

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

Julie Beilby BSc (Hons) MBA

Gibson Building
Gibson Drive
Kings Hill, West Malling
Kent ME19 4LZ
West Malling (01732) 844522

To: MEMBERS OF THE COUNCIL

Dear Sir/Madam

I hereby summon you to attend a meeting of the Tonbridge and Malling Borough Council which will be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 30th October, 2018 at 7.30 pm, when the following business is proposed to be transacted:-

PART 1 - PUBLIC

- | | | |
|----|--|---------|
| 1. | Apologies for absence | 3 - 4 |
| 2. | Declarations of interest | 5 - 6 |
| | To declare any interests in respect of recommended items | |
| 3. | Minutes | 7 - 12 |
| | To confirm as a correct record the Minutes of the meeting of Council held on 31 July 2018 | |
| 4. | Minutes of Extraordinary Meeting | 13 - 14 |
| | To confirm as a correct record the Minutes of the extraordinary meeting of Council held on 12 September 2018 | |
| 5. | Minutes of Extraordinary Meeting | 15 - 16 |
| | To confirm as a correct record the Minutes of the extraordinary meeting of Council held on 18 September 2018 | |
| 6. | Mayor's Announcements | 17 - 18 |
| 7. | Questions from the public pursuant to Council Procedure Rule No 5.6 | 19 - 20 |

8. Questions from Members pursuant to Council Procedure Rule No 5.5 21 - 22
9. Leader's Announcements 23 - 24
10. Reports, Minutes and Recommendations 25 - 26

To receive and consider reports, minutes and recommendations from the meetings of the Cabinet and Committees set out in the Minute Book and officers' reports on any matters arising from them, and to receive questions and answers on any of those reports.

Matters for recommendation to the Council are indicated below at items 11 to 13.

11. Gambling Act 2005 - Statement of Principles for Gambling 27 - 92

Item LA 18/103 referred from Licensing and Appeals Committee minutes of 2 October 2018

12. Revised Statutory Investment Guidance and Treasury Management and Prudential Codes of Practice 93 - 122

Item CB 18/59 referred from Cabinet minutes of 10 October 2018

13. Treasury Management Update and Mid-Year Review 2018/19 123 - 146

Item CB 18/60 referred from Cabinet minutes of 10 October 2018

14. Sealing of Documents 147 - 148

To authorise the Common Seal of the Council to be affixed to any Contract, Minute, Notice or other document requiring the same.

JULIE BEILBY
Chief Executive
Monday, 22 October 2018

Apologies for absence

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Agenda Item 2

Declarations of interest

To declare any interests in respect of recommended items.

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TONBRIDGE AND MALLING BOROUGH COUNCIL

COUNCIL MEETING

Tuesday, 31st July, 2018

At the meeting of the Tonbridge and Malling Borough Council held at Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 31st July, 2018

Present: Her Worship the Mayor (Councillor Mrs P A Bates), the Deputy Mayor (Councillor Mrs J A Anderson), Cllr O C Baldock, Cllr M A C Balfour, Cllr Mrs S M Barker, Cllr Mrs S Bell, Cllr R P Betts, Cllr T Bishop, Cllr P F Bolt, Cllr V M C Branson, Cllr Mrs B A Brown, Cllr M A Coffin, Cllr D J Cure, Cllr D A S Davis, Cllr M O Davis, Cllr S M Hammond, Cllr Mrs M F Heslop, Cllr N J Heslop, Cllr S R J Jessel, Cllr D Keeley, Cllr D Keers, Cllr Mrs F A Kemp, Cllr R D Lancaster, Cllr D Lettington, Cllr Mrs S L Luck, Cllr B J Luker, Cllr P J Montague, Cllr L J O'Toole, Cllr M Parry-Waller, Cllr S C Perry, Cllr M R Rhodes, Cllr R V Roud, Cllr Miss J L Sergison, Cllr C P Smith, Cllr A K Sullivan, Cllr M Taylor, Cllr Miss G E Thomas, Cllr F G Tombolis and Cllr T C Walker

Apologies for absence were received from Councillors M C Base, J L Botten, T I B Cannon, R W Dalton, Mrs T Dean, S M King, D Markham, Mrs A S Oakley, H S Rogers, T B Shaw, Miss S O Shrubsole, Ms S V Spence and B W Walker

PART 1 - PUBLIC

C 18/46 DECLARATIONS OF INTEREST

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

C 18/47 MINUTES OF ANNUAL MEETING

RESOLVED: That the Minutes of the proceedings of the Annual Meeting of the Council held on 15 May 2018 be approved as a correct record and signed by the Mayor.

C 18/48 MINUTES OF EXTRAORDINARY MEETING

RESOLVED: That the Minutes of the proceedings of the extraordinary meeting of the Council held on 25 June 2018 be approved as a correct record and signed by the Mayor.

C 18/49 MAYOR'S ANNOUNCEMENTS

The Mayor reported that since the Annual Council meeting she had opened new offices in Tonbridge and Kings Hill and visited school fetes,

plays and award presentations throughout the Borough. She highlighted a number of memorable events including Positive Ageing's 25th Anniversary Party, the Snodland and Tonbridge Carnivals, signing the Zero Tolerance to Loan Sharks Charter, the Kwik Cricket Festival and her own charity, Tree of Hope's Summer Party. She had also attended the Royal Garden Party, the Lord Lieutenant of Kent's Civic Reception and the Battle of Britain Memorial Trust's Annual Memorial Day.

The Mayor reported on the Civic Service and welcoming leading community groups at her Garden Party. Future events included a Quiz at Hadlow College on 9 February 2019, a Darts Evening and possibly an afternoon of croquet on the Castle Lawn, further details of which would be given in due course.

C 18/50 QUESTIONS FROM THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO 5.6

No questions were received from members of the public pursuant to Council Procedure Rule No 5.6.

C 18/51 QUESTIONS FROM MEMBERS PURSUANT TO COUNCIL PROCEDURE RULE NO 5.5

No questions were received from Members pursuant to Council Procedure Rule No 5.5.

C 18/52 LEADER'S ANNOUNCEMENTS

The Leader began by commending the Civic Service and the welcome provided by Tonbridge Baptist Church which reflected the Mayor's own links with the local community.

Business Rates Retention pilot

The Leader referred to the Kent and Medway authorities' successful application to be a pilot in the financial year 2018/19. He indicated that the scheme came in two packages. First, a Financial Sustainability Fund, this authority's projected allocation in October 2017 being £560,000. Latest business rate returns in January projected a higher allocation but the final settlement was subject to potential market movement.

The second package was the Housing and Commercial Growth Fund of £1.055 million to be divided across West Kent with agreement of all three districts and KCC. Proposals were still under discussion with the County Council but it was hoped to be able to report to the Economic Regeneration Advisory Board at its September meeting.

Members were advised that the Government was now inviting bids for a second round of Business Rates Retention; this one being slightly

different in that the allocation was 75 per cent retention. The Kent Council Leaders had agreed to make a fresh bid for 2019/20 although the deadline of 25 September would be tight and indications suggested that existing pilot authorities would not be included in the second round. Again, it was expected that the terms of the Kent and Medway bid would be reported to the Economic Regeneration Advisory Board at its next meeting.

The Leader reported that the long anticipated consultation on negative Revenue Support Grant was now published. The Government had indicated that it considered direct elimination of Negative RSG via foregone business rates receipts the preferred approach, meeting the key criteria of being both fair and affordable. It was necessary to see what it meant for this authority and the Council's suggested response was likely to be reported to the next meeting of the Finance, Innovation and Property Advisory Board.

Income generation

The Leader said that members of the Audit Committee would be aware that £5 million had been committed to the Property Investment Fund. Thus far the property funds had recorded a return of 3.74 %, broadly in line with the forecast return of 4%. Dividends to the end of June of £30,900 were £900 above profiled budget for the year but performance against budget for the year as a whole would be influenced by the amount and timing of additional property fund investments. This was clearly a step in the right direction and an endorsement of the approach taken by Members in supporting such investments.

Housing

The Leader referred to his report to the April meeting that the Borough Council had committed up to £1.6 million of development contributions for the purchase of temporary accommodation with the intention that such property be located in both the north and south of the Borough. He was pleased to report that a dwelling of six flats located in Tonbridge was under offer and hoped that some suitable accommodation in the north of the Borough could be identified.

Green Flag Awards

Members were advised that the Council's country parks continued to receive the highest recommendation for their quality. Haysden Country Park had been awarded a Green Flag Award for the thirteenth year and Leybourne Lakes Country Park for the twelfth year in a row making both officially two of the very best parks in the UK.

Community Alcohol Partnership

The Leader was pleased to attend the recent launch of the Tonbridge Community Alcohol Partnership, the second to be working within the Borough, the other being in Snodland which had been running successfully since 2012. There were now over 150 CAPs across the UK which had enjoyed considerable success as a tried and tested way of driving down underage drinking. They also underlined the merits of true partnership and the evidence from Snodland was that by working together, trading standards, the police, businesses, the Borough Council and Snodland Town Council were bringing better, safer and friendlier neighbourhoods.

Future activity

The Leader wished those Members and officers going away on holiday in August a refreshing and enjoyable break. He said that September would be a busy month for all with a number of meetings of both the Cabinet and Council in addition to the programmed meetings of various committees, boards and panels.

C 18/53 PROPOSED DIVERSION OF PUBLIC FOOTPATH MR218, STANSTED

Item AP2 18/3 referred from Area 2 Planning Committee minutes of 11 April 2018

RESOLVED: That the recommendations at Minute AP2 18/3 be approved.

C 18/54 HUMAN RESOURCES STRATEGY UPDATE

Item GP 18/11 referred from General Purposes Committee minutes of 25 June 2018

RESOLVED: That the recommendations at Minute GP 18/11 be approved.

C 18/55 INVESTIGATORY POWERS COMMISSIONER'S OFFICE INSPECTION REPORT - THE REGULATION OF INVESTIGATORY POWERS ACT 2000

Item GP 18/12 referred from General Purposes Committee minutes of 25 June 2018

RESOLVED: That the recommendations at Minute GP 18/12 be approved.

C 18/56 TREASURY MANAGEMENT UPDATE AND ANNUAL REPORT FOR 2017/18

Item AU 18/30 referred from Audit Committee minutes of 23 July 2018

RESOLVED: That the recommendations at Minute AU 18/30 be approved.

C 18/57 REVIEW OF CONSTITUTION

The report of the Director of Central Services and Monitoring Officer updated the position on the review of the Constitution following consideration by the Overview and Scrutiny Committee on 19 April and the Cabinet on 6 June 2018 (Minute CB 18/40 refers). The report outlined the scope of the review, summarised the key revisions and highlighted further changes to the draft Constitution since the meeting of the Cabinet, with particular reference to arrangements for dealing with petitions.

The Leader thanked members of the Overview and Scrutiny Committee and the officer team for their work on the review.

RESOLVED: That

- (1) the amended Constitution set out at Annexes 1 to 6 of the report be adopted; and
- (2) authority be delegated to the Director of Central Services and Monitoring Officer to make further changes to the formatting of the Constitution as he considers appropriate.

C 18/58 RECYCLING SITE COLLECTION ARRANGEMENTS

The report of the Director of Street Scene, Leisure and Technical Services identified difficulties with the current collection arrangements at the Council's recycling sites and proposed temporary additional resources to help address the issue until the implementation of revised arrangements under the new Waste Services contract. It was intended to meet the additional cost of £30,000 by means of a supplementary estimate.

RESOLVED: That the temporary arrangements outlined in the report to improve collection at the Council's recycling sites be approved with funding from a supplementary revenue budget.

C 18/59 APPOINTMENTS TO OUTSIDE BODIES

Consideration was given to the report of the Director of Central Services regarding the appointment of Town Wardens of the Tonbridge Town Lands and Richard Mylls Charity for the period October 2018 to 2022. It

was noted that Mr E Prescott was willing to be reappointed and the Town Wardens had suggested Mrs D Huntingford as a replacement on the retirement of Miss J Browne.

RESOLVED: That

- (1) Mr E Prescott be reappointed and Mrs D Huntingford be appointed as Town Wardens for the period October 2018 to October 2022; and
- (2) the Council's thanks be recorded to Miss Janice Browne on her retirement after many years of dedicated service in various capacities to Tonbridge and the whole Borough.

C 18/60 SEALING OF DOCUMENTS

RESOLVED: That authority be given for the Common Seal of the Council to be affixed to any instrument to give effect to a decision of the Council incorporated into these Minutes and proceedings.

The meeting ended at 7.56 pm

TONBRIDGE AND MALLING BOROUGH COUNCIL

COUNCIL MEETING

Wednesday, 12th September, 2018

At the extraordinary meeting of the Tonbridge and Malling Borough Council held at Civic Suite, Gibson Building, Kings Hill, West Malling on Wednesday, 12th September, 2018

Present: Her Worship the Mayor (Councillor Mrs P A Bates), the Deputy Mayor (Councillor Mrs J A Anderson), Cllr O C Baldock, Cllr M A C Balfour, Cllr Mrs S M Barker, Cllr M C Base, Cllr R P Betts, Cllr T Bishop, Cllr P F Bolt, Cllr J L Botten, Cllr V M C Branson, Cllr T I B Cannon, Cllr M A Coffin, Cllr D J Cure, Cllr R W Dalton, Cllr D A S Davis, Cllr M Davis, Cllr Mrs T Dean, Cllr T Edmondston-Low, Cllr B T M Elks, Cllr Mrs M F Heslop, Cllr N J Heslop, Cllr S R J Jessel, Cllr D Keeley, Cllr S M King, Cllr R D Lancaster, Cllr D Lettington, Cllr Mrs S L Luck, Cllr B J Luker, Cllr D Markham, Cllr P J Montague, Cllr Mrs A S Oakley, Cllr M Parry-Waller, Cllr S C Perry, Cllr M R Rhodes, Cllr H S Rogers, Cllr R V Roud, Cllr Miss J L Sergison, Cllr T B Shaw, Cllr C P Smith, Cllr Ms S V Spence, Cllr M Taylor, Cllr Miss G E Thomas, Cllr F G Tombolis, Cllr B W Walker and Cllr T C Walker

Apologies for absence were received from Councillors Mrs S Bell, Mrs B A Brown, D Keers, Mrs F A Kemp, L J O'Toole, Miss S O Shrubsole and A K Sullivan

PART 1 - PUBLIC

C 18/61 DECLARATIONS OF INTEREST

Councillor M Davis declared an Other Significant Interest in the agenda item relating to the Local Plan on the grounds of his status as a partner of Warner's Solicitors. In accordance with the dispensation granted at Minute GP 16/19 (General Purposes Committee of 20 October 2016) he remained in the meeting but took no part in the discussion or voting.

C 18/62 LOCAL PLAN

Consideration was given to the recommendations of the Cabinet at its extraordinary meeting on 3 September 2018 regarding approval of the Local Plan and accompanying documents for submission to the Secretary of State following public consultation as required by the Town and Country Planning (Local Planning) (England) Regulations 2012 (Minute CB 18/50 refers).

RESOLVED: That

- (1) the Council is satisfied that the Local Plan is ready for independent examination, and the Local Plan, amendments to the policies and proposals map, Sustainability Appraisal and Habitats Regulations Assessment be approved for the purposes of public consultation as required by Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012; and
- (2) the Local Plan document and supporting documents, together with any other relevant information including a copy of representations received during the Regulation 19 consultation, be subsequently submitted to the Secretary of State for Housing, Communities and Local Government as required by Regulation 22 of the Regulations.

C 18/63 SEALING OF DOCUMENTS

RESOLVED: That authority be given for the Common Seal of the Council to be affixed to any instrument to give effect to a decision of the Council incorporated into these Minutes and proceedings.

The meeting ended at 8.28 pm

TONBRIDGE AND MALLING BOROUGH COUNCIL

COUNCIL MEETING

Tuesday, 18th September, 2018

At the extraordinary meeting of the Tonbridge and Malling Borough Council held at Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 18th September, 2018

Present: The Deputy Mayor (Councillor Mrs J A Anderson) – in the Chair, Cllr O C Baldock, Cllr M A C Balfour, Cllr M C Base, Cllr Mrs S Bell, Cllr R P Betts, Cllr T Bishop, Cllr V M C Branson, Cllr Mrs B A Brown, Cllr T I B Cannon, Cllr R W Dalton, Cllr D A S Davis, Cllr M O Davis, Cllr Mrs T Dean, Cllr Mrs M F Heslop, Cllr N J Heslop, Cllr D Keeley, Cllr D Lettington, Cllr Mrs S L Luck, Cllr B J Luker, Cllr D Markham, Cllr P J Montague, Cllr Mrs A S Oakley, Cllr L J O'Toole, Cllr M Parry-Waller, Cllr S C Perry, Cllr M R Rhodes, Cllr R V Roud, Cllr Ms S V Spence, Cllr A K Sullivan, Cllr M Taylor, Cllr F G Tombolis and Cllr T C Walker

Apologies for absence were received from Her Worship the Mayor Councillor Mrs P A Bates and Councillors Mrs S M Barker, P F Bolt, J L Botten, M A Coffin, D J Cure, S M Hammond, D Keers, Mrs F A Kemp, S M King, R D Lancaster, H S Rogers, Miss J L Sergison, Miss S O Shrubsole, Miss G E Thomas and B W Walker

PART 1 - PUBLIC

C 18/64 DECLARATIONS OF INTEREST

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

C 18/65 WASTE SERVICES CONTRACT

Consideration was given to the recommendations of the Cabinet at its extraordinary meeting on 4 September 2018 regarding proposals for a new 'opt-in' garden waste charge, the provision of new containers and a marketing/communications budget associated with the new Waste Services Contract.

RESOLVED: That

- (1) the new opt-in garden waste charge at the standard rate of £40 per year, as detailed in the report to the Street Scene and Environment Services Advisory Board at paragraph 1.4.3, be agreed;

- (2) further detail on a reduced introductory charge be considered in accordance with proposals set out at paragraph 1.4.3 of the report to the Street Scene and Environment Services Advisory Board;
- (3) the provision of new containers for the Waste Services Contract be added to the Capital Plan, funded from the earmarked reserve; and
- (4) a marketing/communication budget be established to publicise and promote the new enhanced waste service in the sum of £100,000 funded from the Invest to Save Earmarked Reserve.

C 18/66 SEALING OF DOCUMENTS

RESOLVED: That authority be given for the Common Seal of the Council to be affixed to any instrument to give effect to a decision of the Council incorporated into these Minutes and proceedings.

The meeting ended at 7.55 pm
having commenced at 7.40 pm

Mayor's Announcements

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Agenda Item 7

Questions from the public pursuant to Council Procedure Rule No 5.6

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Agenda Item 8

Questions from Members pursuant to Council Procedure Rule No 5.5

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Leader's Announcements

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Agenda Item 10

Meeting	Page Nos in Minute Book	Recommendations to Council
25 July: Licensing and Appeals Panels (4) - Minute Numbers: LA 18/73 – 84	5 – 12	
27 July: Licensing and Appeals Panels (2) - Minute Numbers: LA 18/85 – 90	13 – 16	
31 July: Council - Minute Numbers: C 18/46 – 60	17 – 22	
3 August: Licensing and Appeals Panels (2) - Minute Numbers: LA 18/91 – 96	23 – 28	
15 August: Area 2 Planning Committee - Minute Numbers: AP2 18/28 – 34	29 – 34	
16 August: Overview and Scrutiny Committee - Minute Numbers: OS 18/24 – 28	35 – 36	
3 September: Extraordinary Cabinet - Minute Numbers: CB 18/47 – 51	37 – 40	Dealt with at extraordinary Council on 12 Sept
4 September: Extraordinary Cabinet - Minute Numbers: CB 18/52 – 54	41 – 44	Dealt with at extraordinary Council on 18 Sept
Cabinet Decision Notices - D180050CAB	45 – 48	
7 September: Licensing and Appeals Panel - Minute Numbers: LA 18/97 – 99	49 – 52	
12 September: Extraordinary Council - Minute Numbers: C 18/61 – 63	53 – 54	
18 September: Extraordinary Council - Minute Numbers: C 18/64 – 66	55 – 56	
26 September: Area 2 Planning Committee - Minute Numbers: AP2 18/35 – 40	57 – 58	

1 October: Audit Committee - Minute Numbers: AU 18/40 – 48	59 – 62	
2 October: Licensing and Appeals Committee - Minute Numbers: LA 18/100 – 106	63 – 66	LA 18/103
4 October: Area 3 Planning Committee - Minute Numbers: AP3 18/13 – 17	67 – 68	
8 October: General Purposes Committee - Minute Numbers: GP 18/17 – 24	69 – 72	
10 October: Cabinet - Minute Numbers: CB 18/55 – 71	73 – 78	CB 18/59 and 60
Cabinet Decision Notices - D180045MEM – D180046MEM - D180047MEM – D180048MEM - D180049MEM - D180051MEM – D180053MEM - D180054MEM – D180058MEM - D180059MEM - D180060CAB – D180065CAB	79 – 112	
18 October: Overview and Scrutiny Committee - Minute Numbers: OS 18/29 –	To follow	

Item LA 18/103 referred from Licensing and Appeals Committee minutes of 2 October 2018

LA 18/103 GAMBLING ACT 2005 - STATEMENT OF PRINCIPLES FOR GAMBLING

Further to Minute LA 18/61, the report of the Director of Central Services and Monitoring Officer gave details of the outcome of consultation on the proposed Statement of Principles (Policy) for Gambling under the Gambling Act 2005 for the period January 2019 to January 2022. Members were advised that only one representation had been received from HM Revenue and Customs regarding a new address to use as a Responsible Authority.

