

AGENDA

COUNCIL MEETING

Date: Wednesday, 27 January 2016

Time: 7.00 pm

Venue: Swale House, East Street, Sittingbourne, Kent, ME10 3HT

RECORDING NOTICE

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At the start of the meeting the Chairman will confirm if all or part of the meeting is being audio recorded. The whole of the meeting will be recorded, except where there are confidential or exempt items.

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Therefore by entering the Chamber and speaking at Committee you are consenting to being recorded and to the possible use of those sound records for training purposes.

If you have any queries regarding this please contact Democratic Services.

Quorum = 16

Pages

1. Prayers

2. Fire Evacuation Procedure

The Mayor will advise the meeting of the evacuation procedures to follow in the event of an emergency.

3. Apologies for Absence

4. Minutes

To approve the Minutes of the Meeting held on 16 December 2015 (Minute Nos. 395 - 407) as a correct record.

5. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Director of Corporate Services as Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

6. Mayor's Announcements

7. Questions submitted by the Public

To consider any questions submitted by the public. (The deadline for questions is 4.30 pm the Friday before the meeting – please contact Democratic Services by e-mailing democraticservices@swale.gov.uk or call 01795 417330).

8. Questions submitted by Members

To consider any questions submitted by Members. (The deadline for questions is 4.30 pm the Wednesday before the meeting – please contact Democratic Services by e-mailing democraticservices@swale.gov.uk or call 01795 417330).

9. Motions submitted by Members

To amend note i of Part 3.2.1 of the Constitution from " that in cases where the Committee is minded to make a decision that would be contrary to officer recommendation and contrary to policy and/or guidance, the Chairman should invite the Head of Planning to consider if the application should be deferred to the next meeting of the Committee or if there should be a short adjournment for Officers to consider the views of the Planning Committee and to give further advice."

to

"that in cases where the Committee is minded to make a decision that would be contrary to officer recommendation and contrary to policy and/or guidance, the Chairman should invite the Head of Planning to consider if there should be a short adjournment for Officers to consider the views of the Planning Committee and to give further advice at the same meeting."

Proposed by Councillor Mike Baldock and seconded by Councillor Mark Ellen

10. Leader's Statement

Members may ask questions on the Leader's Statement. (To follow).

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| 11. Sittingbourne Town Centre - Footpath Creation Order | 1 - 12 |
| 12. Resolutions for Calculating the Council Tax Base | 13 - 18 |
| 13. Treasury Management Half Year Review | 19 - 30 |
| 14. Recommendations | 31 - 32 |

Council is asked to note the following recommendations:

Cabinet (Minute Nos. 361, 362 and 363) – 2 December 2015

Audit Committee (Minute No. 390) – 9 December 2015

Issued on Monday, 18 January 2016

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of Council, please visit www.swale.gov.uk

Democratic Services, 01795 417330, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT

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Meeting: Council		Agenda Item:
Meeting Date	Wednesday 27 January 2016	
Report Title	Sittingbourne Town Centre – Footpath Creation Order.	
Portfolio Holder	Councillor Mike Cosgrove	
SMT Lead	Kathryn Carr, Director of Regeneration	
Head of Service	Emma Wiggins, Head of ECS	
Lead Officer	Peter Binnie, Sittingbourne Town Centre Senior Project Adviser	
Key Decision	No	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	1. That Council delegates authority to the Head of Legal Services to proceed with the implementation of a Footpath Creation Order for a new public footpath linking St Michael’s Road with the High Street between numbers 48 and 50 the High Street Sittingbourne.	
	2. That Council delegates authority to the Director of Regeneration in consultation with the Cabinet Member for Regeneration to take all necessary actions to construct a new public footpath in accordance with the Footpath Creation Order linking St Michael’s Road with the High Street between numbers 48 and 50 the High Street Sittingbourne.	

