

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

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NB - This agenda contains proposals, recommendations and options. These do not represent Council policy or decisions until they have received proper consideration through the full decision making process.

Contact: Committee Services
committee.services@tmbc.gov.uk

20 June 2017

To: MEMBERS OF THE CABINET
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Cabinet to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Wednesday, 28th June, 2017 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

PART 1 - PUBLIC

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| 1. | Apologies for absence | 5 - 6 |
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3. Minutes 9 - 12

To confirm as a correct record the Minutes of the meeting of the Cabinet held on 21 March 2017

4. Matters Referred from Advisory Boards 13 - 14

The notes of meetings of Advisory Boards are attached, any recommendations identified by an arrow being for determination by the Cabinet. Notices relating to any decisions already taken by Cabinet Members under the arrangements for delegated decision making have previously been circulated.

Matters for Recommendation to the Council

5. Revenues and Benefits - Shared Service

Item referred from Finance, Innovation and Property Advisory Board minutes of 21 June 2017 – to follow

Executive Non-Key Decisions

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8. Introduction of Charges for Food Hygiene Rating Scheme Re-inspection Requests on a Cost Recovery Basis

Item referred from Street Scene and Environment Services Advisory Board minutes of 20 June 2017 – to follow

9. Urgent Items 41 - 42

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

Matters for consideration in Private

10. Exclusion of Press and Public 43 - 44

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

PART 2 - PRIVATE

11. Urgent Items 45 - 46

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

MEMBERSHIP

Councillor N J Heslop, (Leader) and (Economic Regeneration)
Councillor M A Coffin, (Finance, Innovation and Property)
Councillor Mrs M F Heslop, (Community Services)
Councillor D Lettington, (Street Scene and Environment Services)
Councillor H S Rogers, (Strategic Planning and Infrastructure)
Councillor Miss S O Shrubsole, (Housing)

Members of the Council who are not members of the executive may attend meetings of the Cabinet. With the agreement of the Leader, any such Member may address the Cabinet on any item on the agenda but may not vote.

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Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

CABINET

Tuesday, 21st March, 2017

Present: Cllr N J Heslop (Chairman), Cllr M A Coffin, Cllr Mrs M F Heslop, Cllr D Lettington, Cllr H S Rogers and Cllr Miss S O Shrubsole

Councillors Mrs J A Anderson, O C Baldock, P F Bolt, D J Cure, Mrs S L Luck, A K Sullivan and T C Walker were also present pursuant to Access to Information Rule No 22.

PART 1 - PUBLIC

CB 17/30 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

CB 17/31 MINUTES

RESOLVED: That the Minutes of the meeting of the Cabinet held on 31 January 2017 be approved as a correct record and signed by the Chairman.

CB 17/32 MINUTES

RESOLVED: That the Minutes of the meeting of the Cabinet held on 9 February 2017 be approved as a correct record and signed by the Chairman subject to amendment of the list of attendees to include Councillor P Bolt.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

CB 17/33 PUBLIC SPACE PROTECTION ORDER - CONSULTATION RESPONSES

Further to Decision No D170009CAB, the report of the Director of Central Services provided feedback on the responses received on the Public Space Protection Order (PSPO) consultation. An explanation was given of the application of the PSPO to parish council owned play areas, the position regarding existing byelaws and the "dogs on leads with direction" provision. Members discussed possible extensions to the PSPO at the three yearly review and requested clarification of the currency of evidence required in justifying each measure in time for the Council meeting.

RECOMMENDED: That the Public Space Protection Order for Tonbridge and Malling be adopted.

***Referred to Council**

**DECISIONS TAKEN IN ACCORDANCE WITH PARAGRAPH 4,
PART 3 OF THE CONSTITUTION**

CB 17/34 REVENUE AND BENEFITS - POTENTIAL SHARED SERVICE

Decision Notice D170030CAB

CB 17/35 POLICY ON MANAGING UNREASONABLE COMPLAINANT BEHAVIOUR

Decision Notice D170031CAB

CB 17/36 PLANNING APPLICATION FEES: THE GOVERNMENT'S OFFER

Decision Notice D170032CAB

CB 17/37 PARKING ACTION PLAN - PHASE 8A

(Item JTB 17/3 referred from Joint Transportation Board of 13 March 2017)

Decision Notice D170033CAB

MATTERS SUBMITTED FOR INFORMATION

CB 17/38 MATTERS REFERRED FROM ADVISORY BOARDS

The notes of the meetings of the following Advisory Boards were received, any recommendations contained therein being incorporated within the decisions of the Cabinet reproduced at the annex to these Minutes.

