CABINET OVERVIEW WORKING GROUP
Thursday, 1 December 2016 at 7.30 pm

AGENDA

1. Apologies for Absence

   To receive any apologies for absence from Councillors.

2. Declarations of Interest

   To receive Councillors' declarations of interest (if any) in relation to any matters on the agenda.

3. Minutes (Pages 2 - 4)

   To approve the minutes of the meeting held on 20 October 2016.

4. Matters arising

   Any matters arising from the minutes of the previous meeting.

5. Treasury Management Strategy Review (Pages 5 - 67)

6. Local Council Tax Support Scheme (Pages 68 - 105)

7. Work Plan (Page 106)

   To review the Overview Working Group's work plan for the current year.

8. Matters of Urgent Business

   Such other business which, in the opinion of the Chairman, should be received as a matter of urgency by reason of special circumstances to be specified in the minutes.

MINUTES OF THE CABINET OVERVIEW WORKING GROUP HELD ON

20 October 2016 7.30 - 8.59 pm

PRESENT

Overview Working Group Members
Councillor Ian Beckett (Chair)
Councillor Mark Ingall (Vice-Chair)
Councillor Simon Carter
Councillor Michael Garnett
Councillor Stefan Mullard
Councillor Clive Souter

Officers
Graeme Bloomer, Head of Place
Jane Greer, Head of Community Wellbeing
Will Hales, Property Manager
Simon Freeman, Head of Finance
Lisa Purse, Corporate and Governance Support Officer

7. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Maggie Hulcoop and Rod Truan.

8. **DECLARATIONS OF INTEREST**

Councillor Simon Carter declared the following non-pecuniary interests:

- Agenda Item 5, Non Housing Asset Management Strategy, for his role as Trustee of Steets2Homes which leases a council property.

- Agenda Item 8, Medium Term Financial Strategy, for his role as Council appointed Director of HTS (Property and Environment) Limited.

9. **MINUTES**

RESOLVED that the minutes of the meeting held on 8 September 2016 be agreed as a correct record.

10. **MATTERS ARISING**

None.

11. **NON HOUSING ASSET MANAGEMENT PLAN SCOPING REPORT**

The Overview Working Group received a scoping report that detailed the Council's Asset Management Plan review which can play a fundamental role in the delivery of corporate and local priorities.

Graeme Bloomer, Head of Place introduced Will Hales, Property & Facilities Manager who explained that the Council has responsibility for circa 400 non housing properties as well as land assets and infrastructure networks.

> **RESOLVED** that the Overview Working Group agreed the scope for the Asset Management Plan Review as set out in the report.

12. **TREASURY MANAGEMENT STRATEGY REVIEW SCOPING REPORT**

Simon Freeman, Head of Finance explained that in previous years the Treasury Management Strategy Review had been considered by the Cabinet Overview Working Group as part of the Medium Term Financial Strategy.

The Committee thanked Simon for his useful summary of the scoping report.

> **RESOLVED** that the Overview Working Group agreed the scope for the Treasury Management Strategy Review as set out in the report.

13. **LOCAL COUNCIL TAX SUPPORT SCHEME - RESULTS OF CONSULTATION & PROPOSALS FOR 2017/18 SCOPING REPORT**

The Overview Working Group received a scoping report that detailed the review of the Local Council Tax Support Scheme.

Simon Freeman, Head of Finance summarised the minor changes from previous years.

> **RESOLVED** that the Overview Working Group agreed the scope for the Local Council Tax Support Scheme review noting that a final report, including outcomes of recent a consultation, would be presented to the Group at its next meeting.

14. **MEDIUM TERM FINANCIAL STRATEGY**

Simon Freeman, Head of Finance, gave a presentation to the Group on the MTFS which outlined the current financial position of the Council.

The Group then discussed the current financial situation.

RESOLVED that:

A the report and the underpinning principles that support the MTFS is noted.

B The Cabinet is requested to ensure that the details of the 2016 Autumn Statement are considered fully including the impacts of the Governments proposals for full Business Rates Retention and any impacts that the Brexit decision on investment returns may have in the development of the Council's financial planning for 2017/18 and future years.

15. ECONOMIC DEVELOPMENT STRATEGY - SCOPING REPORT

The Overview Working Group received a scoping report that detailed the review of the Council's Economic Development Strategy.

Jane Greer, Head of Community Wellbeing explained the linkages between this piece of work and the Non Housing Asset Management Plan review.

RESOLVED that the Overview Working Group:

A agreed the scope for the Economic Development Strategy Plan Review as set out in the report subject to the inclusion of references to the South East Local Enterprise Partnership and a potential key witness from the Chamber of Commerce.

B agreed that a working party be established, with Terms of Reference to be determined, to produce a draft Economic Development Strategy, hear evidence from external experts and conduct citizen engagement activity and business/community consultation.

C Councillors Stefan Mullard, Mark Ingall and Clive Souter, be appointed to the Economic Development Strategy Working Party.

16. WORK PLAN

The Overview Working Group received a report that outlined its Work Plan for the current year.

RESOLVED that the 2016/17 Work Plan is noted.

17. MATTERS OF URGENT BUSINESS

None.

CHAIRMAN OF THE OVERVIEW WORKING GROUP

REPORT TO:	**CABINET OVERVIEW WORKING GROUP**
DATE:	**1 DECEMBER 2016**
TITLE:	**TREASURY MANAGEMENT REVIEW**
LEAD OFFICER(S):	**SIMON FREEMAN, HEAD OF FINANCE (01279) 446228**

RECOMMENDED that:

A The Working Group considers the report and the underpinning principles that support the Council's Treasury Management Strategy.

B That the Working Group refers any specific issues identified as a result of the review to Cabinet for consideration.

BACKGROUND

1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management (as revised November 2009) – "the Code". Under the Code the minimum reporting requirements are that Full Council receives the following reports:

   - An annual treasury strategy in advance of the year.
   - A mid-year treasury update report.
   - An annual review following the end of the year describing the activity compared to the strategy.

2. The Treasury Management Strategy will be approved in February 2017 at the same time as the MTFS, General Fund Budget, HRA estimates and rent levels and the Capital Programme. The Strategy supports the financial activities by setting out the investment and borrowing policy and it ensures that the Councils cash holdings are safeguarded as far as possible from loss in the current economic climate.

3. The strategy also contains the Prudential indicators required under the Prudential Code which set limits and boundaries for the capital expenditure of the Council. The Capital programme and borrowing activity must be constrained within the limits set by the indicators. It is intended that these limits ensure the Council operates within financial boundaries which it can afford in the context of its wider financial strategies. The current strategy is attached to the report at Appendix 1

4. The mid-year treasury management update report is contained within the Cabinet forward Plan for its December meeting and will be reported shortly after the Cabinet Overview Working Group has considered this report.

5. The annual report for 2015/16 has been produced in compliance with the Code and was reported to Cabinet in September. The full report is attached as Appendix 2 to this report. The regulatory environment governing treasury management places onus on Councillors for the review and scrutiny of treasury management policies and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the policies approved by the Council.

ISSUES/PROPOSALS

2015/16

6. As reported to Council in September, the Council operated within the Treasury Management Strategy Statement during 2015/16

7. The Council has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2015/16 the Council's investment balances have ranged between £36.866m and £58.426m, finishing the financial year at £44.545m. The average balance of investments held during 2015/16 was £47.745m. The actual interest received of £0.343m exceeded the estimated return of £0.206m. The average return received by the Council of 0.61% compared very favourably to the 7 day LIBID rate of 0.36%

8. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2015/16.

9. During 2015/16 the Council began to invest in certificates of deposit (CDs). These are investments issued by a bank or building society and are fixed deposits and give a guaranteed interest return. These differ from term deposits in that the Council is not obliged to hold the investment through to its full maturity and may realise the money by selling the CD into an active secondary market. CDs offer greater liquidity and access to counterparties which do not trade in term deposits

10. In addition to CDs, the Council also invested £2 million in The Local Authorities' Property Fund known as CCLA. This is an investment vehicle designed for local authorities with long term funds to invest in the commercial property sector and achieves both a rising income and capital growth.

11. Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

12. The end of bank 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 continues to be elevated relative to other investment options.

13. During 2015/16 the Council complied with the Prudential Indicators for 2015/16, as set within the Council's Treasury Management Strategy Statement approved in February 2015. The indicators themselves are included as part of the Annual report attached.

2016/17

14. Despite the market volatility being experienced at the present time, the Council remains compliant with its Prudential Indicators for 2016/17, set in February 2016 as part of the Council's Treasury Management Strategy Statement.

15. The EU Referendum vote for "Brexit", together with the recent announcement that the Bank of England has reduced the base rate to 0.25%, is impacting on the Council's treasury management activities and adding further uncertainty to money market activities during 2016/17. The market experts remain uncertain of the outcomes for long-term interest rates, exchange rates, budget cuts and bank defaults at the current time.

16. In response to this situation the Council has continued to proceed in its treasury activity with great caution and continues to maintain particular emphasis on its key priority of investment security. The Council has operated within the remit of the approved Treasury Management Strategy Statement (TMSS) and is utilising the lending list of approved institutions provided by the Council's treasury advisors, Arlingclose. This lending list is regularly updated and amended by Arlingclose in response to changes in the status and ratings of institutions and in response to forecasts and events occurring within the markets. As a result the lending list has suffered reductions in the options available for investing the Council's cashflow balances, as well as shortening of investment periods and investment limits, particularly following events and market concerns since the "Brexit" result.

17. The Council's overriding response to the current market conditions is to continue to ensure the security of investments above liquidity and yield. Officers aim to ensure that investments are made in the most cost efficient

and effective manner.

18. In order to further protect the Council’s investment options, it may also be necessary to review some of the investment parameters within the TMSS (for example investment limits) if there are indications that future market events may constrict the lending list beyond what is manageable within the Council’s treasury operations. As a result the report to be presented to Cabinet at its meeting on 8 December will be recommending changes to operational limits on unsecured investments as a temporary investment change from the approved TMSS.

19. Whilst there was no immediate change to Arlingclose’s credit advice on UK banks and building societies as a result of the referendum result. Our advisor believes there is a risk that the uncertainty over the UK’s future trading prospects will bring forward the timing of the next UK recession.

20. Further information regarding the current TMSS assumptions are contained within the report at Appendix 1 and verbal updates on current activity and how it may influence the 2017/18 TMSS will be provided at the meeting.

IMPLICATIONS

Place (includes Sustainability)
None Specific
Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)
As contained within the body of the report and appendices.
Author: **Simon Freeman, Head of Finance**

Housing
Non Specific
Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)
None Specific.
Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)
None Specific.
Author: **Brian Keane, Head of Governance**

APPENDIX 1

Harlow Council
Treasury Management Strategy Statement 2016/17

Summary of the Report

1. This Treasury Management Strategy Statement (TMSS) sets out the Council's capital plans and treasury management issues in accordance with proper practice.

2. It provides an update of external economic conditions impacting on the Council and focuses on the major issues affecting its borrowing and investments.

3. The Council uses treasury management advisors to help its decision making, keeping officers up to date with economic developments and providing training and support. Arlingclose Limited is currently the Council's appointed advisor.

4. Economic background and commentary has been provided by Arlingclose and included throughout the Statement. Primarily, interest rates continue to be low, and are expected to remain low compared to pre-2008 levels in the medium term.

5. As a steward of public finance, the Council will continue to take all practical steps to protect its investment portfolio. In this respect, emphasis remains in this order of priority:

   - **Security:** reducing risk in order to protect the return of capital sums, particularly in relation to the Council's investments.

   - **Liquidity:** ensuring that investments are not committed for excessive time-periods in order to facilitate the Council's cashflow requirements and to reduce risk by maintaining immediate access to funds.

   - **Yield:** obtaining a reasonable return on investments as far as is possible in the current economic and financial market conditions.

6. As a Council with a particularly large housing stock, its financial position is affected by new legislation restricting rent increases over the next four years which, in turn, will have an impact throughout the 'HRA Business Plan 2015-2045'. The planned accumulation of balances to repay debt will not now come to fruition and, consequently, balances

available for investment will fall rather than rise in the medium term (see Table 1, under paragraph 20).

Introduction

7. Harlow Council has adopted the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice 2011 Edition' (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

8. In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance* on 'Local Authority Investments'in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

9. This report fulfils the Council's legal obligation under the 'Local Government Act 2003' to have regard to both the CIPFA Code and the CLG Guidance.

10. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

External Context (supplied by Arlingclose)

Economic background:

11. Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI (Consumer Price Index) inflation falling to (-)0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP(Gross Domestic Product) growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 82nd consecutive month at its meeting in December 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

12. The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some 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. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

13. China's growth has slowed and its economy is performing below expectations, reducingglobal demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course.The Federal Reserve increased its rate to 0.25% in December 2015 with further increases over the next twelve months a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

Credit outlook:

14. The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk.UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS(Royal Bank of Scotland) have generally been seen as credit positive.

15. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however remain stubbornly low.

Interest rate forecast:

16. The Council's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate (to 0.75%) in the third quarter (July to September) of 2016, rising by 0.5% a yearthereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation,

subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

17. A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

18. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.

19. For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.92%. No new external long-term loans are planned to be taken out in 2015/16 and 2016/17 at the time of writing this strategy.

Local Context

20. The Council currently has £211.837m of borrowing and £53.303m of investments (as at 31 December 2015). This is set out in further detail at AnnexB. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.15 Actual £m	31.3.16 Estimate £m	31.3.17 Forecast £m	31.3.18 Forecast £m	31.3.19 Forecast £m
General Fund CFR	28.093	40.807	43.144	43.888	44.910
HRA CFR	198.307	187.370	187.370	187.370	187.370
Total CFR	**226.400**	**228.177**	**230.514**	**231.258**	**232.280**
Less: Other debt liabilities	(-)0.110	0	0	0	0
Borrowing CFR	**226.290**	**228.177**	**230.514**	**231.258**	**232.280**
Less: External borrowing	(-)211.837	(-)211.837	(-)211.837	(-)211.837	(-)211.837
Internal borrowing	**14.463**	**16.340**	**18.677**	**19.421**	**20.443**
Less: Usable reserves	(-)49.851	(-)40.051	(-)32.334	(-)26.972	(-)22.768
Less: Working capital	(-)9.098	(-)9.098	(-)9.098	(-)9.098	(-)9.098
Investments	**(-)44.496**	**(-)32.809**	**(-)23.755**	**(-)16.649**	**(-)11.423**

21. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for

investment.The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.This provides protection by minimising investment balances and reducing exposure to market risks associated with such balances.

22. CIPFA's'Prudential Code for Capital Finance in Local Authorities' recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during this period.

Borrowing Strategy

23. The Council currently holds £211.837m of external borrowing, which is unchanged on the previous year, as part of its strategy for funding previous years' capital programmes. £208.837m of this external borrowingrelates to loans taken for HRA self-financing in 2012.The balance sheet forecast in table 1 shows that the Council does not expect to borrow externally in 2016/17.The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £265m (see Annex C).

24. **Objectives:**The Council's chief objectivewhen borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certaintyof those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

25. **Strategy:**Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

26. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will bemonitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Councilborrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term. Therefore, if the outlook for switching from internal to external borrowing becomes favourable the forecast in Table 1 will change to reflect this.

