

Cabinet AGENDA

Monday, 10th July 2017 at 07:15 PM

**Council Chamber, Braintree District Council, Causeway House,
Bocking End, Braintree, CM7 9HB**

THIS MEETING IS OPEN TO THE PUBLIC

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Members of the Cabinet are requested to attend this meeting to transact the business set out in the Agenda.

Membership:-

Portfolio

Leader of the Council	Councillor G Butland (Chairman)
Environment and Place	Councillor Mrs W Schmitt (Deputy Leader of the Council)
	Councillor R van Dulken
Planning and Housing	Councillor Mrs L Bowers-Flint
	Councillor Mrs G Spray
Economic Development	Councillor T Cunningham
	Councillor K Bowers
Health and Communities	Councillor P Tattersley
	Councillor F Ricci
Finance and Performance	Councillor D Bebb
Corporate Services and	Councillor J McKee
Asset Management	

Invitees

Representatives of the Labour Group, Halstead Residents Association Group and Green Party and Chairman of the Overview and Scrutiny Committee.

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by 3pm on the day of the meeting.

N BEACH
Chief Executive

INFORMATION FOR MEMBERS - DECLARATIONS OF INTERESTS

Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest

Any member with a Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a Disclosable Pecuniary Interest or other Pecuniary Interest or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

Question Time

The Agenda allows for a period of up to 30 minutes when members of the public can speak. Members of the public wishing to speak are requested to register by contacting the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk no later than 2 working days prior to the meeting. The Council reserves the right to decline any requests to register to speak if they are received after this time. Members of the public can remain to observe the public session of the meeting.

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AGENDA

No	Title and Purpose of Report	Pages
1	Apologies for Absence	
2	Declarations of Interest To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.	
3	Minutes of the Previous Meeting To approve as a correct record the minutes of the meeting of Cabinet held on 15th May 2017 (copy previously circulated).	
4	Public Question Time (See paragraph above)	
5	OVERALL CORPORATE STRATEGY AND DIRECTION	
5a	Leader's Update Leader of the Council to give a brief update on key issues and activities.	
6	ENVIRONMENT AND PLACE	
6a	Annual Suspension of Garden Waste Service over the Winter Period	6 - 14
7	HEALTH AND COMMUNITIES	
7a	The Braintree District Community Transport Scheme	15 - 21
8	FINANCE AND PERFORMANCE	

**8a Fourth Quarter and Annual Performance Management Report 22 - 51
2016-17**

9 SERVICES AND ASSET MANAGEMENT

**9a Proposed Purchase of the Head-leasehold Interest in the 52 - 61
Silver End Doctors' Surgery, Broadway, Silver End**

10 REPORTS/ DELEGATED DECISIONS/MINUTES TO BE NOTED

10a Cabinet Member Decisions made under Delegated Powers 62 - 63

10b Local Plan Sub-Committee – 16th May 2017

11 REFERENCES FROM COUNCIL/COMMITTEES/GROUPS

**11a Recommendations from the Governance Committee, 29th 64 - 83
July 2017 – Treasury Management Annual Report 2016-2017**

12 URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

**13 EXCLUSION OF PUBLIC AND PRESS TO CONSIDER
REPORTS IN PRIVATE SESSION**

**for reasons set out in Paragraph 3 of Part 1 of Schedule
12(A) of the Local Government Act 1972.**

AGENDA – PRIVATE SESSION

No	Title and Purpose of Report	Pages
14	SERVICES AND ASSET MANAGEMENT	
14a	Proposed Purchase of the Head-leasehold Interest in the Silver End Doctors' Surgery, Broadway, Silver End PRIVATE	

Annual Suspension of Garden Waste Service over the Winter Period		Agenda No: 6a
Portfolio Corporate Outcome:	Environment and Place A sustainable environment and a great place to live, work and play. A high performing organisation that delivers excellent and value for money services.	
Report presented by:	Councillor Wendy Schmitt	
Report prepared by:	Paul Partridge, Head of Operations	
Background Papers:		Public Report
Medium Term Financial Strategy - 2017-18 to 2020-21 approved by Full Council on 22 February 2016.		Key Decision: No
Executive Summary:		
<p>At Full Council on 22 February 2016, the Cabinet Member for Environment & Place agreed to review the outcome of the garden waste suspension over the winter period 2016/17 before determining whether or not this should become a permanent feature of the service.</p> <p>The suspension was implemented from 5 December 2016 to 27 February 2017 inclusive and residents were offered advice on alternative ways of managing their waste during this period e.g. home-composting or taking waste to their local Household Waste and Recycling Centre (HWRC). The key outcomes of the suspension are summarised below, with a more detailed summary given in the main report.</p> <ul style="list-style-type: none"> • A reduction of 911 tonnes in garden waste over the period, offset by an increase of 460 tonnes collected in March, giving a net reduction of 451 tonnes (3.9%). (The annual tonnage for 2016/17 was 11,557 tonnes.) • A reduction of 0.53% on the Council's overall recycling performance. • A net saving to the taxpayer of £40k has been achieved this year. • No impact on fly-tipping (5 fewer garden waste fly-tips than in the same period the previous year.) • Essex County Council reported a small increase (98 tonnes) in garden waste delivered to the Braintree and Witham Household Waste Recycling Centres. • Very few complaints/negative comments from residents in relation to the overall number of households in the District. • An increase in home-composting (852 bins sold after notification of the suspension) • An increase in residual waste of 165.74 tonnes, although no evidence to suggest this was directly attributed to the suspension bearing in mind that Christmas always generates additional residual waste. • The ability to redeploy permanent (garden waste) staff rather than engage temporary additional staff on the other collection routes over the Christmas period ensured catch 		

up was completed with the minimum of disruption.

This supports the original decision taken by Full Council that the suspension should be introduced on a permanent basis.

Recommended Decision:

Cabinet is RECOMMENDED to approve the annual suspension of garden waste collections from early December to end of February as part of the Council's normal service delivery standards.

Purpose of Decision:

1. To ratify the decision taken by Full Council on 22 February 2016 in relation to garden waste collections.
2. To maintain budgeted savings as part of the Council's efficiency programme.

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	Annual saving of £40k based on 2016/17 outturn. It is estimated that the average saving going forward will be £35k.
Legal:	There is no statutory responsibility for the Council to provide a garden waste collection service. However, if it chooses to do so, it may make a charge for this service. The Council currently delivers this service free of charge.
Safeguarding:	Not applicable.
Equalities/Diversity:	An Equalities Impact Assessment was completed and published on the Council's website in 2016.
Customer Impact:	Customers who continue to generate garden waste during the service suspension have to make alternative arrangements for the disposal of this waste: a large number of households purchased home-compost bins following notification of the suspension; some took their waste to the local Household Waste & Recycling Centre; whilst others stored up their garden waste and presented it for collection when the service resumed.
Environment and Climate Change:	No adverse impact arising from the suspension.
Consultation/Community Engagement:	Consultation with all householders via 'Contact' magazine (November 2015 issue) and local press. Consultation with People's Panel. Consultation with local businesses.
Risks:	The tonnage of green waste will vary from year to year depending on the season and therefore may have a greater or lesser effect on our overall recycling performance.
Officer Contact:	Paul Partridge
Designation:	Head of Operations
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1. PURPOSE OF REPORT

To review the outcome of the garden waste suspension in winter 2016/17 and to ask Cabinet to ratify the decision taken last year to maintain an annual suspension as part the Council's normal service standards for the collection of garden waste.

2. INTRODUCTION

The garden waste collection service was suspended over the winter period 2016/17 as part of an efficiency and saving programme. Although the suspension covered a 12 week period (including the traditional 2-week suspension over the Christmas/New Year period), residents only 'missed' 6 collections as the waste is collected on a fortnightly basis. Prior to this, officers worked with Essex County Council to promote composting to mitigate, in part, the impact of the suspension.

The projected cost saving in labour and fleet was in the region of £35k.

3. COMMUNICATING THE CHANGES

Customers were notified well in advance of the start of the suspension via publicity in the local press, on the Council's website and via social media, and were encouraged to consider alternative methods of dealing with their green waste e.g. home-composting (by signposting to ECC's discount offer) or taking it to their local recycling centre.

Parish/Town Councils, County and District Councillors were also given advance notification of the revised collection arrangements.

The communications were on the basis of a permanent annual suspension and so, if Cabinet ratifies the decision it took last year, it is not proposed to communicate the suspension each year other than via a reminder sticker on bins in the run up to the suspension. Of course, the collection calendars will also highlight the cessation and reinstatement dates as they did last year.

4. IMPACT OF THE SUSPENSION

a) Tonnage of green waste -v- residual waste

The tables below show the variance in the tonnages of each type of waste collected during the period of suspension. The full year's out-turn is shown at Appendix 1.

GREEN WASTE	Month	2015/16	2016/17	Variance
	Dec	594.96	250.96	- 344.00
	Jan	292.26	54.44	- 237.82
	Feb	356.16	27.38	- 328.78
	Overall reduction in garden waste tonnage			-910.60

RESIDUAL WASTE	Month	2015/16	2016/17	Variance
	Dec	2,392.97	2,288.27	- 104.70
	Jan	2,425.05	2,434.17	- 9.12
	Feb	2,026.80	2,306.36	+ 279.56
	Overall increase in residual waste			+165.74

N.B. The garden waste tonnages collected during the suspension period relate to our own horticultural waste. This has been shown because horticultural waste was included in the tonnages for the same period the previous year.

In comparison to 2015/16, there was a reduction of 911 tonnes of green waste collected during the period of suspension. This was offset by an increase of 460 tonnes of green waste collected when the service resumed in March compared with the same month the previous year, giving a net reduction of 451 tonnes which represents a 0.53% reduction in annual recycling performance.

Essex County Council reported a minimal increase in the tonnage of green waste deposited at the 2 Household Waste and Recycling Centres (HWRCs) in the District from December 2016 to March 2017 (Witham 1 tonne and Braintree 97 tonnes).

Braintree Green Tonnages 2014 – 2017 (as provided by ECC)			
	Dec/Jan/Feb/March		
	2014/15	2015/16	2016/17
Collected Kerbside	1,714	1,961	1,455
Difference to previous year	N/A	247	- 506
HWRCs			
Braintree	281	253	350
Witham	146	138	139
Totals	427	392	489
Difference to previous year	N/A	- 35	+ 98
Net reduction			- 408

In terms of residual waste (black bins), there was an increase of 166 tonnes collected over the 3 month suspension (+2.4% over the year) and whilst some of this may be attributable to residents disposing of their green waste in the black bins, it can be seen from Table 2 at Appendix 1 that there are similar increases in the tonnages collected in a single month at other times of the year when the garden waste service was operating. It is therefore not possible to say that the increase was a direct result of the garden waste suspension.

b) Fly-tipping

Fly-tipping of garden waste was monitored during the 3-month period, the results of which are set out below. As can be seen, there was a decline in the number of fly-tips reported during the winter months which shows conclusively that the suspension had no impact in this area.

Month	2015/16	2016/17	Variance
Dec	2	2	0
Jan	7	5	-2
Feb	7	4	-3
Reduction in Fly Tips			-5

c) Customers

Customer feedback (complaints, queries, social media comments) about the suspension varied according to people's particular circumstances, but the most common issues cited were:-

- That people garden throughout the year and the service should reflect this.
- The (perceived) lack of consultation with residents in advance of the suspension.
- Problems in managing substantial quantities of leaf-fall (often not from their own property).
- The timing of the suspension (some thought it should start earlier/later).
- The loss of a service for which people pay (some expected a Council Tax rebate).

16 formal complaints were registered about the suspension, all of which received a response addressing the particular issues raised and explaining the rationale for the suspension. There were many other contacts with the Council (via Customer Services and social media) – some expressing disappointment/dissatisfaction with the decision to suspend the service and others in support of the decision - all of which received an appropriate response. Overall, fewer than 100 negative contacts were made about the suspension representing just 0.02% of households in the District.

A routine customer satisfaction survey conducted from September 2016 to March 2017 prompted 1,167 replies. Preliminary results suggest continuing high levels of satisfaction with the Refuse & Recycling Service i.e. 87% - which is the same as in the previous year. There were approximately 66 negative comments about the garden waste suspension, citing similar issues to those listed above.

d) Labour & Resources

The suspension was projected to achieve a saving in labour and fleet costs in the region of £35,000.

Staff who would ordinarily be engaged in collecting garden waste were redeployed to other service areas and there was less reliance on having to employ agency staff to cover for staff absences.

5. FINANCIAL MODELLING

The projected saving of £35k was exceeded by almost £5k because the reduction in green waste collected was less than expected as customers stored up green waste over the winter period and presented it for the first collection in March. The Council therefore received higher compost credits from ECC than was initially envisaged. This was partly offset by additional transportation costs of the green waste to the recycling facility and additional first collection costs in March, but overall a positive variance to the original project costings was achieved.

6. OBSERVATIONS

- Data provided by ECC shows that 912 out of 2,100 home-composters sold within Essex in 2016/7 were purchased by residents of the Braintree District. 852 of these were sold following notification of the suspension.
- There was no increase in fly-tips of garden waste during the period of suspension – in fact the number either remained static or fell in each of the 3 months.
- The vast majority of customers observed the start and finish dates for the suspension, which suggests that communications were very effective.
- Tonnages of garden waste are subject to seasonal variations and to unexpected changes in weather patterns. It is therefore difficult to make any meaningful comparisons with tonnages collected over the same period the previous year.
- There are significant spikes in the tonnage of residual waste collected in months when the suspension was not operating. For this reason, it's not possible to directly attribute the increase in residual waste to the garden waste suspension.
- Some routes did not complete to schedule owing to increased demand for the service in March and thus vehicles needing to tip more frequently. Contingency arrangements need to be put in place in the first two weeks of March to avoid this scenario going forward.
- The projected savings exceeded expectations, as the original financial modelling assumed a greater reduction in green waste tonnage than was the case. This has been more accurately costed and even taking into account the cost of contingency arrangements referred to above, the Council would still achieve an annual saving in excess of £35k should the service suspension be maintained in future years.

7. CONCLUSIONS

- The projected cost saving of £35k was exceeded because the reduction in green waste collected was not as high as expected.
- There was no adverse impact on the environment in terms of fly-tipping.
- Based on the number of complaints/comments received, the suspension had minimal impact on customers.
- A large number of residents purchased compost bins, leaving them in a good position to manage their garden waste during the winter suspension going forward.
- The significant increase in green waste (+ 460 tonnes) presented for collection in March suggests that many residents held over their garden waste from previous months.
- The suspension resulted in a very small reduction (0.53%) in the Council's overall recycling performance for 2016/17.
- There was a spike in residual waste (+165 tonnes) during Dec - Feb, but no conclusive evidence to suggest that this was prompted by the green waste suspension.
- There is a need to manage the increased demand for service immediately following reinstatement of the service.

Table 1: GREEN WASTE tonnages collected over the last two years.

Month	2015/16	2016/17	Variance
Apr	1193.00	1144.76	- 48.24
May	1490.74	1641.40	+ 150.60
Jun	1590.21	1752.64	+ 162.43
Jul	1079.12	1603.68	+ 524.56
Aug	949.78	1083.06	+ 133.28
Sep	1242.42	1105.72	+ 136.70
Oct	1224.36	844.98	- 379.38
Nov	913.38	871.93	- 41.45
Dec	594.96	250.96 *	- 344.00
Jan	292.26	54.44 *	- 237.82
Feb	356.16	27.38 *	- 328.78
Mar	717.16	1176.56	+ 459.40
TOTALS	11,643.55	11,557.51	- 86.04

Overall Reduction in Green Waste Collected from Dec 2016 –Feb 2017	- 910.60
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Table 2: RESIDUAL WASTE tonnages collected over the last two years.

Month	2015/16	2016/17	Variance
Apr	2343.36	2332.26	+ 11.10
May	2223.90	2218.06	+ 5.84
Jun	2212.55	2510.84	+ 298.29
Jul	2289.32	2256.25	- 33.07
Aug	2005.58	2210.07	+ 204.49
Sep	2387.04	2370.39	+ 16.65
Oct	2195.98	2068.18	- 127.80
Nov	2012.39	2321.39	+ 309.00
Dec	2392.97	2288.27	- 104.70
Jan	2425.05	2434.17	- 9.12
Feb	2026.80	2306.36	+ 279.56
Mar	2232.16	2776.01	+ 543.85
TOTALS	26,747.10	28,09,25	+ 1345.15

Overall Increase in Residual Waste collected from Dec 2016 to Feb 2017	+ 165.74
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Table 3: FLY-TIPS OF GARDEN WASTE - Number collected over the last two years.

Month	2015/16	2016/17	Variance
Apr	3	3	0
May	5	4	-1
Jun	5	6	+1
Jul	6	7	+1
Aug	7	4	-3
Sep	2	3	+1
Oct	2	4	+2
Nov	1	7	+6
Dec	2	2	0
Jan	7	5	-2
Feb	7	4	-3
Mar	3	0	-3
TOTALS	50	47	-3

Overall Reduction in Fly Tips collected from Dec 2016 to Feb 2017	- 5
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The Braintree District Community Transport Scheme		Agenda No:7a
Portfolio	Health and Communities	
Corporate Outcome:	Residents live well in healthy and resilient communities where residents feel supported	
Report presented by:	Cllr.Tattersley, Cabinet Member for Health & Communities	
Report prepared by:	Jo Albini, Head of Housing and Community	
Background Papers:		Public Report
Essex County Council Decision 13 March 17 - Community Transport Funding for 2017/18		Key Decision: Yes
Letter dated 14 th March 2017 from Essex County Council advising of amount of grant for the community transport schemes in Essex.		
Impact Assessment		
Executive Summary:		
<p>The report considers the budget for the Braintree District Community Transport Service (BCT) in 2017/18 which includes proposals to increase fees and charges following a 14.4% reduction of £15,209 in grant funding by Essex County Council for the service. Fees and charges were last increased in April 2014.</p> <p>Further work will be carried out in year with a view to securing the future of the service and enable it to develop further to help meet the transport needs of residents in the district. A community transport action plan will be brought back to Cabinet in the autumn 2017.</p>		
Recommended Decisions:		
<p>The Cabinet is requested to agree to the following:-</p> <p>a) An eight week consultation with members of the Community Transport Scheme from Monday 24th July to Friday 15th September 2017 on increasing the fees and charges from Monday 2 October 2017, proposals as shown in appendix 1. The price increases will apply to all bookings from the date both new and existing.</p> <p>b) Delegated authority is given to the Portfolio Holder for Health and Communities to approve or vary the proposals in order to implement the proposals (or</p>		

modified proposals) from Monday 2 October 2017. If the Portfolio Holder for Health and Communities considers that in light of representations the changes should not be implemented a report is to be returned to Cabinet.

