

COUNCIL

23th February 2016

Report of the Leader of the Council

CORPORATE VISION, PRIORITIES PLAN, BUDGET & MEDIUM TERM FINANCIAL STRATEGY 2016/17

Purpose

This is a key decision as it affects two or more Wards and involves expenditure over £100k.

- To approve the **Vision Statement, Priority Themes, Corporate Priorities and Outcomes** and their inclusion in the **Corporate Plan and Support Service Plan (attached at Appendix A)**.

- To approve the recommended package of budget proposals (**attached at Appendix B**) to enable the Council to agree the:
 - General Fund (GF) Revenue Budget and Council Tax for 2016/17;
 - Housing Revenue Account (HRA) Budget for 2016/17;
 - 3 Year General Fund Capital Programme (2016/19);
 - 5 Year HRA Capital Programme (2016/21);
 - 3 Year General Fund Medium Term Financial Strategy (MTFS) (2016/19);
and
 - 5 Year HRA Medium Term Financial Strategy (MTFS) (2016/21).

- To comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators (**attached at Appendix N**).

Recommendations

That Council approve:

1. the Vision Statement, Priority Themes, Corporate Priorities and Outcomes and their inclusion in the Corporate Plan and Support Service Plan (Appendix A);
2. the proposed revisions to Service Revenue Budgets (Policy Changes) (Appendix C);
3. the sum of £81,896 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2016/17 (Appendix E);
4. the sum of £560,025 be applied to Business Rates Collection Fund deficits in 2016/17 (Appendix E);
5. that on 26th November 2015, the Cabinet calculated the Council Tax Base 2016/17 for the whole Council area as 20,904 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the "Act")];
6. that the Council Tax requirement for the Council's own purposes for 2016/17 is £3,381,222 (Appendix E);
7. the following amounts as calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act:
 - a. £55,054,127 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (Outgoings excluding internal GF Recharges);
 - b. £51,672,905 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (Income excluding internal GF Recharges);
 - c. £3,381,222 being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31A(4) of the Act);
 - d. £161.75 being the amount at 6(c) above (Item R), all divided by Item T (at 4 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;
8. the Council Tax level for the Borough Council for 2016/17 of £161.75 (an increase of £3.15 (1.99%) on the 2016/17 level of £158.60) at Band D;
9. an aggregate Council Tax (comprising the respective demands of the Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,498.34 at Band D for 2016/17 be noted (Appendix H);
10. the Council Tax levels at each band for 2016/17 (Appendix H);
11. the sum of £1,724,806 be transferred from General Fund Revenue Balances in 2016/17 (Appendix E);

12. the Summary General Fund Revenue Budget for 2016/17 (Appendix E);
13. the Provisional Budgets for 2017/18 to 2018/19, summarised at Appendix G, as the basis for future planning;
14. acceptance of the proposed 4 year grant settlement;
15. the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund and Housing Capital Fund;
16. Cabinet be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;
17. the proposed HRA Expenditure level of £14,884,180 for 2016/17 (Appendix D);
18. rents for Council House Tenants in General Accommodation for 2016/17 be reduced by an average of £0.88 per week (1%) to £87.38 (2015/16 £88.26), over a 48 week rent year;
19. rents for Council House Tenants in Supported Accommodation for 2016/17 be frozen at 2015/16 levels;
20. rents for Council House Tenants due for 52 weeks in 2016/17 be collected over 48 weeks;
21. the HRA deficit of £368,100 be financed through a transfer from Housing Revenue Account Balances in 2016/17 (Appendix D);
22. the proposed 3 year General Fund Capital Programme of £8.014m, as detailed in Appendix I to the report and where it may be more cost effective for purchases to be made before 31st March 2016 – that the spend be brought forward together with the associated budget;
23. the proposed 5 year Housing Capital Programme of £52.734m, as detailed in Appendix J to the report;
24. to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;
25. the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2016/17 (as detailed at Appendix N);
26. the Prudential and Treasury Indicators and Limits for 2016/17 to 2018/19 contained within Appendix N;
27. the adoption of the Treasury Management Practices contained within ANNEX 7; and
28. the detailed criteria of the Investment Strategy 2016/17 contained in the Treasury Management Strategy within ANNEX 3.

Executive Summary

As a relatively small and primarily urban local authority, Tamworth Borough Council has planned and managed its journey through the recession and austerity period with considerable credit to date.