1. Purpose of Report and Executive Summary

- 1.1 This report provides members with information to support the creation of a new public footpath linking St Michaels Road with the High Street between numbers 48 and 50 the High Street Sittingbourne.
- 1.2 Specifically, this report asks members to make a recommendation to Council to delegate authority to the Head of Legal Services to proceed with the implementation of a Footpath Creation Order for a new public footpath linking St Michael’s Road with the High Street between numbers 48 and 50 the High Street.
- 1.3 This report also asks members to consider the papers and plan appended to this report, and delegate authority to the Director of Regeneration in consultation with the Cabinet Member for Regeneration to take all necessary action to construct a new public footpath in accordance with the Footpath Creation Order linking St

Michael's Road with the High Street between numbers 48 and 50 the High Street Sittingbourne.

2. Background

- 2.1 As part of the Spirit of Sittingbourne (Spirit) Town Centre regeneration proposals the Council has agreed to construct and operate a new multi-storey car park on St Michael's Road. The car park will replace spaces lost to the development, and provide additional capacity to support the Town centre regeneration project.
- 2.2 The location for the new multi-storey car park is to be adjacent to the Forum shopping centre on St Michael's Road as shown on the plan in Appendix I.
- 2.3 An existing ad hoc walkway is currently being used by the public that runs between St Michael's Road at the eastern end of the Forum and numbers 48 to 50 the High Street. Existing photographs are shown in Appendix II.
- 2.4 The existing route runs from the proposed car park entrance through to the High Street between numbers 48 and 50 the High Street. It is in a poor state and not fit for purpose, but is used on a regular basis by members of the public as a short cut to the High Street from St Michael's Road.
- 2.5 Legal enquiries have determined that part of the route is unregistered, part is in the ownership of the owners of numbers 48 and 50 the High Street, and part is KCC Highways. It is considered that the best way to establish a safe and secure route will be through a Footpath Creation Order.
- 2.6 Subject to Council approval and delegated authority, the Head of Legal Services will implement a Footpath Creation Order to form a new public footpath from the entrance to the proposed multi-storey car park on St Michael's Road through to the High Street between numbers 48 and 50 the High Street. An initial design has been prepared that has been used for the initial consultation and a quantity surveyor has prepared a bill of quantities and cost estimate. The draft site plan is contained in Appendix III.
- 2.7 Subject to member approval and delegated authority to the Director of Regeneration in consultation with the Cabinet Member for Regeneration, the works to provide a permanent footpath between the proposed multi-storey car park and the High street will be carried out. The works will improve the surface to make it safe and DDA-compliant, and the route will be illuminated and signed along its length.
- 2.8 The Footpath Creation Order will require Council approval, and funding will be sought from the section 106 agreement for the Spirit of Sittingbourne regeneration project. Cost estimates for the current design works are in the order of £60k and when completed the footpath will be adopted and maintained by the County Council.

3. Proposals

- 3.1 The powers to create footpaths and bridleways under section s.26 of the Highways Act 1980 comes under the list of non-executive functions on page 29 of the constitution under the Miscellaneous functions. It is not listed in the Scheme of Officer Delegations, and therefore it remains a function of the Full Council.
- 3.2 This report asks that Cabinet considers and approves the information in this report and its appendices, and submits to Full Council for approval to implement a Footpath Creation Order.
- 3.3 That Cabinet recommend to Council to delegate authority to the Head of Legal Services to proceed with the implementation of a footpath creation order for a new public footpath linking St Michael's Road with the High Street between numbers 48 and 50 the High Street Sittingbourne.
- 3.4 That Cabinet delegate authority to the Director of Regeneration in consultation with the Cabinet Member for Regeneration to take all necessary actions to construct a new public footpath linking St Michael's Road with the High Street between numbers 48 and 50 the High Street, Sittingbourne.

4. Alternative Options

- 4.1 Alternative options to link the proposed multi-storey car park to the high street are not available. If this route were not to be implemented and the multi-storey car park is constructed there is a risk that the ad hoc route will be used in its current state and that accidents would occur due to its poor condition.

5. Consultation Undertaken or Proposed

- 5.1 An initial, informal consultation on the proposal is being carried out between 1 October and 20 November 2015. If the proposal is approved by Full Council, an order will be made as required under s.26 and schedule 6 of the Highways Act 1980, a period of formal consultation on the Order will be undertaken for not less than 28 days.
- 5.2 If the Council receives any objections duly made within this consultation period then the order will be referred to the Secretary of State for confirmation. If the Order is unopposed at the end of the consultation period, the Council itself may confirm the Order.
- 5.3 Initial responses from the adjacent landowners and tenants have been positive and they are supportive subject to protecting their existing access rights. The owners and tenants also consider that the Council should meet their reasonable legal costs.