- c) That a Community Transport Action Plan be brought to Cabinet in the autumn 2017 for consideration.

Purpose of Decision:

To update Members on the current position regarding the Community Transport Service and to obtain Members agreement to the three recommendations set out above.

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	<p>The budget is expected to balance in 2017/18 by taking the following actions :-</p> <p>Increasing fees and charges</p> <p>Income from the sale of minibuses in 2016/17</p> <p>Potential in year savings in the service budget</p>
Legal:	The Braintree District Community Transport Service is a discretionary service.
Safeguarding:	There are no specific implications from this report in relation to safeguarding. However, please note staff and volunteers have DBS checks.
Equalities/Diversity:	<p>The service aims to provide affordable accessible transport for people living in the Braintree District.</p> <p>Equality Impact Assessment completed.</p>
Customer Impact:	The fees and charges proposed will impact on customers; however costs will be less than using conventional public transport services.
Environment and Climate Change:	None identified.
Consultation/Community Engagement:	Consultation with members of the community transport scheme on increasing fares and charges is proposed in this report.
Risks:	If the service continues without making changes there is a risk Braintree District Council will either have to increase its funding or the services provided will need to be reduced. Neither of these is desirable.
Officer Contact:	Jo Albin
Designation:	Head of Housing and Community
Ext. No:	2118
E-mail:	Joanne Albin

1. An Introduction to the Braintree District Community Transport Scheme

- 1.1 The scheme has been operating in the Braintree District since 1998. Braintree District Council (BDC) took over the running of the scheme in 2007 from Essex County Council (ECC).

The service currently provides:-

- A Social Car Scheme for individuals - 800 customers
 - A dial a ride scheme for individuals - 25 customers
 - Minibus hire for non-profit making community groups – 141 groups
- 1.2 The scheme offers fully accessible transport services for residents who are unable to access conventional public transport due to:-
- A disability, temporary or permanent
 - Restricted mobility
 - Difficulties getting on and off a bus
 - Rural/social isolation
 - Needs are not met by existing public transport services
- 1.3 The scheme has 6 full time equivalent paid employees, 5 are office based and 2 are full time drivers. The scheme benefits from over 50 volunteer drivers and altogether they provide around 1,600 hours a month and along with our employees they are a real strength of the service.
- 1.4 The current vehicle fleet consists of 5 Renault Master 12 seater minibuses, all fully wheelchair accessible. The service uses an IT system called Flexiroute to help manage the service and schedule journeys.
- 1.5 The social car scheme operates with our volunteer drivers using their own cars. With the minibus hire, we can either provide a driver from our bank of volunteers or a staff driver, alternatively the group can provide their own driver. The service also provides Minibus Driver Awareness Scheme 'MiDAS' training so our volunteers or group members are able to drive the minibuses.

2. Passenger Journey Trends

- 2.1 Passenger journey numbers have until recent years, increased year on year from 9,645 in 2001/02 and reaching a peak of 62,247 in 2013/14. For 2016/17 we provided 51,192 journeys, the reduction is mainly due to the ceasing of the Shopper Bus Service which was operated by Braintree Community Transport (BCT) under a contract with ECC. However, our passenger journeys do show a small decline and this has also been seen with some other Essex Community Transport schemes.

3. Essex County Council and Community Transport Schemes

- 3.1 Although community transport is not a statutory service, Essex County Council recognise the range of benefits community transport can offer including travel

links that otherwise would not exist and they have supported community transport schemes with grant funding for many years.

- 3.2 Last year ECC asked all the community transport schemes they support with funding to scenario plan for a range of potential grant reductions. This was in recognition of the financial pressures on ECC's budget and the impact on all discretionary funding meaning that some adjustment to future funding for community transport was unavoidable.

In recent years the ECC grant has been linked to a one year service level agreement which provides only short term certainty for the schemes. ECC provided £1.2 million of grant funding in 2016/17 and for 2017/18 this has reduced by 14.4% to £1,089,451.40 for the thirteen schemes supported in Essex. For BCT this means the grant has reduced from £105,541 in 2016/17 to £90,332 for 2017/18. In challenging times ECC have sought to protect this front line service. ECC have indicated a further reduction is likely for 2018/19 but there is also the recognition that funding agreements of longer than one year would assist the operation of local schemes.

- 3.3 The intention is for ECC and the community transport schemes to work together to identify actions that can be taken together to further mitigate the cost pressures and support services. ECC are keen for community transport schemes to explore opportunities to bid for tendered services or to operate services commercially as well as provide the services traditionally offered by most community transport schemes. Realistically, it is likely there will be continued uncertainties with grant funding in future years with continued pressures on funding.

4. Approach to Revenue Funding 2017/18

- 4.1 For the current 2017/18 budget we propose to respond to the 14.4% reduction of £15,209 in ECC funding by increasing the schemes fees and to make savings on the controllable expenditure. Fees and charges were last increased in 2014 and whilst in percentage terms increases are significant the costs remain less than conventional transport and officers are confident they represent good value. This is only possible because of the grant we receive from ECC, this Council's funding and the many hours our volunteers give to the service.
- 4.2 The proposed increase to fees and charges are shown in appendix 1 and a eight week consultation period is recommended from Monday 24 July 17 to Friday 15 September 17 with BCT scheme members. Assuming the new fees and charges are introduced on the 2 October 2017 the estimated income increase will be around £4,400 for the six months to March 2018 and around £9,000 for 2018/19. On this basis it would not be proposed to consider reviewing the fees and charges for this service again until April 2019.
- 4.3 We also propose to simplify charges and are proposing to withdraw the charge of £37 per day plus 85p per mile for minibus hires which go over 100 miles, see line 6 and 7 of appendix 1. Once this charge is withdrawn all costs will be consistent at £1.50 per mile (proposed). This charge is only applicable to one

or two hires a year as nearly all trips are less than 100 miles and the price difference is negligible.

- 4.4 Changes are also proposed to the £25 for minibus cancellations when less than 5 working days are given; see line 16 of appendix 1. It is proposed to change this to a £25 charge for all confirmed bookings which are then cancelled regardless of the notice period. Groups will be reminded every time they book that if they then subsequently cancel there will be a charge. It stops Groups requesting provisional bookings which block availability for other customers. It reduces administration time for the scheduler sourcing volunteers which can be very time consuming only for the trip to be cancelled with no penalty on the hirer and gives a clear cancellation policy.
- 4.5 With increased marketing of the service and proactive management of the budget we will aim to manage the service within the existing budget. The review of community transport in 2016 considered a model of operation with five minibuses rather than six and officers consider this is viable. An older minibus has recently been decommissioned and we are procuring two new vehicles, both 12 seater minibuses with full wheelchair accessibility, to replace two other older minibuses which will reduce our annual maintenance costs by potentially £5,000. We also have receipts from the sale of older minibuses in 2016/17 of £5,274 which can be used to help fund the service in 2017/18.

5. Reviewing the Braintree District Community Transport Service

- 5.1 In 2016 faced with the potential of a sizeable funding reduction and the need to explore the direction of the service we commissioned a review of the community transport scheme. The aim was to support us to identify a sustainable community transport service that will meet the needs of Braintree District's residents for the future in line with different funding levels and consider models of delivery.
- 5.2 The report was overall very positive about the current service but recognised the issues now facing the service and that there is a significant reliance on local authority funding. In the short term bearing in mind the level of ECC grant reductions being lower than anticipated, whilst the current operating model has its limitations it remains effective. However in the longer term the review concluded that the model that is most appropriate to adapt and meet the long term changes is an independent charitable trust.
- 5.3 Over the next few years it is recognised that the funding of the service will be a significant challenge. Officers are therefore currently developing a service action plan which will consider the following:-
- a. Future funding of the service
 - b. A range of operational improvements that the review suggested that can be made in the short term
 - c. The role of partner agencies such as ECC and health providers
 - d. The most appropriate operating model for the service.
- 5.4 It is proposed that a further report is brought back to Cabinet in the autumn 2017 on the way forward.

Appendix 1 - Community Services - Community Transport – Consultation on Fees & Charges - Proposed from 2 October 2017

No	Statutory / Discretionary	Service Detail	Details of Charge	2017/18 Current Price Incl VAT (if applicable) (£)	New 2017/18 Proposed Price Incl VAT (£)	Unit	% increase April 2017 to October 2017”.
1	Discretionary	Dial-A-Ride Scheme	Annual Registration/ Renewal Fee	15.00	20.00	Per Individual	33.33%
2	Discretionary	Dial-A-Ride Scheme	Social/Welfare Mileage rate per mile (paid by passenger)	0.60	0.70	Per Mile	16.67%
3	Discretionary	Dial-A-Ride Scheme	Social/Welfare Mileage rate minimum fare up to 5 miles	3.00	3.50	Per Journey	16.67%
4	Discretionary	Dial-A-Ride Scheme	Social/Welfare Mileage rate per mile (paid by passenger) per additional passenger	0.50	0.50	Per Journey	0%
5	Discretionary	Dial-A-Ride Scheme	Non-payment of fares/doorstep cancellation	3.00	3.50	Per Journey	16.67%
6	Discretionary	Minibus Hire	Casual User Daily Charge for Journeys over 100 miles (including Diesel) own driver (withdraw)	37.00	Withdraw		
7	Discretionary	Minibus Hire	Casual User Daily Charge for Journeys over 100 miles (including Diesel) volunteer driver (withdraw)	37.00	Withdraw		
8	Discretionary	Minibus Hire	Casual User Annual Registration fee own driver	20.00	25.00	Per Group	20.00%
9	Discretionary	Minibus Hire	Casual User Annual Registration fee volunteer driver	20.00	25.00	Per Group	20.00%
10	Discretionary	Minibus Hire	Casual User Hire Cost - Over 100 miles (including Diesel) own driver	0.85	Withdraw		
11	Discretionary	Minibus Hire	Casual User Hire Cost - Over 100 miles (including Diesel) volunteer driver	0.85	Withdraw		
12	Discretionary	Minibus Hire	Casual User Hire Cost - (including Diesel) own driver	1.25	1.50	Per Mile	20.00%
13	Discretionary	Minibus Hire	Casual User Hire Cost - (including Diesel) volunteer driver	1.25	1.50	Per Mile	20.00%
14	Discretionary	Minibus Hire	Casual User Minimum Charge for Journeys up to 20 miles (including Diesel) own driver	25.00	30.00	Per Booking	20.00%
15	Discretionary	Minibus Hire	Casual User Minimum Charge for Journeys up to 20 miles (including Diesel) volunteer	25.00	30.00	Per Booking	20.00%
16	Discretionary	Minibus Hire	Cancellation charge of minibus hire (own driver/volunteer) <i>(Previously only if less than 5 days notice given proposed for all cancelled bookings)</i>	25.00	25.00	Per Booking	0.00%
17	Discretionary	Social Car Scheme	Social Car Scheme Registration/ Renewal Fee	15.00	20.00	Per Individual	33.33%
18	Discretionary	Social Car Scheme	Social/Welfare Mileage rate minimum fare up to 5 miles	3.00	3.50	Per Individual	16.67%
19	Discretionary	Social Car Scheme	Social/Welfare Mileage rate per mile (paid by passenger)	0.60	0.70	Per Mile	16.67%
20	Discretionary	Social Car Scheme	Social/Welfare Mileage rate per mile (paid by passenger) per additional passenger	0.50	0.50	Per Journey	0%
21	Discretionary	Social Car Scheme	Non-payment of fares/doorstep cancellation	3.00	3.50	Per Journey	16.67%

Fourth Quarter and Annual Performance Management Report 2016/17		Agenda No:8a
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Councillor David Bebb	
Report prepared by:	Tracey Headford – Performance and Improvement Manager	
Background Papers:		Public Report
Fourth Quarter and Annual Performance Management Report 2016/17		Key Decision: No
<p>Executive Summary:</p> <p>The purpose of the attached report is to summarise the performance of the Council at the end of the fourth quarter (January 2017 to March 2017) and for the end of the year.</p> <p>As at the end of the March 2017, a total of 28 projects have been completed and a further 14 projects are on track to meet their targets dates.</p> <p>Twelve performance indicators have achieved or exceeded target, one has missed target by less than 5% and four have missed target by more than 5%.</p> <p>The performance indicator that has missed target by less than 5% relates to the number of passenger journeys on the Community Transport scheme. Demand for the service has been met over the year and following a recent review of the service, the Community Transport team will be implementing a number of recommendations.</p> <p>The performance indicators missing target by more than 5%, are in relation to tonnage of residual waste, percentage of recycling, delivery of affordable homes and the number of visits to our leisure centres.</p> <p>The increase in the tonnage of waste reflects a trend across the county and the UK generally and the suspension of the garden waste during the winter months impacted on the recycling rate. We continue to door step customers to encourage participation in recycling which will also positively impact on the tonnage of waste.</p> <p>Affordable homes has not met target in 2016/17 due to the completion of 21 affordable homes expected in the fourth quarter slipping into the first quarter of 2017/18. The target for 2017/18 has been amended accordingly and the Council remains on track to meet the targets set over a four year period.</p> <p>The number of visits to our leisure facilities has not met target at the end of 2016/17. The closure of the Braintree swimming pool in the fourth quarter of the year has</p>		

impacted on participation levels. However, Fusion continues to increase the number of visits to leisure centres across the District and have once again exceeded one million visitors.

This is the first year reporting against the priorities set out in our new Corporate Strategy 2016-2020 and we have continued to support our communities and the local economy by approving a District Investment Strategy to invest £28 million in the District to improve health facilities, town centres and infrastructure which included the opening of a new GP surgery in Braintree. We supported over 750 job seekers by providing face to face access to employers by hosting two job fairs and 2016/17 saw the launch of the Councillors Community Grant Scheme supporting local projects and initiatives to benefit the residents of the District.

Despite continued financial pressures we have seen satisfaction with the way the Council is run increase from 81% to 86% and we have maintained front line services to deliver the best service to our residents, provide value for money and create a District where people are happy to live, work and be healthy.

Financial Performance

The financial information in the performance management report details the financial position as at the end of March 2017. It examines the spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; projected movements on the General Fund balance; and a summary of spending on capital investment projects.

Summary:

- An overall positive variance for the year of £883,000 (-6.7%) against the budget of £13.107million. This represents an improvement of £396,000 from the position reported in the third quarter mainly due to additional income.
- Income was overachieved by £571,000; with an overall underspend of £312,000 on staffing and other expenditure.
- The 2017/18 approved Budget already makes provision for £407,000 of the current year variance where this has been assessed as having an on-going effect.

For a detailed explanation of the financial performance, please refer to page 17 onwards of the full report.

Decision

To note and endorse the report.

Purpose of Decision:

To inform the Cabinet of the performance of the Council.

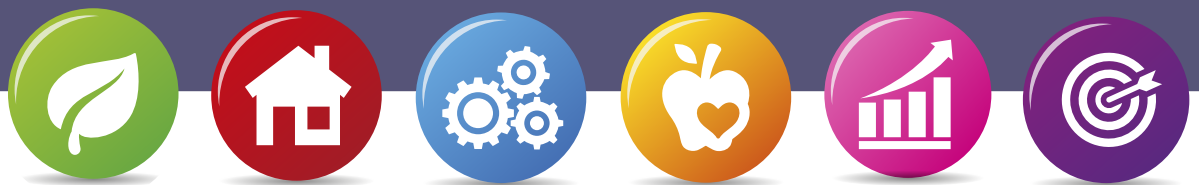
Any Corporate implications in relation to the following should be explained in detail	
Financial:	An assessment of the Council's financial position against the agreed budget for the year is provided and is based on income and expenditure during the year.
Legal:	There are no legal issues raised by this report.
Safeguarding	There are no safeguarding issues raised by this report.
Equalities/Diversity	Equalities and diversity issues are considered fully in the Council's key projects, where appropriate.
Customer Impact:	Performance of front line services, including Customer Services, Housing Benefits and Planning, for the quarter is provided. A summary of complaints received each quarter is analysed by outcome (justified, partially justified or not justified) is provided.
Environment and Climate Change:	The report provides details of progress in the delivery of the Council's key projects. This will include supporting residents and businesses in lowering the cost of their energy bills and energy consumption , anti-litter campaigns, expansion of our recycling service and campaigns encouraging recycling.
Consultation/Community Engagement:	Consultation is considered fully in the Council's key projects, as appropriate.
Risks:	Risks regarding the assumptions used in determining the predicted financial outturn for the year are identified.
Officer Contact:	Tracey Headford
Designation:	Performance and Improvement Manager
Ext. No.	2442
E-mail:	Tracey.headford@braintree.gov.uk

FOURTH QUARTER PERFORMANCE MANAGEMENT REPORT

1ST JANUARY 2017 TO 31ST MARCH 2017

AND ANNUAL PERFORMANCE MANAGEMENT REPORT

2016/17



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Section 1: Introduction and Summary






Purpose of the Report

The purpose of the report is to demonstrate the performance of the Council at the end of the fourth quarter and the end of the year in relation to the publication of the 'Annual Plan 2016/17'. This sets out the key activities and measures used to check our performance for the year and along with the Corporate Strategy 2016-20 sets out the priorities we are working towards. Further detail is given in relation to a set of business performance indicators covering finances, customer focus, our people and health and safety.






