

CANNOCK CHASE COUNCIL

COUNCIL MEETING

WEDNESDAY, 5 JULY, 2017 AT 4.00 P.M.

COUNCIL CHAMBER, CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PART 1

Notice is hereby given of the above mentioned meeting of the Council which you are summoned to attend for the purpose of transacting the business set out below:-

1. Apologies

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

To declare any interests in accordance with the Code of Conduct.

Members should refer to the guidance included as part of this agenda.

3. Minutes

To confirm the Minutes of the Annual Council Meeting held on 24 May, 2017, Minute Numbers 1 – 13; Page Numbers 1 – 9.

4. The Chairman's Announcements and Correspondence

5. Questions in Accordance with Rule 8

- (i) The following Question has been submitted in accordance with Rule 8 by Councillor P.E. Woodhead, Hednesford South Ward:

“If the Portfolio Leader could please inform Members of the strategy and resources employed by the Council to address the ongoing and increasing problem of litter within the District with particular reference to Hednesford Park as well as District-wide. Please include the number of fixed penalty notices issued in the last 12 months.”

- (ii) The following Question has been submitted in accordance with Rule 8 by Councillor P.E. Woodhead, Hednesford South Ward:

“In light of the tragic events at Grenfell Tower in Kensington it brings in to sharp relief the responsibilities, obligations and consequences of the decisions we make as a council on behalf of our community. Whilst we do not have high rise towers within the District we do have homes and buildings for which we bear the responsibility of landlord. Indeed we make many decisions which affect the health, safety and wellbeing of our residents. Can the portfolio leader please detail the processes we have established to demonstrably assess the risk of decisions in respect to fire in particular but more generally towards the health, safety and wellbeing of our residents and how these are balanced against the financial pressures of decision-making?”

6. Recommendations Referred from Cabinet, Committees etc.

To consider the following recommendation to Council agreed by the Audit & Governance Committee at its meeting held on 27 June, 2017 in respect of:

Code of Governance (Minute No. 7)

“That Council, at its meeting to be held on 5 July, 2017, approves the Code of Governance.”

(A copy of the Code of Governance and accompanying report as included in the 27 June, 2017 Audit & Governance Committee papers can be viewed via the following link:

http://www.cannockchasedc.gov.uk/sites/default/files/06-code_of_governance_and_agc_2016-17_rpt_-_audit_gov_cttee_270617.pdf)

7. Motion(s) Received under Rule 6

The following Motion has been submitted in accordance with Rule 6 by Councillor P.E. Woodhead, Hednesford South Ward:

“Council believes that a Parliament that more accurately reflects the views of the nation, enabling people to feel that their votes count, is more likely to develop an economic, social and environmental agenda that benefits the residents of Cannock Chase.

Following the recent general election, this Council agrees that the ‘First Past the Post’ voting system:

- has again failed to live up to its reputation to provide strong and stable government;
- has again yielded a wildly disproportionate allocation of seats, for example, the Democratic Unionist Party gaining 10 seats from 292,316 votes compared with 12 seats from 2.4 million votes for the Liberal Democrats;
- has spectacularly failed to match votes to seats with 27,930 votes required to elect one MP from the Scottish National Party compared with 525,371 votes to elect one Green Party MP.

This Council:

- (a) recognises that a robust democracy must include a fair voting system and that nobody should be disenfranchised because of where they live;
- (b) applauds the many groups and organisations campaigning for fair votes including the Electoral Reform Society, Make Votes Matter and the Labour Campaign for PR;
- (c) notes that the Single Transferable Vote system is already used for local elections in Scotland and in both Northern Irish local elections and the Northern Ireland Assembly while proportional electoral systems are used to elect the devolved parliaments and assemblies in Scotland, Wales and London;
- (d) therefore calls for the introduction of a proportional voting system
 - (i) for local elections in England and Wales;
 - (ii) for Westminster elections; and
- (e) directs that a copy of this motion be forwarded to the Leaders of all political parties represented in the UK Parliament."

8. Comments and Questions on Part 1 Minutes of Cabinet, Committees, Sub-Committees and Panel under Rule 9

To receive any comments or questions submitted under Rule 9 on Part 1 Minutes of meetings of Cabinet, Committees, Sub-Committees or Panels as included in the Minutes Record circulated alongside this agenda.

9. Annual Treasury Management Report 2016/17

Report of the Head of Finance (Item 9.1 – 9.9).

10. Exclusion of the Public

The Chairman to propose the following motion:-

"That the public be excluded for the remainder of the meeting because of the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of Part 1, Schedule 12A, Local Government Act, 1972."

CANNOCK CHASE COUNCIL

COUNCIL MEETING

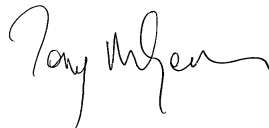
WEDNESDAY, 5 JULY, 2017 AT 4.00 P.M.

