4 June 2019

Committee	Executive
Date	Wednesday, 12 June 2019
Time of Meeting	2:00 pm
Venue	Tewkesbury Borough Council Offices, Avon Room

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND

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 (during office hours staff should proceed to their usual assembly point; outside of office hours proceed to the visitors' car park). 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.

3. DECLARATIONS OF INTEREST

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.

	Item	Page(s)
4.	**MINUTES** To approve the Minutes of the meeting held on 3 April 2019.	1 - 7
5.	**ITEMS FROM MEMBERS OF THE PUBLIC** To receive any questions, deputations or petitions submitted under Rule of Procedure 12. *(The deadline for public participation submissions for this meeting is 6 June 2019).*	
6.	**EXECUTIVE COMMITTEE FORWARD PLAN** To consider the Committee's Forward Plan.	8 - 14
7.	**FINANCIAL OUTTURN REPORT 2018/19** To consider the Council's financial outturn for 2018/19 and to approve the transfers to and from earmarked reserves.	15 - 40
8.	**PRIVATE RENTED HOUSING SECTOR ACCOMMODATION FUND PILOT** To approve arrangements in respect of a Private Rented Housing Sector Accommodation Fund Pilot.	41 - 50
9.	**GOVERNMENT HOUSING INFRASTRUCTURE FUND (HIF) - FUNDING AWARD FOR BRIDGE OVER RAIL LINE AT ASHCHURCH** To receive an update on the Ashchurch bridge project; to accept the funding conditions of Homes England and to authorise the Deputy Chief Executive, in consultation with the S151 Officer and Borough Solicitor, to enter into the appropriate agreements to deliver the project.	51 - 59
10.	**SEPARATE BUSINESS** The Chairman will move the adoption of the following resolution: 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.	
11.	**HUMAN RESOURCE AND PAYROLL SERVICES** *(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 consider options for future delivery of the Council's Human Resources and Payroll Services.	60 - 66

	Item	Page(s)

DATE OF NEXT MEETING

WEDNESDAY, 17 JULY 2019

COUNCILLORS CONSTITUTING COMMITTEE

Councillors: R A Bird (Chair), G F Blackwell, M Dean, L A Gerrard, M A Gore, E J MacTiernan, J R Mason (Vice-Chair), C Softley, R J Stanley, M G Sztymiak and R J E Vines

Substitution Arrangements

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

Recording of Meetings

In accordance with the Openness of Local Government Bodies Regulations 2014, 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, 3 April 2019 commencing at 2:00 pm

Present:

Chair	Councillor R A Bird
Vice Chair	Councillor J R Mason

and Councillors:

G F Blackwell, M Dean, R Furolo, M A Gore, J Greening and E J MacTiernan

EX.87 ANNOUNCEMENTS

87.1 The evacuation procedure, as noted on the Agenda, was advised to those present.

87.2 The Chair welcomed a member of the public who was in attendance to ask questions at Agenda Item 5 – Items from Members of the Public.
Councillor P W Awford was welcomed to the meeting, as Chair of Overview and Scrutiny Committee, to introduce Agenda Item 7 – Performance Management Report – Quarter Three 2018/19.

87.3 The Chair advised that he had used his discretion to vary the order of the Agenda so Item 9 – ICT Policy would be taken before Item 7 - Performance Management Report – Quarter Three 2018/19.

EX.88 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

88.1 Apologies were received from Councillor K J Berry. There were no substitutions on this occasion.

EX.89 DECLARATIONS OF INTEREST

89.1 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.

89.2 There were no declarations of interest made on this occasion.

EX.90 MINUTES

90.1 The Minutes of the meeting held on 6 March 2019, copies of which had been circulated, were approved as a correct record and signed by the Chair.

EX.91 ITEMS FROM MEMBERS OF THE PUBLIC

91.1 The Chair invited the member of the public to ask his questions and indicated that he, as the Leader of the Council, would answer them:

1. Could the Leader of the Council please explain, as Tewkesbury's Chief Executive was the Lead Officer on the Joint Core Strategy (JCS), why the link road from the A38 to the new A40 gateway was not reintroduced into the JCS after the decision to include the Twigworth site on appeal - DS3 made it clear as well as the Highways Authority, the link would be necessary.

   Answer: The link between A38 and A40 was included in the issued JCS transport strategy – DS7; however, in determining the appeals for the Innsworth and Twigworth proposals, the Appeal Inspector did not consider that the link between the A38 and A40 was necessary to allow the developments to proceed. Therefore, the link was not a requirement of the planning permissions subsequently granted by the Secretary of State.

2. As the Chief Executive, under delegated authority, was Lead Officer on the JCS, in consultation with the Leader of the Council, why was it not necessary to have an overarching flood impact assessment on all the sites linked by the Ham, Normans, Horsbere, Hatherley, Wooten Brooks and Queens Dyke that flow from the Brockworth escarpment into the River Severn? As the culverts, maintenance and water retention will impact on the flow across all sites to the River Severn and the tidal impact which created the flooding problems in 2007.

   Answer: To support the JCS, flood impact assessments were completed at level 1 for the wider JCS area and level 2 for the proposed strategic allocations. This evidence was tested at examination and accepted.

3. All traffic impact assessments made it very clear that all junctions around Churchdown, Innsworth, Longford and Twigworth would be well over capacity. Why was an access from the back of the A40 Gateway link, to the proposed extension to Innsworth Technology Park not included in the JCS to alleviate the damage to the B-roads by HGV's and for the safety of existing and new residents?

   Answer: The proposal for the Innsworth application, which was allowed on appeal, did not include a link from the A40 to the Innsworth Technology Park. There were no objections from Highways England or Gloucestershire County Council at the Public Inquiry subject to conditions and planning obligations to secure appropriate improvements to the highway network. The Secretary of State concluded that the proposed development of the Innsworth part of the Strategic Allocation was acceptable on highway grounds. This does not preclude a link being provided in the future however this will be a matter for the developer and the owner of the Technology Park.

4. What is the estimated cost, in light of the uncertainty over Brexit, of the European elections to the Council. Has a contingency been put in place?

   Answer: The cost of the European elections in 2014 was approximately £98,000 all of which was reclaimed from the government. The same arrangements would apply in 2019 therefore there is no need to put in place any financial contingency.

5. Is it Council policy that development densities should not exceed 33 houses per hectare. If it is, why has the A1 phase one site got a density of 43 houses per hectare?

   Answer: The Council does not have planning policies that prescribe exact densities for new residential development. There is, however, Policy SD4: Design Requirements in the Joint Core Strategy which sets out the expectations for new development generally. The policy states that development should be of a scale, type and density appropriate to the site and its setting. This recognises that different densities may be appropriate in different sites depending on the particular circumstances and context of the development.

91.2 The Chair thanked the member of the public for his questions and indicated that he could stay for the remainder of the meeting should he so wish.

EX.92 EXECUTIVE COMMITTEE FORWARD PLAN

92.1 Attention was drawn to the Committee's Forward Plan, circulated at Pages No.8-14. Members were asked to consider the Plan.

92.2 Accordingly, it was

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

EX.93 ICT POLICY

93.1 The report of the Head of Corporate Services, circulated at Pages No. 105-111, asked Members to approve the revised ICT Policy and agree that all Officers and Members sign the new policy to ensure full compliance.

93.2 The Finance Manager explained that the Council was in the process of rolling out a suite of Office 365 applications which should help the Council's teams work more efficiently. When the project had been discussed by the Operational Managers Group they had agreed the original policy was too long and very out of date therefore did not offer the Council and its staff the protection which was required. The revised policy was more generic and shorter to make it more about the principles of how the Council worked than what it did.

93.3 A Member noted that social media was not included within the policy and was advised that the Council had a Social Media Policy which covered the use of IT as well.

93.4 Members felt the revised policy was much clearer and set out in an easily understood way which would ensure it was easier to follow. Accordingly, it was

RESOLVED:
1. That the revised ICT Policy be **APPROVED**.
2. That all Officers and Members be required to sign the new ICT Policy to ensure full compliance.

EX.94 PERFORMANCE MANAGEMENT REPORT - QUARTER THREE 2018/19

94.1 The report of the Chair of the Overview and Scrutiny Committee, circulated at Pages No. 15-64, asked Members to review and, if appropriate, take action on the observations of the Overview and Scrutiny Committee following its review of the 2018/19 quarter three performance management information.

94.2 Attention was drawn to the observations made by the Overview and Scrutiny Committee, attached at Appendix 1 to the report; the Council Plan Performance Tracker, attached to the report at Appendix 2; and the financial performance information circulated at Appendices 3-5.

94.3 The Chair of the Overview and Scrutiny Committee explained that the Committee had raised general questions around the performance management information; however, the main focus of questions, and something about which Members had significant concern, was the financial performance of Ubico. Whilst the report of the Head of Finance and Asset Management indicated an overall budget surplus of over £600,000 against the budgeted profile as at the end of quarter 3, it was felt to be disappointing that the Ubico contract had reported a projected overspend in excess of £230,000 – an increase of £89,000 from quarter 2. This had provoked a lengthy debate with concern expressed over the £59,000 overspend on tyres and how that had happened - no explanation could be provided but Officers had given assurance that robust questions were being asked of Ubico. The budgeting between quarter two and quarter three was felt to be unacceptable which was a view shared by the Head of Finance and Asset Management; however, he was confident that working with Ubico's new financial controller would ensure accounting practices were improved moving forward. Assurance was provided that all costs would be looked at to ensure they had been correctly allocated. The Head of Community Services had advised that the Ubico response was inadequate and, as a result, meetings would take place every three weeks between himself, the Deputy Chief Executive, the Head of Finance and Asset Management and the Managing Director of Ubico to try and understand the deficit. Members had asked whether the Council's internal audit team could investigate but had been advised that, whilst this was possible, in the first instance it would be beneficial to obtain Ubico's internal audit team audit plan to see if any assurance could be obtained from their work. In response to a query as to whether it was possible to compare the figures with partner authorities, the Head of Finance and Asset Management confirmed that he had access to the high-level figures and a number of other authorities were also in deficit for various reasons. The Chief Executive had assured Members that Officers were taking a robust approach with Ubico and, whilst there had been concerns about service issues previously, this was the first time there had been a problem of this level with the Ubico contract framework. Although some of the overspend was understandable, the deficit for the quarter was significant and the information being provided had been very limited. It was in the Council's interest to understand the reasons for the deficit and to work with Ubico to ensure it had proper controls in place.

94.4 In terms of actions within the Council Plan Performance Tracker, Overview and Scrutiny Members had noted the achievements highlighted in the report in terms of approval of the Medium Term Financial Strategy; approval of a new commercial strategy; the official launch of the growth hub; the completion of works to Lower Lode depot car park; the implementation of a car pool; the increased garden waste income; and consultation on important issues such as the Tewkesbury Borough Plan and the Ashchurch Masterplan. In addition, there had been general questions on various actions, the key ones being how the provision of electric charging points was progressing; the difficulties in progressing anything around the Battlefield Site; and progress in respect of the Tourist Information Centre. The Head of Finance and Asset Management had indicated that he anticipated the installation of electric charging points in quarter two of 2019/20 for use by both staff and the public. In addition, the Head of Development Services had explained that the opportunities regarding the Tourist Information Centre (TIC) were part of the overall strategy for tourism which would be presented to Members shortly. There had been various conversations in relation to the centre and the opportunity for a service agreement with Tewkesbury Abbey; however, there were issues about the use of the Hat Shop building, where the TIC was currently situated, and how this fitted with the conditions of the grant, so Officers had been working to ensure compliance. With regards to the sad face on the modular housing related action, Members had thought this was harsh given that two or three related projects were progressing. A separate report had also been presented at the Committee in relation to Healings Mill which Members had requested so as to get a greater understanding of the issues the site presented; a further report would be presented in six months' time.

94.5 During the discussion which ensued, a Member requested an update on the current situation regarding Ubico. In response, the Deputy Chief Executive advised that the key purpose of the regular meetings was to address the ongoing issues. The role of the Deputy Chief Executive was to arbitrate and ensure the timescales for getting the matters addressed was agreed. The meetings held to date had been very productive but there were still elements of the service which Tewkesbury Borough Officers were not happy with and a letter had been sent to Ubico identifying those issues and setting out deadlines for them to be addressed i.e. the reasons for the significant overspend on tyres. It was understood this was not a clear-cut picture but a justification of costs was needed. The Deputy Chief Executive undertook to circulate a summary of the actions agreed following the meeting. In terms of the discussion which had taken place at the Audit and Governance Committee, the Head of Corporate Services explained that there was an allocation of days for Ubico within the Internal Audit six monthly plan and this had been agreed by the Committee. The Internal Audit Team would work with the Head of Finance and Asset Management and Head of Community Services to decide how best to use the days and ensure no duplication of work with Ubico's Internal Audit Team – there should be a clear way forward on this work within the next month.