5.4 Statutory consultees have similarly responded in a positive manner, and their suggestions will be taken into account in the detailed design.

6. Implications

Issue	Implications
Corporate Plan	A Borough to be proud of.
Financial, Resource and Property	It is proposed that the cost of construction estimated at £60k be included in the section 106 for Spirit of Sittingbourne phase 1. Subject to KCC Highways approvals the footpath will then be adopted and maintained by them so there will be no long term liability for the Council to maintain the route.
Legal and Statutory	The Head of Legal Services has been consulted throughout the proposal. The Council's Legal Department are leading on the Footpath Creation Order supported by officers in ECS.
Crime and Disorder	No specific implications have been identified at this stage, but proposals will require detailed discussion at the planning stage with the Police and the Crime and Disorder Team to put in place measures to ensure that the proposals have a negligible impact. The project includes for suitable street lighting to make the route a safer environment for public use.
Sustainability	The new footpath will help ensure the future of the Town Centre and contribute to its sustainability.
Health and Wellbeing	The most significant Health and Safety issue will be the interaction of pedestrians with vehicles making deliveries to the Forum Shopping Centre, and this will be resolved with Kent Highways Road Safety Team. Health impacts will be considered as part of any community impact assessment which will be carried out at the appropriate time.
Risk Management and Health and Safety	No specific implications have been identified at this stage. There are a number of risks associated that will be developed into a project specific risk register should the proposal be approved. Members should note that the development agreement with Spirit of Sittingbourne could still fail on viability and the multi-storey car park would not be required. If this were to happen the Council could decide to proceed with the footpath creation as a benefit to the Town Centre, or it could defer the implementation to a later date.
Equality and Diversity	No specific implications have been identified at this stage, and a full impact assessment will be carried out at the appropriate time.

7. Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Multi-Storey Car Park location plan
- Appendix II: Existing Photographs
- Appendix III: Footpath Plan

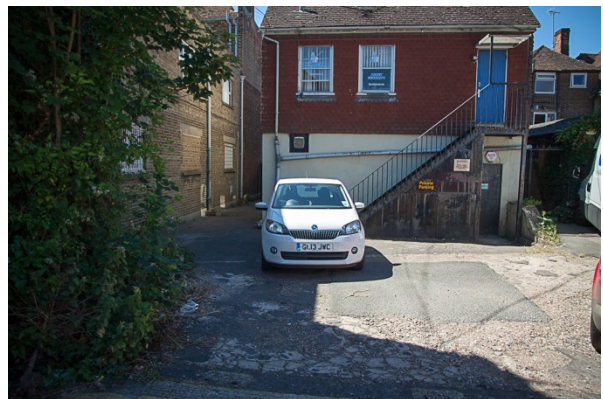
8. Background Papers

8.1 None

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Existing Photographs



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Council Meeting	Agenda Item:
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Meeting Date	27 January 2016
Report Title	Resolutions For Calculating Council Tax Base
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Nick Vickers, Head of Finance
Heads of Services	Nick Vickers, Head of Finance Amber Christou, Head of Resident Services
Lead Officers	Phil Wilson, Chief Accountant Zoe Kent, Revenues and Benefits Manager

Recommendations	<ol style="list-style-type: none"> 1. That the report of the Head of Finance for the calculation of the Council Tax Base for the year 2016/17 be approved. 2. That pursuant to the Head of Finance report and in accordance with the Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended)) and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012:2914), and the Local Government Act 2003, the amount calculated by Swale Borough Council as its Council Tax Base for the whole area for the year 2016/17 shall be 43,959.22. The Council Tax Base for the individual Town and Parish Councils within the borough area shall be as itemised in Appendix II to this report.
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1. Purpose of Report and Executive Summary

- 1.1 This report is submitted in order to formally approve the tax base for 2016/17.
- 1.2 The presentation of the proposed tax base in a report to Council is one of the procedures implemented to ensure that the Council approves the correct tax bases as part of the Council Tax resolution at the meeting due to be held on 17 February 2016.

