

# Council AGENDA



**THIS MEETING IS OPEN TO THE PUBLIC**

*(Please note this meeting will be webcast and audio recorded)*

<http://www.braintree.gov.uk>

**Date: Monday, 19th October 2015**

**Time: 7.15pm**

**Venue: Causeway Room, Causeway House, Braintree, CM7 9HB**

## **Membership:**

Councillor J Abbott	Councillor J Goodman	Councillor R Ramage
Councillor Mrs J Allen	Councillor A Hensman	Councillor F Ricci
Councillor C Bailey	Councillor P Horner	Councillor B Rose
Councillor M Banthorpe	Councillor D Hufton-Rees	Councillor Miss V Santomauro
Councillor J Baugh	Councillor D Hume	Councillor Mrs W Scattergood
Councillor Mrs J Beavis	Councillor H Johnson	Councillor Mrs W Schmitt
Councillor D Bebb	Councillor Mrs A Kilmartin	Councillor P Schwier
Councillor R Bolton	Councillor S Kirby	Councillor C Siddall
Councillor K Bowers	Councillor D Mann	Councillor Mrs G Spray
Councillor Mrs L Bowers-Flint	Councillor J McKee	Councillor P Tattersley
Councillor G Butland	Councillor R Mitchell	Councillor Mrs C Thompson
Councillor S Canning	Councillor Mrs J Money	Councillor Miss M Thorogood
Councillor J Cunningham	Councillor Lady Newton	Councillor R van Dulken
Councillor Mrs M Cunningham	Councillor J O'Reilly-Cicconi	Councillor Mrs L Walters
Councillor T Cunningham	Councillor Mrs I Parker	Councillor Mrs S Wilson
Councillor M Dunn	Councillor Mrs S Paul	
Councillor J Elliott	Councillor Mrs J Pell	

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

N BEACH  
Chief Executive

## QUESTION TIME

Immediately after the Minutes of the previous meeting have been approved there will be a period of up to 30 minutes when members of the public can speak.

Members of the public wishing to speak should contact the Governance and Members Team on 01376 552525 or email [demse@braintree.gov.uk](mailto:demse@braintree.gov.uk) at least 2 working days prior to the meeting.

Members of the public can remain to observe the whole of the public part of the meeting.

**Health and Safety.** Any persons attending meetings in the Council offices are requested to take a few moments to familiarise themselves with the nearest available fire exit, indicated by the fire evacuation signs. In the event of a continuous alarm sounding during the meeting, you must evacuate the building immediately and follow all instructions provided by the fire evacuation officer who will identify him/herself should the alarm sound. You will be assisted to the nearest designated assembly point until it is safe to return to the building. Any persons unable to use the stairs will be assisted to the nearest safe refuge.

**Mobile Phones.** Please ensure that your mobile phone is switched to silent or is switched off during the meeting.

**Documents.** Agendas, reports and minutes for all the Council's public meetings can be accessed via the internet at <http://www.braintree.gov.uk>

We welcome comments from members of the public to make our services as efficient and effective as possible. We would appreciate any suggestions regarding the usefulness of the paperwork for this meeting, or the conduct of the meeting you have attended.

Please let us have your comments setting out the following information:

Meeting Attended .....Date of Meeting.....

Comments.....

.....

.....

.....

Contact details.....

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 [demse@braintree.gov.uk](mailto:demse@braintree.gov.uk)

## **INFORMATION FOR MEMBERS**

### **Declarations of Disclosable Pecuniary Interest, Other Pecuniary Interest or Non-Pecuniary Interest:-**

Any member with a Disclosable Pecuniary Interest or other Pecuniary Interest to indicate in accordance with the Code of Conduct. Such Member 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.

**1 Apologies for Absence**

**2 To receive any announcements/statements from the Chairman and/or Leader of the Council.**

**3 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.

**4 Public Question Time**

A period of up to 30 minutes for registered speakers to address the Council in any matters which are the responsibility of the Council or affects the district. In accordance with CPR 15.1 to 15.4.  
(See paragraph above)

**5 Minutes of the Previous Meeting**

To approve as a correct record the minutes of the meeting of the Full Council held on 14th September 2015 (copy previously circulated).

**6 Treasury Management Review – Annual Report 2014-15 and Mid-Year Review 2015-16**

**7 - 35**

**7 Reports from the Leader and Cabinet Members**

To receive the following reports from each Portfolio Holder.

Oral Questions to the Cabinet:

Members are reminded that following the presentation of each Cabinet Member's report, Members may put questions to the Cabinet Member on matters relating to their portfolio, the powers and duties of the Council or the District. Questions are not restricted to the contents of the Cabinet Member's report.

Where a verbal response cannot be given, a written response will be issued to all Members. (Council Procedure Rules 29.1 to 29.4 apply).

A period of up to 1 hour is allowed for this item.

7a	Councillor G Butland - Leaders Report to Council	35 - 36
7b	Councillor Mrs J Beavis - Health and Communities	37 - 39
7c	Councillor D Bebb - Finance And Performance	40 - 42
7d	Councillor T Cunningham - Economic Development	43 - 44
7e	Councillor J McKee - Corporate Services and Asset Management	45 - 46
7f	Councillor Lady Newton - Planning and Housing	47 - 48
7g	Councillor Mrs W Schmitt - Environment and Place	49 - 52
8	List of Public Meetings held since last Council Meeting	53 - 53
9	<b>Chairmen's Statements</b> To receive statements from those Chairmen who have given prior notification in accordance with Council Procedure Rule 33.1 and to respond to questions on such statements. <i><b>None have been received.</b></i>	
10	<b>Statements by Members</b> To receive any statements by Members of which the appropriate written notice has been given to the Chief Executive in accordance with Council Procedure Rule 32.1. <i><b>None have been received.</b></i>	

- 11 External Organisations**  
To receive reports about and receive questions and answers on the business of external organisations.  
***None have been received.***
- 12 Exclusion of Public and Press: - To give consideration to adopting the following Resolution: -**  
That under Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 12(A) of the Act.

## **PRIVATE SESSION**

- 13 Leader's or Cabinet Member Statements - Private Session**  
Leader's Statments or statements by Cabinet Members containing exempt information on a key issue.  
***None have been received.***
- 14 Policy Recommendations and References - Private Session**  
***None have been received.***
- 15 Reports from the Leader or Cabinet Members - Private Session**  
To receive any reports from the Leader of the Council and each Portfolio Holder containing exempt information and to ask questions on matters contained in the reports.
- Where a verbal response cannot be given, a written response will be issued to all Members. (Council Procedure Rules 29.1 to 29.4 apply).  
***None have been received.***
- 16 Private Meetings Held Since the Last Council Meeting**  
To raise any matters arising from the Minutes of meetings that have been held in Private Session since the Council meeting of 14th September 2015.  
***None have been received.***
- 17 Chairmen's Statements - Private Session.**  
To receive statements from those Chairmen who have given prior notification in accordance with Council Procedure Rule 33.1 and to respond to questions on such statements.  
***None have been received.***

**18 Statements by Members - Private Session**

To receive any statements by Members of which the appropriate written notice has been given to the Chief Executive in accordance with Council Procedure Rule 32.1.

***None have been received.***

<b>Treasury Management Review – Annual Report 2014-15 and Mid-Year Review 2015-16</b>	<b>Agenda No: 6</b>
<b>Recommendations from Cabinet – 28<sup>th</sup> September 2015 and Governance Committee - 16<sup>th</sup> September 2015</b>	
<b>Background Papers:</b>	<b>Public Report</b>

**Cabinet – 28<sup>th</sup> September 2015**  
**Draft Minute Extract**

34 **TREASURY MANAGEMENT REVIEW - ANNUAL REPORT 2014/15 and MID-YEAR REVIEW 2015/16**

**INFORMATION:** Consideration was given to the Treasury Management Review - Annual Report 2014/15 and Mid-Year Review 2015/16. It was reported that the Annual Report and Mid-Year Review had been received and noted by the Council's Governance Committee at its meeting on 16th September 2015 and referred to Cabinet and Full Council for approval. The Committee had also requested the Cabinet Member for Finance and Performance to highlight the Council's successful and prudent approach to investment and treasury management over recent years when presenting the report to Cabinet and Full Council.

In presenting this item, Councillor Bebb, Cabinet Member for Finance and Performance, proposed an amendment to the Motion that certain investment limits contained in the Council's Treasury Management Strategy should be increased. This proposal was supported by Cabinet and is detailed in the decision below.

**DECISION:**

- (1) That the Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16, be received and noted.
- (2) That the Treasury Management Review - Annual Report 2014/15 and Mid-Year Review 2015/16 be submitted to Full Council.
- (3) That the Governance Committee's comment regarding the Council's successful and prudent approach to investment and treasury management over recent years be noted.

(4) That it be **Recommended to Council:-**

- (1) That the Treasury Management Strategy is amended by increasing the limit on Non-Specified Investments by £5million to £25million and that within this increased limit the amount allocated for Long-Term Investments is set at £15 million.
- (2) That the counterparty limit on individual Money Market Funds and Pooled Funds is increased by £1million to £5million.

**REASON FOR DECISION:** The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that Full Council receives an annual report and mid-year review of its treasury management function in order to exercise its ultimate responsibility for treasury management activities. Under the Council's Constitution the Governance Committee should initially review the report and recommend to Cabinet before Full Council receives the report.

Note: A copy of the Governance Committee report and a summary report on the amendments to the Treasury Management Strategy are appended to this report.

**Governance Committee - 16th September 2015**

**Draft Minute Extract**

21 **TREASURY MANAGEMENT REVIEW – ANNUAL REPORT 2014/15 AND MID-YEAR REVIEW 2015/16**

**INFORMATION:** Consideration was given to the Treasury Management Review - Annual Report 2014/15 and Mid-Year Review 2015/16.

**DECISION:** **That Cabinet be advised:-**

- (1) That the Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16 be received and noted.
- (2) That the Cabinet Member for Finance and Performance be requested to highlight the Council's successful and prudent approach to investment and treasury management over recent years when presenting the report to Cabinet and Full Council.
- (3) That the Treasury Management Review - Annual Report 2014/15 and Mid-Year Review 2015/16 be submitted to Cabinet and Full Council.

**REASON FOR DECISION:** The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that Full Council receives an annual report and mid-year review of its treasury management function in order to exercise its ultimate responsibility for treasury management activities. Under the Council's Constitution, the Governance Committee should initially review the report and recommend to



Cabinet before Full Council receives the report.

**Decision:**

**Recommendations for Full Council:**

1. That the Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16, be received and noted.
2. That the Governance Committee's comment regarding the Council's successful and prudent approach to investment and Treasury Management over recent years be noted.
3. That the Treasury Management Strategy is amended by increasing the limit on Non-Specified Investments by £5million to £25million and that within this increased limit the amount allocated for Long-Term Investments is set at £15 million.
4. That the counterparty limit on individual Money Market Funds and Pooled Funds is increased by £1million to £5million.