The budget setting process has faced significant constraints in Government funding in recent years - over 40% in real terms since 2010 - and the last 12 months have been as challenging as previous years if not more so. The recent announcements in the Summer Budget and Autumn Statement confirm that austerity measures are to continue and would suggest that the key challenges that the Council is currently addressing are likely to become greater.

There also remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation arising from the Business Rates Retention System, changes in Support for Council Tax and Technical Reforms to Council Tax - as well as other changes arising from the Government's Welfare Reform Agenda.

Accurate forecasting, strong leadership and an innovative, risk aware approach have resulted in the organisation being able, in the main, to sustain a full suite of essential services albeit not without implications for the public, local politicians and the entire workforce.

Significantly, this is as much a testament to the skills and commitment of our workforce and our partners' collaboration as it is to the actions and decisions of the Joint Executive Management Team. This period, considered one of the most challenging in post war times, coincided with the Council recording one of its most successful periods of achievement in terms of Customer Satisfaction; measured performance; project delivery and financial management.

What makes these achievements 'special' is that they were delivered in parallel with the largest and most complex **Transformation programme** which in itself, resulted in multi-million pound efficiencies.

Efficiency Statement - Sustainability Strategy

In an attempt to provide a clear 'route map' for the transition from surviving to thriving, the Council has designed and adopted a series of strategic plans, policies and processes. Cabinet, on 22nd August 2013, endorsed the overarching document '**Planning for a Sustainable Future**' as the strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) which, through the achievement of targets and outcomes associated with the work streams, enabled the organisation to generate significant efficiencies without there being any large scale impact upon the delivery of essential services.

The **Sustainability Strategy** delivered more than just 'big ticket' efficiencies detailed below, it brought about changes to working models, cultures and processes – **Agile Working; Demand Management; Joint Working; Shared Services; Locality Delivery/ Commissioning** all contributed to our journey.

This was achieved through: “strong and clear leadership, political support, financial planning and the resilience, passion and professionalism of staff” (Statement drawn from the 2014 LGA Peer review).

The Council's External Auditors (Grant Thornton) also identified within their Annual Audit Letter for 2014/15, dated October 2015:

“On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.”

SUSTAINABILITY STRATEGY

HEADLINE OUTCOMES (OVER 3 YEARS)	£'000
• Review of Corporate Management Team	£338
• Review of Support Services/Options Appraisal	£180
• Voluntary Redundancy/Staff Reduction exercise	£2,000
• Design & implementation of Joint Waste Management Arrangement	£1,500
• Revenue savings arising from Leisure Futures * Excluding capital receipts	£1,000
More recently and as part of a planned response to Governments continued austerity measures, further savings consequent of the Sustainability Strategy Work Streams have been identified. These include:	
• Adoption of Agile Working (including potential income from letting vacant accommodation with Marmion House)	£488
• Revisions to working practices (Wardens/CCTV)	£456
• Revisions to organic waste collection and disposal arrangements	£421
• Proactive management and collection of Business Rates	£728
• Recharges for services delivered for HRA Account	£501
• Review of Senior Management arrangements	£400

All that said, the plans, processes and strategies that have guided the organisation to date required a review and refresh if elected members are to respond to the feedback from local people and shift the trajectory from sustainability towards sustained viability.

CORPORATE REVIEW OF STRATEGIC FRAMEWORK

This meant a fundamental review of the **Corporate Strategic Framework** and Cabinet at their meeting on 14th January 2016 endorsed the revised Strategic Framework including the Vision, Priority Themes, Corporate Objectives and Outcomes (**attached at Appendix A**) for inclusion in the emerging Corporate Plan; Corporate Support Plan and Medium Term Financial Strategy for Council approval.

The adoption of 'Demand Management' as the primary operating model and the targeting of resources via locality based commissioning and delivery has enabled greater effectiveness in service delivery as evidenced by customer satisfaction, award winning services and of course, the management of the Council's finances.

Whilst this is an extremely positive series of events, for the Council to sustain this favourable trajectory, it must review and monitor the various factors, influences and information that impact upon its direction of travel – key to this is the **Strategic Framework** – the foundation upon which its policies, plans and processes are based.

Review – Key Drivers

The Council's relatively successful navigation of the recession and more recently, the extended period of austerity owes much to the commitment to and delivery of the **Sustainability Strategy** through the collaboration between employees at all levels, partners, politicians and management.