This report does not contain details of the numerous activities ongoing in each service area that also contribute to delivering what is important and will make a difference to all in the District. Full details of all projects and local and national indicators used to measure the outcomes are available upon request.

Summary of the Corporate Projects current position for the end of the year

The following table provides updates for the end of the year in relation to the key activities in the 'Annual Plan 2016/17'




Corporate Priorities	Status of projects and actions				
					
Environment and Place	4	0	0	0	0
Strategic Growth and Infrastructure	4	4	0	0	0
Economic Development	4	6	0	0	0
Heath and Communities	7	3	0	0	1
Finance and Performance	5	0	0	0	0
Overall Strategy and Direction	4	1	0	0	2
TOTAL	28	14	0	0	3

KEY:




-  Project completed
-  Project on target
-  Project scope/target date requires attention
-  Project requires amendment
-  Project aborted/closed

Summary of the Performance Indicators position for the end of the year

The following table shows the performance for the end of the year in relation to the quarterly and annually reported Performance Indicators that have targets set as defined in the 'Annual Plan 2016/17'.

Corporate Priorities	Status of indicators				
				Data Only	Unknown
Environment and Place	3	0	2	0	0
Strategic Growth and Infrastructure	1	0	1	0	0
Economic Development	0	0	0	1	2
Health and Communities	1	1	1	0	0
Finance and Performance	7	0	0	0	0
TOTAL	12	1	4	1	2

KEY:

-  Performance Indicator has achieved target
-  Performance Indicator is up to 5% below target
-  Performance Indicator is 5% or more off target

Summary Position

The Council has performed well throughout the year with 28 projects completed and a further 14 projects on track. Twelve performance indicators have exceeded target at the end of the year with five performance indicators missing target.

This is the first year reporting against the priorities set out in our new Corporate Strategy 2016-2020 and we have continued to support our communities and the local economy by approving a District Investment Strategy to invest £28 million in the District to improve health facilities, town centres and infrastructure which included the opening of a new GP surgery in Braintree. We supported over 750 job seekers by providing face to face access to employers by hosting two job fairs and 2016/17 saw the launch of the Councillors Community Grant Scheme supporting local projects and initiatives to benefit the residents of the District.

We have continued to improve access to our services for customers by improving the content and accessibility of our website and allowing more people to transact with us on-line and enabling residents to view their Council Tax bills securely.

Despite continued financial pressures we have seen satisfaction with the way the Council is run increase from 81% to 86% and we have maintained front line services to deliver the best service to our residents, provide value for money and create a District where people are happy to live, work and be healthy.

The Council is also focussed on the future growth of the District and work will continue into next year on the Local Plan to provide housing, employment and supporting infrastructure.



Environment and Place

Project description and comments	Target Date	Status
Expand the recycling waste service to all flats where suitable and introduce food waste recycling at participating primary schools within the District		
The recycling waste service has been expanded to all suitable flats and 26 schools across the District. A recycling rewards scheme funded by the Department of Communities and Local Government was launched in December to encourage recycling in flats.	March 2017	✓
Expand our trade waste collection service to businesses across the District		
The commercial waste service has been expanded to include recycling, helping businesses to manage and dispose of their waste more responsibly. A further £111,751 income has been generated from commercial waste in the last year which is an increase of 13%.	March 2017	✓
Work with other Essex Councils on waste minimisation campaigns to reduce residual waste		
The Essex Waste Management Partnership has established a work stream around waste prevention and a number of successful campaigns have been carried out to encourage residents to reduce, reuse, repair or recycle their waste. Braintree District Council will continue to support future campaigns through the partnership.	March 2017	✓
Refurbish two play areas at Goldingham Drive, Braintree and Milton Avenue, Braintree to improve local play provision		
The play areas at Goldingham Drive in Braintree and Milton Avenue in Braintree have been refurbished in consultation with residents and users of the play areas improving the play experience for local children.	February 2017	✓
Repair and resurface the path network to our open spaces, sports grounds and cemeteries in Braintree and Witham providing a better and safer environment for visitors		
All repairs and resurfacing to the path networks to our open spaces, sports grounds and cemeteries in Braintree and Witham have been completed.	March 2017	✓
Help residents and businesses lower the costs of their energy bills and reduce energy consumption through our energy switching schemes		
Over 2800 residents registered with the Energy Switching Schemes throughout the year following auctions in May, October and February. 775 households have signed up to the alternative deal offered to them with an average saving of £190	March 2017	✓
Encourage residents to take pride in the District by reporting litter hotspots and litterbugs under the 'see-it, report-it' initiative		
In the fourth quarter of the year, residents have reported 832 incidents under the 'see-it, report-it' initiative. A total of 3,057 incidents have been reported throughout the year	March 2017	✓
Run a change in behaviour campaign to reduce litter and keep the District clean and tidy		
The anti-litter campaign which spans across Essex, Kent and Suffolk has resulted in a reduction in litter for the third year in a row. In the areas monitored, and independently verified by Keep Britain tidy figures show an average drop in litter by 43%.	March 2017	✓




Strategic Growth and Infrastructure

Project description and comments	Target Date	Status
Produce a draft Local Plan to ensure new homes, sustainable growth and economic development for the District		
The background evidence base studies that feed into the Local Plan have been completed for the preferred options draft. The final reports in respect of the infrastructure delivery plan and water cycle study have been received and the viability study is expected in April. The end date of the project has been extended to align with Colchester and Tendring for the shared part one of the Local Plan.	June 2017	▶
Amendments to the Local Plan have been taken through the committee process following consultation on the draft Local Plan in the Summer. The end date of the project has been extended to align with Colchester and Tendring for the shared part one of the Local Plan.	October 2017	▶
Support the development of planning applications relating to the delivery of major sites in the District		
A total of 736 homes have been granted planning permission through the determination of major planning applications in the fourth quarter. In total for the year, 2,054 homes have been granted permission.	March 2017	✓
Help make sure housing needs of the District are met over the next 5 years		
The new Housing Allocations Policy which sets out the requirements for allocating affordable housing has been agreed by Cabinet and is now published on the Gateway to Homechoice website.	August 2016	✓
The new Housing Strategy was approved at Cabinet in November and is available on the Braintree District Council website	March 2017	✓
Work with partner agencies to continue to drive forward strategic improvements to the A12/A120 and the Braintree to Witham rail link		
A working group has been set up with Highways England, Essex County Council and Braintree District Council to progress delivery of the A120 Millennium Way slip roads. Highways England has indicative costs and is working on an Economic Assessment to show the benefits of the slip road. An options agreement will be completed shortly for part of the land required. An eight week consultation period on the proposals to widen the A12 and the options for the A120 routes closed in March 2017. The feedback received is currently being analysed by Essex County Council and the results will contribute towards recommendations presented to Government.	December 2019	▶
The GRIP (Governance for Railway Investment Projects) study has now commenced in partnership with Network Rail and Essex County Council to look at the options and benefits of improvements to the Braintree to Witham rail link	March 2017	✓
Work with Essex County Council to reduce congestion at Springwood Drive roundabout		
Essex County Council is looking at options for the Springwood Drive roundabout in conjunction with S106 requirements. Dialogue with the local businesses is continuing and this project will continue into next year.	March 2018	▶











Economic Development

Project description and comments	Target Date	Status
Complete a programme of improvements to key industrial estates and business parks to support business growth and attract investment to the District		
Braintree – Businesses have been consulted with in respect of signage improvements and the final design proposals are being developed with the contractor. This project will continue into next year.	March 2018	▶
Witham – A grant for £60,000 has been paid to Witham Industrial Watch for improvement works undertaken for new signage and to contribute towards CCTV	March 2017	✓
Halstead - costings for road improvements along third and fifth avenues are significantly higher than the funding available and the scheme is not considered to be viable at this time. Funding provisionally allocated to Halstead has no deadline for expenditure however; no other significant improvements have been identified at present.	March 2017	✓
To strengthen business engagement by delivering a programme of events in collaboration with Essex Chambers of Commerce		
A programme of events has been delivered throughout the year including the District Business Exhibition and Chairman's Rural Business reception which took place in March 2017 to address the challenges and issues facing rural businesses.	March 2017	✓
Support 77 business start-ups in conjunction with IGNITE		
Ignite have provided support for business start-ups throughout 2016/17. Final figures for the number of businesses supported will be available later in the year.	March 2017	✓
Support the establishment of a District education and skills board to address educational attainment and employment skills needs within the District		
Initial discussions have been held with businesses to discuss the District Education and Skills Board and further engagement is due to take place in April at the Colchester Institute on the Construction Taster Day where there will be a series of workshops on careers to in and around the Construction Industry.	March 2018	▶
Work with a range of partners and stakeholders to improve the three town centres in the District		
Braintree Town Centre – A workshop has been held between officers from Braintree District Council and Essex County Council to define the vision for Braintree. Further workshops will be held during 2017. Once plans are drafted, a member workshop and local engagement will follow.	March 2018	▶
Halstead Town Centre –Meetings held with Essex Highways Network Management to evaluate the Masterplan regeneration proposals and establish what is and isn't possible. Timescales have been amended to allow time for member involvement and detailed agreement with the Highways Authority	March 2018	▶
Witham Town Centre – A series of studies and reports are in progress to review the aims and objectives of the Masterplan regeneration proposals which will be presented to the project board for them to determine the future course of this project. Timescales have been amended to allow further time for the proposals to be considered. Traffic speed and volume surveys have been completed and are now being assessed	March 2018	▶

Maximise superfast broadband coverage across the District by working with Superfast Essex		
Discussions are ongoing with Superfast Essex in relation to the phase III options for additional coverage across the District. The preferred suppliers for phase III will be announced in May 2017	March 2018	



Health and Communities

Project description and comments	Target Date	Status
Work with Active Braintree Network to increase access to new sporting opportunities and activities		
The 'Get Outdoors' campaign was launched by Fusion in the summer to encourage residents to participate in outdoor activities including instructor lead sessions at outdoor gyms.	September 2017	
Encourage residents to be more active by developing a 'Be-Well' strategy		
Consultation with key stakeholders and partners on the draft strategy has taken place in the fourth quarter. Additional content and context is being added to the strategy before publication.	September 2017	
Ensure the football pitches on the Deanery Gardens sports ground and the rugby pitch on King George V playing field are in year-round condition through the installation of a piped drainage system		
This project has been transferred into next year's delivery plan as the installation of a piped drainage system needs to take place outside the football season to minimise the impact on residents using the facilities.	September 2016	
Address the priorities for the District in a co-ordinated way through the Braintree District Health and Wellbeing Panel		
A healthy eating recipe book has been published and promoted through the Livewell website to encourage residents to eat a healthy, balanced diet.	September 2016	
Livewell Child was launched in January with twelve schools taking part following engagement events with parents, businesses and other community stakeholders to gain a greater understanding of the barriers and enablers that exist for families, school and the wider community around obesity, healthy eating and exercise. The feedback received has helped to shape the projects being undertaken in the first year of a three year project.	March 2017	
Invest in local health facilities to help provide primary care services that can meet current and future needs as the District grows		
Works to convert the premises at the College in Braintree to a Doctor's Surgery were completed in March and opened to the public. The Council continues to facilitate discussions regarding the options for modern health care facilities in Witham and further discussions are taking place with GP surgeries and the Clinical Commissioning Group to provide improved facilities in Sible Hedingham	March 2017	
Improve the living conditions, access to services and the health and wellbeing of vulnerable people on low incomes		
A show home caravan has been externally clad to show other park home owners what can be done to improve their living standards and the energy efficiency of their homes.	February 2017	
Run a winter warmth campaign to provide advice to residents on improving energy efficiency to help keep warm during the winter months		
A leaflet providing advice on keeping warm during the winter months and offering advice and support has been distributed to 4,000 individuals and 40	February 2017	

outlets including doctors' surgeries, pharmacies and community centres.		
Work towards making the District dementia friendly through the work of our Braintree District Dementia Action Alliance		
The Dementia Action Alliance now has 19 member organisations including the three main libraries across the District. Following the success of the Dementia Community Roadshow which visited Braintree in August the project will continue into next year with the Roadshow visiting Witham in May.	March 2018	▶
Support community groups to deliver local projects and activities through the introduction of a Councillor Community Grant Scheme		
The new Councillor Community Grant scheme was launched in September to provide Councillors with £1,500 each per year which they can allocate to community projects and initiatives in their local area.	September 2016	✓
Engage with young people by developing a young person's on-line forum helping them to have a voice on topics and concerns that affect them		
Students from Braintree College are taking part in the project to develop a young person's on line forum as part of their IT coursework. They have presented their initial ideas to staff which includes a mind map, a mock website and how links can be made to existing social media forums.	March 2018	▶



Finance and Performance




Project description and comments	Target Date	Status
Continue to review how we deliver our services ensuring we provide value for money and focus our resources on what is important to those living and working in our District		
The schedule of service reviews for 2017/18 has been completed which will inform future reviews with the aim of minimising the budget gap	March 2017	✓
Develop commercial opportunities to generate income and identify further opportunities for income growth		
<p>We continue to look at ways in which further income can be generated. Recent projects include:</p> <ul style="list-style-type: none"> • Sponsorship • Commercial Waste • Staff suggestion scheme • Business Packs • Business Plan review • Town Hall Community Priced Weddings • Service and Process Reviews • ICT Review <p>There are additional projects and income streams that are currently being investigated that will allow us to generate income, invest in front line services and increase the levels of commercial skills across the Council.</p>	March 2017	✓
Use our Investment Strategy to maximise income and strengthen the Councils financial independence, supporting our ability to invest in the District		
The two property acquisitions agreed by Council in December 2016 were finalised in February and March 2017 respectively. The acquisitions will provide good revenue returns to support the Council's revenue account. Following a meeting with the treasury advisors, it was agreed to invest a further sum of £1million in the pooled equity fund taking the total invested in pooled equity	March 2017	✓

funds and property funds to £15million; the maximum allowable under the Council's current Investment Policy.		
Improve customer focused services by delivering a programme of continuous improvement and achieve the Customer Service Excellence Standard for the third year		
Customer Service Excellence accreditation has been achieved for a further year with just one area of partial compliance and six areas achieving compliance plus. A further assessment is planned to take place in June 2017.	June 2016	✓
Improve our services through the use of technology to make sure they are easy and convenient to use		
A number of actions have been carried out throughout the year to improve access to services and the information available. The 'do-it online' campaign to encourage customers to self-serve will go live in April.	March 2017	✓









Overall Strategy and Direction

Project description and comments	Target Date	Status
Continue to work in partnership with other Essex Authorities and other public and private sector organisations to develop devolution proposals for Essex to achieve greater local control of decisions and funds to deliver better outcomes for residents and businesses across the County and District		
The Government policy remains the same and in order to secure a devolution deal, combined authority areas must have a directly elected mayor. This means that the Greater Essex devolution programme is not viable for the foreseeable future. However, this does not mean that the 15 Local Authorities cannot work together to be in a prominent position to take on Devolution should the opportunity arise	March 2017	✗
Contribute to the work of the Essex Waste Management Partnership to lower collection and disposal costs across Essex		
Braintree District Council has participated in a series of campaigns to recycle electrical items and textiles. Changes were introduced at the recycling centres from the 31st October to reduce the volume of commercial waste being taken into the centres and the Council will be working with other Councils and the Environment Agency to tackle fly-tipping across the District.	March 2017	✓
Work with other local authorities in Essex to establish a building control shared service across the county which will deliver higher standards of customer service, retain and attract staff to reduce costs		
A decision has been made not to continue with the joint working initiative following the withdrawal of a number of authorities from the project. A meeting was held in October 2016 to review the lessons learnt.	March 2017	✗
Drive forward economic growth and infrastructure improvements in the District and surrounding areas by continuing to work with the Haven Gateway Partnership		
An eight week consultation process for the route options for the new A120 commenced in January. Braintree District Council provided a submission to the consultation regarding the options and supported the Haven Gateway Partnership in encouraging businesses to participate in the consultation process. The Council also supported the Haven Gateway Partnership with a Parliamentary reception in January at which the Roads Minister gave a keynote speech and promised to be a 'champion' for the scheme.	March 2017	✓

















Work with Essex County Council, Highways Agency and other Essex District councils on the options for the new A120 route		
Braintree District Council actively participated in a number of different forums and events to consult on the proposal for the route options of the A120.	March 2017	
Continue to work with key partners including neighbouring councils on the strategic planning for the housing and economic growth required in the District to support the work in the new Local Plan		
Braintree District Council continues to work with three other local authorities on proposals for North Essex Garden Community projects to deliver over 40,000 homes and 10,000 jobs in the north Essex area which includes a shared part one of the proposed Local Plan. This project will be continuing in 2017/18.	March 2018	
Develop and deliver a District Investment Strategy that invests in improved and new infrastructure, economic growth and regeneration projects and new health facilities to meet the needs of the District now and in the future		
In May 2016, the Council approved its £28 million District Investment Strategy to help improve the district and support current and future growth. Work to convert premises at the College in Braintree to a doctors' surgery completed in March 2017. The Council will continue to deliver projects under the District Investment Strategy to achieve better outcomes for the District.	March 2017	