27. In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

28. **Sources:**The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB)andany successor body
- any institution approved for investments (see below)
- any other bank or building society authorisedto operate in the UK
- UK public and private sectorpension funds (except Essex County CouncilPension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

29. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

30. The Council has previously raised all of its long-term borrowing from the PWLB but it would continue to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

31. **LGA Bond Agency:**UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

32. **Debt Rescheduling:**The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or

repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

33. The Councilholds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2015/16, the Council's investment balance will range between £34mand £57.4m. With pressure on HRA balances and the use of the Discretionary Services Fund, as well as meeting capital expenditure obligations, it is anticipated that the amount available to invest will diminish over the next year and into the medium term (see Table 1).

34. **Objectives:**Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

35. **Strategy:** Given the increasing risk and continued low returns fromshort-term unsecured bank investments, the Councilwill continue to maintain diversification in more secure and/or higher yielding asset classes during 2016/17. In 2015/16 it invested £2m in The Local Authorities' Property Fund. This is intended as a long-term investment at potentially attractive dividends. The majority of the Council'ssurplus cash is currentlyinvested in short-term unsecured bank deposits, certificates of deposit and money market funds.

36. **Approved Counterparties:**The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the maximum time limits shown.

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited Years	n/a	n/a
AAA	£2m 5 years	£4m 20 years	£4m 50 years	£2m 20 years	£2m 20 years
AA+	£2m 5 years	£4m 10 years	£4m 25 years	£2m 10 years	£2m 10 years
AA	£2m 4 years	£4m 5 years	£4m 15 years	£2m 5 years	£2m 10 years
AA-	£2m 3 years	£4m 4 years	£4m 10 years	£2m 4 years	£2m 10 years
A+	£2m 2 years	£4m 3 years	£2m 5 years	£2m 3 years	£2m 5 years
A	£2m 13 months	£4m 2 years	£2m 5 years	£2m 2 years	£2m 5 years
A-	£2m 6 months	£4m 13 months	£2m 5 years	£2m 13 months	£2m 5 years
BBB+	£1m 100 days	£2m 6 months	£1m 2 years	£1m 6 months	£1m 2 years
None	£1m 6 months	n/a	£4m 25 years	£50,000 5 years	£2m 5 years
Pooled funds	£4m per fund				

This table must be read in conjunction with the notes below

37. **Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

38. **Banks Unsecured:**Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.The risk of credit loss is determined by the robustness of a bank's own balance sheet. Whilst this does not preclude the Council from making these investments, it will only do so where there is a sufficiently high credit rating. It will not place unsecured investments with banks rated "BBB" or "BBB-"other than fully liquid deposits with the Council's own bankers, Barclays Bank plc.

39. The use of an account to leave overnight deposits with Barclays Bank is an important tool in cost effective cash flow management.

40. **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies.

These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

41. **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments withthe UK Central Government may be made in unlimited amounts for up to 50 years.

42. **Corporates:**Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

43. **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

44. **Pooled Funds: Shares** in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. The Council invested in a Local Authority Pooled Property Fund in 2015/16. Money Market Funds that offer same-day liquidity will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

45. Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Risk Assessment and Credit Ratings:

46. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

47. Where a credit rating agency announces that a creditrating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments:

48. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

49. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments:

50. The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

51. The Council defines "high credit quality" organisations and securities as those having a credit rating of A- (A minus) or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating ofA-or higher.

Non-specified Investments:

52. Any investment not meeting the definition of a specified investment is classed as non-specified. It is not anticipated that the Council will utilise such investments during 2016/17, unless approved under a consultation process including the Head of Finance, Corporate Management Team and the Portfolio Holder for Resources. Should such a decision be taken, the following table provides an indication of the types of investment that could be used. Because of the specialised management requirements and trading mechanisms, such investments would be made using external fund managers or specialist advice.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£4m
Total investments without credit ratings or rated below A- (A minus)	£10m
Total investments withinstitutions domiciled in foreign countries rated below AA+	£1m
Total non-specified investments	£12m

Investment Limits:

53. The Council's revenue reserves available to cover investment losses are forecast to be £40.6m on 31 March 2016. In order to mitigate as far as possible the risk of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £4m.

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. This excludes any accumulated interest.

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£4meach
With the Council's own bankers	£4m (£6m over the Christmas period, defined as 20 December to 4 January inclusive)
UK Central Government	unlimited
Any group of organisations under the same ownership	£5mper group
Any group of pooled funds under the same management	£5mper manager
Registered Providers	£10min total
Unsecured investments with Building Societies	£8min total
Loans to unrated corporates and small businesses	£4min total
Money Market Funds	£20m in total

Liquidity Management:

54. The Council uses its own cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

Treasury Management Indicators

55. The Council measures and manages its exposures to treasury management risks using the following indicators.

56. **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	£238m	£244m	£249m
Upper limit on variable interest rate exposure	(-)£4m	(-)£3m	(-)£3m

57. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year.All other instruments are classed as variable rate.

58. **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Other Items

59. There are a number of additional items that the Council is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

60. **Policy on Apportioning Interest to the HRA:**On 1 April 2012, the Council defined the split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments.

61. **Investment Training:** The needs of the Council's treasury management staff for training in investment management are assessed on an ongoing basis. Officers meet at regular intervals – typically monthly – to discuss operational treasury management plans. Additional training is necessary when the responsibilities of individual members of staff change.

62. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to undertake Continuing Professional Development in accordance with their respective professional accounting / finance qualification requirements.

63. **InvestmentAdvisers:**The Council has appointedArlingcloseLimited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

64. **Investment of Money Borrowed in Advance of Need**: The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

65. The total amount borrowed will not exceed the authorised borrowing limit of £265m. The maximum period between borrowing and expenditure is expected to be two years.

66. **Policy on Use of Financial Derivatives:** Councils have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the 'Localism Act 2011' removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

67. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

68. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Financial Implications

69. The estimate for investment income in 2016/17 is £255,600, based on an average investment portfolio of £27.782m at an interest rate of 0.92%. The estimate for debt interest paid in 2016/17 is £7.010m, based on an average debt portfolio of £211.837m at an average interest rate of 3.31%.(Details of HRA investment earnings and borrowing is given in the 'HRA Business Plan 2015-2045', Appendix 6.3.) If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different. .

Other Options Considered

70. The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Portfolio Holder for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower rangeof counterparties and/or for shorter times	Interest income anticipated to be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in awiderrangeof counterparties and/or for longer times	Interest income anticipated to be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs anticipated will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower, based on current interest rate forecasts	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A
ArlingcloseEconomic & Interest Rate Forecast November 2015

Underlying assumptions:

1. UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.

2. Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.

3. Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the Bank of England's Monetary Policy Committee (MPC).

4. Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.

5. Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.

6. China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.

7. Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems

significantly more likely in December given recent data and rhetoric by committee members.

8. Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

Forecast:

9. Arlingclose forecasts the first rise in UK Bank Rate in Q3 (July to September) 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2% and 3%.

10. The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.

11. The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
3-month LIBID rate													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
1-yr LIBID rate													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
5-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
10-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
20-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
50-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

AnnexB
Existing Investment & Debt Portfolio Position

	31.12.15 Actual Portfolio £m	31.12.15 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	211.837	3.31%
Total External Borrowing	**211.837**	**3.31%**
Other Long Term Liabilities:		
Finance Leases	0.110	
Total Gross External Debt	**211.947**	
Investments:		
Managed in-house		
Short-term investments	(-)41.033	0.59%
Pooled Fund (Money Market Funds)	(-)10.270	0.45%
Managed externally		
Pooled Funds (Property Fund)	(-)2.000	4.00%
Total Investments	(-)53.303	0.69%
Net Debt	158.644	

Mortgage and other loans rate

Schedule 16 of the Housing Act 1985 specifies that Councilsmust set the interest rate on mortgages arranged since October 1985 on an annual basis. Councils are required to charge the higher of:

i. The Standard National Rate, which is set by the Secretary of State (currently 3.13%), or,
ii. The applicable local average rate, based on the Council's own borrowing costs and a small percentage (0.25%) for administration.

The interest rate chargeable is therefore 3.56%.

Annex C

Prudential Indicators 2016/17

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's 'Prudential Code for Capital Finance in Local Authorities' (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate m	2018/19 Estimate m
General Fund	13.675	**5.091**	2.394	2.423
HRA	25.103	**20.910**	16.355	17.179
Total Expenditure	**38.778**	**26.001**	**18.749**	**19.602**
Capital Receipts	2.926	2.431	2.074	1.266
Government Grants	11.372	1.129	0.305	0.305
Major Repairs Reserve	10.811	10.777	10.845	10.989
Revenue	11.384	9.097	4.616	5.841
Borrowing	2.285	2.567	0.909	1.201
Leasing and PFI	0	0	0	0
Total Financing	**38.778**	**26.001**	**18.749**	**19.602**

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.16 Revised £m	31.03.17 Estimate £m	31.03.18 Estimate £m	31.03.19 Estimate £m
General Fund	40.807	**43.144**	43.888	44.910
HRA	187.370	**187.370**	187.370	187.370
Total CFR	**228.177**	**230.514**	**231.258**	**232.280**

The CFR is forecast to rise by £4.1m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	**31.03.16 Revised £m**	**31.03.17 Estimate £m**	**31.03.18 Estimate £m**	**31.03.19 Estimate £m**
Borrowing	211.837	**211.837**	211.837	211.837
Finance leases	0.110	**0**	0	0
PFI liabilities	0	**0**	0	0
Total Debt	**211.947**	**211.837**	**211.837**	**211.837**

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	**2015/16 Revised £m**	**2016/17 Estimate £m**	**2017/18 Estimate £m**	**2018/19 Estimate £m**
Borrowing	250.000	**252.000**	252.000	253.000
Other long-term liabilities	1.500	**1.500**	1.500	1.500
Total Debt	**251.500**	**253.500**	**253.500**	**254.500**

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	260.000	**260.000**	260.000	265.000
Other long-term liabilities	5.000	**5.000**	5.000	5.000
Total Debt	**265.000**	**265.000**	**265.000**	**270.000**

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	3.94	**2.76**	3.55	4.20
HRA	11.56	**11.97**	11.79	11.77

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	**25.11**	18.63	20.96
HRA - increase in average weekly rents	**15.58**	8.10	9.79

Adoption of the CIPFA Treasury Management Code: Full Council approved the adoption of the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice' at its meeting on 10 February 2010.

Annex D
Annual Minimum Revenue Provision Statement 2016/17

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's 'Guidance on Minimum Revenue Provision' (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLGGuidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLGGuidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.

For capital expenditure incurred before 1 April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31 March 2008. For Harlow Council, the adjusted Capital Financing Requirement upon which the MRP is calculated is negative in each year prior to April 2008. The MRP on this portion of CFR is therefore zero.*(Option 1 in England & Wales)*

For unsupported capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments, starting in the year after the asset becomes operational. *(Option 3 in England and Wales)*

For assets acquired by finance leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

No MRP will be charged in respect of assets held within the Housing Revenue Account.

Capital expenditure incurred during 2016/17 will not be subject to a MRP charge until 2017/18.

Based on the Council's latest estimate of its Capital Financing Requirement on 31 March 2016, the budget for MRP has been set as follows:

	31.03.2016 Estimated CFR £m	2016/17 Estimated MRP £
Capital expenditure before 01.04.2008	**5.455**	0
Capital expenditure after 31.03.2008	**34.920**	166,000
Finance leases	**0.432**	110,000
Total General Fund	**40.807**	**276,000**
Assets in the Housing Revenue Account	**187.370**	0
Total Housing Revenue Account	**187.370**	**0**
Total	**228.177**	**276,000**

Annex E
Approved Counterparty List

Introduction

As part of the service provided by the Council'streasury management advisors, Arlingclose Ltd provide a formal update of the approved counterparty list (also referred to as the Lending List) on a weekly basisreconciled against credit developments sourced from Bloomberg.Arlingclose also provide a commentary on any breaking economic news giving clear advice. The Head of Finance, or his representative, will then consider what action to take and provide clear instructions to those colleagues authorised to deal on behalf of the Council. Generally dealing staff will be instructed to use the Lending List which determines authorised counterparties, maximum limits of investment and maximum duration in lending.Investments with counterparties and the period of such investments will remain at the discretion of the Head of Finance or his representative.

Arlingclose recommends that the Council diversifiesits investment portfolio. The Council's expectation is that the amount available for investment will reduce from £33m at 1 April 2016, to £22m at 31 March 2017 (see Table 1). The flow of cash through the Council'sbank accounts is uneven. This means that the upper amount of £33m is likely to be exceeded.

The Council would want to hold a reasonable amount of cash which is liquid (i.e. is immediately available to pay bills). As a guide, the minimum amount of liquid investments – held in Business Reserve Accounts and Money Market Funds – should not be less than £10m.Other than £2m invested long-term in a Property Fund, the remainder may be placed as temporary investments, either as term deposits with counterparties, certificates of deposit with banks, or other authorised instruments.

The following tables show the Lending List issued by Arlingclose on 18 December 2015and therefore operable from the week commencing 21 December. **These are given by way of example.** The accompanying text explains the rationale behind local Treasury Management Policy.

Sovereign List of Institutions

The Council defines "high credit quality" organisations and securities as those having a credit rating of A- (A minus) or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

There are three credit rating agencies: Fitch, Moody's and Standard &Poors.

Listed below are those countries and counterparties which fit this definition. The United Kingdom lost its AAA rating during 2013, however the Council still is committed to invest in any UK Bank which has a credit rating of BBB+ and above.

The limits of £4m for each counterparty (£5m for a Group) have been established as representing, broadly, 10% of the Council's maximum likely investment balances for 2016/17 (rounded to £40m).

As an exception the Council will invest up to £4m (£6m over the Council's Christmas period) with its bankers, Barclays Bank plc, in a Business Reserve account. This provides overnight deposits and is an efficient way of managing short term cash balances without the expense of transfer costs.

Investments with these counterparties may be in a range of instruments.