Almost five years into the strategic timeframe, the Leader of the Council commissioned a review of the strategic and policy frameworks.

Further to this, ongoing policy reforms and legislative changes continued to have a profound impact upon local government. It was the ongoing imposition of austerity measures that had the most acute and limiting effect upon how this Council operates, a face clearly reflected in the wide ranging consequential remedies employed over this period.

Joint Working & Shared Services; Service reviews, staffing reductions and service standards, Efficiency models and Demand Management techniques have resulted in the Council becoming a multi-economy or hybrid organisation as opposed to its aspiration – An 'outcome focused', efficient corporate entity where customers are key.

The revised strategic framework is designed to address this issue through the refocusing of the public, political and professional perspectives upon an evidence based, informed set of **Thematic Priorities** based around the broad topics of **People; Place and Performance** as the generic areas of significance for all stakeholders.

Review – Methodology

In very simple terms, the approach was based upon the collection, collation and analysis of a range of data; an understanding of local issues and an awareness of key influences.

In summary

- Data, Customer/User insight and intelligence;
- Public consultation and wider engagement outcomes;
- A detailed understanding of our partners' plans;
- Political intentions and ambitions across the parties and the tiers;
- Our strategic plans – e.g., Local Plan; Housing & Health Strategies, Growth & Regeneration;
- Detailed knowledge of local and regional growth through devolution plans/intentions;
- Financial constraints and opportunities.

VISION STATEMENT

Public recognition and awareness of the current strapline was evident from both feedback and the fact that it is now featured in literature relating to Tamworth as a destination. In order to incorporate a reference to growth and regeneration going forward and the Town's rich heritage, the **Vision Statement** has been revised as follows:

“One Tamworth, Perfectly Placed”

Open for business since the 7th Century A.D.

THEMATIC PRIORITIES

Following the review and using the language of the day, these are referred to as:

SP1 “Living a quality life in Tamworth”

SP2 “Growing strong together in Tamworth”

SP3 “Delivering quality services in Tamworth”

CORPORATE PRIORITIES

With regard to the **Corporate Priorities**, having assessed and evaluated the issues comprising the high level, strategic considerations and then triangulated the results with the outcomes arising from the 2016 Budget Consultation process, the following considerations have been factored in to the revisions:

- The priorities identified by the public are consistent with what our data and insight is telling us;
- A number of the service areas where the public endorse less spending are consistent with agreed plans for reviews/ efficiency plans;
- The primary 'place' related priorities identified by the public reflect the plans and ambitions of the organisation e.g., more quality housing options; a revitalised town centre; improved connectivity;
- The fact that our funding, resources and capacity are collectively reducing will inevitably have a significant impact upon how we manage demand and expectations. The proposals reflect a change in focus away from the topics – **Prosperity – Health – Safety – Aspiration** and more towards being clear about our role, our relationship with customers and how we will support them. The focus will primarily be upon **People, Place and Performance**. In order to personalise the relationship the corporate priorities are aligned under each theme;

These, together with the intended outcomes/success factors are set out in the Draft **Corporate Plan** attached at **Appendix A**.

In effect, these are the major actions that will be undertaken by the Council in addition to and in conjunction with each **Directorate Plan** which captures the statutory and discretionary functions and obligations of each service area i.e. the Day Job.

These plans rely heavily upon the support of high quality support services without which, past current and future achievement would not be possible. A **Support Service Plan** has been produced and forms part of the Corporate Plan.

Last year's budget report detailed a proactive approach to the challenge of ever increasing demand. By adopting the guiding principles, tools, techniques and transformational approaches, the Council can set about **managing demand** and thereby have greater control and the ability to align or target "supply" to managed "demand".

The primary change is a shift away from trying to sustain a full suite of services at high standards with 40%+ budget reductions to understanding the needs of our customers and working with them to co-design how we meet those demands.

The adoption of a Demand Management operating model for the Council was approved by Cabinet on 19th February 2015. Through its implementation, the Council will have far greater control upon the alignment of services or 'supply' to the increased needs and expectations of the public or 'demand'.

Key to this will be the application of existing and new technology to capture, collate and analyse customer insight, intelligence and data so as to understand not just the 'need' but the cause, behaviours or decisions creating the need. Then by the application of locality based commissioning for example, it can commission services that either intervene or prevent future need thereby reducing demand. The report entitled ***Creating Opportunities from an Uncertain Future*** is available to all Members and is available to the public. In summary, by adopting the model, supporting its implementation and measuring its progress, it will enable the Council to achieve its Vision and Priorities and fulfil its obligations.