Section 3: Managing the Business

Our Performance Indicators in Detail

Performance Indicator	2017/17									Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	Yearly Outturn	Yearly Target	Status at the end of the year	
Environment and Place										
Percentage of land that falls below cleanliness standards for litter	n/a	5%	5%	6%	6%		6%	6%		
Percentage of household waste sent for reuse, recycling and composting	56.11%	54.19%	48.71%	45.96%	48.73%		52.12%	60%		<i>The estimated annual out-turn for recycling shows that dry recycling dropped by 956 tonnes compared to green and food waste which fell by just 176 tonnes in comparison to the previous 12 month period. During the suspension of the green waste service from Dec 16 to Feb 17, the tonnage fell by 911 tonnes, offset by an increase collected in March of 460 tonnes in comparison to the same period the previous year before. This represents an overall reduction of 450 tonnes over the 3 month period of the suspension.</i>
Tonnage of residual household per household waste not recycled	111kgs	107kgs	104kgs	117kgs	99kgs		439kgs	395kgs		<i>The residual waste per household increased by 22kgs (5%) from the previous year which reflects</i>

Performance Indicator	2017/17									Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	Yearly Outturn	Yearly Target	Status at the end of the year	
										<i>a trend across the county and the UK generally. There is no single factor to explain the trend, however growth in the economy and population are considered contributing factors to the increase.</i>
Number and percentage of fly tips cleared within 24 hours of being reported	100% (133)	100% (183)	100% (188)	100% (179)	100%		100% (683)	100%		
Number of fuel poverty and domestic energy reduction installations carried out	Annually reported indicator						1,221	275		
Strategic Growth and Infrastructure										
Number of affordable homes delivered	8	27	0	13	32		48	69		<i>Completion of 21 affordable homes expected in the fourth quarter has slipped into the first quarter of 2017/18. Delivery of affordable homes is measured over a four year period and the Council remains on track to meet the target between 2016 and 2020.</i>
Number of homes granted planning permission	571	639	108	736	71		2054	845		
Economic Development										
Number of new business start-ups in the District created in partnership with Ignite Business	22	19	16	TBC	20	TBC	TBC	77	TBC	<i>Final figures expected later in the year</i>
Number of jobs created through business advice and support	29	26	18	TBC	29	TBC	TBC	113	TBC	
Percentage of District on high speed broadband connection	71%	71%	71%	71%	Data Only	n/a	71%	Data Only	n/a	
Health and Communities										
Number of Disabled Facilities Grants processed throughout the year	41	29	47	28	36		145	145		<i>This is a demand led service reliant on the number of referrals received from Essex County Council and Greenfields which has not been as high as expected in the fourth quarter. Overall, the target has been met for the year.</i>
Total number of visits to our Leisure facilities	262,357	247,152	239,832	274,603	317,247		1,023,944	1,084,851		<i>As expected, the closure of the Braintree Swimming Pool for much needed refurbishment in the fourth quarter of the year has impacted on overall</i>

Performance Indicator	2017/17									Comments
	Q1 Outturn	Q2 Outturn	Q3 Outturn	Q4 Outturn	Target for the Quarter	Status at the end of the Quarter	Yearly Outturn	Yearly Target	Status at the end of the year	
										participation levels. It is worth noting that since Fusion took over the management of the leisure centres across the District in September 2012, they have continued to exceed the expected year on year number of visits to the leisure centres due to the success of numerous campaigns which will focus on increasing participation for under 16's and over 60's in 2017/18.
Number of passenger journeys on the Community Transport Scheme	14,305	12,797	11,730	12,360	12,526		51,192	52,000		The number of passenger journeys has increased slightly in the fourth quarter but has missed target. A review of the Community Transport scheme has been carried out and the service will be implementing a number of recommendations.
Finance and Performance										
Average call answer time in the Customer Service Centre	13 seconds	17 seconds	9 seconds	7 seconds	15 seconds		12 seconds	15 seconds		
Time taken to process housing benefit/council tax benefit new claims	17.75 days	17.58 days	15.11 days	16.78 days	18 days		16.8 days	18 days		
Time taken to process housing benefit claim changes	6.41 days	5.87 days	4.72 days	4.39 days	6 days		5.35 days	6 days		
Percentage of Stage 1 complaints responded to within target	98.59%	92.90%	92.09%	96.21%	90%		95.26%	90%		
Collection rate for Council Tax	30.81%	59.25%	87.08%	98.37%	98%		98.37%	98%		
Collection rate for Business Rates	31.25%	58.43%	84.99%	99.02%	98.5%		99.02%	98.5%		
Percentage of invoices paid within 30 days of receipt	99.40%	99.04%	99.51%	99.29%	98.5%		99.31%	98.5%		

Complaints

The quarterly complaints analysis for the fourth quarter of 2016/17 and the end of the year is detailed below. This is compared with 2015/16 figures shown in brackets. The figures represent all three stages of the complaints process.

Complaint Category	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	TOTAL
Justified	112 (83)	52 (90)	46 (108)	63 (125)	273 (406)
Not Justified	72 (45)	104 (65)	73 (70)	62 (101)	311 (281)
Partially Justified	31 (17)	24 (30)	23 (21)	15 (24)	93 (92)
Not known	0 (0)	3 (1)	0 (1)	0 (0)	3 (2)
Total	215 (145)	183 (186)	142 (200)	140 (250)	680 (781)

Comments

The number of complaints received in the fourth quarter of the year is slightly lower than the number of complaints received in the third quarter and is considerably lower than the number of complaints received in the fourth quarter of 2015/16.

For the complaints received in the fourth quarter, the majority relate to missed waste collections occurring in March following the re-instatement of garden waste collections where crews experienced a heavier workload than normal. Additional staff were brought in to help clear any back log. The service continues to monitor issues with missed waste collections.

In the fourth quarter of 2016/17, of the 140 complaints received:

- 132 are stage one complaints
- 6 are stage two complaints
- 2 are stage three complaints

A summary of Local Government Ombudsman cases:

In the fourth quarter of 2016/17 the LGO has received two new complaints which are currently being investigated.

The LGO also issued one final decision on a complaint received in the third quarter. The LGO confirmed that there had been no fault or maladministration by Braintree District Council in dealing with a Disabled Facilities Grant application.

Our Organisation

The following is a selection of our people performance measures:

People: Indicators of Performance	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Change on previous period	Yearly Target
Total headcount	467	466	468	464	- 4	-
Total number of posts	476	477	480	480	-	-
Number of temporary staff	44	42	42	40	- 2	-
Total staff FTE	421.99	421.30	425.57	417.53	- 8.04	-
Level of employee turnover	2.78%	3.43%	1.93%	1.94%	+ 0.01%	-
Number of leavers	13	16	9	9	-	-
Number of starters	9	15	11	5	- 6	-
Working days lost to sickness per employee	2.1 days	1.99 days	2.35 days	2.33 days	- 0.02 days	8.0 days
Percentage of staff with nil sickness	74%	59%	45.3%	36.9%	- 8.4%	-
Number of learning hours	9140.50	8276.50	8415.50	7179.50	- 1236.00	-
Number of delegates	192	266	290	211	- 79	-
Number of apprentices **	19	16	15	13	- 2	-

Year on Year Headcount Analysis	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	485	466	478	472	470	464

** BDC's apprenticeship programme runs from September each year. The figures reflect level 2 and level 3 apprenticeships.

Health & Safety

The following is a selection of our health and safety performance measures. The data is for information purposes only.

Health and safety is a crucial responsibility of everyone within the organisation. This information is used to improve the management of health and safety of staff, our customers, residents and other non-employees we come into contact with. Monitoring is undertaken by the corporate health and safety committee and action plans will be put in place where necessary.

Health & Safety: Indicators of Performance	Q1	Q2	Q3	Q4	
	(2015/16 figure in brackets)				
Total number of reported accidents/ incidents, calculated from:	11 (6)	12 (12)	6 (5)	10 (11)	
<i>Accidents/ incidents to employees</i>	8 (4)	9 (9)	6 (5)	10 (9)	The majority of the accidents reported in the fourth quarter of the year were as a result of slips and trips.
<i>Accidents/ incidents to contractors</i>	1 (2)	1 (1)	0 (0)	0 (2)	
<i>Accidents/ incidents to non-employees</i>	2 (0)	2 (1)	0 (0)	0 (0)	
Time lost in days due to employee accidents/ incidents	105 (3)	16 (76)	40 (42)	2 (5)	
Number of reported verbal/ physical incidents to employees	1 (0)	1 (1)	0 (0)	1 (2)	A member of the public became extremely agitated, when a refuse vehicle temporary blocked road whilst refuse bags were being collected.
Number of near miss incidents	0 (1)	0 (0)	1 (1)	1 (0)	A member of staff did not use the stabilising legs whilst operating a JCB, causing a tyre to puncture on a bottle.
Number of Accidents/ incidents registered resulting in insurance/ compensation claim	0 (1)	0 (0)	0 (0)	1 (0)	
Number of claims settled	0 (0)	0 (2)	0 (0)	0 (0)	

Financial Performance

This part of the report provides a review of the financial outturn for the year. It examines the spending on day-to-day service provision compared to the budget for the year. Also included is a summary of treasury management activities; movements on the General Fund balance and earmarked reserves; and a summary of spending on capital investment projects.

Summary:

- An overall positive variance for the year of £883,000 (-6.7%) against the budget of £13.107million. This represents an improvement of £396,000 from the position reported at the third quarter mainly due to additional income.
- Income was overachieved by £571,000; with an overall underspend of £312,000 on Staffing and Other Expenditure.
- The 2017/18 approved budget already makes provision for £407,000 of the current year variance where this had been assessed at the third quarter as having an on-going effect.
- During the year the Council has monitored its overall financial position with the following reported at each quarter end:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	Reported Full-Year Projected Variance Adverse/ (Positive)			Actual Variance
Net Variance	(204)	(303)	(487)	(883)
Staffing	51	(34)	(120)	(145)
Other Expenditure	(157)	(100)	(94)	(167)
Income	(98)	(169)	(273)	(571)

Revenue Spending by Services

Business Plan Service	Budget £'000	Actual Spend £'000	Adverse (Positive) variance against budget				RAG Status
			Staffing £'000	Other Expenditure £'000	Gross Income £'000	Total £'000	
Asset Management	(1,822)	(1,915)	(1)	44	(136)	(93)	G
Business Solutions	1,850	1,809	(7)	(27)	(7)	(41)	G
Community Services	565	535	(1)	(33)	4	(30)	G
Corporate Management Plan	1,362	1,324	(2)	(36)	-	(38)	G
Cultural Services	246	245	3	5	(9)	(1)	G
Environment	630	537	(79)	12	(26)	(93)	G
Finance	1,338	752	(122)	(88)	(376)	(586)	G
Governance	1,029	999	(11)	(16)	(3)	(30)	G
Housing Services	763	761	41	(41)	(2)	(2)	G
Human Resources	342	349	4	10	(7)	7	A
Leisure Services	(48)	(60)	(2)	(21)	11	(12)	G
Marketing and Communications	424	379	-	6	(51)	(45)	G
Operations	4,301	4,385	(66)	37	113	84	A
Sustainable Development	759	663	(39)	9	(66)	(96)	G
Service Total	11,739	10,763	(282)	(139)	(555)	(976)	G
Corporate Financing	1,519	1,475	-	(28)	(16)	(44)	G
Efficiency target	(150)	(13)	137	-	-	137	
Total	13,108	12,225	(145)	(167)	(571)	(883)	G

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Staffing

Further analysis of the staffing budget variances is provided in the following table:

Business Plan – Staffing Budgets	Budget	Actual Spend	Adverse/ (Positive) variance	RAG Status
	£'000	£'000	£'000	
Asset Management	273	272	(1)	G
Business Solutions	839	832	(7)	G
Community Services	336	335	(1)	G
Corporate Management Plan	1,166	1,164	(2)	G
Cultural Services	180	183	3	A
Environment	1,310	1,231	(79)	G
Finance	2,365	2,243	(122)	G
Governance	439	428	(11)	G
Housing Services	719	760	41	A
Human Resources	310	314	4	A
Leisure Services	128	126	(2)	G
Marketing and Communications	290	290	-	G
Operations	4,847	4,781	(66)	G
Sustainable Development	1,770	1,731	(39)	G
Service Total	14,972	14,690	(282)	G
Efficiency target	(150)	(13)	137	
Net Total	14,822	14,677	(145)	G

RAG Status: G = favourable or nil variance, A = up to 5% adverse variance or <£50k, R = > 5%

Commentary on staffing variations:

Savings on staffing budgets have been achieved through a combination of vacant posts, reductions in hours worked, appointments being made at lower grade/ scale points, and through other service restructures and efficiency reviews. Across all services there is a net underspend of £282,000 for the year against staffing budgets. The approved budget provided for a corporate efficiency target of £150,000 to be achieved from in-year staffing variances. Taking into account the net underspend across services and a corporate saving of £13,000 from the implementation of an annual leave purchase scheme for staff, the target has been exceeded for the year by £145,000.

Whilst **Operations** is showing a net underspend of £66,000 this is comprised of extra costs incurred on the **Waste Management** service of £109,000 where additional agency support has been necessary to provide cover due to a combination of factors: abnormally high sickness levels, holiday cover, and vacancies. Mitigating this position the service has underspent by £131,000 on **Management & Administration** where external funding has been applied to meet the costs of certain posts, and vacancies held over. Further savings totalling £44,000 were made in other areas such as **Horticultural Services, Street Scene Protection, and Cemeteries**.

Housing Services, including homelessness and housing advisory, incurred additional costs during the year due to the need to maintain staffing resources during a period of high demand for the services. Recognising the increased pressures on this service area expected from the welfare reforms and increased homelessness responsibilities additional funding has been made available to the service in the budget approved for 2017/18.

Other Service Expenditure

Services have underspent against their non-staffing expenditure budgets by a net £167,000. Contained within this net position are the following items:

Main positive variances:

- **Housing Benefits:** Whilst the majority of housing benefit costs incurred by the Council is met from subsidy received from the Department for Work and Pensions, the Council allowed for a net cost in its budget for 2016/17 of £352,000 – actual costs in 2015/16 were £343,000. Based on the draft final subsidy calculation the outturn position is a positive variance of £118,000 giving a net spend of £234,000.
- **Corporate Costs:** a total underspend of £60,000 across external audit fees, bank charges and postage costs.

The Council has spent £98,000 less than originally budgeted on its Information and Communication Technology (ICT) contract and related corporate systems. Part of this underspend has been used to cover some of the costs incurred in 2016/17 which have been necessary to support bringing back in-house the Council's ICT service as the contract with an external provider ceased at the end of March. The balance of underspend (£80,000) has been added to the ICT earmarked reserve to mitigate any future one-off costs necessary to complete and embed the transition.

Within the overall net underspend the Council has been able to contain additional costs incurred relating to a number of essential enhancements to key financial systems as well as meeting the costs associated with extending a payroll bureau arrangement whilst the Council implemented a new integrated HR/Payroll system.

External Income

A significant proportion of the Council's budget is reliant on external income. Grants and subsidies from government, alongside income from business rates are major elements, totalling over £52 million. These income streams are either fairly predictable as they are determined at the start of the year as part of the annual Local Government Finance Settlement; or variations can be largely offset by commensurate changes in expenditure, e.g. subsidy received on housing benefits is related to the level of payments made.

The amount of business rates ultimately retained depends on the actual amounts collectable (taking into account changes in the Valuation List, exemptions and reliefs granted, and provisions for non-collection and rating appeals). Variances are accounted for via the Collection Fund and taken into account when determining future budgets and council tax setting. Fluctuations from those elements which have a direct impact on the General Fund revenue account, e.g. the levy payable on growth or grants received from Government to fund certain discretionary reliefs, are managed via the Business Rate Retention reserve.

As a participant in the Essex Business Rates Pool the Council is entitled to a share of the extra business rates retained "locally" which will be rebated against the 2016/17 levy. The final determination and receipt of the actual amount of the Council's share will be made after year-end returns have been collated from each of the participating authorities; however, the latest estimate of Braintree's share is £544,000, which will be transferred to the Business Rate Retention reserve (adding to the £338,000 received for 2015/16 already held in reserve) pending decisions by the Council as to how this money will be used.