RECOMMENDED: That the draft Statement of Principles for Gambling set out at the Annex to the report be approved.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

LICENSING & APPEALS COMMITTEE

02 October 2018

Report of the Director of Central Services and Monitoring Officer

Part 1- Public

Matters for Recommendation to Council

1 GAMBLING ACT 2005 – STATEMENT OF PRINCIPLES FOR GAMBLING

1.1 Executive Overview

- 1.1.1 Section 349 of the Gambling Act 2005 requires all Licensing Authorities to prepare and publish a statement of the principles that they propose to apply in exercising their functions under the Act during the three year period to which the policy applies.
- 1.1.2 The Council's current Statement of Principles for the Gambling Act 2005 took effect from 14 January 2016 and will run until 14 January 2019.
- 1.1.3 In preparing a statement, the Council has had regard to guidance issued by the Gambling Commission.
- 1.1.4 The proposed Gambling Act 2005 Statement of Principles (Policy) is due for publication on the 31 January 2019 and went out for consultation for twelve weeks from the 22 June 2018 until 31 August 2018. This is attached as **Annex 1**
- 1.1.5 Only one Representation has been received from HM Revenue & Customs informing us of a new address to use as a Responsible Authority.

1.2 Background

- 1.2.1 The Gambling Act 2005 replaced most of the existing law about gambling in Great Britain and put in place an improved, more comprehensive structure of gambling regulation. This included a new structure of flexible protection for children and vulnerable adults and, in particular, brings the burgeoning Internet gaming sector within British regulation. It created a new independent regulatory body, the Gambling Commission, which is the national regulator for commercial gambling in Great Britain.

1.2.2 The licensing objectives:

- preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime;
- ensuring that gambling is conducted in a fair and open way; and
- protecting children and other vulnerable persons from being harmed or exploited by gambling

1.2.3 Local authorities issue premises licences for:

- Casinos
- Betting Offices and Race Tracks
- Bingo Clubs
- Adult Gaming Centres
- Family Entertainment Centres

1.2.4 Local authorities Issue permits for:

- Gaming machine in members' clubs
- Gaming in members' clubs
- Unlicensed Family Entertainment Centres (Category D machines only)
- Prize gaming

1.2.5 In addition, Local authorities also issues:

- Temporary Use Notices
- Provisional Statements
- Undertake inspections and enforce the conditions on the licences, permits and notices issued

1.2.6 The categories under the Gambling Act 2005 are:

- Casinos
- Commercial Bingo Clubs
- Licensed Betting Premises
- Gaming Machine Premises
- Horse and dog racecourses

1.3 Consultation

1.3.1 The following process steps enabled development of this policy

Draft consultation agreed at the Licensing and Appeals Committee	19 June 2018
Public Consultation	22nd June 2018 until 31 st August 2018
Licensing and Appeals Committee agrees the policy and recommends to Full Council for adoption	2 nd October 2018
Full Council adopt policy	30 th October 2018
New Policy comes into force	15 January 2019

1.4 Representations

1.4.1 Only one Representation has been received from HM Revenue & Customs informing us of a new address to use as a Responsible Authority.

Excise Processing Team
HM Revenue and Customs
BX9 1GL
United Kingdom

1.4.2 This change is shown in **Annex 1** on page 9 under Responsible Authorities.

1.5 Legal Implications

1.5.1 Under the Gambling Act 2005, the Licensing Authority Statement of Policy will last for a maximum of three years.

In preparing a statement or revision of the Statement of Policy, the Council is required to consult the Chief Officer of Police, together with representatives of local gambling trade and others likely to be affected by the exercise of the Council's functions under the Act.

1.5.2 The policy must be approved by Full Council on the recommendation of the Licensing and Appeals Committee. Once adopted, the Statement must be published & advertised in accordance with specific provisions set out in the Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2006.

1.6 Financial and Value for Money Considerations

1.6.1 Fee levels for licences and permits are set by the Licensing Authority.

1.7 Equality Impact Assessment

1.7.1 There is no perceived impact on end users.

1.8 Recommendations

That the draft Statement of consultation, attached as **Annex A**, be approved

Background papers:

Existing Policy

Gambling Act 2005

Gambling Commission Web site

contact:

Anthony Garnett 6151

Katie Shipman 6027

Adrian Stanfield

Director of Central Services and Monitoring Officer

STATEMENT OF PRINCIPLES FOR GAMBLING

UNDER THE
SECTION 349 OF THE GAMBLING ACT 2005

Effective from: 15 January 2019 – 30 January 2022

DRAFT COPY FOR USE DURING CONSULTATION

Tonbridge & Malling Borough Council Statement of Principles for Gambling

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1. Process steps to develop this policy

- | | |
|--|--|
| a) Draft consultation agreed at the Licensing and Appeals Committee | 19 June 2018 |
| b) Public Consultation | 22nd June 2018 until
31 st August 2018 |
| c) Licensing and Appeals Committee agrees the policy and recommends to Full Council for adoption | 2 nd October 2018 |
| d) Full Council adopt policy | 30 th October 2018 |
| e) New Policy comes into force | 15 January 2019 |

DRAFT

Foreword

Tonbridge & Malling Borough Council Statement of Principles for Gambling

I am pleased to present to you the fifth edition of Tonbridge & Malling Borough Council's Statement of Principles for Gambling under the Gambling Act 2005. This edition has been comprehensively revised to reflect clearly the expectations of Tonbridge & Malling Borough Council in its role as a Licensing Authority.

We are required under the Gambling Act 2005 to produce a new policy on our approach to premises used for gambling every three years.

This Statement of Principles endeavours to carefully balance the interests of those who provide facilities for gambling and people who live, work in, and visit Tonbridge & Malling Borough. Its focus is to aim to permit gambling, as required by section 153 of the Gambling Act 2005, in so far as it is (a) in accordance with the Gambling Commission's Licence Conditions and Codes of Practice; (b) in accordance with the Gambling Commission's Guidance to Licensing Authorities that is in effect at the time the application is considered; (c) reasonably consistent with the licensing objectives and (d) in accordance with this Statement of Principles. The three licensing objectives are:

1. Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
2. Ensuring that gambling is conducted in a fair and open way;
3. Protecting children and other vulnerable persons from being harmed or exploited by gambling.

The Chairman of the Licensing and Appeals Committee would like to thank the Licensing Committee and, in particular, our partners for their part in, and contribution towards, the formulation of this policy.



Councillor Mrs Jill Anderson
Head of Licensing and Appeals Committee

Chapter One

Introduction and Overview

This Policy document includes the Statement of Principles for Gambling of the Tonbridge & Malling Borough Council effective from 1 February 2019.

Definitions Used in this Policy

‘the Act’ means the Gambling Act 2005

‘the Council’ means the Council of the Tonbridge & Malling Borough Council

‘the Commission’ means the Gambling Commission established under the Gambling Act of 2005

‘the Guidance’ means the Guidance to Licensing Authorities published by the Gambling Commission

‘Licensing Authority’ means the Council of the Tonbridge & Malling Borough Council

‘Licensing Committee’ refers to the Committee of the Tonbridge & Malling Borough Council to consider licensing matters

‘licensable activities’ means those activities that are required to be licensed by the Council under the Gambling Act 2005

‘Licensing Sub Committee’ refers to a Sub Committee of the Licensing Committee to consider licence applications

‘relevant representations’ means a representation conforming to the legal requirements of the Licensing Act 2003

‘Regulations’ refers to Regulations under the Licensing Act 2003 issued by the Secretary of State

‘responsible authority’ means the bodies designated under the Gambling Act 2005 and described in the Introduction to this Statement of Principles

‘the Statement’ refers to this Statement of Principles for Gambling

Introduction

1. Under Section 349 of the Gambling Act 2005, the Council is required to publish a Statement of Principles it proposes to apply when exercising its functions under the Act. The form of the Statement of Principles is set out in the Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2007 and further guidance on what should be contained in the Statement of Principles can be found in the Gambling Commission’s Guidance to Licensing Authorities.
2. The Licensing Authority is required by virtue of section 153 of the Gambling Act 2005 to aim to permit gambling in so far as it is (a) in accordance with the Gambling Commission’s Licence Conditions and Codes of Practice; (b) in accordance with the Gambling Commission’s Guidance to Licensing Authorities that is in effect at the time the application is considered; (c) reasonably consistent with the licensing objectives and (d) in accordance with this Statement of Principles.

3. The Gambling Commission issues Licence Conditions and Codes of Practice for gambling operators. Social Responsibility Codes have the force of a licence condition. The Gambling Commission also issue Ordinary Codes, which set out best industry practice. They are not licence conditions, but operators are expected to follow them unless they have alternative arrangements in place which they can demonstrate are equally as effective.
4. The Licensing Authority, when carrying out inspections of gambling operators, reserves the right to assess compliance with such matters set out in the Gambling Commission's Licence Conditions and Codes of Practice as it sees fit, and will share intelligence with the Gambling Commission about any issues of non-compliance in this respect.
5. The licensing objectives under the Gambling Act 2005 are:
 - Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
 - Ensuring that gambling is conducted in a fair and open way;
 - Protecting children and other vulnerable persons from being harmed or exploited by gambling.
6. The Council consulted widely upon this revised Statement of Principles from 22 June 2018 until 31 August 2018. A list of persons consulted on the revised Statement can be found at Appendix One.
7. The Act requires the following to be consulted in the revision of the statement:
 - the Chief Officer of Police;
 - people and bodies representing the interests of persons in gambling businesses in the area;
 - people and bodies who represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Act.
8. Nothing in this Statement of Principles overrides the right of any person to make an application, make representations about an application or apply for a review of a licence. Each will be considered on its own merits and in accordance with the statutory requirements of the Act.
9. In reviewing this Statement of Principles, the Council has had regard to the licensing objectives under the Gambling Act 2005, the Guidance to Licensing Authorities issued by the Gambling Commission and to the responses arising from our consultation.

Responsible Authorities

10. The Council is required by regulations to state the principles it will apply in exercising its powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm.

The principles are:

- the need for the body to be responsible for an area covering the whole of the Council's area; and
 - the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group.
11. The Council designates Kent Safeguarding Children's Board to advise on the protection of children from harm under the Gambling Act 2005.
12. The full list of Responsible Authorities for Tonbridge & Malling Borough Council are as follows:

The Chief Officer of Kent Police

Community Safety Unit
Tonbridge & Malling Borough Council
Gibson Drive
Kings Hill
West Malling
Kent ME19 4LZ
west.division.licensing@kent.pnn.police.uk

Kent Fire & Rescue

Maidstone Fire Station
Loose Road
Maidstone
Kent ME15 9QB
TFS.midgroup@kent.fire-uk.org

Environmental Health / Health and Safety

Tonbridge & Malling Borough Council
Gibson Building
Gibson Drive
Kings Hill
West Malling
Kent ME19 4LZ
environmental.protection@tmbc.gov.uk

Licensing Services

Tonbridge & Malling Borough Council
Gibson Building
Gibson Drive
Kings Hill
West Malling
Kent ME19 4LZ

licensing.services@tmbc.gov.uk

Planning

Tonbridge & Malling Borough Council
Gibson Building
Gibson Drive
Kings Hill
West Malling
Kent ME19 4LZ

planning.applications@tmbc.gov.uk

Social Services

Kent Safeguarding Children's Board
Sessions House
County Hall
Maidstone
Kent ME14 1XQ

social.services@kent.gov.uk

The Gambling Commission

Victoria Square House
Victoria Square
Birmingham B2 4PB

info@gamblingcommission.gov.uk

HM Revenue and Customers

Excise Processing Team
HM Revenue and Customs
BX9 1GL
United Kingdom

nrubetting&gaming@hmrc.gsi.gov.uk

Interested Parties

13. Interested parties are persons who may make representations to applications or apply to the Council for the review of an existing licence. These parties are defined in section 158 of the Act as a person who:
 - (a) lives sufficiently close to the premises to be likely to be affected by the authorised activities,
 - (b) has business interests that might be affected by the authorised activities, or
 - (c) represents persons who satisfy paragraph (a) or (b).
14. When determining whether a person is an interested party for the purposes of the Act, the Licensing Authority will not apply rigid rules but will treat each case on its merits.
15. In considering whether a person lives sufficiently close to a premises to be considered to be an interested party the following matters will be taken into account:
 - the size of the premises
 - the nature of the premises
 - the distance of the premises from the home or workplace of the person making the representation
 - the potential impact of the premises (numbers of customers, routes likely to be taken by those visiting the premises)
 - the circumstances of the person and nature of their interests, which may be relevant to the distance from the premises.
 - the catchment area of the premises (i.e. how far people travel to visit); and
 - whether the person making the representation has business interests, in that catchment area that might be affected.
16. In determining whether a person or organisation "has business interests" the Licensing Authority will adopt the widest possible interpretation and include trade associations, trade unions, partnerships, charities, faith groups, voluntary organisations such as hostels and medical practices, as appropriate.
17. The Licensing Authority will regard bodies such as trade associations, trade unions, residents' and tenants' associations and professional advisors such as solicitors, barristers and consultants as capable of representing interested parties where they are satisfied that the interested party has asked for representation. The Licensing Authority will only regard representative bodies as interested parties in their own right if they have a member who can be classed as an interested person under the terms of the Act.

18. In principle, the Licensing Authority will allow any person to represent an interested party but will seek confirmation that the person genuinely represents the interested party. We will generally require evidence that a person/body (e.g. an advocate or relative) 'represents' an interested party. If persons representing interested parties are Councillors, Members of Parliament or Members of the European Parliament, then no specific evidence of being asked to represent an interested person will be required so long as they represent the area likely to be affected.
19. If individuals wish to approach Councillors to ask them to represent their views those Councillors shall not sit on a Licensing Sub-Committee that meets to determine the licence application. If there are any doubts then either interested parties or Councillors should contact the Licensing Authority for advice.

Geographical Area Covered by this Statement of Principles

20. A map showing the geographical area covered by this Statement of Principles can be viewed at **Appendix Two**.

List of Bodies Consulted on this Statement of Principles

- British Amusement Catering Trade Association (BACTA)
- Association of British Bookmakers
- Gamble Aware
- The Gambling Commission
- The Chief Officer of Kent Police
- Kent Fire & Rescue
- TMBC – Environmental Health / Health and Safety
- TMBC – Planning
- Social Services
- HM Revenue and Customs
- Operators of Betting Premises in Tonbridge & Malling Borough Council
- Operators of Adult Gaming Centres in Tonbridge & Malling Borough Council
- Holders of Gaming Machine Permits in Tonbridge & Malling Borough Council
- Holders of Club Gaming Permits in Tonbridge & Malling Borough Council
- Holders of Club Machine Permits in Tonbridge & Malling Borough Council
- Tonbridge & Malling Borough Council Ward Members
- Parish Councils

Exchange of Information

21. The Council will act in accordance with the provisions of Section 350 of the Act in its exchange of information with the Gambling Commission.
22. Section 29 of the Gambling Act 2005 enables the Gambling Commission to require information from Licensing Authorities (including the manner in which it is compiled, collated and the form in which it is provided), provided that it:
 - forms part of a register maintained under the Gambling Act 2005;
 - is in the possession of the Licensing Authority in connection with a provision under the Gambling Act 2005.
23. Section 350 of the Gambling Act 2005 allows Licensing Authorities to exchange information with other persons or bodies for use in the exercise of functions under the Act. These persons or bodies are:
 - A constable or Police force
 - An enforcement officer
 - A Licensing Authority
 - HMRC
 - The First Tier Tribunal
 - The Secretary of State
 - Scottish Ministers
24. Information requests from such parties should be made to the Licensing Authority in writing, setting out clearly what information is required and the reason the information is required. The requirements of the Data Protection Act 1998 will be complied with. Freedom of Information requests can be submitted online at: foi@tmhc.gov.uk
25. The Licensing Authority will also have regard to Guidance issued by the Gambling Commission to local authorities as well as any relevant regulations issued by the Secretary of State under the powers provided for in the Act.

Enforcement

26. The primary aim of enforcement is to achieve compliance. Though enforcement may be taken to mean the formal approach, it may also include advice and support to business to achieve compliance.
27. Inspections will be carried out on a risk rated basis:
 - New premises, premises under new management
 - Premises where complaints have been received or intelligence received relevant to the licensing objectives and premises or operators where compliance failings have been identified previously will attract a higher risk rating.

- Premises located in areas where there have been incidents of crime affecting or relating to gambling premises, or where the premises themselves have been the victims or involved in such crime, shall also attract a higher risk rating.
 - The Council will conduct baselining assessments to assess initial risk ratings for gambling premises in its district.
28. Compliance may be achieved through encouraging a sense of community, improved communication, and proactive work with licensees and businesses. Such proactive work may include project work, giving advice and information, and initiatives that educate, inform and encourage partners and stakeholders to work together efficiently and effectively. The principal objective in taking a holistic approach to managing the gambling industry is to prevent problems from occurring before they begin.
29. However, it is recognised that such aims cannot always be achieved, and that active enforcement of the law may be the only effective means of securing compliance. To this end the following enforcement options are available to the Licensing Authority:
- verbal or written advice
 - verbal warning
 - written warning
 - mediation between licensees and interested parties
 - licence review
 - simple caution
 - prosecution
30. These actions are not mutually exclusive and it may be that one course of action follows another, depending on the individual circumstances.
31. The Licensing Authority operates a partnership approach to dealing with enforcement matters concerning licensed premises. This may include working with the Police or any of the other responsible authorities under the Act, or working with colleagues from other Council departments or outside agencies.
32. The Licensing Authority needs to be satisfied premises are being run in accordance with the provisions of the Act, the licensing objectives, the Licence Conditions and Codes of Practice issued by the Gambling Commission and any conditions attached to the Premises Licence. To achieve this, the Licensing Authority will inspect premises, look at gambling facilities, gaming machines and policies and procedures, meet with licence holders and carry out general monitoring of areas as necessary.
33. Inspection and enforcement under the Act will be based on the principles of risk assessment, a graduated response and the targeting of problem premises. The frequency of inspections will be determined on risk-based criteria with high risk operations receiving more attention than premises carrying lower risk.

34. Premises found to be fully compliant will attract a lower risk rating. Those where breaches are detected will attract a higher risk rating.
35. The Licensing Authority will take appropriate enforcement action against those responsible for unlicensed premises/activity. Action will be carried out in accordance with the Enforcement Policy.
36. Before deciding which course of action to take, the Licensing Authority shall consider the following matters:
 - the history of the premises
 - the history of the offender
 - the offender's attitude
 - the circumstances of the offence
 - whether the offender has a statutory defence to the allegations
 - the impact or potential impact of the breach on the public
 - the quality of the evidence against the offender
 - the likelihood of achieving success in a prosecution
 - the likely punishment that will be incurred if the case goes to Court
 - whether the course of action proposed is likely to act as a deterrent
 - whether the course of action, if it is publicised, is likely to have a beneficial effect on the behaviour of others
37. The Licensing Authority will operate within the principles of natural justice and take into account the Human Rights Act 1998. This includes, in particular:
 - Every person is entitled to the peaceful enjoyment of his possessions – a licence is a possession in law and persons may not be deprived of their possessions except where it is in the public interest;
 - Every person is entitled to a fair hearing.
38. The Licensing Authority Enforcement Team are committed to the principles of good regulation as set out in the Regulators Code. This means our inspection and enforcement activities will be carried out in a way that is:
 - Proportionate: only intervening when necessary. Remedies will be appropriate to the risk posed, and costs identified and minimised;
 - Accountable: able to justify our decisions, and be subject to public scrutiny;
 - Consistent: implementing rules and standards fairly in a joined-up way;
 - Transparent: acting in open way, and keeping conditions placed on Premises Licences simple and user friendly; and
 - Targeted: focusing on the problems, and aiming to minimise the side effects.

The Council's Functions

39. Councils, when acting as Licensing Authorities are required under the Act to:
- licence premises where gambling activities are to take place by issuing Premises Licences
 - issue Provisional Statements
 - regulate members' clubs and miners' welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits
 - issue Club Machine Permits to commercial clubs
 - grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres
 - receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or fewer gaming machines
 - issue Licensed Premises Gaming Machine Permits for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines
 - register small society lotteries below the prescribed thresholds
 - issue Prize Gaming Permits
 - receive and endorse Temporary Use Notices
 - receive Occasional Use Notices for betting at tracks
 - provide information to the Gambling Commission regarding details of licences, permits and other permissions issued
 - maintain registers of the permits and licences that are issued under these functions.
40. Councils are not involved in licensing online gambling, which is the responsibility of the Gambling Commission.

Duplication with Other Regulatory Regimes

41. The Licensing Authority will seek to avoid duplication with other statutory and regulatory regimes where possible, including planning. The Licensing Authority will not consider planning permission or building regulations approval when making decisions under the Gambling Act. Nor will it regard the granting of a licence, permit or permission as fettering the Council's ability to consider planning applications independently on their planning merits.
42. Applicants should be aware that the granting of a Premises Licence does not permit the operator to provide gambling facilities where to do so would breach other legislative requirements such as the requirement for appropriate planning consent to be held. It is the operator's responsibility to ensure all relevant legal requirements are met and to seek their own independent legal advice.