Economic Regeneration Advisory Board of 22 February 2017
Communities and Housing Advisory Board of 28 February 2017
Planning and Transportation Advisory Board of 7 March 2017

RESOLVED: That the report be received and noted.

CB 17/39 MATTERS REFERRED FROM ADVISORY PANELS AND OTHER GROUPS

The Minutes of the meetings of the following Advisory Panels and other Groups were received, any recommendations contained therein being incorporated within the decisions of the Cabinet reproduced at the annex to these Minutes.

Parish Partnership Panel of 16 February 2017
Tonbridge Forum of 27 February 2017
Joint Transportation Board of 13 March 2017

RESOLVED: That the report be received and noted.

CB 17/40 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

**DECISIONS TAKEN IN ACCORDANCE WITH PARAGRAPH 4,
PART 3 OF THE CONSTITUTION**

CB 17/41 CESSATION OF COUNCIL USAGE OF CO-OPERATIVE BANK

(LGA 1972 Sch 12A Paragraph 3 – Financial or business affairs of any particular person)

Decision Notice D170034CAB

CB 17/42 DEBTS FOR WRITE OFF

(LGA 1972 Sch 12A Paragraph 2 – Information likely to reveal information about an individual)

Decision Notice D170035CAB

CB 17/43 PROPOSED ACTION ON A LONG TERM EMPTY PROPERTY IN BURHAM

(LGA 1972 Sch 12A Paragraph 1 – Information relating to an individual)

(Item CH 17/14 referred from Communities and Housing Advisory Board minutes of 28 February 2017)

Decision Notice D170036CAB

The meeting ended at 8.43 pm

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Agenda Item 4

The notes of meetings of Advisory Boards are attached, any recommendations identified by an arrow being for determination by the Cabinet. Notices relating to any decisions already taken by Cabinet Members under the arrangements for delegated decision making have previously been circulated.

Street Scene and Environment Services Advisory Board of 20 June 2017 – to follow
Finance, Innovation and Property Advisory Board of 21 June 2017 – to follow

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

28 June 2017

Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property

Part 1- Public

Executive Non Key Decisions

1 REVENUE AND CAPITAL OUTTURN 2016/17

In accordance with the Council's Financial Procedure Rules we present a report and accompanying information detailing actual Revenue and Capital Outturn for the year ended 31 March 2017 and subsequent adjustments made in light of the Outturn position.

1.1 Introduction

1.1.1 A detailed statement of the revenue and capital outturn position for the year 2016/17 is provided in the attached booklet which has been compiled in liaison with Chief Officers, including, where appropriate, explanatory notes of variations between revised estimates and outturn. Variations between the original and revised estimates for 2016/17 were highlighted in the notes to the Annual Estimate papers presented to Members during the 2017/18 budget cycle.

1.1.2 In accordance with the Council's Constitution the Statement of Accounts which shows the outturn in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 will be presented to the **Audit Committee** for **approval**. The Director of Finance and Transformation will be presenting the Statement of Accounts to the Audit Committee on 3 July.

1.2 Overall Revenue Position

1.2.1 Members are to be advised that overall, the revenue outturn is within budget to the sum of £363,153 affording the opportunity to make a contribution to two specific earmarked reserves detailed below and taking the favourable variance to £43,153 with a contribution to the General Revenue Reserve of £908,903 compared with the Revised Estimate figure of £865,750.

1.2.2 The favourable variance can, amongst other things, be attributed to management savings on the salary bill and better than budgeted performance in our major operational income streams offset by the contribution to two specific earmarked reserves.

1.2.3 We have as part of the closedown process undertaken a review of the specific earmarked reserves held by the Council. As a result of this review and in liaison with Management Team Cabinet is asked to note and endorse that:

- The sum of £200,000 is added to the Invest to Save reserve to fund initiatives to reduce costs and or generate income.
- The sum of £120,000 is added to the Tonbridge & Malling Leisure Trust reserve established in recognition of obligations on the Council that could be called on under the agreement with the Trust.

1.2.4 As mentioned above, measured against the Revised Estimate the outturn position is within budget to the sum of £43,153. A more detailed analysis of the principal reasons for the favourable variance can be found in the table below.

Description	Revised Estimate 2016/17 £	Provisional Outturn 2016/17 £	Variation £
Invest to Save Reserve	0	200,000	200,000
Tonbridge & Malling Leisure Trust Reserve	0	120,000	120,000
Building Control Partnership	10,000	61,589	51,589
Interest on Investments and Cash Flow	(206,000)	(231,483)	(25,483)
Tonbridge & Malling Leisure Trust Loss of Income Claim/s	208,700	172,228	(36,472)
Refuse, Recycling & Green Waste Collection Contract Payments	2,505,900	2,460,215	(45,685)
Major Income Streams	(5,194,900)	(5,261,840)	(66,940)
Salary Monitoring Statement	9,505,350	9,332,840	(172,510)
Other Net Changes	1,474,257	1,406,605	(67,652)
Total	8,303,307	8,260,154	(43,153)

1.2.5 **[Annex 1]** provides details of Service specific issues in respect of the revenue outturn for 2016/17.