COUNCIL CHAMBER, CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PART 2

11. Comments and Questions on Part 2 Minutes of Cabinet, Committees, Sub-Committees and Panel under Rule 9

To receive any comments or questions submitted under Rule 9 on Part 2 Minutes of meetings of Cabinet, Committees, Sub-Committees or Panels as included in the Minutes Record circulated alongside this agenda.



T. McGovern,
Managing Director

Civic Centre,
Beecroft Road,
Cannock
WS11 1BG

27 June, 2017

GUIDANCE ON DECLARING PERSONAL, PECUNIARY AND DISCLOSABLE PECUNIARY INTERESTS AT MEETINGS

DEFINITION OF WHAT IS A PERSONAL, PECUNIARY AND DISCLOSABLE PECUNIARY INTEREST

A PERSONAL INTEREST is one where your well-being or financial position, or those of a member of your family or any person with whom you have a close association would be affected to a greater extent than the majority of Council Tax payers, ratepayers, or inhabitants of the electoral ward(s) affected by the decision. You automatically have a personal interest if you have given notice in the Register of Members' Interests, e.g. if you are appointed to an outside body by the Council.

A PECUNIARY INTEREST is a personal interest where the matter

- a) affects your financial position or that of a member of your family or any person with whom you have a close association or a body in which you have registered in the Register of Members Interests or
- b) relates to the determining of any consent, licence, permission or registration in relation to you or any person with whom you have a close association or a body in which you have registered in the Register of Members Interests

and, in either case, where a member of the public knowing the facts would reasonably regard the interest as so significant it is likely to affect your judgement of the public interest

A DISCLOSABLE PECUNIARY INTEREST is an interest of yourself or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) in respect of employment, office, trade, profession or vocation carried out for profit or gain; sponsorship; contracts; land; licences; corporate tenancies; or securities, as defined with the Localism Act, 2011.

PLEASE MAKE IT CLEAR WHETHER IT IS A PERSONAL, PECUNIARY OR DISCLOSABLE PECUNIARY INTEREST.

It would be helpful if, prior to the commencement of the meeting, Members informed the Monitoring Officer of any declarations of interest, of which you are aware. This will help in the recording of the declarations in the Minutes of the meeting.

DECLARING INTERESTS AT FULL COUNCIL

The Code of Conduct requires that personal interests where you have a personal interest in any business of the Council, and where you are aware or ought reasonably to be aware of the existence of the personal interest, and you attend a meeting of the Council at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

Some items will be mentioned in the papers for full Council but are not actually being considered by Full Council. In such circumstances the Monitoring Officer's advice to Members is that there is no need to declare an interest unless the particular matter is mentioned or discussed. As a general rule, Members only need to declare an interest at full Council in the following circumstances:

- Where a matter is before the Council for a decision and/or
- Where the matter in which the Member has an interest is specifically mentioned or discussed at the Council meeting.

CANNOCK CHASE COUNCIL
MINUTES OF THE ANNUAL MEETING OF THE COUNCIL
HELD IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK
AT 4.00 P.M., WEDNESDAY, 24 MAY, 2017

PART 1

PRESENT: Councillors:

Stretton, Mrs. P.Z. M.B.E. (Chairman)

Dudson, A. (Vice Chairman)

Adamson, G.	Kraujalis, J.T.
Allen, F.W.C.	Lea, C.I.
Allt, Mrs. A.	Martin, Mrs. C.E.
Burnett, G.	Mitchell, Mrs. C.
Buttery, M.S.	Molineux, G.N.
Cartwright, Mrs. S.M.	Peake, Mrs. C.L.
Cooper, Miss J.	Pearson, A.R.
Davis, Mrs. M.A.	Preece, J.P.T.L.
Dean, A.	Smith, C.D.
Dudson, Miss M.J.	Snape, P.A.
Foley, D.	Sutton, Mrs. H.M.
Freeman, Miss M.A.	Todd, Mrs. D.M.
Grice, Mrs. D.	Whitehouse, Miss S.
Hoare, M.W.A.	Witton, P.T.
Johnson, J.P.	Woodhead, P.E.
Johnson, T.B.	

Minutes Silence

Prior to commencement of the formal business of the meeting, the Chairman paid tribute to those people who were injured and tragically lost their lives in the terror attack in Manchester on 22 May.

The Chairman then invited all Members to stand and join her in a minutes silence to pay respects to the victims of the atrocity, and to give thought to their grieving families and friends.

Chairman's Outgoing Remarks

The Chairman gave a valedictory speech thanking all those who had supported her during her term as Chairman. The Chairman advised that she had thoroughly enjoyed her year in the Chair, and had attended a variety of functions supported by her Consort, Michael. It had been a most enjoyable experience and an honour to hold the position. As a token of her appreciation for the support shown, she asked her Consort, Michael, to come forward and receive a Past Consort's badge.