Other external income for which the Council has budgeted £13.997million comes from a variety of sources that are subject to external demands and other influences, meaning these are more susceptible to variations against budget. Services have over performed against their income budgets by a net £571,000, as shown in the table below:

Business Plan	Updated Budget £000	Joint Financing & Other Reimburs.	Sales, Fees & Charges	Rents	Other Income	Total	RAG status
		5,343	5,075	2,543	1,036	13,997	
		<i>Adverse (Positive) Variance £000 against Budget :</i>					
Asset Management	2,603	(4)	16	(143)	(5)	(136)	G
Business Solutions	18	(7)	-	-	-	(7)	G
Community Services	230	-	5	-	(1)	4	A
Corporate Management Plan	-	-	-	-	-	-	G
Cultural Services	109	-	(6)	-	(3)	(9)	G
Environment	820	(17)	(32)	-	23	(26)	G
Finance	2,206	(100)	-	-	(276)	(376)	G
Governance	40	(11)	8	-	-	(3)	G
Housing	62	-	(5)	3	-	(2)	G
Human Resources	9	(5)	-	-	(2)	(7)	G
Leisure Services	743	12	-	-	(1)	11	A
Marketing & Communications	27	(7)	(30)	-	(14)	(51)	G
Operations	5,455	(16)	131	5	(7)	113	A
Sustainable Development	1,212	(17)	(35)	-	(14)	(66)	G
Service Total	13,534	(172)	52	(135)	(300)	(555)	G
Corporate Financing	463	(94)	-	-	78	(16)	G
Total	13,997	(266)	52	(135)	(222)	(571)	G

RAG Status: G = positive or nil variance, A = up to 5% adverse variance or <£50k, R = adverse variance greater than 5% and >£50k at Individual Business Plan level

Joint Financing & Other Reimbursements

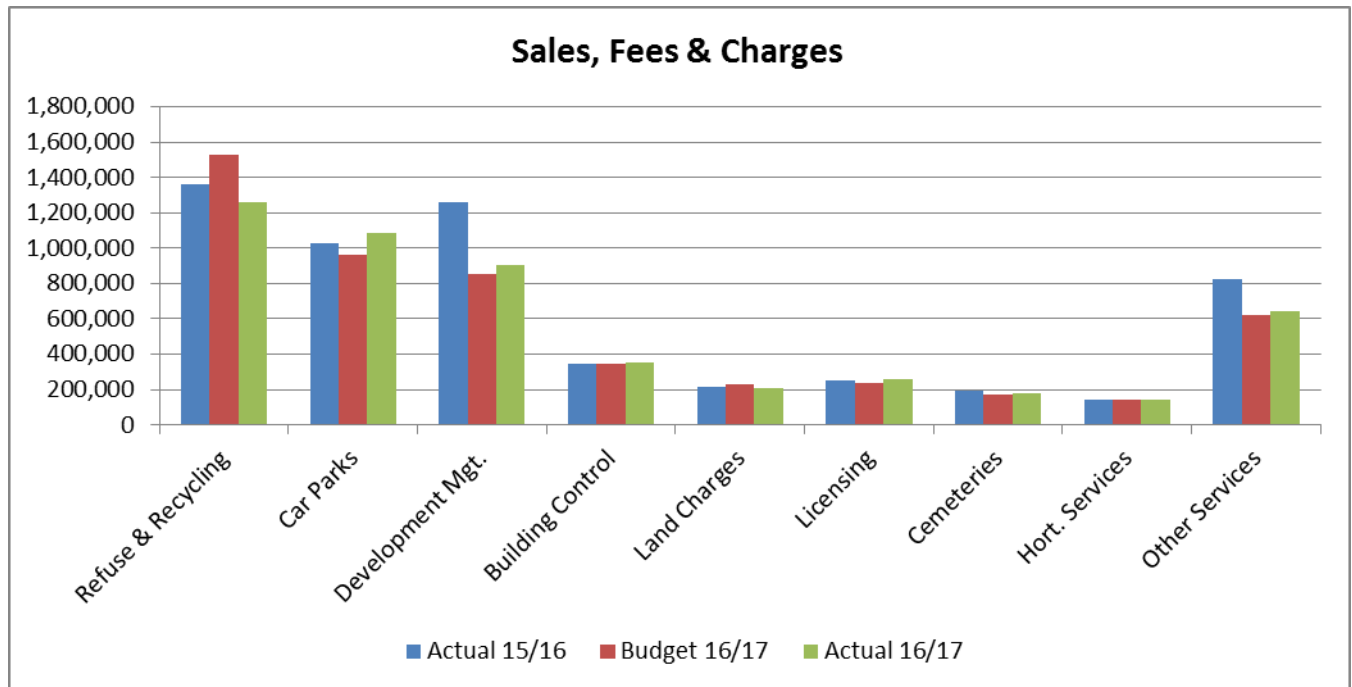
The Council received £5.609million of income from joint financing and other reimbursements, an extra £266,000 over the amount anticipated. The main sources of income were:

- **Essex County Council:** £2.272million of contributions towards services such as community transport, horticultural services, food waste service, and recycling.
- **Procurement Hub:** subscriptions from participating authorities along with commission's receivable from the use by other organisations of the procurement frameworks set-up by the Hub gave a total budget of £549,000. The outturn for the year was £446,000 a shortfall of £103,000, for which the Council's share of £37,000 has been met from the Procurement Hub trading reserve. Arrangements with the participating authorities provide for rebates (shown as expenditure) against their subscriptions based on the overall financial performance of the Hub in the year.
- **Council Tax sharing and other collection investment arrangements:** £426,000 was originally provided in the budget as Braintree's share from the major precepting bodies of the additional council tax being collected. Based on income growth achieved and an improved collection rate the final amount retained was £554,000, or an extra £128,000. The continuing good performance in this area has been reflected by an increase of £100,000 in the provision made in the 2017/18 budget; however, this also recognised that 2017/18 was the final year of the current agreement with the precepting bodies. In addition, the Council received £110,000 from the major precepting bodies for improving council tax collection arrangements, including prevention and detection of fraud, and partial funding towards the exceptional hardship fund.
- **Benefit overpayment recoveries and administrative penalties:** £497,000 of recoveries was achieved in the year which was higher than the original budget allowance of £284,000 by £213,000. Whilst it is difficult to accurately predict income from this area of activity, based on the experience over the last few years the Council has been able to increase the budget allowance for 2017/18 by £140,000.
- **Costs recovered and allowances:** The Council is able to recover costs across many aspects of service activity which for 2016/17 totalled £1.141million. Recoveries include: local taxation recovery costs (£359,000); the business rate collection allowance (£195,000); charges for providing planning pre-application advice (£111,000); and other

recoveries where the Council has incurred costs that it is entitled to recover from a third party. Overall the level of recoveries was £22,000 more than anticipated in the budget.

Sales, Fees & Charges

The budget for income from sales, fees & charges was £5.075million which was over achieved by a net £52,000. The following chart shows the main income streams:



Commentary on Fees and Charges:

- Refuse & Recycling - Sale of Recycling Materials:** The budget for income from sales was £624,000. As previously reported the Council entered into a new 5-year extension to the contract for mixed dry materials which resulted in the income receivable for the current year being reduced by 50%. This will be recovered over the following two years by a reduction in the gate fee to be charged by the contractor. The impact in the current year has been a reduction in income of £266,000 with the on-going consequences now reflected in the 2017/18 budget. In addition, the Council received a lower price for glass materials than was provided in the original budget following on from the reductions experienced over the 2015/16 financial year giving a shortfall of £56,000 in 2016/17. Partially offsetting these two issues was additional income of £30,000 from the collection of commercial waste.
- Car Parks:** The Council continued to experience an upward trend in parking income giving an outturn positive variance of £127,000 against the budget, taking the total income for the year to £1.087million (£1.028million in 2015/16).
- Development Management:** In 2015/16 the Council experienced a significant spike in planning application fee income. The approved budget for 2016/17 reflected an element of this growth with an addition to base budget of £125,000. For 2016/17 the outturn income was £903,000 compared to the budget of £849,000, an over achievement of £54,000 and an improvement of £50,000 over the position reported at the third quarter. It is expected that future income may improve as the Council moves further towards the adoption of the Local Plan which should bring about the associated development activity.

Rental Income

The budget for rental income from land & property is £2.543million – comprising the investment & commercial property portfolio, markets, housing properties, and other let properties. The outturn for the year was £2.678million, an over achievement of £135,000.

Commentary on Rental Income:

Asset Management: additional rental income of £64,000 has been achieved following the acquisition and refurbishment of Block B at the College in Braintree, which is now leased to a third party to re-provision health facilities for the Braintree area. Furthermore, £78,000 of additional rental income has been achieved as back-dated rent following settlement of a number of rent reviews.

Other Service & Corporate Income

Other Income of £1.258million was achieved in the year compared to a budget of £1.036million. This income was generated across a range of activities, the main ones being:

- **Investment & Other Interest Income:** income earned from investments and other interest totalled £881,000 for the year compared to a budget of £652,000, an over achievement of £229,000. In accordance with the Council's established approach to managing the risks associated with variable returns on its investments £118,000 of the over achieved income has been added to the Treasury Management reserve.
- **Government grant:** included in the overall variance is an additional £66,000 of government grant towards the administration costs of the Local Council Tax Support scheme, for which details of entitlement were not announced until after the Council had agreed the budget for 2016/17.

Treasury Management

The Council's treasury management activity for the year is summarised in the table below:

Amount Invested at start of the year	Activity for the year		Amount Invested at end of the year
	New Investments	Investments Sold or Matured	
£36.27m	£98.06m	£95.01m	£39.32m
Average amount invested over the whole year			£51.75m
Highest amount invested			£60.23m

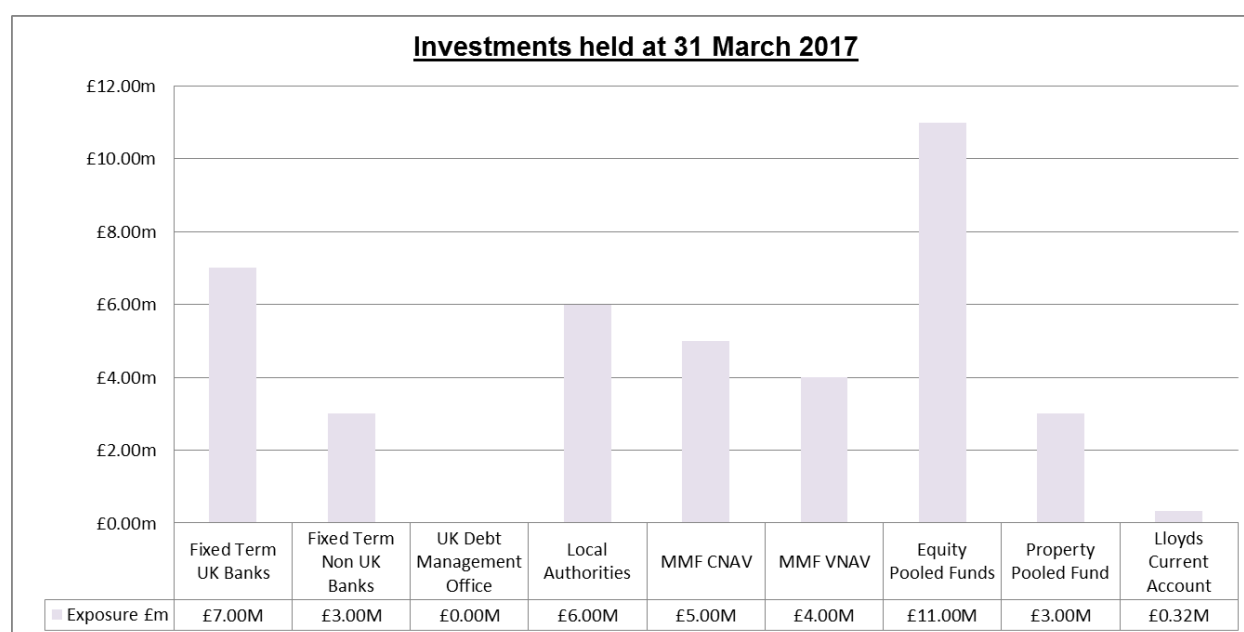
During the year the Council increased the amount invested for the long-term by a further £2million taking the total to £14million spread across a mixture of property and equity funds. Remaining investments have been in short-term instruments including call accounts and term deposits with UK and Non-UK financial institutions, deposits with other local authorities and the UK Government Debt Management Office (DMO), and Money Market Funds (MMF).

Interest and dividends earned for the year total £785,000, which is equivalent to an annualised rate of return of 1.52%:

Investments	Average Amount Invested	Interest & Dividends Earned	Annualised Return %
Long-Term Pooled Funds	£12.79m	£602,000	4.71%
Short-Term	£38.96m	£183,000	0.47%
Total	£51.75m	£785,000	1.52%

Investment returns have been increased by the dividend income from the long-term investments. In addition, being exposed to equities and property, the value of these funds will fluctuate based on prevailing market conditions. At the end of the year the market valuation for all the long-term pooled funds was £15.42million, representing an unrealised gain of £1.42million on the original amounts invested, and an overall improvement from the position reported at the end of last year of +£1.6million. Following a recovery after initial sharp falls in Quarter 2, equity markets have since rallied. The FTSE-100 and FTSE All Share indices closed at 7342 and 3996 respectively on 31 March 2017, both up 18% over the year. Commercial property values fell by around 5% after the EU referendum but have mostly recovered by the end of March.

At the end of the year the Council's investment portfolio comprised the following:



CNAV = Constant Net Asset Value i.e. the Fund value is expected to remain constant

VNAV = Variable Net Asset Value i.e. the Fund value and therefore amounts invested can fluctuate

Earmarked Reserves

The outturn reflects the movement on earmarked reserves in accordance with their approved purpose. In summary, changes to reserves are as follows:

Category of Earmarked Reserve	Balance at 1 April 2016 £'000	Transfer Out £'000	Transfer In £'000	Balance at 31 March 2017 £'000
Capital Investment	7,223	(3,868)	8,257	11,612
Risk Management	1,107	(651)	809	1,265
Service Reserves	6,235	(1,462)	3,825	8,598
Change Management	282	(95)	41	228
Total	14,847	(6,076)	12,932	21,703

Commentary on Earmarked Reserves

- **Capital Investment** – the net addition mainly reflects the New Homes Bonus received in 2016/17, as well as the transfer of £5million from the General Fund unallocated balance as part of the financing set aside for the District Investment Strategy. The transfers out relate mainly to funding of commercial property acquisitions completed in the year.
- **Risk Management** – the movement for the year mainly reflects the transfer from the Business Rate Retention reserve to offset timing differences relating to business rate income recognised for the year, along with the estimated benefit to be received by the Council from its participation in the Essex Business Rates Pool.
- **Service Reserves** – transfers in includes an amount of £2.822million transferred from the General Fund unallocated balance set aside to fund the upfront payment of the Council's pension fund deficit contribution for the period 2017/18 to 2019/20 to the Essex Pension Fund in April 2017. The arrangement will result in savings over the next three years.

General Fund Balances

General Fund balances are held for the following reasons:

- As a contingency against unforeseen events that may require funding above that originally provided for in the approved budget
- To meet short-term or non-recurrent one-off costs that are not provided in the base budget and/ or are incurred to achieve future savings and efficiencies.

Based on the outturn set out above, the movement on the General Fund balance is as follows:

	£'000
Balance at 1 April 2016	8,421
Add:	
Budgeted addition	526
Outturn variance (less proposed carry forwards transferred to reserves)	883
Transfer from earmarked reserves	29
Less:	
Allocated to Investment Strategy	5,000
Set aside to meet pension fund costs in 2017/18	2,822
Balance at 31 March 2017	2,037

Movements shown on the General Fund balance are in respect of:

- The budget approved by Council for 2016/17 included an anticipated addition to balances of £526,234.
- The outturn variance for the year was £888,000 and after allowing for new carry forward requests, results in a net addition to the General Fund balance of £883,000.
- An amount of £29,000 has been transferred from earmarked reserves as the balance is no longer required for the purpose it was originally set aside.
- Cabinet approved the District Investment Strategy at its meeting in May 2016, which included an allocation of £5million from the General Fund unallocated balances.
- The 2017/18 Budget agreed by Council in February 2017 provided for the payment of a single lump sum to the Essex Pension Fund in lieu of annual payments which will result in savings over the next three years. The payment in respect of 2018/19 and 2019/20 is being funded in the short-term from the unallocated General Fund balance which will be reimbursed during the respective years.

Risks and Assumptions

The outturn is subject to finalisation of the Council's Statement of Accounts which is scheduled to be completed by the end of May (the statutory deadline is 30th June). The Council's external auditors, Ernst & Young LLP are expected to commence their audit in July. The outcome of the audit could lead to changes in the outturn, details of which will be reported to the Governance Committee and Cabinet when receiving the audited financial statements.

The outturn will be reviewed to ensure that any on-going issues have either been/ will be addressed in the Medium Term Financial Strategy as detailed planning commences for the 2018/19 budget.

Capital Investment

In February 2016 the Council approved new capital projects for 2016/17 totalling £1.993million. Taking into account projects which were in progress carried forward from earlier years, the in-year approval of new projects, and the estimated timing of delivery of all projects, the overall budget against which actual expenditure for the year has been monitored is £7.810million.

The capital investment programme is reported over two themes:

- General Fund Services – Spending on Council owned/ used assets and services.
- Housing investment – mainly spent on partnership schemes with social landlords, and providing disabled facilities grants and home improvements grants.

The current spend against the programme for the year is shown below:

	Programme 2016/17	Actual Spend	Budget Remaining	Spend at end of Year %
	£'000	£'000	£'000	
General Fund Services	6,283	5,637	646	90%
Housing Investment	1,239	1,071	168	86%
Capital Salaries	288	203	85	70%
Total	7,810	6,911	899	88%

The General Fund Services programme for the year includes:

- A programme of planned maintenance and other refurbishment works to Council owned buildings and community facilities, including parks and open spaces, play areas, and car parks.
- Purchase of replacement vehicles for operational services
- Purchase and conversion of a building at Braintree College to be leased to a third party for providing replacement health facilities for the St Lawrence General Practitioner surgery
- Partial completion of works to develop new grow-on units at the rear of the Braintree Enterprise Centre and additional car parking facilities
- Acquisition of commercial properties
- Investment in new technology
- New cycleways and footpaths

The housing investment programme includes spending on provision of disabled facility grants, and financial support to social landlords to develop affordable home schemes.

The majority of the budget remaining (£809,000) is required to be carried over into 2017/18 to allow completion of projects. The remaining £90,000 comprises a balance of £5,000 on projects that have been completed and no longer required, and £85,000 being a reduced recharge of internal staff costs to capital. The original budget made an allowance for the value of this time which inevitably varies depending upon progress of capital projects and the nature of the works being carried out. This latter variance is reflected in the General Fund revenue outturn as a shortfall in income.