2. Background

- 2.1 Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended)) require each billing authority to calculate its 'Council Tax Base'.

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012:2914) provides amended statutory guidance to incorporate the changes as a result of the introduction of the council tax support scheme from 1 April 2013.

- 2.2 The Council Tax Base is a measure of the Council's taxable capacity, for the purpose of setting its Council Tax. Legislation requires the Council to set out the formula for that calculation and that the tax base is formally approved.

3. Proposal

- 3.1 The Council Tax Base has been arrived at by making a calculation of the Relevant Amount for each band i.e.

3.1.1 the number of dwellings in each band;

3.1.2 the estimated number of discounts;

3.1.3 the assessment of these discounts at the appropriate percentage;

3.1.4 the number of dwellings, which will be exempt.

- 3.2 In calculating the number of chargeable dwellings, due allowance has been made for the following:

3.2.1 the number of dwellings within the area of the Authority as notified by the Valuation Officer;

3.2.2 reductions anticipated during the year with due allowance for only part of the year.

3.3 Allowance has also been made where it is anticipated that, due to disability, the person liable to pay the Council Tax is to pay a sum relating to a band lower than that under which the property is listed.

3.4 In determining the Tax Base, I have also reviewed the allowance made for the total collection rate. For 2015/16 the Council had a collection rate of 98.77%, but it is my opinion that this could be increased slightly to 98.90% for 2016/17.

3.5 The details of the calculations for the whole of the Swale Borough Council and for the Parish and Town Councils within the Borough are shown in Appendices I and II.

3.6 As a billing authority, Swale Borough Council must issue to precepting authorities by 31 December a schedule of proposed payments in respect of their precepts and its own. This schedule of proposed payments must be confirmed and notified to precepting authorities by 31 January.

3.7 The payment of Parish Precepts is to be the same as for the payment of Parish Precepts in 2015/16, i.e. 50% by end of April 2016 and 50% by end of September 2016.

4. Alternative Options

4.1 The alternative option would be to use an alternative collection rate to apply to the tax base.

5. Consultation Undertaken or Proposed

5.1 There has been no consultation undertaken.

6. Implications

Issue	Implications
Corporate Plan	None
Financial, Resource and Property	The Council Tax Base will be used to calculate the income from Council Tax for the Council following the setting of the Council Tax at the Council meeting on 17 February 2016.
Legal and Statutory	The Council must calculate the tax base each year in accordance with the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended)), the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012:2914), and the Local Government Act 2003
Crime and Disorder	None
Sustainability	None
Health and Wellbeing	None
Risk Management and Health and Safety	Risk Implications - Assuming this report is approved, there is no risk that the Council will not meet its statutory duty to approve the Council Tax Base for 2016/17 and notify precepting authorities by 31 January 2016.
Equality and Diversity	None

7. Appendices

7.1 The following documents are to be published with this report and form part of the report

- Appendix I: 2016/17 Tax Base Calculation for the Whole Council Area
- Appendix II: 2016/17 Tax Base for Parishes in the Swale Area

8. Background Papers

8.1 The Finance Department and the Revenues and Benefits Section hold detailed information on the make up of the tax base for each Parish and every unparished area.