- We will target resources upon those in most need and those most vulnerable.
- We will commission services that will both intervene/prevent future demand and reduce levels of vulnerability.
- We will, as a consequence, meet the Council's stated intention to ensure that the vulnerable are a priority (**Motion to Council on 26th November, 2014 refers**).

This approach will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; will involve managed risks and will sustain **essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.**

Whether to implement change, react to funding reductions or simply to ensure compliance with reforms, the adoption of a "problem solving" approach to accommodating change has enabled the Council to maintain high quality public services.

The headline figures for 2016/17 are:

- A General Fund total cost of services of £8,459,820 a reduction of £3,820 compared to 2015/16;
- A transfer of £1,724,806 from General Fund balances;
- The Band D Council Tax would be set at £161.75, an increase of £3.15 (1.99% - £0.06 per week) on the level from 2015/16 of £158.60;
- A General Fund Capital Programme of £8.014m for 3 years;
- a Housing Revenue Account (HRA) Expenditure level of £14,884,180 for 2016/17 (excluding interest & similar charges);
- A transfer of £368,100 from HRA balances;

- An average rent of £87.38 (based on a 1% reduction in average rent for General Accommodation, as announced in the Summer Budget 2015, in line with the Government's requirement to reduce rents by 1% p.a. for the next 4 years), which represents a reduction of £0.88 (1% on the current average rent of £88.26) and equates to £80.69 on an annualised 52 week basis;
- Rents for Council House Tenants in Supported Accommodation for 2016/17 would be frozen at 2015/16 levels;
- A Housing Capital Programme of £52.734m (including c.£33.7m relating to the Regeneration Projects) for 5 years.

There are a number of key challenges affecting the medium term financial planning process (as detailed within the report), which add a high level of uncertainty to budget projections.

The medium term financial planning process is being challenged by Government austerity measures. The accomplishment of a balanced 3 Year Medium Term Financial Strategy for the General Fund is a major achievement as the Council, like others, has planned to deliver its budget process in light of unprecedented adverse economic conditions with a great deal of uncertainty over future investment and income levels such as car parking, land charges and corporate property rents.

It is also facing increased financial demands from Central Government for service improvements in areas such as local democracy and transparency – as well as substantial reductions in Government grant support in the future.

There is also a high degree of uncertainty arising from the most significant changes in Local Government funding - Business Rates Retention, changes in Support for Council Tax and technical reforms to Council Tax - as well as other changes arising from the Government's Welfare Reform agenda.

Additional demands for services (i.e. benefits and housing) arising from these austere times have been included where possible but this is dependent on the length and depth of the austerity measures.

In light of these uncertainties and issues arising from the sensitivity analysis (attached at **Appendix L**), it is felt prudent to include within the budget a number of specific contingency budgets (aligned to the specific uncertainties, where appropriate) to ensure some stability in the financial planning process (as detailed at **Appendix M**).

The assumptions made in the production of the MTFs are based on the best information available at the time and are subject to change. These will be monitored and reviewed on a Quarterly basis by CMT and Cabinet.

The Treasury Management Strategy Statement and report attached at **Appendix N** outlines the Council's Prudential Indicators for 2016/17 to 2018/19 and sets out the expected Treasury operations for this period.

The main issues for Members to note are:

- Members should understand the implications on Treasury Operations when setting the budget and Medium Term Financial Strategy;
- Members should be provided with access to relevant training – Members should ensure that they have the necessary skills and training.

The aim is for all Members to have ownership and understanding when making decisions on Treasury Management matters.

- With regard to Counterparty selection for investment, rather than adopt a Lowest Common Denominator (LCD) methodology, a broader Counterparty evaluation criteria is used as recommended by Capita (the Council's Treasury Management consultants);
- The proposed Counterparty limits for 2016/17 have been increased, reflecting higher average investment balances available at present – but still in line with Capita's suggested 20% maximum of investment balances deposited with any one institution.

Options Considered

As part of the budget setting process a number of options for the council tax and rent increase levels for 2016/17 and future years have been modelled / considered.