<b>Treasury Management Strategy – Investment Policy</b>		<b>Agenda No:</b>
<b>Portfolio</b>	<b>Finance and Performance</b>	
<b>Corporate Priority:</b>	<b>Providing value for money</b>	
<b>Report presented by:</b>	<b>Councillor David Bebb, Cabinet Member for Finance and Performance</b>	
<b>Report prepared by:</b>	Trevor Wilson, Head of Finance	
<b>Background Papers:</b>		<b>Public Report</b>
Treasury Management Strategy Statement 2015/16 Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16		<b>Key Decision:</b>
<b>Executive Summary:</b>		
<p>The Council's Treasury Management Strategy approved in February 2015, includes a limit of £20 million on the total amount of Non-Specified Investments that can be used for the purposes of treasury management. Non-Specified Investments are those which are either:</p> <ul style="list-style-type: none"> <li>• Not denominated in pounds sterling;</li> <li>• Due to be repaid after 12 months of arrangement;</li> <li>• Defined as capital expenditure by legislation; or</li> <li>• Invested with a body or investment scheme which does not have a long-term credit rating of at least A- where domiciled in the UK, or they are domiciled in a foreign country that does not have a sovereign rating of at least AA+.</li> </ul> <p>It has not been the intention of the strategy to make investments that were denominated in a foreign currency, nor any that are defined as capital expenditure, therefore, the limit on Non-Specified Investments was divided as follows:</p> <ul style="list-style-type: none"> <li>• £10 million for Long-term investments; and</li> <li>• £10 million for Investments in organisations or securities without a credit rating or having a rating of less than A-.</li> </ul> <p>In addition to the overall Non-Specified Investment limit, an individual counterparty limit was also approved of £4 million per Money Market Fund or Pooled Fund (i.e. a collective investment scheme).</p> <p>The limits set within the Treasury Management Strategy, had been based on a previous assessment of the level of cash balances the Council was likely to hold over the medium to long-term. At the time the average investment balance for 2014/15 was predicted to</p>		

be around £29 million, with a year-end position forecast at £15 million. The Treasury Management Strategy Annual Report 2014/15 and Mid-Year Review 2015/16 shows that the average amount invested in 2014/15 was over £38 million, and that almost £28 million was held at 31 March 2015. In the current year the average amount invested over the period April to the end of July 2015, was over £43 million. One of the main reasons for the higher cash balances has been the longer lead-in time on spending capital resources, including New Homes Bonus set aside for major infrastructure and other economic development projects. These higher level of balances are currently forecast to continue over the medium to long-term.

On the basis of the previous assessment investments were made into four pooled funds during 2014/15 – three equity funds and a property fund. As highlighted in the separate report on the Treasury Management Review, the performance on these funds has been positive in terms of generating additional revenue income, albeit this has been accompanied with a high degree of market price volatility.

In light of the above it is proposed that the limit on Non-Specified Investments is increased by £5 million to £25 million and this increase is allocated to the category of long-term investments. Recognising the increase in the overall limit it also proposed that the counterparty limit on individual Money Market Funds and Pooled Funds is increased to £5 million.

These changes will allow the Corporate Director (Finance) in conjunction with the Cabinet Member for Finance and Performance, and after taking advice from the Council's treasury management advisors, Arlingclose Ltd, to consider any opportunities for making further long-term investments. This may involve increasing exposure to the pooled funds already held by the Council or utilising other suitable investment instruments. Options will also be weighed against any other alternative uses for the cash balances in potential "invest to save" projects as the Council continues to develop its Medium Term Financial Strategy plans for the period 2016/17 to 2019/20.

## **Decision**

It is recommended that:

1. The Treasury Management Strategy is amended by increasing the limit on Non-Specified Investments by £5 million to £25 million, and that within this increased limit the amount allocated for Long-Term Investments is set at £15 million.
2. The counterparty limit on individual Money Market Funds and Pooled Funds is increased by £1 million to £5 million.

## **Purpose of Decision:**

The decision is to provide additional flexibility within the Treasury Management Strategy to increase the Council's exposure to long-term investments should this be deemed the most appropriate use of the Council's cash balances, taking account of any alternative investment strategies.

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

<b>Financial:</b>	By placing cash funds into long-term investments the Council would expect to receive an enhanced return above that which would be earned from placing funds on deposit. The current portfolio of long-term investments are expected to yield an income stream of around 5% p.a. over the medium to long term, which if achieved on the additional £5 million proposed would mean potentially generating a further £200,000 p.a. over the current investment yield for deposits up to one year.
<b>Legal:</b>	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.
<b>Safeguarding</b>	None
<b>Equalities/Diversity</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	The Treasury Management Strategy is prepared to recognise and put in place measures to manage the inherent risks associated with the Council's treasury activities. Risks are managed by setting appropriate limits on activity taking account of liquidity requirements; medium term cash flow forecasts; and credit and market conditions. All of these are subject to changing circumstances. The increased market volatility associated with long-term investments means that it is important that the Council does not expect to need to withdraw its funds at short notice. However, other than the long-term investments, the Council's remaining investment portfolio is held in short-dated/ liquid assets which will cover short-term cash flow requirements. The Council also has access to borrowing facilities should cash be required which would otherwise result in the long-term investments being liquidated when market conditions may not be advantageous.
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Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16		Agenda No: 6d
Portfolio	Finance and Performance	
Corporate Priority:	Providing value for money	
Report presented by:	Phil Myers, Financial Services Manager	
Report prepared by:	Phil Myers, Financial Services Manager	
Background Papers:		Public
Treasury Management Strategy Statement 2014/15 and 2015/16 approved by Council as part of the annual Budget and Council Tax Setting		Key Decision: No
<b>Executive Summary:</b>		
<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, the Council should also receive an annual report after the financial year-end and, as a minimum, a mid-year report. This report incorporates both these latter requirements:</p> <ul style="list-style-type: none"><li>• Part 1 – Treasury Management Review – Annual Report 2014/15</li><li>• Part 2 – Treasury Management Review – Mid-Year Report 2015/16</li></ul> <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 on-going theme of the TMSS over recent years has reflected the following position:</p> <ul style="list-style-type: none"><li>• Capital spending plans have generally been based on a self-funded programme – largely reliant on capital receipts.</li><li>• The availability of cash balances for investment and the need to manage the associated risks. The strategy has had to adapt to changing conditions in the financial markets and focus on achieving added value through diversification.</li><li>• The existence of legacy borrowing which reflects in the amount of cash balances available. Given the current cost of this borrowing the Council has sought to utilise the cash in ways that increase revenue income, either from direct investment in capital projects and acquisitions, or by taking a longer view on its investment strategy.</li></ul> <p>At the 31 March 2015, the Council's treasury management position comprised:</p>		

- Financial Liabilities: amounting to £10.759 million, comprising market loans, finance lease commitments, and a repayable advance from Essex County Council for the Braintree Local Authority Mortgage Scheme (LAMS)
- Financial assets: amounting to £30.003 million, comprising loans and deposits, cash & bank balances, and the carrying value of impaired deposits
- Net financial assets of £19.244 million

Treasury Management activities are affected by many external factors which impact on the inherent risks and ultimately the income earned from investments and the potential costs incurred on borrowings. The environment in which the function has operated for a number of years has been one of low interest rates and significant changes in the regulatory frameworks to mitigate future risks of failure by banks on governments. Economically the UK has experienced an upturn which now drives the speculation over when the first rise in the official Bank Rate will be made by the Monetary Policy Committee. In any event the message is that any increases will be stepped and gradual and the “normal” level of interest rates going forward is still likely to remain below those of the historical levels experienced prior to the financial crisis of 2008.

A key indicator of treasury management is the Capital Financing Requirement (CFR) which measures the extent to which the Council has a need to borrow for the purpose of capital investment. Actual borrowing may differ from the CFR but the reasons for this should be understood. At 31 March 2015, the CFR was £8.823 million, compared to actual borrowing and other liabilities of £10.759 million, a difference of £1.936 million. This difference between CFR and actual debt was reduced in 2014/15 by almost £4.3million. Typically the Council has funded its capital programme from receipts generated from the sale of assets and other arrangements in place with Greenfields Community Housing, along with other capital grants, contributions and revenue balances. This has negated the need to incur new borrowing and therefore historically actual debt has exceeded the CFR mainly due to legacy borrowing amounting to £6 million. Given that this borrowing is unlikely to be repaid in the medium term, the Council has proactively sought to use the underlying cash to invest in assets or projects that generate an annual return to the Council which is better than would be achieved by placing the funds with banks and other financial institutions. This strategy is referred to as “internal borrowing” and effectively means capital expenditure has been higher than that actually financed from other resources. Over time this internal borrowing will be repaid from the annual returns generated on the projects which will replenish cash balances that can then be used at a future date to repay the legacy borrowing.

The only new borrowing in 2014/15 was a net increase in finance lease liabilities which relates to vehicles replaced by Riverside Truck Rentals and charged to the Council via annual lease payments. Under accounting rules these assets are effectively treated as the Council's with the future lease rentals recognised as long-term liabilities. Annual repayment of these liabilities are accounted for in the Operational Services budget.

The TMSS contains the Council's Annual Investment Strategy 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.



The level of cash balances have been reducing over recent years mainly due to the use of cash for internal borrowing referred to above. However, the amounts available are still higher than originally assumed when setting the budget due to re-profiling of capital programme spend, revenue underspends, higher capital receipts from preserved right-to buy sales, and receipts of monies for partnership projects where the Council is the lead authority or is acting as banker.

Funds have typically been placed with banks and building societies meeting the Council's definition of "highly credit rated", along with money market funds (MMFs), and the Debt Management Office.

Having identified that £10m of the projected cash balances could be invested for a longer duration, i.e. at least 3-5 years or more, consideration was given to investments in pooled funds to diversify into asset classes other than cash without the need to own and manage the underlying investments. An evaluation of the risk/reward characteristics of several alternative asset classes was undertaken in conjunction with Arlingclose resulting in the decision that equity income pooled funds and property pooled funds would best suit the objective for the medium-term. Monies were invested in two tranches between October and November 2014 utilising three equity funds and one property fund. The distributing share class was selected for each of the funds in order to receive regular income.

In 2014/15, the average amount invested in total was £38.52 million, generating income of £381,043, a return of 0.99%. This total includes dividends earned from the pooled funds amounting to £182,999, a return equivalent to 4.67%. At 31 March 2015, the market value of the pooled funds had increased by £414,000, representing an unrealised gain. However, to illustrate the volatility of these funds by the end of July the overall market value of these funds had reduced by £272,000 to £10.142 million. In the current year investment income earned to the end of July was £211,259, equivalent to an annualised return of 1.46%, of which the pooled funds element was £163,983 or 4.91%. This demonstrates the added value that the pooled funds have been able to bring to the portfolio, accepting also that market valuations are susceptible to changes in the financial markets.

#### **Decision**

1. That the Treasury Management Review – Annual Report 2014/15 and Mid-Year Review 2015/16, be received
2. To consider whether the Committee would like to make any comments or observations which the Cabinet Member for Finance and Performance can take into account when presenting the report to Cabinet and Full Council
3. To agree to the submission of the Treasury Management Review - Annual Report 2014/15 and Mid-Year Review 2015/16 to Cabinet and Full Council.

#### **Purpose of Decision:**

The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services which requires that Full Council receive an annual report and mid-year review of its treasury management function in order to exercise its ultimate responsibility for treasury management activities. Under the Council's Constitution the Governance Committee should initially review the report and recommend to Cabinet before Full Council receive the report.