**SWALE BOROUGH COUNCIL
TAX BASE CALCULATION FOR THE WHOLE AREA 2016/17**

Description	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Dwellings	0.00	9,872.00	15,783.00	16,495.00	10,497.00	5,260.00	2,372.00	1,178.00	112.00	61,569.00
Exemptions	0.00	-730.00	-138.00	-130.00	-73.00	-22.00	-13.00	-6.00	0.00	-1,112.00
Deletions	0.00	-5.00	0.00	-2.00	0.00	0.00	-1.00	0.00	0.00	-8.00
Disabled Relief	2.00	35.00	27.00	-9.00	-31.00	-14.00	-1.00	4.00	-13.00	0.00
CHARGEABLE DWELLINGS	2.00	9,172.00	15,672.00	16,354.00	10,393.00	5,224.00	2,357.00	1,176.00	99.00	60,449.00
Discounts -										
Single/ Disregard (25%)	0.00	-4,436.00	-5,991.00	-4,704.00	-2,320.00	-887.00	-323.00	-151.00	-10.00	-18,822.00
Discount at 50%	0.00	-2.00	-12.00	-6.00	-8.00	-4.00	-14.00	-19.00	-2.00	-67.00
Discount at 100%	0.00	-78.00	-87.00	-56.00	-45.00	-10.00	-4.00	-10.00	0.00	-290.00
Total Discounts	0.00	-4,516.00	-6,090.00	-4,766.00	-2,373.00	-901.00	-341.00	-180.00	-12.00	-19,179.00
DISCOUNT REDUCTION	0.00	-1,160.00	-1,581.75	-1,225.00	-624.00	-231.25	-89.75	-56.25	-3.00	-4,971.00
Long Term Empty Premium		56.00	18.00	20.00	10.00	5.00	4.00	2.00	1.00	116.00
NET DWELLINGS (1)	2.00	8,012.00	14,090.25	15,129.00	9,769.00	4,992.75	2,267.25	1,119.75	96.00	55,478.00
Number of Dwellings to be removed from Council Tax Base as a result of Council Tax Support scheme	-0.27	-2,358.39	-2,898.14	-2,046.51	-602.20	-146.57	-46.43	-7.13	0.00	-8,105.64
NET DWELLINGS (2)	1.73	5,653.61	11,192.11	13,082.49	9,166.80	4,846.18	2,220.82	1,112.62	96.00	47,372.36
BAND D EQUIVALENT	0.96	3,769.07	8,704.97	11,628.88	9,166.80	5,923.11	3,207.85	1,854.37	192.00	44,448.01
Collection Rate										98.90%
TAX BASE										43,959.22

2016/17 TAX BASE FOR PARISHES WITHIN THE SWALE AREA

PARISHES	2015/16 Tax Base	2016/17 Tax Base
BAPCHILD	451.05	457.47
BOBBING	801.01	825.54
BORDEN	1,057.59	1,065.3
BOUGHTON	664.98	676.32
BREDGAR	285.17	287.14
DODDINGTON	210.01	216.82
DUNKIRK	473.92	482.81
EASTCHURCH	665.47	701.88
EASTLING	140.70	144.39
FAVERSHAM	5,987.03	6,083.95
GRAVENEY & GOODNESTONE	177.22	181.07
HARTLIP	360.56	361.24
HERNHILL	279.36	283.33
IWADE	1,187.20	1,298.32
LEYSDOWN	1,141.19	1,147.26
LOWER HALSTOW	446.11	452.21
LUDDENHAM	44.77	44.24
LYNSTED	445.97	453.71
MILSTEAD	88.17	85.08
MINSTER	4,906.21	5,083.32
NEWINGTON	856.90	870.50
NEWNHAM	149.58	151.01
NORTON	151.95	154.85
BUCKLAND	29.04	29.51
SUB TOTAL Norton & Buckland	180.99	184.36
OARE	162.90	165.96
OSPRINGE	273.71	276.57
QUEENBOROUGH	746.90	767.69
RODMERSHAM	235.86	237.79
SELLING	326.56	342.96
SHELDWICH	245.10	249.48
LEAVELAND	44.58	43.60
BADLESMERE	54.63	57.05
SUB TOTAL Sheldwich, Leaveland & Badlesmere	344.31	350.13
STALISFIELD	90.83	97.02
TEYNHAM	838.07	861.67
THROWLEY	139.63	136.82
TONGE	110.94	141.52
TUNSTALL	743.94	701.51
UPCHURCH	889.71	912.01
WARDEN	464.54	473.20
Total	26,369.06	27,002.12

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Council	Agenda Item:
Meeting Date	27 January 2016
Report Title	Treasury Management Half Year Report
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Nick Vickers, Head of Finance
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Olga Cole, Management Accountant
Key Decision	No
Classification	Reference number:
Recommendations	To note the performance information in this report.