94.6 Referring to Page No. 18, deliver short-term access improvements to the infrastructure around the Ashchurch Housing Zone, a Member noted that the overall programme delivery had been extended to March 2022 and she questioned whether that was acceptable in terms of the initial deadline of three years. In response, the Chief Executive confirmed that Homes England had extended the date itself to allow it time to process the applications which had been received. The Member also questioned whether the paperless billing for Council Tax and business rates would be introduced from the next financial year. In response, the Head of Corporate Services indicated that it would be implemented by June 2019 which meant it would not be available for the 2019/20 Council Tax billing.

94.7 The Chair offered his thanks to the Overview and Scrutiny Committee Chair for his updates to Executive Committee during his time as Chair. Accordingly, it was

RESOLVED: That the Overview and Scrutiny Committee's comments on the Performance Management Report for Quarter Three of 2018/19 be **NOTED**.

EX.95 HIGH LEVEL SERVICE PLAN SUMMARIES

95.1 The report of the Head of Corporate Services, circulated at Pages No. 65-104, attached the 2019/20 service plans for each service grouping which Members were asked to consider and endorse.

95.2 The Head of Corporate Services indicated that each service grouping produced a plan for the forthcoming financial year. The template for the plans had been kept as simple as possible to ensure they were not onerous for Officers to complete. It was expected that service plans would form part of the Lead Member Briefings and individual team meetings so that they were embedded into the organisation.

95.3 Accordingly, it was

RESOLVED: That the 2019/20 service plans be **ENDORSED**.

EX.96 WORKFORCE DEVELOPMENT STRATEGY

96.1 The report of the Head of Corporate Services, circulated at Pages No. 112-128, attached a Workforce Development Strategy for the Council which covered the period 2019-24. Members were asked to consider and approve the Strategy.

96.2 The Interim Head of HR explained that the Council's peer review in 2014 had noted that it did not have an up to date Workforce Strategy in place and had recommended that one should be developed. In addition, it was felt that the combination of the challenges arising out of the Council's financial position, the need for continuing service transformation and the rapidly changing nature of employment and the jobs market, both locally and nationally, made such a strategy a necessity. The Local Government Association had recently published a national Workforce Strategy for the local government sector therefore it was felt to be timely for the Council to consider its own local Workforce Strategy drawing on the national strategy as appropriate.

96.3 Members were advised that it was important for the Council to have a strategy in place to support the overall delivery of the Council Plan, to achieve value for money in the expenditure on its employees, to respond to challenges and opportunities in the job market and to successfully recruit, retain, develop and engage staff to deliver the range of services for which the Council was responsible. The strategy before the Committee had been developed through discussion with the Council's management team, operational managers, Trade Union representatives and employees. In addition, a workshop had been held with the Overview and Scrutiny Committee in February at which the Workforce Development Strategy had been discussed and further additions had been made to the document in relation to attracting and retaining new entrants to the workforce and the threat of the Council's pay rates becoming uncompetitive in the job market – the Strategy was recommended by the Overview and Scrutiny Committee to the Executive Committee for adoption.

96.4 The Workforce Development Strategy was set out in five parts including an overall statement of vision and priorities for the Council as an employer; a description of the national context for the local government sector which the Council needed to take account of; the strategic workforce themes and direction statements for the Council; the plan to address the Council's gender pay gap; and a suite of workforce metrics to enable senior management and Members to track more effectively how successful the Council was in relation to its ability to recruit, retain, develop and engage its employees in line with the ambitions of the Workforce Strategy. The key themes of the strategy were releasing productivity; digital transformation; commercialisation; workforce resilience; and being a great place to work. Each of those themes had an aim and detailed the future steps required – there were no actions within the strategy as those would be contained within the relevant service plans and would be reviewed on an annual basis.

96.5 A Member questioned why there was a gender pay gap and why it would take time to address. In response, the Chief Executive explained that every job within the Council was evaluated to ensure it was paid at the appropriate rate regardless of who occupied it so the issue was not that people doing the same jobs were being paid differently rather it was the number of jobs occupied by men and women and this obviously took time to address.

96.6 Having considered the report and advice given, it was

RESOLVED: That the Workforce Development Strategy 2019-24 be **APPROVED**.

EX.97 FINANCIAL PROCEDURE RULES

97.1 The report of the Head of Finance and Asset Management, circulated at Pages No. 129-164, set out the proposed revised Financial Procedure Rules, for inclusion in the Council's Constitution, which Members were asked to adopt.

97.2 The Head of Finance and Asset Management explained that the Financial Procedure Rules had last been reviewed in 2012 and, in light of the length of time that had passed and the recent approval of the updated Constitution, it was felt the right time to update the Rules. Only limited changes had been made to the detailed requirements which included: increased delegated limits for virement and write-off in line with limits set within the Constitution; updated requirements reflecting recent legislative changes such as the introduction of off payroll working and the need to produce capital and investment strategies; changes to reflect the latest business practices such as the use of pool cars; changes to reflect the increasing use of technology within the Council's processes; and changes to reflect the structure of services and ownership of specific issues such as risk management.

97.3 Accordingly, it was

RESOLVED: That it be **RECOMMENDED TO COUNCIL** that the revised Financial Procedure Rules be **ADOPTED**.

The meeting closed at 3:10 pm

EXECUTIVE COMMITTEE FORWARD PLAN 2019/20

REGULAR ITEM:

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

<u>Addition to 12 June 2019</u>

- Private sector access fund project.
- Ashchurch Bridge Project.
- Confidential Item: Human Resources Service.

Committee Date: 17 July 2019			
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 2018/19.	To receive and respond to the findings of the Overview and Scrutiny Committee‘s review of the quarter four performance management information.	Head of Corporate Services.	No.
Review of Council Tax Reduction Scheme and Council Tax Discounts.	To consider for the purposes of consultation.	Head of Corporate Services.	No.
Community Infrastructure Levy (CIL) Governance and Policy	**To approve the governance and policy for the Community Infrastructure Levy (CIL).**	**Head of Development Services**	**No.**
ICT Strategy.	**To approve the ICT Strategy.**	**Head of Corporate Services.**	**No.**
Confidential Item: Spring Gardens/Oldbury Road Regeneration.	To consider the information provided and agree a way forward.	Head of Finance and Asset Management.	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)).			

Changes from previously published Plan shown in bold

Committee Date: 4 September 2019

Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Has agenda item previously been deferred? Details and date of deferment required**
Financial Update – Quarter One 2019/20.	To consider the quarterly budget position.	Head of Finance and Asset Management.	No.
Confidential Item: Irrecoverable Debts Write-Off Report (Quarterly).	To consider the write-off of irrecoverable debts.	Head of Corporate Services.	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)).			

Committee Date: 16 October 2019			
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Has agenda item previously been deferred? Details and date of deferment required**
Performance Management Report – Quarter One 2019/20.	To receive and respond to the findings of the Overview and Scrutiny Committee's review of the quarter one performance management information.	Head of Corporate Services.	No.
Review of Council Tax Reduction Scheme and Council Tax Discounts.	To consider following consultation.	Head of Corporate Services.	No.
Homeseeker Plus Sub-Regional Choice-Based Lettings Allocation Policy.	**To approve the Homeseeker Plus Sub-Regional Choice-Based Lettings Allocation Policy.**	**Head of Community Services.**	**No.**

Changes from previously published Plan shown in bold

Committee Date: 27 November 2019

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Financial Update – Quarter Two 2019/20.	To consider the quarterly budget position.	Head of Finance and Asset Management.	No.
Confidential Item: Irrecoverable Debts Write-Off Report (Quarterly).	To consider the write-off of irrecoverable debts.	Head of Corporate Services.	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)).			

Committee Date: 8 January 2020

Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Has agenda item previously been deferred? Details and date of deferment required**
Performance Management Report – Quarter Two 2019/20.	To receive and respond to the findings of the Overview and Scrutiny Committee's review of the quarter two performance management information.	Head of Corporate Services.	No.
Medium Term Financial Strategy (Annual).	To recommend to Council the adoption of the five-year MTFS which describes the financial environment the Council is operating in and the pressures it will face in delivering its services and a balanced budget over the period.	Head of Finance and Asset Management.	No.
Housing Strategy Monitoring Report (Year 4) (Annual).	To approve the Housing Strategy Monitoring Report for Year Four.	Housing Services Manager.	No.
Treasury and Capital Management (Annual)	To approve and recommend approval to Council, a range of statutorily required polices and strategies relating to treasury and capital management.	Head of Finance and Asset Management.	No.

Committee Date: 5 February 2020			
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Has agenda item previously been deferred? Details and date of deferment required**
Budget 2020/21 (Annual).	To recommend a budget for 2020/21 to the Council.	Head of Finance and Asset Management.	No.
Financial Update - Quarter Three 2019/20.	To consider the quarterly budget position.	Head of Finance and Asset Management.	No.
Confidential Item: Irrecoverable Debts Write-Off Report (Quarterly).	To consider the write-off of irrecoverable debts.	Head of Corporate Services.	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)).			

Committee Date: 4 March 2020			
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Has agenda item previously been deferred? Details and date of deferment required**

Committee Date: 8 April 2020			
Agenda Item	**Overview of Agenda Item**	**Lead Officer**	**Has agenda item previously been deferred? Details and date of deferment required**
Performance Management Report – Quarter Three 2019/20.	To receive and respond to the findings of the Overview and Scrutiny Committee‘s review of the quarter three performance management information.	Head of Corporate Services.	No.
Council Plan 2016/20 Refresh (Annual).	To consider the Council Plan and make a recommendation to Council.	Head of Corporate Services.	No.
High Level Service Plan Summaries (Annual).	To consider the key activities of each service grouping during 2018/19.	Head of Corporate Services.	No.

PENDING ITEMS

Agenda Item	**Overview of Agenda Item**
Shopfronts Supplementary Planning Document (SPD).	To agree the document for the purposes of consultation.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	12 June 2019
Subject:	Financial Outturn 2018/19
Report of:	Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	Four

Executive Summary:

The report highlights the Council's financial performance for the previous year, setting out the General Fund and capital outturn positions. To support this, a detailed statement on both positive and negative variances against budget is included.

The formation of the Council's reserves for the forthcoming year requires the approval of Executive Committee.

The performance of the Treasury Management function is also included within the report as required by the Council's Treasury Management Policy.

Recommendation:

That the Executive Committee:

1. **notes the General Fund outturn for 2018/19, the financing of the capital programme and the annual treasury management report and performance; and**
2. **approves the transfers to and from earmarked reserves.**

Reasons for Recommendation:

In line with the requirement to provide Members with regular information on the Council's finances and financial performance, a report on progress against budget is produced on a quarterly basis. This report on the outturn position for the Council offers more detail on the final financial position and compliments the existing reporting framework. Members are also required to approve the transfers to and from earmarked reserves and the carry forward of budgets.

The Council's Treasury Management Policy requires the Section 151 Officer to report to Members annually, by 30 September, on the treasury management activities and prudential indicators for the previous financial year.

Resource Implications:

As detailed within the report.

Legal Implications: None specific arising from the report recommendations.
Risk Management Implications: A number of reserves have been set aside to deal directly with specific service risk or general financial risk to the Council.
Performance Management Follow-up: The performance of services against their set budget is monitored on an ongoing. In addition, performance is reported to Members on a quarterly basis.
Environmental Implications: None associated with this report.

1.0 INTRODUCTION/BACKGROUND

1.1 This report sets out the final outturn position for the 2018/19 financial year. The main purpose of this report is to provide Members with an overview of the performance against the General Fund revenue budget for 2018/19 and explain significant variances.

1.2 The report also addresses the movement on reserves and requests Member approval for the creation of newly requested reserves or additions to existing reserves that fall outside of a previously approved sum.

1.3 In addition to the revenue budget outturn, this report also seeks to confirm the full year progress against the capital programme and the sources of finance used in delivering that programme and also to report the performance in 2018/19 of the treasury management function in line with the requirements of the code of practice.

1.4 All of the information within this report will be contained within the Council's Statement of Accounts which will be approved by the Audit Committee in July 2019 following the audit conducted by Grant Thornton.