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

<b>Financial:</b>	There are no new financial implications from the report which provides a commentary on events and performance on treasury management activities over the 2014/15 financial year and the period April to end of July 2015. The report is not proposing any changes to the current Treasury Management Strategy Statement or Investment Policy that was approved by Council at its meeting held in February 2015.
<b>Legal:</b>	None
<b>Safeguarding</b>	None
<b>Equalities/Diversity</b>	None
<b>Customer Impact:</b>	None
<b>Environment and Climate Change:</b>	None
<b>Consultation/Community Engagement:</b>	None
<b>Risks:</b>	No new risks. The report highlights some of the risks associated with treasury management activities that have been recognised in the approved Treasury Management Strategy Statement.
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**1. Background**

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).

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 also receive an annual report after the financial year-end.

The Council invests substantial sums of money and continues to hold borrowing and is therefore exposed to a range of financial risks. The successful identification, monitoring and control of risk is therefore central to the Council's Treasury Management Strategy.

**2. Treasury Management Policy and Strategy**

The Council has adopted the following CIPFA definition of treasury management:

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

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.

The on-going theme of the TMSS over recent years has reflected the following position:

- Capital spending plans have generally been based on a self-funded programme – largely reliant on capital receipts.
- The availability of cash balances for investment and the need to manage the associated risks. The strategy has had to adapt to changing conditions in the financial markets and focus on achieving added value through diversification.
- The existence of legacy borrowing which reflects in the amount of cash balances available. Given the current cost of this borrowing the Council has sought to utilise the cash in ways that increase revenue income, either from direct investment in capital projects and acquisitions, or by taking a longer view on its investment strategy.

### 3. Treasury Management Position

The treasury management position at the year-end (with the previous year shown for comparison) is set out below:

	<b>31 Mar 2014 Principal £'000</b>	<b>31 Mar 2015 Principal £'000</b>
Market Loans	6,000	6,000
Finance Lease Liabilities	3,595	3,759
Other Long-Term Liability	1,000	1,000
<b>Financial Liabilities</b>	<b>£10,595</b>	<b>£10,759</b>
Investments and Deposits	24,500	25,000
Repayable Advance	2,000	2,000
Cash & Cash Equivalents	5,683	2,901
Escrow Account	205	72
Impaired Deposit	38	30
<b>Financial Assets</b>	<b>£32,426</b>	<b>£30,003</b>
<b>Net Financial Assets</b>	<b>£21,831</b>	<b>£19,244</b>

**Market Loans** comprise two Lender's Option, Borrower's Option (LOBO) type loans of £3 million each, which permit the lender to vary the interest rate at six month call dates, subject to the Council being able 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 27 years remaining until maturity.

**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. New leases were recognised in 2014/15 relating to the provision of replacement vehicles through the contract with Riverside Truck Rental.

**Other Long-Term Liability** relates to the Essex County Council's share towards a cash backed indemnity provided for the Braintree Local Authority Mortgage Scheme (LAMS). Payment to the LAMS provider (Lloyds Bank), including this Council's share, is shown under Financial Assets as a repayable advance.

**Investments and Deposits** include amounts placed with UK and Non-UK banks and building societies, money market funds, and other local authorities.

**Cash and cash equivalents** includes money held in call accounts with immediate access, balances held on the Council's current bank accounts, and petty cash floats.

**The escrow account** relates to the sterling equivalent of distributions made by the insolvent Icelandic bank, Glitnir, which was paid in krona and is subject to currency controls.

**Impaired deposit** relates to the carrying value of amounts still expected to be received from the insolvent Icelandic bank, Kaupthing, Singer and Friedlander.

### **3. External Context to the 2014/15 Financial Year**

**Growth and Inflation:** The robust pace of Gross Domestic Product (GDP) growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by positive contributions from the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy given the important role of the consumer in economic activity.

Annual Consumer Price Inflation (CPI) fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price (which fell to a level not seen since March 2009) and a steep drop in wholesale energy prices with extra downward momentum coming from supermarket competition resulting in lower food prices. Bank of England Governor Mark Carney wrote an open letter to the Chancellor in February, explaining that the Bank expected CPI to temporarily turn negative but rebound around the end of 2015 as the lower prices dropped out of the annual rate calculation.

**Labour Market:** The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. January 2015 showed a headline employment rate of 73.3%, while the rate of unemployment fell to 5.7% from 7.2% a year earlier. Comparing the three months to January 2015 with a year earlier, employee pay increased by 1.8% including bonuses and by 1.6% excluding bonuses.

**UK Monetary Policy:** The Bank of England's Monetary Policy Committee (MPC) maintained interest rates at 0.5% and asset purchases (formally known as Quantitative Easing or QE) at £375bn. Its members held a wide range of views on the response to zero CPI inflation, but just as the MPC was prepared to look past the temporary spikes in inflation to nearly 5% a few years ago, they felt it appropriate not to get panicked into responding to the current low rate of inflation. The minutes of the MPC meetings reiterated the Committee's stance that the economic headwinds for the UK economy and the legacy of the financial crisis meant that increases in the Bank Rate would be gradual and limited, and below average historical levels.

Political uncertainty had a large bearing on market confidence. The possibility of Scottish independence was of concern to the financial markets, however this dissipated following the outcome of September's referendum. The risk of upheaval (the pledge to devolve extensive new powers to the Scottish parliament; English MPs in turn demanding separate laws for England) lingers on. The March Budget heralded the start of what was thought to be a closely contested general election campaign and markets were braced for another hung parliament.

On the continent, the European Central Bank lowered its official benchmark interest rate from 0.15% to 0.05% in September and the rate paid on commercial bank balances held with it was from -0.10% to -0.20%. The much-anticipated quantitative easing, which will expand the ECB's balance sheet by €1.1 trillion was finally announced by the central bank at its January meeting in an effort to steer the euro area away from deflation and invigorate its moribund economies. The possibility of a Greek exit from the Eurozone refused to subside and continued to dominate events into the first quarter of 2015/16.

The US economy rebounded strongly in 2014, employment growth was robust and there were early signs of wage pressures building, albeit from a low level. The Federal Reserve ("the Fed") made no change to US policy rates. The central bank however continued with 'tapering', i.e. a reduction in asset purchases by \$10 billion per month, and ended them altogether in October 2014. With the US economy resilient enough to weather the weakness of key trading partners and a strong US dollar, in March 2015 the Fed removed the word "patient" from its statement accompanying its rates decisions, effectively leaving the door open for a rise in rates later in the year.

**Market reaction:** From July, gilt yields were driven lower by a combination of factors: geo-political risks emanating from the Middle East and Ukraine, the slide towards deflation within the Eurozone and the big slide in the price of oil and its transmission through into lower prices globally. 5yr, 10yr and 20-year gilt yields fell to their lows in January (0.88%, 1.33% and 1.86% respectively) before ending the year higher at 1.19%, 1.57% and 2.14% respectively.

The UK Bank Rate was maintained at 0.5% throughout the year and short term money market rates also remained at very low levels:

	<b>Bank Rate</b>	<b>O/N LIBID</b>	<b>7-day LIBID</b>	<b>1-MTH LIBID</b>	<b>3-MTH LIBID</b>	<b>6-MTH LIBID</b>	<b>12-MTH LIBID</b>
Minimum	0.50	0.24	0.36	0.42	0.46	0.56	0.84
<b>Average</b>	<b>0.50</b>	0.39	0.44	0.43	0.50	0.67	0.95
Maximum	0.50	0.50	0.62	0.43	0.51	0.81	1.00
Spread	--	0.26	0.26	0.01	0.05	0.25	0.16

LIBID = London Interbank Bid Rate

#### 4. Capital Financing Requirement

The Capital Financing Requirement (CFR) is a balance sheet derived amount which measures the extent to which the Council has invested in capital but not resourced from internal resources (e.g. capital receipts from asset sales, grants etc.), and which, therefore, theoretically could be matched by external borrowing. Actual borrowing may differ from the CFR, the circumstances of which should be understood.

The change in CFR is shown in the table below:

	<b>2014/15 Actual £'000s</b>
<b>CFR at start of the year</b>	<b>4,372</b>
<b>Capital expenditure in the year</b>	<b>13,832</b>
<b>Resourced by:</b>	
Capital receipts	(6,250)
Capital grants and contributions	(1,091)
Sums set aside from revenue	(1,666)
<b>Sub-total resources applied</b>	<b>(9,007)</b>
Change in Long-Term Debtor	(1)
Finance Lease principal repaid	(373)
<b>Net increase in CFR in the year</b>	<b>4,451</b>
<b>CFR at end of the year</b>	<b>8,823</b>

The main reason for the increase in the CFR is the Council's proactive policy to utilise cash from legacy borrowing to invest in assets or projects that generate an annual return to the Council, which after repayment of the capital, is better than would otherwise be achieved by placing funds with banks and other financial institutions. These include:

- Acquisition of the former Eckard House site to redevelop into a new Easton Road car park, providing additional parking facilities whilst also generating extra income;
- Installation of solar panels on the Council's leisure facilities generating cost savings and additional income;
- Building a new vehicle maintenance workshop to support the Council's Operational Services and generating revenue savings; and
- Acquisition of 850 The Crescent, Colchester Business Park – an investment property.

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

	<b>2014/15 Actual £'000s</b>
<b>Closing CFR</b>	<b>8,823</b>
Actual borrowing and other liabilities	10,759
<b>Difference between actual debt and CFR</b>	<b>1,936</b>

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 surplus cash balances for invest to save projects.

Taking account of the balance of investments at 31 March 2015, the Council's net investment position is £19.244 million meaning that the Council complies with the requirement that net borrowing should not exceed the CFR.

## 5. **Borrowing and Finance Lease Liabilities**

The following table shows the change in actual borrowing and other liabilities in the 2014/15 financial year.

	<b>Borrowing</b>	<b>Finance Leases</b>	<b>Other Long-Term Liability</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance 1 April 2014</b>	<b>6,000</b>	<b>3,595</b>	<b>1,000</b>	<b>10,595</b>
Additions	-	537	-	537
Repayments	-	(373)	-	(373)
<b>Balance 31 March 2015</b>	<b>6,000</b>	<b>3,759</b>	<b>1,000</b>	<b>10,759</b>

In 2015/16 the estimated amount of debt to be repaid is £334,000, being the principal element to be paid in finance lease rentals.

The Council sets borrowing limits within its Strategy, including an Operational limit to cover potential borrowings and liabilities – the limit for 2014/15 was set at £10 million. Actual debt may fluctuate around this limit. An Authorised limit is also set which cannot be breached without prior Council approval. This limit was set at £15 million for 2014/15.

## 6. **Investments**

The Treasury Management Strategy Statement 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.