1 Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to review the mid-year outturn position on treasury management transactions for 2015/16, including compliance with treasury limits and Prudential Performance Indicators. The report was agreed by Audit Committee on 9 December 2015.
- 1.2 The Treasury Management Strategy is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. In accordance with the Code of Practice members are informed of Treasury Management activities twice a year.
- 1.3 The approach to the use of the cash surplus continues to be highly risk averse both in terms of the counter parties the Council will use and the duration of deposits.

2. Background

Market Environment

- 2.1 The main external issue in the first six months of the year has been the diminishing likelihood of base rate increases in the UK. Arlingclose, the Council's treasury advisers, had a long-term position that rates would rise in May 2016. They have recently pushed this back to September 2016 and then very small step increases to 1.75% in September 2018. The longer for lower position reflects the underlying headwinds which the economy faces – in particular from the China slowdown and Eurozone stagnant economic growth. As the EU referendum and a possible Brexit come to dominate short-term horizons this will be an increasingly important issue for the Bank of England to factor into their thinking.

- 2.2 The annual rate for Consumer Price Inflation (CPI) has hovered around 0.0% to 0.1% after turning marginally negative in April. The Bank of England are forecasting inflation increasing to around 2% in the next 18 months. The index is bound to see an increase as the large falls in oil and petrol prices 12 months ago drop out – but underlying inflationary pressures do remain benign.
- 2.3 Equity markets performed poorly in the July to September quarter but have bounced back strongly since then. The volatility of equity markets means that we continue to avoid any products with an equity component.

Borrowing

- 2.4 The Council continues to be debt free. A decision will be taken in the new year whether borrowing will be undertaken if we proceed with the construction of a multi-storey car park in Sittingbourne.

Investments

- 2.5 The counterparties agreed by Cabinet and Council earlier this year when the 2015/16 Treasury Strategy was approved are:

Debt Management Office (Debt Management Account Deposit Facility) and Treasury Bills	Unlimited
Major UK banks / building societies. (Barclays, HSBC, Lloyds Banking Group, RBS Group, Santander UK, Nationwide, Standard Chartered) unsecured deposits	£3m
Svenska Handelsbanken	£3m
Leeds Building Society unsecured deposits	£1m
Close Brothers unsecured deposits	£1m
Small UK building societies unsecured deposits meeting Arlingclose preferred criteria	£250k each or £1m in aggregate
Major Overseas banks unsecured deposits (to be determined with Arlingclose)	£1m limit per bank
Short Term Money Market Funds	£1.5m each
CCLA LAMIT Property Fund	£1.5m in aggregate
Supranational bonds	£6m in aggregate
Corporate bond funds	£3m in aggregate
Absolute return funds	£3m in aggregate

- 2.6 For the major UK banks and building societies we have left the individual limit at £3m. This reflects that the underlying fundamentals of the banks has generally improved and the risk of unsecured deposits does seem to be relatively lower.
- 2.7 Returns on unsecured deposits remain low although very recently some 1% rates have become available for 3 month deposits.

- 2.8 The £1.5m investment in the CCLA Property Fund has produced good returns 4.73% for the first 6 months. The Fund is now £500m and we will look to add in the 2016/17 Treasury Strategy.
- 2.9 Investments held at 30 September 2015 can be found in Appendix I.
- 2.10 The Council did not need to borrow to cover cash flow purposes in the period.
- 2.11 Interest income received for the first half of 2015 was £40,000 above the original budget of £42,700.
- 2.12 For the six months to 30 September 2015, the Council maintained an average sum invested of £34m compared with an original budget of £30m, and an average rate of return of 0.63% compared to a budget of 0.30%.
- 2.13 The results for the six months to 30 September 2015 show that the Council achieved 0.27% average return above the average 7 day London Interbank Bid Rate (LIBID) and 0.13% average return rate above the Bank of England Base Rate.

Compliance with Prudential Indicators

- 2.14 The Council can confirm that it has complied with its Prudential Indicators for 2015/16 which were set in February as part of the Council's Treasury Management Strategy Statement. The Council is required to report on the highly technical Prudential Indicators. There are no issues of concern to highlight with members.
- 2.15 Prudential Indicators are set out in Appendix II.

3. Proposals

- 3.1 No changes are proposed at this stage.

