



**MEMBERS ARE REMINDED THAT AT 3:00PM A PRESENTATION WILL TAKE PLACE IN THE COUNCIL CHAMBER ON THE DISTRICT NEEDS ANALYSIS 2018**

---

**CANNOCK CHASE COUNCIL**

**COUNCIL MEETING**

**WEDNESDAY, 26 SEPTEMBER, 2018 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 Meeting held on 25 July, 2018, Minute Nos. 19 – 33; Page Nos. 13 – 20.

**4. Deputations Received under Council Procedure Rule 4B**

To receive the following Deputation submitted by Mr D. Wisehall, Chair, Heart of Hednesford:

“Heart of Hednesford is seeking the support of Cannock Chase Council to help tackle the litter problem across Hednesford. This is an on-going situation that

affects the whole of Hednesford but we believe that we can make a huge difference over time to overcome the blight on our town”

**5. The Chairman's Announcements and Correspondence**

**6. Questions Received under Council Procedure Rule 8**

No Questions have been received in accordance with Council Procedure Rule 8.

**7. Recommendations Referred from Cabinet, Committees etc.**

None.

**8. Motion(s) Received under Council Procedure Rule 6**

To consider the following Motion submitted in accordance with Rule 6 by Councillor G. Adamson:

‘This Council agrees to sign up to the Trades Union Congress “Dying to Work” Charter which is seeking to provide greater security for terminally ill employees, ensuring that they are not dismissed due to their condition’.

**9. Comments and Questions on Part 1 Minutes of Cabinet, Committees, Sub-Committees and Panels 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.

**10. Annual Treasury Management Report 2017/18**

Report of the Head of Finance (Item 10.1 – 10.8).

**11. 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, 2 and 3 of Part 1, Schedule 12A, Local Government Act, 1972."

**CANNOCK CHASE COUNCIL**

**COUNCIL MEETING**

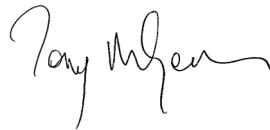
**WEDNESDAY, 26 SEPTEMBER, 2018 AT 4:00 P.M.**

**COUNCIL CHAMBER, CIVIC CENTRE, BEECROFT ROAD, CANNOCK**

**PART 2**

**12. Comments and Questions on Part 2 Minutes of Cabinet, Committees, Sub-Committees and Panels 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

18 September, 2018



## **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 MEETING OF THE COUNCIL**  
**HELD IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**  
**AT 4:00 P.M., WEDNESDAY, 25 JULY, 2018**

**PART 1**

PRESENT: Councillors:

Witton, P.T. (Chairman)

Adamson, G.	Johnson, T.B.
Alcott, G.	Kraujalis, J.T.
Allen, F.W.C.	Lea, C.I.
Allt, Mrs. A.	Lyons, Miss O.
Bennett, C.	Martin, Mrs. C.E.
Bowater, J.L.	Mitchell, Mrs. C.
Buttery, M.S.	Peake, Mrs. C.L.
Cartwright, Mrs. S.M.	Pearson, A.R.
Cooper, Miss J.	Preece, J.P.T.L.
Crabtree, S.K.	Smith, C.D.
Davis, Mrs. M.A.	Snape, D.J.
Dudson, A.	Snape, P.A.
Fisher, P.A.	Startin, P.D.
Foley, D.	Sutherland, M.
Freeman, Miss M.A.	Sutton, Mrs. H.M.
Grice, Mrs. D.	Tait, Ms. L.
Hewitt, P.M.	Todd, Mrs. D.M.
Hoare, M.W.A.	Wilkinson, Ms. C.L.
Johnson, J.P.	Woodhead, P.E.

**19. Apologies**

Apologies for absence were submitted for Councillors Miss M.J. Dudson and Mrs. P.Z. Stretton M.B.E (Vice-Chairman).

**20. 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.

## **21. Minutes**

RESOLVED:

That the Minutes of the Extraordinary meeting and Annual meeting held on 23 May, 2018, be approved as a correct record and signed.

## **22. Presentation of Certificates to Aldermen**

The Chairman reminded Members that at the Extraordinary Council meeting held on 23 May, 2018, Council approved that the title of Honorary Alderman be awarded to five nominated former Councillors, and that this was the first time the title had been awarded by the Council. The title was in recognition of eminent service rendered to the Council as a past Member for at least three terms of office.