The AIS is based on investment priorities being:

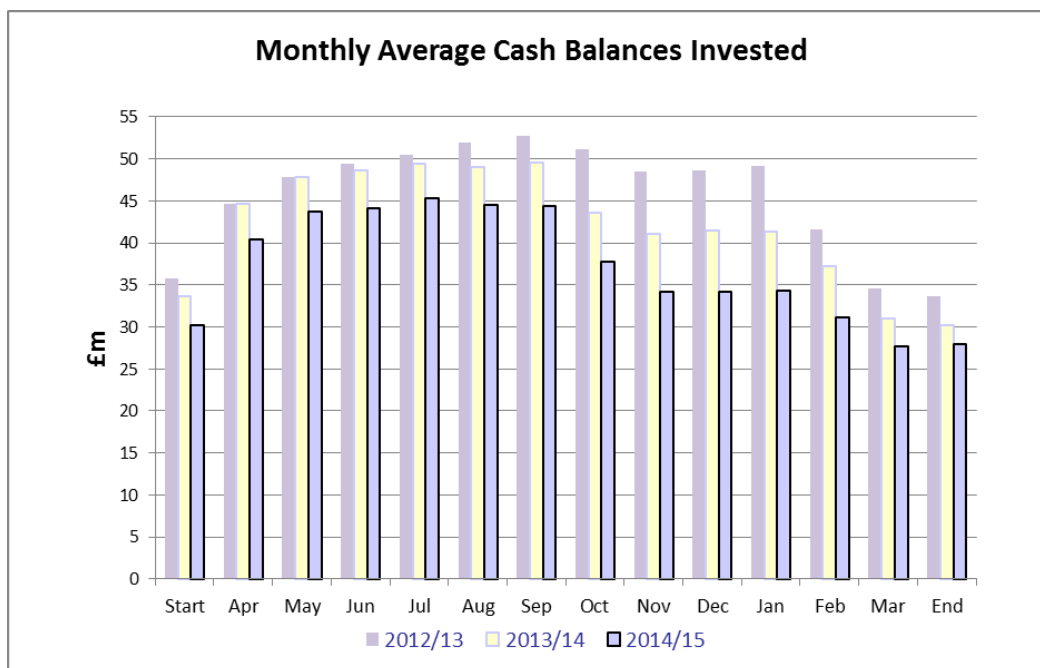
- Security – minimising the risk of cash not being repaid
- Liquidity - having cash available when it is required

Only when having ensured these two priorities are met, the Council will then consider highest yield.

### **Cash Balances for Investment**

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.

Over the 2014/15 year, cash balances for investment averaged £38.52 million (a reduction on the previous year of £5.25 million), with a range of between £25.42 million and £50.09 million:



Although generally falling, cash balances have been higher than originally assumed in the Budget due to re-profiling of the capital programme spend, revenue underspends, and receipt of external funding where the Council is acting as lead authority.

## Investment Policy

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.

The policy was approved at Full Council in February 2014.

Applying the investment policy, funds placed during 2014/15 were typically:

- Fixed term deposits with the major UK banks, Australia & New Zealand Banking Corporation, and the Nationwide Building Society, which met the Council’s criteria of “high credit quality”.
- Deposits on call or instant access accounts with major UK banks
- AAA rated Money Market Funds, including Ignis (now Standard Life), Deutsche Bank, and Goldman Sachs
- Pooled Funds – equity and property funds
- Direct with the UK Government via the Debt Management Office



- Lloyds Bank held in current accounts as the main banking services provider.

## Investment Activity & Returns

The change in investment balances<sup>1</sup> during 2014/15 is shown in the table below.

	Balance 01/04/14  £m	Investments:		Balance 31/03/15  £m
		Placed  £m	Mature d/ Sold  £m	
<b>Pooled Funds (Equity and Property)</b>	-	10.00	-	10.00
<b><i>Fixed Term Deposits:</i></b>				
UK Banks & Building Societies	15.00	18.00	-28.00	5.00
Non UK Banks	3.00	9.00	-12.00	-
Debt Management Office	-	35.00	-35.00	-
<b>Sub-Total</b>	<b>18.00</b>	<b>62.00</b>	<b>-75.00</b>	<b>5.00</b>
<b><i>Instant Access Deposits:</i></b>				
Money Market Funds	6.50	33.00	-29.50	10.00
UK Banks Call Accounts	5.00	1.50	-4.50	2.00
Lloyds Current Account*	0.68	0.28	-	0.96
<b>Sub-Total</b>	<b>12.18</b>	<b>34.78</b>	<b>-34.00</b>	<b>12.96</b>
<b>Total</b>	<b>30.18</b>	<b>106.78</b>	<b>-109.00</b>	<b>27.96</b>

\*Net Movement

Interest earned on investments for 2014/15 was £381,043 equating to an overall average rate of return of 0.99%. The return comprised the following:

	Average Invested during the year £m	Interest & Dividends  £	Annualise d Return  %
Pooled Funds	3.92	182,999	4.67%
Non UK Banks & Building Societies	16.17	122,586	0.75%
Non-UK Banks	2.93	13,192	0.45%
Debt Management Office	0.68	1,716	0.25%
Money Market Funds	8.82	36,223	0.41%
UK Banks Call Accounts	4.67	18,798	0.40%
Lloyds Current Account	1.33	5,529	0.42%
<b>Total</b>	<b>38.52</b>	<b>381,043</b>	<b>0.99%</b>

Investment income was higher than the budget of £220,000 by £161,043, which was mainly as a result of the investment into pooled funds boosting overall returns.

<sup>1</sup> For this purpose investment balances excludes the deposit for LAMS, escrow account and impaired deposit, and petty cash balances



The low rates of return on the Council's short-dated money market investments reflect the prevailing market conditions.

## Pooled Funds

Having identified that £10m of the Council's projected cash balances could be invested for a longer duration, i.e. at least 3-5 years or more, the Council considered investments in pooled funds to diversify into asset classes other than cash without the need to own and manage the underlying investments. Pooled funds provide a greatly diversified portfolio of underlying securities than the Council could individually manage at a reasonable price.

The Council evaluated the risk/reward characteristics of several alternative asset classes such as bond, equity, property and multi-asset strategies, as each asset class comes with its own set of opportunities and risks associated with the underlying investments. The Council determined investments in equity income pooled funds and property pooled funds would best suit its objectives for its medium-term balances.

With advice from the Council's treasury advisors Arlingclose, the Council interviewed fund management companies whose funds aim to provide regular income as well as grow the capital value over time. The exercise resulted in the selection of the funds, below. Monies were invested in two tranches between October and November 2014. The distributing share class was selected for each of the funds in order to receive regular income.

Fund	Initial Investment	Value at 31/3/2015	Income earned during 2014/15
<b>Schroder UK Income Maximiser Fund:</b> The fund seeks to provide income and capital growth and aims to deliver a target income of 7% p.a., investing predominantly in UK equities.	£2.5m	£2.594m	£74,021
<b>Threadneedle UK Equity Income Fund:</b> The fund has an objective of steadily growing income and acceptable capital growth. It aims for a yield greater than 110% of the FTSE All Share yield.	£3.0m	£3.235m	£52,698
<b>M&amp;G Global Dividend Fund:</b> The fund aims to deliver a dividend yield above the market average, by investing mainly in a range of global equities. The Fund aims to grow distributions over the long	£2.5m	£2.617m	£15,909

Fund	Initial Investment	Value at 31/3/2015	Income earned during 2014/15
term whilst also maximising total return.			
<b>Local Authorities Property Fund.</b> The fund aims to provide long-term capital and income return. The fund must pay out the income it generates to investors.	£2.0m	£1.968m	£40,371
<b>Total</b>	<b>£10.0m</b>	<b>£10.414</b>	<b>£182,999</b>

All the above funds operate on a variable net asset value (VNAV) basis, i.e. the Council's investments are susceptible to fluctuations in their pricing. The Council acknowledges the funds offer the potential for enhanced returns over the medium- to longer-term targeted return but may be volatile in the short term. The Council also acknowledges that the targeted income and increase in capital values are not guaranteed and performance will be determined by each fund's individual strategy and prevailing market conditions. Monies can be withdrawn from the funds at short notice if required, however it is the Council's intention to hold these investments over a 3-5 year time frame, subject to acceptable performance.

Arlingclose will assist the Council by regularly monitoring the funds' performance and their continued suitability to meet the Council's investment objectives.

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

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.

The European Parliament approved the EU Bank Recovery and Resolution Directive (BRRD) on 15 April 2014. Taking the view that potential extraordinary government support available to banks' senior unsecured bondholders will likely diminish, Moody's revised the Outlook of several UK and EU banks from Stable to Negative and S&P placed the ratings of UK and German banks on Credit Watch with negative implications, following these countries' early adoption of the bail-in regime in the BRRD.

The Bank of England published its approach to bank resolution which gave an indication of how the reduction of a failing bank's liabilities might work in practice. The Bank of England will act if, in its opinion, a bank is failing, or is likely to fail, and there is not likely to be a successful private sector solution such as a takeover or share issue; a bank does not need to be technically insolvent (with liabilities exceeding assets) before regulatory intervention such as a bail-in takes place.

The combined effect of the BRRD and the UK's Deposit Guarantee Scheme Directive (DGSD) is to promote deposits of individuals and Small and Medium Enterprises (SMEs) above those of public authorities, large corporates and financial institutions. Other EU countries, and eventually all other developed countries, are expected to adopt similar approaches in due course.

In December the Bank's Prudential Regulation Authority (PRA) stress tested eight UK financial institutions to assess their resilience. Institutions which 'passed' the tests but would be at risk in the event of a 'severe economic downturn' were Lloyds Banking Group and Royal Bank of Scotland. Lloyds Banking Group, [whose constituent banks are on the Council's lending list], is taking measures to augment capital and the PRA does not require the group to submit a revised capital plan. RBS, which had previously been removed from the Council's lending list for investments, has updated plans to issue additional Tier 1 capital (e.g. equity) that could absorb potential losses.

The European Central Bank also published the results of the Asset Quality Review (AQR) and stress tests, based on December 2013 data. 25 European banks failed the test, falling short of the required threshold capital by approximately €25bn (£20bn) in total – none of the failed banks featured on the Council's lending list.

In October following sharp movements in market signals driven by deteriorating global growth prospects, especially in the Eurozone, Arlingclose advised a reduction in investment duration limits for unsecured bank and building society investments to counter the risk of another full-blown Eurozone crisis.

The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits rose relative to other investment options. The Council therefore increasingly favoured diversified alternatives such as money market funds and other pooled funds over unsecured bank and building society deposits.

The Council's counterparty credit quality has remained fairly consistent as demonstrated by the Credit Score Analysis<sup>2</sup> summarised below.

<b>Quarter Ending</b>	<b>Value Weighted Average Credit Rating</b>	<b>Time Weighted Average Credit Rating</b>	<b>Average life of portfolio (days)</b>
31/03/2014	A+	A	97
30/06/2014	A+	A	95
30/09/2014	A+	A	61
31/12/2014	A+	A	45
31/03/2015	A+	A	17

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

<b>AAA*</b>	<b>AA+</b>	<b>AA</b>	<b>AA-</b>	<b>A+</b>	<b>A</b>	<b>A-</b>	<b>BBB+</b>	<b>BBB</b>	<b>BBB-</b>
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\* Highest credit rating achievable

<sup>2</sup> Excludes Pooled Funds which are not credit rated

## **Liquidity Management**

The Council maintains a sufficient level of liquidity, as a significant portion of investments remain in money market funds (for purposes of diversification), or in immediate access/ call accounts, where these continue to pay interest at favourable rates when compared with term deposits. The Council's financial plans, both short and longer-term, provide the context for the cash flow forecasts used to determine the maximum period for which funds may prudently be committed.