1.3 Capital Plan

1.3.1 A detailed draft outturn position was presented to the Finance, Innovation and Property Advisory Board on 21 June 2017 which showed actual net expenditure of £340,000 against a budget provision of £1,145,000.

1.3.2 Factors that contributed to the net underspend are given below.

- Capital renewals budgets totalling £697,000 with actual capital renewals expenditure totalling £234,000. Capital renewals provisions reflect predictions as to when assets will need to be replaced. The net underspend can largely be attributed to replacement of car park ticket machines moved to April 2017 and a lower than anticipated spend on

capital renewals at our leisure facilities and in respect of information technology.

- The very nature of capital expenditure and funding can see the rescheduling, reprofiling and review of future budget provision. Scheme budget provisions that are to be rescheduled, reprofiled or subject to review include Housing Assistance – net underspend of £48,000; and Improvement Programme for Existing Car Parks – underspend £56,000. Developer contribution of £155,000 received earlier than expected in respect of Tonbridge Town Lock.

1.3.3 **[Annex 2]** provides details of Service specific issues in respect of the capital outturn for 2016/17.

1.4 Treasury Management and Investment Strategy Review

1.4.1 The Council adopted the December 2009 edition of the Chartered Institute of Public Finance and Accountancy Treasury Management Code of Practice and Cross-Sectoral Guidance Notes on 18 February 2010 and due regard has also been given to subsequent revisions to the Code. The Code requires an annual review report of the previous year to be presented and endorsed by Members. To comply with the Code an annual review report for the year 2016/17, attached at **[Annex 3]**, is to be considered by the Audit Committee at its meeting on 3 July. As this is a **technical document**, if Members have any questions, could we please ask that you contact **Michael Withey on extension 6103** in advance of the meeting.

1.5 Balances and Reserves

1.5.1 **[Annex 4]** Table 1 shows the movement on the Special Projects Reserve.

1.5.2 **[Annex 4]** Table 2 details the movement on Other Earmarked Reserves.

1.5.3 **[Annex 4]** Table 3 gives details of some revenue adjustments agreed by the Director of Finance and Transformation during the closedown process.

1.5.4 The Council is required to have regard to the level of its balances and reserves before making decisions concerning its finances. The Council's General Fund working balance is set at £1,250,000 and this sum is considered appropriate for an authority of our size and scale. The position in respect of the Council's General Revenue Reserve is given below.

General Revenue Reserve		
	£	£
Balance at 1 April 2016		5,039,954
Contribution to / (from) Reserve		908,903
Balance at 31 March 2017		5,948,857

1.5.5 The Medium Term Financial Strategy anticipated a General Revenue Reserve balance at 31 March 2017 of £5,906,000.

1.6 Audit Committee

1.6.1 As mentioned earlier, a copy of the Statement of Accounts for 2016/17 (unaudited) is to be presented to the Audit Committee for approval on 3 July. The Accounts reflect the revenue and capital outturn position as detailed in this report and accompanying information, together with the subsequent adjustments as appropriate.

1.7 Legal Implications

1.7.1 There are a number of legislative requirements to consider as we move through the closedown process, and prepare and publish the Statement of Accounts.

1.8 Financial and Value for Money Considerations

1.8.1 As set out in the papers.

1.9 Risk Assessment

1.9.1 The compilation and presentation of the revenue and capital outturn forms part of the closedown process, leading to the preparation and publication of the Statement of Accounts which is a statutory document. Failure to prepare and publish the Accounts within the statutory timescale and in accordance with the Regulations could adversely affect the Council.

1.10 Equality Impact Assessment

1.10.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.11 Recommendations

1.11.1 Cabinet is requested to:

- 1) Note and endorse the Revenue and Capital Outturn for the year 2016/17.

- 2) Note and endorse the action taken following a review of specific earmarked reserves set out at paragraph 1.2.3.
- 3) Note and endorse the Treasury Management and Investment Strategy Review 2016/17 **[Annex 3]**.