2.0 GENERAL FUND REVENUE OUTTURN 2018/19

2.1 In February 2019, the quarter three outturn position was reported to Executive Committee. The report confirmed a surplus of £664,478 for this period.

2.2 The final General Fund revenue outturn position for the full year can now be reported as a £2.68m surplus. This is a significant increase against the quarter three position and can be primarily attributed to strong performance in treasury and commercial activities, additional business rates retention, including the impact of the successful 100% retention pilot and substantial external grant funding being received. The following paragraphs highlight this position.

2.3 The table below summarises the service performance which has generated the reported surplus. In addition, the table highlights the non-service related activity and other aspects of the overall budget to provide a whole view of the Council's general fund. The table concludes with the budgeted transfer to reserves of £777,720 and the actual transfer totalling £3,463,217.

Table 1 – General Fund outturn summary

	Full Year Budget **£**	**Outturn Position** **£**	**Savings /(deficit)** **£**
Employees	9,319,411	9,159,512	159,899
Premises	610,297	533,937	76,360
Transport	165,777	135,772	30,005
Supplies & Services	1,913,446	2,003,907	-90,461
Payments to Third Parties	5,438,570	5,982,432	-543,862
Transfer Payments	4,382	-54,625	59,007
Income	-6,889,995	-8,370,713	1,480,718
Service Total	**10,561,888**	**9,390,223**	**1,171,665**
Treasury activity	117,260	46,502	70,758
Commercial activity	-1,928,859	-2,210,041	281,182
Corporate Savings Targets	-17,500	0	-17,500
New Homes Bonus	-3,179,723	-3,179,723	0
Business Rates Income	-2,694,620	-3,874,011	1,179,391
Other adjustments	-3,636,166	-3,636,167	1
Council Total / Transfer to reserves	**-777,720**	**-3,463,217**	**2,685,497**

2.4 The outturn position for direct service expenditure shows a positive variance of £1,171,665 and is mainly attributable to the major items outlined below:

- The employees full year budget is underspent largely as a result of staff turnover and vacancies in most service groupings;
- Premises is underspent as a result of savings on utilities and the release of new homes bonus monies to support the asset maintenance programme in future years;
- Savings on transport have been generated across all service areas and result from reduced car allowance scheme costs plus reduced business mileage;
- Payments to third parties is showing a significant overspend and is as a result of the overspend on the Ubico contract (see information in paragraphs below) as well as payments for work undertaken in areas such as the Community Infrastructure Levy (CIL) and Joint Core Strategy (JCS) where partner finance or reserves exist to cover the cost;

- Council income is showing additional income levels of £1.48m over the budgeted provision. The majority of fees and charges budgets, with the exception of planning fees, have been delivered on budget during the year with a few areas, such as garden waste, being beyond expected levels. The large variance is therefore as a result of substantial external grant income being received during the year. The Council has received a number of new burdens grants from the government but has also attracted significant service specific grants particularly in relation to the delivery of the requirements for the Joint Core Strategy. In addition, the Council has attracted significant funding to support its housing and homeless activities.

2.5 A full explanation of all variances exceeding £40,000 at a group subjective level is contained at Appendix A. The appendix also contains an explanation of the variance on the corporate codes with a more detailed explanation within Paragraphs 2.10 to 2.15.

2.6 As highlighted previously, and within Paragraph 2.4, the Ubico contract sum has been overspent in 2018/19 by £268,866. This is an increase of £37,979 on the reported position at quarter three of a deficit of £230,887. A full breakdown of expenditure by service on the contract sum, including a variance analysis by subjective heading, is contained at Appendix E. In summary, the overspend can be analysed as follows:

Employment Costs	£108,980
Transport Costs	£93,765
Supplies & Services	£23,054
Statutory & Regulatory	-£3,951
Indirect Expenditure	£47,062
Income	-£46
Total variance	£268,866

2.7 In terms of explanation of the overspend, the majority of the additional expenditure on employee costs can be attributed to the use of agency to cover an increased amount of sickness within the workforce. Additional costs were also incurred at the beginning of the year to meet the grounds maintenance requirements. In relation to the supplies and services overspend, this is mainly in relation to additional Personal Protective Equipment being purchased during the year. Indirect expenditure represents recharges from the fleet operation, the cost of senior management and general company costs. The overspend being reported under this heading includes further allocations from the workshops to cover small parts and general supplies, additional overtime incurred and the cost of a management restructure.

2.8 Transport costs report an outturn overspend of £93,765, the majority of which is from an overspend on tyres of circa £61,000. Other contributing factors include the additional hire of vehicles, vehicle cleaning and directly attributable spare parts. The overspend on tyres was highlighted earlier in the year as an area of concern and Ubico have undertaken further analysis of the area to identify the main reasons behind the overspend. A briefing note has been produced and this is attached to the report at Appendix F.

2.9 Whilst this type of service can attract large overspends given the nature of the service provided, it was disappointing that the quarter three position came as a surprise to the Council and was not supported by a detailed analysis and justification. As a result, Ubico has been working on an improvement programme within its operational and financial management to ensure timely communication of detailed information. This includes an overhaul of the reporting pack being issued, improved controls with regard to purchase ordering and financial training for supervisors and management. These improvements should ensure that future financial reporting does not contain any ‘nasty surprises.’

2.10 Treasury performance has again been strong in 2018/19 with both investment and borrowing decisions contributing towards an overall surplus of £70,758. Of the surplus, circa £137,000 has been generated from investments. Whilst an increase in the portfolio balance and a slight increase in market rates has benefited the portfolio, the main reason for the surplus is the investment in the CCLA pooled property fund in May 2017 which is currently generating income returns of around 4.5%. Balances in this fund were increased to £4m within the year. An overspend on borrowing of £67,000 has occurred during the year as a result of the acquisition of two new commercial properties at a cost of £8.5m. This was more than budgeted for but the income from the properties has more than covered the borrowing overspend.

2.11 As highlighted above, the Council acquired a further two commercial investment properties in the year which has resulted in increased rental generation against budget of £281,000. The two properties, one an office building and one a retail outlet, have a combined yield in excess of the targeted yield and were purchased sooner than envisaged. The two new properties, combined with the existing units, will make a significant contribution to the Council’s core budget in the coming years.

2.12 For the second year running, the Council is able to report a positive position on the retained business rates scheme. The Council has seen little impact on its position as a result of successful appeals in year partly as a result of a number of unsuccessful appeals but also because of the provisions it has made against successful appeals. Against this backdrop, additional income has been generated as a result of underlying growth and the Council has received substantial grants from central Government to cover the cost of changes they have made to the scheme in recent years.

2.13 In addition to the base position with respect to retained business rates, Tewkesbury was a member of the 100% Business Rate Retention Pilot in Gloucestershire for 2018/19. This has allowed all authorities in Gloucestershire to retain additional rates this year. The outturn figures for the pilot highlight a net gain for Gloucestershire of £14.272m with the overall gain between the pilot and the base non-pooled 50% scheme being £17.347 million. Of this gain:

- £3.47m was allocated to the Strategic Economic Development Fund held by Gloucestershire Economic Growth Joint Committee.
- £7.63m was allocated to the County Council.
- £6.25m was allocated to be shared by the six Districts in line with growth in individual areas.
- Tewkesbury’s additional windfall from the Pilot was £882,000.

2.14 The final row in the table picks up all of the remaining items within the base budget to reconcile back to the budgeted transfer to reserves. This row mainly contains the precepts on the tax payer for both the Borough Council and Parish Councils but also contains other items such as the Minimum Revenue Provision.

2.15 Overall, the Council is able to transfer to reserves a gross total of £3.46m.

3.0 COUNCIL RESERVES

3.1 A breakdown of the reserves of the Council as at 31 March 2019 is shown at Appendix B to the report. Also included is a breakdown of the previous year's reserves, under the same strategic headings, so as to inform Members about the movement on those reserves in the last two years.

3.2 Total revenue reserves of the Council stand at £14.69m as at the end of March 2019 and include earmarked reserves, planning obligations and the general fund working balance. The increase in overall revenue reserves totals £4.08m and is as a result of a number of factors:

- In year surplus within the general fund including external grant funding as highlighted in section 2.
- The net position on developer contributions, expenditure against contributions already received and expenditure on existing reserves of £615,042.
- The budgeted transfer to reserves of £777,720 in respect of the vehicle fleet and the commercial property portfolio.

3.3 The significant surplus on the general fund revenue account has allowed the creation of new reserves and the topping up of existing reserves to meet future needs or specific projects. The proposals contained in Appendix B to the report include the following:

- Confirmation of the approved new £500,000 Borough Growth Reserve.
- An additional £250,000 allocated to the working balance of the Council.
- An additional £133,000 allocated to the MTFS reserve.
- In addition to the planned contribution of £400,000 to the vehicle replacement programme, a further sum of £200,000 is set aside.
- An additional sum of £200,000 for the business transformation programme of the Council.
- The planned contribution of £175,000 to the commercial property portfolio reserve.

3.4 The reserves list also includes substantial set asides in relation to housing, homeless and the delivery of the JCS all of which have been financed from government grants received during the year. Other government grants received and new burdens funding which have now been carried forward include transparency funding, clean high streets, parks and play areas, exit from the European Union and various new burdens funding in relation to welfare reform.

3.5 Where significant movements have occurred during the year, a note in Appendix B has been included, to explain the reason for the movement. Members are asked to approve the balances on the reserves for the new financial year.

4.0 CAPITAL PROGRAMME

4.1 The Council has committed to a substantial capital programme in the last few years and this is highlighted in the level of capital expenditure incurred in 2018/19, totalling £10.67m. The bulk of the expenditure has been on the purchase of further investment properties (£8.5m), the refurbishment of the Public Service Centre (£1.1m) and disabled facilities grants (£0.5).

4.2 The capital programme saw over the purchase of two investment property in 2017 totalling £8.5m. This was less than the budgeted amount of £15.1m, hence a reported slippage on the land and buildings programme, but the balance of £6.6m has been carried forward to support the purchase of an industrial unit once sourced and secured in 2019.

4.3 An underspend of £182,236 (85%) is reported against the remaining capital balances from the community grants programme. The variance is outside of the Council's control as the draw down of awarded capital grants is subject to applicants progressing the agreed scheme. A report to Executive Committee on project progress is due to be presented in November 2019.

4.4 The summarised capital programme is shown at Appendix C to the report together with the sources of finance used. In summary, the Council expended £10.67m on capital projects in 2018/19 utilising £1.05m of capital reserves, £0.90m of capital grants, £0.20m of revenue contributions and £8.5m from borrowing. Following the allocation of capital receipts, primarily from right-to-buy receipts but also including some small asset sales such as the Staverton former garage site, the balance on capital reserves, both receipts and grants, has reduced to £1.2m as at 31 March 2019 with commitments totalling £9.29m over the next three years. The commercial property investment programme and the regeneration of Tewkesbury Town will require the Council to borrow monies from external sources with the cost of borrowing being financed from new income streams associated with the capital investments. Capital grants are expected to continue to cover the annual cost of the Disabled Facility Grant programme.

5.0 TREASURY MANAGEMENT

5.1 Treasury Management in local government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services. This Council has adopted the code and complies with its requirements, one of which is the receipt by Members of an annual review report after the financial year end.

5.2 The detailed treasury report is attached to the report at Appendix D. The report details the economic environment, local performance and a number of prudential indicators.

5.3 The prudential indicators have been monitored regularly and there were no departures from the indicators arising during the year. The in-year performance of treasury investments resulted in an average return of 1.73% and total income of £356,953. This is £137,353 above the budget for the year and reflects the range of investments made, particularly the investment in the CCLA pooled property fund.

5.4 In order to part fund the investment in commercial property, the Council has undertaken significant borrowing with year-end figures totalling £28million. The Council has adopted a balanced borrowing strategy between the financial benefit of short term borrowing and the cost certainty over the long term. This has resulted in the total borrowing cost being kept to a minimum with actual cost totalling £403,457 and representing an average cost of 1.60%. Whilst this outturn position is higher than forecast in budget it is as a direct result of securing additional commercial property during the year from which a net income is derived.

6.0 CONSULTATION

6.1 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.

7.0 RELEVANT COUNCIL POLICIES/STRATEGIES

7.1 Treasury Management Strategy approved at Council on 21 February 2017 and the Medium Term Financial Strategy approved at Council on 6 December 2016.