Gambling Prevalence and Problem Gambling

43. Participation in gambling and rates of problem gambling published on the Gambling Commission website by NHS Digital showed that:

56%	of people in England gambled in 2016
42%	of people in England (excluding those who had only played National Lottery draws) gambled in 2016
0.7%	of people in England identified as problem gamblers
1.2%	of gamblers in England identified as problem gamblers
3.6%	of people in England were at low or moderate risk of developing problems with their gambling
6.6%	of gamblers in England are at low or moderate risk of developing problems with their gambling

<http://www.gamblingcommission.gov.uk/news-action-and-statistics/Statistics-and-research/Levels-of-participation-and-problem-gambling/Levels-of-problem-gambling-in-England.aspx>

44. Problem gambling can have a detrimental effect on personal finances as the attempt to chase losses becomes unmanageable. As well as spending wages, savings and spare cash, debts can also be a feature of problem gambling as a result of borrowings and loans to cover gambling losses. However, the effects of problem gambling can cost more than money.
45. Problem gamblers often say they feel isolated as a result of their solitary pursuits of chasing losses. There is a tendency to stay away from school, college or work in order to gamble. In addition, there is often a preoccupation with gambling, a lack of interest in maintaining relationships and a lack of motivation to engage in social activities.
46. There is often reluctance amongst gamblers to spend money on items of clothing or household goods as this expenditure is often seen as funds for gambling. There can also be an unwillingness to pay utility bills as money would rather be used for gambling purposes.
47. Problem gambling can be progressive in nature and problem gamblers can end up engaging in criminal activity to fund their gambling. This can lead to lifelong consequences with criminal convictions.

Chapter Two

Welcome to the Tonbridge & Malling Borough Council

This section gives a description of the Tonbridge & Malling Borough Council

General Description

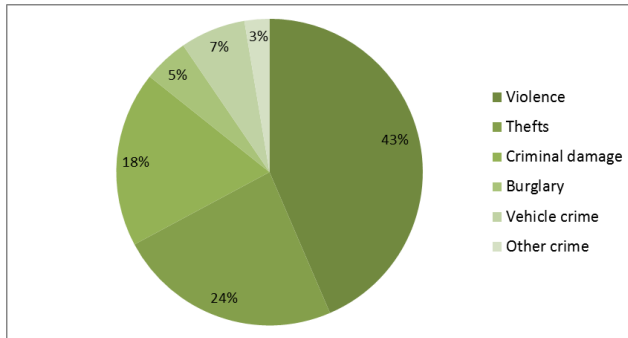
48. Tonbridge & Malling Borough Council covers an area of 24,013 hectares. The Councils surrounding the borough of Tonbridge and Malling are those of Sevenoaks District to the west, Medway Unitary Authority to the north, and the boroughs of Tunbridge Wells and Maidstone to the south and east respectively. Tonbridge & Malling Borough Council is comprised of 34 wards
49. Industry and commerce are concentrated around Tonbridge, Aylesford, Ditton, Larkfield and Snodland. Mineral extraction has been carried out in the area for many years. Paper and packaging mills, distribution, general and light industry and many small businesses make up the industrial scene. The borough is a popular area for office location and high tech development, particularly at the Kings Hill business and residential community.
50. The latest population figures from the mid 2016 Mid-year population estimates show that there are 127,300 people living in the borough. This population size makes Tonbridge & Malling the 5th largest local authority district in the Kent County Council (KCC) area.
51. Tonbridge & Malling has a younger age profile compared to the county average, with a greater proportion of 5 – 19 year olds than the average for the KCC area. Tonbridge & Malling also has a higher proportion of middle-aged residents, aged between 35 and 59 compared to the county average.
52. Over the past 10 years Tonbridge & Malling's population has grown by 12.1% (an additional 13,800 people). This is the 6th highest rate of growth of any Kent district. The population growth in Tonbridge & Malling is set to continue with current forecasts suggesting that between 2016 and 2036 the population of the borough will increase by a further 23.4%. This is the 6th highest rate of growth expected for any Kent district and a growth rate that is slightly higher than the county average (22.2%). This forecast is based on KCC's assessment of the district authority's future housing targets as at September 2017. Such targets will be subject to changes as district authorities develop their Local Development Framework.
53. 95.9% of Tonbridge & Malling's population is of white ethnic origin with the remaining 4.1% being classified as of Black Minority Ethnic (BME) origin. Tonbridge & Malling's unemployment rate is currently 0.9%. This is lower than both the county average of 1.7% and the national average of 1.9%. In September 2017 there were 740 unemployed people in Tonbridge & Malling

which is 2.1% higher (15 more people) than August 2017 and 3.5% higher (25 more unemployed people) than September 2016.

Statistical Overview of Tonbridge & Malling

Indicator		Comparison
Total population	127,300	↑ Increasing
Average age	40.5 years	Kent: 40.9
% Young people	19.1%	↑ Increasing
% Older people	18.6%	↓ 0.1pp one year
Young people 2031 <small>projected</small>	30,400	
Older people 2031 <small>projected</small>	33,700	
Population density	5.3	No change
Proportion White British	95.9%	
Life expectancy, males	81.2years	Kent: 80.1
Life expectancy, females	85.4years	Kent: 83.6
Health	84.5%	England: 81.7%
Disability	14.4%	England: 17.2%
Disability benefit claimants	6.2%	↑3.0% one year
Young carers	0.5%	Kent: 0.6%
Out of work benefits	5.3%	↓0.4pp; Kent 7.4%
'Children in poverty'	13.1%	↓0.4pp Kent 17.3%
Number of households	48,140	Census data
Single person households	24%	Kent: 28.8%
Single older household	11.7%	Kent: 13.1%
Older households	9.9%	Kent: 9.3%
Indicator of overcrowding	2.8%	
Total primary schools	44	
Total secondary schools	11	
Total special schools	3	
Free school meals	8.2%	Kent 11.3%
SEN total	11.3%	Kent: 12.4%
Educational attainment	62.8%	↓1.3pp one year
Looked after children	44.3	
Subject to Child Protection	13.7	
Labour market pressure	1.1	Kent: 1.0
Unemployment rate	0.9%	↑ 1.4% one year
Gross weekly pay	£619.90	↓
Gross weekly pay change	↑ £67	SE ↑ £8
Job Seekers Allowance	0.8%	↓ 0.3pp one year
Smoking	13.5%	↓ 3.6pp
Obesity	21.2%	England: 23.0%
Excess weight	65.2%	England: 63.8%

All Crime



During the period October 2016 to September 2017, there were 7,041 recorded crimes compared to 5,810 in the preceding twelve months. This is an increase of 21.2% (or 1,231 recorded offences).

Chart 1. The percentage of recorded crime by major crime type, April 2017 to September 2017. Source: Kent Police.

Tonbridge & Malling has the third lowest crime rate in Kent (above Sevenoaks and Tunbridge Wells).

	Rate, 2016-17
Tonbridge & Malling	57.4 ↑
MSG average	59.9 ↑
Lowest in MSG	49.8 ↑
Highest in MSG	71.6 ↑
Sevenoaks	57.9 ↑
Tunbridge Wells	51.1 ↑

Table 1. The overall rate of recorded crime per 1,000 population in Tonbridge & Malling compared to our Most Similar Group (MSG) and nearest geographical neighbours. To June 2017. Source: ONS, Kent Police.

The number of recorded crimes follows a broad annual pattern, with fewer offences typically recorded in January and slight peaks in May and July.

A breakdown of the latest crime statistics is available on the following web links for:

Tonbridge and Malling Borough

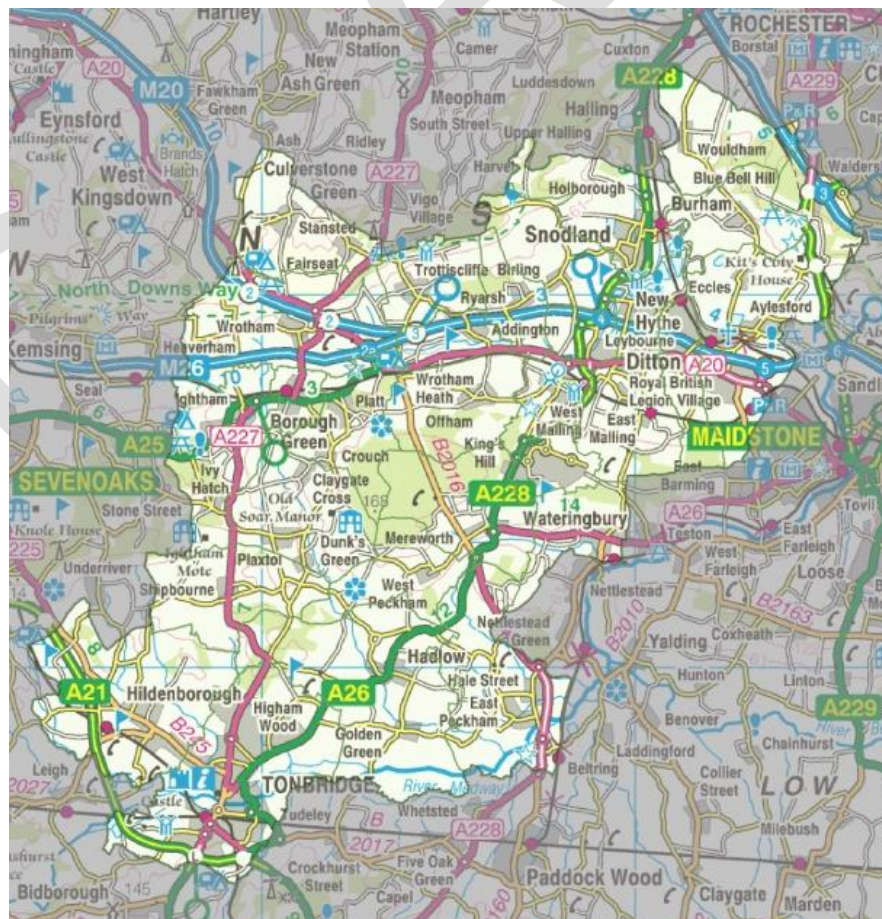
<http://www.ukcrimestats.com/Subdivisions/DIS/2351/>

All 34 wards can be found at

<http://www.ukcrimestats.com/Search/>

Location of licensed premises under the Gambling Act 2005

Type of premises	Name of premises	Location	Address	Ward
Betting Shop	Coral	Borough Green	Wrotham Road Borough Green	Borough Green
Betting Shop	Betfred	Larkfield	9 And 13 Martin Square Larkfield	Larkfield South
Betting Shop	Betfred	Snodland	20/22 Holborough Road, Snodland	Snodland East and Ham Hill
Betting Shop	Coral	Snodland	28 High Street, Snodland	Snodland West and Holborough Lakes
Adult Gaming Centre	Mr P's Classic Amusements Limited	Tonbridge	75 High Street, Tonbridge	Medway
Betting Shop	Betfred	Tonbridge	1A High Street, Tonbridge	Medway
Betting Shop	Metrobet	Tonbridge	15 York Parade Shipbourne Road Tonbridge	Trench
Betting Shop	Betfred	Tonbridge	85/87 High Street Tonbridge	Medway
Betting Shop	William Hill	Tonbridge	92A High Street Tonbridge	Castle
Betting Shop	Coral	West Malling	79 High Street West Malling	West Malling and Leybourne



Chapter Three

Licensing Objectives and Local Area Risk Assessments

54. The Gambling Act 2005 contains three licensing objectives. In this revision of its Statement of Principles, the Licensing Authority seeks to assist applicants by setting out the considerations we will apply when determining applications under the Act.
55. Though Licensing Authorities are required to 'aim to permit' gambling, there is wide scope for them to impose conditions on Premises Licences or to reject, review or revoke Premises Licences where there is an inherent conflict with the relevant Licence Conditions and Codes of Practice issued by the Gambling Commission, the Guidance to Licensing Authorities issued by the Gambling Commission, the licensing objectives or this Statement of Principles.
56. Licensing Authorities are able to request any information from an operator they may require to make licensing decisions. The Gambling Act 2005 requires a minimum level of information to be provided, but the Gambling Commission state in their Guidance to Licensing Authorities that this does not preclude reasonable requests from Licensing Authorities for any additional information they may require to satisfy themselves their decisions accord with the licensing objectives and Codes of Practice.

Risk Assessment

57. The Licensing Authority expects applicants to have a good understanding of the area in which they either operate, or intend to operate. The applicant will have to provide evidence that they meet the criteria set out in this Statement of Principles and demonstrate that in operating the premises they will promote the licensing objectives.
58. The Gambling Commission introduced a Social Responsibility Code of Practice requiring operators of premises used for gambling to conduct local area risk assessments and an Ordinary Code stating this should be shared with the Licensing Authority in certain circumstances in May 2016.
59. The Licensing Authority expects applicants for Premises Licences in its area to submit a risk assessment with their application when applying for a new premises licence, when applying for a variation to a premises licence or when changes in the local environment or the premises warrant a risk assessment to be conducted again.
60. The risk assessment should demonstrate the applicant has considered, as a minimum:

- local crime statistics;
 - any problems in the area relating to gambling establishments such as anti-social behaviour or criminal damage;
 - the location of any nearby sensitive premises, such as hostels and other facilities used by vulnerable persons e.g. drug and alcohol addictions;
 - whether there is a prevalence of street drinking in the area, which may increase the risk of vulnerable persons using the premises;
 - the type of gambling product or facility offered;
 - the layout of the premises;
 - the external presentation of the premises;
 - the location of nearby transport links and whether these are likely to be used by children or vulnerable persons;
 - the customer profile of the premises;
 - staffing levels;
 - staff training, knowledge and experience;
 - whether there is any indication of problems with young person's attempting to access adult gambling facilities in that type of gambling premises in the area.
61. It is recommended that operators liaise with other gambling operators in the area to identify risks and consult with any relevant responsible authorities as necessary.
62. This Statement of Principles does not preclude any application being made and every application will be decided on its individual merits, with the opportunity given for the applicant to show how potential concerns can be overcome.
63. The Licensing Authority expects applicants to keep a copy of the local area risk assessment on the licensed premises and to ensure that all staff have seen the risk assessment, have received training in respect of its content, and are able to produce the risk assessment on request by an authorised officer of the Council, the Police or the Gambling Commission.

Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime

64. The Licensing Authority will consider whether the premises make, or are likely to make, a contribution to the levels of crime and disorder in an area and whether the applicant has demonstrated that he has, or intends to, implement sufficient controls to prevent the premises being a source of, and/or associated with crime or disorder, or being used to support crime, if the application is granted.

65. Where an area is known for high levels of crime (particularly crime associated with premises used for gambling), the Licensing Authority will consider whether gambling premises are suitable to be located there, and whether additional conditions may be necessary, such as the provision of CCTV, minimum levels of staffing and licensed door supervisors.
66. In terms of disorder, the Guidance to Licensing Authorities published by the Gambling Commission states, "Licensing Authorities should generally consider disorder as activity that is more serious and disruptive than mere nuisance. Factors to consider in determining whether a disturbance was serious enough to constitute disorder would include whether Police assistance was required and how threatening the behaviour was to those who could hear or see it. There is not a clear line between nuisance and disorder and the Licensing Authority should take the views of its lawyers before determining what action to take in circumstances in which disorder may be a factor".
67. The Licensing Authority will consider whether the layout, lighting, staffing and fitting out of the premises have been designed so as to minimise conflict and opportunities for crime and disorder.
68. The Licensing Authority will consider whether sufficient management measures are proposed or are in place to prevent the premises being a source of, or associated with crime or disorder, or used to support crime either as a place of association or to avoid apprehension.

Ensuring that gambling is conducted in a fair and open way

69. Though this licensing objective is primarily the responsibility of the Gambling Commission, the Licensing Authority will have a role in respect of the licensing of tracks, where an Operator's Licence from the Gambling Commission is not required. Matters to be taken into account will include:
 - whether the layout, lighting and fitting out of the premises have been designed so as to ensure gambling is conducted in a fair and open way.
 - whether sufficient management measures are proposed or are in place to ensure that gambling is conducted in a fair and open way.
 - whether the management and operation of the premises is open and transparent.
 - whether the operators of the premises have been or will be fully cooperative with enforcement agencies.
 - whether the operator has a transparent procedure in place for dealing with consumer complaints that are available to all customers and implemented where necessary.
 - whether gaming machines are compliant with Gambling Commission Technical Standards in respect of machine livery requirements such as clear display of stakes, prizes, machine category and RTP.

- whether the terms and conditions on which gambling products and promotions are offered and rules are clear and readily available to customers.
- whether the Gambling Commission's Licence Conditions and Codes of Practice have been complied with.

Protecting children and other vulnerable persons from being harmed or exploited by gambling

70. The Licensing Authority will consider the following when taking this licensing objective into account:

- whether the operator has a specific training programme for staff to ensure they are able to identify children and vulnerable people and take appropriate action to promote this objective to exclude them from the premises or parts of the premises;
- if the premises is an adult only environment, whether the operator has taken effective measures to implement a proof of age scheme such as Think 21 to ensure no one under the age of 18 is admitted to the premises or restricted areas;
- whether the layout, lighting and fitting out of the premises have been designed so as to not attract children and other vulnerable persons who might be harmed or exploited by gambling;
- whether sufficient management measures are proposed or are in place to protect children and other vulnerable persons from being harmed or exploited by gambling;
- whether any promotional material associated with the premises could encourage the use of the premises by children or young people;
- whether the operator can produce a record of underage challenges and action taken to establish age and prevent underage persons from being able to gamble;
- whether the premises are located near to facilities that may encourage their use by vulnerable people, such as hostels for those with mental illness and/or addiction problems.

71. The Licensing Authority expects applicants to consider the measures necessary to promote the licensing objective of protecting children and other vulnerable persons from being harmed or exploited by gambling. It is noted that neither the Act nor the Gambling Commission Guidance define the term 'vulnerable persons'. The Licensing Authority consider the term 'vulnerable persons' to include people who gamble more than they want to; people who gamble beyond their means and people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, changes in circumstances such as bereavement, loss of employment or ill health or due to alcohol or drugs.

Chapter Four

Premises Licences

72. Any person or business that wishes to offer gambling for which an Operating Licence from the Gambling Commission is required, and which is premises based, must apply to the Licensing Authority for a Premises Licence.
73. Premises Licences can authorise the provision of facilities on:
- (a) casino premises,
 - (b) bingo premises,
 - (c) betting premises including tracks and premises used by betting intermediaries,
 - (d) adult gaming centre premises, or
 - (e) family entertainment centres.
74. Matters the Licensing Authority may not take into account include:
- the expected demand for gambling premises in the area;
 - planning or building law restrictions;
 - moral or ethical objections to gambling as an activity;
 - dislike of gambling;
 - a general notion that gambling is undesirable.
75. All licences will be subject to mandatory and/or default conditions and conditions imposed by the Licensing Authority. The Licensing Authority may consider that conditions other than the mandatory or default conditions are necessary to ensure the premises are reasonably consistent with the licensing objectives, the Gambling Commission's Codes of Practice and this Statement of Principles.
76. The Licensing Authority will take decisions in accordance with the Gambling Commission's Guidance and Licence Conditions and Codes of Practice and will have regard to the advice which it issues from time to time. The Licensing Authority will monitor the operation of premises and report any potential breach of Operating Licence conditions to the Gambling Commission. Applicants for new Premises Licences or variations to existing ones should be clear that the premises are intended to be used for the primary gambling activity proposed. For example a betting Premises Licence application that has four gaming machines but no betting counter or associated betting facilities shown on the proposed plans would not be considered as offering the primary gambling activity in accordance with that indicated on the application.
77. The majority of Premises Licences will have mandatory and/or default conditions attached to the licence. The Licensing Authority can attach its own conditions to a Premises Licence if it believes this will promote the licensing objectives. Any conditions attached will be:

- relevant to the need to make the proposed building suitable as a gambling facility;
- directly related to the premises and the type of licence applied for;
- relate to the scale and type of premises; and
- reasonable in all respects.

78. Certain matters are set out in the Act may not be the subject of conditions. These are:

- conditions which make it impossible to comply with an Operating Licence
- conditions as to gaming machines that contradict the provisions in the Act
- conditions making activities, premises or parts of them operate as a membership club
- conditions on fees, winnings, stakes or prizes.

79. Conditions will be attached to individual licences on the basis of their merits. However, there will be a number of measures the Licensing Authority will commonly consider utilising in order to pursue the licensing objectives. These may include measures such as:

- the supervision of entrances;
- separation of gambling from non-gambling areas frequented by children;
- the supervision of gaming machines in premises not specifically for adult gambling and
- appropriate signage for adult only areas.

The Licensing Authority will expect the applicant to propose how the licensing objectives can be met effectively through the use of conditions.

Split Premises

80. The Gambling Commission's Guidance states that a building can, in principle, be divided into more than one premises and be subject to more than one Premises Licence provided they are for different parts of the building, and the different parts of the building can reasonably be regarded as being different premises. An example is given of units within a shopping mall, where each unit is separate self-contained premises contained within one building. It is also possible for licensed premises to be located next to each other.

81. The Gambling Commission state they do 'not consider that areas of a building that are artificially separated, for example by ropes or moveable partitions, can properly be regarded as separate premises'.

82. Whether different parts of a building can be reasonably regarded as different premises will depend on the circumstances of the individual building and how any division is proposed. To agree to accept applications to grant or vary a licence for a building which has been divided, the Licensing Authority will need

to be satisfied the premises are genuinely separate premises, and not an artificially created additional part of single premises.