Those persons appointed as Honorary Aldermen could attend and take part in such Civic ceremonies as the Council may from time to time decide to host, and the Chairman noted it was pleasing to see some of the Aldermen at the recent Civic Service.

An invitation was extended to each Alderman to attend today's Council meeting to collect their certificates. All invitees were in attendance other than Derek Davis, who had given his apologies due to a prior engagement, and would receive his certificate separately.

The Chairman then called upon former Members of the Council Roy Bagguley, Dennis Dixon, Michael Grocott and Michael Holder to come forward and collect their awards.

The Chairman then invited each Alderman to make a short address to Council upon receipt of their certificate.

## **23. Chairman's Announcements and Correspondence**

### **(i) Chairman's Charity Collection**

The Chairman advised that a collection box was circulating for Members to make a donation to support his fundraising. At the meeting held on 23 May, 2018 a total of £45.00 was received, and he thanked Members for their donations.

### **(ii) Civic Service**

The Chairman thanked those Members who joined him at the Civic Service and Reception held on Sunday 15 July, 2018, commenting that all in attendance had a great afternoon and the church service was very fitting to the occasion. He also gave thanks to the Civic Officers for doing a fantastic job of arranging the day.

## **24. Changes to Membership of Committees etc. 2018/19**

The Leader of the Council, Councillor G. Adamson, notified Council of changes to membership of Committees etc. from the Labour Group for retrospective approval by Council (Item 6.1 – 6.3 of the Official Minutes of the Council).



RESOLVED:

That the changes to Labour Group membership of Committees etc. as detailed in the schedule at Item 6.1 to 6.3 of the agenda be approved.

**25. Questions in Accordance with Council Procedure Rule 8**

No Questions had been submitted in accordance with Council Procedure Rule 8.

**26. Recommendations Referred from Cabinet, Committees etc.**

- (i) Consideration was given to the following recommendation to Council considered by Cabinet at its meeting held on 14 June, 2018, in respect of:

Corporate Priority Delivery Plan and Peer Review Update (Minute No. 8)

“That Council, at its meeting to be held on 25 July, 2018, be recommended to approve the Corporate Priority Delivery Plan 2018/19, as detailed in Appendix 1 of the 14 June, 2018 Cabinet report.”

RESOLVED:

Corporate Priority Delivery Plan and Peer Review Update (Minute No. 8)

That the Corporate Priority Delivery Plan 2018/19 be approved.

- (ii) Consideration was given to the following recommendation to Council considered by the Planning Control Committee at its meeting held on 20 June, 2018 in respect of:

Planning Enforcement Protocol (Minute No. 19)

“That Council, at its meeting to be held on 25 July, 2018, be recommended to adopt and publish the Cannock Chase Council Planning Enforcement Protocol, as detailed on pages 6.100 to 6.114 of the 20 June, 2018 Planning Control Committee papers.”

RESOLVED:

Planning Enforcement Protocol (Minute No. 19)

That the Cannock Chase Council Planning Enforcement Protocol be adopted and published.

**27. Motions Received under Council Procedure Rule 6**

- (i) Consideration was given to the following Motion submitted in accordance with Council Procedure Rule 6 by Councillor Ms. C.L. Wilkinson, Rawnsley Ward:

Goldfish

“We all enjoy a visit to the fair, the circus or one of the many other festivals or events held across our district. Whilst we enjoy it, animals should not suffer. Over the past few months a couple of issues have arisen in neighbouring Council areas where Goldfish are being offered as prizes in fairground games and I have been contacted by several residents concerned about this cruel and outdated practice.

Giving live animals as prizes is not against the law, unless they are giving them away to unaccompanied children:

The Animal Welfare Act 2006 in England and Wales makes it an offence to give away an animal as a prize if the person can reasonably be believed to be under 16 and is not accompanied by an adult (there are some exceptions in sections 11(3)-(6) of the Act). This is not the case in Scotland, where under the Animal Health and Welfare (Scotland) Act 2006, it is an offence to offer or give an animal to another person as a prize (whatever their age), except where it is offered in a family context.