HARLOW COUNCIL - APPROVED COUNTERPARTY LIST   As at: 18/12/2015

					Council Specific Limits		
Name	COUNTRY	Moody's Long-Term Ratings	Fitch Long-Term Rating	S&P Long-Term Rating	Individual Cash Limit (£)	Group Cash Limit (£/%)	Arlingclose Max Investment period
COMMONWEALTH OF AUSTRALIA	AU	Aaa	AAA	AAAu			
AUST AND NZ BANKING GROUP	AU	Aa2	AA-	AA-	4m		6 Months
COMMONWEALTH BANK OF AUSTRAL	AU	Aa2	AA-	AA-	4m		6 Months
NATIONAL AUSTRALIA BANK LTD	AU	Aa2	AA-	AA-	4m		6 Months
WESTPAC BANKING CORP	AU	Aa2	AA-	AA-	4m		6 Months
GOVERNMENT OF CANADA	CA	Aaa	AAA	AAA			
BANK OF MONTREAL	CA	Aa3	AA-	A+	4m		13 Months
BANK OF NOVA SCOTIA	CA	Aa2	AA-	A+	4m		13 Months
CAN IMPERIAL BK OF COMMERCE	CA	Aa3	AA-	A+	4m		13 Months

ROYAL BANK OF CANADA	CA	Aa3	AA	AA-	4m		13 Months
TORONTO-DOMINION BANK	CA	Aa1	AA-	AA-	4m		13 Months
KINGDOM OF DENMARK	DE	Aaa	AAA	AAA			
DANSKE BANK A/S	DE	A2	A	A	£2m		100 Days
REPUBLIC OF FINLAND	FI	Aaa	AAA	AA+			
POHJOLA BANK OYJ-A SHS	FI	Aa3	A+	AA-	4m		6 Months
UNITED KINGDOM	GB	Aa1	AA+	AAAu			
BANK OF SCOTLAND PLC	GB	A1	A+	A	4m	5m	13 months
LLOYDS BANK PLC	GB	A1	A+	A	4m		13 months
BARCLAYS BANK PLC	GB	A2	A	A-	4m		100 Days
CLOSE BROTHERS LTD	GB	Aa3	A		4m		6 months
COVENTRY BUILDING SOCIETY	GB	A2	A		1m	£4m total including Other Building Societies	6 Months
GOLDMAN SACHS INTERNATIONAL	GB	A1	A	A	4m		100 Days
HSBC BANK PLC	GB	Aa2	AA-	AA-	4m		13 months
LEEDS BUILDING SOCIETY	GB	A2	A-		1m	£4m total including Other Building Societies	100 Days
NATIONWIDE BUILDING SOCIETY	GB	A1	A	A	4m		6 Months
NATIONAL WESTMINSTER BANK	GB	A3	BBB+	BBB+	4m	5m	35 days
ROYAL BANK OF SCOTLAND PLC/T	GB	A3	BBB+	BBB+	*4m*		35 days
SANTANDER UK PLC	GB	A2 *+	A	A	2m		6 months
STANDARD CHARTERED BANK	GB	Aa2	AA-	A+	4m		6 Months

UNRATED BUILDING SOCIETIES							
CUMBERLAND BUILDING SOCIETY	*GB*				1m	£4m total including other Building Socieities	100 Days
SCOTTISH BUILDING SOCIETY	*GB*				1m		100 Days
VERNON BUILDING SOCIETY	*GB*				1m		100 Days
DARLINGTON BUILDING SOCIETY	*GB*				1m		100 Days
FURNESS BUILDING SOCIETY	*GB*				1m		6 Months
HARPENDEN BUILDING SOCIETY	*GB*				1m		100 Days
HINCKLEY & RUGBY BUILDING SOCIETY	*GB*				1m		6 Months
LEEK UNITED BUILDING SOCIETY	*GB*				1m		6 Months
LOUGHBOROUGH BUILDING SOCIETY	*GB*				1m		100 Days
MANSFIELD BUILDING SOCIETY	*GB*				1m		6 Months
MARKET HARBOROUGH BUILDING SOCIETY	*GB*				1m		6 Months
MARSDEN BUILDING SOCIETY	*GB*				1m		6 Months
MELTON MOWBRAY BUILDING SOCIETY	*GB*				1m		6 Months
NEWBURY BUILDING SOCIETY	*GB*				1m		6 Months
STAFFORD RAILWAY BUILDING SOCIETY	*GB*				1m		6 Months
TIPTON &COSELEY BUILDING SOCIETY	*GB*				1m		6 Months
NATIONAL COUNTIES BUILDING SOCIETY	*GB*				1m		6 Months
FEDERAL REPUBLIC OF GERMANY	GE	Aaa	AAA	AAAu			
DEUTSCHE BANK AG-REGISTERED	GE	A3	A	BBB+	4m		35 days
LANDESBANK HESSEN-THURINGEN	GE	A1	A+	A	4m		6 months
KINGDOM OF THE NETHERLANDS	NE	Aaa	AAA	AA+u			
BANK NEDERLANDSEGEMEENTEN	NE	Aaa	AA+	AA+	4m		13 months
COOPERATIEVE CENTRALE RAIFFE	NE	Aa2	AA-	A+	4m		13 months
ING BANK NV	NE	A1	A	A	4m		100 Days

REPUBLIC OF SINGAPORE	SI	Aaa	AAA	AAAu			
DBS BANK LTD	SI	Aa1	AA-	AA-	4m		13 Months
OVERSEA-CHINESE BANKING CORP	SI	Aa1	AA-	AA-	4m		13 Months
UNITED OVERSEAS BANK LTD	SI	Aa1	AA-	AA-	4m		13 Months
KINGDOM OF SWEDEN	SW	Aaa	AAA	AAAu			
NORDEA BANK AB	SW	Aa3	AA-	AA-	4m		13 months
SVENSKAHANDELSBANKEN-A SHS	SW	Aa2	AA-	AA-	4m		13 months
SWISS CONFEDERATION	SZ	Aaa	AAA	AAAu			
CREDIT SUISSE AG	SZ	A1	A	A	4m		100 Days

Pooled Funds: Money Market Funds

Money Market Funds (MMFs) are inherently secure (carrying the highest AAA rating) and each fund provides a wide spread of investments. Each provide immediate access to funds (thus meeting liquidity requirements) and can deliver competitive yields for liquid investments.

Therefore, taking account of practical cashflow management circumstances, the following limitations have been set for the use of MMFs:

- Overall exposure to MMFs as a whole be limited to £20,000,000, representing approximately 50% of the maximum cash in hand anticipated during 2016/17.
- The Council currently has a relationship with seven MMFs. It spreads its investments across those giving the greatest yield subject to a maximum of £4m per Fund.
- Exposure should be limited to 0.5% of a given Money Market Fund's size. All MMFs with which the Council holds an account has a fund size exceeding £800m.

Money Market Funds used by Harlow	Place of Domicile	Moody's Long-Term Ratings	Fitch Long-Term Rating	S&P Long-Term Rating	Council Specific Limits		
					Individual Cash Limit (£)	Group Cash Limit (£)	Max Investment period
BLACKROCK	IR	Aaa-mf	-	AAAm	4m		
FEDERATED INVESTORS (UK)	GB	-	AAAmmf	AAAm	4m		
GOLDMAN SACHS ASSET MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	4m		
STANDARD LIFE (FORMERLY IGNIS) LIQUIDITY FUNDS	IR	-	AAAmmf	AAAm	4m	20m	
INSIGHT INVESTMENTS	IR	-	AAAmmf	AAAm	4m		
INVESCO AIM	IR	Aaa-mf	AAAmmf	AAAm	4m		
MORGAN STANLEY INVESTMENT MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	4m		

Local Authorities

The Council is prepared to invest with any local authority not just those that have sought and have been assigned a credit rating. The maximum investment will be £4m, in line with limits for other counterparties.

Annex F
Reporting Arrangements

This Council will adopt the following reporting arrangements in accordance with the requirements of the revised CIPFA Code: -

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Policy Statement (revised)	Full Council	Formally adopted Feb 2010 (incorporated within subsequent TMSS reports)
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Full Council	Annually before the start of the financial year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – mid-year review	Full Council	Mid-year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Full Council	Only following significant events (e.g. substantial changes to Codes of Practice) and where normal reporting arrangements are not timely in relation to the change.
Annual Treasury Management Outturn Report	Full Council	Annually by 30 September after the end of the financial year
Treasury Management Monitoring Reports	Portfolio Holder for Resources	Monthly
Treasury Management Practices	Portfolio Holder for Resources	Annually
Scrutiny of Treasury Management Strategy	Cabinet Overview Working Group (+ Audit & Standards Committee as may be required)	Annually before the start of the year
Scrutiny of treasury management performance	Portfolio Holder for Resources, Cabinet Overview Working Group (+ Audit & Standards Committee, as may be required)	As incorporated within Annual Treasury Management Outturn report

Annex G
Treasury Management Scheme of Delegation

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Cabinet

- review of/ amendments to the Council's adopted clauses and Treasury Management Strategy Statement and making associated recommendations to Full Council;
- budget consideration and recommendation to Full Council;
- approval of the division of responsibilities;
- receiving ad hoc treasury management monitoring reports and acting on recommendations.

(iii) Portfolio Holder for Resources

- receiving and reviewing regular monitoring reports and making recommendations to Cabinet;
- reviewing the treasury management policy and procedures and making recommendations to the Cabinet;
- reviewing the treasury management practices;
- approving the selection of external service providers and agreeing terms of appointment in conjunction with normal contract approval procedures.

(iv) Section 151 Officer

- recommending clauses, treasury management policy for approval, reviewing the same regularly, and monitoring compliance;
- setting treasury management practices;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources, skills and training, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Annex H
Credit Ratings Table

The Credit Ratings Table has been included as an annex in order to assist with understanding of the ratings referred to within the TMSS. Generally the Council will invest in 'High Grade' or 'Upper Medium Grade' investments.

	Moody's	S&P	Fitch	Meaning
Investment Grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High Grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper Medium Grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower Medium Grade
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
Junk	Ba1	BB+	BB+	Non Investment Grade Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial Risks
	Caa2	CCC	CCC	Extremely Speculative
	Caa3	CCC-	CCC-	In Default w/ Little Prospect for Recovery
	Ca	CC	CC+	
		C	CC	In Default
			CC-	
	D	D	DDD	

Annex I
Glossary of Terms and Definitions

Bank Rate:
The term ‘Bank Rate’ is ‘the official Bank Rate paid on commercial bank reserves’, i.e. reserves placed by commercial banks with the Bank of England as part of the Bank’s operations to reduce volatility in short term interest rates in the money markets. Previously referred to as “repo rate” this term has been replaced as a result of the change in terminology used by the Bank of England as from May 2006

Base Rate:
The term Base Rate refers to the rate which is set by each high street bank; it is the key foundational rate on which they each base all their various lending rates to customers. It is normally set at the same rate as the Bank Rate (q.v.) and changes in line with, and very soon after changes in Bank Rate.

BRRD:‘Bank Recovery and Resolution Directive’

CD: see ‘Certificate of deposit'.

CDS: see ‘Credit Default Swaps’

CFR: see ‘Capital Financing Requirement’

CP: see ‘Commercial paper'.

CRA: see ‘Credit Rating Agency’.

Call Account: ‘Call account' is a bank deposit where funds can be withdrawn at any time.

Callable Deposit
Placing a deposit with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates before maturity. This decision is based upon how market rates have moved since the deal was agreed. If rates have fallen, the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.

Capital Financing Requirement
The Capital Financing Requirement reflects the Council’s underlying need to borrow for capital purposes. Thus, if new capital expenditure is incurred and not financed from sources other than by borrowing, the CFR will increase by the amount of that expenditure. Borrowing, up to the value of the CFR, may be either from internal cash balances or externally, such as from the Public Works Loan Board (q.v.).

Certificate of Deposit
A certificate of deposit is an unsecured investment issued by a bank or building society which is a fixed deposit, giving a guaranteed interest return. These differ from term deposits in that the lender is not obliged to hold the investment through to maturity and

may realise the cash by selling the CD into an active secondary market. This may be useful in instances where the counterparty receives a downgraded credit rating, or the investor encounters an unexpected cashflow issue. CDs are obtained through specialist brokers who deal through the primary and secondary market. CDs offer liquidity and greater access to counterparties who do not trade in term deposits.

CIPFA: Chartered Institute of Public Finance and Accountancy.

CIPFA Treasury Management Code of Practice
This represents official practitioners' guidance, which is produced by CIPFA. The government expects Councilsand other public service authorities to adopt and comply with the code. The recommendations made in the Code provide a basis for all these public service organisations to create clear treasury management objectives and to structure and maintain sound treasury management policies and practices.

CLG: Department of Communities and Local Government.

Commercial Paper
Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.

Corporate Bond
Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies

Counterparty
A counterparty is a party with which a transaction is done.

CPI: Consumer Prices Index

Credit Default Swaps
A CDS is a contract between two counterparties in which the buyer of the contract makes quarterly payments to the seller of the contract in exchange for a payoff if there is a credit event (e.g. default) of the reference entity (i.e. the third party on whom the contract is based). The contract essentially provides a means of insurance to the buyer of the CDS against default by a borrower. The "spread" (effectively the premium paid by the CDS buyer) provides an indication of the perceived risk of a default occurring.

Credit Rating
A credit rating is an estimate of the quality of a debt from the lender viewpoint in terms of the likelihood of interest and capital not being paid and of the extent to which the lender is protected in the event of default.

An individual, a firm or a government with a good credit rating can borrow money from financial institutions more easily and cheaply than those who have a bad credit rating.

Credit Ratings are evaluated by Credit Rating agencies (q.v.).

Credit rating agency
'Credit rating agency', or 'rating agency', or CRA, is a firm that issues opinions on companies' ability to pay back their bonds. These opinions are often abbreviated on an alphanumeric scale ranging from AAA to C (or equivalent). The three CRAs used by the Council are Fitch, Moody's and Standard and Poor's.

DCLG: Department for Communities and Local Government

DMADF: see 'Debt Management Agency Deposit Facility'

DMO: see 'Debt Management Office'

Dealing
Is the process of carrying out transactions with a counterparty (q.v.), including agreeing the terms of an investment. This is usually conducted through a broker.

Debt Management Agency Deposit Facility
Deposit Account offered by the Debt Management Office (q.v.), guaranteed by the UK government.

Debt Management Office
The Debt Management Office (DMO) is an executive agency of HM Treasury responsible for carrying out the government's debt management policy and managing the aggregate cash needs of the Exchequer. It is also responsible for lending to local authorities and managing certain public sector funds.

Derivative
A contract whose value is based on the performance of an underlying financial asset, index or other investment. e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.

ECB: European Central Bank

Equity
A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.

EU: European Union

Fed: The Federal Reserve (US)

FLS: Funding for Lending Scheme

Floating Rate Notes
Bonds on which the rate of interest is established periodically with reference to short-term interest rates

Forward Deal
The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.

Forward Deposits: see 'forward deal'

Fund Manager
The individual responsible for making decisions related to any portfolio of investments in accordance with the stated goals of the fund.

GDP: Gross Domestic Product

Gilt
Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.

Gilt Funds
Pooled fund investing in bonds guaranteed by the UK government.

HRA: Housing Revenue Account

HRACFR: Housing Revenue Account Capital Financing Requirement

iTraxx benchmark
A group of international credit derivative indexes that are monitored by the International Index Company (IIC). The credit derivatives market that iTraxx provides allows parties to transfer the risk and return of underlying assets from one party to another without actually transferring the assets. iTraxx indexes cover credit derivatives markets in Europe, Asia and Australia.

Lender Option Borrower Option
'Lender Option Borrower Option' (LOBO) is a floating rate instrument which allows the lender to designate an adjustment rate at periodic reset dates and lets the borrower decide whether to pay the rate or redeem the bond.

Liquidity
Liquidity refers to an asset that can be turned into cash or the ability to quickly sell or buy an asset

LIBID: see 'London Interbank Bid Rate'

LIBOR: see 'London Interbank Offer Rate'

LOBO: see 'Lender Option Borrower Option'

London Interbank Bid Rate

The ‘London Interbank Bid Rate’ (LIBID) is the rate of interest at which first-class banks in London will bid for deposit funds. Often used as a benchmark for deposit rates. LIBID is not fixed in the same way as LIBOR (q.v.), but is typically one-sixteenth to one-eighth of a per cent below LIBOR.

London Interbank Offer Rate
‘London Interbank Offer Rate' (LIBOR) is the interest rate which banks pay when lending to each other. It is calculated at a specified time each day and based on what it would cost a panel of banks to borrow funds for various periods of time and in various currencies. It then creates an average of the individual banks’ figures.