Background papers:

contact: Sharon Shelton
Neil Lawley

Investment information provided by King & Shaxson
Pension information provided by Barnett Waddingham
Valuation/Impairment information provided by BPS
Chartered Surveyors

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance, Innovation and Property
and Deputy Executive Leader

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Revenue Outturn 2016/17 - Service Specific Issues

Corporate Services

The Outturn is £2,272 (£2,842,350 - £2,840,078) less than the 2016/17 Revised Estimate. The principal reasons for this are as follows:-

- a) Salaries, Recruitment Costs and Partnership Receipts (CS 2 / CS 7) – Net management savings on the salary bill £172,510.
- b) Council Offices (CS 3) – Building repairs expenditure is £44,074 less than estimated largely due to lower than anticipated expenditure on cyclical and routine servicing, together with deferral of expenditure to 2017/18.
- c) Council Offices (CS 3) – Reversal of prior year impairment of £18,667 following revaluation.
- d) Management and administration recharges are £112,149 less than estimated in part due to management savings on the salary bill.
- e) Depreciation charged to Service Budgets is £24,738 less than estimated largely due to lower than anticipated expenditure on renewal of IT equipment.
- f) Recharges to Service Budgets are £444,482 less than estimated.
- g) The balance of £74,616 is spread throughout the remaining Corporate Services budgets.

Chief Executive

The Outturn is £46,521 (£762,400 - £715,879) less than the 2016/17 Revised Estimate. The principal reasons for this are as follows:-

- a) Conduct of Elections (CE 4) – Residual balances in respect of previous years offset by costs attributable to by-elections held in year amounting to £11,561 transferred to an earmarked reserve.
- b) Economic Development & Regeneration (CE 6) – Grant funding to support measures to help boost trade in local retail centres is £12,456 lower than anticipated. Balance of funding held in an earmarked reserve.
- c) The balance of £22,504 is spread throughout the remaining Chief Executive budgets.

Director of Central Services

The Outturn is £31,260 (£84,750 - £53,490) less than the 2016/17 Revised Estimate. The principal reasons for this are as follows:-

- a) Local Land Charges (CEN 4) – Residual balance held of £12,343 returned to Local Land Charges budget following settlement of litigation claim.
- b) Land Review (CEN 8) – Building repairs expenditure is £37,025 less than estimated largely due to delay in the planned adaptation works to Castle Lodge and now to be paid for by the incoming occupier.
- c) Land Review (CEN 8) – Further work and associated additional expenditure of £18,605 in respect of the review of Council owned assets in Tonbridge. Costs met from an earmarked reserve.
- d) The balance of £497 is spread throughout the remaining Director of Central Services budgets.

Director of Finance and Transformation

The outturn is £107,910 (£1,786,400 - £1,678,490) less than the 2016/17 Revised Estimate. The principal reasons for this are as follows:-

- a) Treasury Management & Banking Arrangements (FT 6) – Interest on investments and cash flow is £25,483 more than estimated as a result of higher than expected balances available for investment.
- b) Management and administration recharges are £74,113 less than estimated in part due to management savings on the salary bill.
- c) The balance of £8,314 is spread throughout the remaining Director of Finance and Transformation budgets.

Director of Planning, Housing and Environmental Health

The outturn is £200,809 (£3,662,350 - £3,461,541) less than the 2016/17 Revised Estimate. The principal reasons for this are as follows:-

- a) Development Control (PHEH 2) – Planning application fee income is £18,632 more than estimated.
- b) Building Control (PHEH 4) – Building Control Partnership costs are £51,589 more than estimated largely due to the use of agency staff to cover vacancies and sickness.
- c) Building Control (PHEH 4) – Building regulations fee income is £12,620 more than estimated.

- d) Planning Policy (PHEH 6) – Government grant is £29,645 more than estimated following grants awarded under the New Burdens Doctrine and transferred to an earmarked reserve for future use.
- e) Private Sector Housing Renewal (PHEH 12) – Actual spend and associated government grant in respect of Disabled Facilities and Housing Assistance Grants, together with repayments of grants by householders is £47,907 lower than anticipated.
- f) Management and administration recharges are £137,673 less than estimated in part due to management savings on the salary bill.
- g) The balance of £5,921 is spread throughout the remaining Director of Planning, Housing and Environmental Health budgets.

Director of Street Scene, Leisure and Technical Services

The outturn is £571,928 (£8,402,800 - £7,830,872) less than the 2016/17 Revised Estimate. The principal reasons for this are as follows:-

- a) Refuse Collection and Recycling (SSLT 2 / 3) – Refuse, Recycling and Green Waste Collection contract payments are £45,685 less than estimated.
- b) Tonbridge & Malling Leisure Trust (SSLT 8) – Loss of income claim/s is £36,472 less than budgeted largely due to the claim in respect of Tonbridge Swimming Pool roof repairs.
- c) Parking (SSLT 33 / 35) – Income from short/long stay parking, season tickets, residents parking permits and penalty charge notices is £32,441 more than estimated.
- d) Management and administration recharges are £85,761 less than estimated in part due to management savings on the salary bill.
- e) Depreciation and impairment charged to Service Budgets is £349,697 less than estimated largely due to reversal of prior year impairment following revaluation.
- f) Revenue Expenditure funded from Capital under Statute is £53,047 less than estimated largely due to underspend on Community Group Funding, Car Park Action Plan and Drainage Improvement Programme Capital Plan provisions.
- g) The balance of £31,175 is spread throughout the remaining Director of Street Scene, Leisure and Technical Services budgets.