Finally, the outgoing Chairman thanked all elected Members and Officers for their support during the past twelve months, and wished the incoming Chairman every success in the role.

Chairman's Charities

The Chairman referred to the charities she had supported during her term, which were the Birmingham Children's Hospital Cancer Unit and the Royal Voluntary Service, Norton Canes. She then invited Eve Bartle from the Royal Voluntary Service, Norton Canes, to collect their donation. Unfortunately, the representative from Birmingham Children's Hospital Cancer Unit was unable to attend, so their donation would be forwarded on accordingly.

Youth Endeavour Award

The Chairman advised that the Youth Endeavour Award was to be presented to Billy Warburton. Billy had been nominated by Councillor D. Foley for his incredible commitment to volunteering, mainly with the Brereton Millions Project and for the way that this had helped him to gain confidence and improve his self-esteem.

Billy had always enjoyed doing practical, hands-on activities, but often found himself getting bored and frustrated which led to him displaying disruptive behaviour. Nevertheless, Billy would acknowledge his behaviour and be seen to apologise for this.

Billy always wanted to help and was the first to volunteer for any jobs, including the boring ones. In Brereton and Ravenhill he had set up PA systems for events such as the Annual Remembrance Day Service and Lantern Parades. He always waited patiently for events to finish then cleared away the equipment without hesitation. He also ran discos for his local youth club.

Billy helped to clean up outside of Brereton Community Hub after school, sweeping the car park and pulling up weeds. He had spent an entire weekend for the past two years dressed up as a snowman at the Brereton Winter Wonderland, entertaining young children.

More recently, Billy had signed up to complete first aid training and was going to be volunteering with a medical team to learn and develop first aid skills at events.

When Billy wasn't volunteering, he could often be found helping out a local stables after school, mucking out, tidying up and doing whatever else needed to be done.

The Chairman then commented that Billy should be applauded for his positive attitude and be encouraged to keep up the good work.

The Chairman then asked Billy Warburton to come forward to collect his award and asked Members to join with her in congratulating him.

1. Apologies

Apologies for absence were submitted for Councillors G. Alcott, C. Bennett, J. Bowater, Miss J. Christian, W.T.A. Hardman, M.R. Grocott, D.J. Snape and M. Sutherland.

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No other Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

3. Election of Chairman of the Council

Councillor Mrs. C.E. Martin nominated Councillor A. Dudson, to be the Chairman of the Council, which was seconded by Councillor D. Foley.

RESOLVED:

That Councillor A. Dudson, be elected Chairman of the Council to hold office for the ensuing Municipal year.

(Councillor A. Dudson thereupon declared and signed the Acceptance of Office and was invested with the badge of office.)

Councillor A. Dudson, the newly appointed Chairman, thanked Members for electing him to office and took the Chair.

(Councillor A. Dudson in the Chair)

4. Election of Vice-Chairman of the Council

Councillor A.R. Pearson nominated Councillor P.T. Witton to be Vice-Chairman of the Council, which was seconded by Councillor F.W.C. Allen.

Councillor P.A. Snape nominated Councillor P.E. Woodhead to be Vice-Chairman of the Council, which was seconded by Councillor G. Burnett.

RESOLVED:

That Councillor P.T. Witton be appointed Vice-Chairman of the Council to hold office for the ensuing Municipal year.

(Councillor P.T. Witton thereupon declared and signed the Acceptance of Office and was invested with the badge of office.)

5. Minutes

RESOLVED:

That the Minutes of the meeting held on 5 April, 2017, be approved as a correct record and signed.

6. Chairman's Announcements and Correspondence

(i) Chairman's Charity Collection

The Chairman advised that a charity collection box was circulating for Members to make a donation to support his chosen charities, details of which would be advised at the next meeting of Council on 5 July, 2017.

At the meeting held on 5 April, 2017 a total of £40 was received.

(ii) Group Photo

The Chairman requested that all Members stayed behind in the Chamber at the conclusion of the meeting in order that photographs could be taken.

7. Form and Composition of the Cabinet

The Leader of the Council, Councillor G. Adamson, notified the Council of the form and composition of the Cabinet:

Cllr. G. Adamson	Leader of the Council
Cllr. G. Alcott	Deputy Leader of the Council and Economic Development and Planning Portfolio Leader
Cllr. J.T. Kraujalis	Corporate Improvement Portfolio Leader
Cllr. C. Bennett	Crime and Partnerships Portfolio Leader
Cllr. Mrs. C. Mitchell.	Culture and Sport Portfolio Leader
Cllr. J.P.T.L. Preece	Environment Portfolio Leader
Cllr. Mrs. M.A. Davis	Health and Wellbeing Portfolio Leader
Cllr. F.W.C. Allen	Housing Portfolio Leader
Cllr. Mrs. D.M. Todd	Town Centre Regeneration Portfolio Leader