### **9. Update on Impaired Investments**

#### **Glitnir**

Previously a single, full distribution was made by the Glitnir Winding-up Board. This included an amount paid in Icelandic krona which was deposited by the Winding-Up Board into an interest bearing escrow account as currency controls imposed by the Central Bank of Iceland (CBI) prevented the funds being withdrawn from Iceland and converted to Sterling.

Having considered options for repatriation of these funds, the Council took opportunity to participate in a currency auction held by the CBI in February 2015. This resulted in a partial sale of the funds held in escrow at a discounted price and the Council ultimately receiving £73,878 into its account. The Council continues to explore options to obtain the remaining balance of funds, which at 31 March 2015 had a book value of £81,190.

#### **Kaupthing, Singer and Friedlander (KSF)**

The Council has received a total of twelve distributions to date from the Administrators totalling £848,804 (including interest), equivalent to a recovery rate of 82.5p in the £. The Administrator has maintained the estimate of the likely final recovery rate within the range of between 85p and 86.5p in the £.

### **10. Use of Treasury Management Advisors**

Arlingclose Ltd continues to be retained to provide on-going treasury management advice and information. This service is separate to the services of brokers who occasionally are used to transact deposits. The contract with Arlingclose was renewed in November 2014 for a period of three-years after conducting a competitive tender process.

The Institutional Cash Distributors Ltd Money Market Fund portal is used which facilitates trades with the Council's money market funds and provides reports analysing fund holdings for individual funds and/ or aggregated across all active funds. The tool allows performance and features of other funds to be assessed. This service is provided to the Council at no charge as fees are paid by the actual funds.

Whilst the Council may engage external advisors, it is accepted that overall responsibility for treasury management remains with the Council.

## **11. Treasury Management Training**

It is a professional requirement that the Corporate Director should ensure that members tasked with treasury management responsibilities, including the scrutiny of the treasury management function, receive appropriate training.

Senior finance officers have an on-going professional responsibility to keep up to date with the regulatory regime and professional codes on treasury management.

Through the services of Arlingclose officers have had access to regular training events and workshops covering current treasury management matters. These events also provide opportunity to network with other local authorities and share best practice, in addition to the established Essex-wide officer groups.

## **Part 2 - Treasury Management Review – Mid-Year Report 2015/16**

### **1. Background**

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).

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, and an annual report after the financial year-end the Council should receive a mid-year update. This part of the report provides an update on the current year, including activity up to the end of July 2015.

### **2. External Context**

During the first quarter of the financial year economic data was largely overshadowed by events in Greece and the risk of a disorderly exit from the Euro. With the country's politicians and the representatives of the 'Troika' of its creditors in disagreement, Greece failed to make a scheduled repayment to the International Monetary Fund (IMF) on 30th June. The Prime Minister Tsipras then called a referendum on 5th July on reform proposals which by then were off the table anyway. The European Central Bank froze liquidity assistance provided to Greek banks and capital controls within the country severely restricted individuals' and corporates' access to cash.

Greece exiting the euro would not be without fall-out and a detrimental impact on other economies including the UK with the small, but by no means dismissive, risk of contagion into other Eurozone peripheral economies, such as Portugal, Ireland and Spain. After 61% of voters chose to endorse Tsipras' call for a "no" to more austerity, Greece's creditors refused to compromise. A default to the ECB on 20<sup>th</sup> July was however averted at the last minute. Following intense negotiations with its new Finance Minister, which has required the Greek government to ultimately agree to fiscal and economic reform and privatisations, a third bailout for the country has now been agreed with its creditors. This latest bail-out does not solve Greece's problems, but buys the country time and allows its banks to receive some injection of much-needed capital.

**UK Economy:** The economy remained resilient over the first quarter. Although economic growth slowed in Q1 2015 to 0.4%, year/year growth to March 2015 was a relatively healthy 2.9%. The first estimate of Q2 has showed the UK economy growing by another 0.7% over the quarter and 2.6% year/year, which were in line with market expectations. GDP has now increased for ten consecutive quarters, breaking a pattern of slow and erratic growth from 2009. The annual rate for consumer price inflation (CPI) briefly turned negative in April, falling to -0.1%, and after turning slightly positive in May to 0.1%, fell back to zero in June. The Bank of England has stated that it expected inflation to hover around zero in the near-term as falls in energy and food prices remained in the annual data series. The Bank was confident that negative inflation would prove temporary without any damaging consequences for the UK economy. Further improvement in the labour market saw the International Labour

Organisation's (ILO) unemployment rate for March fall to 5.5% of the economically active population. Average earnings excluding bonuses rose 2.2% year/year.

The outcome of the UK general election, largely fought over the parties' approach to dealing with the consequences of the structural deficit and the pace of its removal, saw some very big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics.

The Chancellor's Summer Budget contained a number of surprises and notable among them was the announcement of a National Living Wage to be made compulsory for workers aged over 25 to be phased in from April 2016. Also, a slowdown in the speed of deficit reduction which means public finances return to budget surplus in 2019-20 – a year later than previously suggested - and an increase in government borrowing by £18bn to £133bn over the five year forecast period.

The UK Bank Rate continues to be held at 0.5% although the pressure to intervene and increase the bank rate is building as outlined by Governor Mark Carney in his July speech given in Lincoln. In the latest Bank of England Inflation Report the MPC judges that it is currently appropriate to set interest rate policy so that it is likely that inflation will return to the 2% target within two years. Conditional on a gradual rise in Bank Rate, such as that currently implied by market yields, that is judged likely to be achieved.

Market interest rates for the period April to end July 2015 were as follows:

	<b>Bank Rate</b>	<b>O/N LIBID</b>	<b>7-day LIBID</b>	<b>1-MTH LIBID</b>	<b>3-MTH LIBID</b>	<b>6-MTH LIBID</b>	<b>12-MTH LIBID</b>
Minimum	0.50	0.30	0.40	0.43	0.51	0.55	0.97
<b>Average</b>	<b>0.50</b>	0.40	0.47	0.43	0.52	0.76	0.98
Maximum	0.50	0.48	0.58	0.56	0.65	0.86	1.07
Spread	--	0.18	0.18	0.13	0.14	0.31	0.10

Arlingclose is currently forecasting the first rise in official interest rates in the second quarter of 2016 (i.e. March – June 2016), and then projecting a slow rise in Bank Rate over the subsequent two years up to 1.75%. In the longer term, the forecast is for the appropriate level for Bank Rate to be lower than the previous norm expecting it to be between 2 and 3%. Arlingclose also project gilt yields (and consequently the cost of borrowing by local authorities) to rise over the medium term, but with some short-term volatility due to the uncertainties around the timing of UK monetary policy tightening and global concerns around the slowdown in the Chinese economy .

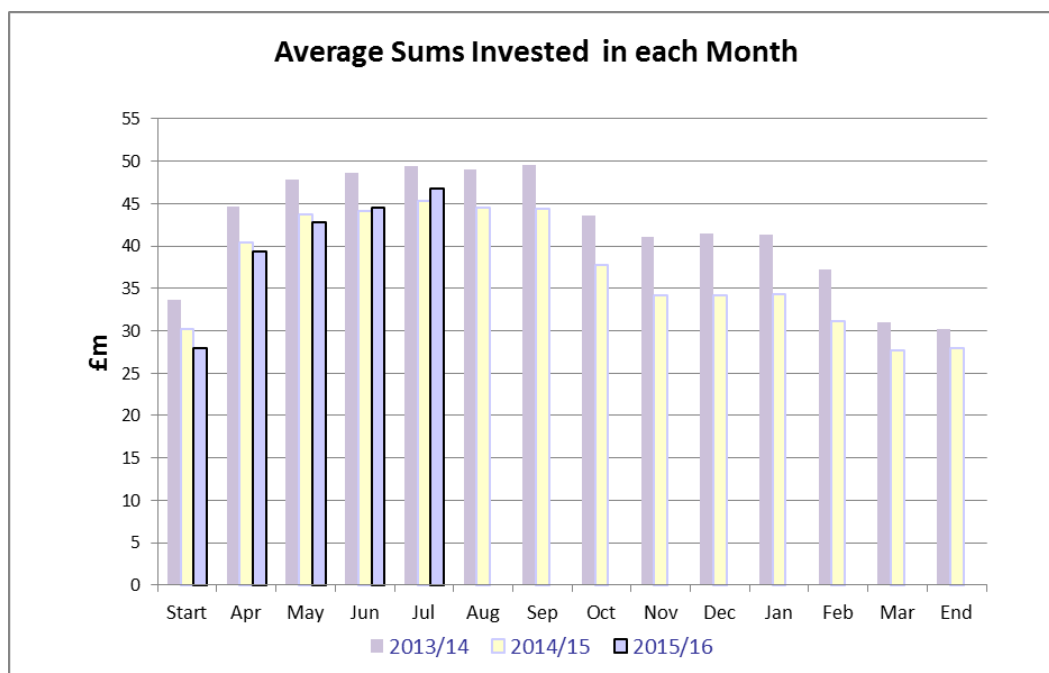
### **3. Capital Financing Requirement (CFR) & Borrowing**

The approved capital programme for 2015/16 was based on being fully financed, largely from capital receipts, and therefore no change in either the CFR or new borrowing was anticipated and at present this remains the current position.



#### 4. Investments

For the period April to end July 2015, cash balances for investment averaged £43.39 million, and are typically following the profile of recent years:



Although generally falling, cash balances remain higher than originally assumed in the Budget, partly due to a higher opening position as spend on the capital programme was re-profiled and funds were set aside in earmarked reserves as part of the 2014/15 outturn.

#### **Investment Activity & Returns**

The change in investment balances during the period April to July 2015 is shown in the table below.

	Balance 01/04/15  £m	Investments:		Balance 31/07/15  £m
		Placed  £m	Mature d/Sold  £m	
<b>Pooled Funds</b>	<b>10.00</b>	-	-	<b>10.00</b>
<b><i>Fixed Term Deposits:</i></b>				
UK Banks & Building Societies	5.00	11.00	-7.00	9.00
Non UK Banks	-	3.00	-	3.00
Debt Management Office	-	45.50	-41.50	4.00
<b>Sub-Total</b>	<b>5.00</b>	<b>59.50</b>	<b>-48.50</b>	<b>16.00</b>
<b><i>Instant Access Deposits:</i></b>				
Money Market Funds – CNAV	10.00	2.00	-	12.00
Money Market Funds – VNAV	-	4.00	-	4.00
UK Banks Call Accounts	2.00	1.00	-	3.00
Lloyds Current Account*	0.96	0.13	-	1.09
<b>Sub-Total</b>	<b>12.96</b>	<b>7.13</b>	<b>-</b>	<b>20.09</b>
<b>Total</b>	<b>27.96</b>	<b>66.63</b>	<b>-48.50</b>	<b>46.09</b>

\*Net Movement



To aid further diversification and to seek to enhance returns on cash balances held for use later in the year, a new money market fund was opened with Royal London. This fund operates on a variable net asset value basis (VNAV) i.e. where the fund valuation and therefore sums deposited can fluctuate, as opposed to a constant net asset value (CNAV) where the objective of the fund is to maintain the value of the fund at par.