MMF: see ‘Money Market Fund’

Money Market Fund
Money Market Funds are mutual funds that invest in short-term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high-quality portfolio than they otherwise could individually. Like other mutual funds, each investor who invests in a money market fund is considered a shareholder of the investment pool, a part owner of the fund. Money market funds are actively managed within rigid and transparent guidelines to offer safety of principal, liquidity and competitive sector-related returns. It is very similar to a unit trust, however, in a MMF equities are replaced by cash instruments. Returns are typically around 1 month LIBID (q.v.), and the average maturity is generally below 60 days.

MPC: Monetary Policy Committee

MRP: Minimum Revenue Provision, for the repayment of debt.

Open Ended Investment Companies (OEIC)
Investment funds that partly resemble an investment trust and partly a unit trust. Like investment trusts, they issue shares on the London Stock Exchange and invest money raised from shareholders in other companies. The term open-ended means that when demand for the shares rises the fund manager just issues more shares, instead of there being a rise in the share price. The price of OEIC shares is determined by the value of the underlying assets of the fund.

Other Bond Funds
Pooled funds investing in a wide range of bonds.

PWLB: see ‘Public Works Loan Board’

Programme of Development
The balance of Programme of Development funding (POD) represents monies received from Central Government for regeneration in the east of England, and is held by the Council on behalf of a Partnership comprising local councils and partners from the third

and private sectors. The funding was received after a series of successful bids by the Partnership.

Public Works Loan Board
The Public Works Loan Board (PWLB) is a UK Government statutory body whose function is to lend money from the National Loans Fund to Councilsand other public bodies and to collect the repayments.

Rating Agency: see ‘Credit Rating Agency’

Repo: see ‘Repurchase Agreement’

Repurchase Agreement
‘Repurchase agreement', or repo, is a contract where the seller of certain securities agrees to buy them back from the purchaser at a specified time for an agreed price.

Reverse Gilt Repo
This is a transaction as seen from the point of view of the party which is buying the gilts. In this case, one party buys gilts from the other and, at the same time and as part of the same transaction, commits to resell equivalent gilts on a specified future date, or at call, at a specified price.

Sovereign Issues (Ex UK Gilts)
Bonds issued or guaranteed by nation states, but excluding UK government bonds.

Supranational Bonds
Bonds issued by supranational bodies, e.g. European Investment Bank. These bonds – now known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts.

T-bills: see ‘Treasury Bills’.

Term Deposit
(or 'Time deposit') is a generic term for a bank deposit where funds cannot be withdrawn for a fixed period of time. The lender receives a fixed rate of interest. These are unsecured investments and place the lender at risk of bail-in should this occur during the term of the investment.

Time Deposit: see ‘Term Deposit’

Treasury Bills
Treasury bills are a AAA/AA+ rated, short-dated form of Government debt, issued by the Debt Management Office (q.v.), via a weekly tender, on a Friday. Lenders would use the services of a specialist broker to access the market. These usually have a maturity of one, three or six months and provide a return to the investor by virtue of

being issued at a discount to their final redemption value. There is also an active secondary market for T-bills which means that lending may be available for a range of dates. Interest rates tend to be higher than the DMADF (q.v.).

Treasury Management Strategy
This is the Council's overall policy and framework by which it will carry out that policy in relation to its borrowing and investment needs in the coming financial year.

Treasury Management Policy Statement
This is the Council's statement of intention in respect of its treasury management. It is prescribed by the CIPFA Treasury Management Code of Practice (q.v.).

Variable Rate Asset Value
'Variable Rate Asset Value' (VNAV) occurs where the net asset value, or principal sum, invested may change depending on trading conditions. The value is calculated at the end of the business day based on the value of investments less any liabilities divided by the number of shares outstanding. With investments carrying this attribute, the capital sum invested may not be equal to the capital sum repaid.

VNAV: see 'Variable Net Asset Value'.

Weighted Average Maturity
'Weighted average maturity', or WAM, is used to measure interest rate risk. WAM is calculated by taking the maturity of the underlying money market instruments held by the fund, weighted according to the relative holdings per instrument.

Annex J
Background Papers

The CIPFA Prudential Code for Capital Finance in Local Authorities (revised 2011)

CIPFA’s Treasury Management in Public Services Code of Practice (revised 2011)

DCLG’s Guidance on Local Government Investments (issued March 2010)

HRA Business Plan 2015-2045 *

Capital Programmes 2015/16-2020/21 *

Arlingclose Ltd treasury management advisory documents

Treasury Management and Accounting records

*These are separate reports submitted to Cabinet, 28 January 2016.

APPENDIX 2

HARLOW COUNCIL
ANNUAL TREASURY MANAGEMENT REPORT 2015-16

Introduction

1. This report sets out the Council's outturn position in accordance with recommended practice.

2. It provides a review of external economic conditions impacting on the Council and focuses on the major issues affecting its borrowing and investments.

3. The Council uses treasury management advisors to help its decision making, keeping officers up to date with economic and more specifically market developments and providing training and support. Arlingclose Limited was appointed in December 2012 following a competitive process.

4. Economic background and commentary is provided by Arlingclose throughout this Report. Throughout 2015-16 interest rates remained low with the Bank of England base rate at 0.5%. This meant that interest earnings on investments remained low.

5. As stewards of public finance, the Council will continue to take all practical steps to protect its investment portfolio. In this respect, emphasis remains in this order of priority:
   - **Security:** reducing risk in order to protect the return on capital sums, particularly in relation to the Council's investments.
   - **Liquidity:** ensuring that investments are not committed for excessive time-periods in order to facilitate the Council's cashflow requirements and to reflect the risk of not having access to funds.
   - **Yield:** obtaining a reasonable return on Investments.

6. The Council has in recent years run a portfolio fairly typical of similar Councils with investments in banks and building societies, through Money Market Funds and occasionally with other Councils. Investments have generally been for periods of no more than six months. This has enabled the Council to meet its treasury management priorities. The Council's approach to investment has always protected its capital, placing security above anything else.

7. During 2015/16 the Council began to invest in certificates of deposit (CDs). These are investments issued by a bank or building society and are fixed deposits and give a guaranteed interest return. These differ from term deposits in that the Council is not obliged to hold the investment through to its full maturity and may realise the money by selling the CD into an active secondary market. CDs offer greater liquidity and access to counterparties which do not trade in term deposits.

8. In addition to CDs, the Council also invested £2 million in The Local Authorities' Property Fund known as CCLA. This is an investment vehicle designed for local authorities with long term funds to invest in the commercial property sector and achieves both a rising income and capital growth.

9. The Council's treasury management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code), which requires it to produce annually Prudential Indicators and a Treasury Management Strategy Statement (TMSS) on likely financing and investment activity. The Code also requires that Councillors are informed of treasury management activities at least twice a year (mid-year and at year end).

10. The Council's TMSS for 2015/16 was approved by Full Council on 5 February 2015, and superseded by the TMSS 2016/17 on 4 February 2016.

11. The Council invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

External Context (supplied by Arlingclose)

12. **Growth, Inflation, Employment:** The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil from $67 a barrel in May 2015 to just under $28 a barrel in January 2016, the appreciation of sterling since 2013 pushing down import prices and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year/year in February, but this was still well below the Bank of England's 2% inflation target. The labour market continued to improve through 2015 and in Q1 2016, the latest figures (Jan 2016) showing the employment rate at 74.1% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.2% excluding bonuses, but after a long period of negative real wage growth (i.e. after inflation) real earnings were positive and growing at their fastest rate in eight years, boosting consumers' spending power.

13. **Global influences**: The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. The effect of the Chinese authorities' intervention in their currency and equity markets was temporary and led to high market volatility as a consequence. There were falls in prices of equities and risky assets and a widening in corporate credit spreads. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU. Between February and March 2016 sterling had

depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.

14. **UK Monetary Policy**: The Bank of England's MPC (Monetary Policy Committee) made no change to policy, maintaining the Bank Rate at 0.5% (in March it entered its eighth year at 0.5%) and asset purchases (Quantitative Easing) at £375bn. In its Inflation Reports and monthly monetary policy meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.

15. Improvement in household spending, business fixed investment, a strong housing sector and solid employment gains in the US allowed the Federal Reserve to raise rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%. Despite signalling four further rate hikes in 2016, the Fed chose not to increase rates further in Q1 and markets pared back expectations to no more than two further hikes this year.

16. However central bankers in the Eurozone, Switzerland, Sweden and Japan were forced to take policy rates into negative territory. The European Central Bank also announced a range of measures to inject sustained economic recovery and boost domestic inflation which included an increase in asset purchases (Quantitative Easing).

17. **Market reaction**: From June 2015 gilt yields were driven lower by the a weakening in Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall in the price of oil and commodities and acceptance of diminishing effectiveness of central bankers' unconventional policy actions. Added to this was the heightened uncertainty surrounding the outcome of the UK referendum on its continued membership of the EU as well as the US presidential elections which culminated in a significant volatility and in equities and corporate bond yields.

18. 10-year gilt yields moved from 1.58% on 31/03/2015 to a high of 2.19% in June before falling back and ending the financial year at 1.42%. The pattern for 20-year gilts was similar, the yield rose from 2.15% in March 2015 to a high of 2.71% in June before falling back to 2.14% in March 2016. The FTSE All Share Index fell 7.3% from 3664 to 3395 and the MSCI World Index fell 5.3% from 1741 to 1648 over the 12 months to 31 March 2016.

19. It is still early days after the EU referendum vote outcome; however, in the period immediately following the result the financial markets have remained calmer than initially anticipated. Money markets have responded to the cut in the Bank of England base rate from 0.5% to 0.25% and the interest rates for short term investments (up to 12 months) have dropped accordingly. Clearly this will have an impact on the Council's investment interest income and so the 2016/17 budget will need amending in the light of lower interest rates available in the financial market.

Local Context

20. At 31 March 2016 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £226.894m, while usable reserves and working capital which are the underlying resources available for investment were £41.390m.

Borrowing Strategy

21. At 31 March 2016 the Council held £211.837m of loans as part of its strategy for funding previous years' capital programmes.

22. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

Borrowing Activity in 2015/16

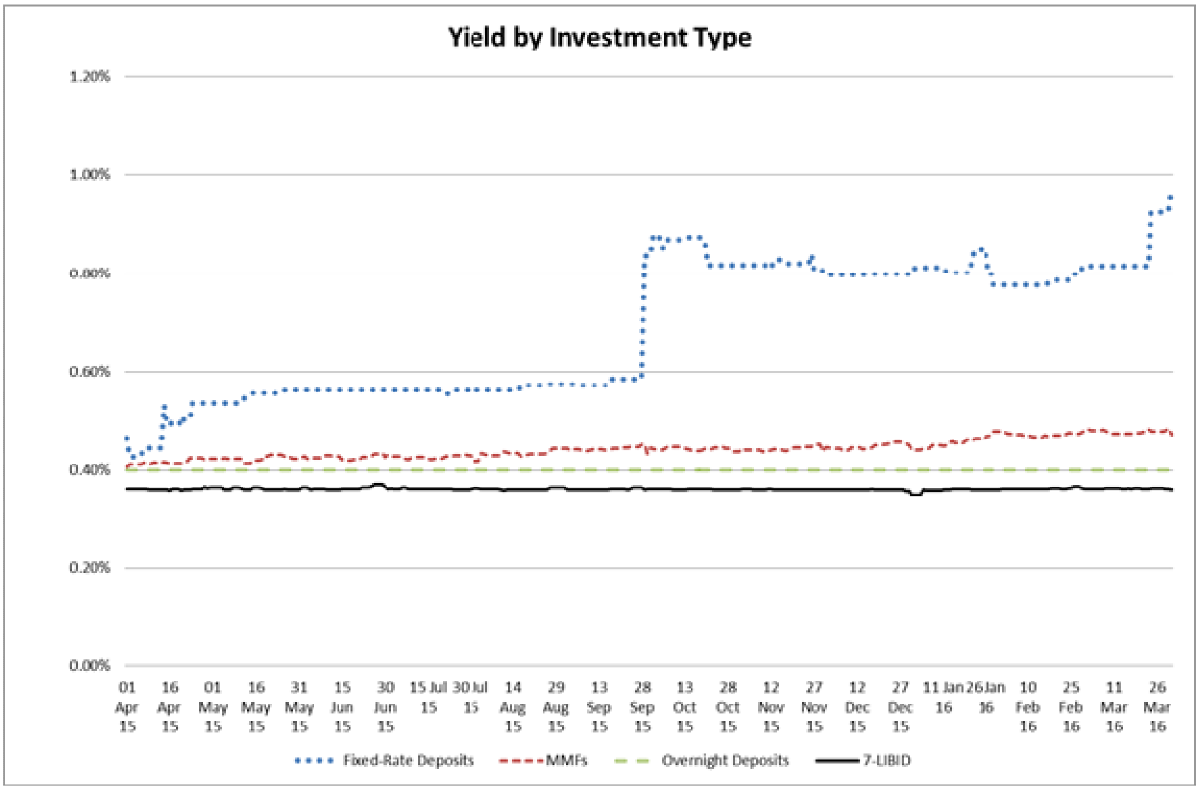
	Balance on 01/04/2015 £m	Maturing Debt £m	Debt Prematurely Repaid £m	New Borrowing £m	Balance on 31/03/2016 £m	Avg Rate %
CFR						
Short Term Borrowing	0.000	0.000	0.000	0.000	0.000	0
Long Term Borrowing	211.837	0.000	0.000	0.000	211.837	3.31
TOTAL BORROWING	211.837	0.000	0.000	0.000	211.837	3.31
Other Long Term Liabilities	0.110	(0.110)	0.000	0.000		
TOTAL EXTERNAL DEBT	211.947	(0.110)	0.000	0.000	211.837	
Increase/ (Decrease) in Borrowing £m					(0.110)	