8.0 RELEVANT GOVERNMENT POLICIES

8.1 None.

9.0 RESOURCE IMPLICATIONS (Human/Property)

9.1 As detailed within the report and appendices.

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

10.1 None.

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

11.1 None.

12.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

12.1 Approval of Treasury Management Strategy 2018/19 – Council 20 February 2018.

Approval of Budget 2018/19 – Council 20 February 2018.

Background Papers: As per Paragraph 12.1*.*

Contact Officer: Head of Finance & Asset Management Tel: 01684 272005

Appendices: Appendix A – Revenue outturn by Group.

Appendix B – Earmarked reserves and carry forwards.

Appendix C – Capital Outturn 2018/19.

Appendix D – Annual Treasury Management report.

Appendix E – Analysis of Ubico contract sum 2018/19.

Appendix F – Tyre briefing.

General Fund Outturn by Group 2018/2019

	Budget	Actual	Savings / (Deficit)	Variance	Notes
Chief Executive					
Employees	£246,000	£245,987	£13	-0.01%	
Premises	£0	£0	£0	-	
Transport	£2,918	£2,750	£168	-5.77%	
Supplies & Services	£7,432	£7,230	£202	-2.72%	
Payments to Third Parties	£0	£0	£0	-	
Income	£0	£0	£0	-	
TOTAL	**£256,350**	**£255,966**	**£384**	**-0.15%**	

Community	Budget	Actual	Savings / (Deficit)	Variance	Notes
Employees	£1,097,558	£1,091,403	£6,155	-0.56%	
Premises	£2,500	£12,135	-£9,635	385.40%	
Transport	£32,317	£26,722	£5,595	-17.31%	
Supplies & Services	£108,998	£127,616	-£18,618	17.08%	
Payments to Third Parties	£4,556,341	£4,796,705	-£240,364	5.28%	1
Income	-£2,066,806	-£2,390,303	£323,497	15.65%	2
TOTAL	**£3,730,908**	**£3,664,278**	**£66,630**	**-1.79%**	

1. As previously reported, the Ubico contract has returned a deficit in the curent year with the final outturn position being £268,865 over budget.
2. Income is up mainly as a result of increased income from garden waste of £76,000 and Bulky collections of £20,600. Licencing income is also positive with a surplus of £41,100. Government grants have also been received for homeless prevention and private sector rented housing.

Corporate Services	Budget	Actual	Savings / (Deficit)	Variance	Notes
Employees	£1,762,933	£1,783,973	-£21,040	1.19%	
Premises	£0	£0	£0	-	
Transport	£16,423	£13,654	£2,769	-16.86%	
Supplies & Services	£506,574	£468,189	£38,385	-7.58%	
Payments to Third Parties	£127,934	£66,740	£61,194	-47.83%	3
Transfer Payments - Benefits Service	£20,276,485	£16,370,872	£3,905,613	-19.26%	4
Income	-£20,726,872	-£17,085,860	-£3,641,012	-17.57%	5
TOTAL	**£1,963,477**	**£1,617,567**	**£345,910**	**-17.62%**	

3. Savings on the youth training budget are offset by youth training expenditure within the employees heading. Small savings on occupational health and revenues related court costs
4. Significant reduction in the amount of housing benefit being awarded
5. Governement grant received for housing benefit payment has reduced in line with expenditure. A number of new burdens grants also received fo revenues and benefits.

Democratic Services	Budget	Actual	Savings / (Deficit)	Variance	Notes
Employees	£254,331	£189,827	£64,504	-25.36%	6
Premises	£0	£165	-£165	-	
Transport	£16,730	£14,918	£1,812	-10.83%	
Supplies & Services	£433,968	£442,624	-£8,656	1.99%	
Payments to Third Parties	£36,700	£40,074	-£3,374	9.19%	
Income	-£500	-£16,996	£16,496	3299.12%	
TOTAL	**£741,229**	**£670,612**	**£70,617**	**-9.53%**	

6. A vacant post is held within the democratic services team to offset the costs of any elections, which generate a peak of additional work. There has been no significant elections relating to the 2018/19 financial year and so an underspend is being reported.

Deputy Chief Executive	Budget	Actual	Savings / (Deficit)	Variance
Employees	£112,154	£112,037	£117	-0.10%
Premises	£0	£0	£0	-
Transport	£3,460	£2,117	£1,343	-38.83%
Supplies & Services	£4,450	£2,622	£1,828	-41.08%
Payments to Third Parties	£0	£0	£0	-
Income	£0	£0	£0	-
TOTAL	**£120,064**	**£116,776**	**£3,288**	**-2.74%**

Development Services	Budget	Actual	Savings / (Deficit)	Variance	
Employees	£1,860,039	£1,768,152	£91,887	-4.94%	7
Premises	£43,281	£44,701	-£1,420	3.28%	
Transport	£57,248	£47,366	£9,882	-17.26%	
Supplies & Services	£262,513	£233,199	£29,314	-11.17%	
Payments to Third Parties	£200,115	£492,587	-£292,472	146.15%	8
Income	-£1,665,686	-£2,244,262	£578,576	34.73%	9
TOTAL	**£757,510**	**£341,743**	**£415,767**	**-54.89%**	

7. A range of vacancies have occurred during the year mainly in relation to Development Management. The savings reflect the time required to appoint to vacated posts and differences in salary paid for new recruits.

8. The overspend reflects expenditure on the CIL, the JCS and a county wide strategic planner all of which are financed from reserves or partner contributions

9. Financing as per the point above plus a range of government grants. Planning income is down by £203,000 against target but this is partially offset by new planning performance agreement income of £29,000 and increased pre planning advice income of £17,000.

Finance and Asset Management	Budget	Actual	Savings / (Deficit)	Variance	
Employees	£2,591,457	£2,590,291	£1,166	-0.05%	
Premises	£564,516	£476,937	£87,579	-15.51%	10
Transport	£14,974	£12,677	£2,297	-15.34%	
Supplies & Services	£455,749	£643,475	-£187,726	41.19%	11
Payments to Third Parties	£277,020	£278,766	-£1,746	0.63%	
Income	-£1,286,146	-£1,558,451	£272,305	21.17%	12
TOTAL	**£2,617,570**	**£2,443,694**	**£173,876**	**-6.64%**	

10. Savings accumulated on both gas and electricity. In addition, new homes bonus allocation for asset maintenance released at year end for new year expenditure.

11. Increased use of electronic payments to the Council. The reported position also includes the cost of financing capital expenditure from revenue on both the public offices and the depot. Reserves exist to meet this expenditure.

12. Additional income received in a range of service areas including public office rental, car parking and burials. In addition, government grants received for transparency and play areas

One Legal	Budget	Actual	Savings / (Deficit)	Variance	
Employees	£1,394,939	£1,377,843	£42,588	-1.23%	13
Premises	£0	£0	£0	-	
Transport	£21,707	£15,569	£6,441	-28.28%	
Supplies & Services	£133,762	£78,953	£11,101	-40.98%	
Payments to Third Parties	£240,460	£307,561	-£11,058	27.91%	
Income	-£1,416,088	-£1,500,339	£55,546	5.95%	14
TOTAL	**£374,780**	**£279,587**	**£104,619**	**-25.40%**	

13. Vacant posts across the year have contributed to a net saving.
14. Increased income from shared service partners in addition to an increased amount of disbursements recovered from clients.

Service Summary	Budget	Actual	Savings / (Deficit)	Variance	
Employees	£9,319,411	£9,159,512	£159,899	-1.72%	
Premises	£610,297	£533,937	£76,360	-12.51%	
Transport	£165,777	£135,772	£30,005	-18.10%	
Supplies & Services	£1,913,446	£2,003,907	-£90,461	4.73%	
Payments to Third Parties	£5,438,570	£5,982,432	-£543,862	10.00%	
Transfer Payments - Benefits Service	£20,276,485	£16,370,872	£3,905,613	-19.26%	
Income	-£27,162,098	-£24,796,210	-£2,365,888	-8.71%	
	£10,561,888	**£9,390,223**	**£1,171,665**	**-11.09%**	
Corporate Codes					
Treasury activity	£117,260	£46,502	£70,758	-60.34%	15
Commercial activity	-£1,928,859	-£2,210,041	£281,182	14.58%	16
Corporate Savings Targets	-£17,500	£0	-£17,500	-100.00%	
New Homes Bonus	-£3,179,723	-£3,179,723	£0	0.00%	
Business Rates Income	-£2,694,620	-£3,874,011	£1,179,391	43.77%	17
Other adjustments	-£3,636,166	-£3,636,167	£1	0.00%	
	-£11,339,608	**-£12,853,440**	**£1,513,832**	**13.35%**	

15. Significant improvement in return on investment balances as a result of diversified investments and enlarged portfolio
16. Purchase of two new investment properties has generated additional rental income in year
17. Some growth in the area together with a reduction in the provisions required for appeals has resulted in increased retention. This has been aided by being a member of the 100% Pilot.

Net total	**-£777,720**	**-£3,463,217**	**£2,685,497**	**345.30%**

Council Revenue Reserves for 19/20

Reserve	Balance 31st March 2017	*Net Movement 2017/18*	Balance 31st March 2018	*Net Movement 2018/19*	Balance 31st March 2019	Note
Asset Management Reserve	521,891.90	*437,390.08*	959,281.98	*44,449.23*	1,003,731.21	1
Borough Growth Reserve	0.00	*0.00*	0.00	*930,609.81*	930,609.81	2
Borough Regeneration Reserve	6,933.65	*197,520.40*	204,454.05	*-2,916.75*	201,537.30	
Business Rates Reserve	1,491,300.57	*-853,929.66*	637,370.91	*-137,370.91*	500,000.00	3
Business Support Reserve	232,299.10	*-22,159.59*	210,139.51	*-42,800.41*	167,339.10	
Business Transformation Reserve	322,069.78	*33,812.69*	355,882.47	*303,454.37*	659,336.84	4
Community Safety Reserve	0.00	*10,885.96*	10,885.96	*-10,885.96*	0.00	
Community Support Reserve	127,362.00	*-13,970.41*	113,391.59	*-33,335.00*	80,056.59	
Development Management Reserve	103,800.00	*134,201.55*	238,001.55	*16,685.00*	254,686.55	
Development Policy Reserve	296,884.24	*228,543.66*	525,427.90	*40,008.52*	565,436.42	5
Elections Reserve	63,000.00	*5,500.00*	68,500.00	*16,848.16*	85,348.16	
Flood Support and Protection Reserve	43,731.08	*-30,049.22*	13,681.86	*-3,485.64*	10,196.22	
Health & Leisure Development Reserve	28,046.03	*-26,057.00*	1,989.03	*0.00*	1,989.03	
Housing & Homeless Reserve	18,160.26	*412,574.24*	430,734.50	*92,107.16*	522,841.66	6
Information Technology Reserve	14,726.00	*3,505.00*	18,231.00	*91,269.00*	109,500.00	7
MTFS Equalisation Reserve	1,167,617.00	*-301,613.00*	866,004.00	*133,996.00*	1,000,000.00	8
Open Spaces Reserve	0.00	*0.00*	0.00	*678,720.40*	678,720.40	9
Organisational Development Reserve	14,458.20	*116,913.80*	131,372.00	*14,200.00*	145,572.00	
Risk Management Reserve	7,703.42	*-2,703.42*	5,000.00	*0.00*	5,000.00	
Transport Initiatives Reserves	342,046.00	*178,345.46*	520,391.46	*-520,391.46*	0.00	10
Waste & Recycling development Reserve	28,750.00	*506,891.00*	535,641.00	*555,194.00*	1,090,835.00	11
Uncommitted contingency reserve	0.00	*46,769.39*	46,769.39	*-46,769.39*	0.00	
Horsford Reserve	47,750.60	*4,848.00*	52,598.60	*7,856.53*	60,455.13	
Mayors Charity Reserve	7,652.72	*-1,396.28*	6,256.44	*-18.19*	6,238.25	
Planning Obligations Reserve	2,708,021.39	*1,399,499.30*	4,107,520.69	*1,700,834.30*	5,808,354.99	12
General Fund Working Balance	450,000.00	*100,000.00*	550,000.00	*250,000.00*	800,000.00	13
Totals	**8,044,203.94**	***2,565,321.95***	**10,609,525.89**	***4,078,258.77***	**14,687,784.66**	

Notes to Reserves

1 The reserve has been used to part finance the office refurbishment but has been boosted by a planned contribution to the commercial property portfolio reserve

2 This is a new reserve approved by Executive Committee in March 2019. It is funded from windfall receipts from business rates and is used to support the delivery of our JCS sites. In addition, exisiting reserves, related to the development of sites, have been moved to this reserve

3 This reserve now only represents the budget contingency for potential business rates scheme losses.

4 Includes additional contributions from One Legal partners and new homes bonus funding. Further monies set aside to enable the delivery of a number of projects including digital transformation

5 Additional government funding received to support the delivery of JCS

6 Additional government funding received to support the delivery of housing and homeless projects

7 Monies set aside to continue digitisation agenda, provide new hardware for members and replace mobile phone provision

8 Balanced increased to meet future financial planning needs

9 Change in accounting policies to allow sums previously held in planning obligations reserve to be seperated out into a new reserve specifically for maintenance of open space and watercourses

10 Expenditure incurred with balance being moved to Borough Growth reserve

11 Set aside of monies to meet future vehicle financing requirements

12 Net position of developer contributions from s106 agreements

13 CIPFA resilience index highlighted a low level of uncommitted balances. The increase is a first step towards setting a resonable level of uncommitted balances.