Interest and dividends earned on investments in the period was £211,259 equating to an overall average annualised return of 1.46%, comprised as shown in the table:

	<b>Average Invested April-End July 15</b>	<b>Interest &amp; Dividends</b>	<b>Annualised Return<sup>3</sup></b>
	<b>£m</b>	<b>£</b>	<b>%</b>
Pooled Funds	10.00	163,983	4.91
UK Banks & Building Societies	7.80	14,048	0.54
Non-UK Banks	2.02	3,235	0.48
Debt Management Office	5.30	4,431	0.25
Money Market Funds – CNAV	12.00	17,140	0.43
Money Market Funds – VNAV	1.90	2,576	0.41
UK Banks Call Accounts	2.67	3,573	0.40
Lloyds Current Account	1.70	2,273	0.40
<b>Total</b>	<b>43.39</b>	<b>211,259</b>	<b>1.46</b>

### Pooled Funds

At the end of July the position regarding pooled funds was as follows:

<b>Fund</b>	<b>Initial Investment</b>	<b>Value at 31/7/2015</b>	<b>Income earned Apr-Jul</b>	<b>Annualised Return<sup>4</sup></b>
	<b>£m</b>	<b>£m</b>	<b>£</b>	<b>%</b>
Schroder UK Income Maximiser .	2.5m	2.482	£66,108	7.91
Threadneedle UK Equity Income	3.0m	3.202	£46,999	4.69
M&G Global Dividend	2.5m	2.437	£27,257	3.29
Local Authorities Property.	2.0m	2.021	£23,619	3.53
<b>Total</b>	<b>10.00</b>	<b>10.142</b>	<b>163,983</b>	<b>4.91</b>

<sup>3</sup> Annualised return excludes changes in market value

<sup>4</sup> See note 3

## **5. Credit Developments and Credit Risk Management**

All three credit ratings agencies have reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for varying “loss given defaults” as a result of new bail-in regimes in many countries.

Despite reductions in government support many institutions have seen upgrades due to an improvement in their underlying strength and an assessment that the level of loss given default is low.

Fitch reviewed the credit ratings of multiple institutions in May. Most UK banks had their support rating revised from 1 (denoting an extremely high probability of support) to 5 (denoting external support cannot be relied upon). This resulted in the downgrade of the long-term ratings of a number of banks including Royal Bank of Scotland (RBS) to BBB+ from A; however, the Lloyds Banking Group received a one notch upgrade from A to A+.

Moody's concluded its review in June and upgraded the long-term ratings of Close Brothers, Standard Chartered Bank, ING Bank, Goldman Sachs International, HSBC, RBS, Coventry Building Society, Leeds Building Society, Nationwide Building Society, Svenska Handelsbanken and Landesbank Hessen-Thüringen.

S&P reviewed UK and German banks in June downgrading Barclays' long-term rating to A- from A, RBS to BBB+ from A- and Deutsche Bank to BBB+ from A. S&P has also revised the outlook of the UK as a whole to negative from stable, citing concerns around a planned referendum on EU membership and its affect on the economy.

In July Arlingclose issued further investment guidance extending the duration limits for certain major UK and other European banks, and bringing back on to the recommended list the National Westminster Bank and Royal Bank of Scotland for short term deposits (i.e. up to 35 days). The context of this recent advice was an assessment that overall global credit risk had improved allowing some lengthening of exposure where unsecured deposits were being used.

LEADER'S REPORT TO COUNCIL  OVERALL CORPORATE STRATEGY AND DIRECTION	Agenda No: 7a
<p><b>1. <u>South East Local Enterprise Partnership (SELEP)</u></b></p> <p>At the SELEP Board meeting on the 25<sup>th</sup> September, George Kieffer was elected interim Chairman of SELEP A recruitment process is now underway to appoint a permanent Chairman.</p> <p><b>2. <u>Haven Gateway Partnership</u></b></p> <p>On the 15<sup>th</sup> September 2015 I attended a meeting of the Haven Gateway Partnership Board and one of the items on the agenda was an Enterprise Zone Proposal for the A120 corridor. Details are set out below.</p> <p><u>SELEP Enterprise Zone Proposal</u></p> <p>The South East Local Enterprise Partnership (SE LEP) has proposed four new locations for Enterprise Zone status, in response to Government's recent call. The SE LEP proposal includes A120 Corridor &amp; Haven Gateway Enterprise Zone – A120 Corridor, Essex, submitted on behalf of the Greater Essex Business Board and endorsed by the Haven Gateway Partnership Board.</p> <p>There are currently 24 individual Enterprise Zones across the country, which are now home to nearly 20,000 jobs and more than 500 firms, since they were created in 2012.</p> <p>If the SE LEP bids are successful, the new Enterprise Zones would attract new companies and new jobs to the area by being able to offer business rate discounts for new occupiers. The Government will support business rate discounts of up to £55,000 per year for five years for businesses that locate within an Enterprise Zone by 31 March 2022.</p> <p>In recognition of the size and scale of SE LEP, which covers the communities of Kent, East Sussex, Essex, Medway, Southend and Thurrock, four bids were submitted:</p> <ul style="list-style-type: none"><li>• A120 Corridor &amp; Haven Gateway Enterprise Zone – A120 Corridor, Essex; submitted on behalf of the Greater Essex Business Board</li><li>• East Sussex Coastal Enterprise Zone – Hastings to Bexhill;</li><li>• North Kent Innovation Zone – Ebbsfleet, Rochester Airport Technology Park and Kent Medical Campus in Maidstone;</li><li>• Thames Enterprise Park – Coryton;</li></ul> <p>Government will now review all LEPs' proposals ahead of a decision, expected in the Autumn.</p> <p><b>3. <u>Devolution of Powers to Greater Essex</u></b></p> <p>A Members' briefing was held on this subject on the 17<sup>th</sup> September and was well attended, with a good discussion held. A report updating Members on the</p>	

devolution programme was taken to Cabinet on the 28<sup>th</sup> September. I have now been asked by the partnership to act as lead Leader for the New Homes and Communities work stream. A further update will be taken to Cabinet on the 30<sup>th</sup> November.

Councillor Graham Butland  
Leader of the Council

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**REPORT TO COUNCIL – PORTFOLIO AREA OF HEALTH  
AND COMMUNITIES**

**Agenda No: 7b**

**Health Improvement**

**Primary Care**

I attended the launch of the new Essex Primary Care Inter-Professional Centre (EPIC) based at Collingwood Road, Witham. I attended the meeting as the Representative of the Essex County Council Health Overview and Scrutiny Committee (HOSC).

EPIC is the result of collaboration between the seven Essex Clinical Commissioning Groups, NHS England (East), Health Education (East) and stakeholders who seek to recruit, retain and support GPs and Primary Care nurses across the county of Essex.

The functions of the EPIC Workforce Development Centre reflect the initiatives set out in NHS England's 10 point GP Workforce Plan, released earlier this year, in collaboration with Health Education England, the Royal College of General Practitioners and the British Medical Association GP Committee. This plan stresses the urgent need to recruit, retain and return doctors to General Practice. The overall mission statement is: "To support, inspire and expand the Primary Care workforce in Essex in order to improve patient care".

Dr Kamilla Porter is the Clinical Lead for the project. Kamilla graduated from University College London Medical School in 1996 and continues to practice as a salaried GP in Rochford, Essex. She stepped up to Clinical Lead in April 2015. Kamilla has agreed to attend the Essex County Council Health Overview and Scrutiny Panel to report on the work of EPIC.

Andrew Pike, Director, NHS England (East) attended and spoke at the launch. His vision is: "To improve GP and nurse retention in Primary Care and General Practice. For the seven Clinical Commission Groups to collaborate with each other and to drive forward Primary Care Plans for Essex. In terms of the seven Clinical Commission Groups a co-commissioning model is essential".

In response to a question Andrew confirmed that the future plans for primary care need to be in line with the projected housing growth. Andrew has asked every Clinical Commission Group in Essex to provide him with an estates plan by January at the latest. Andrew suggested that Essex County Council Health Overview and Scrutiny Panel should ask the seven Clinical Commissioning Groups if their plans will accommodate the projected growth.

Further information can be found at the following website:- [www.epic-wd.org.uk](http://www.epic-wd.org.uk).

### **Health Prospectus**

The new prospectus (setting out a five year forward for the district) has been finalised and will be made available to each Councillor later this month; it has been developed by the Health and Wellbeing Panel.

### **Livewell – expansion of brand**

Livewell is the successful brand of the Braintree District Health and Wellbeing Panel. I was delighted to learn that the Mid Essex Clinical Commissioning Group is looking to expand the Livewell concept across the Maldon and Chelmsford and have spoken about a pan-Essex approach.

### **Braintree District Council Overview and Scrutiny Committee**

I attended the September meeting to observe the main topic selected which is “Health”. Mike Gogarty – Director of Public Health at Essex County Council and Caroline Russell - Accountable Officer at Mid Essex Clinical Commissioning Group also attended the meeting along with a local GP. The Committee is carrying out a fact finding piece of work which will be presented to Cabinet and Full Council for further consideration. Early indications suggest that health facilities, health inequalities and educational attainment across the District will feature in the topic selected.

### **Dementia Friendly Communities**

On 23<sup>rd</sup> October a meeting will be held to discuss establishing a Braintree District Dementia Action Alliance (BDDAA). The purpose of the Alliance will be for local partners to work together to ensure the success and sustainability of the Alliance. Once set up our local Alliance will link to, the Pan Essex Dementia Action Alliance.

### **Active Communities**

Councillor Tattersley and I met with Fusion Lifestyle, the Council’s Leisure Provider, to look at the Leisure Contract Monitoring Report. These are some of the key findings (a more detailed report will be sent to each Councillor in November).

- Participation results showing significant growth (8% increase compared with last year) along with revenue
- Witham Leisure Centre saw the biggest increase in visitor numbers – 58,000 more than last year (a 20% increase)
- Overall satisfaction is 94.9%
- All sites saw an increase of 8.5% on the previous year
- The ‘Great Outdoors Campaign’ continues
- 3,200 children per week now in ‘Swim School’

### **Active Essex and Active Braintree**

I recently attended meetings of both groups. Without any doubt the financial support of Sport England through Active Essex and Active Braintree is significantly supporting sports growth within the Braintree District. I attended an Away Day for Active Essex where we prepared a response to the National Sports Strategy Consultation being championed by Tracey Crouch MP – Minister for Sport. The response will be shared with all of the 14 Active Networks in Essex before its final submission.

**Rural update**

The Essex Rural Strategy questionnaire is now live. Questionnaires can be accessed at the website:- <http://surveys.essexinsight.org.uk/EssexRuralStrategy>

**Braintree District Museum Trust**

I recently attended an Away Day of the Trust. It was an informative session and focused on the future priorities for the Trust including ideas for future revenue generation and greater commercialisation. Several new Trust Members have joined and bring to the Trust a spectrum of experience and renewed energy.

Councillor Mrs Joanne Beavis  
Cabinet Member for Health and Communities

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
FINANCE AND PERFORMANCE**

**Agenda No: 7c**

**Audit**

The Council's Accounts for 2014/15, having been scrutinised by the Governance Committee, have been signed off by our External Auditor, BDO LLP, as an unqualified true and fair opinion and an unqualified value for money conclusion.