Investment Activity

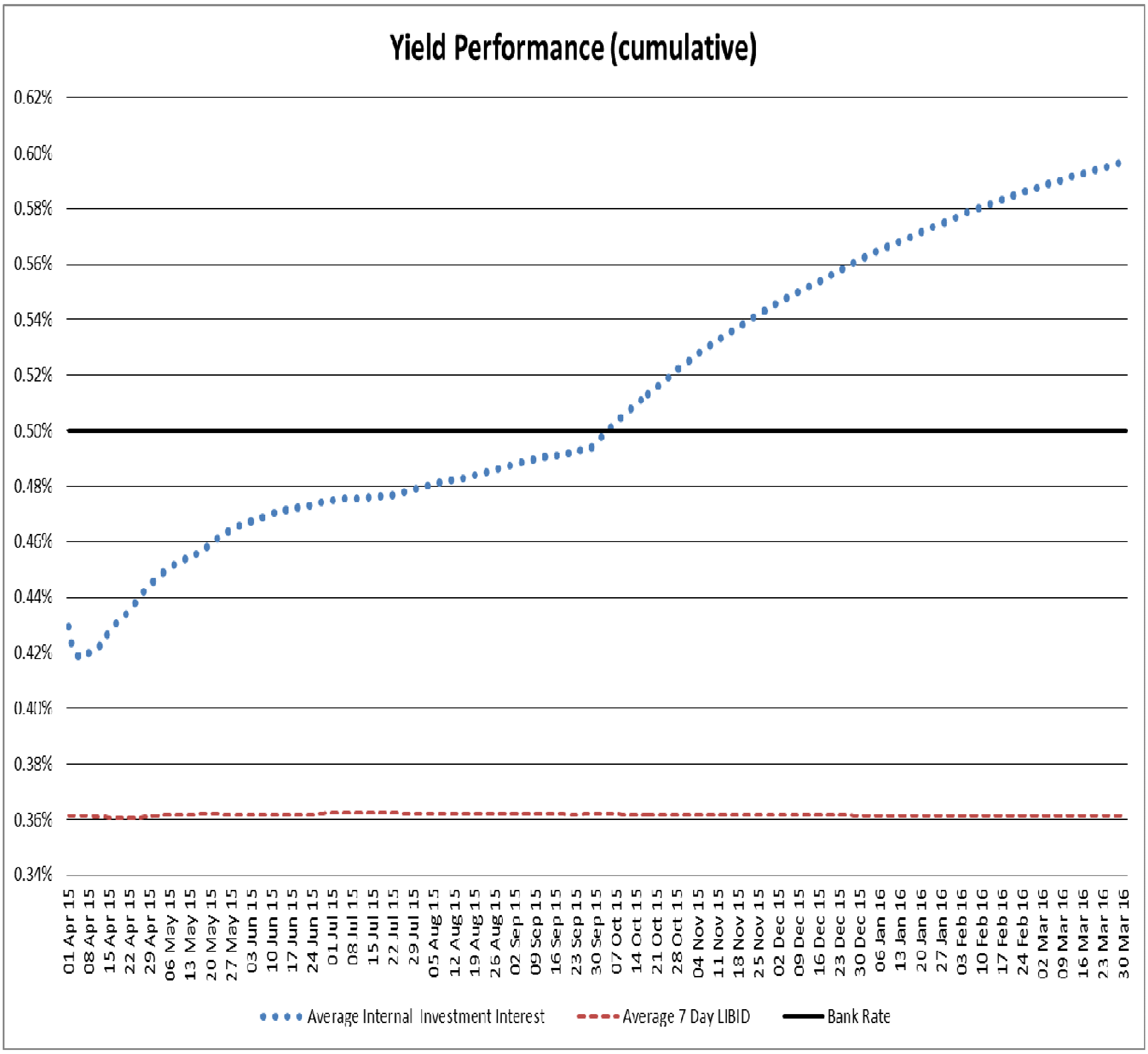
23. The Council has held significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2015/16 the Council's investment balances have ranged between £36.866m and £58.426m, finishing the financial year at £44.545m. The average balance of investments held during 2015/16 was £47.745m. The actual interest received of £0.343m exceeded the estimated return of £0.206m.

The team of officers who are responsible for the day to day treasury management monitor the average rate of return on investments against the 7 day LIBID rate The average return received by the Council of 0.61% compared very favourably to the 7 day LIBID rate of 0.36%.l

24. The following graph illustrates the yield for fixed term deposits and liquid investments (overnight deposits and Money Market Funds).



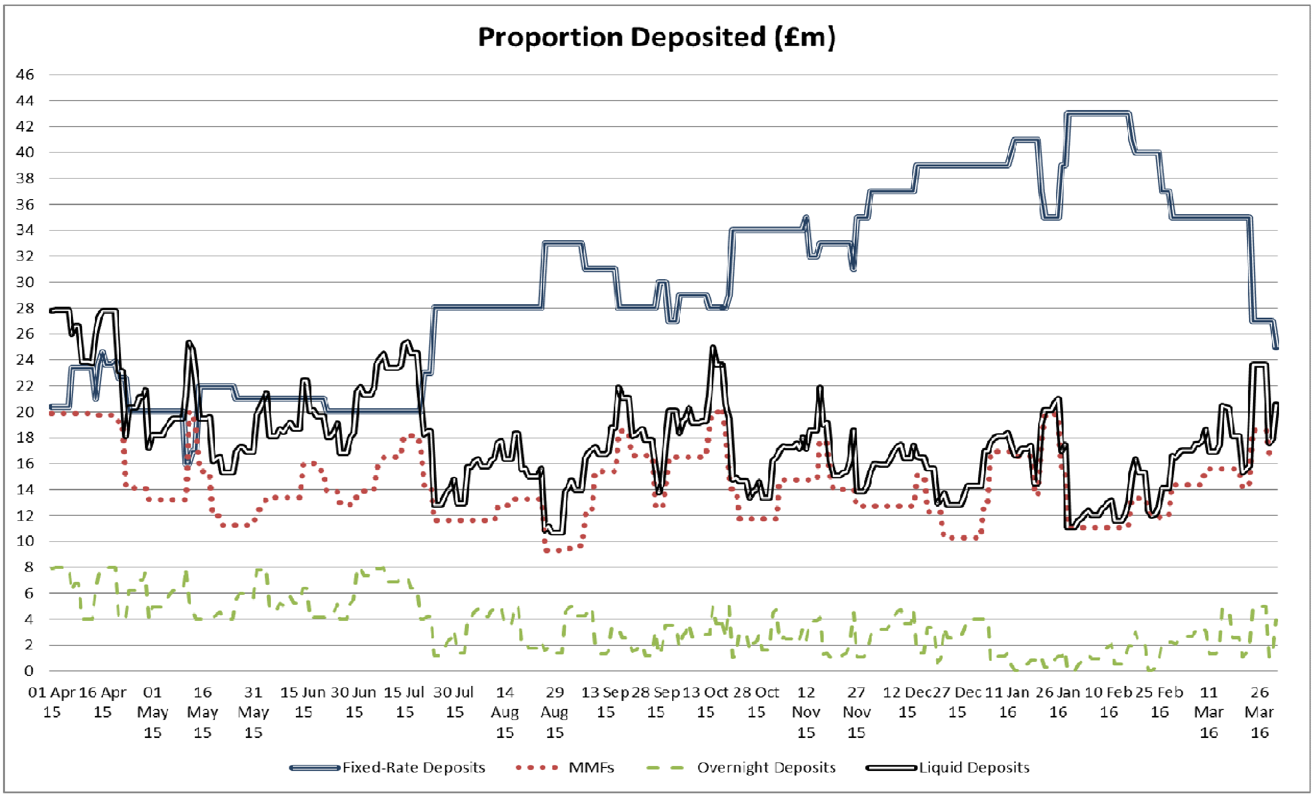
25. Overall Yield Performance is shown in the following graph below:



Investment Activity in 2015/16

Investments	Balance on 01/04/2015 £m	Balance on 31/03/2016 £m	Avg Rate /Yield on 31/03/16 (%)
Short term Investments (call accounts, deposits) Banks and Building Societies Local Authorities	 18.915 3.000	 24.965 0.000	 0.69 0.00
UK Government: DMADF	5.400	0.000	0.00
Money Market Funds	16.600	16.580	0.44
Building societies without credit ratings	1.000	1.000	0.55
CCLA	0.000	2.000	4.56
TOTAL INVESTMENTS	44.915	44.545	0.61
Increase/ (Decrease) in Investments £m		(0.370)	

26. The proportion of surplus cash invested in fixed term deposits and overnight deposits during 2015/16 is shown in the graph below:



27. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2015/16.

28. Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

Counterparty Update

29. The transposition of two European Union directives into UK legislation placed the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors which include local authorities and pension funds. During the year, all three credit ratings agencies reviewed their ratings to reflect the loss of government support for most financial institutions and the potential for loss given default as a result of new bail-in regimes in many countries. Despite reductions in government support many institutions saw upgrades due to an improvement in their underlying strength and an assessment that that the level of loss given default is low.

30. 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 the Royal Bank of Scotland (RBS), Deutsche Bank, Bank Nederlandse Gemeeten and ING. JP Morgan Chase and the Lloyds Banking Group however both received one notch upgrades.

31. 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-Thuringen.

32. S&P reviewed UK and German banks in June, downgrading the long-term ratings of Barclays, RBS and Deutsche Bank. S&P also revised the outlook of the UK as a whole to negative from stable, citing concerns around the referendum on EU membership and its effect on the economy.

33. National Australia Bank (NAB) announced its plans to divest Clydesdale Bank, its UK subsidiary. NAB listed Clydesdale on the London Stock Exchange and transferred ownership to NAB's shareholders. Following the demerger, Fitch and Moody's downgraded the long and short-term ratings of the bank.

34. At the end of July 2015, Arlingclose advised an extension of recommended durations for unsecured investments in certain UK and European institutions following improvements in the global economic situation and the receding threat of another Eurozone crisis. A similar extension was advised for some non-European banks in September, with the Danish Danske Bank being added as a new recommended counterparty and certain non-rated UK building societies also being extended.

35. In December the Bank of England released the results of its latest stress tests on the seven largest UK banks and building societies which showed that the Royal Bank of Scotland and Standard Chartered Bank were the weakest performers. However, the regulator did not require either bank to submit revised capital plans, since both firms had already improved their ratios over the year.

36. In January 2016, Arlingclose supplemented its existing investment advice with a counterparty list of high quality bond issuers, including recommended cash and duration limits. The Council did not make use of these long-term investment options during 2015/16 but will be considering utilising bonds during 2016/17.

37. The first quarter of 2016 was characterised by financial market volatility and a weakening outlook for global economic growth. In March 2016, following the publication of many banks' 2015 full-year results, Arlingclose advised the suspension of Deutsche Bank and Standard Chartered Bank from the

counterparty list for unsecured investments. Both banks recorded large losses and despite improving capital adequacy this will call 2016 performance into question, especially if market volatility continues. Arlingclose will continue to monitor both banks.

38. The end of bank 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 continues to be elevated relative to other investment options.

Compliance

39. The Council confirms compliance with its Prudential Indicators for 2015/16, which were set in February 2015 as part of the Council's Treasury Management Strategy Statement.

Investment Training

40. The Council has a small team of officers who are trained in treasury management activity. The organisation is not sufficiently large to have dedicated experts so it places reliance on support from its treasury management advisors.

41. The team of officers comprise those who provide strategic leadership with authorisation powers, and staff who are responsible for day-to-day cashflow management and dealing. On the job training and attendance at the treasury advisors seminars occurred during the year.

Annex A
Prudential Indicators 2015/16

The Local Government Act 2003 requires the Council to have regard to CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

(a) Estimates of Capital Financing Requirement (CFR)

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.16 Approved £m	31.03.16 Revised £m	31.03.16 Actual £m	31.03.17 Estimate £m	31.03.18 Estimate £m	31.03.19 Estimate £m
General Fund	33.362	40.807	39.525	43.592	44.336	45.358
HRA	155.248	187.370	187.370	187.370	187.370	187.370
Total CFR	188.610	228.177	226.895	230.962	231.706	232.728

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.16 Approved £m	31.03.16 Revised £m	31.03.16 Actual £m	31.03.17 Estimate £m	31.03.18 Estimate £m
Borrowing	211.837	211.837	211.837	211.837	211.837
Finance leases	0.194	0.110	0.000	0.000	0.000
Total Debt	212.031	211.947	211.837	211.837	211.837

Total debt is expected to remain below the CFR during the forecast period.

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

(b) Authorised Limit and Operational Boundary for External Debt

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt.

Operational Boundary	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Borrowing	250.000	252.000	252.000	253.000
Other long-term liabilities	1.500	1.500	1.500	1.500
Total Debt	251.500	253.500	253.500	254.500

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2015/16 £m	2016/17 £m	2017/18 £m	2018/17 £m
Borrowing	260.000	260.000	260.000	265.000
Other long-term liabilities	5.000	5.000	5.000	5.000
Total Debt	265.000	265.000	265.000	270.000

(c) Ratio of Financing Costs to Net Revenue Stream:

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2015/15 Estimate %	2015/16 Revised %	2015/16 Actual %	2016/17 Estimate %	2017/18 Estimate %
General Fund	3.47	3.94	3.94	2.76	3.55
HRA	12.35	11.56	10.56	11.65	11.68

(d) Incremental Impact of Capital Investment Decisions:

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2015/16 Estimate £	2015/16 Revised £	2015/16 Actual £	2016/17 Estimate £	2017/18 Estimate £
General Fund - increase in annual Band D Council Tax	54.99	34.38	36.01	37.48	18.63
HRA - increase in average weekly rents	24.50	21.22	12.98	21.35	10.17

(e) Adoption of the CIPFA Treasury Management Code:

Full Council approved the adoption of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice'* at its meeting on 10 February 2010.

Annex I
Glossary of Terms and Definitions

Bank Rate:
The term ‘Bank Rate’ is ‘the official Bank Rate paid on commercial bank reserves’, i.e. reserves placed by commercial banks with the Bank of England as part of the Bank’s operations to reduce volatility in short term interest rates in the money markets. Previously referred to as “repo rate” this term has been replaced as a result of the change in terminology used by the Bank of England as from May 2006

Base Rate:
The term Base Rate refers to the rate which is set by each high street bank; it is the key foundational rate on which they each base all their various lending rates to customers. It is normally set at the same rate as the Bank Rate (q.v.) and changes in line with, and very soon after changes in Bank Rate.

BRRD: ‘Bank Recovery and Resolution Directive’

CD: see ‘Certificate of deposit'.

CDS: see ‘Credit Default Swaps’

CFR: see ‘Capital Financing Requirement’

CP: see ‘Commercial paper'.

CRA: see ‘Credit Rating Agency’.

Call Account: ‘Call account' is a bank deposit where funds can be withdrawn at any time.

Callable Deposit
Placing a deposit with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates before maturity. This decision is based upon how market rates have moved since the deal was agreed. If rates have fallen, the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.

Capital Financing Requirement
The Capital Financing Requirement reflects the Council’s underlying need to borrow for capital purposes. Thus, if new capital expenditure is incurred and not financed from sources other than by borrowing, the CFR will increase by the amount of that expenditure. Borrowing, up to the value of the CFR, may be either from internal cash balances or externally, such as from the Public Works Loan Board (q.v.).

Certificate of Deposit
A certificate of deposit is an unsecured investment issued by a bank or building society which is a fixed deposit, giving a guaranteed interest return. These differ from term deposits in that the lender is not obliged to hold the investment through

to maturity and may realise the cash by selling the CD into an active secondary market. This may be useful in instances where the counterparty receives a downgraded credit rating, or the investor encounters an unexpected cashflow issue. CDs are obtained through specialist brokers who deal through the primary and secondary market. CDs offer liquidity and greater access to counterparties who do not trade in term deposits.

CIPFA Treasury Management Code of Practice
This represents official practitioners' guidance, which is produced by CIPFA (the Chartered Institute of Public Finance and Accountancy). The government expects Councils and other public service authorities to adopt and comply with the code. The recommendations made in the Code provide a basis for all these public service organisations to create clear treasury management objectives and to structure and maintain sound treasury management policies and practices.

Commercial Paper
Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.

Corporate Bond
Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies

Counterparty
A counterparty is a party with which a transaction is done.

CPI: Consumer Prices Index

Credit Default Swaps
A CDS is a contract between two counterparties in which the buyer of the contract makes quarterly payments to the seller of the contract in exchange for a payoff if there is a credit event (e.g. default) of the reference entity (i.e. the third party on whom the contract is based). The contract essentially provides a means of insurance to the buyer of the CDS against default by a borrower. The "spread" (effectively the premium paid by the CDS buyer) provides an indication of the perceived risk of a default occurring.