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Capital Outturn 2016/17 - Service Specific Issues

Planning, Housing and Environmental Health Services

- a) Disabled Facilities and Housing Assistance Grants (CP3). Actual spend net of associated government grant in respect of Disabled Facilities and Housing Assistance Grants and repayments of grants by householders is -£18,000 compared to budget provision of £30,000.

Street Scene, Leisure and Technical Services

- a) Improvement Programme for Existing Car Parks (CP7). Actual spend £12,000 compared to budget provision of £68,000. Majority of the works programme rolled forward to 2017/18.
- b) Tonbridge Town Lock (CP8). Developer contribution in the order of £155,000 to be allocated to this scheme received earlier than expected.
- c) Drainage Improvement Programme (CP8). Budget provision of £27,000 to undertake ad-hoc improvement works not required in 2016/17.
- d) Capital renewals budgets (CP9) totalling £468,000 with actual capital renewals expenditure totalling £126,000. The net underspend can largely be attributed to replacement of car park ticket machines moved to April 2017 and a lower than anticipated spend on renewal of vehicles, plant and equipment at our leisure facilities.

Corporate Services

- a) Capital renewals budgets (CP12) totalling £227,000 with actual capital renewals expenditure totalling £107,000. The net underspend can largely be attributed to a lower than anticipated spend on renewal of IT equipment.

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Treasury Management Annual Report 2016/17

1.1 Introduction

1.1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activity and the actual prudential and treasury indicators for 2016/17 [**Appendix 1**]. 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).

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

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

In addition, treasury management updates have been presented to each meeting of the Audit Committee throughout the 2016/17 financial year. Treasury performance was also considered at the Finance, Innovation and Property Advisory Board through the regular Financial Planning and Control reports.

1.1.3 Changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is 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.

1.1.4 This Council also 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 Committee before they were reported to full Council.

1.2 The Economy and Interest Rates

1.2.1 The outcome of the June 2016 EU referendum and subsequent action by the Bank of England's Monetary Policy Committee (MPC) in August had a significant impact on interest rate expectations by the financial markets. Forecasts contained in the Bank of England's August inflation report anticipated economic growth in the UK was likely to fall close to zero in the second half of 2016. In response the MPC, at its meeting on 4 August, cut the Bank Rate from 0.5% to 0.25%, restarted the Bank's programme of quantitative easing (buying back Gilts) and introduced Term Funding (cheap financing made available to banks). The MPC also warned that a second cut in Bank Rate may be required later in 2016.

1.2.2 Actual economic activity in the second half of 2016 confounded the Bank's pessimistic August forecast. Whilst GDP grew by only +0.2% in Q1 2016, growth in the following three quarters returned to recent norms with +0.6%, +0.5% and +0.7% respectively. Growth for 2016 as a whole at 1.8%, whilst a

little below the 2.2% produced in 2015, bettered that achieved by the majority of G7 countries.

- 1.2.3 Inflation, however, has risen rapidly following the devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar. In February 2017, CPI inflation had risen above the MPC's 2% inflation target to 2.3%. Markets expect the MPC to set aside near term supply side driven inflation and not raise Bank Rate provided domestically generated inflation (i.e. wage inflation) continues to remain subdued. Current market expectation is for Bank Rate to rise mid-2019.

1.3 Treasury Position at 31 March 2017

- 1.3.1 At the beginning and the end of 2016/17 the Council's debt and investment position was as follows:

	31 March 2016 £m	Rate / Return %	Average duration Days	31 March 2017 £m	Rate / Return %	Average duration Days
Variable rate debt:						
Overdraft	0.00	-	-	0.00	-	-
Total debt	0.00	-	-	0.00	-	-
Fixed rate investments:						
Cash flow	2.00	0.85	204	-	-	-
Core funds	8.75	0.87	139	17.00	0.69	118
Variable rate investments:						
Cash flow	6.62	0.59	1	6.10	0.50	61
Core funds	6.85	0.73	89	7.00	0.65	114
Total investments	24.22	0.75	92	30.10	0.64	105

- 1.3.2 The rise in investment balances between the start and end of the financial year runs counter to the expectation that core cash will be consumed over time as a proportion is used each year to finance capital expenditure and to finance the revenue account deficit until such time as the authority achieves a balanced budget. The rise in investment balances is wholly attributed to provisions under the Business Rates Retention Scheme to meet the cost of appeals which have yet to be determined by the Valuation Office. As at 31st March 2017, the provision to meet business rate appeals was some £7m.