The Leader then reported positively on a number of key issues/projects from 2016/17 including: the Moss Road Estate scheme; progress on the Mill Green Designer Outlet Village; building of new Council houses and redevelopment of the Cannock Stadium site. Conversely, the early closure of Rugeley Power Station had been a sad day, resulting in job losses and causing a devastating impact upon Council finances. Due to ongoing difficulties with Staffordshire County Council regarding Disabled Facilities Grants (DFGs) funding, it had been determined that CCDC would run its own scheme as it would deliver better value for money. The Council would continue to play a full part in the West Midlands Combined Authority where possible, further aided by the Deputy Leader recently being appointed as a Director on the newly established West Midlands Growth Company, representing all non-constituent members of the Combined Authority. Thanks were also given to the Council's Officers for putting in a huge amount of work and long hours to deliver excellent services for residents.

8. Leader of the Opposition

The Chairman called upon the Leader of the largest opposition group to confirm the acceptance of office as the Leader of the Opposition.

Councillor P.A. Snape (Conservative) confirmed his acceptance of office as Leader of the Opposition.

9. Form and Composition of the Shadow Cabinet

The Leader of the Opposition, Councillor P. Snape, notified the Council of the form and composition of the Shadow Cabinet:

Cllr. P.A. Snape	Leader of the Opposition and Town Centre Regeneration Shadow Portfolio Leader
Cllr. G. Burnett	Deputy Leader of the Opposition and Housing Shadow Portfolio Leader
Cllr. C.D. Smith	Corporate Improvement Shadow Portfolio Leader
Cllr. C.I. Lea	Crime and Partnerships Shadow Portfolio Leader
Cllr. J.P. Johnson	Culture and Sport Shadow Portfolio Leader
Cllr. M. Sutherland	Economic Development and Planning Shadow Portfolio Leader
Cllr. M.W.A. Hoare	Environment Shadow Portfolio Leader
Cllr. Mrs. H.M. Sutton	Health and Wellbeing Shadow Portfolio Leader

10. Allocation of Seats to Political Groups to Committees and Other Bodies

Consideration was given to the Report of the Managing Director (Item 10.1 – 10.4 of the Official Minutes of the Council).

RESOLVED:

That the allocation of seats to the different Political Groups to the Council's Committees and Other Bodies as set out in Appendix 1 to the report be confirmed.

11. Appointment of Members, Chairmen and Vice-Chairmen to the Council's Committees, Sub-Committees and Other Bodies 2016-17

A schedule setting out the nominations provided by each of the Political Group Leaders for Members to be appointed to the Council's Committees, Sub-Committees and Other Bodies, together with nominations for the appointment of Chairman and Vice Chairman (Item 11.1 – 11.5 of the Official Minutes of the Council) was moved by the Leader of the Council.

RESOLVED:

That:

- (A) The membership of the Council's Committees, Sub-Committees and Other Bodies for the 2017-18 Municipal Year, as set out on the schedule, be agreed, subject to Councillor Miss M.J. Dudson being appointed to the Customers & Corporate Scrutiny Committee in place of Councillor Mrs. P.Z. Stretton, and Councillor P.T. Witton be appointed as Labour substitute on the Planning Control Committee in place of Councillor Mrs. C. Mitchell.
- (B) The Chairmen and Vice-Chairmen of the Council's Committees, Sub-Committees and Other Bodies for the 2017-18 Municipal Year be agreed as follows:

<u>Committee</u>	<u>Chairman</u>	<u>Vice-Chairman</u>
Customers and Corporate Scrutiny Committee	Cllr. D. Foley	Cllr. Miss M.J. Dudson
Economic Development and Town Centres Scrutiny Committee	Cllr. Mrs. C.E. Martin	Cllr. Mrs. P.Z. Stretton
Health, Culture and Environment Scrutiny Committee	Cllr. Miss J. Cooper	Cllr. A.R. Pearson
Housing, Crime and Partnerships Scrutiny Committee	Cllr. Miss M.A. Freeman	Cllr. Mrs. D. Grice
Audit & Governance Committee	Cllr. Mrs. D. Grice	Cllr. J.P. Johnson
Planning Control Committee	Cllr. Mrs. S.M. Cartwright	Cllr. A.R. Pearson
Licensing and Public Protection Committee	Cllr. T.B. Johnson	Cllr. A.R. Pearson
Standards Committee	Cllr. Miss M.A. Freeman	Cllr. Mrs. D. Grice
Trade Union Consultative Forum	Cllr. G. Adamson	N/A

12. Representatives on Outside Bodies 2017-18

Consideration was given to the Report of the Managing Director (Item 12.1 – 12.4 of the Official Minutes of the Council).

A schedule of outside bodies, together with the nominations received by each of the Political Groups, was circulated at the meeting.