This is not something that has been observed in our District and we note that the District Council has existing policies regarding not allowing animals performing as part of a circus. Addressing this with a positive policy statement will reinforce the Councils' and the residents' strong commitments to the rights of animals.

Instruct the Managing Director to ask staff to draw up a suitable policy statement to prohibit the offer of live animals as prizes at any fair, circus, festival or event held on (i) land owned by the District Council (ii) supported by the District Council in any way or (iii) licensed by the District Council."

RESOLVED:

That the Motion, as presented, be referred without debate to the 23 August, 2018 Cabinet meeting, for consideration.

- (ii) Consideration was given to the following Motion submitted in accordance with Council Procedure Rule 6 by Councillor P.E. Woodhead, Hednesford South Ward:

'A'-Boards

"The Commercial Obstructions on the Highway Policy agreed by Council in October 2017 has shown to be both unpopular and flawed in that feedback obtained from Traders shows a number of hidden costs not anticipated in the original policy design as well as a zealous approach to the conditions of compliance. This coupled with many traders simply removing advertising boards has left the three Town Centres a bleak and desolate place.

Instruct the Managing Director to halt the implementation of the Policy agreed in October 2017 whilst the scrutiny committee review is undertaken as a matter of urgency. The reviewed need, scale and scope of any replacement policy or proposals be brought back to Council for consideration."

Councillor Mrs. C.E. Martin moved the following amendment to the Motion, which was duly seconded:

"That the Motion, as presented, be referred to the Promoting Prosperity Scrutiny Committee for consideration, due to the Committee having agreed to undertake a review of the Commercial Obstructions on the Highway Policy as part of its 2018/19 work programme."

Members then took a vote on the proposed amendment, which was approved.

RESOLVED:

That the Motion, as presented, be referred to the Promoting Prosperity Scrutiny Committee for consideration, due to the Committee having agreed to undertake a review of the Commercial Obstructions on the Highway Policy as part of its 2018/19 work programme.

- (iii) Consideration was given to the following Motion submitted in accordance with Council Procedure Rule 6 by Councillor P.E. Woodhead, Hednesford South Ward:

Lloyds Bank

“Lloyds Bank have announced that they are closing the branch in Hednesford. This is the last bank in the town and will be another devastating blow for the traders and community of Hednesford. Lloyds Bank was saved from collapse in 2008 with £220 billion of taxpayers money and have a moral obligation to serve our communities not isolate them.

Up until 2015 there was a commitment from all major high street banks to keep the “Last Bank in the Town” which was ditched in a coalition government agreement with bankers and replaced with 12 weeks notice and “community consultation”.

A petition has been circulating in the town and online which has attracted over 2250 signatures asking for Lloyds to reconsider their decision.

Instruct the Managing Director to write on behalf of all Councillors to accompany the petition to urge Lloyds Bank to reverse their decision and keep a bank in the town.”

RESOLVED:

That:

- (A) It was noted that Lloyds Bank had announced that they were closing the branch in Hednesford. This was the last bank in the town and would be another devastating blow for the traders and community of Hednesford. Lloyds Bank was saved from collapse in 2008 with £220 billion of taxpayers money and had a moral obligation to serve our communities, not isolate them.
- (B) It was further noted that up until 2015 there was a commitment from all major high street banks to keep the “Last Bank in the Town” which was ditched in a coalition government agreement with bankers and replaced with 12 weeks notice and “community consultation”.
- (C) It was also further noted that a petition had been circulating in the town and online which had attracted over 2,250 signatures asking Lloyds to reconsider their decision.
- (D) The Managing Director be instructed to write on behalf of all Councillors to accompany the petition to urge Lloyds Bank to reverse their decision and keep a bank in the town.

- (iv) Consideration was given to the following Motion submitted in accordance with Council Procedure Rule 6 by Councillor P.A. Snape, Leader of the Opposition:

Electric Vehicle Charging Schemes

“As Members will know, Michael Gove, Secretary of State for Environment, Food and Rural Affairs, has announced a government plan to ban the sale of all petrol and diesel cars by 2040. This being the case, over the next 22 years the UK will have to ramp up the provision of charging points to provide the infrastructure to fuel electric vehicles.

New electric vehicles can only be supported if there are charging points available. Accordingly, planning permission for new build residential and business premises should include the provision of an electric charging point.