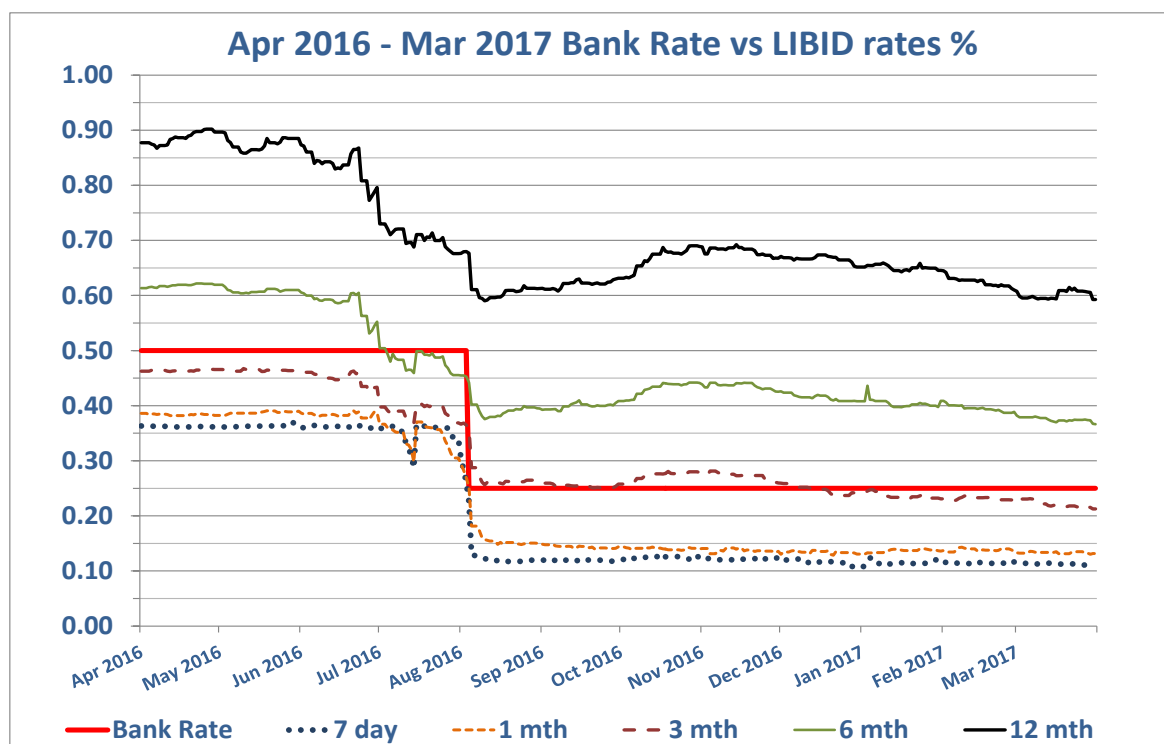
1.4 The Strategy for 2016/17

- 1.4.1 The expectation for interest rates within the treasury management strategy for 2016/17 anticipated a low but rising Bank Rate starting in quarter 2 of 2016. In addition, 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. Events that have taken place since the Strategy was prepared

(December 2015) have pushed back the anticipated rise in Bank Rate to mid-2019.

1.5 Investment Rates in 2016/17

- 1.5.1 The Bank Rate having remained at a historic low of 0.5% for over seven years was cut to 0.25% in August 2016. The impact the EU referendum and subsequent Bank Rate cut had on investment returns in 2016/17 is demonstrated in the table below.



1.6 Investment Outturn for 2016/17

- 1.6.1 The Council's investment policy sets out the approach for choosing investment counter-parties and is based on credit ratings provided by the three main credit rating agencies. This is supplemented by additional market information including credit rating outlooks and credit default swap data (CDS). The 2016/17 Annual Investment Strategy was approved by Council in February 2016 and was subjected to a mid-year review in September 2016. In undertaking the review, no changes were made to the Council's minimum counter-party credit requirement (Fitch A-, F1 unless UK state owned) or counter-party exposure limits (20% for non-UK state owned financial institutions). Discretion to extend investment duration by up to three months over the Council's external treasury advisor's suggested duration was also retained albeit pending further review. At the January 2017 meeting of Audit Committee Members amended the discretion to six months subject to a number of constraints (only to applicable to UK institutions; overall duration not to exceed twelve months; and the institutions CDS to be below bank average at the time of placing the deposit).
- 1.6.2 The mid-year review was undertaken just after the MPC's August Bank Rate meeting. Provided there was no subsequent action by the MPC, the Council's

investment income forecasts at the time anticipated income for the year as a whole would be in-line with budget. This reflected a combination of higher than expected balances available for investment and action taken in advance of the referendum to invest as much of the Council's cash surpluses in term deposits as was practical. Investment income for 2016/17 was confirmed at £206,000 (as originally estimated) when the revised estimates were subsequently approved by Council in February 2017.