**Council Tax and Business rates**

Collection rates for Council Tax and Business Rates narrowly missed target in the first quarter. Council tax amounting to £23.2million was collected in the first quarter which is £330k higher than last year although the collection rate is down marginally (less than 1%) against the profiled target for the quarter.

Our review of entitlement to Single Persons Discount continues and the first penalty of £70.00 has been issued to a council taxpayer for not notifying the Council that their circumstances had changed and that they were no longer entitled to a single person discount.

The collection of Business Rates has not met target due to a significant increase in the rateable value due to the Valuation Office issuing assessments for a number of new business premises identified across the district. The collection rate has improved since May as the new businesses commence payment.

**Financial Performance**

An overall positive variance is forecast for the year of £109,000 (< -1%) against the budget of £15.624 million. Income is projected to be overachieved by £283,000, due mainly to fees and charges (£113,000) in respect of car parking, planning fees, land charges and an increased amount expected from the council tax sharing arrangement with major preceptors (£65,000), partially offset by a predicted net shortfall of £174,000 against achieving the corporate efficiency target.

**Medium Term Financial Strategy**

In the MTFS agreed by Council on 16th February 2015 there were projected shortfalls of £128,616 in 2016/17, and £698,702 and £612,773 for 2017/18 and 2018/19 respectively.

Since that time we have continued to reappraise the impact on budget forecasts as a result of both recent Government announcements on further reduced government grant, and also by reassessed financial pressures on delivery of the Council services. All staff and members received a letter from the Chief Executive and Leader giving details in the summer explaining the background.

Following the July Government Spending Review, the LGA published The 'Future



funding outlook for councils 2019/20'. This suggests reductions in grant funding to local government from 2016/17 to 2018/19 of 12.1%, 11.6% and 4.7%, respectively, and an increase of 7.1% in 2019/20. We are presently taking these as key drivers in our budget setting appraisal, as well as incorporating estimates for revised financial impacts upon service delivery from identified pressure points.

At this stage in recognition of these identified service delivery pressure points we are making provision of increased costs of £300k for 2016/17 and a further £300k for 2017/18.

We are also making provision for growth in the council's tax base of 0.5% for 2016/17 and 1% for 2017/18.

The overall impact therefore is now very challenging, with forecast revised shortfalls over base budget of:

£680,000 for 2016/17

£1,170,000 for 2017/18

£390,000 for 2018/19

With an overall shortfall of £2.24m over the next 3 years we are currently identifying opportunities to make savings and / or increase income.

A Cabinet Strategy day held on October 9<sup>th</sup> focused upon an initial appraisal of potential savings and increased income options that we can work up further, and after further appraisal and refinement proposals will be brought to the Overview and Scrutiny meeting on November 25<sup>th</sup> to which all members are invited to attend.

There is much evaluation and appraisal to be undertaken, with inevitably tough decisions to be made before the final budget comes before Council on February 22<sup>nd</sup> 2016.

### **Business Rates Pooling scheme**

The Council agreed together with seven district/borough/city councils, Essex County Council and Essex Fire Authority to enter into a Business Rates pooling arrangement (the Essex Pool) for 2015/16.

On the basis that all eight billing authorities achieve the predicted growth, the Council could receive an additional amount of business rates of approximately £250,000, which will be received in 2016/17 in respect to the 2015/16 scheme.

It is proposed we participate in the development of a pooling scheme for Essex for 2016/17, with the caveat that the estimate of business rates collectable exceeds the Base line amount.

### **Local Council Tax Support Scheme (LCTS)**

The Council's Local Council Tax Support (LCTS) scheme was introduced on 1st April 2013. The scheme retains a significant proportion of the principles and elements of the previous Council Tax Benefit scheme and the scheme has remained the same over the three years since implementation.

As a result of continued reductions in Revenue Support Grant the amount paid to claimants under the LCTS is greater than the grant received by the Council. Therefore,

in an attempt to reduce that gap it is proposed to consult on increasing the minimum liability, that working aged claimants have to pay, by up to 4% and increasing the non-dependants reduction by up to £10 per week, together with two minor amendments for administrative and consistency purposes.

#### **Business Growth Loan Fund initiative**

The Council's Business Growth Loan Fund scheme, was launched in September, which offers an overall total allocation of £500,000 to facilitate growth and inward investment for local businesses within the district. The scheme allocates up to £400,000 for direct loans (divided £120,000 for inward investment and £280,000 for District business growth) and a further £100,000 channelled through the Funding Circle process. Funding Circle is a government backed company which provides an opportunity to invest in small and medium enterprises with a good credit rating, which is an increasingly popular peer funding approach.

#### **First Quarter Performance Management Report 2015/16**

In the first quarter three projects have been completed, 35 are on track and one project has been delayed. For performance indicators at the end of the first quarter, six have met target and seven haven't met target. Three of the performance indicators have missed target by less than 1% percent.

Cllr David Bebb  
Cabinet Member for Finance and Performance

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
ECONOMIC DEVELOPMENT**

**Agenda No: 7d**

Business Support

A special briefing on broadband was held for Members on 6<sup>th</sup> October 2015. At the briefing, Superfast Essex provided Members with details of the broadband roll-out programme in the District, discussed Member concerns, and options for delivering fast broadband to the more rural parts of the District.

Following the allocation of £500,000 in the Council budget for business loans, our Business Growth Loan Fund was launched on 14<sup>th</sup> September 2015. Capital loans are available to support existing businesses to grow and create jobs, and to attract inward investment and jobs growth and applications are now being accepted.

Economic Development

Work on the Braintree Enterprise Centre extension on Springwood Drive in Braintree continues to progress to plan and we remain on track to complete the extension by 29<sup>th</sup> January 2016.

A detailed business plan and specification for an Enterprise Centre in Witham is now underway, commissioned jointly with Essex County Council. The Council has committed £500,000 New Homes Bonus towards the Centre and will be using the business plan to seek contributions from other partners.

We are continuing to work with the developer to bring forward a rural work hub on the former Premdor Site at Sible Hedingham under their Section 106 contribution obligation. Discussions to finalise a detailed design and specification are continuing.

Business Engagement

I attended the Braintree District Business Leaders Board on 24<sup>th</sup> September 2015 where we received a presentation on Colchester Institute's proposed Science, Technology, Engineering and Manufacturing Centre at the College at Braintree, and discussed how the Centre can meet the current and future skill needs of the District's employers and help create jobs and economic growth in the District. The Board also received an update on the development of enterprise start up facilities in the District and discussed the need for 'grow-on' space for successful business start-ups.

I will be attending the first of two open Business Forums organised jointly with Essex Chambers of Commerce, in Braintree on 16<sup>th</sup> October 2015, with James Cleverly MP attending, and a briefing from Haven Gateway Partnership on the development of the A120 growth corridor. The second forum will be in Witham in the new year with the Right Honorable Priti Patel MP attending.

Regeneration

The outcomes from public consultation on a package of regeneration improvements for Halstead was presented to Prosperity Project Board on the 21<sup>st</sup> September 2015. The

proposals included public realm improvements at the top of the High Street to reduce the dominance of traffic for pedestrians, providing an improved environment for the market, and improved pedestrian signage. Work is now underway to take on board comments received and produce a modified scheme for further consultation.

I met the Town Team Chairs to discuss how the Council and the Town Teams could continue to work together to promote our town centres, and their plans to be self-sustaining once the 'Portas Pilot' funding allocated to the Teams runs out.

Councillor Tom Cunningham  
Cabinet Member for Economic Development

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
CORPORATE SERVICES AND ASSET MANAGEMENT**

**Agenda No: 7e**

**Governance and Members, Legal**

There are no major issues to report for the Governance or legal services. All teams have a substantial workload with a number of projects underway.

**Elections**

The team is currently undertaking the annual canvas of electors to ensure that there is an up to date and effective register. Reminder letters have been sent out and all households are encouraged to return these. A new register will be published on the 1<sup>st</sup> December.

**HR/OD&L**

As part of Braintree District Council's apprentice scheme, 12 new level 2 apprentices started with us on 15th September. They will be placed in services and undertaking corporate projects as part of their twelve month apprenticeship.

**Business Solutions**

The infrastructure upgrade (servers, file store and backup) of the server room continues and is on target for completion by December.

Negotiations are underway with Capita and three other Essex authorities to determine the future of the ICT contract after March 2017.

Work is underway to redesign our website, making it easier to use from mobile devices including phones and tablets. This should be completed by March 2016.

In September, an automated call distribution system was introduced into our Council Tax and Business Rates teams. This will improve customer service and allow the service manager to better support the changes in demand from customers.

**Procurement**

There are no major issues to report for procurement at this stage.

**Audit, Insurance and Risk**

We have recently re-tendered our insurance policies. This has resulted in a saving of £40,000 per annum.

The strategic risk register has been reviewed by members on 28<sup>th</sup> July, and was agreed by Cabinet on 28<sup>th</sup> September. For further details please see Cabinet papers.

Councillor John McKee  
Cabinet Member for Corporate Services and Asset Management

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
PLANNING AND HOUSING**

**Agenda No: 7f**

**INFRASTRUCTURE**

Roads

I attended a briefing by Highways England for partners in the Eastern Region on 29<sup>th</sup> September 2015, setting out their strategy for the region. Highways England have informed me that they have now received a cost estimate from their contractor for completing improvement works to the Marks Farm roundabout and will be contacting Tesco to ensure that the required funds are in place to complete these works. Once this has been confirmed they will supply details of the work programme, which I will report to Members.

Essex County Council is expected to circulate programme & governance arrangements in October for the options study into dualling the A120 between Braintree and Marks Tey, with Highways England and the Department for Transport. The study will identify an agreed preferred route by 2017 for inclusion in the next Department for Transport programme for 2020-2025.

The County Council as the Highway Authority is continuing to analyse results of survey work for the roundabout at the entrance to Springwood Drive Industrial Estate, in consultation with District Council officers. All options are being considered and investigated as a matter of urgency, including exploring any opportunities to alleviate the current problem whilst a permanent solution is implemented.

A Planning Application is expected to be submitted shortly consistent with the North West Braintree growth locations Master Plan, which included provision of a link road.

Rail

The Government issued the Invitation to Tender for the East Anglia Rail Franchise award on 18<sup>th</sup> September 2015, with final bids to be submitted 17<sup>th</sup> December 2015. The franchise will be awarded in June 2016 and commence from October 2016. I have had meetings with all three shortlisted Franchise bidders (Abellio & Stagecoach, First Group and National Express East Anglia Trains), and impressed upon them the need to improve the frequency and reliability of services on the Braintree to Witham branch line, and improve the experience for passengers using stations in the District. Discussions with bidders to inform their submissions are continuing.

**PLANNING POLICY**

Work on the Local Plan, to guide development in the District between now and 2033 continues to progress and background work on drainage and flooding, highways, retail, community facilities, affordable housing, the strategic housing land availability assessment (SHLAA) and open spaces continues. These evidence base documents will be reported to Members in due course.