The overall amount of capital investment in the year was £8.138million, which along with the spend set out in the table above also includes the following additional items:

- The purchase of replacement waste collection vehicles at a cost of £1.187million. The original budget for 2016/17 assumed these would be acquired under a lease arrangement and charged to the General Fund revenue account. However, following a financial appraisal the Corporate Director (Finance) determined these would be financed from the Council's own cash balances (internal borrowing), which after repayment of the sum used, will provide a saving on interest costs of around £50,000 per annum over seven years.
- The acquisition of the freehold interest in recreational land with a market value of £40,000 in exchange for Council allowing the early surrender of a lease.

During the year the Cabinet approved a District Investment Strategy which would utilise a combination of new borrowing, New Homes Bonus, and unallocated reserves giving a total of £28million to support the District's strategic growth ambitions. To date the Council has approved projects totalling £15.6million of which £3.2million has been spent in the current year and included in the programme reported above.

Capital resources

The main sources of new capital resources anticipated for the year was from the sale of assets (£3.515million), preserved right-to-buy (RTB) receipts (£500,000) and the Council's share of the VAT shelter operating in conjunction with Greenfields Community Housing (£589,000).

Greenfields has confirmed that 38 RTB sales were completed in the year generating £3.907million for the Council, which exceeds the amount anticipated by £3.407million. This compares to 23 sales and £1.713million received for 2015/16. VAT shelter monies due to the Council for the year were £296,000, compared to £504,000 in 2015/16, suggesting that the level of works being undertaken by Greenfields falling within the arrangement is lower than originally anticipated at the time of housing stock transfer.

The Council also received £134,000 under clawback arrangements with Greenfields where land transferred from the Council has now been sold. A further £125,000 was also received from repayment of housing renovation grants and for the release of restrictive covenants.

Grants received included £730,000 from the Better Care Fund via Essex County Council to fund the majority of the Council's disabled facility grant programme. This was an increase of £312,000 against the budgeted sum of £418,000.

The asset sales originally anticipated in 2016/17 have currently been delayed although the expectation remains that these will complete at a future date.

During the year the Council received £2.718million being its share of the growth element of the Greenfields Community Housing and Investment Partnership Fund which under a deed of variation both parties agreed would be redistributed and each party would use reasonable endeavours to apply its share on the development of new affordable housing.

Proposed Purchase of the Head-leasehold Interest in the Silver End Doctors' Surgery, Broadway, Silver End		Agenda No:9a
Portfolio Corporate Outcome:	Health and Communities Residents live well in healthy and resilient communities where residents feel supported. Delivering better outcomes for residents and businesses and reducing costs to taxpayers.	
Report presented by:	Councillor John McKee Portfolio Holder for Corporate Services and Asset Management	
Report prepared by:	Andrew Epsom Head of Asset Management	
Background Papers:		Public Report
Corporate Strategy 2016 – 2020. District Investment Strategy. Acquisition Heads of Terms. Lease Heads of Terms.		Key Decision: Yes
Executive Summary:		
<p>Under the new District Local Plan (2017-2033) there will be significant housing and employment growth in the District over the Plan period.</p> <p>The adopted Corporate Strategy 2016-2020 sets out District priorities for the next four years. The Strategy identifies the need to increase the number of homes to meet the needs of our current and future residents, together with supporting our residents to be healthy and live well in the District. The Strategy also identifies that there is a need for the right foundations to be in place to support the growth.</p> <p>The Council's District Investment Strategy recognises the need for the District Council to provide investment in infrastructure improvements to support growth across the District and provide a return for the Council. Improved healthcare provision has been identified as a key priority area.</p> <p>An opportunity has come forward to the Council to purchase the head-leasehold interest in the Silver End Doctors' Surgery situated at Broadway, Silver End.</p> <p>Recently the Council has undertaken similar investments in the District including the development of the new Church Lane Surgery in Bocking, the acquisition of office premises at 3 & 4 Freeport Office Village, Century Drive, Braintree and the acquisition of industrial premises at 15 Springwood Drive, Braintree for the purpose of supporting growth, creating job opportunities, improving health provision and generating an annual income stream.</p>		

Income generated from the Silver End Doctors' Surgery will be re-invested in services and in the District.

The Council has now agreed terms, subject to Cabinet approval and Contract, to acquire the head-leasehold interest in the Silver End Doctors' Surgery situated at the Broadway, Silver End.

This acquisition will be funded via balances or borrowings.

Recommended Decision:

- 1) That Cabinet approves the acquisition of the head-leasehold interest in the Silver End Doctors' Surgery for the sum set out in this report, subject to Contract and due diligence, and on such other terms and conditions as agreed by the Corporate Director (Sustainable Development) in consultation with the Cabinet Member for Corporate Services and Asset Management.
- 2) That Cabinet recommends to Council approval of the total capital funding required for the transaction which will be financed from balances or borrowings.

Purpose of Decision:

To enable the Council to support the provision healthcare facilities in Silver End and generate a valuable source of revenue income to support the delivery of services.

Any Corporate implications in relation to the following should be explained in detail.

Financial:	<p>The acquisition of this investment property will realise additional net revenue income and provides an attractive net initial yield after allowing for purchase costs and annual management costs.</p> <p>Members are requested to approve the required capital funding for the acquisition of this investment property.</p> <p>The Council has applied its Corporate Investment Evaluation Tool to this opportunity which evaluates and scores key investment criteria to provide an overall score for the investment to be measured against alternative investment opportunities. The evaluation of this opportunity has produced a weighted score of 7.15: the minimum score to progress is 6.0.</p> <p>This acquisition has been reviewed by Finance Officers who support the financial basis of this investment.</p>
Legal:	<p>The purchase of the head-lease at Silver End Doctors' Surgery is subject to Cabinet approval and subject to Contract.</p> <p>The Council's Legal Service will be instructed to act on the Council's behalf in respect of the exchange of contracts and completion and ensure that the Council's interests are protected at all times.</p>
Safeguarding:	Not applicable
Equalities/Diversity:	Disabled car parking, disabled WC's, and appropriate signage will be required to be made available by the occupier of the property to meet the requirements of disabled users, current legislation and regulations.
Customer Impact:	<p>These premises will support and deliver healthcare provision in Silver End and provide capacity for additional patients resulting from future housing growth in this location.</p> <p>This investment will also provide a valuable additional source of income which will enable the Council to continue to deliver good quality services to its customers and provide value for money.</p>
Environment and Climate Change:	The building has been constructed to a good standard of low maintenance materials. Any future improvements will be required to comply with current environmental, energy

	efficiency and climate change regulations.
Consultation/Community Engagement:	The acquisition of this property will be subject to Cabinet and Council approval.
Risks:	See Risk Matrix in the main body of this report.
Officer Contact:	Andrew Epsom
Designation:	Head of Asset Management
Ext. No:	2921
E-mail:	andrew.epsom@braintree.gov.uk

1.0 **Background**

1.1 Braintree District Council currently owns the freehold of the Doctors' Surgery situated off the Broadway, Silver End (as shown outlined in black on the plan at **Appendix 1**).

1.2 The Council granted a 99 year ground lease (the head-lease) over the land which commenced on the 7th November 1997. Under the terms of the head-lease, the head-lessees are responsible for all repairs and maintenance to the property and also for insuring the property.

The current annual rent is one peppercorn.

1.3 The head-lessees are in the process of completing an under-lease to Virgin Care Services Limited who commenced in occupation of the premises on the 3rd October 2016.

The principle terms of the Underlease are as follows:-

Rent: Market rent payable quarterly in advance.

Lease Term: 15 years from the 3rd October 2016.

Rent Reviews: Upward only on every 3rd year of the term to the market rent.

Permitted Use: General Medical Practitioners Group Medical Practice within the National Health Service and as ancillary thereto (being not more than 10% of the total net internal area of the premises), other primary and community health care, social welfare and education use within Class D1.

Repairs: The tenant is responsible for internal repairs and maintenance. The Landlord is responsible for external repairs and cost of insuring the premises.

Lease breaks: There are provisions for termination of the Lease on the 3rd October 2026 subject to a minimum of 6 month's prior written notice i.e., Virgin Care Services Limited cannot terminate the lease within the first 10 years of the lease term. If Virgin Care Services Limited terminates its Core Contract with the Medical Practitioners within the first 10 years of the lease it would not be able to terminate its lease but would have to assign its lease to a new tenant.

1.4 The Silver End Doctors' Surgery currently has 3,551 patients. The Surgery is taking on new patients and has capacity to accommodate in the region of 4,000 patients in the existing premises. However, the NHS has assessed, based on proposed residential development schemes in Silver End (anticipated future growth of 1,074 dwellings), that the surgery will need a future capacity for 6,000 patients in the medium term assuming all of these schemes come forward.

The NHS has indicated that it will be looking to extend the existing building

to the rear and at first floor level in order to cater for this future demand. Planners have informally advised that it should be possible to extend the premises in this way.

The NHS will start looking at extension plans in the short-term and then seek to implement these once the patient list starts to significantly increase. There may be opportunities for the Council to work in partnership with the NHS to deliver the required improvements and benefit from additional rental income in exchange for any capital invested.

- 1.5 The agents acting for the head-lessees were aware of the Council's interest in acquiring investment opportunities and approached the Council to see if it would be interested in acquiring the head-leasehold interest.

2.0 The Investment Opportunity

- 2.1 The premises at the Silver End Doctors' Surgery contain 1,953 sq. ft. (net internal area) of accommodation over two floors. The ground floor includes an entrance lobby, reception area, waiting room, 4 No. consulting rooms plus dispensary, kitchenette and WC facilities. The first floor includes staff/ancillary accommodation, WC's, staff room, kitchenette and office.
- 2.2 The premises comprise a detached, purpose built healthcare building that was constructed in the late 1990's. It is constructed of cavity brick and block walls under a slate tiled pitched roof together with metal double glazed windows. The premises have been maintained to a good standard.
- 2.3 The Council appointed an independent valuation consultant to provide valuation advice and guidance in respect of this investment opportunity.
- 2.4 Following negotiations with the agent acting for the head-lessees, the Council has now agreed (Subject to Committee Approval and Subject to Contract) a purchase price for the head-leasehold interest.

3.0 Current Market Value.

- 3.1 The Council's offer to purchase the property has been submitted on the basis of external valuation advice received.
- 3.2 The lease rental payable by the tenant, Virgin Care Services Limited, has been confirmed by the NHS in consultation with the District Valuer.
- 3.3 Once the head-lease is acquired the Council will become the direct Landlord of Virgin Care Services Limited. This will create a very attractive and saleable property investment.

4.0 Benefits of Purchasing the Head-lease.

- 4.1 The Council will continue to own the freehold of the property but will have overall management control and a direct relationship with the surgery provider through the new lease.

4.2 These healthcare facilities will provide Virgin Care Services Limited with purpose built premises to enable them to deliver their services effectively with the potential to broaden the range of services provided in this location. This will greatly benefit the patients accessing these premises.

4.3 The Council will be able to add a good quality investment asset to its portfolio, which will produce a valuable ongoing revenue income.

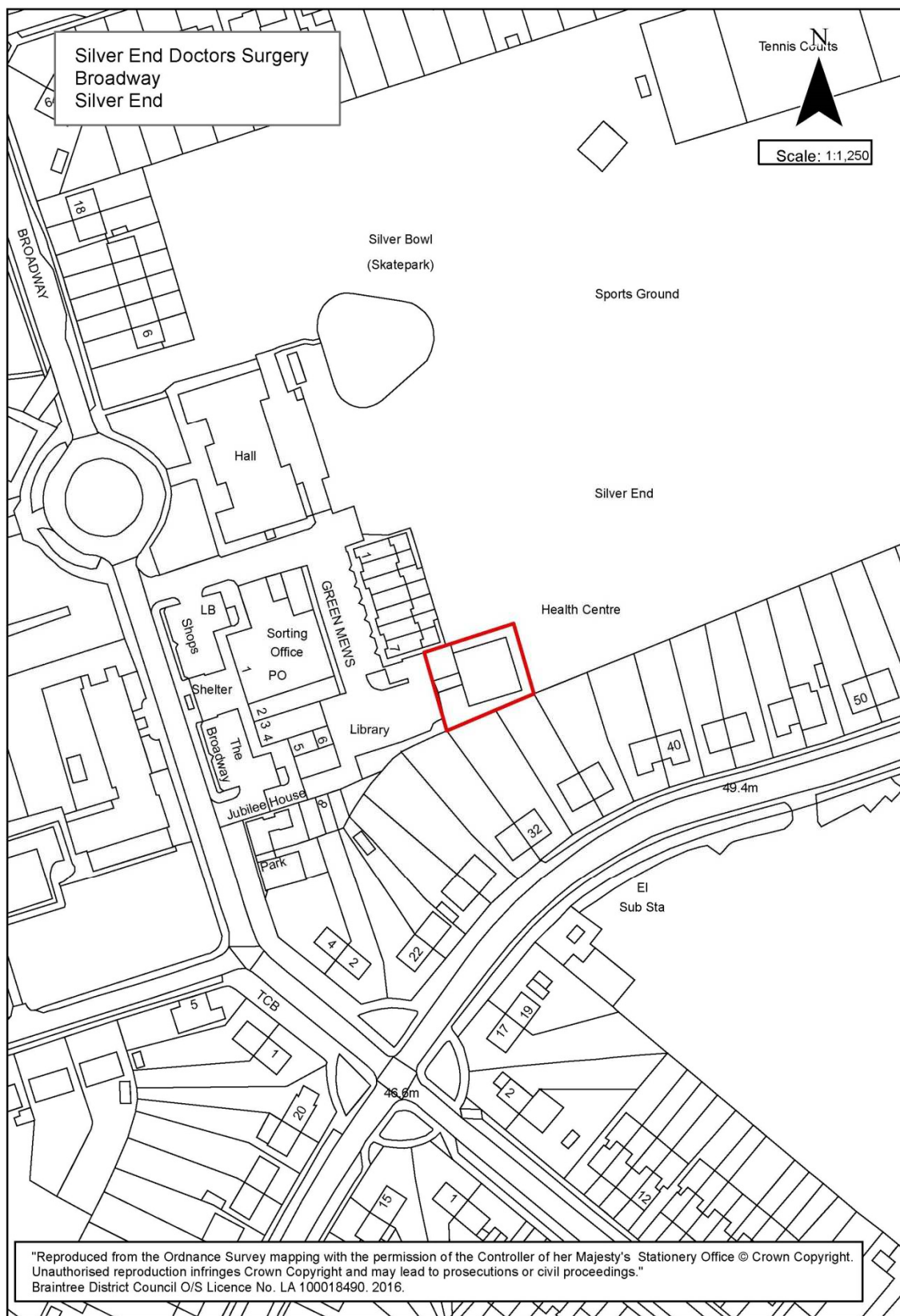
5.0 **Risk Assessment**

	Risk Item	Issue	Action
5.1	Financial stability of tenant.	<p>If the tenants got into financial difficulties and could not pay the rent falling due then this would have a minor impact on the Council's finances.</p> <p>The Council has a diverse investment portfolio and makes an annual allowance for property void periods.</p>	<p>The Council will carry out full due diligence on the soundness and financial standing of the tenant.</p> <p>Virgin Care Services Limited is already a tenant of the Council at the new Church Lane Surgery in Braintree and was found to be financially sound when the lease of these premises was granted to them.</p> <p>The NHS provides ongoing payments to Doctors' Surgeries which cover the agreed rent payable for the premises therefore this cost is not a burden on the practice.</p>
5.2	Economic conditions change and rents/values decline.	This would impact on the Council's ability to obtain a rental increase at review or potentially dispose of the property in the open market at a price in excess of the cost of the head-lease.	<p>The proposed lease would contain 3 yearly upwards only rent reviews which means that the initial rent received by the Council would not decline.</p> <p>If the Council was minded to dispose of the property then this would need to be subject to prevailing market conditions to ensure that best value could be achieved.</p>
5.3	Changes to the commissioning of General	This may have an impact on Virgin Care Services Limited's core	This appears to be a growth industry, particularly with the ageing population and

	Practice Services.	business and impact on profitability.	<p>anticipated housing growth in the District.</p> <p>In any event, the tenant cannot exercise its option to break the lease until the 10th anniversary of the lease commencement date.</p> <p>If the Service Provider's contract was terminated then the NHS would need to provide a replacement provider given the current and growing demand for healthcare services in this location.</p>
5.4	Virgin Healthcare does not complete its lease of the premises.	The Council would not consider proceeding with the acquisition without the Virgin Healthcare Services lease in place.	The Council will not complete the acquisition of the head-lease until the lease to Virgin Care Services has been completed.
5.5	Presence of contamination, adverse ground conditions or asbestos in the premises.	These issues would negatively impact on the value of the premises or make it unattractive to proceed.	The Council will carry out a full due diligence exercise prior to the exchange of contracts to assess the presence of any contamination, adverse ground conditions or asbestos.
5.6	Under the lease to Virgin Care Services Limited the Council would be responsible for carrying out external repairs to the premises.	This could result in significant capital expenditure in the future if the roof or windows require replacement.	The premises comprise cavity brick walls, slate tiled pitched roof and double glazed metal windows and has been maintained to a good standard. This risk will be minimal if the Council carries out any required ongoing maintenance to the existing premises.
6.0	<u>Summary</u>		
6.1	The acquisition of the head-leasehold interest in the Doctors' Surgery in Silver End offers a sound investment proposition providing a valuable rental income stream that would be re-invested in services in the District.		

- 6.2 The purchase price has been verified by an independent valuer as representing market value and accordingly a recommendation can be made to Members to proceed on the basis of the acquisition terms agreed.
- 6.3 This acquisition could be funded from either balances or borrowings.