- 1.6.3 **Cash Flow Investments.** The Council maintained an average balance of £16.0m in cash flow funds. These funds earned an average rate of return of 0.57%. The average 7-day LIBID rate, used to compare performance, was 0.20%. The majority of cash flow funds are required to meet our regular payment obligations and as a consequence are invested overnight in bank deposit accounts and money market funds which allow next day access. However, the opportunity to invest for longer durations and generate additional yield is taken when cash flow surpluses permit. Throughout 2016/17 cash balances were higher than budget reflecting a continuation of the beneficial change by Government to the pattern of business rates paid to them, KCC and Kent Fire and Rescue.
- 1.6.4 **Core Fund Investments.** The Council maintained an average balance of £19.8m in core funds. These funds earned an average rate of return of 0.71%. The 3-month LIBID rate used as a comparator was 0.34%. Unlike cash flow, core fund balances are not required to meet our regular payment obligations and are available to invest for longer durations including durations exceeding one year. This added flexibility allows core funds to generate a better return relative to cash flow investments.
- 1.6.5 Performance for the financial year as a whole is summarised in the table below:

	2016/17 Average Balance £m	Return %	2016/17 Interest Earned £	2016/17 Original / Revised Estimate £	Variance Better (worse) £
Cash flow	16.0	0.57	91,500	82,000	9,500
Core funds	19.8	0.71	140,000	124,000	16,000
Total	35.8	0.65	231,500	206,000	25,500

- 1.6.6 The combined performance of the Authority's cash flow and core funds bettered the original / revised estimates by £25,500.

1.7 Compliance with the Annual Investment Strategy

- 1.7.1 The Annual Investment Strategy aims to limit the Council's exposure to investment risks by prescribing: minimum counter-party credit criteria; maximum exposure limits in respect of sovereigns, counter-parties and group of related counter-party; the type of investment instrument that can be used; and investment duration limits. Throughout the period April 2016 to March 2017 the requirements set out in the Annual Investment Strategy for 2016/17, as amended by Council in February 2017, were complied with. No liquidity issues were experienced resulting in nil borrowing throughout 2016/17.

Financial Services
May 2017

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Prudential and Treasury Indicators

1 Prudential Indicators	2015/16 Actual £'000	2016/17 Original £'000	2016/17 Actual £'000
Capital expenditure	3,287	3,314	1,632
Ratio of financing costs to net revenue stream	-1.90%	-2.07%	-2.33%
Net borrowing requirement:			
Brought forward 1 April	nil	nil	nil
Carried forward 31 March	nil	nil	nil
In year borrowing requirement	nil	nil	nil
Capital financing requirement as at 31 March	nil	Nil	nil
Annual change in capital financing requirement	nil	Nil	nil
Incremental impact of capital investment decisions:			
Increase in Council Tax (Band D) per annum	£0.24	£0.10	£0.10

2 Treasury Management Indicators	2015/16 Actual £'000	2016/17 Original £'000	2016/17 Actual £'000
Authorised limit for external debt:			
Borrowing	nil	5,000	nil
Other long term liabilities	nil	nil	nil
Total	nil	5,000	nil
Operational boundary for external debt:			
Borrowing	nil	2,000	nil
Other long term liabilities	nil	nil	nil
Total	nil	2,000	nil
Actual external debt	nil	Nil	nil
Upper limit for fixed rate exposure over one year at year end	nil	0 – 60%	nil
Upper limit for variable rate exposure under one year at the year end	13,468 (55.6%)	40 – 100%	13,098 (43.5%)
Upper limit for total principal sums invested for over 364 days	nil (0%)	60%	nil (0%)

3 Maturity structure of new fixed rate borrowing during 2016/17	Upper limit %	Lower limit %
Under 12 months	100	nil
Over 12 months	nil	nil

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TABLE 1

Special Projects Reserve	2016/17		
	Revised £	Outturn £	Variance £
Contribution to/(from) in Year			
Crime & Disorder Initiatives	-	(5,893)	(5,893)
Housing Survey	(5,000)	(5,000)	0
Repossessions Prevention Fund	(2,000)	(798)	1,202
Social Housing Fraud Initiative	(1,900)	(1,875)	25
Movement in Year	(8,900)	(13,566)	(4,666)