Capital Outturn 2018/19

	Budget profile for 2018/19	Capital Outturn 2018/19	(Over)/ Under spend	% Slippage	Financed from Capital Reserves	Financed from Capital Grants	Financed from Borrowing	Financed from Revenue
Expenditure								
Council Land & Buildings	£16,297,908.00	£9,794,444.31	£6,503,463.69	39.90%	£676,429.45	£415,921.07	£8,515,556.12	£186,537.67
Vehicles & Equipment	£245,000.00	£294,292.42	-£49,292.42	-20.12%	£277,104.40	£0.00	£0.00	£17,188.02
Community Grants	£213,791.00	£31,554.82	£182,236.18	85.24%	£31,554.82	£0.00	£0.00	£0.00
Housing & Business Grants	£300,000.00	£489,781.39	-£189,781.39	-63.26%	£0.00	£489,781.39	£0.00	£0.00
Flexible use of capital receipts	£212,000.00	£60,655.72	£151,344.28	71.39%	£60,655.72	£0.00	£0.00	£0.00
Total	**£17,268,699.00**	**£10,670,728.66**	**£6,446,626.06**	**37.33%**	**£1,045,744.39**	**£905,702.46**	**£8,515,556.12**	**£203,725.69**
Income								
Council Land & Buildings	£0.00	£306,370.10	£306,370.10	-	-	-	-	-
Vehicles & Equipment	£0.00	£0.00	£0.00	-	-	-	-	-
Community Grants	£0.00	£0.00	£0.00	-	-	-	-	-
Housing & Business Grants	£0.00	£9,950.15	£9,950.15	-	-	-	-	-
Total	**£0.00**	**£316,320.25**	**£316,320.25**	**-**	**£0.00**	**£0.00**	**£0.00**	**£0.00**

Appendix D

Treasury Outturn Report 2018-19

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* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.

The Authority's treasury management strategy for 2018/19 was approved at a meeting on 20th February 2018. 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 remains central to the Authority's treasury management strategy.

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

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 29th January 2019.

External Context

Economic background: After spiking at over $85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over $50 in late December before steadily climbing toward $70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.

After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.

The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.

With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including shooting down Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The EU must grant any extension and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.

While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Financial markets: December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.

Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.

Credit background: Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.

The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.

In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.

There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

Local Context

On 31st March 2018, the Authority had net borrowing of £5.747m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.18 Actual £m
General Fund CFR	28.572
Less MRP	-0.204
Total CFR	**28.368**
External borrowing	**21.000**
Internal borrowing	7.368
Less: Usable reserves	**-12.589**
Less: Working capital	-10.032
Net borrowing	-5.747

The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31st March 2019 and the change during the year is shown in Table 2.

Table 2: Treasury Management Summary

	31.3.18 Balance £m	Movement £m	31.3.19 Balance £m	31.3.19 Rate %
Long-term borrowing	0.0	14.0	14.0	2.38
Short-term borrowing	21.0	-7.0	14.0	0.82
Total borrowing	**21.0**	**7.0**	**28.0**	**1.60**
Long-term investments	2.0	0.0	2.0	1.55
Short-term investments	6.0	10.993	16.993	2.59
Cash and cash equivalents	7.046	-5.935	1.111	0.74
Total investments	**15.046**	**5.058**	**20.104**	**1.73**
Net borrowing	**5.954**	**1.942**	**7.896**	

Borrowing Strategy during the year

At 31st March 2019 the Authority held £28.0m of loans, an increase of £7.0m 31st March 2018, as part of its strategy for funding previous years' capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.18 Balance £m	Net Movement £m	31.3.19 Balance £m
Public Works Loan Board	0.0	14.0	14.0
Banks (LOBO)	0.0	0.0	0.0
Banks (fixed-term)	0.0	0.0	0.0
Local authorities (long-term)	0.0	0.0	0.0
Local authorities (short-term)	21.0	-7.0	14.0
Total borrowing	**21.0**	**7.0**	**28.0**

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

The Authority has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of the Authority's borrowing need based on realistic projections, it was decided to take a combination of short-term borrowing and long-term maturity loans. The Authority borrowed £14.0m longer-term fixed rate loans, details of which are below. These loans provide some longer-term certainty and stability to the debt portfolio.

Long-dated Loans borrowed	Amount £m	Rate %	Period (Years)
PWLB Maturity Loan 1	**11.0**	**2.35**	**40**
PWLB Maturity Loan 2	**3.0**	**2.47**	**40**
Total borrowing	**14.0**	**2.38**	

Treasury Investment Activity

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £15.046 and £33.60 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.18 Balance £m	**Net Movement £m**	**31.3.19 Balance £m**	**31.3.19 Income Return %**
Banks & building societies (unsecured)	2.732	1.529	4.261	1.00
Covered bonds (secured)	0.0	0.0	0.0	N/A
Government (incl. local authorities)	5.0	3.0	8.0	0.95
Corporate bonds and loans	3.0	0.0	3.0	1.47
Money Market Funds	0.91	-0.06	0.85	0.79
Other Pooled Funds (CCLA Property Fund)	3.404	0.589	3.993	4.35
Total investments	**15.046**	**5.058**	**20.104**	**1.68**

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Given the increasing risk and low returns from short-term unsecured bank investments, the Authority has further diversified into more secure and/or higher yielding asset classes as shown in table 4 above. £0.589m that is available for longer-term investment was moved from bank and building society deposits into pooled funds. As a result, investment risk was diversified. The average income return was 1.68% as compared with 1.20% in 2017-18.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	**Credit Rating**	**Bail-in Exposure %**	**Weighted Average Maturity (days)**	**Internal Investment Rate of Return %**	**External Investment Rate of Return %**	**Rate of Return %**
31.03.2018	4.67	A+	31	193	0.89	1.27	0.98
31.03.2019	4.65	A+	26	110	1.04	4.61	1.73
Similar LAs	**4.13**	**AA-**	**53**	**86**	**0.86**	**3.85**	**1.80**
All LAs	**4.20**	**AA-**	**55**	**29**	**0.85**	**3.66**	**1.43**

Please note that this table reports Total Rate of Return. Table 4 only shows the Income Return.

£3.99m of the Authority's investments are held in externally managed strategic pooled property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated an average total return of £184K (4.61%), comprising a £165K (4.35%) income return which is used to support services in year, and £19K (0.26%) of capital growth.

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 is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. In light of their performance over the medium-term and the Authority's latest cash flow forecasts, investment in these funds has been increased by £590K

Readiness for Brexit: With little by way of political clarity as to the exact date on whether there would be an agreed deal prior to leaving the EU and to be prepared for the outside chance of a particularly disruptive Brexit (such as last-minute no-deal) on 29th March, the Authority ensured there were enough accounts open at UK-domiciled banks and Money Market Funds to hold sufficient liquidity over the year end and that its account with the Debt Management Account Deposit Facility (DMADF) remained available for use in an emergency.

The Authority's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

Non-Treasury Investments

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

The Authority also held £37.4m of such investments in directly owned property as shown in the following table:

Property	Purchase date	Purchase Price	Total Investment	Current Rent	Yield on investment	Sector
Challenge House, Tewkesbury	Dec-16	£8,730,000	£9,083,736	£565,115	6.22%	Office
Challenge House, Tewkesbury	Dec-16	£5,820,000	£6,055,824	£376,743	6.22%	Industrial
Retail units, Clevedon	Jul-06	£2,199,250	£2,299,110	£158,085	6.88%	Retail
The Chase, Hertford	Nov-17	£3,700,000	£3,937,861	£262,058	6.65%	Office
SPL House, Ellesmere Port	Nov-17	£3,490,000	£3,770,482	£242,035	6.42%	Industrial
Wickes, Trowbridge	Dec-17	£5,542,000	£5,929,910	£313,518	5.29%	Retail
Edmund House, Leamington	Aug-18	£3,610,000	£3,851,000	£226,016	5.87%	Office
M&S, Walton on the Naze	Oct-18	£4,335,000	£4,619,280	£231,000	5.00%	Retail
Total		**£37,426,250**	**£39,547,202**	**£2,374,570**	**6.00%**	

These investments generated £2.37m of investment income for the Authority after taking account of direct costs, representing a rate of return of 6%.

Treasury Performance

The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 6 below.

Table 6: Performance

	Actual £	Budget £	Over/ Under £	Actual %	Benchmark %	Over/ under
Treasury Investments	356,953	219,600	137,353	1.73%	0.57	1.16%
Borrowing	403,457	336,860	-66,597	1.60%	2.18	-0.58%
GRAND TOTAL	**-46,504**	**-117,260**	**70,756**	**N/A**	**N/A**	**N/A**

Compliance

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

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

Table 7: Debt Limits

	2018/19 Maximum	31.3.19 Actual	2018/19 Operational Boundary	2018/19 Authorised Limit	Complied? Yes/No
Borrowing	£37.0m	£28.0m	£40.0m	£45.0m	Yes

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

Table 8: Investment Limits

	2018/19 Maximum	31.3.19 Actual	2018/19 Limit	Complied? Yes/No
Any single organisation, except the UK Government	£2m	£2m	£4m each	Yes
Any group of organisations under the same ownership	£2m	£2m	£2m per group	Yes
Any group of pooled funds under the same management	£3.99m	£3.99m	£4m per manager	Yes
Negotiable instruments held in a broker's nominee account	£0m	£0m	£5m per broker	Yes
Limit per non-UK country	£2m	£2m	£2m per country	Yes
Registered providers	£3m	£3m	£4m in total	Yes
Unsecured investments with building societies	£2m	£0m	£2m in total	Yes
Money Market Funds	£2m	£0.85m	50% of Portfolio Balance	Yes
Non-specified investments	£8.99m	£6.99m	£12m	Yes

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.

	31.3.19 Actual	2018/19 Target	Complied?
Portfolio average credit rating	A+	A+	Yes

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 was:

	31.3.19 Actual	2018/19 Limit	Complied?
Upper limit on fixed interest rate exposure	£14m	£20m	Yes
Upper limit on variable interest rate exposure	£14m	£40m	Yes

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

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

	31.3.18 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	50%	100%	0%	Yes
12 months and within 24 months	0%	100%	0%	Yes
24 months and within 5 years	0%	100%	0%	Yes
5 years and within 10 years	0%	100%	0%	Yes
10 years and above	50%	100%	0%	Yes

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

Principal Sums Invested for Periods Longer than 365 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 were:

	2018/19	2019/20	2019/21
Actual principal invested beyond year end	£2m	£0m	£0m
Limit on principal invested beyond year end	£8m	£6m	£4m
Complied?	Yes	Yes	Yes

Ubico Contract Sum 2018-2019

Appendix E

	Refuse collection	**Trade waste**	**Recycling**	**Organics**	**Food waste**	**Grounds maintenance**	**Street cleansing**	**TOTAL**
Contract Sum 18/19	£886,230	£308,510	£757,840	£405,670	£472,660	£367,780	£478,440	£3,677,130
Variance								
- Employment Costs	£60,929	£6,839	£112,667	£7,548	-£79,634	£11,504	-£10,873	£108,980
- Transport Costs	£35,722	£10,538	£2,454	£1,395	-£4,235	£47,941	-£51	£93,765
- Supplies & Services	£18,013	-£16,886	£6,754	-£332	-£105	£10,143	£5,467	£23,054
- Statutory & Regulatory	-£1,396	-£370	-£1,264	-£1,150	£39	-£382	£572	-£3,951
- Indirect Expenditure	£13,550	£3,963	£12,787	£2,696	£875	£8,315	£4,877	£47,062
- Income	£3,900	£0	-£3,946	£0	£0	£0	£0	-£46
- Total variance	£130,719	£4,083	£129,453	£10,156	-£83,059	£77,521	-£8	£268,866
Outturn 18/19	£1,016,949	£312,593	£887,293	£415,826	£389,601	£445,301	£478,432	£3,945,996

Appendix F

Briefing Note - Tyre Spend

1. Outline

1.1. Spend on tyres is significantly above the 18/19 allocated budget and significantly higher than the total 17/18 spend (on which the 2018/19 budget was based). As such Ubico has undertaken a full review of tyre spend to explore and provide an explanation for the elevated spending.