All sites submitted during the Call for Sites have now been visited by a planning officer

and their first assessments have taken place. These sites are also now being assessed by our consultants in relation to the sustainability framework which was approved by the Local Plan Sub Committee on 8<sup>th</sup> July 2015.

## **HOUSING**

### Homelessness & Temporary Accommodation

Between April 2015 and the end of August 2015 the Council accepted 31 households as being eligible, homeless and in priority need, the total for 2014/15 was 140 households. Numbers can vary quite significantly month by month and it is difficult, at this stage, to predict whether there will be a decrease overall by year end. The Housing Options Team continues to focus on preventing homelessness occurring. In 2014/15 homelessness was prevented for 191 households, between April 15 and the end August 15, homelessness was prevented for over 160 households.

At the end of August 2015 the number of households in temporary accommodation was 50, the same as the previous month.

### Affordable Housing Development

There were 173 affordable housing completions during 2014-15. In 2015-16 we are still forecasting that there will be 75 affordable completions with a range of schemes that include 40 homes at Maltings Lane, Witham and developments in Braintree, Panfield and Kelvedon. The Council is worked closely with Greenfields, Flagship, CHP, Family Mosaic and Colne Housing on this programme, which includes 2 homes for shared ownership.

### The Housing Register

From 1<sup>st</sup> August to 28<sup>th</sup> September 2015, 62 housing association properties were let in the Braintree District via the Gateway to Homechoice system.

As at the end of August 2015 there were 2,388 applicants on the Housing Register in the following priority bands:

105 – Band A

231 – Band B

625 – Band C

130 – Band D

1282 – Band E

10 – Band F (Non bidding band used for applicants who require supported schemes that are not advertised on the Gateway to Homechoice Website such as Helen Court in Witham or Abbeyfields in Braintree)

Councillor Lady Newton  
Cabinet Member for Planning and Housing

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**REPORT TO COUNCIL – PORTFOLIO AREA OF  
ENVIRONMENT AND PLACE**

**Agenda No: 7g**

**LICENSING**

**Further powers to deter employing illegal immigrants**

The Immigration Minister announced recently that building on the Immigration Act 2014 a new Immigration Bill will be introduced in Autumn to deal with illegal migrants. The Bill will include a range of new powers to deter people from trying to find work in the UK illegally, together with measures to deal more effectively with “rogue businesses” who offer them employment.

Late night takeaways and off-licences will be required to comply with immigration laws as a condition of obtaining and holding a licence. The new powers will also mean that any pub, off-licence or late night takeaway that fails to comply with immigration laws or employs illegal workers could be stripped of their licence to operate.

**Better Business for All**

(BBFA) is an initiative supported by the Better Regulation Delivery Office, it helps to encourage a positive working relationship between business and regulators and break down any real or perceived barriers to growth. Regulators play an important role in helping businesses to get it right and maximise their economic potential and we are working to help businesses overcome their fear of contacting regulators for help and to recognise regulators as enablers as well as enforcers. Our Environmental Health department is taking part in an Essex wide scheme to understand the experiences that Essex Businesses have with local regulators (Trading Standards, Environmental Health, Planning, Fire, etc.), both good and bad. Businesses are being asked to complete a short online survey after they have had a visit from an Environmental Health Officer.

**LANDSCAPE AND COUNTRYSIDE**

**Halstead River Walk - Consultation Event on The Draft Management Plan for Halstead River Walk**

Following the public consultation in March; local residents attended a guided walk with members of the Landscape Services team on Saturday 19<sup>th</sup> September, the attendees discussed various aspects of the management of this attractive amenity in the centre of the town. An initial work party event for volunteers will be organised and the finalised management document will be presented to a meeting of The Town Council by the end of the year

**Tree Strategy** Draft tree strategy document will be available on the Council's website for comment from Thursday 1<sup>st</sup> October until Friday 30<sup>th</sup> October. An advisory letter will be sent by e-mail to Town and Parish Councils, Voluntary Tree Wardens and various interest groups advising that the document is available online for public comment. Comments will be invited to the Landscape Services e-mail inbox.

**Hoppit Mead** The volunteers have now formalised as 'Friends of Hoppit Mead LNR' and are very enthusiastic and proactive. Work party dates are every 1st Saturday. A series of improvement works have been commissioned over the winter period including a board walk, interpretation boards and some wood sculpture.

**Bocking Blackwater** The EWT river bank restoration works are complete. Notice Boards for two woodland areas will be installed with funds from S106. Volunteer work party schedule is every 3<sup>rd</sup> Saturday.

**Pro-active Tree Management** Priority will be given this winter to tree management work at Coggeshall Road, Braintree, The Flitch Way, Halstead River Walk, Sible Hedingham River Walk and Steeple Bumpstead River Walk.

**Wilderness Foundation** Nature Club joint activity event taking place on 28<sup>th</sup> October in Cuckoo Wood.

## **COMMUNITY SAFETY**

The Domestic Abuse Reference Group has been given information in relation to the new module that will be added to the Risk Avert programme which is offered to all secondary schools across the County, the module is Healthy Relationships. Two pilot projects concentrating on perpetrators are currently being developed; a countywide communications plan is being developed by ECC for the year with support & guidance from DA specialists. Domestic Abuse Awareness Day is 25<sup>th</sup> November.

## **CAR PARKING**

Local residents/visitors to Braintree will soon have the option of parking 24/7 in our George Yard Multi-storey Car Park. This will be a trial arrangement whereby the ground floor of the car park will be made available for parking around the clock, to accommodate evening visitors to the town centre. It will also offer convenient additional parking space for nearby residents. The trial will commence from 1 November 2015 and will be in operation for a six month period, during which time usage will be monitored to determine if the arrangement should be made permanent. [Entry to the lifts and upper floors will be closed off at the normal closing times.]

At last Full Council, I reported that a Temporary Traffic Regulation Order (TTRO) had been created for Guithavon Valley, Witham, to help resolve safety concerns raised by local residents and drivers using this road. Braintree District Council, in conjunction with the North Essex Parking Partnership (NEPP) had been monitoring the impact of the restrictions from a traffic management perspective and concluded that it was necessary to amend the existing TTRO to improve traffic flow and provide unrestricted access to/from residential properties in the road. This work is complete and will remain in force for a period of up to 18 months, following which consideration will be given to making the scheme permanent.

## **PARKS & OPEN SPACES**

As previously reported, the 'Anglia in Bloom' judging day took place in Halstead in July and the results were announced on 17 September. The competition covers the six counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk & Suffolk and with 26 Gold Awards this year, the results were very close. However, I am delighted to

tell Members that Halstead achieved the Gold standard, 'Best Town', and snatched victory from Wisbech this year, with several other entrants knocking on their door for

the prestigious title of "Best Overall Entry". I would like to offer my congratulations to the Halstead in Bloom Team for this fantastic achievement and also mention the Council's street cleansing and horticultural staff who always provide such tremendous support to the Group to help ensure that Halstead has the best chance of success. Well done to all involved.

Members will be pleased to hear that the new allotment site adjacent to Bocking Cemetery is now being marked up and cultivated ready for occupation next Spring. There will be 32 plots and no doubt these will be snapped up very quickly, enabling more families to 'grow their own' and reducing waiting lists considerably.

## **STREET CLEANSING**

Volunteers, local businesses and Braintree District Council were out in force from 21-25 September inclusive, clearing up rubbish from across the District during a special week of activity as part of the Love Essex anti-litter campaign. The week of action kicked off with Braintree District Council tidying six miles of the A120: verges on both sides of the carriageway and the central reservation were given a thorough clean, removing 120 tonnes of litter, along with car parts and a number of dead animals. Elsewhere, community groups, local residents and businesses undertook litter-picks and amassed in excess of 60 bags of litter. This was a brilliant effort by all involved and I would like to record my thanks to everyone who took part, and especially the volunteers who gave up their valuable time to help clean up the District.

## **WASTE MANAGEMENT**

Members will have received a letter recently advising of route adjustments affecting some 1,400 customers, aimed at improving service delivery. These modifications have resulted in a change of collection week for approximately 1,000 domestic properties and a change of collection day for a small number of flats and trade waste customers. We had planned to implement the changes with effect from 27 September, but had to defer this by a week owing to some last minute adjustments. A number of 'SUPER' collections (food, recycling and residual waste) were carried out to assist customers through the transition from the old to the new routes.

A new 5p charge for plastic bags was introduced in England on 5 October 2015 in a bid to slash the 7.6 billion bags handed out last year (the equivalent of 140 per person amounting to 61,000 tonnes in total).

All major supermarkets and retailers employing 250 or more staff must now charge at least 5p for the bags they provide in store and for deliveries, although smaller shops and paper bags are exempt. Free bags will also be provided for consumers buying uncooked meat, poultry or fish, prescription medicine, certain fresh produce such as flowers or potatoes, and unwrapped ready-to-eat food such as chips.

The government expects the scheme to cut use of plastic carrier bags by up to 80% in supermarkets, and by 50% on the High Street. It is expected to save £60m in litter clean-up costs as well as generate £730m for good causes over the next decade.

Environmentalists have welcomed the move, but have called for a more comprehensive scheme that includes all retailers and all types of bags.

## **DEPUTY LEADER ACTIVITIES**

I deputised for The Leader of The Council at the Essex Leaders and Chief Executives meeting and EELGA both of which the subject was Devolution and at the Police and Crime Commissioners Panel to discuss changes in policing. I also had the pleasure of deputising on October 2nd at BDC's PRIDE Award evening, it was a delight to see how many of the staff were nominated for the different categories and heartfelt congratulations to them all.

Cllr Wendy Schmitt  
Cabinet Member Environment and Place

<b>Contact:</b>	<b>Councillor Mrs W Schmitt</b>
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COUNCIL  
19<sup>th</sup> October 2015

<b>LIST OF PUBLIC MEETINGS HELD SINCE LAST COUNCIL MEETING</b>		<b>Agenda No: 8</b>
<b>Corporate Priority:</b> Not applicable <b>Report presented by:</b> Not applicable <b>Report prepared by:</b> Emma Wisbey – Governance and Member Manager		
<b>Background Papers:</b> Published Minutes of the meetings listed within the report below.		<b>Public Report</b>
<b>Options:</b> Report for noting		<b>Key Decision: No</b>
<b>Executive Summary:</b>  Since the last Council meeting held on 14 <sup>th</sup> September 2015, the following Minutes have been published for meetings held in public session: <ul style="list-style-type: none"> <li>(1) Planning Committee – 15th September 2015</li> <li>(2) Governance Committee – 16th September 2015</li> <li>(3) Overview and Scrutiny Committee – 23rd September 2015</li> <li>(4) Braintree Local Highways Panel – 24th September 2015</li> <li>(5) Cabinet – 28th September 2015</li> <li>(6) Planning Committee – 29th September 2015 (copy to follow)</li> <li>(7) Local Plan Sub-Committee – 7th October 2015 (copy to follow)</li> <li>(8) Planning Committee – 13th October 2015 (copy to follow)</li> </ul>		
<b>Decision:</b>  Members are invited to note the Minutes published.		
<b>Purpose of Decision:</b>  Not applicable		
<b>Officer Contact:</b>	Emma Wisbey	
<b>Designation:</b>	Governance and Member Manager	
<b>Ext. No.</b>	2610	
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