83. In considering whether different areas of a building are genuinely separate premises the Licensing Authority will take into account factors which will include:
- whether there are separate registrations for business rates in place for each premises;
 - whether separate sets of staff work in the individual premises;
 - whether there is a separate cash desk/reception for each of the premises;
 - whether each premises has its own postal address;
 - whether the premises are owned or operated by the same person;
 - whether each of the premises can be accessed from a street or public passageway;
 - whether the premises can only be accessed from any other gambling premises.
84. When considering proposals to divide a building into separate premises, the Licensing Authority will also need to be satisfied that the form of separation between the premises is appropriate.
85. The separation between one premises and another must be clearly defined. Any barrier used to separate one premises from another must be permanent and constructed so the public cannot go from one premises to another.
86. It may be acceptable for staff working in adjacent premises to have access through barriers between premises. The applicant must demonstrate that in providing staff access there are suitable control measures in place that will ensure the safety and security of staff and will prevent the public from using the same access point to enter the other premises.
87. The Gambling Act 2005 (Mandatory and Default Conditions) Regulations 2007 restrict access to different types of licensed gambling premises. In considering proposals to divide a building into different premises, the Licensing Authority will have to be satisfied that proposals to divide buildings are compatible with the mandatory conditions relating to access between premises.
88. The Guidance at paragraph 7.22 states “There is no definition of ‘direct access’ in the Act or Regulations, but Licensing Authorities may consider that there should be an area separating the premises concerned (for example a street or café), which the public go to for purposes other than gambling, for there to be shown to be no direct access.”
89. It is the Licensing Authority’s opinion that any area which separates licensed premises, and from which those premises can be accessed, must be genuinely separate premises which are habitually and actually used by members of the public other than those using the licensed premises.

90. The Licensing Authority does not consider that provisions which prohibit direct access between licensed premises are satisfied where licensed premises are separated by an area created artificially within a building principally for members of the public attending the licensed premises, irrespective of whether this area is unlicensed or provides non-gambling facilities, for example refreshments or cashpoint machines.
91. Where the Licensing Authority is satisfied that a building can be divided into separate premises it will expect applicants to ensure that:
- the premises are configured so that children are not invited to participate in, have accidental access to, or closely observe gambling to which they are prohibited from taking part;
 - the premises are not configured so children are likely to enter an adult only area to join a parent gambling in that adult only area,
 - entrances and exits from parts of a building covered by one or more Premises Licences are separate and identifiable so the separation of different premises is not compromised and people do not 'drift' into a gambling area. In this context it should be possible to access the premises without going through another licensed premises or premises with a permit;
 - customers should be able to participate in the activity named on the Premises Licence.

This is not an exhaustive list and the Licensing Authority will consider other aspects based on the merits of the application.

Access to Premises

92. The Gambling Act 2005 (Mandatory and Default Conditions) Regulations set out access provisions for each type of licensed gambling premises. The broad principle is there can be no direct access from one licensed gambling premises to another, except between premises which allow those aged under-18 to enter and with the further exception that licensed betting premises may be accessed via other licensed betting premises.
93. 'Direct access' is not defined, but the Licensing Authority will consider there should be an area such as a street or café to which the public attend for purposes other than gambling for there to be no direct access.

Type of Premises	Access Provisions
Casino	<ul style="list-style-type: none"> • The principal access to the premises must be from a 'street'; • No entrance to a casino must be from premises that are used wholly or mainly by children and/or young persons;

Type of Premises	Access Provisions
	<ul style="list-style-type: none"> No customer must be able to access a casino directly from any other premises which holds a gambling premises licence.
Adult Gaming Centre	<ul style="list-style-type: none"> No customer must be able to access the premises directly from any other licensed gambling premises.
Betting Shop	<ul style="list-style-type: none"> Access must be from a 'street' or from other premises with a betting licence; No direct access is permitted from a betting shop to another premises used for the retail sale of merchandise or services. In effect there cannot be any entrance to a betting shop from a shop of any kind unless that shop is in itself a licensed betting premises.
Track	<ul style="list-style-type: none"> No customer must be able to access the premises directly from a casino or Adult Gaming Centre.
Bingo Premises	<ul style="list-style-type: none"> No customer must be able to access the premises directly from a casino, an Adult Gaming Centre or a betting premises, other than a track.
Family Entertainment Centre	<ul style="list-style-type: none"> No customer must be able to access the premises directly from a casino, an Adult Gaming Centre or a betting premises, other than a track.

Plans

94. The Gambling Act 2005 (Premises Licences and Provisional Statements) Regulations 2007 state that a plan to accompany an application for a Premises Licence must show:

- the extent of the boundary or perimeter of the premises
- where the premises include, or consist of, one or more buildings, the location of any external or internal walls of each such building
- where the premises forms part of a building, the location of any external or internal walls of the building which are included in the premises
- where the premises are a vessel or a part of a vessel, the location of any part of the sides of the vessel, and of any internal walls of the vessel which are included in the premises
- the location of each point of entry to and exit from the premises, including in each case a description of the place from which entry is made or to which exit leads.

95. The Regulations also state that other than in respect of a track, the plan must show 'the location and extent of any part of the premises which will be used to provide facilities for gambling in reliance on the licence'. The Licensing Authority may, however, consider that these minimum requirements are insufficient to satisfy them in respect of the licensing objectives at tracks, Gambling Commission Guidance, Codes of Practice or its own Statement of Principles. In such cases, the Licensing Authority may ask for such additional information to be shown on the plan as it deems necessary to enable it to discharge its duties effectively. Information shown on the plan that is not required by Regulations will not form part of the Premises Licence and will only be used by the Licensing Authority to help it make a considered decision on the application.
96. If plans change in any material respect during the lifetime of the licence, the applicant will be in breach of their licence and would either need to make a fresh application under s.159 or to seek an amendment to the licence under s.187 of the Gambling Act 2005. If the changes are substantial, this may, in the opinion of the Licensing Authority, render the premises different to those to which the licence was granted. In such cases, variation of the licence under s.187 would not be possible and an application for a new application would be required under s.159.

General Requirements for All Premises

97. The Licensing Authority expects all applicants for gambling Premises Licences to ensure there is adequate provision for staff to supervise persons using the licensed premises. This is to identify those who have self-excluded, vulnerable persons, under age persons, persons gambling beyond limits they have set for themselves, person who may be involved in crime, persons who may be prone to anti-social behaviour, persons who are drinking alcohol where this is prohibited and persons who are showing signs of distress in respect of their gambling.
98. Applicants must take the structure and layout of the premises into account when considering their own policies and procedures. For example, where it is not possible for counter staff to supervise persons using gambling facilities such as gaming machines, the Licensing Authority would expect applicants to volunteer conditions that floor walkers will be used or that counter staff will be able to view all areas of the premises on CCTV provided to the counter area where it can be clearly seen.
99. Arrangements must be made for how staff will deal with customers who become aggressive and for ejecting patrons who are, for example, self-excluded, vulnerable or under age. This will include staff training and ensuring there are appropriate numbers of staff to deal with problems.
100. Staff should be in a position to monitor entrances and gaming machines and challenges should be initiated at the earliest opportunity.

101. Where access to premises is age restricted, the Licensing Authority expects applicants to have a Think 21 policy in place and to train its staff in recognising acceptable forms of identification. Posters should also be displayed stating that the relevant policy is in place and that users may be challenged.
102. Licence holders should record details of persons who have self-excluded, persons who have been ejected or refused admission, persons who have been barred by the operator, and any instances of crime or disorder that occurs on, or in association with, the licensed premises.
103. Applicants should demonstrate how they will identify self-excluded persons.
104. Where applicable, operators shall be able to demonstrate they are participating effectively in the relevant multi-operator self-exclusion scheme.

Casinos

105. **No Casinos resolution** – Section 166 of the Gambling Act 2005 gives a Licensing Authority the ability to resolve not to issue casino premises licences. This licensing authority has **not** passed a ‘no casino’ resolution. Should this licensing authority decide in the future to pass such a resolution, it will update this policy statement with details of that resolution.
106. In determining applications for casino premises, the Licensing Authority shall consider the following:
 - proof of age schemes
 - CCTV
 - entry control system
 - staff numbers
 - staff training
 - layout of premises
 - supervision of entrances/machine areas/gaming tables
 - notices/ signage
 - opening hours
 - provision of responsible gambling information
 - identification of customers

This list is not exhaustive, and is merely indicative of example measures the Licensing Authority will expect applicants to offer to meet the licensing objectives.

Bingo

107. This policy applies to applications for a Bingo Premises Licence. Bingo has its ordinary and natural meaning and includes any version of the game irrespective of by what name it is described. A holder of a bingo Premises Licence will be able to offer bingo in all its forms.

108. Children and young persons are permitted in bingo premises, but may not participate in the bingo. If any Category B or C machines are made available for use, these must be separated from areas where children and young people are allowed.
109. The Licensing Authority expects that where children are permitted in bingo premises, any Category B or C machines are located in an area which is separated from the rest of the premises by barriers or in a separate room, where it is made clear that entry is permitted only for those aged 18 or over. Appropriate signage should be provided to this effect and the area should be monitored by staff, either through direct supervision or by monitored CCTV.
110. To avoid a situation where a premises holds a bingo Premises Licence primarily to benefit from the gaming machine allowance, the Licensing Authority will need to be satisfied that bingo is regularly played in any premises for which a Premises Licence is issued and that the premises presentation is clearly that of a bingo premises and readily identifiable as such to any customer using the premises.
111. In determining applications for bingo premises, the Licensing Authority shall consider the following:
- proof of age schemes
 - CCTV
 - entry control system
 - staff numbers
 - staff training
 - supervision of entrances/ machine areas
 - whether children are permitted on the premises and, if so, how the operator intends to prevent them from playing bingo or being able to access adult only machine areas
 - notices/ signage
 - opening hours
 - the times and frequency of which bingo is offered
 - whether bingo is offered by a caller or only electronically
 - whether the premises are clearly identifiable as being licensed for the purposes of offering bingo facilities
 - provision of responsible gambling information

This list is not exhaustive, and is merely indicative of example measures the Licensing Authority will expect applicants to offer to meet the licensing objectives.

112. Young persons, aged 16 and 17, may be employed in bingo premises provided their duties are not connected with the gaming or gaming machines. The Licensing Authority will not grant licences unless the applicant demonstrates how they intend to meet this licensing objective and identify appropriate measures they will take to protect young employees.

113. Where hand held gaming devices are to be used on bingo premises, the Licensing Authority expects applicants to demonstrate how use of these devices will be monitored by staff.

Betting Premises

114. This policy applies to applications for off-course betting premises. This is betting that takes place other than at a track, typically in a betting shop.
115. The Licensing Authority must be satisfied that the primary use of the premises is to operate as betting premises. The applicant will be expected to demonstrate they are offering sufficient facilities for betting or otherwise should not make gaming machines available on the premises.
116. In determining applications for betting premises, the Licensing Authority shall consider the following:
- proof of age schemes
 - CCTV
 - entry control system
 - staff numbers
 - staff training
 - counter layout
 - supervision of entrances/ machine areas
 - machine privacy screens
 - notices/ signage
 - opening hours
 - provision of responsible gambling information

This list is not exhaustive, and is merely indicative of example measures the Licensing Authority will expect applicants to offer to meet the licensing objectives.

117. Betting machines made available at betting premises that accept bets on live events such as horse racing (SSBT's or self-service betting terminals) are not gaming machines and therefore do not count towards the total number of gaming machines that may be permitted at betting premises. However, where a machine is made available to take bets on 'virtual' races (e.g. results/images generated by a computer to resemble a real race or event), that IS a gaming machine and counts towards the maximum permitted number of gaming machines, and is subject to the relevant statutory limits on stakes and prizes.
118. Section 181 of the Gambling Act 2005 permits the Licensing Authority to restrict the number of SSBT's, their nature and the circumstances in which they may be made available by attaching a relevant condition to a Premises Licence for a betting office. When considering whether to do so, the Licensing Authority

will consider, among other things, the ability of employees to monitor the use of the machines by children and young persons or by vulnerable people.

119. The Licensing Authority when considering the number, nature and circumstances of self-service betting terminals an operator wants to offer will take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines.
120. Where an SSBT includes functionality to be marketed or presented in languages other than English, the Licensing Authority will seek to ensure the operator has considered the ordinary code provision set by the Gambling Commission about making the following information also available in the relevant languages:
 - information on how to gamble responsibly and access the help referred to in the Gambling Commission's Licence Conditions and Codes of Practice;
 - the player's guide to any game, bet or lottery under the provisions of the Gambling Commission's Licence Conditions and Codes of Practice;
 - the summary of the contractual terms on which gambling is offered, which is a condition of the licence holder's Operating Licence issued by the Gambling Commission.

Betting Tracks and Other Sporting Venues

121. Tracks include premises where a race or other sporting event takes place, or is intended to take place. These may be subject to one or more than one Premises Licence, provided each licence relates to a specified area of the track. The Gambling Commission Guidance identifies that operators of track betting premises will not necessarily hold an Operating Licence issued by the Commission. The Licensing Authority will have particular regard to proposals and measures to ensure the environment in which betting takes place is suitable for betting and that betting is conducted in a fair and open way.
122. Examples of tracks include:
 - Horse racecourses
 - Greyhound tracks
 - Point to point meetings
 - Football, cricket and rugby grounds
 - Athletics stadia
 - Golf courses
 - Venues hosting darts, bowls or snooker tournaments
 - Premises staging boxing matches
 - Sections of river hosting fishing competitions
 - Motor racing events

123. The offence of permitting a child or young person to enter gambling premises under section 47 of the Act does not apply to tracks. Therefore the Licensing Authority will consider the impact upon the objective of protection of children and vulnerable persons, the need to ensure that entrances to each type of licensed premises within the sporting venue are distinct, and that children are excluded from gambling areas which they are not permitted to enter.
124. The possibility of multiple licences at tracks is noted in Part 20 of the Gambling Commission Guidance. The Licensing Authority will expect the applicant for a Premises Licence to demonstrate suitable measures to ensure that children do not have access to adult-only gaming facilities. Children and young persons are permitted to enter track areas where facilities for betting are provided on days when dog-racing and/or horse racing takes place, but are still prevented from entering areas where gaming machines (other than Category D machines) are provided. Children and young persons are not prohibited from playing Category D machines on a track.
125. In determining applications for betting at tracks, consideration will be given to appropriate measures/licensing conditions to address the matters listed below:
- proof of age schemes such as Think 21
 - CCTV
 - entry control system
 - supervision of entrances/ machine areas
 - physical separation of areas
 - notices/ signage
 - opening hours
 - provision of responsible gambling information
 - provision of policies and procedures in relation to social responsibility measures as set out below
 - staffing levels
 - staff training and records of staff training
 - recording of incidents such as underage challenges, customer interactions for problem gambling, self-exclusions and complaints and disputes relating to gambling
 - details of action to be taken where an on course bookmaker has breached their Gambling Commission Operating Licence conditions repeatedly, for example where children have been able to gamble.

This list is not exhaustive, and is merely indicative of example measures the Licensing Authority will expect applicants to offer to meet the licensing objectives.

126. Track betting operators must be able to demonstrate their adoption of socially responsible gambling policies and procedures. Such policies and procedures must ensure that track betting activities promote the licensing objectives of ensuring that gambling is conducted in a fair and open way and children and other vulnerable people are not harmed or exploited by gambling.

127. A track Premises Licence does not in itself entitle the holder to provide gaming machines. However, by virtue of section 172(9) of the Act, track owners who hold both a track Premises Licence AND a pool betting Operating Licence issued by the Gambling Commission (this currently only applies to greyhound tracks) may provide up to four Category B2 to D gaming machines on the track.
128. The Licensing Authority will consider the location of gaming machines at tracks, and applicants for track Premises Licences will need to demonstrate that, where the applicant holds or seeks a pool betting Operating Licence and is going to use their full entitlement to gaming machines, these machines are located in areas from which children are excluded. The applicant will be required to provide information as to what measures it will put in place around the gaming machines to ensure that children are excluded.
129. The Licensing Authority will expect applicants to include detailed plans for the track itself and the area that will be used for temporary “on-course” betting facilities (often known as the “betting ring”), pool betting, and any other proposed gambling facilities. Plans should make clear what is being sought for authorisation under the track betting Premises Licence and what, if any, other areas are to be subject to a separate application for a different type of Premises Licence. Any such plans must also contain the information prescribed by regulations.
130. In respect of staff training, the Licensing Authority would expect staff involved with the provision of gambling facilities at the track to be trained in social responsibility measures including, but not limited to, age verification, problem gambling indicators and action to be taken, self-exclusion, complaints procedures and money laundering indicators and action to be taken. Records of such training should be retained by the track management showing the subjects the staff member was trained in and the date training took place. These should be signed off by the staff member and training should be refreshed at least annually.
131. The Licensing Authority expects track operators to have policies and procedures in place to deal with age verification, self-exclusion, money laundering, complaints and disputes and problem gambling as a minimum and to ensure that all staff involved in the provision of gambling facilities are aware of these policies and procedures and have been trained in their implementation.
132. The Licensing Authority expects track management to ensure appropriate problem gambling information is provided commensurate to the size and layout of the premises. This should be in the form of posters and also leaflets which a customer can take away. Leaflets should be provided in areas where they can be taken away discreetly by the customer.
133. Section 152 of the Act permits tracks to be the subject of multiple Premises Licences.

134. Access between premises licensed for gambling and non-gambling areas will be considered carefully by the Licensing Authority for the following reasons:
- To prevent operators from attempting to circumvent the Act by artificially sub-dividing premises and securing separate Premises Licences for its composite parts;
 - To ensure operators do not circumvent the regulations governing the maximum number of gaming machines that may be provided at specific premises;
 - To ensure people who have entered premises to take part in one form of gambling are not exposed to another form of gambling;
 - To ensure there is no direct access between gambling premises to which children have access and those which they are prohibited from entering;
 - To ensure all gambling premises have publicly accessible entrances;
 - To ensure gambling premises are not developed in 'back rooms' of other commercial premises.

Adult Gaming Centres (AGC's)

135. Adult gaming centre (AGC) Premises Licences allow the holder of the licence to make gaming machines available for use on the premises. Persons operating an AGC must hold a relevant Operating Licence from the Gambling Commission and must seek a Premises Licence from the Licensing Authority. Gaming machines are a form of gambling attractive to children and AGC's may contain machines of a similar format to the Category D machines on which children are allowed to play. However, persons under the age of 18 are not permitted to enter an AGC.
136. Because gaming machines provides opportunities for solitary play and immediate pay-outs, they are more likely to engender repetitive and excessive play. The Licensing Authority in considering Premises Licences for AGC's will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to, for example, ensure that under 18 year olds are not attracted to, or gain access to, the premises.
137. The Licensing Authority will expect applicants to offer their own measures to meet the licensing objectives; however appropriate measures / licence conditions may cover issues such as:
- proof of age schemes
 - CCTV
 - entry control system
 - supervision of entrances/ machine areas
 - physical separation of areas
 - notices/ signage
 - opening hours
 - staffing levels

- staff training
- provision of problem gambling information
- self-exclusion schemes

This list is not exhaustive, and is merely indicative of example measures the Licensing Authority will expect applicants to offer to meet the licensing objectives.

Family Entertainment Centres (FEC's)

138. Generally, FEC's must be operated by a person or body having an Operating Licence from the Gambling Commission. Unlicensed Family Entertainment Centres do not require the operator to have a Gambling Commission Operator's Licence or Premises Licence from the Licensing Authority, but do need to have a gaming machine permit as set out in the section on Permits. Unlicensed Family Entertainment Centres may only be used to provide Category D gaming machines.
139. Gaming machines are a form of gambling which is attractive to children and licensed FEC's will contain both Category D machines on which they are allowed to play, and Category C machines on which they are not. Because gaming machines provide opportunities for solitary play and for immediate pay-outs, they are more likely to engender repetitive and excessive play. The Licensing Authority, in considering applications for FEC Premises Licences, will specifically have regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority, for example, that there will be sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machine areas.
140. The Licensing Authority will expect applicants to offer their own measures to meet the licensing objectives however appropriate measures/ licence conditions may cover issues such as:
- CCTV
 - supervision of entrances/ machine areas
 - physical separation of areas for Category C machines
 - location of entry
 - notices/ signage
 - opening hours
 - staffing levels
 - staff training
 - self-exclusion schemes
 - provision of problem gambling information
 - measures and training for dealing with children on the premises suspected of truanting.

This list is not exhaustive, and is merely indicative of example measures the Licensing Authority will expect applicants to offer to meet the licensing objectives.

141. The Licensing Authority expects applicants to demonstrate adequate separation between the area in which Category C gaming machines are made available and areas of the premises to which children may have access. This will include whether physical separation is provided, staff supervision, signage and layout and presentation of the premises as a minimum. Operators should be aware of the risk of children entering adult only areas to speak to a parent who may be gambling in that area for example and have appropriate controls in place to reduce the risk of this.

Door Supervisors

142. The Gambling Commission Guidance advises that Licensing Authorities may consider whether there is a need for door supervision in terms of the licensing objectives of protection of children and vulnerable persons from being harmed or exploited by gambling, but there can also be a need for supervision to stop premises becoming a source of crime. Door supervisors at casinos or bingo premises are not required to be registered by the Security Industry Authority (SIA) under the Private Security Industry Act 2001. Door supervisors not directly employed by a casino or bingo operator do however have to be SIA registered.
143. For betting offices and other premises, the operator and/or the Licensing Authority may decide that supervision of entrances or machines is appropriate in particular cases. The Licensing Authority will make door supervision a requirement where there is evidence, from the history of trading at the premises or in the area, which the premises cannot be adequately supervised by counter staff or that problem customers cannot be dealt with effectively by counter staff alone and that door supervision is both necessary and proportionate.

Provisional Statements

144. Following the grant of a provisional statement, no further representations from responsible authorities or interested parties can be taken into account unless they concern matters which could not have been addressed at the provisional statement stage, or they reflect a change in the applicant's circumstances. In addition, the authority may refuse the Premises Licence (or grant it on terms different to those attached to the provisional statement) only by reference to matters:
 - (a) which could not have been raised by objectors at the provisional licence stage; or
 - (b) which in the authority's opinion reflect a change in the operator's circumstances.