Members agreed to suspend Rule 15 (8) of the Council Procedure Rules for voting purposes, and then determined the appointment of representatives to outside bodies. Following a vote on each of the nominations requiring determination, it was

RESOLVED:

That:

- (A) The Council's representatives on the following Outside Bodies, as detailed in the schedule circulated at the meeting, for the 2017-18 Municipal Year, or as indicated, should be:

<u>Outside body</u>	<u>Representative(s)</u>	
	<u>Councillor(s)</u>	<u>Other</u>
Beaudesert Sports Field and Recreation Ground Charity Management Committee (1)		Mrs. S. Holliday, 14 Bradwell Lane, Cannock Wood WS15 4RW
Cannock Advice Centre (3)	Adamson, G. Cartwright, Mrs. S.M. Freeman, Miss M.A.	
Cannock Bowling Green Trust (4)	Freeman, Miss M.A. Johnson, T.B. Kraujalis, J.T. Sutton, Mrs. H.M.	
Cannock Chase Arts Council (3)	Adamson, G. Johnson, J.P. Mitchell, Mrs. C.	
Cannock Wood and Gentleshaw Village Hall Management Committee (1)	Burnett, G.	
Charity for the Provision of a Recreation Ground for Inhabitants of the Ancient Parish of Rugeley (3)	Dudson, A. Foley, D. Martin, Mrs. C.E.	
Chase Sports Council (6)	Cooper, Miss J. Johnson, J.P. Johnson, T.B. Mitchell, Mrs. C. Preece, J.P.T.L. Snape, D.J.	
Community Council of Staffordshire (Councillor or Officer) (1)	Sutherland, M.	
Etching Hill Village Hall Committee (1)	Johnson, J.P.	

Greater Birmingham and Solihull LEP Joint Scrutiny Committee (1)	Johnson, T.B.	
Greater Birmingham and Solihull LEP Joint Scrutiny Committee - Substitute Member (1)	Cooper, Miss J.	
Landor Society (2)	Bennett, C. Foley, D.	
Longdon (Colton) Almshouses (1)	Dudson, Miss M.J.	
National Association of Councillors (2)	Kraujalis, J.T. Lea, C.I.	
Norton Canes Community Centre (1)	Preece, J.P.T.L.	
Poplars Landfill Site Liaison Committee (7)	Cooper, Miss J. Freeman, Miss M.A. Hoare, M.W.A. Kraujalis, J.T. Snape, D.J. Stretton, Mrs. P.Z. Sutherland, M.	
Rugeley Physically Handicapped Association (1)	Allt, Mrs. A.	
Shoal Hill Common Joint Committee (Must be Councillors) (2)	Freeman, Miss M.A. Kraujalis, J.T.	
Slitting Mill Village Hall Committee (1)	Dudson, A.	
St. Giles Hospice (Whittington) – 'Local Government Friends Group' (1)	Cartwright, Mrs S.M.	
Staffordshire County Council – Healthy Staffordshire Select Committee – Co-opted Member (1)	Cooper, Miss J.	
Staffordshire County Council – Corporate Parenting Panel (1)	Pearson, A.R.	
Staffordshire Playing Fields Association (2)	Snape, P.A.	(Cabinet Member) (Other Councillor)
West Midlands Combined Authority (voting non-constituent Member) (1)	Adamson, G. (in capacity of Leader of the Council)	
West Midlands Combined Authority (voting non-constituent Member) – Substitute Member 1 (1)	Alcott, G.	
West Midlands Combined Authority (voting non-constituent Member) – Substitute Member 2 (1)	Kraujalis, J.T.	
West Midlands Combined Authority Overview & Scrutiny Committee (voting Member) (1)	Witton, P.T.	
West Midlands Combined Authority Overview & Scrutiny Committee (voting Member) – Substitute Member (1)	Freeman, Miss M.A.	

West Midlands Combined Authority – Audit, Risk & Assurance Committee (1)	Freeman, Miss M.A.	
West Midlands Combined Authority – Audit, Risk & Assurance Committee – Substitute Member (1)	Sutherland, M.	
West Midlands Reserve Forces and Cadets Association (1)	Snape, D.J.	

- (B) The Managing Director, in consultation with the Political Group Leaders, be authorised to make additional appointments and amendments, to any Outside Bodies, as necessary, throughout the Municipal Year.
- (C) In the event of the Political Group Leaders failing to agree on a nomination(s) to an Outside Body (as referred to in (B) above) the appointment be a matter for determination by the Council.
- (D) Subject to (B) above, the Managing Director when appointing representatives to Outside Bodies, be authorised to determine which of the appointments should be classed as an ‘approved duty’ for the purposes of claiming travelling and subsistence expenses.

