227	25,537	2.9	
Premises	0	0	0	0	0.0	
Transport	22,368	16,902	11,360	5,542	32.8	
Supplies & Services	94,511	65,743	166,135	(100,392)	(152.7)	15
Payments to Third Parties	10,660	7,845	2,814	5,031	64.1	
Support Services	(270,237)	0	0	0	0.0	
Depreciation	0	0	0	0	0.0	
Income	(1,043,053)	(170,750)	(244,626)	73,876	(43.3)	16

15 & 16) Costs incurred in the quarter are higher than budgeted as additional work has been undertaken for clients, however this is being offset by increased income through the period. This has led to an overall position of being on budget.

Revenues and Benefits	1,016,490	1,104,856	972,630	132,226	12	
Employees	803,273	602,537	590,444	12,093	2.0	
Transport	9,967	7,479	8,058	(579)	(7.7)	
Supplies & Services	134,406	104,536	95,107	9,429	9.0	
Payments to Third Parties	26,750	14,397	15,319	(922)	(6.4)	
Transfer Payments - Benefits Service	18,989,000	14,598,744	14,523,528	75,216	0.5	17
Support Services	413,345	0	0	0	0.0	
Depreciation	9,247	0	0	0	0.0	
Income	(19,369,498)	(14,222,837)	(14,259,826)	36,989	(0.3)	18

17) Changes in benefit payments in the quarter, including being up to date on caseload has meant that the position against budget on Housing Benefits is better than budgeted.

18) The service has benefited from additional government grants and other income which were not in the budget. The collection rates on certain income streams are currently also showing to be slightly ahead of budget.

Appendix 2 - Analysis of Capital Budget

	Q3 Budget Position	Q3 Actual Position	(Over) / Under spend	% Slippage	Comments
Council Land & Buildings	295,591	389,259	(93,668)	(32)	The overspend is in relation to completion of the Leisure centre project. Whilst the items are capital in nature they are not directly part of the original capital scheme. These items are being funded from a revenue budget contribution which was set aside before the start of the project and will be applied at the year end.
Equipment	646,000	143,025	502,975	78	The underspend is in relation to the assumptions that we would have paid for some of the vehicle fleet at this point in the year, this has not yet happened. However procurement of vehicles and equipment are in line with approved budgets.
Capital Investment Fund	16,780,400	15,022,768	1,757,632	100	The budget assumed that the Council would have made an investment in a commercial asset by September 2016. An opportunity arose in quarter 3 to purchase another investment property at a cost of circa £15m. The Council gave approval for this purchase. The underspend relates to the initial capital budget approval of £1.7m which has not been spent as officers investigate alternative investment opportunities
Community Grants	392,734	183,054	209,680	53	Payment of most capital grants awarded is in line with expectation, although there is some slippage against a few projects.
Housing & Business Grants	537,750	264,276	273,474	51	A total budget of £717k is available for housing related grants such as disabled facilities. It is difficult to predict when requests for these grants will be received. Currently expenditure is below the budget profile. However this can change during the year as new grant requests are made.
	18,652,475	16,002,382	2,650,093	14	

Appendix 3 - Revenue Reserves for 16/17

Reserve	Balance 31st March 2016	Spent on Reserve Quarter 3	Reserve Remaining	Note
Service Reserves				
Asset Management Reserve	£335,459	£42,695	£292,764	
Borough Regeneration Reserve	£10,588	£3,585	£7,003	
Business Support Reserve	£107,031	£17,993	£89,038	
Business Transformation Reserve	£231,202	£47,069	£184,133	
Community Support Reserve	£117,844	£110,451	£7,393	1
Development Management Reserve	£466,596	£252,629	£213,967	2
Development Policy Reserve	£317,391	£35,540	£281,851	
Elections Reserve	£64,160	£0	£64,160	
Flood Support and Protection Reserve	£255,330	£73,604	£181,726	3
Health & Leisure Development Reserve	£33,802	£6,682	£27,120	
Housing & Homeless Reserve	£40,026	£17,491	£22,535	
Organisational Development Reserve	£27,259	£7,926	£19,333	
Risk Management Reserve	£26,310	£26,826	£-516	4
Waste & Recycling development Reserve	£21,451	£1,451	£20,000	
	<u>£2,054,449</u>	<u>£643,942</u>	<u>£1,410,507</u>	
Corporate Management Reserves				
Business Rates Reserve	£4,097,967	£0	£4,097,967	
MTFS Equalisation Reserve	£746,496	£1,354	£745,142	5
	<u>£4,844,463</u>	<u>£1,354</u>	<u>£4,843,109</u>	
Totals	£6,898,913	£645,296	£6,253,617	

Notes to Reserves

- 1 Expenditure against balance of community grants brought forward
- 2 Costs resulting from planning appeals and temporary staff to support major planning studies (externally funded)
- 3 Expenditure of external funding to support recovery following floods in Winter 2014 and specific flood alleviation schemes
- 4 Legal costs associated with health and safety prosecution
- 5 £415,000 of this reserve is being used to support the base budget in 2016/17 with the balance of £330,000 supporting future years

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