To that end, key avenues of investigation have been:

- Detailed examination of spend and contract meetings with DTM
- Review of reasons for tyre replacements
- Benchmark comparisons against other contracts

2. Background

2.1. Tewkesbury replaced its entire waste and recycling fleet for a service change in April 2017.

2.2. In 2018, as part of Ubico's consolidation of its existing contracts, Ubico appointed DTM to provide its tyre replacement and disposal service.

2.3. The contract with DTM was secured through an approved public sector procurement framework that had been subject to the normal due diligence and process to be compliant with OJEU.

2.4. The contract provides a number of provisions for DTM relating to:

- response times,
- performance
- inspection regimes
- ability to inspect tyres when required.

2.5. DTM act as a broker sub-contracting tyre replacements to local tyre suppliers to fit and replace tyres across Ubico's operation.

2.6. The Ubico policy states that tyres should be replaced when they reach a tread of 3mm. This is above the legal minimum but is enforced to ensure that our operation is safe and that we remain compliant with our Operator Licence.

2.7. Following August of 2018, Ubico under took a series of measures to promote and make sure that our drivers were appropriately inspecting their vehicles and reporting any defects. This was part of a wider programme of continuous improvements in our fleet operations.

2.8. Tewkesbury and Cheltenham vehicles are currently experiencing higher levels of damage due to the fact that some of the vehicles are tipping on landfill where the likelihood of suffering a puncture is higher. This situation is compounded by the current maintenance and access to the landfill site which is considered poor in quality.

3. Findings

Wear

3.1. The tyre contractor has advised Ubico that it should be expected that tyres can start to become worn and require replacement from approximately 20,000miles onwards. However, this is purely a guide and considerable variables will impact this figure. For example, the terrain/road condition, driving style, route and location of the tyres on the vehicle all have an impact on the longevity and wear.

3.2. On average, vehicles in Tewkesbury will complete on average 65 miles per day. Based on the estimate of 20,000miles as a tipping point beyond which tyres will start to need to be replaced. On this estimate TBC vehicles would pass this milestone in 14 months (assuming the tyre is not damaged before then). Therefore, as TBC vehicles were all new in April 2017, it is expected that tyres would start to be replaced as a result of wear from May/June 2018 onwards. At this point costs would be incurred for both wear and damage. However, due to the variables stated above, it is likely that replacement due to wear would occur over a period of many months with tyres wearing at different rates.

3.3. The elevated levels of replacements due to wear in 2018/19, (with 55% of tyres replaced citing wear as the reason) would indicate that a significant proportion of the elevated spend in 2018/19 is due to an increasing number of tyres reaching the end of their operational life. It is also reasonable to assume that replacements due to wear will now continue in future years of operation.

Benchmarked spend

3.4. Through investigating other contract spend, TBC tyre charges are at a similar level to both Cheltenham vehicles and Stroud vehicles based on fleet sizes.

3.5. Cheltenham has seen an increase in tyre charges this year as the notional tipping point of 14 months was reached in December/January on their new fleet vehicles. West Oxfordshire Vehicles have a lower cost but have newer vehicles (replaced in October 2017) and budgets for next year have been increased in preparedness for the tipping point as seen on Tewkesbury and Cheltenham vehicles this year.

3.6. Different sub-contractors and fitters are used to supply Ubico contracts. If tyres were being changed un-necessarily in TBC, it would be expected that spend would be significantly higher than comparable contracts. However, this is not the case and thus reduces the likelihood that contractors are not following appropriate policies and changing tyres when they don’t need to.

Compliance

3.7. As stated above, the Ubico policy is to change a tyre once it reached 3mm. The tread depth of tyres is recorded when a tyre is changed but 45% of tyres being changed are as a result of damage and this could result in the tread depth being higher than 3mm when changed.

3.8. In 2018 Ubico undertook a sustained effort to improve driver and crew vigilance with regard to compliance and all drivers in the company received briefings to ensure that all vehicles were appropriately inspected daily and that defects were accurately logged. Additional gate checks were also implemented to check the quality of the vehicle inspections carried out.

3.9. While it is difficult to judge whether this has had any significant impact in spend, it is reasonable to assume that additional vigilance has contributed to higher spend, especially if many tyres on the TBC vehicles were close or on the 3mm tread depth.

Damage

3.10. While damage to tyres remains elevated due to driving to landfill, it is expected that the mobilisation of Javelin Park and the use of waste transfer stations should result in a reduction in damage to tyres following the commissioning of the EfW plant. However, any reduction in tyre damage may be absorbed by increase in wear due to increased motorway travel.

3.11. Ubico's introduction of driving assessors may also help to reduce tyre damage and wear further by improving the skill level of drivers to reduce incidents of mounting kerbs when manoeuvring and improving driving style overall.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	12 June 2019
Subject:	Private Rented Housing Sector Accommodation Fund Pilot
Report of:	Head of Community Services
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Housing
Number of Appendices:	One

Executive Summary:

There is a significant disparity between the number of families and individuals in the borough seeking affordable rental accommodation and the number of properties available to them to rent.

Often when families present to the Council in need of accommodation the only solution is to place them on the housing waiting list and if they are in desperate circumstances they are often placed in bed and breakfast accommodation. This is expensive for the Council. There are currently over 2,200 people on the housing waiting list. In 2017/18 there were only 421 social housing lets within the borough.

Traditionally private sector landlords are reluctant to let to individuals and families on lower incomes. Officers have developed a scheme, in partnership with other Councils in the Homeseeker Plus Partnership, aimed at partially addressing this situation by encouraging and incentivising local private sector landlords to rent to families and individuals on lower incomes. This scheme will not be suitable for all potential tenants or all landlords, for example, it is highly unlikely that tenants with a chaotic lifestyle would be suitable for this scheme.

Officers from Community Services have led a regional funding bid aimed at incentivising landlords to accept tenants on lower incomes, prevent homelessness and reduce the burden of costly temporary accommodation. Another Council, likely the Forest of Dean will lead on the project delivery.

Working on behalf of the partnership, the team has been successful in the bid for funding to pilot the project. The funding totals £363k and is shared between the Gloucestershire Districts and Boroughs and West Oxfordshire District Council who are all part of the Homeseeker Plus Partnership.

The pilot project supports three key priorities within the Council’s Housing Strategy.

These are:

Priority 1: Increasing the supply of housing.

Priority 2: Prevent homelessness.

Priority 3: Meet the housing needs of specific groups.

Recommendation:

1. **To NOTE that the Homeseeker Plus Partnership has been awarded the sum of £363,408 from the Private Rented Sector Fund to develop and implement a pilot scheme to increase access to private sector rented properties for people in need of affordable housing ('the pilot scheme');**
2. **To APPROVE the Council's involvement as a partner in the pilot scheme, as set out in the report;**
3. **To DELEGATE AUTHORITY to the Head of Community Services, in consultation with the the Head of Finance and Asset Management, to enter into the Partnership Agreement, Data Sharing Agreement and other related documentation associated with the pilot scheme on terms approved by the Borough Solicitor.**

Reasons for Recommendation:

To enable the housing services team to engage with local private sector landlords and tenants in order to alleviate pressures on the need for social housing and the use of temporary and emergency accommodation.

Resource Implications:

The pilot project is fully funded by the Ministry of Housing, Communities and Local Government (MHCLG) and includes some funding to employ additional staff. There are some current capacity issues in relation to the project until the posts of Homeseekerplus Private Sector Co-Ordinator and Tenancy Relations Officers are appointed. These will be addressed by each authority utilising their current housing staff to assist until the vacancies are filled.

Legal Implications:

The partner Councils will be required to enter into legal agreements to clarify their roles and responsibilities in respect to this programme. The lead authority will provide template documentation in respect of the arrangements between any Council and participating landlords in order to provide consistency across the partnership and there will also be a Data Sharing Agreement in place to comply with Data Protection legislation.

Any virement of funds must be transferred in accordance with the Council's Constitution.

Risk Management Implications:

There is a detailed risk assessment at section 4 of this report. Risk In general terms, will be mitigated by the consistent overview of the project by the Countywide Housing Operational Group, staff from HomeseekerPlus and this Council's own officer team.

The initiative will be reviewed in response to significant changes in supply or demand conditions. They will also be reviewed in line with any significant change in legislation, guidance issued by the MHCLG or significant case law.

Performance Management Follow-up:

An end of project report will be produced for the MHCLG, this and the results of the project will be brought back to this Committee for consideration.

Environmental Implications: None arising directly from this report.

1.0 INTRODUCTION/BACKGROUND

1.1 The Private Rented Sector Access Fund, was launched on World Homeless Day (10 October 2018) by Communities Secretary, Rt Hon James Brokenshire MP. It was a one off bidding opportunity through competition with a bidding process close date of 21 November 2018.

1.2 The principal objective of the fund was to support innovative measures that provide additional support for single homeless people and/or reduce the numbers of households in temporary accommodation.

1.3 The fund is exclusively for applicants to whom local authorities owe a homeless duty, through developing access and sustainment to private rented sector tenancies with a minimum tenancy term of 12 months.

1.4 The fund also has a further aim to develop an evidence base of what effectively tackles homelessness and rough sleeping and will enable the introduction of new schemes or bolster and extend existing schemes.

1.5 To meet the assessment criteria the Council demonstrated:

- willingness to capture data and provide quarterly reports to the MHCLG to encourage innovation. value for money.
- prevention or relief of single homeless and target number of people being helped.
- that proposed scheme is additional to the existing provision offered.
- how the scheme fits alongside other work that is being undertaken to access and sustain PRS tenancies. (*TBC internal scheme).
- achievability.
- target areas with high rates of homelessness (calculated by per 1000 households in the local authority) and favours joint proposals.
- assessment for cross boundary working.

1.6 Tewkesbury Borough Council could not have succeeded in securing a solo bid as its levels of homelessness are comparatively low, it would not be possible to demonstrate cross boundary working, or introduce the innovation proposed below.

1.7 It is also very unlikely that other authorities in our partnership would have been successful with a sole bid for the same reason.

1.8 This fund, however, offered the partnership an opportunity to meaningfully improve its services to homeless residents and landlords.

1.9 There have been a raft of funding opportunities available to tackle homelessness over the winter of 2018 – and several authorities (including Gloucestershire County Council) had made successful bids for partnerships which include our authority.

1.10 In the spirit of partnership working, Tewkesbury Borough Council Housing Services Manager and Housing Solutions Officer wrote and submitted a bid on behalf of the partnership which consists of:

- Tewkesbury Borough Council.
- Cheltenham Borough Council.
- Cotswold District Council.
- Forest of Dean District Council.
- Gloucester City Council.
- Stroud District Council.
- Tewkesbury Borough Council.
- West Oxfordshire District Council.

1.11 In March 2019 MHCLG confirmed that the proposed pilot project in the bid met the criteria and complemented the existing partnership activities for homelessness and those which will be undertaken through the current new funding streams. They notified the bid had been successful and had been awarded £363,408 – for a 12 month pilot project.

1.12 The Housing Services Manager met with Homeseekerplus partners who agreed that they did wish to proceed with the project. They also met representatives from MHCLG to agree the proposal and objectives.

2.0 THE PILOT PROJECT

2.1 At present the partnership has an ad-hoc response to homeless households finding private sector properties (i.e. deposits, rent in advance, discretionary housing payments etc.). The partnership does not have a pro-active approach to promoting a landlord offer, or a structured assessment of suitability, nor is there a clear pathway to matching properties to residents.

2.2 To address this it is proposed to use part of the allocated funding to extend the Homeseekerplus database. Presently this is a social housing register operated and jointly funded by the Homeseekerplus partnership for the provision of social housing. The new initiative is to extend this by creating a new additional private sector register, which can be accessed by the households to whom authorities owe either a prevention, relief or full statutory homeless duty.