13. Recommendations Referred from Cabinet, Committees etc.

Consideration was given to the following recommendation to Council considered by Cabinet at its meeting held on 13 April, 2017, in respect of:

Priority Delivery Plans 2017-18 (Minute No. 116)

“That Council be recommended to adopt the Priority Delivery Plans for 2017-18 and approved them for publication.”

RESOLVED:

That the Priority Delivery Plans 2017-18 be adopted and approved for publication.

The meeting closed at 5:15 p.m.

CHAIRMAN

Report of:	Head of Finance
Contact Officer:	Bob Kean
Telephone No:	01543 464 334
Portfolio Leader:	Leader of the Council
Key Decision:	No
Report Track:	Audit & Governance Cttee. 27/06/17 and Council 05/07/17

COUNCIL
5 JULY 2017
ANNUAL TREASURY MANAGEMENT REPORT 2016/17

1 Purpose of Report

- 1.1 To update Members on treasury management activity and performance during the 2016/17 financial year.

2 Recommendations

- 2.1 To note the annual treasury management report for 2016/17
- 2.2 To approve the actual 2016/17 prudential and treasury indicators as set out in Appendix 1.

3 Key Issues and Reasons for Recommendation

- 3.1 Treasury management activity and performance during the 2016/17 financial year.

4 Relationship to Corporate Priorities

- 4.1 Treasury management and investment activity link in with all of the Council's priorities and spending plans.

5 Report Detail

Background

- 5.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the

actual prudential and treasury indicators for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

5.2 During 2016/17 the minimum reporting requirements were that the full Council should receive the following reports:-

- an annual treasury strategy in advance of the year (Council – 16 February 2016);
- a mid year treasury update report ;
- an annual review following the end of the year describing the activity compared to the strategy (this report).

5.3 No mid year treasury report was submitted in 2016/17 however a review of Borrowing Requirements/Minimum Revenue Provision was undertaken as part of the Financial recovery plan and an amendment to the MRP policy was made as part of the 2017/18 Treasury Management strategy.

5.4 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

5.5 The Council has complied with the requirement under the Code to give prior scrutiny to the above treasury management reports by the Audit and Governance Committee before they were reported to the full Council.

The Economy and Interest Rates

5.6 The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

5.7 In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7

countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum

Overall Treasury Position as at 31 March 2017

5.8 At the beginning and the end of 2016/17 the Council's treasury position was as follows:

TABLE 1	31 March 2016 Principal	Rate/Return	Average Life Years	31 March 2017 Principal	Rate/Return	Average Life Years
Total debt (PWLB)	£85.0m	4.15%	38.1	£84.2m	4.18%	38.4
CFR	£96.4m	-	-	£95.8m	-	-
Over / (under) borrowing	(£11.4m)	-	-	(£11.6m)	-	-
Total investments	£12.4m	0.65%	0.34	£18.6m	0.57	0.36
Net debt	£72.6m	-	-	£65.6m	-	-

Strategy for 2016/17

- 5.9 The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate, and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 5.10 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
- 5.11 During 2016/17 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during quarter 3, and then partially easing back towards the end of the year.