APPENDIX 1



Cabinet Member Decisions made under delegated powers		Agenda No:10a
Portfolio		See body of report
Corporate Outcome:		
Report presented by:		Not applicable – report for noting
Report prepared by:		Chloe Glock, Governance Business Officer
Background Papers:		Public Report
Cabinet Decisions made by individual Cabinet Members under delegated powers.		Key Decision: No
Executive Summary:		
All delegated decisions taken by individual Cabinet Members are required to be published and listed for information on next Cabinet Agenda following the decision.		
Since the last Cabinet meeting the following delegated decisions have been taken (details as at time of decision):		
Councillor Mrs L Bowes-Flint – Cabinet Member for Planning and Housing taken on 13th June 2017		
To update the Council's Housing Allocations Policy.		
Cabinet Decisions made by individual Cabinet Members under delegated decisions can be viewed on the Access to Information page on the Council's website. www.braintree.gov.uk		
Recommended Decision:		
For Cabinet to note the delegated decisions.		
Purpose of Decision:		
The reasons for decision can be found in the individual delegated decision.		

Any Corporate implications in relation to the following should be explained in detail.

Financial:	None arising out of this report.
Legal:	None arising out of this report.
Safeguarding:	None arising out of this report.
Equalities/Diversity:	None arising out of this report.
Customer Impact:	None arising out of this report.
Environment and Climate Change:	None arising out of this report.
Consultation/Community Engagement:	None arising out of this report.
Risks:	None arising out of this report.
Officer Contact:	Chloe Glock
Designation:	Governance Business Officer
Ext. No:	2615
E-mail:	chloe.glock @braintree.gov.uk

Recommendations from the Governance Committee, 29th June 2017 Treasury Management Annual Report 2016-2017	Agenda No: 11a
Background Papers: Treasury Management Annual Report 2016-2017	Public Report

Minute Extract:

GOVERNANCE COMMITTEE – 29TH JUNE 2017

8 TREASURY MANAGEMENT ANNUAL REPORT 2016-17

INFORMATION: The Treasury Management Strategy Statement (TMSS) was approved by the Council in February 2016 as part of the overall Budget and Council Tax setting for the forthcoming financial year. The TMSS approved in February 2016, had reflected the following circumstances:

- A fully funded capital programme, financed largely from capital receipts including those generated from arrangements with Greenfields Community Housing (GCH).
- The availability of cash balances for investment – the forecast was that these would remain significant (circa average £46 million) and fairly stable over the medium-term.
- No new borrowing would be required other than via lease type arrangements for vehicles and plant.
- Diversification and maintaining a longer-term view on investments to counter credit risks and the continuing low interest rate environment

It was noted that at the 31 March 2017, the Council had net investments of £38.920 million, consisting of mainly cash-backed revenue and capital reserves, an increase from the previous year of £2.754 million. Also reflected in the net amount is £8.147 million of balances and provisions for the Collection Fund i.e. monies collected as council tax and business rates, of which around 70% is held on behalf of the Government and the Major Precepting Bodies.

It was also noted that The Council's Capital Financing Requirement (or CFR increased in the year by a net £701,000. This was comprised of an increase of £1.187 million as part of the capital spending for 2016/17, which was unfinanced and effectively met from internal borrowing, partially offset by a reduction of £486,000 as sums were set aside as repayment of past investment on "invest to save" projects and annual repayments of finance lease obligations. At 31 March 2017, the CFR was £9.130 million, compared to actual debt of £10.201 million. Excluding finance lease obligations and the liability relating to the match funding provided by Essex County Council for the Braintree Local Authority Mortgage Scheme, the underlying difference between borrowing and the CFR was £1.071 million – the historical over borrowing is reflected in the cash balances.

It was reported that cash balances managed during the year 2016/2017 increased from that originally forecast peaking at over £60 million before reducing back down, and averaging £51.75 million over the year. This was due to a result of re-profiling of capital programme spending, a revenue underspend (and overachievement of income) against budget, and a general increase in reserves, particularly those relating to capital which included £2.718 million being the Council's share of the growth element of the Community Housing and Investment Partnership (CHIP) Fund.

Members were advised that funds had typically been placed with UK and Non-UK banks and building societies. Due to the higher level of cash balances and a review of performance, the opportunity was taken to increase the amount invested for the long-term in Pooled Funds with £2 million divided equally between the Threadneedle UK Equity Fund and a new M&G fund, the UK Income Distribution Fund, taking the overall amount invested in Pooled Funds to £14 million out of a total limit of £15 million.

Members were also advised that interest and dividend income of £785,000 was earned representing an overall return of 1.52% and £200,000 better than the original budget. This total includes dividends from the Pooled Funds amounting to £602,000, a return equivalent to 4.71%. The market value of the Pooled Funds, particularly where invested in equities, experienced significant gains over the year ending at 31 March 2017 with an overall market valuation of £15.422 million, a net unrealised gain of £1.422 million. This gain has no immediate impact on the Council's finances as changes in market valuations are only realised at the time investments are sold.

DECISION: Members agreed to recommend to Cabinet the acceptance of the Treasury Management Annual Report 2016/17 prior to its submission to Full Council.

REASON FOR DECISION: The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that the Council receives an annual report on the treasury management function. This report is to be considered first by the Governance Committee in order to exercise its responsibility for scrutiny over treasury management activities. The report will then be considered by Cabinet before submission to Full

Council with the benefit of any proposed changes or comments of the Governance Committee.

Treasury Management Annual Report 2016/17		Agenda No:
Portfolio	Finance and Performance	
Corporate Outcome:	A high performing organisation that delivers excellent and value for money services	
Report presented by:	Phil Myers, Financial Services Manager	
Report prepared by:	Phil Myers, Financial Services Manager	
Background Papers:		Public Report
Treasury Management Strategy Statement 2016/17 Treasury Management Mid-Year Report 2016/17		Key Decision: No
Executive Summary:		
<p>The Council’s treasury management activities are regulated by statutory requirements and by a Code of Practice (“the Code”) issued by the Chartered Institute of Public Finance (CIPFA).</p> <p>One of the key requirements of the Code is that, along with an annual strategy to be approved prior to the commencement of the financial year, and at least one mid-year report, the Council should also receive an annual report after the financial year-end.</p> <p>The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the overall Budget and Council Tax setting for the forthcoming financial year. The TMSS approved in February 2016, reflected the following circumstances:</p> <ul style="list-style-type: none">• A fully funded capital programme, financed largely from capital receipts including those generated from arrangements with Greenfields Community Housing.• The availability of cash balances for investment – the forecast was that these would remain significant (circa average £46 million) and fairly stable over the medium term.• No new borrowing would be required other than via lease type arrangements for vehicles and plant.• Diversification and maintaining a longer-term view on investments to counter the risks associated with banking regulatory changes and other credit conditions. <p>The annual report includes an economic and market commentary of the year, highlighting those key issues which influenced treasury management activities, including the prolonged period of low interest rates. (See Section 3 of the report)</p>		

At the 31 March 2017, the Council had net investments of £38.920 million, consisting of mainly cash-backed revenue and capital reserves, an increase on that at 31 March 2016 of £2.754 million. Also reflected in this net amount is £8.147 million of balances and provisions for the Collection Fund i.e. monies collected as council tax and business rates, of which around 70% is held on behalf of the Government and the Major Precepting Bodies.

The Council's Capital Financing Requirement (or CFR) – a balance sheet measure of the Council's need to borrow for capital purposes – increased in the year by a net £701,000. This was comprised of an increase of £1.187 million as part of the capital spending for 2016/17, which was unfinanced and effectively met from internal borrowing, partially offset by a reduction of £486,000 as sums were set aside as repayment of past investment on "invest to save" projects and annual repayments of finance lease obligations. At 31 March 2017, the CFR was £9.130 million, compared to actual debt of £10.201 million. Excluding finance lease obligations and the liability relating to the match funding provided by Essex County Council for the Braintree Local Authority Mortgage Scheme, the underlying difference between borrowing and the CFR is £1.071 million – this historical over borrowing is reflected in the cash balances.

Total capital expenditure was higher than originally anticipated in the TMSS approved before the start of the year. In addition the mix of financing was also different with the main source being revenue and reserves. Both these factors are due to the addition of projects approved in-year as part of the District Investment Strategy (approved by Cabinet in May 2016) for which a key source of the funding is New Homes Bonus (held in reserves) and a portion of the unallocated General Fund balance.

The unfinanced capital expenditure related to the purchase of operational vehicles which in the past would have been leased. By utilising the Council's own cash, this results in an annual saving of around £50,000 in interest costs.

The Council approved borrowing limits within the TMSS, including an Operational limit of £11 million and an overall Authorised Limit of £25 million. Actual debt during 2016/17 was contained within these limits. In the coming months borrowing limits will be subject to review and potential increase as the Council considers reports on the setting up of a Housing Development Company and on the progress of the North Essex Garden Communities.

The TMSS contains the Council's Annual Investment Strategy (AIS) which is based on the key priorities of:

- Security – minimising the risk of cash not being repaid; and
- Liquidity – having cash available when it is required.

Only when these two priorities are met does the Council consider highest yield.

Cash balances managed during the year increased from that originally forecast – peaking at over £60 million before reducing back down, and averaging £51.75 million over the year. This was a result of re-profiling of capital programme spending, a revenue underspend (and overachievement of income) against budget, and a general increase in reserves, particularly those relating to capital which included £2.718 million being the Council's share of the growth element of the Community Housing and Investment Partnership (CHIP) Fund.

Funds have typically been placed with UK and Non-UK banks and building societies meeting the Council's definition of "highly credit rated", along with Pooled Funds and other Money Market Funds (MMFs), other local authorities, and the Debt Management Office (UK Government).

With the higher level of cash balances and following a review of performance, opportunity was taken to increase further the amount invested for the long-term in Pooled Funds with £2 million divided equally between the Threadneedle UK Equity Fund and a new M&G fund, the UK Income Distribution Fund, taking the overall amount invested in Pooled Funds to £14 million out of a total limit of £15 million.

Interest and dividend income of £785,000 was earned representing an overall return of 1.52% and £200,000 better than the original budget. This total includes dividends from the Pooled Funds amounting to £602,000, a return equivalent to 4.71%. The market value of the Pooled Funds, particularly where invested in equities, experienced significant gains over the year ending at 31 March 2017 with an overall market valuation of £15.422 million, a net unrealised gain of £1.422 million. This gain has no immediate impact on the Council's finances as changes in market valuations (+ or -) are only realised at the time investments are sold.

The Corporate Director for Finance is pleased to report that all treasury management activities undertaken during 2016/17 complied fully with the CIPFA Code of Practice and the Council's approved TMSS.

Recommended Decision:

To recommend to Cabinet acceptance of the Treasury Management Annual Report 2016/17 prior to its submission to Full Council.

Purpose of Decision:

The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that the Council receives an annual report on the treasury management function. This report is to be considered first by the Governance Committee in order to exercise its responsibility for scrutiny over treasury management activities. The report will then be considered by Cabinet before submission to Full Council with the benefit of any proposed changes or comments of the Governance Committee.

Any Corporate implications in relation to the following should be explained in detail.

Financial:	No new financial implications – the report is a summary of activity during the year the outcome of which is reflected in the 2016/17 Outturn Financial position.
Legal:	The Council's treasury management activities are subject to regulation by a number of professional codes, statutes, and related guidance. There are no new legal implications from this report.
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	No new risks introduced. The objective of the treasury management strategy and related activity is the management of risk.
Officer Contact:	Phil Myers
Designation:	Financial Services Manager
Ext. No:	2810
E-mail:	phimy@braintree.gov.uk

Treasury Management Annual Report 2016/17

1. Background

- 1.1. The Council's treasury management activities are regulated by statutory requirements and by a Code of Practice ("the Code") issued by the Chartered Institute of Public Finance (CIPFA).
- 1.2. One of the key elements of the Code is that, along with an annual strategy to be approved prior to commencement of the financial year, the Council should receive at least one mid-year report and an annual report after the financial year-end.
- 1.3. The Council invests substantial sums of money and continues to hold legacy borrowing and is therefore exposed to a range of financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

2. Treasury Management Strategy Statement (TMSS)

- 2.1. The Treasury Management Strategy Statement (TMSS) is approved annually by the Council in February as part of the Budget and Council Tax Setting for the forthcoming financial year.
- 2.2. The TMSS approved in February 2016, reflected the following circumstances:
 - A fully funded capital programme, financed largely from capital receipts including those generated from arrangements with Greenfields Community Housing (GCH).
 - The availability of cash balances for investment – the forecast was that these would remain significant (circa average £46 million) and fairly stable over the medium-term.
 - No new borrowing would be required other than via lease type arrangements for vehicles and plant.
 - Diversification and maintaining a longer-term view on investments to counter credit risks and the continuing low interest rate environment.

3. External Context to the 2016/17 Financial Year

- 3.1. **Appendix A** provides an economic and market commentary covering the 2016/17 financial year written by Arlingclose, the Council's treasury management advisors.
- 3.2. In summary:
 - An extraordinary twelve month period which defied expectations by the outcomes from the UK vote on continued membership of the European Union and the US presidential election. The financial markets have displayed significant volatility in a period of continued uncertainty.
 - UK inflation increased spurred on by sharp falls in the Sterling exchange rate, and household, business and investor sentiment declined. The potential repercussions on economic growth were sufficiently severe to prompt the

Monetary Policy Committee (MPC) to cut the UK Bank Rate to 0.25% in August.

- In the end, economic activity remained fairly buoyant and Gross Domestic Product (GDP) grew in the latter three calendar quarters of 2016. Labour markets also proved resilient with unemployment dropping to its lowest level in 11 years.
- Following the referendum result, UK Government Gilt yields fell sharply across the maturity spectrum on the view that the Bank Rate would remain extremely low for the foreseeable future. Later in the year longer-dated yields moved higher back to almost pre-referendum levels.
- After an initial sharp drop in Quarter 2, followed by periods of significant volatility, by the year end equity markets had rallied with the FTSE-100 and FTSE All Share indices closing over 18% higher over the year. Commercial property values fell around 5% after the referendum, but had mostly recovered by the end of March.
- Money market rates remained low, particularly following the cut in the Bank Rate.

3.3. The table below summarises market interest rates during the financial year:

	Bank Rate	Overnight LIBID	7-day LIBID	1-MTH LIBID	3-MTH LIBID	6-MTH LIBID	12-MTH LIBID
Average	0.34	0.18	0.30	0.36	0.47	0.60	0.79
Maximum	0.50	0.43	0.55	0.80	0.72	0.83	1.04
Minimum	0.25	0.00	0.15	0.12	0.28	0.42	0.61
Spread	0.25	0.43	0.40	0.68	0.44	0.41	0.43

LIBID = London Interbank Bid Rate

4. Local Context

4.1. At the 31 March 2017, the Council had net investments of £38.920 million consisting of mainly cash-backed revenue and capital reserves, an increase on that at 31 March 2016 of £2.754 million. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves (revenue and capital) are the underlying resources available for investment. These factors and the year-on-year change are summarised in the following table:

Balance Sheet Summary

	31-Mar-16 Actual £m	2016/17 Movement £m	31-Mar-17 Actual £m
CFR	8.429	0.701	9.130
Less: Other Long-Term Liabilities	-4.527	0.326	-4.201
Borrowing CFR	3.902	1.027	4.929
External Borrowing	-6.000	0.000	-6.000
Borrowing in excess of CFR	-2.098	1.027	-1.071
Usable Reserves	-30.782	-6.499	-37.281
Collection Fund balances & provisions	-7.182	-0.965	-8.147
Working Capital	3.896	3.683	7.579
Investments	36.166	2.754	38.920

- 4.2. Whilst the CFR increased by a net £701,000 and no new borrowing was undertaken, the overall balance of investments still increased year-on-year mainly due to a higher level of capital reserves, including £2.718 million received in the year from GCH as the Council's share of the Community Housing and Investment Partnership (CHIP) Fund.
- 4.3. Over 20% of the cash available for investment relates to balances and provisions relating to the Collection Fund – i.e. monies collected as council tax and business rates of which around 70% is held on behalf of the Government and Major Precepting Bodies (Essex County Council, Essex Fire Authority, and the Police and Crime Commissioner).
- 4.4. Working capital comprises short-term debtors and creditors, as well as funds received in advance (e.g. capital contributions such as Section 106 Funds which have conditions attached). The net position is a reduction in cash available for investment as overall money is owed to the Council. The main reason for the increase in amounts owed to the Council relates to capital receipts generated via GCH which although higher than was originally expected, are not settled until after the year-end date of 31 March.

5. Capital Financing Requirement

- 5.1. The Capital Financing Requirement (CFR) is a balance sheet derived amount which measures the extent to which the Council has invested in capital but has not resourced it from internal resources (e.g. capital receipts from asset sales, grants etc.). It is therefore a measure of the amount of borrowing the authority could potentially justify as being required to meet its capital expenditure requirements. Actual borrowing may differ from the CFR, the circumstances of which should be understood.

- 5.2. The change in CFR is shown in the table below:

Movement in the Capital Financing Requirement

	2016/17 Actual £m
CFR at start of the year	8.429
Capital expenditure in the year	6.830
Resourced by:	
Capital receipts	(1.000)
Capital grants and contributions	(0.771)
Revenue and reserves	(3.872)
Sub-total resources applied	(5.643)
Unfinanced Capital Expenditure	1.187
Minimum Revenue Provision (MRP)	(0.486)
Net increase in CFR in the year	0.701
CFR at end of the year	9.130

5.3. The overall amount of capital expenditure was higher than that originally anticipated in the TMSS approved in February 2016 of £5.733 million. In addition, the mix of financing was also different with the main source being revenue and reserves reflecting the addition of projects approved under the Council's District Investment Strategy (approved by Cabinet in May 2016) for which a key source of funding is New Homes Bonus (held in reserves) and a portion of the unallocated General Fund balances.