Reviews

145. Requests for a review of a Premises Licence can be made by interested parties or responsible authorities, including the Licensing Authority. However, it is for the Licensing Authority to decide whether the review is to be carried out. This will be on the basis of whether the request for the review is relevant to the matters listed below:
- any relevant Code of Practice issued by the Gambling Commission;
 - any relevant guidance issued by the Gambling Commission;
 - the licensing objectives;
 - this Statement of Principles.
146. The Licensing Authority may reject an application for review if it thinks the grounds on which the review is sought:
- a) are not relevant to the relevant code of practice or guidance issued by the Gambling Commission, the licensing objectives or the Licensing Authority's statement of principles;
 - b) are frivolous;
 - c) are vexatious;
 - d) 'will certainly not' cause the Licensing Authority to revoke or suspend the licence or to remove, amend or attach conditions on the Premises Licence;
 - e) are substantially the same as grounds cited in a previous application relating to the same premises (the Licensing Authority will consider the length of time that has passed since the earlier application in deciding whether this is a reasonable reason to reject the review application);
 - f) are substantially the same as representations made at the time the application for the Premises Licence was considered. While the Licensing Authority will consider the length of time that has passed since the representations were made, it will not normally review a licence on the basis of the same arguments considered on the grant of the Premises Licence.
147. General objections to gambling as an activity are not likely to be considered relevant reasons for a review. Other examples of irrelevant considerations include demand for gambling premises, issues relating to planning, public safety and traffic congestion.
148. The Licensing Authority can initiate a review of a particular Premises Licence, or any particular class of Premises Licence, for any reason it believes is appropriate. This includes reviewing a Premises Licence on the grounds that a Premises Licence holder has not provided facilities for gambling at the premises. This is to prevent people from applying for licences in a speculative manner without intending to use them.
149. The Licensing Authority may review any matter connected with the use made of a particular premises if it has reason to believe the Premises Licence conditions are not being observed, or for any other reason which gives it cause to believe a review may be appropriate.

150. A responsible authority or interested party may apply to the Licensing Authority to review a Premises Licence. Such reviews can be made in relation to, amongst other things if there are repeated incidents of crime and disorder associated with the premises or the gambling activity which the premises operator has failed to adequately address, where incidents that have adversely effected one or more licensing objectives have occurred at premises that could have been prevented if advice and guidance from a responsible authority had been heeded, or if the premises due to the activities being undertaken is either attracting children or people likely to be involved in crime and disorder.
151. As a review of a Premises Licence can lead to its revocation, the Licensing Authority will consider whether informal actions to ensure timely or immediate compliance have been exhausted prior to an application being made. The Licensing Authority accepts that an application for review may be appropriate without informal measures being taken, but will seek to establish that all options have been considered in determining review applications.

Chapter Five

Travelling Fairs and Permits

Travelling Fairs

152. The Act defines a travelling fair as 'wholly or principally' providing amusements and they must be on a site that has been used for fairs for no more than 27 days per calendar year. Travelling fairs do not require a permit to provide gaming machines but must comply with legal requirements about the way the machines are operated.
153. It will fall to the Licensing Authority to decide whether, where Category D machines and/or equal chance prize gaming without a permit is to be made available for use at travelling fairs, the statutory requirement that the facilities for gambling amount to no more than an ancillary amusement at the fair is met.
154. The Licensing Authority will also consider whether the applicant falls within the statutory definition of a travelling fair. The 27 day statutory maximum for the land being used as a fair each calendar year applies to the piece of land on which the fairs are held, regardless of whether it is the same or different travelling fairs occupying the land. The Licensing Authority will keep a record of any travelling fairs that take place in Tonbridge & Malling Borough Council that offer gambling as an ancillary use to the fair. The Licensing Authority will ensure the 27 day statutory maximum for the land being used is not breached. The Licensing Authority will advise travelling fair operators if requested of the statutory time period remaining for the land they intend to use.

Permits

155. Permits regulate gambling and the use of gaming machines in a premises which do not hold a Premises Licence. They are required when a premises provides gambling facilities but either the stakes are very low or gambling is not the main function of the premises.

The Licensing Authority is responsible for issuing the following permits:

- a) unlicensed family entertainment centre gaming machine permits;
 - b) alcohol licensed gaming machine permits;
 - c) prize gaming permits;
 - d) club gaming permits and club machine permits.
156. The Licensing Authority can only grant or reject an application for a permit and cannot attach conditions. Therefore, the Licensing Authority will consider a number of factors before determining an application for a permit to ensure that the permit holder and the premises are suitable for the proposed gambling activities.

Unlicensed family entertainment centre gaming machine permits

157. This policy applies to those premises that are proposed to be used as Unlicensed Family Entertainment Centres (uFEC's). uFEC's are premises primarily used for making gaming machines available that offer only Category D gaming machines. A uFEC permit allows any number of these machines to be made available at the premises (subject to other considerations such as health and safety and fire regulations). Given that Category D machines have no age restrictions, these premises particularly appeal to children and young persons. Therefore, the Licensing Authority will give particular weight to matters relating to child protection issues.
158. The Licensing Authority will grant an application for a permit only if it is satisfied that the premises are used wholly or mainly for making gaming machines available for use, and following consultation with the Police.
159. The Licensing Authority will not grant uFEC permits where the premises are not primarily used for making gaming machines available for use in accordance with section 238 of the Gambling Act 2005. This will preclude granting permits to lobbies in shopping centres or motorway service areas for example.
160. In cases where an existing uFEC permit has been granted to premises not primarily used for making gaming machines available, the Licensing Authority shall refuse to renew such permits.
161. Applicants for uFEC permits are expected to provide a scale plan of the premises with their application showing entrances/exits, location of CCTV cameras, cash desk, and machine locations as well as other features such as a bowling alley for example or play area which may form part of the premises.
162. The Licensing Authority will require applicants to demonstrate as a minimum:
 - a full understanding of the maximum stakes and prizes of gambling that is permissible in unlicensed FECs;
 - that problem gambling information will be provided in the premises commensurate with its size and layout;
 - that the applicant has a written policy in place to deal with complaints and disputes which can be given to a customer on request;
 - that the applicant has no relevant convictions (those that are set out in Schedule 7 of the Act);
 - that staff are trained to recognise problem gambling and signpost a customer to problem gambling information;
 - that staff have been trained in how to deal with complaints and disputes in line with the applicant's policy.
163. The Licensing Authority will expect the applicant to show there are policies and procedures in place to protect children and vulnerable people from harm. Harm in this context is not limited to harm from gambling but includes wider child

protection considerations. The efficiency of such policies and procedures will each be considered on their merits. However, they may include:

- measures/training for staff regarding suspected truant school children on the premises;
- measures/training covering how staff will deal with unsupervised very young children being on the premises;
- measures/training covering how staff would deal with children causing perceived problems on or around the premises.

Automatic entitlement to two gaming machines

164. Premises licensed to sell alcohol on the premises under the Licensing Act 2003 are automatically entitled to provide two gaming machines of Category C and/or D. The holder of the Premises Licence under the Licensing Act 2003 must notify the Licensing Authority of their intention to make the gaming machines available for use and must pay the prescribed fee.
165. This entitlement only relates to premises with a Licensing Act 2003 Premises Licence that authorises the sale of alcohol for consumption on the premises and which contain a bar at which alcohol is served without the requirement that alcohol is only sold ancillary to the provision of food.
166. Licensees siting gaming machines must comply with the relevant Gambling Commission Code of Practice.
167. Licensees must be aware that gaming machines can only be supplied by a person holding an Operating Licence from the Gambling Commission enabling them to do this. A register of licensed suppliers can be found on the Gambling Commission's website at www.gamblingcommission.gov.uk.
168. In the event that the relevant authorisation under the Licensing Act 2003 is transferred, lapses or is revoked, the automatic entitlement to two gaming machines ceases to have effect and a new notification will need to be served on the Licensing Authority.
169. The Licensing Authority will remove the automatic authorisation in respect of any particular premises if:
 - provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
 - gaming has taken place on the premises that breaches a provision of section 282 of the Gambling Act (i.e. that written notice has been provided to the Licensing Authority, that a fee has been provided and that any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with);
 - the premises are mainly used for gaming; or

- an offence under the Gambling Act has been committed on the premises.

Permit for three or more gaming machines

170. This policy applies to alcohol licensed premises that propose to have three or more gaming machines. Licensed premises wishing to have three or more gaming machines of Category C or D must apply to the Licensing Authority for a permit. This permit will replace the automatic entitlement to two gaming machines rather than be in addition to it and the holder must comply with the relevant Gambling Commission Code of Practice.
171. As gaming machines provide opportunities for solitary play and immediate payouts, they are more likely to engender repetitive and excessive play. The Licensing Authority, on considering an application, will consider whether granting a permit would be appropriate on a case by case basis, but will specifically have regard to:
- the need to protect children and vulnerable people from harm or being exploited by gambling;
 - measures taken by the applicant to satisfy the Licensing Authority that there are sufficient measures to ensure that under 18 year olds do not have access to the adult only gaming machines;
 - whether the applicant has an effective policy in place for handling customer complaints or disputes about the gaming machines.
172. The Licensing Authority will expect applicants to offer their own measures to meet the licensing objectives. However, appropriate measures may cover issues such as:
- the adult machines being in the sight of staff who will monitor that the machines are not being used by those under 18 and look for signs of problem gambling, attempts to cheat the machine, or suspected money laundering;
 - notices and signage;
 - the provision of information leaflets or helpline numbers for organisations who can assist with problem gambling.
173. If the Licensing Authority is not satisfied that appropriate measures have been taken by the applicant to comply with this policy, it may refuse to grant the permit, or it may vary the number or category of gaming machines authorised by the permit.
174. The Licensing Authority may cancel a permit or may vary the number or category (or both) of gaming machines authorised by it if:
- (a) it would not be reasonably consistent with pursuit of the licensing objectives for the permit to continue to have effect,

- (b) gaming has taken place on the premises in purported reliance on the permit but otherwise than in accordance with the permit or a condition of the permit,
 - (c) the premises are mainly use or to be used for making gaming machines available, or,
 - (d) an offence under the Gambling Act 2005 has been committed on the premises.
175. Before the Licensing Authority cancels or varies a permit it will give the permit holder 21 days' notice of its intention and allow him/her the opportunity to make a representation. If the permit holder requests a hearing the Licensing Authority will arrange a Licensing Sub-Committee hearing to consider the permit holder's representation and any other evidence available before making its determination.
176. When determining an application for an alcohol-licensed premises gaming machine permit, the Licensing Authority will consider each application on its own merits.

Prize Gaming Permits

177. This policy applies to applications for, or renewals of, Prize Gaming Permits. Gaming is prize gaming if the nature and size of the prize is not determined by the number of people playing or the amount paid for or raised by the gaming. Normally the prizes are determined by the operator before play commences.
178. Prize gaming may take place without a permit in various premises. These are casinos, bingo halls, adult gaming centres, licensed and unlicensed family entertainment centres and travelling fairs.
179. Given that the prize gaming will particularly appeal to children and young persons, the Licensing Authority will give weight to child protection issues.
180. The applicant will be expected to set out the types of gaming that they are intending to offer and will also be expected to demonstrate:
- an understanding of the limits to stakes and prizes set out in regulations;
 - that the gaming offered is within the law;
 - clear policies that outline the steps to be taken to protect children and vulnerable persons from harm.
181. The Licensing Authority will only grant a permit after consultation with the Police. This will enable the Licensing Authority to determine the suitability of the applicant in terms of any convictions that they may have that would make them unsuitable to operate prize gaming, the suitability of the premises in relation to their location, and issues about disorder.
182. There are conditions in the Act with which the permit holder must comply, though the Licensing Authority cannot attach conditions. The conditions in the Act are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

Club Gaming and Club Machine Permits

183. Members clubs and miners' welfare institutes (but not commercial clubs) may apply for a club gaming permit or a club machine permit. Commercial clubs such as snooker clubs run on a profit basis may apply for a club machine permit. Each type of permit allows the provision of different types of gaming and provision of game machines. The current entitlements can be found by visiting the Gambling Commission's website (www.gamblingcommission.gov.uk).
184. A commercial club is defined as a club where membership is required but the club is operated for commercial gain.
185. A non-commercial club is a club where no commercial gain is made. A non-commercial club must meet the following criteria to be considered a members' club:
- it must have at least 25 members;
 - it must be established and conducted wholly or mainly for purposes other than gaming (with the exception of bridge or whist);
 - it must be permanent in nature;
 - it must not be established to make a commercial profit;
 - it must be controlled by its members equally.

Examples of these include working men's clubs, branches of the Royal British Legion and clubs with political affiliations.

186. The Licensing Authority may only refuse an application on the grounds that:
- a) the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
 - b) the applicant's premises are used wholly or mainly by children and/ or young persons;

- c) an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
 - d) a permit held by the applicant has been cancelled in the previous ten years; or
 - e) an objection has been lodged by the Gambling Commission or the Police.
187. There is also a “fast-track” procedure available under the Act for premises that hold a club premises certificate under the Licensing Act 2003. Under the fast-track procedure there is no opportunity for objections to be made by the Gambling Commission or the Police, and the grounds upon which a Licensing Authority can refuse a permit are reduced. The grounds on which an application under this process may be refused are that:
- (a) the club is established primarily for gaming, other than gaming prescribed under schedule 12;
 - (b) in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
 - (c) a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.
188. There are statutory conditions on club gaming permits that no child may use a Category B or C gaming machine on the premises and that the holder complies with any relevant provision of a Gambling Commission Code of Practice about the location and operation of gaming machines.
189. The Licensing Authority will need to satisfy itself that the club meets the requirements of the Gambling Act 2005 to hold a club gaming permit. In order to do this, it may require proof of additional information from the operator such as:
- is the primary activity of the club something other than gaming?
 - are the club’s profits retained solely for the benefit of the club’s members?
 - are there 25 or more members?
 - are the addresses of members of the club genuine domestic addresses and do most members live reasonably locally to the club?
 - do members participate in the activities of the club via the internet?
 - do guest arrangements link each guest to a member?
 - is the 48 hour rule being applying for membership and being granted admission being adhered to?
 - are there annual club accounts available for more than one year?
 - how is the club advertised and listed in directories and on the internet?
 - are children permitted in the club?
 - does the club have a constitution and can it provide evidence that the constitution was approved by members of the club?
 - is there a list of Committee members and evidence of their election by the club members?

190. When examining the club's constitution, the Licensing Authority would expect to see evidence of the following:
- Who makes commercial decisions on behalf of the club?
 - Are the aims of the club set out in the constitution?
 - Are there shareholders or members? Shareholders indicate a business venture rather than a non-profit making club.
 - Is the club permanently established? (Clubs cannot be temporary).
 - Can people join with a temporary membership? What is the usual duration of membership?
 - Are there long term club membership benefits?
191. Aside from bridge and whist clubs, clubs may not be established wholly or mainly for the purposes of gaming. The Licensing Authority may consider such factors as:
- How many nights a week gaming is provided;
 - How much revenue is derived from gambling activity versus other activity;
 - How the gaming is advertised;
 - What stakes and prizes are offered;
 - Whether there is evidence of leagues with weekly, monthly or annual winners;
 - Whether there is evidence of members who do not participate in gaming;
 - Whether there are teaching sessions to promote gaming such as poker;
 - Where there is a tie-in with other clubs offering gaming through tournaments and leagues;
 - Whether there is sponsorship by gaming organisations;
 - Whether participation fees are within limits.

Chapter Six

Notices

Temporary Use Notices

192. This policy applies to applications for Temporary Use Notices. Temporary Use Notices allow the use of premises for gambling where there is no Premises Licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be suitable for gambling would include hotels, conference centres and sporting venues.
193. The Licensing Authority can only grant a Temporary Use Notice to a person or a company holding a relevant Operating Licence.
194. Currently, Temporary Use Notices can only be used to permit the provision of facilities for equal chance gaming, where the gaming is intended to produce a single overall winner.
195. The Licensing Authority, in considering applications for Temporary Use Notices, will consider whether gambling should take place, or should only take place with modifications to the TUN. In doing so, the Licensing Authority will consider:
- the suitability of the premises;
 - the location of the premises, paying particular attention to its proximity to any schools, hostels or other sensitive premises;
 - the CCTV coverage within the premises;
 - the ability of the premises to provide sufficient staff and/or licensed door supervisors for the notice period;
 - whether the premises or the holder of the Operating Licence have given the Licensing Authority any cause for concern at previous events in relation to the licensing objectives, the guidance issued by the Gambling Commission, the relevant code of practice or this Statement of Principles.

Occasional Use Notices

196. The Licensing Authority has very little discretion on Occasional Use Notices for betting at tracks aside from ensuring the statutory limit of eight days a calendar year is not exceeded. The Licensing Authority will consider the definition of a “track” and whether the applicant can demonstrate they are responsible for the administration of the “track” or an occupier, and thus permitted to avail themselves of the notice. The definition of “track” in the Act is wider than dog tracks or horse racecourses and includes places where races or other sporting events take place. This could include major halls, hotels and other venues. If notices are given for a single track which would permit betting to occur for more than eight days per year, the Licensing Authority is obliged to issue a counter notice preventing such a breach occurring.

Chapter Seven

Small Society Lotteries

197. The Gambling Act 2005 provides that promoting or facilitating a lottery is illegal, unless it falls into one of two categories of permitted lottery, namely:

- licensed lotteries – these are large society lotteries and lotteries run for the benefit of local authorities that are regulated by the Commission and require operating licences
- exempt lotteries – there are four types of exempt lottery that are expressly permitted under Schedule 11 of the Act, including the small society lottery.

Definition of lottery

198. A lottery is any arrangement that satisfies all of the criteria contained within the statutory description of either a simple lottery or a complex lottery, under s.14 of the Gambling Act 2005.

199. An arrangement is a simple lottery if:

- persons are required to pay to participate
- one or more prizes are allocated to one or more members of a class
- the prizes are allocated by a process which relies wholly on chance.

200. An arrangement is a complex lottery if:

- persons are required to pay to participate
- one or more prizes are allocated to one or more members of a class
- the prizes are allocated by a series of processes
- the first of those processes relies wholly on chance.

Definition of society

201. A 'society' is the society, or any separate branch of such a society, on whose behalf a lottery is to be promoted. Section 19 of the Gambling Act 2005 defines a society as such if it is established and conducted:

- for charitable purposes, as defined in s.2 of the Charities Act 2006
- for the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity
- for any other non-commercial purpose other than that of private gain.

202. It is inherent in this definition that the society must have been established for one of the permitted purposes as set out in s.19 of the Act, and that the proceeds of any lottery must be devoted to those purposes. It is not permissible to establish a society whose sole purpose is to facilitate lotteries.

203. Participation in a lottery is a form of gambling. Lotteries must be conducted in a socially responsible manner and in accordance with the Act.
204. The minimum age for participation in a lottery is sixteen. The holder of a small society lottery registration must take reasonable steps to ensure that all those engaged in the promotion of their lottery understand their responsibilities for preventing underage gambling, returning stakes and not paying prizes to underage customers.

External Lottery Managers

205. External lottery managers (ELM's) are required to hold a lottery operator's licence issued by the Gambling Commission to promote a lottery on behalf of a licensed society.
206. However, individuals or firms can and do provide services to a society or local authority lottery without assuming the role of an ELM. When determining whether a third party is a 'service provider' only, or has assumed the role of an ELM, the degree of management undertaken by both the promoter and the sub-contractor will be crucial factors. Key indicators will include:
- who decides how the lottery scheme will operate
 - who appoints and manages any sub-contractors
 - the banking arrangements for handling the proceeds of the lottery
 - who sells the tickets and pays the prizes
 - who controls promotional aspects of the lottery.
207. Societies employing an unlicensed ELM may be committing an offence and they will need to satisfy themselves that any ELM they employ holds the relevant operator's licence issued by the Commission. The Commission publishes a register of operating licences on its website at www.gamblingcommission.gov.uk.

Lottery Tickets

208. Lotteries may involve the issuing of physical or virtual tickets to participants (a virtual ticket being non-physical, for example in the form of an email or text message). All tickets must state:
- the name of the promoting society
 - the price of the ticket, which must be the same for all tickets (e.g. there can be no option to 'buy two tickets, get one free')
 - the name and address of the member of the society who is designated as having responsibility at the society for promoting small lotteries or, if there is one, the ELM
 - the date of the draw, or information which enables the date to be determined.

209. The requirement to provide this information can be satisfied by providing an opportunity for the participant to retain the message electronically or print it.
210. The society should maintain written records of any unsold and returned tickets for a period of one year from the date of the lottery draw. The Licensing Authority may wish to inspect the records of the lottery for any purpose related to the lottery.

Where tickets may be sold

211. The Licensing Authority expects holders of small society lottery registrations not to sell lottery tickets to a person in any street. For these purposes 'street' includes any bridge, road, lane, footway, subway, square, court, alley or passage (including passages through enclosed premises such as shopping malls) whether a thoroughfare or not. Tickets may, however, be sold in a street from a static structure such as a kiosk or display stand. Tickets may also be sold door to door. Licensees must ensure that they have any necessary local authority permissions, such as a street trading licence, in order to do this.