4. Alternative Options

- 4.1 The Head of Finance will consider changes to the counterparty criteria with reference to the Council's agreed policy with regard to risk.

5. Consultation Undertaken

- 5.1 Consultation has been undertaken with Arlingclose.

6. Implications

Issue	Implications
Corporate Plan	No direct application.
Financial, Resource and Property	As detailed in the report.
Legal and Statutory	The Council has powers to both borrow funds to support its work and to invest and earn interest on funds available.
Crime and Disorder	Following CIPFA's Treasury Management Code of Practice is important to avoid involvement in potential fraud or money laundering.
Sustainability	None
Health and Wellbeing	None
Risk Management and Health and Safety	Risk is controlled through adherence to specific guidance included in CIPFA's Treasury Management Code of Practice. The principle of security of funds over-rides investment performance.
Equality and Diversity	None

7. Appendices

7.1 The following documents are to be published with this report and form part of the report.

- Appendix I: Investments as at 30 September 2015
- Appendix II: Treasury Management Prudential Indicators

Investments as at 30 September 2015

Counterparty/ Country	Long-Term Rating (Moody's)	Balance Invested as at 30 September 2015 £'000
Lloyds TSB Bank Plc	A1	3,000
Standard Chartered Bank	Aa2	3,000
Santander UK Plc (Call Account)	A1	3,000
Svenska Handelsbanken	Aa2	3,000
Barclays Bank Plc	A2	3,000
Nordea Bank	Aa3	1,000
Debt Management Office	Aa1	3,000
Nationwide Building Society	A1	3,000
Total Banks and Building Society		22,000
Goldman Sachs Money Market Fund	Aaa-mf	1,500
Aberdeen Money Market Fund	Aaa-mf	1,500
Black Rock Money Market Fund	Aaa-mf	1,500
BNP Paribas Money Market Fund	Aaa-mf	1,500
Deutsche Money Market Fund	Aaa-mf	820
Morgan Stanley Money Market Fund	Aaa-mf	1,500
CCLA Property Fund	Aaa-mf	1,500
Total Money Market and Property Funds		9,820
Gross Total		31,820

The Ratings above are from Moody's Ratings. The Long Term Rating is the benchmark measure of probability of default. These ratings are shown for illustrative purposes only, as the Council uses the lowest rating across three agencies on which to base its decisions.

Investment Activity in 2015/16

Investments	Balance on 01/04/2015 £'000	Investments Made £'000	Investments Repaid £'000	Balance on 30/09/20 15 £'000	Average Rate %	Average Life
Short Term Investments	22,300	114,940	(106,920)	30,320	0.63	58 days
Long Term Investments	1,500	0	0	1,500	4.73	6 years
Total Investments	23,800	114,940	(106,920)	31,820		
Increase/(Decrease) in Investments				8,020		

Prudential Indicators

1. Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in local authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross Debt and the Capital Financing Requirement (CFR)

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

Gross Debt and the Capital Financing Requirement	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Gross CFR	5,106	5,145	4,833	4,524
Less: Other Long Term Liabilities	(753)	(774)	(623)	(376)
Borrowing CFR	4,353	4,371	4,210	4,148
Less: Existing Profile of Borrowing	0	0	0	0
Cumulative Maximum External Borrowing Requirement.	4,353	4,371	4,210	4,148

The Authority has no external debt.

3. Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Total	2,219	1,103	15	15

Capital expenditure will be financed follows:

Capital Financing	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Capital receipts	528	30	0	0
Government Grants	1,270	1,058	0	0

Prudential Indicators

Capital Financing	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Revenue contributions	421	15	15	15
Total Financing	2,219	1,103	15	15

4. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability, highlighting the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2014/15 Actual %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
Total	1.58	1.70	1.67	1.71

5. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Capital Financing Requirement	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Total CFR	5,106	5,145	4,833	4,524

6. Actual External Debt

This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2015	£'000
Borrowing	0
Other Long-term Liabilities	753
Total	753

Prudential Indicators

7. Incremental Impact of Capital Investment Decisions on Council Tax

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£	£	£	£
Increase / (Decrease) in Band D Council Tax	(0.01)	(0.01)	0.00	0.00

8. Authorised Limit and Operational Boundary for External Debt

The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing, and its approved treasury management policy statement and practices.