5.4. The net increase in CFR of £701,000 is a combination of mainly a reduction of £486,000 due to MRP (sums set aside from revenue to meet lease payments and to recover funds used on previous "invest to save" projects), increased by the unfinanced portion of capital expenditure incurred in the year amounting to £1.187 million (i.e. the difference between capital expenditure and resources applied). This unfinanced element of capital spending has effectively been funded by temporary internal borrowing utilising the Council's own cash balances. This relates to the purchase of vehicles, which in the past would have been financed by using leasing from a third party. The approach adopted, approved by the Corporate Director for Finance, represents a change from the original TMSS and will result in annual interest savings to the Council of around £50,000 per annum over the life of the vehicles compared to that which would have been incurred by leasing.

5.5. The comparison of the CFR with actual debt is shown below:

CFR v Actual Borrowing and Other Long-Term Liabilities

	2016/17 Actual £m
Closing CFR	9.130
Actual Borrowing and Other Long Term Liabilities	10.201
Difference between actual debt and CFR	1.071

5.6. Whilst actual debt is greater than the CFR, over the last few years this gap has been reducing in line with the Council's policy of utilising its cash balances for invest to save projects, rather than investing in banks and financial institutions. This approach has reduced exposure to the risks associated with invested funds and improved the overall rate of return on cash balances to the Council as projects have generated income and/ or reduced costs.

5.7. Taking account of the balance of investments at 31 March 2017, the Council's net investment position is £31.132million meaning that the Council complies with the requirement that net borrowing should not exceed the CFR.

6. Borrowing and Finance Lease Liabilities

6.1. The following table shows the change in actual borrowing and other liabilities in the 2016/17 financial.

Changes in Borrowing and Other Long-Term Liabilities

	Borrowing	Finance Leases	Other Long-Term Liability	Total
	£m	£m	£m	£m
Balance 1 April 2016	6.000	3.526	1.000	10.526
Additions	-	-	-	0.000
Repayments	-	(0.325)	-	(0.325)
Balance 31 March 2017	6.000	3.201	1.000	10.201

6.2. Borrowing comprises two Lender's Option, Borrower's Option (LOBO) type market loans of £3 million each, which give the lender the option to vary the interest rate at six month intervals, subject to the Council then having the option to repay the loans without penalty. To date the lender has not sought to exercise this option – the loans currently run at an average interest rate of 4.7% and have 25 years remaining until maturity. The opportunity to redeem earlier (at a negotiated penalty) is kept under review.

6.3. Finance Lease Liabilities relate to the outstanding principal element of leases used to acquire property, vehicles, and plant. Annual payments are made to repay these liabilities over the lease term. Finance lease liabilities will be repaid over the lease terms giving the following repayment profile at 31 March 2017:

<u>Finance Lease Repayment Profile</u>	<u>31-Mar-17</u>
	<u>£m</u>
Not later than one year	0.340
Over one year but not later than five years	0.945
Later than five years	1.916
Total	3.201

6.4. Other Long-Term Liability relates to a loan from Essex County Council's as match funding towards the Braintree Local Authority Mortgage Scheme (LAMS). A deposit of £2 million was made to the LAMS provider (Lloyds Bank).

6.5. The Council approved borrowing limits within the TMSS, including an Operational limit to cover potential borrowing and other liabilities – the limit for 2016/17 was set at £11million. Actual debt could fluctuate around this limit. An Authorised limit was also set which could not be breached without prior Council approval. This limit was set at £25million for 2016/17. Actual debt was contained within these limits.

6.6. Borrowing limits will be subject to review and potential increase in the coming months as the Council considers reports on the setting up of a Housing Development Company and on the progress of the North Essex Garden Communities.

7. Investments

7.1. The TMSS includes the Annual Investment Strategy (AIS), approved by Council in accordance with statutory guidance issued by the Department for Communities and Local Government. The AIS sets out the parameters used by the Council when

selecting suitable counterparties for investment along with any limits on duration and amounts.

7.2. The AIS is based on investment priorities being:

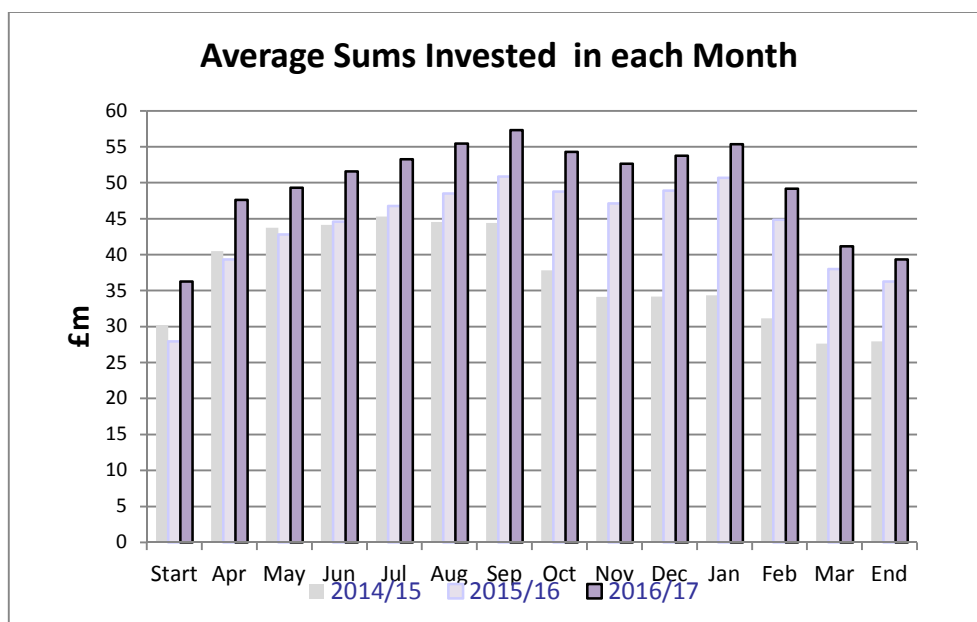
- Security – minimising the risk of cash not being repaid
- Liquidity - having cash available when it is required

7.3. Only when having ensured these two priorities are met is highest yield considered.

Cash Balances for Investment

7.4. Investment activity is dependent upon the level of cash balances and requirement for liquid funds to meet day-to-day spending needs. A level of “core” cash is available for the medium-longer term, reflected in revenue and capital reserves.

7.5. Over the 2016/17 year, cash balances for investment averaged £51.75million (an increase on the previous year of £5.76million), and operated within a range of daily totals of between £36.27million and £60.23million:



7.6. Cash balances reflected a similar pattern as in previous years, with in-year cash flows boosting the overall amount available to invest short-term. At the 31 March cash balances were higher than at the start of the year by over £2.754 million.

Investment Policy

7.7. The investment policy sets the parameters over what types of investments will be used by the Council, what criteria potential counterparties must meet, and what limits (amounts/ duration) will be applied.

7.8. The policy was approved at Full Council in February 2016.

7.9. Applying the investment policy, funds placed during the year were typically:

- Fixed term deposits with the major UK and non-UK banks and building societies, which met the Council's criteria of "high credit quality".
- Deposits on call or instant access accounts with major UK banks
- AAA rated Constant Net Asset Value (CNAV) Money Market Funds, where the value of principal invested is expected to remain constant – funds used are: Standard Life Liquidity, Deutsche Managed Sterling, and Goldman Sachs Asset Management.
- A Variable Net Asset Value (VNAV) Money Market Fund, where small fluctuations in the principal invested can occur – the fund used is with Royal London Asset Management
- Pooled Funds – equity and property funds (see paragraphs 7.15 to 7.18 below)
- Lending to other local authorities
- Direct with the UK Government via the Debt Management Office for short-term deposits to accommodate timing differences between receipt and payment of monies
- Lloyds Bank held in current accounts as the main banking services provider.

Investment Activity & Returns

7.10. The change in investment balances during 2016/17 is shown in the table below.

	Investments:			Balance 31/03/17 £m
	Balance 01/04/16 £m	Made £m	Matured/ Sold £m	
Long-Term Investments - Equity and Property Funds	12.000	2.000	-	14.000
Short-Term Investments				
UK Banks & Building Societies	12.000	6.000	(11.000)	7.000
Non UK Banks	-	6.000	(3.000)	3.000
Other Local Authorities	-	6.000	-	6.000
Debt Management Office	-	56.000	(56.000)	0.000
Money Market Funds – CNAV	7.500	22.000	(24.500)	5.000
Money Market Funds – VNAV	4.000	-	-	4.000
Sub-Total	23.500	96.000	(94.500)	25.000
Long and Short-Term Investments	35.500	98.000	(94.500)	39.000
Lloyds Bank current account	0.648			(0.095)
Impaired Deposit	0.018			0.015
Total Investment Balances	36.166			38.920

7.11. Interest and dividends earned on investments was £785,000 equating to an overall average rate of return of 1.52%. The return comprised the following:

	Average Invested during the year £m	Interest & Dividends £000	Annualised Return %
Long-Term Pooled Funds	12.792	602	4.71%
UK Banks & Building Societies	13.278	79	0.59%
Non-UK Banks	5.762	28	0.49%
Debt Management Office	1.752	3	0.19%
Other Local Authorities	0.279	1	0.42%
Money Market Funds – CNAV	12.440	43	0.34%
Money Market Funds – VNAV	4.000	25	0.64%
Lloyds Current Account	1.449	4	0.26%
Sub-Total Short-Term Investments	38.960	183	0.47%
Total	51.752	785	1.52%

7.12. Investment income was higher than the budget of £585,000 by £200,000 due to both cash balances being higher than originally anticipated and additional amounts being invested long-term. From the over achieved investment income £118,000 was added to the Treasury Management reserve, previously set-up to manage investment income risk.

7.13. The Council's best performing investments were its externally managed Pooled Funds. Returns on short-term investments continued to reflect the prevailing low interest rate environment.

7.14. The Council continues to recover funds from the insolvent Icelandic bank, Kaupthing, Singer and Friedlander, shown in investment balances as an impaired deposit. In 2016/17 the Council received a 14th dividend of £5,144 with a further dividend was expected in May 2017 of £9,260, taking the overall total recovered so far to 85.15p in the £.

Pooled Funds

7.15. The Council started the year with £12 million invested into four Pooled Funds achieving a greater diversified portfolio of underlying securities than the Council could individually manage at a reasonable price. These investments had been made on the basis that, if held for the medium-long term, they would offer the potential for enhanced returns whilst recognising there could be short-term volatility in their market pricing. The distributing share class was selected for each of the funds in order to receive regular income.

7.16. A further £2 million was added to these Pooled Funds during 2016/17 including opening a new fund with M&G, taking the total invested to £14 million, within an overall limit agreed by Council of £15 million. The position for each fund is shown in the table below:

Fund	Amount added in the year (date) £m	Total Invested 31/3/17 £m	Market Value 31/3/17 £m	Dividend Income £	Income Yield %
Schroder UK Income Maximiser: Seeks to provide income and capital growth with target income of 7% p.a. by investing in mainly UK equities	-	2.500	2.487	£165,564	6.62%
Threadneedle UK Equity Income: Steady growth in income and acceptable capital growth. Aims for a yield greater than 110% of the FTSE All Share	1.000 (1/12/16)	5.000	5.708	£195,044	3.80%
M&G Global Dividend Fund: Aims to: <ul style="list-style-type: none"> • Deliver an income stream that increases every year • Deliver a yield above that available from the MSCI All Countries World Index over any 5 year period • Deliver a higher total return over the MSCI All Countries World Index over any 5 year period 	-	2.500	3.229	£87,449	3.50%
M&G UK Income Distribution Fund: Aims to increase income distributions over time and targets a yield greater than the FTSE All-Share Index. The investment manager will also aim for capital growth.	1.000 0.500 (12/10/16) 0.500 (23/11/16)	1.000	1.030	£15,919	1.59%
CCLA Local Authorities Property Fund: Aims to provide long-term capital and income return. The fund must pay out the income it generates.	-	3.000	2.968	£137,945	3.47%
All Funds	2.000	14.000	15.422	£601,921	4.71%*

* Total Income yield on an annualised basis

7.17. At the end of the year the Pooled Funds had an overall market valuation of £15.422 million which represents a net unrealised gain of £1.422 million. This comprised three funds with a total positive market valuation of +£1.467 million and two with a total negative market valuation of -£45,000. Market valuations will fluctuate in response to changing market conditions and may vary between funds as each fund operates to its own stated objectives.

7.18. Following a recovery after initial sharp falls in Quarter 2, equity markets rallied. The FTSE-100 and FTSE All Share indices closed at 7342 and 3996 respectively on 31 March 2017, both up 18% over the year. Commercial property values fell by around 5% after the EU referendum but have mostly recovered by the end of March.

8. **Credit Developments and Credit Risk Management**

8.1 Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP and share price. The minimum long-term counterparty credit rating set by the Council has been A- based on the three leading rating agencies: Fitch, Standard & Poor's (S&P), and Moody's. This is supplemented by other market intelligence.

8.2 Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's all have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the 'leave' outcome.

8.3 None of the banks on the Council's lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios, although Royal Bank of Scotland was one of the weaker banks in both tests.

8.4 The Council's counterparty credit quality has remained fairly consistent as demonstrated by the Credit Score Analysis¹ summarised below.

Quarter Ending	Value Weighted Average Credit Rating	Time Weighted Average Credit Rating	Average life of portfolio (days)
31/03/2016	A+	A	80
30/06/2016	A+	A	39
30/09/2016	A+	A+	54
31/12/2016	A+	A+	48
31/03/2017	AA-	AA-	129

8.5 The value and time weighted credit ratings are based on the following range of investment ratings:

AAA*	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
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* Highest credit rating achievable

¹ Excludes Pooled Funds which are not credit rated.

9. **Compliance Report**

- 9.1 The Corporate Director for Finance is pleased to report that all treasury management activities undertaken during 2016/17 complied fully with the CIPFA Code of Practice and the Council's approved TMSS.

10. **Treasury Management Advisors**

- 10.1 The Council has continued to employ Arlingclose as treasury management advisors. Regular communications and updates on related matters have been received by officers during the year and a strategy meeting held involving Members.

Appendix A – Economic and Market Commentary

Economic background: Politically, 2016/17 was an extraordinary twelve month period which defied expectations when the UK voted to leave the European Union and Donald Trump was elected the 45th President of the USA. Uncertainty over the outcome of the US presidential election, the UK's future relationship with the EU and the slowdown witnessed in the Chinese economy in early 2016 all resulted in significant market volatility during the year. Article 50 of the Lisbon Treaty, which sets in motion the 2-year exit period from the EU, was triggered on 29th March 2017.

UK inflation had been subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Sterling exchange rate following the referendum had an impact on import prices which, together with rising energy prices, resulted in CPI rising from 0.3% year/year in April 2016 to 2.3% year/year in March 2017.

In addition to the political fallout, the referendum's outcome also prompted a decline in household, business and investor sentiment. The repercussions on economic growth were judged by the Bank of England to be sufficiently severe to prompt its Monetary Policy Committee (MPC) to cut the Bank Rate to 0.25% in August and embark on further gilt and corporate bond purchases as well as provide cheap funding for banks via the Term Funding Scheme to maintain the supply of credit to the economy.

Despite growth forecasts being downgraded, economic activity was fairly buoyant and GDP grew 0.6%, 0.5% and 0.7% in the second, third and fourth calendar quarters of 2016. The labour market also proved resilient, with the International Labour Organisation (ILO) unemployment rate dropping to 4.7% in February, its lowest level in 11 years.

Following a strengthening labour market, in moves that were largely anticipated, the US Federal Reserve increased rates at its meetings in December 2016 and March 2017, taking the target range for official interest rates to between 0.75% and 1.00%.

Financial markets: Following the referendum result, gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. After September there was a reversal in longer-dated gilt yields which moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016. The yield on the 10-year gilt rose from 0.75% at the end of September to 1.24% at the end of December, almost back at pre-referendum levels of 1.37% on 23rd June. 20- and 50-year gilt yields also rose in Q3 2017 to 1.76% and 1.70% respectively, however in Q4 yields remained flat at around 1.62% and 1.58% respectively.

After recovering from an initial sharp drop in Q2, equity markets rallied, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7342 and 3996

respectively on 31st March, both up 18% over the year. Commercial property values fell around 5% after the referendum, but had mostly recovered by the end of March.

Money market rates for overnight and one week periods remained low since Bank Rate was cut in August. 1- and 3-month LIBID rates averaged 0.36% and 0.47% respectively during 2016-17. Rates for 6- and 12-months increased between August and November, only to gradually fall back to August levels in March, they averaged 0.6% and 0.79% respectively during 2016-17.

Credit background: Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune, although the fall in their share prices was less pronounced.

Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the 'leave' outcome.

None of the banks on the Council's lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios, although Royal Bank of Scotland was one of the weaker banks in both tests. The tests were based on banks' financials as at 31st December 2015, 11 months out of date for most. As part of its creditworthiness research and advice, the Authority's treasury advisor Arlingclose regularly undertakes analysis of relevant ratios - "total loss absorbing capacity" (TLAC) or "minimum requirement for eligible liabilities" (MREL) - to determine whether there would be a bail-in of senior investors, such as local authority unsecured investments, in a stressed scenario.

Money Market Data

Table: Bank Rate, Money Market Rates

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID
31/3/2017	0.25	0.10	0.24	0.26	0.38	0.47	0.65
Average	0.34	0.18	0.30	0.36	0.47	0.60	0.79
Maximum	0.50	0.43	0.55	0.80	0.72	0.83	1.04
Minimum	0.25	0.00	0.15	0.12	0.28	0.42	0.61
Spread	0.25	0.43	0.40	0.68	0.44	0.41	0.43