Credit Rating
A credit rating is an estimate of the quality of a debt from the lender viewpoint in terms of the likelihood of interest and capital not being paid and of the extent to which the lender is protected in the event of default.

An individual, a firm or a government with a good credit rating can borrow money from financial institutions more easily and cheaply than those who have a bad credit rating.

Credit Ratings are evaluated by Credit Rating agencies (q.v.).

Credit rating agency
'Credit rating agency', or 'rating agency', or CRA, is a firm that issues opinions on companies' ability to pay back their bonds. These opinions are often abbreviated on an alphanumeric scale ranging from AAA to C (or equivalent). The three CRAs used by the Council are Fitch, Moody's and Standard and Poor's.

DCLG: Department for Communities and Local Government

DMADF: see 'Debt Management Agency Deposit Facility'

DMO: see 'Debt Management Office'

Dealing
Is the process of carrying out transactions with a counterparty (q.v.), including agreeing the terms of an investment. This is usually conducted through a broker.

Debt Management Agency Deposit Facility
Deposit Account offered by the Debt Management Office (q.v.), guaranteed by the UK government.

Debt Management Office
The Debt Management Office (DMO) is an executive agency of HM Treasury responsible for carrying out the government's debt management policy and managing the aggregate cash needs of the Exchequer. It is also responsible for lending to local authorities and managing certain public sector funds.

Derivative
A contract whose value is based on the performance of an underlying financial asset, index or other investment. e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.

ECB: European Central Bank

Equity
A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.

EU: European Union

Fed: The Federal Reserve (US)

FLS: Funding for Lending Scheme

Floating Rate Notes
Bonds on which the rate of interest is established periodically with reference to short-term interest rates

Forward Deal
The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.

Forward Deposits: see 'forward deal'

Fund Manager
The individual responsible for making decisions related to any portfolio of investments in accordance with the stated goals of the fund.

GDP: Gross Domestic Product

Gilt
Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.

Gilt Funds
Pooled fund investing in bonds guaranteed by the UK government.

HRA: Housing Revenue Account

HRACFR: Housing Revenue Account Capital Financing Requirement

iTraxx benchmark
A group of international credit derivative indexes that are monitored by the International Index Company (IIC). The credit derivatives market that iTraxx provides allows parties to transfer the risk and return of underlying assets from one party to another without actually transferring the assets. iTraxx indexes cover credit derivatives markets in Europe, Asia and Australia.

Lender Option Borrower Option
'Lender Option Borrower Option' (LOBO) is a floating rate instrument which allows the lender to designate an adjustment rate at periodic reset dates and lets the borrower decide whether to pay the rate or redeem the bond.

Liquidity
Liquidity refers to an asset that can be turned into cash or the ability to quickly sell or buy an asset

LIBID: see 'London Interbank Bid Rate'

LIBOR: see 'London Interbank Offer Rate'

LOBO: see 'Lender Option Borrower Option'

London Interbank Bid Rate
The 'London Interbank Bid Rate' (LIBID) is the rate of interest at which first-class banks in London will bid for deposit funds. Often used as a benchmark for deposit

rates. LIBID is not fixed in the same way as LIBOR (q.v.), but is typically one-sixteenth to one-eighth of a per cent below LIBOR.

London Interbank Offer Rate
'London Interbank Offer Rate' (LIBOR) is the interest rate which banks pay when lending to each other. It is calculated at a specified time each day and based on what it would cost a panel of banks to borrow funds for various periods of time and in various currencies. It then creates an average of the individual banks' figures.

MMF: see 'Money Market Fund'

Money Market Fund
Money Market Funds are mutual funds that invest in short-term debt instruments. They provide the benefits of pooled investment, as investors can participate in a more diverse and high-quality portfolio than they otherwise could individually. Like other mutual funds, each investor who invests in a money market fund is considered a shareholder of the investment pool, a part owner of the fund. Money market funds are actively managed within rigid and transparent guidelines to offer safety of principal, liquidity and competitive sector-related returns. It is very similar to a unit trust, however, in a MMF equities are replaced by cash instruments. Returns are typically around 1 month LIBID (q.v.), and the average maturity is generally below 60 days.

MPC: Monetary Policy Committee

MRP: Minimum Revenue Provision, for the repayment of debt.

Open Ended Investment Companies (OEIC)
Investment funds that partly resemble an investment trust and partly a unit trust. Like investment trusts, they issue shares on the London Stock Exchange and invest money raised from shareholders in other companies. The term open-ended means that when demand for the shares rises the fund manager just issues more shares, instead of there being a rise in the share price. The price of OEIC shares is determined by the value of the underlying assets of the fund.

Other Bond Funds
Pooled funds investing in a wide range of bonds.

PWLB: see 'Public Works Loan Board'

Programme of Development
The balance of Programme of Development funding (POD) represents monies received from Central Government for regeneration in the east of England, and is held by the Council on behalf of a Partnership comprising local councils and partners from the third and private sectors. The funding was received after a series of successful bids by the Partnership.

Public Works Loan Board
The Public Works Loan Board (PWLB) is a UK Government statutory body whose function is to lend money from the National Loans Fund to Councils and other public bodies and to collect the repayments.

Rating Agency: see ‘Credit Rating Agency’

Repo: see ‘Repurchase Agreement’

Repurchase Agreement
‘Repurchase agreement', or repo, is a contract where the seller of certain securities agrees to buy them back from the purchaser at a specified time for an agreed price.

Reverse Gilt Repo
This is a transaction as seen from the point of view of the party which is buying the gilts. In this case, one party buys gilts from the other and, at the same time and as part of the same transaction, commits to resell equivalent gilts on a specified future date, or at call, at a specified price.

Sovereign Issues (Ex UK Gilts)
Bonds issued or guaranteed by nation states, but excluding UK government bonds.

Supranational Bonds
Bonds issued by supranational bodies, e.g. European Investment Bank. These bonds – now known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield (“spread”) given their relative illiquidity when compared with gilts.

T-bills: see ‘Treasury Bills’.

Term Deposit
(or 'Time deposit') is a generic term for a bank deposit where funds cannot be withdrawn for a fixed period of time. The lender receives a fixed rate of interest. These are unsecured investments and place the lender at risk of bail-in should this occur during the term of the investment.

Time Deposit: see ‘Term Deposit’

Treasury Bills
Treasury bills are a AAA/AA+ rated, short-dated form of Government debt, issued by the Debt Management Office (q.v.), via a weekly tender, on a Friday. Lenders would use the services of a specialist broker to access the market. These usually have a maturity of one, three or six months and provide a return to the investor by virtue of being issued at a discount to their final redemption value. There is also an active secondary market for T-bills which means that lending may be available for a range of dates. Interest rates tend to be higher than the DMADF (q.v.).

Treasury Management Strategy
This is the Council's overall policy and framework by which it will carry out that policy in relation to its borrowing and investment needs in the coming financial year.

Treasury Management Policy Statement
This is the Council's statement of intention in respect of its treasury management. It is prescribed by the CIPFA Treasury Management Code of Practice (q.v.).

Variable Rate Asset Value
'Variable Rate Asset Value' (VNAV) occurs where the net asset value, or principal sum, invested may change depending on trading conditions. The value is calculated at the end of the business day based on the value of investments less any liabilities divided by the number of shares outstanding. With investments carrying this attribute, the capital sum invested may not be equal to the capital sum repaid.

VNAV: see 'Variable Net Asset Value'.

Weighted Average Maturity
'Weighted average maturity', or WAM, is used to measure interest rate risk. WAM is calculated by taking the maturity of the underlying money market instruments held by the fund, weighted according to the relative holdings per instrument.

REPORT TO:	**CABINET OVERVIEW WORKING GROUP**
DATE:	**1 DECEMBER 2016**
TITLE:	**ANNUAL REVIEW OF LOCAL COUNCIL TAX SUPPORT SCHEME (LCTSS)**
LEAD OFFICER:	**SIMON FREEMAN, HEAD OF FINANCE (01279) 446228**
CONTRIBUTING OFFICER:	**DONNA P BEECHENER, REVENUES & BENEFITS MANAGER (01279) 446245**

RECOMMENDED that Overview Working Group:

A Acknowledges the current position regarding the 2016/17 Local Council Tax Support Scheme and endorses continuing stability within the scheme for 2017/18.

B Recommends to Cabinet that, following the results of the consultation process, the scheme is amended with effect from 1 April 2017 as follows:

(i) Reduce the period for which a person can be absent from Great Britain and still receive Council Tax Support to four weeks

(ii) Remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants

(iii) Remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them

C Recommends to Cabinet that the proposal to remove the Family Premium in calculating an award of Local Council Tax Support is deferred for a further 12 months.

D Recommends to Cabinet that the proposal to limit the number of dependent children within the calculation for Council Tax Support to a maximum of two is deferred for 12 months.

BACKGROUND

1. In accordance with the Welfare Reform Act 2012, and the Local Government Finance Act 2012, councils are required to implement a Local Council Tax Support Scheme (LCTS) annually, and by 31 January each year at the latest for the forthcoming financial year.

2. The Pan Essex working group, originally established to consider a County wide approach to the localisation of council tax support, has continued to work

effectively and has been looking at other aspects of collection. Having focussed on the development of the local schemes, more recently the work has been looking at those exemptions and discounts awarded to council tax payers. As a result the group has now implemented a range of measures targeted at ensuring that each authority across Essex undertakes work on a consistent basis to help protect the tax base in each district. Work will continue to be undertaken in 2017/18 to ensure compliance and to check and challenge council tax reductions awarded for which entitlement may have subsequently changed or be no longer appropriate.

Local Council Tax Support (LCTS)

3. The national Council Tax Benefit (CTB) scheme, which was wholly funded by Central Government and administered locally by billing authorities, was abolished with effect from 1 April 2013. Each local authority was charged with designing and implementing its own local scheme for the 2013/14 financial year against a backdrop of a 10% reduction in national funding when compared with CTB. The scheme must be reviewed annually and the Council approved its local scheme for the 2016/17 financial year at its meeting held on 17 December 2015.

4. Prior to the introduction of LCTS there had been no cap on CTB expenditure under the national scheme. However, with the introduction of LCTS Government funding was restricted through the introduction of a cash limit in the form of a fixed grant. In addition the grant was set at a level which was 10% less than the previous council tax benefit expenditure estimated from 2012/13. For Harlow this represents a reduction in funding of around £1.3 million per annum from April 2013.

5. The grant for LCTS was originally identified specifically within the Council's overall Revenue Support Grant and retained Business Rates income for 2013/14. The level of funding for 2014/15 and future years has not been identified in the same way and has been included in the Council's overall Revenue Support Grant and Retained Business Rates – overall Formula Funding. As a result of this there is no protection for the LCTS funding and it is subject to the wider Government cuts to local government funding. Since the introduction of the scheme the Councils overall funding has reduced by over 38% but there has been no reduction in the Councils support of its LCTS scheme.

6. In order to ensure that Pensionable Age customers should be no worse off under the local scheme, national rules remain in place for this group of claimants. As protection remains in place for those of Pensionable Age, the impact of the reduction in funding has fallen upon Working Age claimants as reported during the implementation of the 2013/14, 2014/15, 2015/16 and 2016/17 schemes.

7. Harlow Council is part of a Pan Essex Project Group, with a remit to design an Essex Framework for LCTS. The principles of the framework were reported to Cabinet on 12 July 2012. On 22 November 2012 Harlow Council adopted a

LCTS scheme following public consultation during the summer of 2012 based on these principles, which are detailed below:

- The scheme will be cost neutral.
- Council tax support will continue to be assessed on a means tested basis.
- Council tax support will not be paid above Council tax band H.
- Council tax support is capped at 76% of council tax liability.
- The first £25 of weekly earnings are disregarded in the calculation of support.
- There is no entitlement to support where the applicant has capital of over £6,000
- Second adult rebate and underlying entitlement were abolished to remove the administrative burden of these.

For comparison purposes, the LCTS schemes for the other Essex District Councils are attached at Appendix A.

8. Harlow has ensured that in the development of the local scheme the eligibility criteria for LCTS remains aligned with the previous national council tax benefit scheme, with specific protection for families and persons with disabilities. In addition and despite the reductions in overall Government grant received by the Council the scheme has been supported and maintained without variation to the above principles for its third full year of operation.

9. The 2013/14 scheme was designed to deliver savings of £1,361,235 to ensure that expenditure on LCTS did not exceed the total Government funding allocated for the scheme. At the time of writing this report the LCTS scheme costs for the current and previous financial years are as follows:

LCTS Award	**1 April 2013**	**31 March 2014**	**31 March 2015**	**31 March 2016**	**30 September 2016**
Pensionable Age					
Live Caseload	3,819	3,673	3,547	3,291	3,177
LCTS Award	£3,535,031	£3,483,230	£3,240,964	£2,941,981	£2,939,661
Working Age					
Live Caseload	5,302	5,189	4,890	4,469	4,244
LCTS Award	£3,810,068	£3,741,202	£3,363,313	£3,184,219	£3,105,988
Total LCTS Award	**£7,345,099**	**£7,117,494**	**£6,604,277**	**£6,126,200**	**£6,045,649**

10 It was estimated that the in-year council tax collection rate for 2013/14 in Harlow would be affected by the introduction of LCTS and could fall by over 3% compared to the collection rate in 2012/13. Council tax collection at the end of the second quarter in 2015/16 is reported at 56.71%, compared to a collection rate of 56.83% for the same period in the 2012/13 financial year.

	30 September 2012	30 September 2013	30 September 2014	30 September 2015	30 September 2016
Council Tax Collection Rate	56.83%	56.60%	56.28%	56.71%	56.75%

At the time of writing this report –

- Council tax collection rate is currently exceeding original forecasts. The introduction of a 12 month instalment scheme by the Government in 2014 will also be impacting on the collection statistics when compared with prior years with income having been collected predominantly over 10 months.

- The additional funding provided within the agreement with the precepting bodies has enabled employment of extra staff dedicated to working with LCTS claimants. This has meant that the normal collection processes on the remaining non LCTS clients has not been compromised.

- There is continuing good engagement with LCTS claimants meaning that it has been possible to agree payment arrangements with residents at an early stage, and reducing avoiding the need for further recovery action.

11 Recovery action for council tax in LCTS cases has been taken in accordance with legislation with the addition of the specialist advice from the LCTS officers. Of all working age LCTS claimants, including those with closed LCTS claims, 1,169 (23.36%) have received a final notice where a payment has not been received and 768 (15.34%) claimants have been summonsed. Where a summons has been issued, the Council continues to work to engage with those affected to provide support and advice to reach a payment solution wherever possible, subject to the claimant’s willingness to disclose relevant information and work with Council officers. The table below provides a comparison with previous years.

	30 October 2013	30 October 2014	30 October 2015	30 September 2016
Percentage of all working age LCTS claimants receiving a Final Notice	26.7%	29.8%	25.6%	23.36%
Percentage of all working age LCTS claimants receiving a Summons	16.6%	18.4%	23.1%	15.34%

12 Whilst the collection position is currently higher than expected and the level of support being awarded has fallen, recovery of amounts falling due can take several years to collect and it is currently still early in the operation of the new scheme to be able to forecast what the overall collection position will be as the scheme matures and settles over the next two or three years.