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£'000	£'000	£'000	£'000
Borrowing	5,000	7,000	7,000	7,000
Other Long-term Liabilities	2,000	2,000	2,000	2,000
Total	7,000	9,000	9,000	9,000

The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

Prudential Indicators

Operational Boundary for External Debt	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Borrowing	2,000	6,000	6,000	6,000
Other Long-term Liabilities	992	774	623	376
Total	2,992	6,774	6,623	6,376

The Head of Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the period to 30 September 2015.

9. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted the principles of best practice.

The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 22 February 2012.

The Council has incorporated the changes from the revised CIPFA Treasury Management in the Public Services: Code of Practice 2011 into its treasury policies, procedures and practices.

10. Interest Rate Exposure

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums (i.e. fixed rate debt net of fixed rate investments).

Upper Limit for Interest Rate Exposure	Existing level at 30/09/15 %	2015/16 Approved Limit %	2016/17 Approved Limit %	2017/18 Approved Limit %
Interest on fixed rate borrowing	0	100	100	100
Interest on fixed rate investments	-50	-100	-100	-100
Upper Limited for Fixed Interest Rate Exposure	-50	0	0	0
Interest on variable rate borrowing	0	100	100	100
Interest on fixed rate borrowing	-50	-100	-100	-100
Upper Limited for Fixed Interest Rate Exposure	-50	0	0	0

As the Council has no borrowing, these calculations have resulted in negative figure.

Prudential Indicators

11. Maturity Structure of Fixed Rate Borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. It is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

Maturity structure of fixed rate borrowing	Existing level at 30/09/15	Lower Limit for 2015/16	Upper Limit for 2015/16
	%	%	%
Under 12 months	0	0	100
12 months and within 24 months	0	0	100
24 months and within 5 years	0	0	100
5 years and within 10 years	0	0	100
10 years and above	0	0	100

The Council does not have any external borrowing for capital purposes, and did not need to borrow for cash flow purposes during the six months to 30 September 2015.

12. Credit Risk

The Council considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- sovereign support mechanisms;
- credit default swaps (where quoted);
- share prices (where available);
- economic fundamentals, such as a country's net debt as a percentage of its GDP;
- corporate developments, news, articles, markets sentiment and momentum; and
- subjective overlay.

Prudential Indicators

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

The Head of Finance confirms that there were no breaches to counterparty limits or credit ratings at the time of placing investments.

13. Principal Sums Invested for Periods Longer than over 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Total	9,000	9,000	9,000

14. Investment Benchmarking for the six months to 30 September 2015

Average Actual Return on Investments	Original Estimate Return on Investments	Average Bank Rate	Average 7 day LIBID Rate
0.63%	0.30%	0.50%	0.36%

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Recommendations for Council – 27 January 2016

Cabinet – 2 December 2015

(a) Minute No 361, Sittingbourne Town Centre – Footpath Creation Order (separate report on the agenda)

Recommended:

(1) That delegated authority be given to the Head of Legal to make and confirm a Footpath Creation Order for a new public footpath linking St Michael's Road with the High Street between numbers 48 and 50, High Street, Sittingbourne.

(2) That delegated authority be given to the Director of Regeneration in consultation with the Cabinet Member for Regeneration to take all necessary actions to construct a new public footpath in accordance with the Footpath Creation Order linking St Michael's Road with the High Street between numbers 48 and 50 High Street, Sittingbourne.

(b) Minute No. 362, Medium Term Financial Plan and 2016/17 Budget

Recommended:

(1) That the budget proposals be noted.

(2) That the Medium Term Financial Plan be noted.

(c) Minute No. 363, Review of Fees and Charges (separate report considered at the December Council meeting, which was agreed)

Recommended:

(1) That the proposed fees and charges for 2016/17 as set out in the report for submission to Council be approved.

Audit Committee – 9 December 2015

(a) Minute No. 390, Treasury Management Half Year Review (separate report on the Council agenda)

Recommended:

(1) That the performance information in the report be noted.

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