2.3 This private sector register of approved properties will complement and form part of the personalised housing plans associated with the duties. Households to whom the authorities have provided a personalised housing plan will then have access to a separate homeless housing register of HHSRS (Housing Health and Safety rating System – a methodology for ensuring that properties are fit for habitation and safe) approved rooms and properties at a suitable rent across the county.

2.4 The partnership will:

- facilitate a countywide landlords forum;
- provide a range of incentives to landlords to join a ‘fit to rent scheme’ or a scheme which includes an HHSRS inspection, as well as the facility to advertise properties free of charge on the Homeseekerplus system during the period of the funding;

- fund a fixed term post as the Homeseekerplus Private Sector Co-Ordinator who is HHSRS trained to check adverts, chase viewings, and assist the local authorities to ensure that landlords wishing to join the scheme in their area have the resources to quickly establish their eligibility and check rental levels;
- fund a second fixed term post as the Homeseekerplus Private Sector Tenancy Liaison Officer who will offer landlord training/support, tenant training/support, trouble busting within tenancies, and to work with the Co-ordinator to provide the quarterly monitoring returns associated with this funding bid;
- fund a menu of incentives such as tenancy support, landlord insurance, benefit gap coverage for 12 months etc. to encourage landlords to let their properties/rooms in shared houses on 12 month tenancies. These incentives can be used for 12 month tenancies only – and will be offered in addition to the existing private rented schemes available through the Flexible Homeless Support fund in partner districts. Including bridging the gap between the local housing allowance (LHA) and market rents where suitable; and
- facilitate choice for homeless households and reduce voids within private tenancies.

2.5 One of the issues facing Councils when finding private rented accommodation for homeless households is that the property size is often not suitable for the size of the household in temporary accommodation, or that suitable households cannot safely live in the area where the accommodation has been found.

2.6 This initiative will potentially allow any household threatened with housing crisis across the partnership to register interest in properties in neighbouring districts if they chose to live in that area. Flexibility of this type would be of particular benefit to those fleeing domestic abuse.

3.0 ADVANTAGES OF THE PROPOSALS

3.1 This is an opportunity for the local authorities to introduce a clear offer to landlords in the private rented sector to meet the needs of our residents facing homelessness.

3.2 The introduction of a new private rented arm to Homeseekerplus would provide the landlords with a clear and easy method of advertising their properties, and residents able to see properties available.

3.3 Once purchased and operational, this advertising platform will continue to be available to the partnership beyond the end of the project.

3.4 The scheme would also foster a more uniform approach to incentives for landlords considering letting to homeless households across the partnership. Incentives will include:

- paying the landlord a one off finder’s fee.
- payment of Houses in Multiple Occupation (HMO) licensing fee.
- bridging the gap between LHA and local market rents.
- payment for EPC certificate.
- payment of safe safety or electrical safety certificates.
- payment for other incentives deemed to be appropriate and in line with the scheme.

3.5 It is also likely to support other services such as environmental health to have a better understanding of the standards within private rented stock, promote better housing standards and facilitate a clearer indication of the number of HMOs in the districts.

3.6 The scheme will also assist homeless households to establish which properties are suitable for their needs. At present homeless applicants often seek assistance on properties which are the wrong size for their household or are unsustainable because of high rents

3.7 Once the private sector module has been developed for the partnership, it would continue to be available following the end of the funding; and could potentially be rolled out to any household in housing need at minimal cost if the partnership considered this appropriate.

3.8 The private sector is likely to contain properties for households that Councils find difficult to rehouse because of their household makeup: rooms for rent, shared accommodation in HMOs and large properties for larger households.

3.9 The proposal is likely to enable the authorities to offer meaningful assistance to roofless households who are not 'vulnerable' in terms of the act – particularly those with low support needs – during homeless relief.

3.10 The proposal would provide a realistic move on pathway into the private rented sector from supported accommodation and reduce 'silting up' of valuable accommodation based support.

3.11 Properties available through this scheme would be suitable to discharge prevention, relief and full statutory homeless duties.

3.12 The scheme would give people across the partnership the opportunity to move across the authorities and fit with the right to move to take up work opportunities, the need to move because of violence, and to give/receive support.

3.13 Priority 1 – Increasing the supply of housing

This project, if successful, will assist Tewkesbury Borough Council to meet priority 1 as set out in the Housing Strategy.

3.14 Priority 2 – Homelessness and Homelessness Prevention

This project, if successful, will assist Tewkesbury Borough Council to meet priority 2 as set out in the Housing Strategy.

3.15 Priority 3 - Meet the housing needs of specific groups

If successful the project may assist in identifying both potential Houses of Multiple Occupation (HMO) and existing HMO's thus supporting and enabling Environmental Health services to implement the new regulations concerning HMOs. The contact with landlords to confirm status and potentially initiatives could be used to assist in the licencing of those which fall within current definition.

4.0 ASSOCIATED RISKS

4.1 The biggest risk associated with this project is one of reputation. For example if any of the Council partners places a tenant into a private tenancy with a benefit top up, then the tenancy may not be sustainable at the end of the 12 month tenancy period. It should be noted that the housing service currently place tenants in accommodation where the rent payable is up to £30 over the Local Housing Allowance rate as this is considered to be affordable and tenants generally manage this well.

4.2 It is proposed to manage this risk in a number of ways including ensuring that prospective tenants are assessed for suitability ahead of any accommodation offer. The landlord needs to be content with the tenant and has the final say on whether or not to offer a tenancy. The suitability criteria will include:

- Work history;
- Criminal history;
- Rental history;
- Likelihood to gain employment within 12 months;
- Medical or support needs; and
- Family situation.

Ultimately it is for the landlord to agree or not agree the tenancy.

4.3 Prospective tenants will be required to sign up to a scheme of support which will include budgeting support etc. as part of their personal housing plan. Support will be offered to both landlord and tenant throughout the initial 12 month tenancy period with the tenant being encouraged to look for employment or other ways to sustain the tenancy following the initial period. The scheme of support will be tailored to meet the needs of the individual tenant and will include input from other agencies, for example the DWP.

4.4 If at the end of the 12 month period, the tenant is still in financial difficulty then they may be eligible to apply for Discretionary Housing Payments which will continue to support them for up to a further 13 weeks or if they are a good tenant the landlord may be prepared to reduce the rent in order to keep a good tenant.

5.0 OTHER OPTIONS CONSIDERED

5.1 Bidding to MHCLG as a sole applicant – The authority would have been unlikely to be successful as a solo applicant due to criteria of the funding.

Not bidding – The authority could have chosen to not submit any bid but this would have left the authority relying purely on the funding from the flexible homelessness grant.

6.0 CONSULTATION

6.1 Verbal consultation was undertaken with prospective tenants about the sorts of assistance that they would like to help them into the private sector.

Verbal consultation was undertaken with a local lettings agency and a private landlord as to the sort of initiatives that would incentivise them to offer property to those who are benefit reliant or working on low income.

The deadline of the bidding process did not allow reasonable time to undertake a formal survey or consultation.

Consultation with county wide colleagues around best practice and the aim for a collective goal was undertaken at a number of meetings.

7.0 RELEVANT COUNCIL POLICIES/STRATEGIES

7.1 Tewkesbury Borough Council Housing Strategy 2017-21.

8.0 RELEVANT GOVERNMENT POLICIES

8.1 Laying the foundations: a housing strategy for England 2011.

9.0 RESOURCE IMPLICATIONS (Human/Property)

9.1 Half a post had been created within the housing team using allocated housing prevention funds to manage this project for TBC.

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

10.1 The project is a pilot and the results will inform MHCLG on future funding for homelessness.

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

11.1 None arising directly from this report.

12.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

12.1 None arising directly from this report.

Background Papers: Existing strategies and policies are available on the Council's website.

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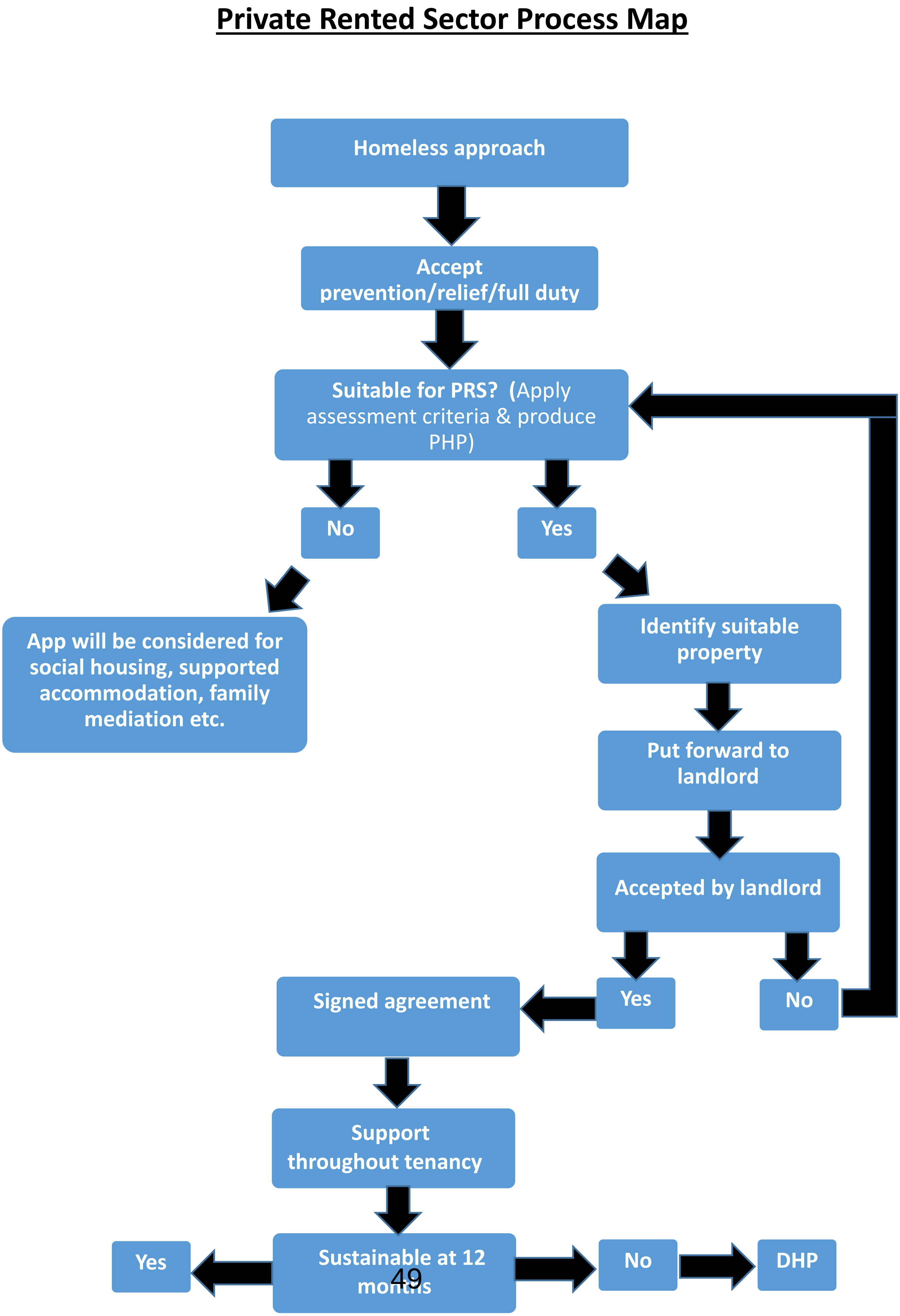
Appendices: 1. Flow chart of the process including safeguards and case studies.

Process flow chart



Case studies of where landlord incentives could have assisted.

Case one:

Mr XXX fell on hard times. He split up with his partner who held a tenancy and was asked to leave the property. He sought help from the council as he was homeless and the Council accepted a homeless duty towards him. He was placed on the housing register and placed into B&B in Gloucester.

Mr XXX has a good track record of work as he qualified and had good experience in his chosen profession, he had three interviews for work lined up but because he is officially of no fixed address he struggled to gain employment. Had he had access to private sector accommodation he would have been highly likely to gain employment and move towards a sustainable tenancy.

He just needed a boost. Had the council been able to provide a private sector landlord and bridge the gap between his LHA rent and the market rent Mr XXX would have secured a tenancy which would have soon become sustainable long term.