Council Tax	Option Modelled / Considered
Model 1	1.99% increase in Council tax in 2016/17 (followed by inflationary increases of c.1.99% p.a.)
Model 1a	0% increase in Council tax in 2016/17 (followed by increases of c.1.99% p.a.)
Model 2	2.5% increase in Council tax in 2016/17 (followed by increases of 2.5% thereafter)
Model 3	0% increase in Council tax in 2016/17 (followed by increases of 0% thereafter)
Model 4	1% increase in Council tax in 2016/17 (followed by increases of 1% thereafter)

Rent	Option Modelled / Considered
Option 1	CPI + 1%
Option 2	Reduction of 1% (in line with the Summer Budget announcement)

These are detailed within the Base Budget report to Cabinet on 26th November 2015 and the Draft Medium Term Financial Strategy report to Cabinet on 14th January 2016 and Joint Scrutiny Committee (Budget) on 26th January 2016.

Resource Implications

A summary table of all the budget proposals is shown at the end of the report. The General Fund Summary Revenue Budget for 2016/17, appears at **Appendix E**. A summary of the resulting budgets over the 3 year period appears at **Appendix G**.

Closing balances over 3 years for the General Fund (GF) are estimated at £0.6m, above the minimum approved level of £0.5m. The draft Budget and Medium Term Financial Strategy is based on a council tax increase of 1.99% for 2016/17 (the maximum permitted under the Government set limits to trigger a referendum is 2.0%) followed by increases at c.1.99% p.a. thereafter & in line with statutory requirements.

The Summary HRA Revenue Budget for 2016/17 appears at **Appendix D** (including a summary of the resulting budgets over the 5 year period). Closing balances over 5 years for the HRA are estimated at £0.9m (compared to the minimum approved level of £0.5m).

The 3-year General Fund Capital Programme has been formulated based on the predicted available resources. Assuming that the anticipated capital receipts will be received, this leaves a balance of £0.81m available (the minimum approved level is £0.5m).

The Council's uncommitted Housing Capital Resources will effectively be reduced to £2.4m over 5 years (the approved minimum level is £0.5m).

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. In the Executive Director – Corporate Services' view, the budget proposals enclosed within this report include estimates which take into account circumstances and events which are reasonably foreseeable at the time of preparing the budget. In his view, the level of reserves remains adequate for the Council based on this budget and the circumstances in place at the time of preparing it.

Legal / Risk Implications

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals were considered at the Joint Scrutiny Committee (Budget) meeting on 26th January 2016. In line with the constitution a Joint Scrutiny Budget Workshop was held on 3rd December 2015 to outline the issues affecting the MTFs arising from the base budget forecast.

The budget has been set following extensive consultation with the people of Tamworth. This includes feedback from The State of Tamworth Debate, and responses from the 'Tamworth Listens' budget consultation exercise.

Proposed amendments to the 2015/16 base budget, approved by Council on 24th February 2015, are detailed within the report.

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

Key Risks to Revenue and Capital Forecasts:

Ref	Risk	Control Measure
1	Major variances to the level of grant / subsidy from the Government (including specific grants e.g. Benefits administration, Business Rates Section 31 funding); (High)	Sensitivity modelling undertaken to assess the potential impact in the estimation of future grant levels; (Medium / High)
2	New Homes Bonus grant levels lower than estimated; Continuation of the scheme in its current form is uncertain – further changes are subject to consultation. (High/Medium)	Future levels included on a risk based approach in order to offset further grant reductions / uncertainty over additional property numbers; (Medium)
3	Potential 'capping' of council tax increases by the Government or local Council Tax veto / referendum; (Medium)	Current indications are that increases of 2% or £5 and above risk 'capping' (confirmed as 2% for 2015/16); (Low)
4	The achievement / delivery of substantial savings / efficiencies will be needed to ensure sufficient resources will be available to deliver the Council's objectives through years 4 to 5. Ongoing; (High)	A robust & critical review of savings proposals will be required / undertaken before inclusion within the forecast; A minimum General Fund capital balance of £0.5m is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). (High/Medium)
5	Pay awards greater than forecast; (Medium)	Public sector pay cap announced as part of the Summer Budget 2015 - 1% increase p.a. for 4 years from 2016/17; (Medium / Low)
6	Pension costs higher than planned / adverse performance of pension fund; (Medium)	Regular update meetings with Actuary; Increases of c.2% p.a. with a new 'lump sum' element have been included with agreement made with Pension Fund following triennial review (during 2013 for 2014/15) for 3 years; (Medium)
7	Assessment of business rates collection levels to inform the forecast / budget (NNDR1) and estimates of appeals, mandatory & discretionary reliefs, cost of collection, bad debts and collection levels; New burdens (Section 31) grant funding for Central Government policy changes – including impact on levy calculation;	Robust estimates included to arrive at collection target. Ongoing proactive management & monitoring will continue; Business Rates Collection Reserve - provision of reserve funding to mitigate impact of any changes in business rate income levels;