Cannock Chase District Council now has the opportunity to make a significant contribution to reducing carbon emissions and helping the government move towards its 2040 electric car target. Therefore, please let us now require new planning applicants, from 1<sup>st</sup> January 2019 onwards, to include an ‘electric vehicle charging scheme’ for housing and business/commercial developments such that the planning application must include an ‘electric vehicle charging scheme’ plan.”

Following advice received from the Council’s Monitoring Officer concerning the Council’s powers when determining planning policy matters, the Motion was withdrawn by Councillor P.A. Snape.

**28. Comments and Questions on Part 1 Minutes of Cabinet, Committees, Sub-Committees and Panels under Rule 9**

No comments or questions on Part 1 Minutes had been submitted in accordance with Council Procedure Rule 9.

**29. Appointments to Outside Bodies 2018/19**

Consideration was given to the proposed appointments of representatives to Outside Bodies 2018/19 and amendments to appointments made at the Annual Council meeting held on 23 May, 2018 (Item 11.1 of the Official Minutes of the Council).

RESOLVED:

That:

- (A) Mr P. King be appointed as the Council’s representative on the Beaudesert Sports Field and Recreation Ground Charity Management Committee for the remainder of the 2018/19 municipal year.
- (B) Councillors J.T. Kraujalis and M. Sutherland be appointed as the Council’s representatives on the National Association of Councillors for the remainder of the 2018/19 municipal year.
- (C) Councillor F.W.C. Allen, as the Chairman of the Community Scrutiny Committee, be appointed to the Poplars Landfill Site Liaison Committee for the 2018/19 municipal year, in place of Councillor Miss J. Cooper.

(D) Councillor A. Dudson be appointed as the Council's voting member on the West Midlands Combined Authority Overview & Scrutiny Committee for the 2018/19 municipal year, in place of Councillor J.P.T.L. Preece.

**30. Scrutiny Committees' Annual Reports 2018/19**

The 2017/18 Annual Reports of the following Scrutiny Committee were received for information (Item 12.1 – 12.19 of the Official Minutes of the Council):

- Customers & Corporate Scrutiny Committee;
- Economic Development and Town Centres Scrutiny Committee;
- Health, Culture and Environment Scrutiny Committee;
- Housing, Crime and Partnerships Scrutiny Committee.

**31. Exclusion of the Public**

RESOLVED:

That the public be excluded for the remainder of the meeting because of the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1, Schedule 12A, Local Government Act 1972.



**CANNOCK CHASE COUNCIL**  
**MINUTES OF THE MEETING OF THE COUNCIL**  
**HELD IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK**  
**AT 4:00 P.M., WEDNESDAY, 25 JULY, 2018**

**PART 2**

**32. Recommendations Referred from Cabinet, Committees etc.**

Consideration was given to the following recommendation to Council considered by Cabinet at its meeting held on 14 June, 2018, in respect of:

Cannock Town Centre (Draft Minute No. 31)

“That Council, at its meeting to be held on 25 July, 2018, be requested to approve a capital allocation in the Council’s Capital Programme 2018/19 to cover the purchase costs outlined in the Report and any related financial implications.”

RESOLVED:

That a capital allocation be included in the Council’s Capital Programme 2018/19 to cover the purchase costs outlined in the 12 July, 2018 Not for Publication Cabinet Report and any related financial implications.

**33. Comments and Questions on Part 1 Minutes of Cabinet, Committees, Sub-Committees and Panels under Rule 9**

No comments or questions on Part 2 Minutes had been submitted in accordance with Council Procedure Rule 9.

The meeting closed at 5:07 p.m.

---

CHAIRMAN

<b>Report of:</b>	<b>Head of Finance</b>
<b>Contact Officer:</b>	<b>Bob Kean</b>
<b>Telephone No:</b>	<b>01543 464 334</b>
<b>Portfolio Leader:</b>	<b>Leader of the Council</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Audit &amp; Governance Cttee: 26/07/18 and Council: 26/09/18</b>

**COUNCIL**  
**26 SEPTEMBER 2018**  
**ANNUAL TREASURY MANAGEMENT REPORT 2017/18**

**1 Purpose of Report**

- 1.1 To update members on treasury management activity and performance during the 2017/18 financial year.