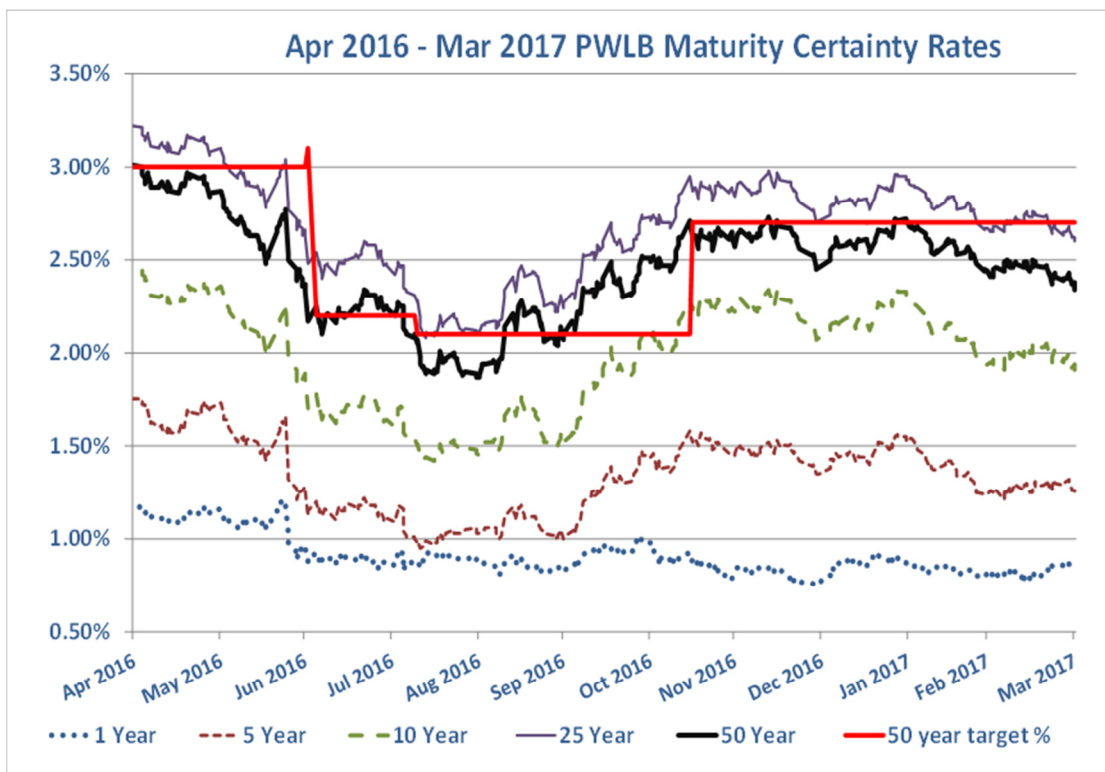
Borrowing Requirement

5.12 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31 March 2016 Actual	31 March 2017 Budget	31 March 2017 Actual
Capital Financing Requirement	£96.419m	£96.784m	£95.769m

Borrowing Rates in 2016/17

5.13 **PWLB borrowing rates** - the graph below shows how PWLB certainty rates have fallen to historically very low levels during the year.



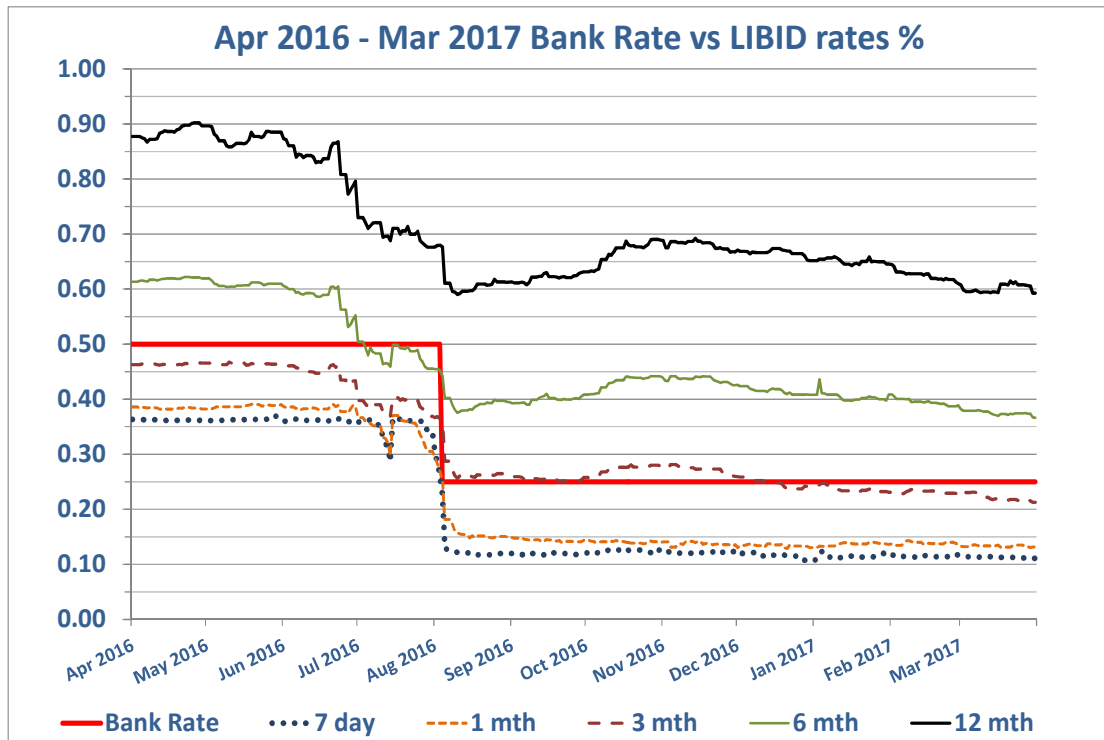
Borrowing Outturn for 2016/17

5.14 **Borrowing** – Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

Investment Rates in 2016/17

5.15 After the EU referendum, Bank Rate was cut from 0.5% to 0.25% on 4 August and remained at that level for the rest of the year. Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell

even further after the 4 August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.