LCTS 2017/18 Proposals

13 Officers are keeping the performance of the LCTS scheme under review but as the Council plans for 2017/18 the scheme is still only in its fourth year of operation. Given the complexities of the scheme, the large claimant base and other national factors outside of the Council's control this is still seen as a relatively short period on which to base judgements and future estimates. There are ongoing significant Government led welfare reforms being either proposed or implemented, the impacts of which are difficult to analyse and quantify at this time.

14 Monitoring of the local scheme indicates that it is operating well and that collection of the amounts billed to claimants is being maintained. Engagement with residents impacted by the changes has also been extremely good. In order to maintain certainty for both claimants and the Council, the proposals for the scheme in 2017/18 are to maintain the restriction on the entitlement to support at 24% for a fifth year and that the reductions to the Councils core Formula Funding will not be passed on to claimants despite further reductions being forecast for 2017/18 as part of the Government's measures to reduce expenditure.

Public Consultation

15 A public consultation on the LCTS scheme for 2017/18 was conducted during September 2016. Consultation ended on 5 October 2015 and the results are shown at Appendix B. The consultation made five proposals for change to the scheme all of which are intended to simplify its operation and administration. The options and the consultation response to them are set out in the following paragraphs of the report.

16 **Option 1 – Removing the Family Premium for all new working age applicants**

The removal of family premium from 1st April 2017 for new claims will bring the Council Tax Support scheme in line with Housing Benefit. When assessing the 'needs' (Applicable Amounts) of any claimant, a Family Premium is normally included where a claimant has at least one dependant child living with them. Removing the family premium will mean that when assessing a claimant's needs, the family premium (currently £17.45 per week), will not be included in the applicable amount. This change would **not** affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

The benefit of this is:

- It brings the working age Council Tax Support Scheme in line with Housing Benefit changes proposed by Central Government. The change has already been introduced for pension age claimants by Central Government;

The drawbacks of doing this are:

- New working age claimants may see a reduction in the amount of support they received.
- Some households with dependant children may pay more

44% of respondents to the consultation question agreed with this proposal.

This proposal was previously consulted on in regards to the scheme for 2016/17 but was deferred for 12 months, and It is recommended that this proposal be deferred for a further 12 months. The number of households affected by this change is fairly low, and a number of exceptions apply. The removal of the family premium for claimants of Housing Benefit has been introduced by Government and whilst the change is aimed at new claimants, existing claimants of Housing Benefit can see a reduction in entitlement as a result of a short break in their claim. This leads to increased enquiries and complaints which increases administration costs.

17 **Option 2 Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks**

Within the current LCTS scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting their Council Tax Support. This replicated the Housing Benefit rules. The Housing Benefit rules have now been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, their Housing Benefit will cease. It is proposed that the Council's Local Council Tax Council scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations such as mariners and the armed forces, or where a person has to go abroad due to the death of a close relative.

The benefits of this are:

- The treatment of temporary absence will be brought into line with Housing Benefit
- It is seen as fair
- There are exceptions for certain occupations including the armed forces and mariners. Exceptions will also apply if a person leaves Great Britain due to the death of a close relative.

The drawback of this is:

- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Support will cease from when they leave the Country. They will need to re-apply on return.

50% of respondents agreed with the proposal.

Housing Benefit legislation is in place.

18 **Option 3 - To remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants.**

From April 2017, all new applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit. It is proposed that the Council's Council Tax Support scheme is amended to reflect the changes.

The benefits of the Council doing this are:

- The treatment of ESA will be brought into line with Housing Benefit
- It avoids additional costs to the Council Tax Reduction scheme.
- Persons receiving ESA will not experience any reduction in Council Tax Reduction.

There are no drawbacks to this change

47% of respondents agreed with the proposal

There are no circumstances envisaged where the level of council tax support received would reduce as a result of this change.

19 **Option 4 - To limit the number of dependant children within the calculation for Council Tax Support to a maximum of two**

Within the current scheme, claimants who have children are awarded a dependant's addition of £66.90 per child within the calculation of their needs (Applicable Amounts). There is no limit to the number of dependant's additions that can be awarded. From April 2017 Central Government intend limiting dependant's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two. This will only affect households who have a third or subsequent child on or after 1st April 2017. It is proposed that the Council's Local Council Tax Support scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. There will be exceptions where there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children or where households merge.

The benefits of the Council doing this are:
- Council Tax Reduction will be brought into line with Housing Benefit, Universal Credit and Tax Credits
- It is simple and administratively easy

The drawbacks of doing this are:
- Claimants who have a third or subsequent child after 1st April 2017 (and are not excepted from the rules) may receive less Council Tax support than claimants who have more children born before 1st April 2017.

47% of respondents agreed with this change

At the time of writing this report the proposed change to Housing Benefit has not yet been laid in Parliament, and therefore may not be implemented as planned in April 2017. It has not been possible to assess the potential impact of this change and therefore it is recommended that this proposal be deferred for 12 months.

20 **Option 5 – To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them**

Currently when another person is paid Carers Allowance to look after a person in receipt of Council Tax Support, a Severe Disability Premium is not included in assessing their needs (Applicable Amount). This approach avoids paying for the same care twice. This proposed change will align the scheme with Housing Benefit by treating persons who receive the Universal Credit (Carers Element) in the same way as others receiving Carers Allowance.

The benefit of this is:
- Council Tax Reduction will be brought into line with Housing Benefit;
- It is simple and administratively easy

The drawbacks of doing this are:
- There are no drawbacks to this change as persons receiving Universal Credit (Carers Element) will be treated in the same was as those receiving Carers Allowance who look after any person who claims Council Tax Reduction.

80% of respondents agreed with this proposal.

21 A full equalities impact assessment was carried out on the current 2015/16 scheme. This has been reviewed to take account of the proposed changes to the scheme for 2016/17 and is attached to this report at Appendix C.

CONCLUSIONS

22 The LCTS scheme operated by the Council has performed well in its first four years of operation with claimants being helped significantly through the support officers appointed at the outset of the scheme through the funding agreement with the key precepting bodies.

23 Following consultation on the 2017/18 scheme it is again proposed to retain the scheme largely unchanged with the exception of the options set out in the report to reduce the temporary absence period, remove the work related activity component and remove the severe disability premium where someone receives the care element in Universal Credit. The changes will improve the administrative arrangements for the scheme and will also help to align the scheme with Housing Benefit administration.

IMPLICATIONS

Place (includes Sustainability)
No implications specifically arise from the Council Tax Benefit reforms. Welfare Reform more widely will have a range of different impacts on delivery of service objectives.
Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)
Financial impacts of the LCTSS scheme are being considered as part of the wider budget process and development of the Medium Term Financial Strategy. If the Council agrees the final scheme in line with the agreed principles then it is expected to be broadly cost neutral although there will be uncertainties regarding recovery rates and the impact upon the Collection Fund until the scheme is actually in operation.
Author: **Simon Freeman, Head of Finance**

Housing
None Specific
Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)
Contained within the report at this stage. The implications of the final scheme will be assessed for impact on vulnerable groups, as outlined in the report
Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)
The Council must have the LCTSS in place by 31 January 2017 and having carried out a consultation exercise it will minimise the risk of challenges to the Council.

Author: **Brian Keane, Head of Governance**

Background Papers
Harlow
http://www.harlow.gov.uk/council-tax-support-scheme-2016-17pdf

https://www.gov.uk/government/publications/annual-fraud-indicator--2

Glossary of terms/abbreviations used

CTB – Council Tax Benefit
LCTS – Local Council Tax Support

APPENDIX A Proposed Essex Schemes 2017/18

	Basildon	Braintree	Brentwood	Castle Point	Chelmsford	Colchester	Epping Forest	Harlow	Maldon	Rochford	Southend-on-Sea	Tendring	Thurrock	Uttlesford
Minimum council tax payment?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
% Minimum council tax payment level 2017/18	**25**	**24**	**20**	**30**	**23**	**20**	**25**	**24**	**20**	**28**	**25**	**20**	**25**	**12.5**
Savings limit	16000	16000	16000	6000	6000	6000	6000	6000	6000	6000	6000	16000	6000	16000
Other benefits counted as income?	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No	No
Second adult rebate reduced or abolished?	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Changes made to non-dependent deductions?	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	Yes	No	No
Support restricted to a particular council tax band?	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	No	No
Council Tax band support is restricted to	D	D	D	D	D	-	D	H	D	D	D	-	-	_

Introduce minimum council tax support payment?	Yes	No	No	No	No	No	Yes	No	No	No	No	No	No	Yes
Minimum weekly council tax support payment	£2.50	-	-	-	-	-	£0.50	-	-	-	-	-	-	£2.00
Taper rate	20%	24%	15%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Changes made to conditions around starting work?	No	No	Yes	Yes	Yes	No	No	Yes	No	No	No	No	Yes	Yes
Hardship fund	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Mirror all changes in Housing Benefit	N/K	N/K	N/K	N/K	N/K	no	consulting	consulting	yes	yes	Yes	No	yes	yes
Remove Family Premium		yes				yes	consulting	consulting	yes	yes	Yes		Yes	yes
Changes to Minimum Income Floor		yes				no	yes	yes	yes	yes	No	yes	Yes	yes
Dependents reduced to two						no	consulting	consulting	yes	consulting	yes		Yes	yes
Changes made to backdating rules to one month	No	yes	Yes	Yes	Yes	yes	consulting	Yes	Yes	consulting	yes	No	Yes	yes
Change Temporary Absence rules						yes	consulting	consulting	yes	yes	yes		Yes	yes

APPENDIX B

LCTS Consultation Results **Consultation Closed 05 October 2015**

1. I have reviewed the background information about the Council Tax Support Scheme.

		Response Total	Response Percent
Yes		21	91%
No		2	9%
	Total Respondents		23
	(skipped this question)		126

2. Should the Council keep the current Council Tax Scheme? (Should it continue to administer the scheme and have the same level of support as it does at the moment?)

		Response Total	Response Percent
Yes		8	44%
No		6	33%
Don’t know		4	22%
	Total Respondents		18
	(skipped this question)		131

3. Please use the space below to make any comments you have on protecting the Council Tax Support Scheme from these changes.

Minimum protection should be provided for this discretionary spend	
Total Respondents	1
Skipped this question	148

Option 1 – Removing the Family Premium for all new working age applicants

The removal of family premium from 1st April 2017 for new claims will bring the Council Tax Support scheme in line with Housing Benefit. When assessing the 'needs' (Applicable Amounts) of any claimant, a Family Premium is normally included where a claimant has at least one dependant child living with them. Removing the family premium will mean that when assessing a claimant's needs, the family premium (currently £17.45 per week), will not be included in the applicable amount. This change would **not** affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

The benefit of this is:

- It brings the working age Council Tax Support Scheme in line with Housing Benefit changes proposed by Central Government. The change has already been introduced for pension age claimants by Central Government;

The drawbacks of doing this are:

- New working age claimants may see a reduction in the amount of support they received.
- Some households with dependant children may pay more.

4. Do you agree with option 1?

		Response Total	Response Percent
Yes		7	44%
No		5	31%
Don't know		4	25%
	Total Respondents		16
	(skipped this question)		133

5. If you disagree what alternative would you propose?

Total Respondents	0
Skipped this question	149

Option 2 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks

Within the current scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting their Council Tax Support. This replicated the Housing Benefit rules. The Housing Benefit rules have now been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, their Housing Benefit will cease. It is proposed that the Council's Local Council Tax Council scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations such as mariners and the armed forces, or where a person has to go abroad due to the death of a close relative.

The benefits of this are:

- The treatment of temporary absence will be brought into line with Housing Benefit
- It is seen as fair
- There are exceptions for certain occupations including the armed forces and mariners. Exceptions will also apply if a person leaves Great Britain due to the death of a close relative.

The drawback of this is:

- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Support will cease from when they leave the Country. They will need to re-apply on return

6. Do you agree with the change to the temporary absence rule?

		Response Total	Response Percent
Yes		8	50%
No		5	31%
Don’t know		3	19%
		Total Respondents	16
		(skipped this question)	133

7. If you disagree what alternative would you propose?

If people can afford to leave the country they can afford to pay their council tax, no absence should be allowed.	
It’s a waste of time and resources for a small number of claims it affects and nobody is going to tell you’ve they’ve gone abroad after the first time they’ve been hit by this measure.	
Stop targeting foreign people living in UK. It is so obvious they are more likely to visit families and friends in their mother country. It is a disgraceful proposal. Shame on you Harlow Council. One Polish man killed in the Stow already, another 2 guys attacked last nigh.	
Total Respondents	3
Skipped this question	146

Option 3 - To remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants.

From April 2017, all new applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit. It is proposed that the Council’s Council Tax Support scheme is amended to reflect the changes.

The benefits of the Council doing this are:

- The treatment of ESA will be brought into line with Housing Benefit
- It avoids additional costs to the Council Tax Reduction scheme.
- Persons receiving ESA will not experience any reduction in Council Tax Reduction.

There are no drawbacks to this change

8. Do you agree with this change to the scheme?

		Response Total	Response Percent
Yes		7	47%
No		4	27%
Don't know		4	27%
	Total Respondents		15
	(skipped this question)		134

9. If you disagree what alternative would you propose?

Total Respondents	
Skipped this question	149

Option 4 - To limit the number of dependant children within the calculation for Council Tax Support to a maximum of two

Within the current scheme, claimants who have children are awarded a dependant's addition of £66.90 per child within the calculation of their needs (Applicable Amounts). There is no limit to the number of dependant's additions that can be awarded. From April 2017 Central Government will be limiting dependant's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two. This will only affect households who have a third or subsequent child on or after 1st April 2017. It is proposed that the Council's Local Council Tax Support scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. There will be exceptions where there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children or where households merge.

The benefits of the Council doing this are:

- Council Tax Reduction will be brought into line with Housing Benefit, Universal Credit and Tax Credits
- It is simple and administratively easy

The drawbacks of doing this are:

- Claimants who have a third or subsequent child after 1st April 2017 (and are not excepted from the rules) may receive less Council Tax support than claimants who have more children born before 1st April 2017

10. Do you agree with this change to the scheme?

		Response Total	Response Percent
Yes		7	47%
No		5	33%
Don't know		3	20%
	Total Respondents		15
	(skipped this question)		134

11. If you disagree what alternative would you propose?

The tax payer should not subsidise any children. People choose to have children and should pay for them.	
Leaving it as it is. How much will this measure save and who decided that two children was an acceptable maximum?	