**2 Recommendations**

- 2.1 To note the annual treasury management report for 2017/18.
- 2.2 To approve the actual 2017/18 prudential and treasury indicators set out in Appendix 1.

**3 Key Issues and Reasons for Recommendation**

- 3.1 Treasury management activity and performance during the 2017/18 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 This 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 2017/18. 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 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 08/02/2017)
  - a mid-year (minimum) treasury update report (A&G 05/12/2017)
  - an annual review following the end of the year describing the activity compared to the strategy (this report)
- 5.3 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.
- 5.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit and Governance Committee before they were reported to the full Council. Training has been undertaken by members of the Audit and Accounts Committee and further training will be arranged as required.

### **The Economy and Interest Rates**

- 5.5 During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%. The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter. The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.

5.6 **PWLB borrowing rates** increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

**Overall Treasury Position as at 31 March 2018**

5.7 At the beginning and the end of 2017/18 the Council's treasury, (excluding borrowing by PFI and finance leases), position was as follows:

<b>TABLE 1</b>	<b>31 March 2017 Principal £'000</b>	<b>Rate/ Return</b>	<b>Average Life (yrs.)</b>	<b>31 March 2018 Principal £'000</b>	<b>Rate/ Return</b>	<b>Average Life (yrs.)</b>
<b>Total debt (PWLB)</b>	84,205	4.18%	38.4	81,605	3.89%	36.68
<b>CFR</b>	95,769			94,924		
<b>Over / (under) borrowing</b>	(11,564)			(13,319)		
<b>Total investments</b>	18,600	0.57%	0.36	11,900	0.37%	0.27
<b>Short term borrowing</b>	(2,600)			0		
<b>Net investments</b>	16,000			11,900		
<b>Net debt</b>	65,605			69,705		

**Strategy for 2017/18**

5.8 The expectation for interest rates within the treasury management strategy for 2017/18 anticipated low but rising Bank Rate, and gradual rises in medium and longer term fixed borrowing rates during 2017/18. 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.

5.9 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.