Prizes

212. Prizes awarded in small society lotteries can be either cash or non-monetary. Prizes declared on returns must not exceed the limits on prizes set out by the Act - in effect that combined with any expenses incurred with the running of the lottery, such as managers' fees, they must not comprise more than 80% of the total proceeds of the lottery. Donated prizes would not be counted as part of this 80% (as no money would be withdrawn from the proceeds to cover their purchase) but are still subject to the limit on a single maximum prize of £25,000 and should be declared on the return following the lottery draw.
213. Alcohol should not be offered as a prize in a lottery without the society first ensuring that no Licensing Act 2003 consent is required for this from the Licensing Authority. If such consent is required, then alcohol shall not be offered as a prize unless such consent has been obtained.

Small society registration

214. The promoting society of a small society lottery must, throughout the period during which the lottery is promoted, be registered with a Licensing Authority. Parts 4 and 5 of Schedule 11 of the Act set out the requirements on both societies and Licensing Authorities with respect to the registration of small society lotteries.
215. The Licensing Authority with which a small society lottery is required to register must be in the area where their principal office is located.

216. Applications for small society lottery registrations must be in the form prescribed by the Secretary of State and be accompanied by both the required registration fee and all necessary documents required by the Licensing Authority to assess the application. This information shall include a copy of the society's terms and conditions and their constitution to establish that they are a non-commercial society.
217. Societies may not circumvent the requirement to hold a Gambling Commission Lottery Operating Licence by obtaining two or more registrations with the same or different Licensing Authorities. As set out previously, the Act states that a society lottery is a large lottery if the arrangements for it are such that its proceeds may exceed £20,000 in a single lottery, or if the aggregate proceeds in a calendar year exceed £250,000.
218. In cases where a society has separate branches with different aims and objectives, it is acceptable for them to hold more than one licence or registration. However, in cases where a society holds more than one registration and the aims and objectives of those societies are the same, this may constitute a breach of the threshold limits for small society lotteries set out in Schedule 11 of the Act.
219. By virtue of Schedule 11 paragraph 31(5) of the Act, societies may not hold an Operating Licence with the Gambling Commission and a local authority registration with the same aims and objectives at the same time. This paragraph also provides for a statutory period of three years during which a large society cannot convert to small society status.
220. Registrations run for an unlimited period, unless the registration is cancelled.

Refusal of registration

221. The Licensing Authority may propose to refuse an application for any of the following reasons:
 - An operating licence held by the applicant for registration has been revoked or an application for an operating licence made by the applicant for registration has been refused, within the past five years. The Commission will be able to advise the details of people and organisations that have been refused an operating licence or have had an operating licence revoked in the past five years. Licensing Authorities should consult the Commission as part of their consideration process.
 - The society in question cannot be deemed non-commercial.
 - A person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence, listed in Schedule 7 of the Act.
 - Information provided in or with the application for registration is found to be false or misleading.

222. The Licensing Authority may only refuse an application for registration after the society has had the opportunity to make representations. These can be taken at a formal hearing or via correspondence. The Licensing Authority shall inform the society of the reasons why it is minded to refuse registration and provide it with at least an outline of the evidence on which it has reached that preliminary conclusion, in order to enable representations to be made.

Revocation of a small society's registered status

223. The Licensing Authority may revoke the registration of a society if it thinks that they would have had to, or would be entitled to, refuse an application for registration if it were being made at that time. The Licensing Authority will inform the society of the reasons why it is minded to revoke the registration and provide them with the evidence on which it has reached that preliminary conclusion.

Administration and returns

224. The Act requires that a minimum proportion of the money raised by the lottery is channelled to the goals of the society that promoted the lottery. If a small society lottery does not comply with these limits it will be in breach of the Act's provisions, and consequently be liable to prosecution.

225. The limits are as follows:

- at least 20% of the lottery proceeds must be applied to the purposes of the society (Schedule 11, paragraph 33)
- no single prize may be worth more than £25,000 (Schedule 11, paragraph 34)
- rollovers between lotteries are only permitted where every lottery affected is also a small society lottery promoted by the same society, and the maximum single prize is £25,000 (Schedule 11, paragraph 35)
- every ticket in the lottery must cost the same and the society must take payment for the ticket fee before entry into the draw is allowed (Schedule 11, paragraph 37).

226. Paragraph 39 of Schedule 11 in the Act sets out the information that the promoting society of a small society lottery must send as returns to the Licensing Authority with which it is registered, following each lottery held. This information allows Licensing Authorities to assess whether financial limits are being adhered to and to ensure that any money raised is applied for the proper purpose. The following information must be submitted:

- the arrangements for the lottery - specifically the date on which tickets were available for sale or supply, the dates of any draw and the value of prizes, including any donated prizes and any rollover
- the total proceeds of the lottery

- the amounts deducted by the promoters of the lottery in providing prizes, including prizes in accordance with any rollovers
 - the amounts deducted by the promoters of the lottery in respect of costs incurred in organising the lottery
 - the amount applied to the purpose for which the promoting society is conducted (this must be at least 20% of the proceeds)
 - whether any expenses incurred in connection with the lottery were not paid for by deduction from the proceeds, and, if so, the amount of expenses and the sources from which they were paid.
227. Paragraph 39 of Schedule 11 in the Act also requires that returns must:
- be sent to the Licensing Authority no later than three months after the date of the lottery draw, or in the case of ‘instant lotteries’ (scratchcards) within three months of the last date on which tickets were on sale
 - be signed (electronic signatures are acceptable if the return is sent electronically) by two members of the society, who must be aged 18 or older, are appointed for the purpose in writing by the society or, if it has one, its governing body, and be accompanied by a copy of their letter or letters of appointment.
228. The Gambling Commission may inspect a society’s returns, although it will not routinely do so. The Licensing Authority is required to retain returns for a minimum period of three years from the date of the lottery draw. They must also make them available for inspection by the general public for a minimum period of 18 months following the date of the lottery draw.
229. The Licensing Authority will monitor the cumulative totals of returns to ensure that societies do not breach the annual monetary limit of £250,000 on ticket sales. The Licensing Authority must notify the Commission if returns reveal that a society’s lotteries have exceeded the values permissible, and such notifications will be copied to the society in question. The Gambling Commission will contact the society to determine if they are going to apply for a lottery operator’s licence, thereby enabling them to run large society lotteries lawfully, and will inform the Licensing Authority of the outcome of its exchanges with the society.

Appendix One Consultation

A public consultation will be carried out in respect of this Statement of Principles from 22 June 2018 until 31 August 2018. As well as sending consultation letters and emails directly to the parties mentioned in the Introduction and Overview. Public notices will be displayed at the Council offices at (Council offices at Kings Hill and Tonbridge Castle.) for the duration of the consultation and an advertisement of the consultation will be published in the Kent Messenger on Friday 29 June 2018.

Process steps to develop this policy

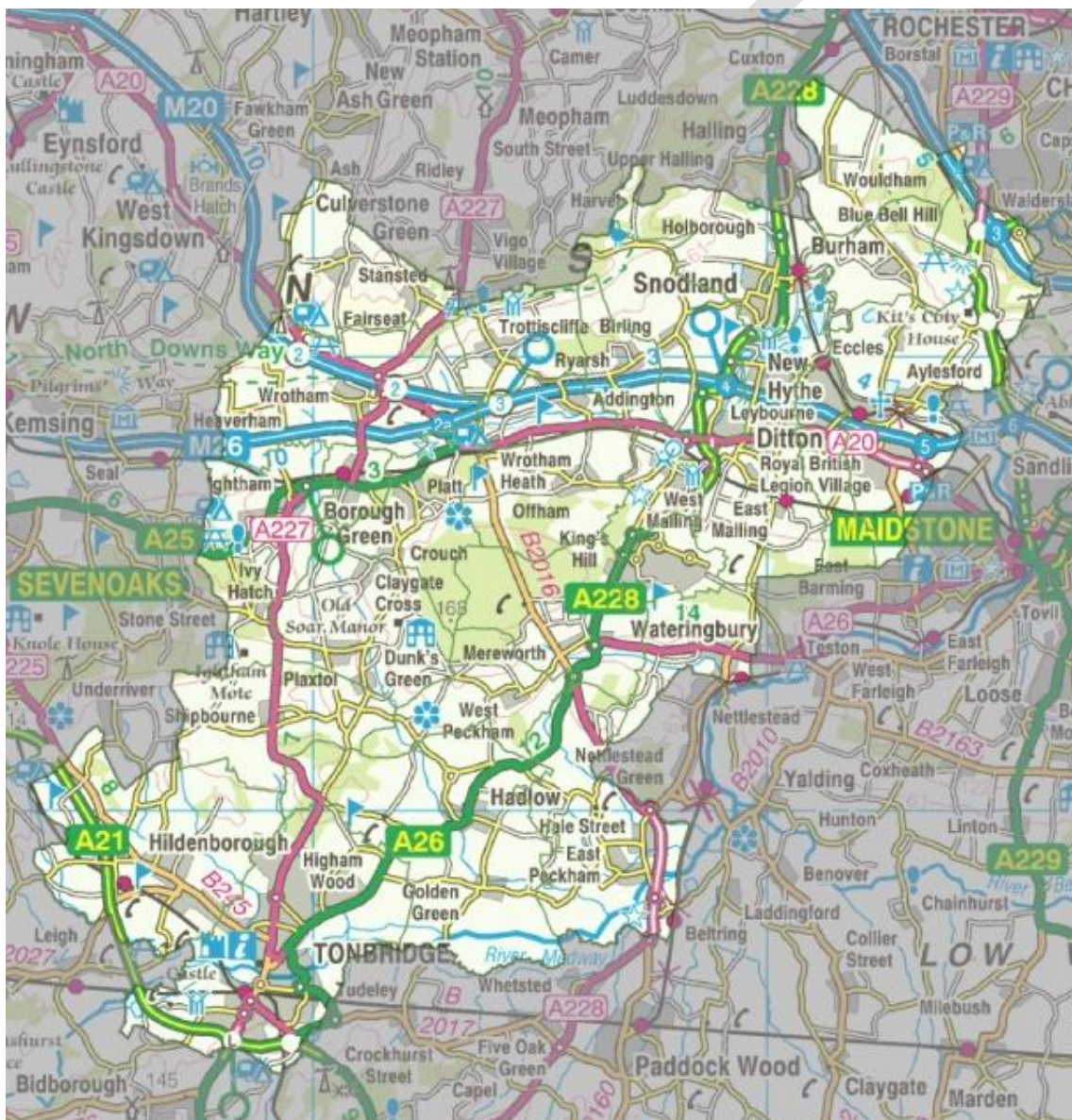
- | | |
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| f) Draft consultation agreed at the Licensing and Appeals Committee | 19 June 2018 |
| g) Public Consultation | 22nd June 2018 until
31 st August 2018 |
| h) Licensing and Appeals Committee agrees the policy and recommends to Full Council for adoption | 2 nd October 2018 |
| i) Full Council adopt policy | 30 th October 2018 |
| j) New Policy comes into force | 15 th January 2019 |

Appendix Two Map of the Area Covered by this Statement of Principles

Tonbridge and Malling Borough Council is situated in the County of Kent, which contains 12 District Councils and 1 Unitary Authority in total.

Tonbridge and Malling covers an area of 24,013 hectares. The main towns are Tonbridge, Aylesford, Ditton, Larkfield and Snodland.

The areas are shown in the map below.



If you would like the Statement of Principles for Gambling in large print, please contact the Licensing Team.

Licensing Services
Tonbridge & Malling Borough Council
Gibson Building
Gibson Drive
Kings Hill
West Malling
Kent ME19 4LZ

Phone: 01732 876368

Email: licensing.services@tmbc.gov.uk

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Item CB 18/59 referred from Cabinet minutes of 10 October 2018

CB 18/59 REVISED STATUTORY INVESTMENT GUIDANCE AND TREASURY MANAGEMENT AND PRUDENTIAL CODES OF PRACTICE

The report of the Director of Finance and Transformation gave details of the additional requirements imposed on local authorities through revised statutory guidance and codes of practice. These were aimed at addressing concerns arising from the commercialism agenda, in particular the use of loans and the purchase of property to generate a profit. It was noted that the matter had been considered by the Audit Committee at its meeting on 1 October 2018 and a number of actions commended to the Council.

RECOMMENDED: That

- (1) the new requirements and disclosures contained in the Statutory Guidance on Local Government Investments 2018 Edition set out at Annex 1 to the report be noted;
- (2) the four clauses to be formally adopted, as set out in the Code and reproduced at Annex 2 to the report, be readopted;
- (3) the Treasury Management Policy Statement, as set out in the Code and reproduced at Annex 3 to the report, be readopted;
- (4) the new statement pertaining to investments that are not part of treasury management activity, reproduced at Annex 4 to the report, be noted;
- (5) the additional paragraphs to be added to the Council's Treasury Management Practices, as set out at Annex 5 to the report, be noted;
- (6) the additional paragraphs to be added to the Council's Capital Strategy, as set out at Annex 6 to the report, be noted; and
- (7) the prudential indicators set out at Annex 7 to the report be noted.
***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

10 October 2018

Report of the Director of Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Council

1 REVISED STATUTORY INVESTMENT GUIDANCE AND TREASURY MANAGEMENT AND PRUDENTIAL CODES OF PRACTICE

The revised Guidance and Codes impose additional requirements on local authorities aimed to address concerns arising from the commercialism agenda, in particular, the use of loans and the purchase of property to generate a profit.

1.1 Introduction

1.1.1 Under the Local Government Act 2003 the Council is required to comply with Statutory Guidance on Local Government Investments and through that guidance, have regard to the CIPFA Treasury Management Code of Practice and the CIPFA Prudential Code. Historically the scope of the statutory guidance and the codes was limited to the investment of an authority's cash surpluses and the management of borrowing undertaken to support its capital expenditure plans. Updated statutory guidance and codes have been issued that broaden that scope to include expenditure on loans and the acquisition of non-financial assets (property) intended to generate a profit.

1.2 Statutory Guidance & Codes of Practice

1.2.1 A report detailing the changes imposed on the Council through the revised statutory guidance and codes of practice was presented to Audit Committee on 1 October 2018. The report is replicated in full at **[Appendix 1]**.

1.3 Legal Implications

1.3.1 The Local Authorities (Capital Finance and Accounting (England) Regulations 2003 require local authorities to have regard to both documents.

1.3.2 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to financial administration and stewardship including securing effective arrangements for treasury management.

1.3.3 In addition, Link Asset Services are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

1.4 Financial and Value for Money Considerations

1.4.1 A purpose of the Code is to encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.

1.4.2 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via Link's benchmarking service.

1.5 Risk Assessment

1.5.1 Link Asset Services are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.

1.5.2 Credit ratings remain a key tool in assessing risk. It is recognised that their use should be supplemented with sovereign ratings and market intelligence. Appropriate sovereign, group and counterparty limits are established to ensure an appropriate level of diversification.

1.5.3 In the light of these safeguards and stringent Treasury Management Procedures it is considered that any risks to the authority implicit in the Treasury Management function have been minimised.

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 Subject to any comments from the Audit Committee, Cabinet is invited to **recommend** to Council:

- 1) To note the new requirements and disclosures contained in the Statutory Guidance on Local Government Investments 2018 Edition set out at **[Annex 1]**.
- 2) The four clauses to be formally adopted as set out in the Code and reproduced at **[Annex 2]** be readopted.
- 3) The Treasury Management Policy Statement as set out in the Code and reproduced at **[Annex 3]** be readopted.

- 4) To note the new statement pertaining to investments that are not part of treasury management activity reproduced at **[Annex 4]**.
- 5) To note the additional paragraphs to be added to the Council's TMPs as set out at **[Annex 5]**.
- 6) To note the additional paragraphs to be added to the Council's Capital Strategy as set out at **[Annex 6]**.
- 7) To note the prudential indicators as set out at **[Annex 7]**.

Background papers:

contact: Michael Withey
Neil Lawley

Statutory Guidance on Local Government Investments
(3rd Edition) 2018
Treasury Management Code of Practice and Cross-
Sectoral Guidance Notes 2017 Edition
Prudential Code 2017 Edition Nil

Sharon Shelton
Director of Finance and Transformation

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TONBRIDGE & MALLING BOROUGH COUNCIL**AUDIT COMMITTEE****01 October 2018****Report of the Director of Finance and Transformation****Part 1- Public****Matters for Recommendation to Cabinet****1 REVISED STATUTORY INVESTMENT GUIDANCE AND TREASURY MANAGEMENT AND PRUDENTIAL CODES OF PRACTICE**

The revised Guidance and Codes impose additional requirements on local authorities aimed to address concerns arising from the commercialism agenda, in particular, the use of loans and the purchase of property to generate a profit.

1.1 Introduction

1.1.1 Under the Local Government Act 2003 the Council is required to comply with Statutory Guidance on Local Government Investments and through that guidance, have regard to the CIPFA Treasury Management Code of Practice and the CIPFA Prudential Code. Historically the scope of the statutory guidance and the codes was limited to the investment of an authority's cash surpluses and the management of borrowing undertaken to support its capital expenditure plans. Updated statutory guidance and codes have been issued that broaden that scope to include expenditure on loans and the acquisition of non-financial assets (property) intended to generate a profit.

1.1.2 The Statutory Guidance and Codes of Practice are lengthy documents and are not appended to this report. If a Member would wish to obtain copies please contact Michael Withey at michael.withey@tmbc.gov.uk

1.2 Statutory Guidance on Local Government Investments 2018 Edition

1.2.1 The Statutory Guidance on Local Government Investments requires authorities to prepare an annual investment strategy (the Strategy) to be approved by full Council prior to the start of each financial year. The disclosures required to be published and made publicly available in the Strategy may be included in a treasury management strategy, a capital strategy or any other publicly available document (e.g. budget presentation). The requirements and disclosures that arise in respect of loans and non-financial assets are summarised in [Annex1].

1.3 Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2017 Edition

Introduction

1.3.1 For the purposes of this Code CIPFA has adopted the following as its definition of treasury management activities:

- The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and pursuit of optimum performance consistent with those risks.

1.3.2 Investments in the definition above covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns, such as *directly owned* investment property. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations.

1.3.3 In the main, the changes made to the Code, address concerns arising from the 'commercialism agenda' to ensure the risks associated with investment in 'non-financial assets' which are held primarily for financial returns' are properly evaluated, reported, subject to scrutiny and managed over time.

1.3.4 The Code makes it clear that the control of risk and optimising returns consistent with the organisation's risk appetite should be applied across all investment activities, including more commercially based investments.

Key Principles

1.3.5 The Code identifies three key principles detailed below with a minor change made to Key Principle 2 highlighted in italics.

- Key Principle 1 – Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Key Principle 2 – Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and *portfolio* liquidity when investing *treasury management* funds.
- Key Principle 3 – They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance

measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management; their treasury management policies and practices should reflect this.

- 1.3.6 The Code further recommends the adoption of four key clauses and the preparation of a treasury management policy statement and treasury management practices in order to achieve the above.

Clauses to be Formally Adopted

- 1.3.7 It is recommended that the four clauses recommended to be formally adopted as set out in the Code and reproduced at **[Annex 2]** be adopted / readopted.

Treasury Management Policy Statement

- 1.3.8 It is recommended that the Treasury Management Policy Statement as set out in the Code and reproduced at **[Annex 3]** be adopted / readopted.

Treasury Management Practices

- 1.3.9 The TMPs (12) detail the processes and procedures to be followed in the operation and management of the treasury management function and run to many pages and as a result are not reproduced in full. Much of the changes detailed below focus on TMPs as they apply to non-treasury management investments.
- *TMP1 Risk management* amended to include within the General Statement that – “This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.” This includes investment and risk management criteria for any material non-treasury investment portfolios.
 - A new risk management consideration has been introduced under *TMP1* covering inflation risk management – “The organisation will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation’s inflation exposures.”
 - *TMP2 Performance measurement* to include methodology and criteria for assessing the performance and success of non-treasury investments.
 - *TMP4 Approved instruments, methods and techniques* includes a new paragraph regarding MIFID II – “This organisation has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.” Treasury Management Strategy

Statement will need to reflect in what circumstances an authority has opted up to professional status, and a schedule prepared of all counter parties where this applies, with a commitment that these arrangements will be regularly reviewed as appropriate.

- *TMP5 Decision making, governance and organisation* to include a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making.
- *TMP6 Reporting requirements and management information arrangements* to include where and how often monitoring reports are taken in relation to non-treasury investments.
- *TMP8 Cash and cash flow management* makes a correction to a previous error when referencing back to TMP1.
- *TMP10 Training and qualifications* to include how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

Investments that are not part of Treasury Management Activity

- 1.3.10 A new section has been added covering investments that are not part of treasury management activity (commercialism agenda) and the primary reason for the changes made to the Code; requiring the inclusion of a new statement **[Annex 4]**.
- 1.3.11 These investments should be proportional to the level of resources available to the organisation and the organisation should ensure that the same robust procedures for consideration of risk and return are applied to these decisions.
- 1.3.12 Due diligence procedures should ensure effective scrutiny of proposed investments, identification of risk to both capital and returns, any external underwriting of those risks, and the potential impact on the financial sustainability of the organisation if those risks come to pass. Where necessary independent and expert advice should be sought to ensure due diligence is suitably robust.
- 1.3.13 A published schedule should be agreed by Council that set outs the organisation's investment management practices for non-treasury investments. Where a Capital Strategy is produced by a local authority including the authority's approach to commercial activities, the detail may be published separately. The authority should ensure effective arrangements are in place for the effective scrutiny of strategy and policies.
- 1.3.14 A register of investments and financial guarantees should be maintained and regularly reviewed as part of performance reporting arrangements, including periodic reassessment of the probability of financial guarantees being called upon.