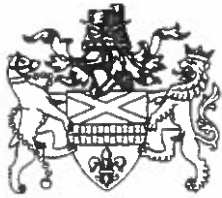
Ref	Risk	Control Measure
	Potential changes to the Business Rates Retention system by the DCLG in support of Town Centre Regeneration / equalisation of the scheme; (High)	Monitoring of the situation / regular reporting; (High / Medium)
8	Local Council Tax Reduction scheme implementation – potential yield changes and maintenance of collection levels; (High)	Robust estimates included. Ongoing proactive management & monitoring (including a quarterly healthcheck on the implications on the organisation – capacity / finance) will continue; (High / Medium)
9	Achievement of income streams in line with targets e.g. treasury management interest, car parking, planning, commercial & industrial rents etc.; (High / Medium)	Robust estimates using a zero based budgeting approach have been included; (Medium)
10	Delivery of the capital programme (GF / HRA – including Regeneration schemes) dependent on funding through capital receipts and grants (including DFG funding through the Better Care Fund); (High / Medium)	Robust monitoring and evaluation – should funds not be available then schemes would not progress; (Medium)
11	Dependency on partner organisation arrangements and contributions e.g. Waste Management (SCC/LDC). (High / Medium)	Memorandum of Understanding in place. (Medium)
12	Treasury Management - risk of counterparty default. (High / Medium)	Loss of deposits mitigated by Counterparty and Deposit monitoring (including Credit Default Swap – CDS - prices). (Medium/Low)

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

Report Author:

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, Director of Finance – tel. 709242.

Background Papers:-	Draft Budget and Medium Term Financial Strategy 2016/17 to 2020/21, Cabinet 14th January 2016 / Joint Scrutiny Committee (Budget) 26th January 2016
	Business Rates Income Forecast (NDR1 return), Cabinet 14th January 2016
	Corporate Review of Strategic Framework (Route Map from Surviving to Thriving), Cabinet 14th January 2016
	Treasury Management Strategy Statement & Annual Investment Strategy Mid-year Review Report 2015/16, Council 15th December 2015
	Joint Scrutiny Budget Workshop, 3rd December 2015
	Draft Base Budget Forecasts 2016/17 to 2020/21, Cabinet 26th November 2015
	Budget Consultation Report, Cabinet 22nd October 2015
	Budget and Medium Term Financial Planning Process, Cabinet 30th July 2015
	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2015/16, Council 24th February 2015
	Treasury Management Training slides, February / October 2015
	Treasury Management Practices 2016/17 (Operational Detail)



**MINUTES OF A MEETING OF THE
CABINET
HELD ON 18th FEBRUARY 2016**

PRESENT: Councillors D Cook (Chair), R Pritchard (Vice-Chair), S Claymore, S Doyle and M Thurgood

The following officers were present: Anthony E Goodwin (Chief Executive), John Wheatley (Executive Director Corporate Services), Stefan Garner (Director of Finance), Jane Hackett (Solicitor to the Council and Monitoring Officer) and John Day (Corporate Performance Officer)

109 APOLOGIES FOR ABSENCE

None

110 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 14 January 2016 were approved and signed as a correct record.

(Moved by Councillor R Pritchard and seconded by Councillor S Claymore)

111 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

112 QUESTION TIME:

None

**113 MATTERS REFERRED TO THE CABINET IN ACCORDANCE WITH THE
OVERVIEW AND SCRUTINY PROCEDURE RULES**

None

114 QUARTER THREE 2015/16 PERFORMANCE REPORT

The Leader of the Council provided Cabinet with a performance and financial health-check.