5.10 During 2017/18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.

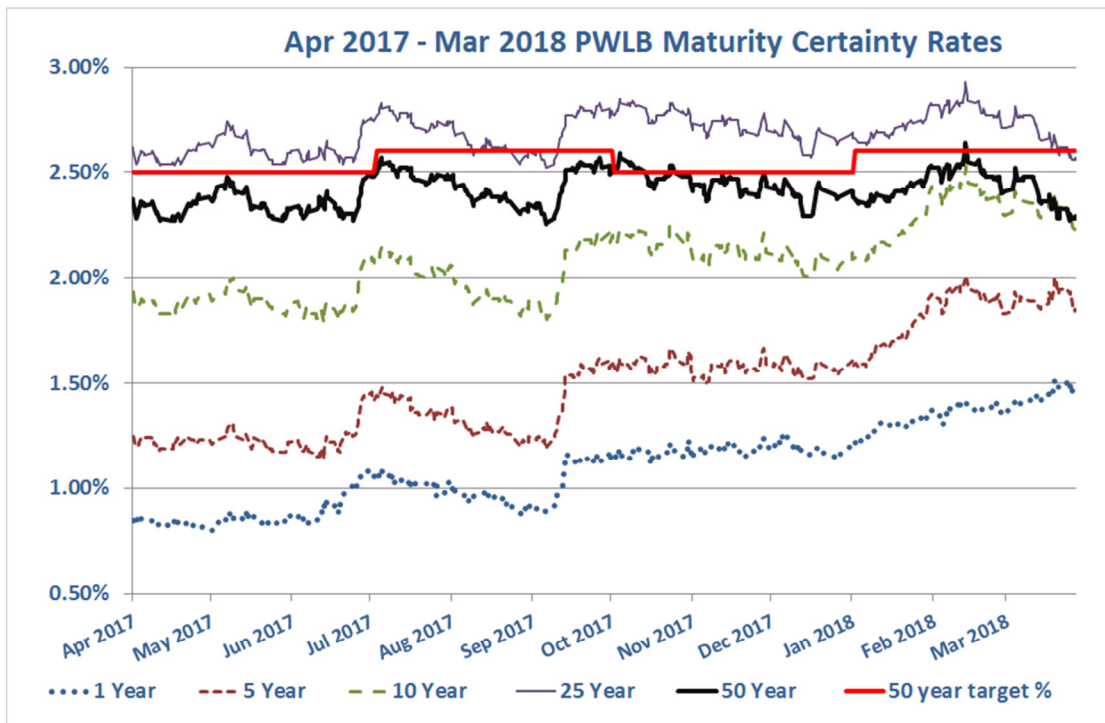
**Borrowing Requirement**

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

TABLE 2	31-Mar-17 Actual £'000	31-Mar-18 Budget £'000	31-Mar-18 Actual £'000
CFR (Housing)	81,518	80,054	79,953
CFR (GF)	14,251	13,866	13,866
CFR (Finance Leases)			1,105
CFR (Total)	95,769	93,921	94,924

**Borrowing Rates in 2017/18**

5.12 **PWLB certainty maturity borrowing rates** - As depicted in the graph below, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March. During the year, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.

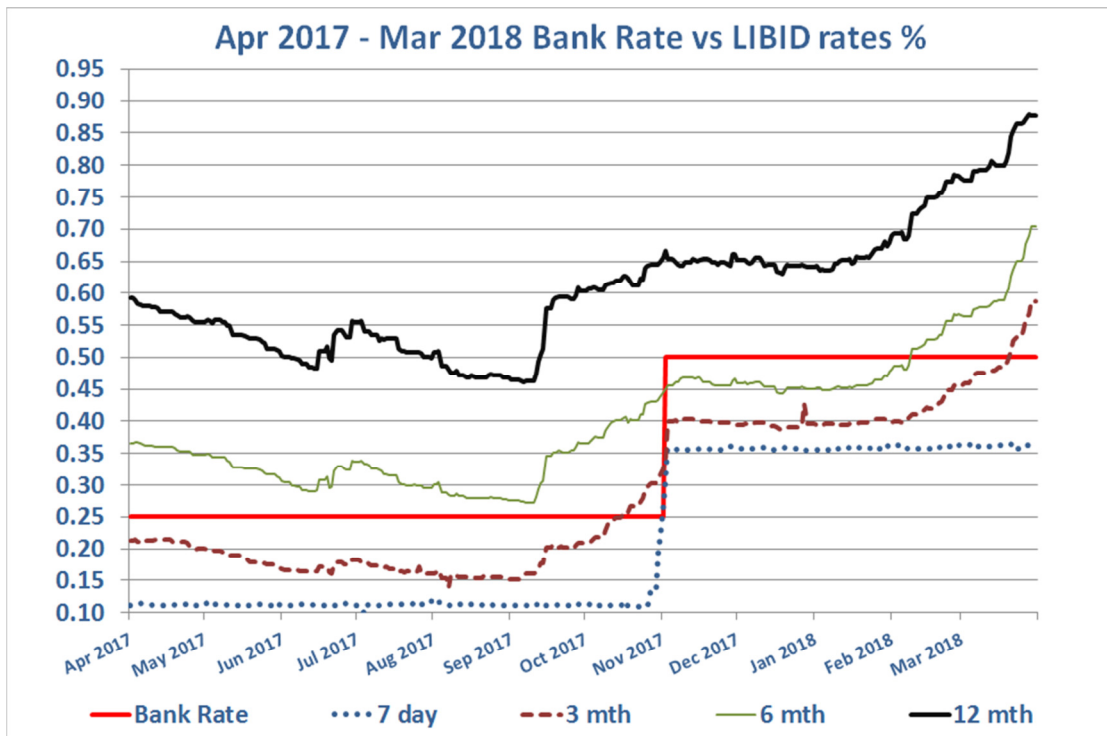


**Borrowing Outturn for 2017/18**

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

**Investment Rates in 2017/18**

5.14 Investments rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. Bank Rate was duly raised from 0.25% to 0.50% on 2.11.17 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017/18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28.2.18.