1.3.15 For ease of reference the additional text to be added to the TMPs as a result can be found at **[Annex 5]**.

1.4 Prudential Code for Capital Finance in Local Authorities 2017 Edition

1.4.1 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

1.4.2 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.

1.4.3 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Prudential Code sets out a clear governance procedure for the setting and revising of a Capital Strategy and prudential indicators. This will be done by the same body that takes the decisions for the local authority's budget.

1.4.4 The Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.4.5 The Capital Strategy to include the authority's approach to commercial activities including processes ensuring effective due diligence and defining the authority's risk appetite including proportionality in respect of overall resources; and requirements for independent and expert advice and scrutiny arrangements. An overview of the governance process for approval and monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities; and a summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.

1.4.6 The additional paragraphs to be added to the Council's Capital Strategy as a result can be found at **[Annex 6]** and the prudential indicators required to be published under the 2017 Code can be found at **[Annex 7]**.

1.5 Legal Implications

1.5.1 The Local Authorities (Capital Finance and Accounting (England) Regulations 2003 require local authorities to have regard to both documents.

1.5.2 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to financial administration and stewardship including securing effective arrangements for treasury management.

1.5.3 In addition, Link Asset Services are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

1.6 Financial and Value for Money Considerations

1.6.1 A purpose of the Code is to encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.

1.6.2 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via Link's benchmarking service.

1.7 Risk Assessment

1.7.1 Link Asset Services are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.

1.7.2 Credit ratings remain a key tool in assessing risk. It is recognised that their use should be supplemented with sovereign ratings and market intelligence. Appropriate sovereign, group and counterparty limits are established to ensure an appropriate level of diversification.

1.7.3 In the light of these safeguards and stringent Treasury Management Procedures it is considered that any risks to the authority implicit in the Treasury Management function have been minimised.

1.8 Equality Impact Assessment

1.8.1 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.

1.9 Recommendations

1.9.1 Members are asked to **recommend** to Cabinet and subsequently full Council:

- 1) To note the new requirements and disclosures contained in the Statutory Guidance on Local Government Investments 2018 Edition set out at **[Annex 1]**.
- 2) The four clauses to be formally adopted as set out in the Code and reproduced at **[Annex 2]** be readopted.

- 3) The Treasury Management Policy Statement as set out in the Code and reproduced at **[Annex 3]** be readopted.
- 4) To note the new statement pertaining to investments that are not part of treasury management activity reproduced at **[Annex 4]**.
- 5) To note the additional paragraphs to be added to the Council's TMPs as set out at **[Annex 5]**.
- 6) To note the additional paragraphs to be added to the Council's Capital Strategy as set out at **[Annex 6]**.
- 7) To note the prudential indicators as set out at **[Annex 7]**.

Background papers:

contact: Michael Withey
Neil Lawley

Statutory Guidance on Local Government Investments
(3rd Edition) 2018
Treasury Management Code of Practice and Cross-
Sectoral Guidance Notes 2017 Edition
Prudential Code 2017 Edition

Sharon Shelton
Director of Finance and Transformation

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Statutory Guidance on Local Government Investments 2018 Edition

New requirements and disclosures to address concerns attributed to loans and non-financial investments. Some elements may also be applicable to investment activity undertaken for treasury management purposes.

1 General

1.1 Investments made by local authorities can be classified into one of two main categories. Investment held for treasury management purposes and other investments. Treasury management investments prioritise security (protecting the sum invested), liquidity (funds are available to spend when needed) and yield in that order of importance. The balance between security, liquidity and yield may differ for other types of investment. Local authorities should **disclose the contribution** that other investments make towards service delivery objectives and or its place making role.

2 Use of indicators

2.1 The Strategy should **include quantitative indicators** that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. They should include how investments are funded and the rate of return received. Where investments are funded by borrowing the indicators used should reflect the additional debt servicing costs taken on. The indicators an authority has chosen to use should be consistent from year to year.

2.2 Where a local authority has entered into a long term investment or has taken out long term debt to finance an investment the indicators should allow Councillors and the general public to assess the risks and opportunities of the investment over both its payback period and over the repayment period of any debt taken out.

3 Loans

3.1 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though the loans may not be seen as prudent in terms of security and liquidity. Such loans can continue to be made provided the Strategy **demonstrates**:

- Total financial exposure is proportionate;
- An allowed "expected credit loss" model has been used;
- Appropriate credit control arrangements to recover overdue repayments are in place;
- The authority has formally agreed the total level of loans by type and the total loan book is within a self-assessed level.

4 **Non-financial investments**

- 4.1 Non-financial investments are non-financial assets (property) that are held primarily to generate a profit. Strategies should **confirm the fair value of assets**, assessed annually, is sufficient to provide security against loss. Where fair value is no longer sufficient to provide security against loss the strategy should **detail the mitigating action** being taken to protect the capital invested. An updated strategy should be presented to full Council if a loss is recognised in the year end accounts **detailing the impact** of the loss on the security of investments and the revenue consequence.

5 **Risk assessment**

- 5.1 The Strategy should **state the authority's approach** to assess risk of loss before entering into and whilst holding an investment, making clear in particular: how it has assessed the market that it is / will be competing in, the nature and level of competition, how it thinks that the market / customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirement.

6 **Liquidity**

- 6.1 For non-financial investments the Strategy should **set out the procedures** for ensuring that the funds can be accessed when they are needed, for example to repay capital borrowed. It should also state the local authority's view of the liquidity of the investments that it holds, recognising that assets can take a considerable period to sell in certain market conditions. Where local authorities hold non-financial investment portfolios they can choose to assess liquidity by class of asset or at a portfolio level if appropriate.

7 **Proportionality**

- 7.1 Where a local authority is or plans to become dependent on profit generating investment activity to achieve a balanced revenue budget, the Strategy should **detail the extent** to which funding expenditure to meet the service delivery objectives and/or place making role of that local authority is dependent on achieving the expected net profit. In addition, the Strategy should detail the local authority's contingency plans should it fail to achieve the expected net profit.
- 7.2 The **assessment of dependence** on profit generating investments and borrowing capacity allocated to funding these should be disclosed as a minimum over the life-cycle of the Medium Term Financial Plan. However, an assessment of longer term risks and opportunities is recommended.

8 **Borrowing in advance of need**

- 8.1 Authorities **must not borrow more than or in advance of their needs** purely in order to profit from the investment of the extra sums borrowed.

8.2 Where a local authority chooses to disregard the Prudential Code and this Guidance and borrows or has borrowed purely to profit from the investment of the extra sums borrowed the Strategy should explain:

- Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
- The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

9 **Capacity, skills and culture**

9.1 The Strategy should **disclose the steps** taken to ensure that those elected members and statutory officers involved in the investments decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

9.2 The Strategy should **disclose the steps** taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.

9.3 Where appropriate the Strategy should **comment on** the corporate governance arrangements that have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the local authority's corporate values.

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Four clauses recommended to be formally adopted

Clause 1 – This organisation will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

Clause 2 – This organisation, i.e. full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

Clause 3 – This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet via the Audit Committee, and for the execution and administration of treasury management decisions to the Director of Finance and Transformation, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

Clause 4 – This organisation nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

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Treasury Management Policy Statement

- 1.** This organisation defines its treasury management activities as:
The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 2.** This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 3.** This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employ suitable comprehensive performance measurement techniques, within the context of effective risk management.

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Investments that are not part of Treasury Management Activity

This organisation recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

This organisation will ensure that all the organisations investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The organisation will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure.

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Additional text to be added to the Council's Treasury Management Practices

TMP 1 Risk Management

General Statement

This organisation regards a key objective of its treasury management and other investment activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment including investment properties.

TMP 1.5 Inflation risk management

The organisation will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

TMP 4 Approved Instruments, Methods and Techniques

TMP 4.2 Implementation of MIFID II requirements

This organisation has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

TMP 4.7 Non-treasury management investments

This organisation recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

This organisation will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The organisation will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

See separate schedule encompassing *[to be prepared if required]*:

- Risk Management.
- Performance Measurement.
- Organisation, clarity and segregation of responsibilities, and dealing arrangements.
- Reporting requirement and management information arrangements.
- Training and qualifications.

TMP 6 Reporting Requirements and Management Information Arrangements

TMP 6.1 Annual programme of reporting

Capital Strategy *[to be reported as part of the Treasury Management and Annual Investment Strategy, Capital Plan Review and or Budget Report]* to cover the following:

- Give a longer term view of the capital programme and treasury management implications thereof beyond the detailed three year time horizon.
- An overview of treasury and non-treasury investments to highlight the risks and return involved in each and the balance (proportionality) between types of investments.
- The authorities risk appetite and specific policies and arrangements for non-treasury investments.
- Schedule of non-treasury investments.

Extract from the Capital Strategy relating to the 2017 Prudential Code

- 1 The legislative framework is set out in the Local Government Act 2003 and its subsidiary regulations. This framework provides for a prudential system based on borrowing limits set by each individual local authority. Under this system, local authorities must have regard to affordability, prudence and sustainability and must follow the “Prudential Code for Capital Finance in Local Authorities 2017 Edition” published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2 The Prudential Code requires that a number of prudential indicators are set.
- 3 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital expenditure plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the Council. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudent approach to capital expenditure, investment and debt.

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Prudential Indicators

Estimates calculated on a three year rolling basis. Actuals for the last complete financial year.

1 Capital Expenditure (obligatory)

- 1.1 Estimate of total capital expenditure to be incurred in years 1, 2 and 3 (and 4, etc. if applicable).
- 1.2 Actual capital expenditure for previous financial year.
- 1.3 Estimate of capital financing requirement as at the end of years 1, 2 and 3. *[This is a measure of an authorities underlying need to borrow for capital purposes.]*
- 1.4 Actual capital financing requirement for previous financial year.

2 External Debt (obligatory)

- 2.1 Authorised limit for external debt = authorised limit for borrowing + authorised limit for other long-term liabilities for years 1, 2 and 3. *[This represents a level of borrowing which, though not desired, could be afforded but may not be sustainable.]*
- 2.2 Operational boundary for external debt = operational boundary for borrowing + operational boundary for other long-term liabilities for years 1, 2 and 3. *[This based on the probable external debt during the course of a financial year. It is not a limit. Actual external debt could vary around this boundary for short periods of time during a financial year. It acts as a monitoring indicator to ensure that the authorised limit is not breached.]*
- 2.3 Actual external debt = actual borrowing + actual other long-term liabilities.
- 2.4 Comparison of gross debt and the capital financing requirement. *[In order to ensure that over the medium term debt will only be for capital purposes, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.]*

3 Affordability (obligatory)

- 3.1 Estimate of financing costs ÷ estimate of net revenue stream x 100% for years 1, 2 and 3. *[This ratio provides an indication of the impact an authority's capital investment plans will have on its overall finances.]*
- 3.2 Actual financing costs ÷ actual net revenue stream x 100%

4 Local indicators (discretionary)

- 4.1 Estimate of the incremental impact of capital investment decisions on the council tax *[How much council tax at Band D will increase by or decrease by if a particular capital plan scheme is progressed.]*

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Item CB 18/60 referred from Cabinet minutes of 10 October 2018

CB 18/60 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW 2018/19

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during the period April to August 2018. It also included an update on progress in securing additional property fund investment and a mid-year review of the Annual Investment Strategy and risk parameters. Members were invited to endorse the action taken by officers in respect of treasury management activity to date, note the progress in respect of property fund investment and retain the current risk parameters.

The report had also been considered by the Audit Committee at its meeting on 1 October 2018 and the action commended for endorsement.

RECOMMENDED: That the following be commended to the Council:

- (1) the action taken by officers in respect of treasury management activity for the period April to August 2018 be endorsed;
- (2) the £5 million in property fund investments undertaken since June 2017 be noted; and
- (3) the existing parameters intended to limit the Council's exposure to investment risks be retained.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

10 October 2018

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Council

1 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW

A report detailing treasury management activity undertaken during the period April to August of the current financial year was considered by Audit Committee on 1 October. The report also provided an update on progress in securing additional property fund investment and reminded Members of the parameters that define the Council's risk appetite. Cabinet are invited to recommend that Council endorse the action taken by officers in respect of treasury management activity to date, note the progress made in respect of property fund investment and retain the current risk parameters.

1.1 Introduction

- 1.1.1 Council adopted the 2009 CIPFA Code of Practice for Treasury Management on 18 February 2010. That Code (and its 2011 minor update) requires as a minimum that full Council approves an annual strategy prior to the start of the financial year, a mid-year review of that strategy (this report) and an outturn report.
- 1.1.2 Additional reports updating Members on current activity are presented to the Audit Committee and performance is also reported on a regular basis to the Finance, Innovation and Property Advisory Board. The combination of Member reporting and detailed scrutiny of activity ensures this Council complies with best practice.
- 1.1.3 The treasury management report presented to the Audit Committee on 1 October 2018 is replicated in full at **[Appendix 1]**.

1.2 Investment Performance

- 1.2.1 A gross annualised return of 0.74% was generated on cash flow and core cash investments for the period April to August 2018. In cash terms, investment income of £104,250 is £33,050 better than our profiled budget for the same period.
- 1.2.2 The additional income is due in part to higher core fund balances (unspent business rate appeal provisions) and in part due to an improvement in investment rates Banks offered in the lead-up to and are now offering following the August

Bank Rate rise. Income for the 2018/19 financial year as a whole is expected to exceed budget by some £75,000.

- 1.2.3 All investments undertaken in 2018/19 complied in full with the requirements of the 2018/19 Treasury Management and Annual Investment Strategy including prudential and treasury limits.

1.3 Long term Investment Update

- 1.3.1 A review of long term investment opportunities (bonds, equities and property) was presented to Audit Committee in January 2017. The review concluded property fund investment to be the most appropriate. The use of commercial property funds for both existing cash balances and any new money derived from the sale of assets was subsequently approved by Council February 2017 and reaffirmed February 2018.
- 1.3.2 £2m of the Council's existing cash balances was identified for long term investment. This in combination with £1m anticipated from the sale of surplus property was applied in 2017/18 bringing the total investment in property funds in that financial year to £3m. Investment was spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time. More recently a further £2m has been invested in property funds. This has been financed from the 2018/19 business rates pilot grant (£0.5m), the better than expected 2017/18 outturn (£0.5m) and a further £1m in anticipated sale proceeds. Further investments are envisaged though timing is dependent on the progress of planned disposals.
- 1.3.3 Income from property funds of £30,200 has been received thus far in 2018/19 (quarter ending June 2018) which represents an annualised return of 3.62%.
- 1.3.4 Commercial property values have a strong correlation to economic activity (GDP). Property values rise as the economy grows and fall during a recession. During a recession property values can fall significantly reducing the underlying value of the Council's investment.
- 1.3.5 The costs associated with buying and selling property are deducted from the sum invested on entry to a fund and its subsequent value on exit. These costs are expected to be recouped over time as property values rise increasing the underlying value of the Council's investment.
- 1.3.6 Property fund investment is only appropriate for cash that is available long term and has no spending commitment associated with it. The duration of a property fund investment may need to be extended to avoid crystallising a loss in the event that property values fall.

1.4 Review of Risk Parameters

- 1.4.1 The 2018/19 Treasury Management and Annual Investment Strategy was approved by Council in February 2018. The Strategy limits the Council's exposure to investment risks via the specification of minimum sovereign and counterparty credit ratings and associated exposure limits. The Strategy also imposes restrictions on the duration of an investment and the type of investment instrument that can be used. In conducting a mid-year review of the Strategy no change to the Council's current risk appetite is proposed.

1.5 Legal Implications

- 1.5.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.
- 1.5.2 This mid-year review fulfils a requirement in The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009 and 2011. The 2017 revision of the Code is the subject of a separate report elsewhere on this agenda.

1.6 Financial and Value for Money Considerations

- 1.6.1 As outlined above.

1.7 Risk Assessment

- 1.7.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity as identified by the CIPFA Code, is considered to be the most effective way of mitigating the risks associated with treasury management.

1.8 Equality Impact Assessment

- 1.8.1 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.

1.9 Recommendations

- 1.9.1 Subject to any comments from the Audit Committee, Cabinet is invited to **RECOMMEND** that Council:
- 1) Endorse the action taken by officers in respect of treasury management activity for the period April to August 2018.
 - 2) Note the £5m in property fund investments that have been undertaken since June 2017.

- 3) Retain the existing parameters intended to limit the Council's exposure to investment risks.

Background papers:

contact: Michael Withey

Link interest rate forecast (August 2018)

Link benchmarking data (June 2018)

Sharon Shelton

Director of Finance and Transformation

TONBRIDGE & MALLING BOROUGH COUNCIL**AUDIT COMMITTEE****01 October 2018****Report of the Director of Finance and Transformation****Part 1- Public****Matters for Recommendation to Cabinet – Council Decision****1 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW**

The report provides an update on treasury management activity undertaken during April to August of the current financial year. A mid-year review of the Treasury Management and Annual Investment Strategy for 2018/19 is also included in this report.

1.1 Introduction

1.1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by this Council on 18 February 2010. The Code's revision in 2017 is the subject of a separate report on this agenda.

1.1.2 The primary requirements of the 2009 Code (and it's 2011 minor update) are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council of an Annual Treasury Management Strategy Statement, including the Annual Investment Strategy, for the year ahead; a mid-year Review Report (this report) and an Annual Report (stewardship report) covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.

1.1.3 This mid-year report has been prepared in compliance with CIPFA's 2009 and 2011 Codes of Practice, and covers the following:

- An economic update and revised interest rate forecast.
- Investment performance for April to August of the 2018/19 financial year including recent benchmarking data.
- Compliance with Treasury and Prudential Limits for 2018/19.
- Long term investment update.
- A review of the risk parameters contained in the 2018/19 Treasury Management and Annual Investment Strategy.

1.2 Economic Background

1.2.1 The UK economy grew by 1.8% in 2017, its slowest rate of annual growth since 2012. Growth in the first quarter (Q1) of 2018 at 0.2% also disappointed. This was driven in part by the unusually bad weather that affected all parts of the country. The weak growth was also attributed to the fall in consumer disposable income as inflation has, until recently, outstripped wage growth. Growth improved in Q2 to 0.4% and Q3 got off to a good start helped by the warmer weather and World Cup.

1.2.2 The labour market has continued to show strength with the unemployment rate maintaining its downward trend falling to a multi-decade low in July of 4.0%. At the same time pay growth, excluding bonuses, rose by 2.9% in July outstripping inflation for the fourth consecutive month. CPI inflation whilst still above target (2.0%) has fallen from a high of 3.1% in November 2017 to 2.5% in July 2018. Inflation is expected to come under pressure from rising oil / energy prices in the short term but fall back later in the year from easing food prices and other imported goods inflation as the impact of the post referendum fall in the value of sterling fades.

1.2.3 At their February 2018 meeting, the Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.5%. However, the committee indicated 'rates would be increasing sooner and at a greater rate than was previously thought'. This prompted market expectation rising to near 100% of a Bank Rate increase in May. The May meeting disappointed and the Bank's stance changed to a data dependent wait and see. The improving economic position and the split vote (6:3) at the June meeting again led to growing market expectation of an early rate rise. At the MPC's August meeting members voted unanimously to increase Bank Rate to 0.75%. The decision reaffirmed the Q1 dip in output was only temporary. In the subsequent press conference the rise was justified based on 'employment is at a record high, there is very limited spare capacity, real wages are picking up and external price pressures are declining'.

1.3 Interest Rate Forecast

- 1.3.1 The Bank Rate, having remained at an emergency level of 0.5% for over seven years, was cut to 0.25% in August 2016. In November 2017, the Bank of England returned the Bank Rate to 0.5%. Bank Rate was increased to 0.75% in August 2018. Link's current forecast (August 2018) anticipates Bank Rate rising to 1.0% by September 2019 and to 1.25% by June 2020.

Rate	Now	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
	%	%	%	%	%	%	%	%	%	%	%
Bank Rate	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.50	1.50
3 mth LIBID	0.75	0.80	0.80	0.90	1.10	1.10	1.20	1.40	1.50	1.60	1.60
6 mth LIBID	0.85	0.90	0.90	1.00	1.20	1.20	1.30	1.50	1.60	1.70	1.70
12 mth LIBID	1.00	1.00	1.00	1.10	1.30	1.30	1.40	1.60	1.70	1.80	1.80
25yr PWLB	2.80	2.90	3.00	3.10	3.10	3.20	3.30	3.30	3.40	3.50	3.50

1.4 Investment Performance

- 1.4.1 In accordance with the CIPFA Code the Council's priorities, in order of importance, are: to ensure security of capital; liquidity; and having satisfied both, to obtain an appropriate level of return which is consistent with the Council's risk appetite.
- 1.4.2 The Council's investments are derived from cash flow surpluses, core cash and other long term cash balances.
- 1.4.3 Cash flow surpluses are available on a temporary basis and the amount mainly dependent on the timing of council tax and business rates collected and their payment to precept authorities and government. Less significant cash flows relate to receipt of grants, payments to housing benefit recipients, suppliers and staff. Cash flow surpluses build up during the course of a financial year and are spent by financial year end. Thus far in 2018/19 cash flow surpluses have averaged £11.3m.
- 1.4.4 The Authority also has £20m of core cash balances. These funds are for the most part available to invest for more than one year, albeit a proportion is usually transferred to cash flow towards the end of the financial year to top-up daily cash balances. Core cash includes the Council's capital and revenue reserves which are being consumed over time to meet capital expenditure and 'buy time' to enable the authority to deliver its revenue savings targets. The core cash balance also includes some £4m to meet business rate appeals which are expected to be resolved in 2018/19 and 2019/20.
- 1.4.5 Long term investment at the end of August 2018 comprised £5m in property fund investments.