Case 2:

Mr & Mrs HHH were a young married couple who lived in a one bedroom flat. Mrs HHH fell pregnant and their landlord evicted them as he wanted to sell the property.

They turned up at the council offices with all of their belongings. They could not afford to rent a further property as they didn't have a deposit and the most they could afford in rent was a one bedroom property due to restrictions with LHA rates. The council accepted a homeless duty towards them and placed them in B&B and assisted them in making an application for social housing.

With pregnant couples, social housing providers are not always happy to accept them for either a 1 bed *or* a 2 bed as their circumstances are almost certainly due to change in the short term. Temporary accommodation is also not suitable for heavily pregnant applicants to be in before and after birth.

Had the council had this scheme in place they could have moved in to accommodation in the private sector, the council could have bridged the gap between LHA and the market rent for a few weeks and when the baby arrives Mr & Mrs HHH's benefits would have increased to a point where the rent was affordable and would have been able to sustain a tenancy long term.

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	12 June 2019
Subject:	Government Housing Infrastructure Fund (HIF) - Funding Award for Bridge Over Rail Line at Ashchurch
Report of:	Deputy Chief Executive
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Built Environment
Number of Appendices:	One

Executive Summary:

This report is to update Members on the status of the HIF funding for the railway bridge project at Ashchurch and to seek agreement to enter into appropriate agreements to deliver the project.

In July 2017, the Government - via the Ministry of Housing, Communities & Local Government launched the £2.3 billion Housing Infrastructure Fund (HIF). The fund was launched to support housing delivery through the funding of vital physical infrastructure e.g. roads and bridges, with the opportunity to unlock 100,000 homes nationally.

The fund was split into two key areas:

1. Forward funding (larger schemes upto £250 million)

2. Marginal funding (schemes upto £10 million).

Applications were sought from Councils to bid for the funds by 28 September 2017.

To support the delivery of the JCS housing numbers and work being undertaken on the Ashchurch Masterplan, Tewkesbury Borough Council submitted a marginal funding bid of £8,132,465 to deliver a bridge over the railway line at Ashchurch (note: the funding will only partially cover the link roads and so developer funding will also be necessary), to deliver the development strategy of the wider Ashchurch area. This fund unlocks a number of sites and forms an early phase of the development strategy to realise the Garden Town.

In February 2018 the Council heard that the bid had been successful. Since that announcement, discussions have been continuing with Homes England as to delivery dates and other contract details of the fund. Officers have now reviewed the documentation and are in a position to proceed with finalising the documentation by the HE deadline of 30 June.

In order to progress the project the Council proposes to enter into an agreement with the County Council to support the delivery of it due to its expertise in delivering projects of this scale and their statutory obligations with regard to highways and bridges. This is considered expedient as having the right expertise to deliver this project is critical to its success.

The Homes England documentation splits the project into the main project comprising the bridge and a wider project which includes the link roads and the housing development unlocked by the funding - detailed as 826 residential units. Homes England has accepted that delivery of the wider project is outside of the control of this project (i.e. the granting of planning permission) and have agreed a 'best endeavours' approach to delivery of this wider project.

Recommendation:

1. **To NOTE progress to date.**
2. **To ACCEPT the funding conditions of Homes England as appended to this report and to authorise the Deputy Chief Executive, in consultation with the s151 Officer and Borough Solicitor, to agree and enter into the Grant Delivery Agreement and associated documentation accordingly.**
3. **To AUTHORISE the Deputy Chief Executive, in consultation with the s151 Officer and Borough Solicitor, to enter into appropriate agreements with contractors, including Gloucestershire County Council, to support delivery of the project.**
4. **To AUTHORISE the Deputy Chief Executive to negotiate and enter into agreements with third party landowners in consultation with the s151 Officer and Borough Solicitor in order to progress the project.**

Reasons for Recommendation:

To update Members on the Ashchurch bridge project and to seek authority to enter into appropriate agreements to deliver the project.

Resource Implications:

As part of the Grant Delivery Agreement the section 151 officer will be required to agree the following:

a. the money is to be spent on capital related to the project;

b. the scheme will deliver by an agreed date. Otherwise, Homes England can recover funding;

c. any costs saved or recovered are retained by the local authority and to be used for further housing delivery (subject to Homes England approval); and

d. the Local Authority will assure Government on delivery through proportionate regular reporting on progress, as set out in the Assurance Framework and the GDA.

Specialist advice will be sought throughout the project including Land Agents, Network Rail, bridge design consultants and legal advice on state aid implications.

Legal Implications:

The HIF grant has been offered under s19 Housing and Regeneration Act 2008 which means that the award will be subject to specific terms and conditions as set out in Homes England's offer of award and a Grant Delivery Agreement (GDA). The deadline for completion of the GDA is 30 June 2019. The offer and GDA contain the following key terms and conditions:

- Compliance with the Assurance Framework for Housing Infrastructure Fund (Marginal Viability Funding) which includes regular reporting, annual performance review and a robust approach to monitoring and evaluation.

- Termination (and Clawback) provisions which include failure to achieve any Output or Milestone.
- A deadline for the funding of 31 March 2022 following which any funding not drawn down by that date will be cancelled.
- That funds are recoverable unless recycled to deliver additional homes including an obligation to pass these conditions down to contractors, developers and site owners.
- Land ownership details including certificate of title for the site which can be owned either by the Council or third parties.
- Monitoring the agreed Cashflow (costs, values, funding and outputs).
- State Aid compliance- the council is required to provide HE with specialist legal advice as to how it will apply the HIF funds in a state aid compliant manner. External legal advice is being sought on this condition.

Risk Management Implications:

The key risks to the project are detailed within the conditions set by the contract agreement with Homes England and link to timing including the condition to draw down funding by March 2022 and the need for Network Rail approval for time to install the bridge.

Mitigation to these main risks are already underway with the on-going engagement of Network Rail and their support of the project especially with the opportunity to close the current level crossing at Northway once the bridge is in-place.

In terms of the overall project timing, confirmation that the project is deliverable within the timing frame has been confirmed by the County Council contractors Atkins.

In addition, as with any project, all siginificant risks will be identified and detailed in a risk log which will be maintained reviewed and monitored by the Council (client side) and by the County Council (contractor) to ensure that the risks are being managed and mitigated.

Performance Management Follow-up:

Performance will be managed by the JCS Programme Management Officer Board.

Environmental Implications:

As part of this project, any environmental implications will be identified assessed and managed at each stage of the project.

1.0 INTRODUCTION/BACKGROUND

1.1 In July 2017, the Government announced the £2.3 billion Housing Infrastructure Fund (HIF) to support delivery of the necessary infrastructure roads, bridges, services to accelerate the delivery of homes in England. The fund was split as follows:

1. Forward Funding (larger bids up to £250 million).
2. Marginal Viability Funding (for bids up to £10 million).

1.2 A marginal funding bid of £8,132,465 was submitted to deliver a bridge over the railway line at Ashchurch, to support the development strategy of the wider Ashchurch area and unlock delivery of homes (826). Funding was awarded in early 2018 and since this time Officers have been liaising with Homes England to agree the contract conditions.

2.0 BRIDGE DESIGN AND DEVELOPMENT

2.1 To continue with the design and development of the bridge, Tewkesbury Borough Council has engaged the support of the County Council and is currently reviewing options to contract the County to support the project delivery stages.

2.2 Following appointment the County Council will subsequently engage the work to their approved supplier Atkins, who will be tasked to deliver the exact location, design, the planning application as well as the necessary liaison with Network Rail and other key stakeholders throughout the lifetime of the project. Construction phase would then be determined on completion of this phase.

3.0 THE CONTRACT AND CONDITIONS

3.1 The conditions are split into three sections, pre-contract conditions, conditions for an initial drawdown for detailed design works, and conditions for drawdown for construction works. The key conditions and the milestone dates are set out at Appendix 1 and are as a result of the negotiations that have taken place with Homes England.

3.2 Of note is the requirement to ensure a recovery mechanism is agreed and passed down to any developer. This is to ensure that any money received (e.g. sold prices higher than what was expected and thus the project is more viable) in excess of that which was anticipated on awarding the grant will be recycled back into the project or 'recovered' for the benefit of the project. It has been accepted that CIL and S106 will address this requirement.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 None.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Joint Core Strategy and the Joint Core Strategy Review.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 National Planning Policy Framework.

National Planning Practice Guidance.

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 – List of the Conditions.

TEWKESBURY BOROUGH COUNCIL

PRE-CONTRACT CONDITIONS			
No.	**Condition**	**Condition Date**	**Note of explanation**
1.	Tewkesbury Borough Council to obtain external independent state aid advice, to be shared with Homes England.	30th June 2019	
2.	Recovery mechanism for HIF funding agreed.	30th June 2019	Homes England accept the proposed recovery mechanism through CIL and S106. This implies that 1. CIL income from the development in this area will be utilised to fund housing development (for example through infrastructure) and 2. that a planning permission which comes forward, consideration will be given as to whether the S106 agreements are also utilised to include a 'recovery' section which would be used to support infrastructure in the area.
3.	Tewkesbury Borough Council to provide a programme timeline for the infrastructure works and residential development, including any remaining relevant planning permissions.	31st May 2019	Complete

CONDITIONS FOR INITIAL DRAWDOWN FOR DETAILED DESIGN WORKS			
No.	**ORIGINAL Condition**	**Condition Date**	**Note of explanation**
1.	Tewkesbury Borough Council to provide Homes England with a copy of the formal agreement with Network Rail.	30th June 2019	Proposed that this condition is split into two elements. For initial drawdown this will be worded as follows: "Tewkesbury Borough Council to provide Homes England with a copy of the initial BAPA/letter of support with Network Rail" See proposed construction drawdown condition 1 for the 2nd element.

CONDITIONS FOR DRAWDOWN FOR CONSTRUCTION WORKS			
No.	**ORIGINAL Condition**	**Condition Date**	**Note of explanation**
1.	Tewkesbury Borough Council to provide Homes England with a copy of the formal agreement with Network Rail.	July 2020	Proposed that this condition is split into two elements. For drawdown prior to construction this will be worded as follows: “Tewkesbury Borough Council to provide Homes England with a copy of the implementation agreement with Network Rail for construction of the HIF infrastructure”
2.	A detailed cost plan to be provided for the infrastructure works.	July 2020	
3.	Tewkesbury Borough Council to provide confirmation that all required planning permissions for the infrastructure works have been approved.	July 2020	
4.	Tewkesbury Borough Council to provide Homes England with formal agreement with 3rd party landowners confirming site ownership and access.	April 2021	

Milestones in Grant Delivery Agreement

Part A: HIF Funded Infrastructure Milestones

Availability Period for Funding	Up to and including 31 March 2022
Outputs and Milestones	See below
HIF Funded Infrastructure Works Start Date	July 2020
Start Date of Project	July 2020
Project Completion Date	31 March 2030

Restriction on title In favour of Homes England requiring Homes England's consent to dispositions made in relation to the Site	**Yes**

MILESTONE	MILESTONE DATE
Commencement of procurement of HIF Funded Infrastructure Works (this includes design etc.)	June 2019
Submission of first Claim for Funding	*To be determined on completion of the contract conditions.*
HIF Funded Infrastructure Works Start Date (actual build)	3 May 2021
Completion of HIF Funded Infrastructure Works	4 March 2022
Outstanding statutory consents received	7 February 2020
Planning Permission achieved for the HIF Funded Infrastructure Works	July 2020

Part B: Wider Project Milestones (residential)

Council will use best endeavours to meet these schedules.

MILESTONE	MILESTONE DATE
Commencement of procurement of Wider Project (residential)	N/A - complete
Wider Project start date	N/A – complete
Reserved Matters Planning Permission achieved for the Wider Project	Undefined
826 of residential units commenced	2021
Project Completion Date	2030
Local Authority to have undertaken a scheme reappraisal and submit its proposal to Homes England in accordance with paragraph **Error! Reference source not found.** of the Standard Terms & Conditions as to how the monies recovered will be used for further housing delivery (the **Further Housing Plan**)	1 month after Project Completion Date, such date being 30 April 2030
Local Authority to have gained approval for the Further Housing Plan in accordance with paragraph **Error! Reference source not found.** of the Standard Terms & Conditions.	2 months after Project Completion Date, such date being 31 May 2030
End Date	31 March 2032

1. **OUTPUTS**

TBC will utilise best endeavours to achieve the measure.

OUTPUT	Measure
Number of residential units practically completed	826

Document is Restricted

Document is Restricted