**Investment Outturn for 2017/18**

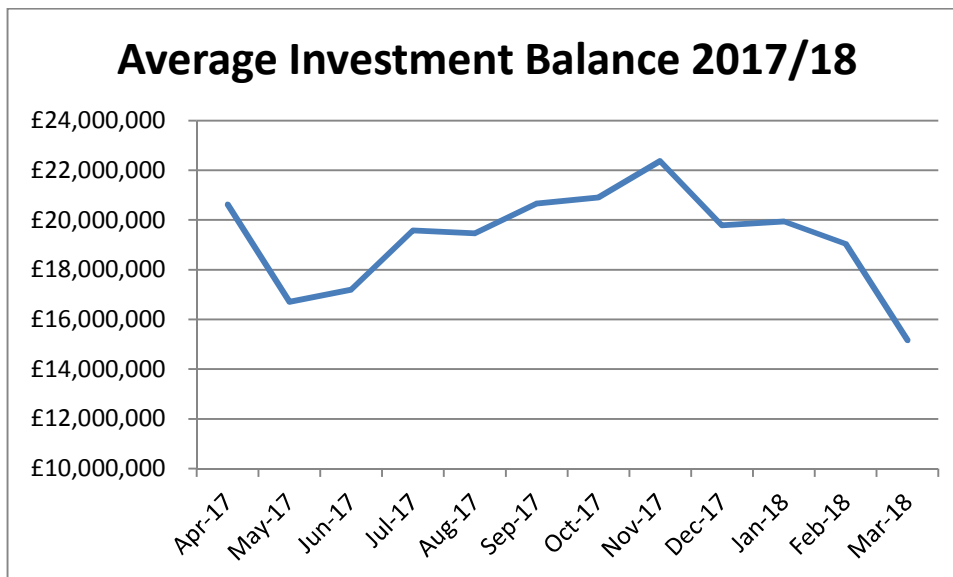
5.15 **Investment Policy** - the Council’s investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 08/02/2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc).

5.16 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

5.17 **Investments held by the Council** - the Council's investments as at 31 March 2018 are set out in the following table:-

Counterparty	Start Date	Maturity	Value (£)	Rate (%)
Standard Life		Money Market	4,900,000	0.46
Federated		Money Market	2,000,000	0.46
The Royal Bank of Scotland	11/09/2017	10/09/2018	2,000,000	0.56
Helaba Bank	16/11/2017	16/05/2018	2,500,000	0.52
Barclays Bank PLC		Call Account	500,000	0.05
			<b>11,900,000</b>	

5.18 The Council maintained an average balance of £21.3m of internally managed funds. The internally managed funds earned an average rate of return of 0.37%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.21%. The chart below illustrates the movement in the level of investments held by the Council at each month end during the year.



5.19 Although the average rate of return exceeded the benchmark, overall investment earnings of £140,215 were less than predicted when compared to the original budget of £158,000, set in February 2017.

## 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.

<b>1. PRUDENTIAL INDICATORS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure (HRA)</b>	8,999	10,634	10,039
<b>Capital Expenditure (GF)</b>	3,207	3,421	2,560
<b>Notional Capital expenditure – Finance Leases</b>			1,312
<b>Ratio of financing costs to net revenue stream (HRA)</b>	18.60%	25.20%	24.6%
<b>Ratio of financing costs to net revenue stream (GF)</b>	3.90%	3.70%	3.6%
<b>Gross borrowing requirement (GF) - Finance Leases</b>	0	0	1,105
<b>Gross debt</b>	84,205	81,708	81,605
<b>Capital Financing Requirement as at 31 March (HRA)</b>	81,518	80,054	79,953
<b>Capital Financing Requirement as at 31 March (GF)</b>	14,251	13,866	14,971
<b>Annual change in Cap. Financing Requirement (HRA)</b>	-249	-1,464	-1,565
<b>Annual change in Cap. Financing Requirement (GF)</b>	-401	-385	-385
<b>Annual Change in CFR - Finance Leases</b>			1,105
<b>2. TREASURY MANAGEMENT INDICATORS</b>			
<b>Authorised Limit for external debt -</b>	108,284	111,410	111,410
<b>Operational Boundary for external debt</b>	96,784	99,910	99,110
<b>Actual external debt</b>	84,205	81,708	81,605

<b>Maturity structure of fixed rate borrowing during 2017/18</b>	<b>upper limit</b>	<b>lower limit</b>
<b>under 12 months</b>	100%	0%
<b>12 months and within 24 months</b>	100%	0%
<b>24 months and within 5 years</b>	100%	0%
<b>5 years and within 10 years</b>	100%	0%
<b>10 years and above</b>	100%	0%