TABLE 2

Other Earmarked Reserves	2016/17		
	Revised £	Outturn £	Variance £
Contribution to/(from) in Year			
Election Expenses	25,000	36,561	11,561
Housing Assistance	(10,000)	0	10,000
Invest to Save	281,150	278,256	(2,894)
Local Development Framework	45,850	76,063	30,213
Transformation	62,000	70,000	8,000
Asset Review	(21,000)	(39,605)	(18,605)
Business Rates Retention Scheme	(2,000,000)	(1,620,000)	380,000
Community Development	(35,450)	(31,024)	4,426
Democratic Representation	(2,000)	(1,868)	132
Economic Development	(21,000)	(8,544)	12,456
Flood Recovery and Defence	(25,000)	(25,000)	0
Housing and Welfare Reform	(18,450)	(18,430)	20
Planning Inquiries	(20,000)	(20,200)	(200)
Public Health	-	(603)	(603)
Approved by Management Team			
Invest to Save	-	200,000	200,000
Tonbridge & Malling Leisure Trust	-	120,000	120,000
Movement in Year	(1,738,900)	(984,394)	754,506

TABLE 3

Revenue Adjustments	2016/17		
	Revised £	Outturn £	Variance £
Expenditure / (Receipts) in Year			
Public Rights of Way	-	3,039	3,039
Residual Balances held over from Prior Years	-	2,278	2,278
Rechargeable Works Overheads	-	124	124
Miscellaneous Cash	-	(268)	(268)
Insurance	-	(3,657)	(3,657)
Movement in Year	-	1,516	1,516

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

28 June 2017

Report of the Director of Central Services & Monitoring Officer

Part 1- Public

Executive Non-Key Decision

1 DELEGATED AUTHORITY - COMPLAINTS

The report recommends that changes are made to the Constitution to ensure that officers are able to effectively discharge the duties and powers of the Council

1.1 Introduction

1.1.1 Part 2 of the Constitution provides that the Monitoring Officer will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.

1.1.2 A comprehensive review of the Council's Constitution is currently being undertaken, with a view to reporting to the Overview and Scrutiny Committee over the next 2-3 months. As part of this ongoing review, I have noted that there are a number of areas where changes need to be made to ensure the Constitution remains up to date. This report deals with one of the areas in question, and recommends appropriate amendments to the constitution.

1.1.3 The report requests that an amendment is made to the constitution in respect of one specific area, namely that relating to the authorisation of compensation payments or other measures recommended by the Local Government Ombudsman in connection with complaints made about the Borough Council. This has arisen in connection with a recent audit review of the complaints process and therefore is brought to Members for approval separately to any recommendations arising out of the wider review.

1.2 Proposed amendments

1.2.1 As Members will be aware, the Council operates a complaints procedure to deal with any complaints from members of the public or businesses regarding the way in which a Council service has been delivered or how a decision has been made. If a complainant remains dissatisfied after taking their complaint through all 3 stages of the adopted procedure, they may then refer the matter to the Local Government Ombudsman (LGO).

1.2.2 The LGO may ask an authority to take various steps to put things right, including

- Providing an apology;
- Providing a service it should have done before;
- Making a decision it should have done before;
- Reconsider a decision it did not take properly in the first place;
- Improve its procedures so similar problems do not happen again; and
- Make a payment

1.2.3 The LGO does not have legal powers to force an authority to follow its recommendations, although in practice authorities almost always do.

1.2.4 Presently, the Constitution does not allow officers to accept a recommendation from the LGO to make payment to a complainant. Whilst there are no existing complaints where this is in issue, it would be sensible for allow for this possibility within the constitution, so that the Chief Executive, in consultation with the Cabinet Member for Finance, Innovation and Property is able to authorise a compensation payment in appropriate circumstances.

1.3 Legal Implications

1.3.1 Article 15 in part 2 of the Constitution sets out the procedure for review and revision of the Constitution.

1.4 Financial and Value for Money Considerations

1.4.1 None arising out of this report.

1.5 Risk Assessment

1.5.1 If the changes are not made to the Constitution to deal with the matters set out in this report then officers will not be able to respond promptly to any recommendations of the Local Government Ombudsman.

1.6 Equality Impact Assessment

1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Recommendations

1.7.1 It is **RECOMMENDED** that the Monitoring Officer be authorised to amend the Constitution to give effect to the changes outlined in this report.

Background papers:

contact: Adrian Stanfield

Adrian Stanfield
Director of Central Services &
Monitoring Officer

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Agenda Item 9

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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Agenda Item 10

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

**ANY REPORTS APPEARING AFTER THIS PAGE CONTAIN EXEMPT
INFORMATION**

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Agenda Item 11

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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