1.4.6 A full list of investments held on 31 August 2018 is provided at **[Annex 1]** and a copy of our lending list of the same date is provided at **[Annex 2]**. The table below provides a summary of funds invested and interest / dividends earned at the end of August.

	Funds invested on 31 August 2018 £m	Average duration to maturity Days	Weighted average rate of return %	Interest / dividends earned to 31 August 2018 £	Annualised return %	LIBID benchmark (average from 1 April 2018) %
Cash flow	14.5	63	0.73	27,200	0.57	0.40 (7 Day)
Core cash	20.0	201	0.94	77,050	0.82	0.59 (3 Mth)
Sub-total	34.5	143	0.85	104,250	0.74	0.53 (Ave)
Long term	5.0			30,200	3.62	
Total	39.5					

Property funds pay dividends quarterly. The return quoted above is based on dividends received for the quarter April to June 2018.

1.4.7 **Cash flow and Core cash Investments.** Interest earned of £104,250 to the end of August is £33,050 better than the original estimate for the same period. The authority also outperformed the LIBID benchmark by 21 basis points. The additional income is due in part to higher core fund balances (unspent business rate appeals provisions) and in part due to an improvement in investment rates banks offered in the lead-up to and are now offering following the August Bank Rate rise.

1.4.8 The Council takes advantage of Link's benchmarking service which enables performance to be gauged against Link's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. At 30 June 2018 our return at 0.76% (purple diamond) was above the local authority average of 0.66%. Based on the Council's exposure to credit / duration risk that return was also above Link's predicted return (above the upper boundary indicated by the green diagonal line). The Council's risk exposure was broadly in-line with the local authority average.

1.4.9 **Long term investment.** The availability of cash balances over the longer term (10 years) and the suitability of different types of long term investment (equities, bonds and property) was explored in the report to Audit Committee, January 2017. Of the alternatives, investment in property funds was considered best suited to

meet the Council's more immediate funding need (a sustainable, stable income stream). The use of property funds for both existing cash balances and any new money, including that derived from the sale of assets, was subsequently approved by Council in February 2017 and reaffirmed in February 2018.

- 1.4.10 £2m of the Council's existing cash balances was identified for long term investment. This in combination with £1m anticipated from the sale of surplus property was applied in 2017/18 bringing the total investment in property funds in that financial year to £3m. Investment was spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time. More recently a further £2m has been invested in property funds. This has been financed from the 2018/19 business rates pilot grant (£0.5m), the better than expected 2017/18 outturn (£0.5m) and a further £1m in anticipated sale proceeds. Further investments are envisaged though timing will be dependent on the progress of planned disposals (River Walk Offices and Teen & Twenty site).
- 1.4.11 Property funds issue and redeem primary units at a buy and sell price with the difference between the two prices reflecting the costs associated with buying and selling property (legal and other fees, stamp duty etc.). The price spread varies from fund to fund but is typically in the region of 8% (6% on entry to a fund and 2% on exit). Where units are traded on a secondary market the impact of the spread can be reduced and delays in the purchase or redemption of units avoided. The following table compares the current sale value of each investment with the initial purchase price.

Property fund (Primary = units in the fund purchased from the fund manager, Secondary = units purchased from another investor at a discount, Date = first month investment attracted dividends)	Purchase price	Sale value at date of purchase	Current sale value August 2018	Current sale value above (below) purchase price (c-a)
	(a) £	(b) £	(c) £	(c-a) £
LAPF (Primary, July 2017)	1,000,000	922,200	964,400	(35,600)
Lothbury (Primary, July 2017)	1,000,000	927,700	997,300	(2,700)
Hermes (Secondary, October 2017)	1,000,000	939,000	997,900	(2,100)
LAPF (Primary, June 2018)	1,000,000	922,200	924,700	(75,300)
Lothbury (Secondary, July 2018)	1,000,000	973,000	978,100	(21,900)
Total	5,000,000	4,684,100	4,862,400	(137,600)

- 1.4.12 Income from property funds of £30,200 has been received thus far in 2018/19 (quarter ending June 2018) which represents an annualised return of 3.62%.

1.5 Compliance with the Treasury Management and Annual Investment Strategy

- 1.5.1 Throughout the period April to August 2018 all of the requirements contained in the 2018/19 Annual Investment Strategy intended to limit the Council's exposure to investment risks (minimum sovereign and counterparty credit ratings; duration limits; exposure limits in respect of counterparties, groups of related counterparty and sovereigns; and specified and non-specified investment limits) have been complied with. No borrowing was undertaken during April to August 2018.
- 1.5.2 The Council has also operated within the treasury limits and prudential indicators set out in the Annual Investment Strategy and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators can be found in **[Annex 4]** to this report.

1.6 Review of Risk Parameters

- 1.6.1 Members will recall the detailed consideration that was given to the 2018/19 Treasury Management and Annual Investment Strategy at the January 2018 meeting of the Audit Committee. The strategy includes the parameters that aim to limit the Council's exposure to investment risks by requiring investments to be placed with high credit rated institutions and that those investments are diversified across a range of counterparties. More specifically the 2018/19 Strategy requires:
- Counterparties must be regulated by a Sovereign rated AA- or better as recognised by each of the three main rating agencies (Fitch, Moody's and Standard & Poor's).
 - Whilst 100% of funds can be invested in the UK, exposure to non-UK banks is restricted to no more than 20% of funds per Sovereign.
 - Exposure to individual counterparties and groups of related counterparty must not exceed 20% of funds.
 - In selecting suitable counterparties the Council has adopted Link's credit worthiness methodology. The methodology combines the output from all three credit rating agencies including credit watches / outlooks and credit default swap data to assign a durational band to a financial institution (100 days, 6 months, 12 months, 5 years, etc.). At the time of placing an investment the financial institution must be assigned a durational band of at least 100 days. This broadly equates to a minimum long term credit rating of Fitch A- (high) and a short term credit rating of Fitch F1 (strong).
 - The duration of an investment in a foreign bank must not exceed Link's recommendation. For UK financial institutions Link's duration recommendation can be enhanced by up to six months subject to the combined duration (Link recommendation plus the enhancement) not exceeding 12 months. Where duration exceeds Link's recommendation by more than three months, the institution's CDS must be below average at the

time the investment is placed and exposure in the extended duration (3 to 6 months) limited to 10% of funds.

- Money Market funds should be rated AAA and exposure limited to no more than 20% per fund. LNAV and VNAV funds may be used as a substitute for CNAV funds.
- Enhanced Money Funds should be rated AAA and exposure limited to no more than 10% per fund and 20% to all such funds.
- Exposure to each non-rated property fund used for long term investment is subject to a maximum £2m (20% of expected long term balances) per fund and across all such funds. No limit applies to new resources made available from, or in anticipation of, the sale of existing property assets or other windfalls.
- Each non-rated diversified income (multi-asset) fund used for medium term investment is subject to a maximum £2m (20% of expected long term balances) per fund and across all such funds.
- Non-specified investments over 1 year duration (includes both property funds and diversified income funds) must not exceed 60% of investment balances.

1.6.2 The returns being offered by financial institutions vary significantly one to another and across all durations. Whilst scope is limited from an income generation perspective there are a sufficient number of creditworthy institutions available to the Council to ensure an appropriate level of diversification. In undertaking this review **no changes to the current approved risk parameters are proposed.**

1.7 Legal Implications

1.7.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority including securing effective arrangements for treasury management. In addition, Link are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

1.8 Financial and Value for Money Considerations

1.8.1 Investment income from cash flow and core cash at the end of August 2018 (month five of the financial year) is £33,050 better than budget for the same period. Income for the 2018/19 financial year as a whole is likely to exceed budget by some £75,000.

1.8.2 Property funds are presently performing in-line with budget albeit just below the 4% target return. Budget performance for the year as a whole will in part be dependent on the timing of additional planned investments which have yet to take place and are themselves dependent on the receipt of sale proceeds from asset disposals.

- 1.8.3 The Bank Rate having remained at a historic low of 0.5% for over seven years was cut to 0.25% in August 2016. In November 2017, the Bank of England returned the Bank Rate to 0.5%. Bank rate was increased to 0.75% in August 2018. Link's current forecast (August 2018) anticipates Bank Rate rising to 1.0% by September 2019 and to 1.25% by June 2020.
- 1.8.4 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via Link's benchmarking service.
- 1.8.5 Whilst the annual income stream from a property fund exhibits stability (circa 4% per annum net of management fees) capital values rise and fall with the cyclical nature of economic activity. During a downturn in the economy capital values may fall significantly. The duration of a property fund investment may need to be extended to avoid crystalizing a loss and as a consequence, the investment's duration cannot be determined with certainty.
- 1.8.6 Buying and selling property involves significant costs making property unsuitable for short term investment. Buying and selling costs are reflected in the entry fees (circa 6%) and exit fees (circa 2%) a property fund will charge unit holders. These fees are expected to be recouped overtime through capital appreciation.
- 1.8.7 The money being applied to property fund investment from existing resources is expected to be available in perpetuity. Nevertheless, the Council's cash balances will continue to be monitored and due regard had to the potential for a fund to delay payment of redemption requests by up to 12 months. Funds will seek to minimise their own cash balances in favour of holding property and therefore manage redemption requests for the benefit of all fund participants. The Council is only likely to seek redemption to pursue a higher yielding income opportunity should one be identified.

1.9 Risk Assessment

- 1.9.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity, as identified by the CIPFA Code is considered to be an effective way of mitigating the risks associated with treasury management.

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.

1.11 Recommendations

- 1.11.1 Members are invited to **RECOMMEND** that Cabinet:

- 1) Endorse the action taken by officers in respect of treasury management activity for April to August 2018.

- 2) Note the £5m in property fund investments that have been undertaken since June 2017.
- 3) Retain the existing parameters intended to limit the Council's exposure to investment risks.

Background papers:

contact: Mike Withey

Link interest rate forecast (August 2018)

Link benchmarking data (June 2018)

Sharon Shelton

Director of Finance and Transformation

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Tonbridge and Malling Borough Council - Investment Summary 31 August 2018

Counterparty	Sovereign	Fitch Credit rating		Link Suggested Post CDS Duration Limit	Investment						Instrument type / Product	Cash Flow Surpluses £	Core Cash Balances £	Long Term Investment Balances £
		Long Term	Short Term		Start Date	End Date	Duration	Amount Invested £	Return %	Proportion of total %				
Bank of Scotland	UK	A+	F1	1 year	23/05/2018	23/05/2019	1 year	1,000,000	1.00%	2.53%	Fixed Term	1,000,000		
Bank of Scotland Total								1,000,000						
Barclays Bank	UK	A	F1	6 months	20/06/2018	20/03/2019	9 months	1,000,000	0.73%	10.12%	Fixed Term	1,000,000		
Barclays Bank	UK	A	F1	6 months	07/08/2018	07/05/2019	9 months	3,000,000	0.89%		Fixed Term	3,000,000		
Barclays Bank Total								4,000,000						
Blackrock MMF	n/a	AAA	mmf (Eq)	5 years	31/08/2018	03/09/2018	Overnight	121,000	0.65%	0.31%	MMF	121,000		
Blackrock MMF Total								121,000						
BNP Paribas MMF	n/a	AAA	mmf (Eq)	5 years	31/08/2018	03/09/2018	Overnight	2,635,000	0.67%	6.66%	MMF	2,635,000		
BNP Paribas MMF Total								2,635,000						
Federated MMF	n/a	AAA	mmf	5 years	31/08/2018	03/09/2018	Overnight	4,280,000	0.66%	10.83%	MMF	4,280,000		
Federated MMF Total								4,280,000						
Goldman Sachs Int'l Bank	UK	A	F1	6 months	21/03/2018	21/12/2018	9 months	2,000,000	1.13%	15.18%	Fixed Term	2,000,000		
Goldman Sachs Int'l Bank	UK	A	F1	6 months	02/05/2018	04/02/2019	9 months	2,000,000	1.00%		Fixed Term	2,000,000		
Goldman Sachs Int'l Bank	UK	A	F1	6 months	20/06/2018	20/03/2019	9 months	2,000,000	0.97%		Fixed Term	2,000,000		
Goldman Sachs Int'l Bank Total								6,000,000						
Lloyds Bank	UK	A+	F1	1 year	15/05/2018	15/05/2019	1 year	2,000,000	1.00%	5.06%	Fixed Term	2,000,000		
Lloyds Bank Total								2,000,000						
Morgan Stanley MMF	n/a	AAA	mmf	5 years	31/08/2018	03/09/2018	Overnight	500,000	0.65%	1.26%	MMF	500,000		
Morgan Stanley MMF Total								500,000						
Hermes Property Unit Trust	n/a	n/a	n/a	n/a	29/09/2017	n/a	n/a	1,000,000	3.58%	2.53%	Property Fund		1,000,000	
Hermes Property Unit Trust Total								1,000,000						
Local Authorities' Property Fund	n/a	n/a	n/a	n/a	29/06/2017	n/a	n/a	1,000,000	4.40%	5.06%	Property Fund		1,000,000	
Local Authorities' Property Fund	n/a	n/a	n/a	n/a	30/05/2018	n/a	n/a	1,000,000	3.79%		Property Fund		1,000,000	
Local Authorities' Property Fund Total								2,000,000						
Lothbury Property Trust	n/a	n/a	n/a	n/a	06/07/2017	n/a	n/a	1,000,000	3.11%	5.06%	Property Fund		1,000,000	
Lothbury Property Trust	n/a	n/a	n/a	n/a	02/07/2018	n/a	n/a	1,000,000	To Follow		Property Fund		1,000,000	
Lothbury Property Trust Total								2,000,000						
National Westminster Bank	UK	A-	F2	1 year	20/06/2018	20/03/2019	9 months	2,000,000	0.85%	15.18%	CD	2,000,000		
National Westminster Bank	UK	A-	F2	1 year	29/06/2018	29/03/2019	9 months	2,000,000	0.88%		CD	2,000,000		
National Westminster Bank	UK	A-	F2	1 year	25/07/2018	25/04/2019	9 months	2,000,000	0.95%		CD	2,000,000		
National Westminster Bank Total								6,000,000						
Nordea Bank AB	Sweden	AA-	F1+	1 year	08/08/2018	08/02/2019	6 months	2,000,000	0.84%	5.06%		2,000,000		
Nordea Bank AB Total								2,000,000						
Santander Deposit Account	UK	A	F1	6 months	31/08/2018	03/09/2018	Overnight	1,000,000	0.50%	2.53%	Call	1,000,000		
Santander UK Plc Total								1,000,000						
Standard Chartered Bank	UK	A+	F1	6 months	20/04/2018	19/10/2018	6 months	1,000,000	0.90%	12.65%	CD		1,000,000	
Standard Chartered Bank	UK	A+	F1	6 months	16/07/2018	16/01/2019	6 months	2,000,000	0.83%		CD	2,000,000		
Standard Chartered Bank	UK	A+	F1	6 months	27/07/2018	25/01/2019	6 months	2,000,000	0.90%		CD	2,000,000		
Standard Chartered Bank Total								5,000,000						
					Total invested			39,536,000		100.00%		14,536,000	20,000,000	5,000,000

Number of investments	24	Average investment value £		1,647,000	
Number of counter parties	15	Average counter party investment £		2,636,000	
Group exposures:		Core £	Cash £	Combined £	%
Royal Bank of Scotland + National Westminster (UK Nationalised 20%)		6,000,000	-	6,000,000	15.18
Bank of Scotland + Lloyds (20%)		3,000,000	-	3,000,000	7.59
Property Funds Total				£	%
				5,000,000	12.65

Total non-specified investments should be less than 60% of Investment balances 12.65%

Notes:

CD = Certificate of Deposit, MMF = Money Market Fund
Property Fund returns are indicative only and based on income distributed since the commencement of each investment. Capital appreciation / depreciation is recorded elsewhere.

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Tonbridge and Malling Borough Council Lending List

Checked against Link's Duration Matrix dated 31/08/18								
Minimum investment criteria is Link's Green (100 days) Duration Band (entry point broadly equates to Fitch A-, F1 unless UK nationalised / semi-nationalised).								
Counterparty	Sovereign	Sovereign Rating [1]	Fitch Long Term	Fitch Short	UK Classification	Exposure Limit	Link Duration [2]	
							Credit Rating	Post CDS
Bank of Montreal	Canada	AAA	AA-	F1+	n/a	£6m	1 year	1 year
Toronto Dominion Bank	Canada	AAA	AA-	F1+	n/a	£6m	1 year	1 year
Danske Bank	Denmark	AAA	A	F1	n/a	£6m	6 months	6 months
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	AA-	F1+	n/a	£6m	1 year	1 year
ING Bank	Netherlands	AAA	A+	F1	n/a	£6m	1 year	1 year
Nordea Bank AB	Sweden	AAA	AA-	F1+	n/a	£6m	1 year	1 year
Svenska Handelsbanken AB	Sweden	AAA	AA	F1+	n/a	£6m	1 year	1 year
Bank of Scotland (Group limit BOS & Lloyds £6m)	UK	AA	A+	F1	Ring-fenced	£6m	1 year	1 year
Barclays Bank (Group Limit Barclays and Barclays UK £6m)	UK	AA	A	F1	Non-RF	£6m	6 months	6 months
Barclays Bank UK (Group Limit Barclays and Barclays UK £6m)	UK	AA	A	F1	Ring-fenced	£6m	6 months	6 months
Goldman Sachs Int'l Bank	UK	AA	A	F1	Exempt	£6m	6 months	6 months
HSBC UK Bank	UK	AA	AA-	F1+	Ring-fenced	£6m	1 year	1 year
Lloyds Bank (Group limit BOS & Lloyds £6m)	UK	AA	A+	F1	Ring-fenced	£6m	1 year	1 year
Santander UK	UK	AA	A	F1	To be determined	£6m	6 months	6 months
Standard Chartered Bank	UK	AA	A+	F1	Exempt	£6m	6 months	6 months
Coventry Building Society	UK	AA	A	F1	Exempt	£6m	6 months	6 months
Nationwide Building Society	UK	AA	A	F1	Exempt	£6m	6 months	6 months
National Westminster Bank (Group limit Nat West and RBS £6m). UK Nationalised.	UK	AA	A-	F2	Ring-fenced	£6m	1 year	1 year
The Royal Bank of Scotland (Group limit Nat West and RBS £6m). UK Nationalised.	UK	AA	A-	F2	Ring-fenced	£6m	1 year	1 year
UK Debt Management Office including Treasury Bills	UK	AA	n/a	n/a	n/a	No limit	5 years	5 years
UK Treasury Sovereign Bonds (Gilts)	UK	AA	n/a	n/a	n/a	£15m (£7.5m)	5 years	5 years
UK Local Authority (per authority)	UK	AA	n/a	n/a	n/a	£6m	5 years	5 years

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires sovereigns to be rated at least AA-. Non-UK sovereign limit of 20% or £6m.

[2] All deposits overnight unless otherwise approved in advance by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight, duration for non-UK entities must not exceed Link's post CDS duration assessment. For UK entities, duration may be extended by up to three months based on credit ratings alone or six months if CDS is below average subject to a maximum combined duration of 12 months.

Money Market Funds				
Minimum investment criteria one of AAA-mf, AAAmmf or AAAm				
Fund Name	Moody	Fitch	S&P	Exposure Limit
Blackrock	AAA-mf	-	AAAam	£6m
BNP Paribas	-	-	AAAam	£6m
Goldman Sachs	AAA-mf	AAAmmf	AAAam	£6m
Deutsche Fund	AAA-mf	AAAmmf	AAAam	£6m
Standard Life (Igris)	-	AAAmmf	AAAam	£6m
Morgan Stanley	AAA-mf	AAAmmf	AAAam	£6m
Federated (Prime Rate)	-	AAAmmf	AAAam	£6m
Insight Liquidity Group limit IL & ILP of £6m	-	AAAmmf	AAAam	£6m

Enhanced Cash Funds				
Minimum investment criteria AAA				
Fund Name	Moody	Fitch	S&P	Exposure Limit
Insight Liquidity Plus Group limit IL & ILP £6m	-	-	AAAf /S1	£3m

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Tonbridge & Malling Borough Council

Population Returns against Model Returns June 2018



	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Tonbridge & Malling Borough Council	0.76%	0.66%	0.10%	0.60%	0.71%	Above

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Prudential and Treasury Indicators

1 Prudential Indicators	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Capital expenditure	1,834	4,336	1,740
Ratio of financing costs to net revenue stream	-2.46%	-2.89%	-4.32%
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	£0.48	£0.20	£0.20

2 Treasury Management Indicators	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Authorised limit for external debt:			
Borrowing	nil	5,000	5,000
Other long term liabilities	nil	nil	nil
Total	nil	5,000	5,000
Operational boundary for external debt:			
Borrowing	nil	2,000	2,000
Other long term liabilities	nil	nil	nil
Total	nil	2,000	2,000
Actual external debt	nil	nil	nil
Upper limit for fixed rate exposure over one year at year end	nil	0 – 60%	0 – 60%
Upper limit for variable rate exposure under one year at the year end	13,434 (45.6%)	40 – 100%	40 – 100%
Upper limit for total principal sums invested for over 364 days	3,000 (10.2%)	60%	60%

3 Maturity structure of new fixed rate borrowing during 2018/19	Upper limit %	Lower limit %
Under 12 months	100	nil
Over 12 months	nil	nil

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Sealing of Documents

To authorise the Common Seal of the Council to be affixed to any Contract, Minute, Notice or other document requiring the same.

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