Total Respondents	2
Skipped this question	147

Option 5 – To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them

Currently when another person is paid Carers Allowance to look after a person in receipt of Council Tax Support, a Severe Disability Premium is not included in assessing their needs (Applicable Amount). This approach avoids paying for the same care twice. This proposed change will align the scheme with Housing Benefit by treating persons who receive the Universal Credit (Carers Element) in the same way as others receiving Carers Allowance

The benefit of this is:

- Council Tax Reduction will be brought into line with Housing Benefit;
- It is simple and administratively easy

The drawbacks of doing this are:

- There are no drawbacks to this change as persons receiving Universal Credit (Carers Element) will be treated in the same was as those receiving Carers Allowance who look after any person who claims Council Tax Reduction

12. Do you agree with this change to the scheme?

		Response Total	Response Percent
Yes		12	80%
No		0	0%
Don’t know		3	20%
	Total Respondents		15
	(skipped this question)		134

13. If you disagree what alternative would you propose?

Total Respondents	2
Skipped this question	147

Alternatives to reducing the amount of help provided by the Council Tax Support Scheme

If the Council keeps the current Council Tax Support scheme, it will be administratively more complex (as it will not align with Housing Benefit which is also administered by the Council) and it will cost taxpayers more. The Council may need to find savings from other services to help meet any increase in costs. The proposals set out in this consultation could deliver savings. The alternatives are set out in the background information

14. Do you think the Council should choose any of the following options rather than the proposed changes to the Local Council Tax Support scheme? Please select one answer for each source of funding

	Yes	No	Don't know	Response total
Increase the level of council tax	15.38% (2)	61.54% (8)	23.08% (3)	13
Find savings from cutting other Council Services	38.46% (5)	38.46% (5)	23.08% (3)	13
			Total respondents	13
			(skipped this question)	136

15. If the Council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by selecting a number from 1-2 next to the statements below, where 1 is the option that you would most prefer and 2 is the least

	1	2	Response total
Increase the level of council tax	30.77% (4)	69.23% (9)	13
Reduce funding available	76.92% (10)	23.08% (3)	13

for other Council Services			
		Total Respondents	13
		(skipped this question)	136

16. Please use the space below to make any other comments on the scheme:

Axe play house funding for a start to save money	
The council funds a page number of discretionary services and already fails to fulfil statutory duties (e.g. separate collection of recyclables). These should all be cut before raising council tax.	
You are targeting foreign people. Brexit gave u green light, but we don’t go anywhere! We will fight for respect and fair treatment. Shame on you Harlow Council	
Total Respondents	3
Skipped this question	146

17. Please use the space below to make any other comments on the scheme:

The council makes very limited use of shared services, preferring expensive solo working. The council also spends time and money overriding policy decisions of other elected bodies (e.g. ECC). These should be considered.	
Stop helping fat people who are disabled because they are fat, drug and alcohol addicts as it is their choice.	
Total Respondents	2
Skipped this question	147

18. If you have any further comments or questions to make regarding the Council Tax Support Scheme that you haven't had opportunity to raise elsewhere, please use this space below.

Council tax support should not be provided	
Total Respondents	1
Skipped this question	148

19. Are you, or someone in your household, getting a Council Tax Reduction at this time?

		Response Total	Response Percent
Yes		1	9%
No		10	91%
Don't know		0	0%
	Total Respondents		11
	(skipped this question)		138

20. Are you…?

		Response Total	Response Percent
Male		4	40%
Female		6	60%
Prefer not to say		0	0%
	Total Respondents		10
	(skipped this question)		139

21. Age

		Response Total	Response Percent
18-24		0	0%

25-34		3	27%
35-44		4	36%
45-54		1	9%
55-64		1	9%
65-74		1	9%
75-84		0	0%
85+		0	0%
Prefer not to say		1	9%
		Total Respondents	11
		(skipped this question)	138

22. Do you consider yourself to have a physical impairment?

		Response Total	Response Percent
Yes		0	0%
No		10	91%
Not sure		0	0%
Prefer not to say		1	9%
		Total Respondents	11
		(skipped this question)	138

23. Do you consider yourself to have a sensory impairment?

		Response Total	Response Percent
Yes		0	0%
No		10	91%
Not sure		0	0%
Prefer not to say		1	9%
		Total Respondents	11
		(skipped this question)	138

24. Do you consider yourself to have a learning difficulty or disability?

		Response Total	Response Percent
Yes		0	0%
No		10	91%
Not sure		0	0%
Prefer not to say		1	9%
		Total Respondents	11
		(skipped this question)	138

25. Do you consider yourself to have any mental health needs?

		Response Total	Response Percent
Yes		0	0%
No		9	82%
Not sure		1	9%
Prefer not to say		1	9%
		Total Respondents	11
		(skipped this question)	138

26. What is your ethnic group?

		Response Total	Response Percent
White British		7	70%
White Irish		0	0%
White Other		1	10%
Gypsy/Roma		0	0%
Traveller of Irish Heritage		0	0%
Black or Black British African		0	0%

Black or Black British Caribbean		0	0%
Mixed White/Black African		0	0%
Mixed White/Black Caribbean		0	0%
Black Other		0	0%
Asian or Asian British Pakistani		0	0%
Asian or Asian British Indian		0	0%
Asian or Asian British Other		0	0%
Mixed White/Asian		0	0%
Asian Other		0	0%
Chinese		0	0%
Mixed Other		0	0%
Not Known		0	0%
Prefer not to say		1	10%
Other, please specify		1	10%
		Total Respondents	10
		(skipped this question)	139

APPENDIX C

Harlow District Council

Equality Impact Assessment – Local council tax support scheme

Name of service, function or policy being assessed	Localised Council Tax Support Policy 2017-18 This Equality Impact Assessment has been developed considering the following national Equality Impact Assessments: • Local Government Finance Bill: Localising support for council tax • Local Government Finance Bill: Technical reforms to council tax • Local Government Finance Bill: Summary impact assessment
Service/Department	Finance / Revenues and Benefits
Names and roles of officers completing the assessment (indicate Lead officer)	Donna Beechener, Revenues and Benefits Manager (Lead Officer)
Contact telephone number of Lead officer	01279 446245
Date assessment completed	11 October 2016

1. Aims of the policy/service/function and how implemented

	Key Questions	Notes
1.1	Is this a new policy/service/function or a review of an existing one?	This is a review of an existing policy and function
1.2	Briefly state the main purpose of the policy/service/function?	To help people with low incomes to afford their Council Tax liability, in line with the Local Government Finance Act 2012.
1.3	Briefly state the main activities of the policy/service/function?	Payment of Council Tax Discounting of Council Tax
1.4	Who are the main beneficiaries? Whose need's is it designed to meet?	Those liable for Council Tax within Harlow. Adults on a low income with low savings Any authority that can levy a Council Tax
1.5	Which staff carry out the policy/service/function?	Revenues And Benefits staff

2. Information Gathering and Data Collection

	Key Questions	Notes	If further data collection is needed – state by whom, when and how is it going to be done?
2.1	What **quantitative** (numerical) data do you already have (e.g. national and local demographic data, equality monitoring data, employee data, customer profile data etc) about those who use or will use the policy or service? What gaps are there in the data? What else do you need? **NB. Attach copies of the relevant data that you are using for this assessment**	The scheme was originally modelled based on existing costs, taking account of a potential council tax increase, demand for the scheme and the reduction in Revenue Support Grant. The scheme was originally modelled to be cost neutral, but current estimates are that the scheme costs more that the current level of grant received. .	It is not possible to identify the actual grant received to support the scheme as this has been subsumed into overall formula funding.
2.2	What **qualitative** data do you already have (e.g. results of customer satisfaction surveys, results of previous consultations, staff surveys, analysis of customer complaints/comments, feedback from community groups or individuals etc) about those who use or will use the policy or service? What gaps are there in the data? What else do you need?	The proposed scheme for 2017/18 working age claimants varies little from the current scheme apart from proposals to; 1) Align with national Housing Benefit Change regarding temporary absence from GB. 2) Align with Housing Benefit changes in regards to the removal of the work related activity component for ESA applicants 3) Align with Housing Benefit changes to remove the severe disability premium where another	

		person is paid Universal Credit (Carers Element) The majority of respondents to the consultation agreed that with the concept that all people of working age should have to pay some council tax, currently set at a minimum of 76%, and with the proposals for change	

3. Consultation

Please state below what formal or informal consultation has taken place or that you are planning to hold with appropriate stakeholders in relation to this policy/function			
	Key Questions	**Notes**	**If further consultations are needed/ planned – state with whom, by whom, when and how is this going to be done?**
3.1	What consultations have been held and with whom did you consult? What were the main issues raised?	A public consultation was conducted for a period of six weeks, commencing on 25 August 2016 and closing on 5 October 2016. The consultation was conducted by way of an online questionnaire. The consultation was publicly announced.	The scheme will be reviewed annually, and if changes are proposed, then further public consultation will be conducted.
3.2	What consultations were held specifically with the equality target groups? What were the main issues raised?	In introducing a local council tax support scheme in 2013, representatives of equality target groups were identified and contacted electronically alerting them to the consultation and asking them to participate. Locally and nationally concerns were raised about the new liabilities created for those unable to work due to disability. We have addressed these by confirming that the current system of applicable amounts which protect these groups will remain in place.	As 3.1

	Key Questions	Notes	If further consultations are needed/ planned – state with whom, by whom, when and how is this going to be done?
3.3	Is the Council working in Partnership with other organisations to implement this policy/function? Should this be taken into consideration? (E.g. Agreeing the equalities monitoring categories) Should the partnership arrangements have an EIA?	All major precepting authorities in Essex, which work together to devise the support scheme. HDC – Corporate Housing; Resource Management Department for Work and Pensions Department for Communities and Local Government . Each LA participating in the Essex project will conduct their own EQIA. DWP & DCLG have undertaken EQIA's which are publicly available.	As 3.1

Note

- It is a legal requirement that consultation takes place with appropriate stakeholders as part of the EIA process.
- You must ensure that you record all the main areas of concern raised by equality and customer groups during consultations and how you aim to address these concerns.

4. Assessment of Impact

Based on the data you have analysed and provided, and the results of the consultation or research you have undertaken, list below how the policy or function will or does work for each of the following equalities groups.

Identify any differential impact and consider whether the policy/function meets any particular needs identified for each of the six equalities groups.

NB:If you do identify any adverse impact you must:

a) **Seek appropriate advice as to whether it is highlighting unlawful discrimination or is potentially discriminatory, and**
b) **Identify steps to mitigate any adverse impact**

Include any examples of how the policy or function helps to promote race, disability, age and/or gender equality.

		State evidence of impact or potential impact/How helps to promote equality
4.1	**Gender –** identify the impact/potential impact of the policy/function on women, men and transgender people And/or Proposed measures to mitigate any adverse impacts	None identified
		State evidence of impact or potential impact/How helps to promote equality

4.2	**Disability –** identify the impact/potential impact of the policy on disabled people (ensure consideration of a range of impairments including visual and hearing impairments, mobility impairments, learning disability etc) And/or Proposed measures to mitigate any adverse impacts	All Disability Living Allowance Benefits will continue to be disregarded thereby protecting those with specific long term conditions who fall within this group. People with disabilities will continue to receive additional premiums as part of the calculation. The above helps to "advance equality of opportunity between people who share a protected characteristic and those who do not."
4.3	**Age –** identify the impact/potential impact of the policy/function on different age groups And/or Proposed measures to mitigate any adverse impacts	Older people (Pensionable Age); This group is specifically protected under Government Regulations. Younger people (17-25); 17 year olds may be disadvantaged indirectly if their parents have to pay more as a result of this policy. People over 18 of working age will be required to pay more. The Council has agreed an exceptional hardship fund to assist those in extreme hardship. Children (0-16); Removing the Family Premium for new claims, may affect those under 16.
4.4	**Race –** identify the impact/potential impact of the policy/function on different black and minority ethnic groups, including Gypsy and Traveller communities And/or Proposed measures to mitigate any adverse impacts	None identified
		State evidence of impact or potential impact/How helps to promote equality

4.5	**Sexual orientation –** identify the impact/potential impact of the policy on lesbians, gay men, bisexual and heterosexual people And/or Proposed measures to mitigate any adverse impacts	None identified
4.6	**Religion/belief –** identify the impact/potential impact of the policy on people of different religious/faith groups and also upon those with no faith And/or Proposed measures to mitigate any adverse impacts	None identified
4.7	**Socio-economic disadvantage –** identify any impact on those who have a low income, or whose family circumstances/history may affect their ability to access services eg. carers and the cared for; pensioners; single-parents; long-term unemployed; history of abuse/domestic violence; benefits claimants; housebound; chronically ill;	The impact of the proposed scheme will be felt most by those of working age who are not disabled, some of the affects will be mitigated by more generous incentives to work. The Council has agreed an exceptional hardship fund to assist those in extreme need.

4.8	**Any other groups, if appropriate** e.g. children leaving care; pregnant or breast-feeding mothers; carers etc	Parents will continue to receive a child allowance. Working parents receive a higher disregard of their earnings reflecting their childcare costs. The Council has agreed an exceptional hardship fund to assist those in extreme hardship. The above helps to "advance equality of opportunity between people who share a protected characteristic and those who do not."
		Notes
4.9	Are there any additional measures that could be adopted to further equality of opportunity in the context of this policy/service/function and to meet the particular needs of equalities groups that you have identified?	None identified.

NB

Please provide a summary overview by completing the Section overleaf, ticking the relevant boxes to confirm the outcome and findings of this assessment process

It is also essential that you complete an action plan based on your assessment (see form EIA.2) and attach this to your Equality Impact Assessment form (EIA.1) form. This is a vital component of the equalities impact assessment process.

Include all of the measures that you will take to improve the policy/function for the different equalities characteristics, e.g. staff training, positive action, revisions to policy, monitoring of your action plan, etc.

Once you have completed the forms EIA.1 and EIA.2 please sign and date and:
a) Send a copy to your Head of Service for endorsement
b) Keep a copy as a record of the processes you have been through in carrying out the EIA
c) Send a PDF copy of the signed and endorsed EIA form plus enclosed action plans to the Corporate Equalities Group via the HDC Community Liaison Officer equalities@harlow.gov.uk
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5. Summary Overview of EIA

As a summary overview of information and findings provided in the earlier sections of this Equality Impact Assessment, please tick the relevant boxes as appropriate to denote the OUTCOME of this process for each of the Equality Characteristics.

Equalities category	**No adverse impact AND promotes equality and diversity** ***Please tick ✓ if appropriate***	**No adverse impact BUT equality and diversity NOT promoted** ***Please tick ✓ if appropriate***	**Evidence of adverse impact** ***Please tick ✓ if appropriate***
Gender and transgender	**x**		
Race	**x**		
Disability	**x**		
Age			**x**
Sexual orientation	**x**		
Religion and belief	**x**		
Socio-economic disadvantage			**x**

NB: Tick relevant box as appropriate and based on information provided in section

Note

- If you are unsure of any aspect of this Equality Impact Assessment process you can seek guidance from your service representative on the Corporate Equalities Group or from the HDC Community Liaison Officer who can be contacted on equalities@harlow.gov.uk and extension 6388.
- Once the EIA form has been completed please ensure all enclosures are attached then sign and date the form, ensure it is countersigned by your Head of Service, keep a copy for your records and send a PDF to equalities@harlow.gov.uk

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Signed
Project Manager ………………………………………….. Countersigned
Head of Service ……………………………………………….

Print Name ………………………………………….. Print Name ……………………………………………….

Date ………………………………………….. Date ……………………………………………….

Under the Freedom of Information Act, this completed EIA form will be placed on the Harloweb and be available on request to the general public.

Cabinet Overview Working Group Work Plan 2016/17

	Meeting dates 2016/17			
Title	**Thursday 20 October 2016**	**Thursday 1 December 2016**	**Thursday 12 January 2017**	**Thursday 9 March 2017**
Economic Development Strategy	Scoping report		Interim report	Final report
Non Housing Asset Management Strategy	Scoping report		Interim report	Final report
Treasury Management Strategy Review	Scoping report	Report		
Local Council Tax Support Scheme	Scoping report	Report		
Medium Term Financial Strategy	Report			
Review of Pets Corner			Interim report	Final report
Update on Town Centre			Report	

Updated on 9 November 2016