RESOLVED: That Cabinet endorsed the contents of the report

(Moved by Councillor R Pritchard and seconded by Councillor D Cook)

115 CORPORATE VISION, PRIORITIES PLAN, BUDGET & MEDIUM TERM FINANCIAL STRATEGY 2016/17

The Leader of the Council requested the approval of the Vision Statement, Priority Themes, Corporate Priorities and Outcomes and their inclusion in the Corporate Plan and Support Service Plan. Also to seek approval of the recommended package of budget proposals and to comply with the requirement of the Council's Treasury Management Policy in reporting to Council the proposed strategy for the forthcoming year and the Local Government Act 2003 with the reporting of the Prudential Indicators

RESOLVED:

That Cabinet

- 1 approved the Vision Statement, Priority Themes, Corporate Priorities and Outcomes and their inclusion in the Corporate Plan and Support Service Plan;
- 2 approved the proposed revisions to Service Revenue Budgets (Policy Changes);
- 3 approved the sum of £81,896 be applied from Council Tax Collection Fund surpluses in reducing the Council Tax demand in 2016/17;
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d. £161.75 being the amount at 6(c) above (Item R), all divided by Item T (at 4 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year;

8 approved the Council Tax level for the Borough Council for 2016/17 of £161.75 (an increase of £3.15 (1.99%) on the 2016/17 level of £158.60) at Band D;

9 approved an aggregate Council Tax (comprising the respective demands of the Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire and Stoke-on-Trent and Staffordshire Fire and Rescue Authority) of £1,498.34 at Band D for 2016/17 be noted;

10 approved the Council Tax levels at each band for 2016/17;

11 approved the sum of £1,724,806 be transferred from General Fund Revenue Balances in 2016/17;

12 approved the Summary General Fund Revenue Budget for 2016/17;

13 approved the Provisional Budgets for 2017/18 to 2018/19, summarised at Appendix G, as the basis for future planning;

14 approved the acceptance of the proposed 4 year grant settlement;

15 approved the minimum level for balances of £500k to be held for each of the General Fund, Housing Revenue Account, General Capital Fund and Housing Capital

Fund;

- 16 be authorised to release funding from the General Contingency budget and that the release of funding for Specific Contingency items be delegated to the Corporate Management Team in consultation with the Leader of the Council;
- 17 approved the proposed HRA Expenditure level of £14,884,180 for 2016/17;
- 18 approved the rents for Council House Tenants in General Accommodation for 2016/17 be reduced by an average of £0.88 per week (1%) to £87.38 (2015/16 £88.26), over a 48 week rent year;
- 19 approved rents for Council House Tenants in Supported Accommodation for 2016/17 be frozen at 2015/16 levels;
- 20 approved rents for Council House Tenants due for 52 weeks in 2016/17 be collected over 48 weeks;
- 21 approved the HRA deficit of £368,100 be financed through a transfer from Housing Revenue Account Balances in 2016/17;
- 22 approved the proposed 3 year General Fund Capital Programme of £8.014m, as detailed in Appendix I to the report and where it may be more cost effective for purchases to be made before 31st March 2016 – that the spend be brought forward together with the associated budget;
- 23 approved the proposed 5 year Housing Capital Programme of £52.734m, as detailed in Appendix J to the report;
- 24 approved to delegate authority to Cabinet to approve/add new capital schemes to the capital programme where grant funding is received or there is no net additional cost to the Council;

- 25 approved the Treasury Management Strategy Statement, the Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Statement 2016/17;
- 26 approved the Prudential and Treasury Indicators and Limits for 2016/17 to 2018/19 contained within;
- 27 approved the adoption of the Treasury Management Practices contained within ANNEX 7; and
- 28 approved the detailed criteria of the Investment Strategy 2016/17 contained in the Treasury Management Strategy within ANNEX 3.

(Moved by Councillor D Cook and seconded by Councillor R Pritchard)

116 UPDATED RIPA POLICY

The Solicitor to the Council and Monitoring Officer advised Members of the proposed amendments to the Corporate Policy governing the Regulation of Investigatory Powers Act 2000 in light of the new requirements introduced by recent legislative change and Home Office Guidance and sought their consideration and recommendations in relation thereto.

RESOLVED:

- That Cabinet
- 1 considered the changes to the RIPA policy on Directed Surveillance, Covert Human Intelligence Sources (CHIS) and Acquisition of Communications Data,
 - 2 satisfied itself that the changes met the requirements imposed on the Council in terms of the legislation and Codes of Practice; and
 - 3 recommended approval to Council.

(Moved by Councillor R Pritchard and seconded by Councillor D Cook)

Leader