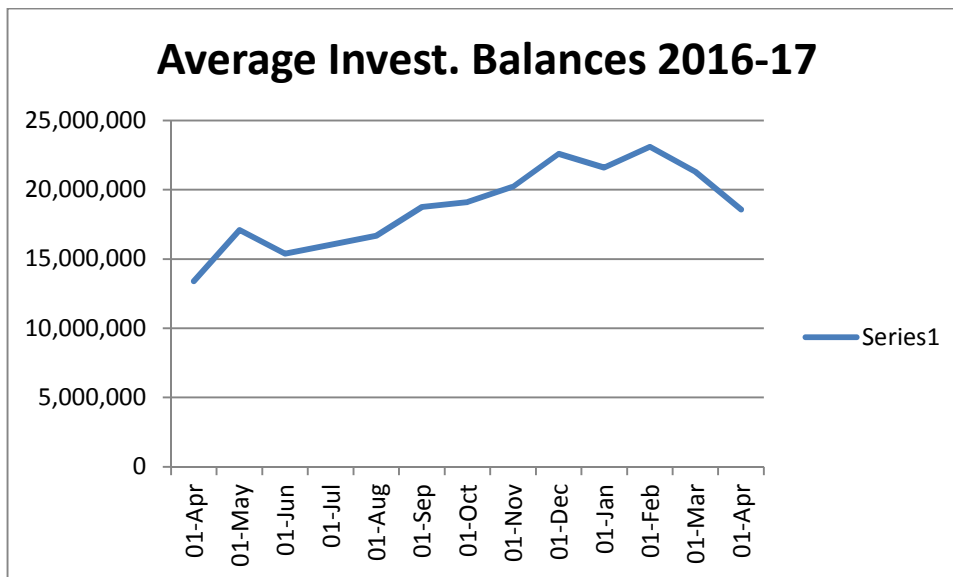
Investment Outturn for 2016/17

- 5.16 **Investment Policy** - the Council’s investment policy is governed by CLG guidance, which was been implemented in the annual investment strategy approved by the Council on 16 February 2016. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
- 5.20 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

5.21 **Investments as at 31 March 2017** -The Council's investments as at 31 March 2017 are set out in the table below:

Counterparty	Start Date	Maturity	Value (£)	Rate %
Barclays Bank plc		Call	500,000	0.05
Standard Life (MMF)		Call	4,600,000	0.2862
Federated Prime Rate		Call	2,700,000	0.2210
Santander	95 day notice account		4,000,000	0.65
Toronto Dominion	12/05/16	11/05/17	2,000,000	0.87
Helaba	16/11/16	16/11/17	2,500,000	0.67
Bank of Scotland plc	14/03/17	13/09/17	2,276,000	0.60
TOTAL			18,576,000	0.50

5.22 The chart below illustrates the movement in the level of investments held by the Council at each month end during the year. The peak in year was **£28.9 million** and the average balance for the year was **£20.4 million**.



5.23 The funds earned an average rate of return for the year of **0.57%**. The comparable performance indicator is the average 3 month London Interbank rate (LIBID), which was **0.32%**. The Council's performance exceeds the benchmark by some margin and is a reflection of the success of the strategy of investing a high proportion of the portfolio with UK and European banks offering good rates for fixed term deposits of 6 months and one year.

5.24 Overall investment earnings for the year totalled **£153,000**.

6 Implications**6.1 Financial**

The financial implications have been referred to throughout the report.

6.2 Legal

The legal implications have been referred to throughout the report.

6.3 Human Resources

There are no human resource implications arising from this report.

6.4 Section 17 (Crime Prevention)

There are no implications arising from this report.

6.5 Human Rights Act

There are no identified implications in respect of the Human Rights Act 1998 arising from this report.

6.6 Data Protection

There are no implications arising from this report.

6.7 Risk Management

Treasury management is a high risk area due to the large amounts of money dealt with on a daily basis. However, the Council has a Treasury Policy and Strategy in place which is approved each year for the following 12 months. The Council also has advice on investment and lending from the leading company in the field and has instituted a strict control and delegation of duties regime which reduces risk to a minimum.

6.8 Equality & Diversity

There are no identified implications arising from this report.

6.9 Best Value

The strategy ensures that best value is provided to the Council.

7 Appendices to the Report

Appendix 1: 2016-17 Prudential and Treasury Indicators

Previous Consideration

None

Background Papers

Available in Financial Services.

1. PRUDENTIAL INDICATORS	2015/16	2016/17	2016/17
	actual	estimate	actual
	£'000	£'000	£'000
Capital Expenditure	17,335	16,340	12,207
Ratio of financing costs to net revenue stream (GF)	3.2%	4.0%	3.9%
Gross debt	85,005	86,280	84,205
Capital Financing Requirement as at 31 March	96,419	96,784	95,769
2. TREASURY MANAGEMENT INDICATORS			
Authorised Limit for external debt -	108,082	108,284	108,284
Operational Boundary for external debt	96,582	96,784	96,784
Actual external debt	85,005	86,280	84,205
Upper limit for fixed interest rate exposure	100%	100%	100%
Upper limit for variable rate exposure	75%	75%	75%
Upper limit for total principal sums invested for over 364 days	£10 million	£10 million	£10 million

Maturity structure of fixed rate borrowing during 2016/17	upper limit	lower limit
under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%