



AGENDA

COUNCIL MEETING

Date: Wednesday, 9 January 2019

Time: 7.00pm

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

RECORDING NOTICE

Please note: this meeting may be recorded.

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. Emergency Evacuation Procedure	
<p>The Chairman will advise the meeting of the evacuation procedures to follow in the event of an emergency. This is particularly important for visitors and members of the public who will be unfamiliar with the building and procedures.</p> <p>The Chairman will inform the meeting whether there is a planned evacuation drill due to take place, what the alarm sounds like (i.e. ringing bells), where the closest emergency exit route is, and where the second closest emergency exit route is, in the event that the closest exit or route is blocked.</p> <p>The Chairman will inform the meeting that:</p> <p>(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park. Nobody must leave the assembly point until</p>	

everybody can be accounted for and nobody must return to the building until the Chairman has informed them that it is safe to do so; and

(b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Chairman is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

3. Apologies for Absence

4. Minutes

To approve the Minutes of the Meeting held on 14 November 2018 (Minute Nos. 331 - 344) as a correct record [Link to minutes](#)

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.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

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 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. Motions submitted in accordance with Procedure Rule 15

Two motions have been received:

1. The Council calls on Kent County Council to abandon any proposal to reduce the hours of public access at our public libraries.

Proposed by Councillor Roger Truelove and seconded by Councillor Harrison.

2. The Council calls on our two constituency MPs to press their Government to find alternative ways of investing in railways other than perpetual annual hikes in fares.

Proposed by Councillor Roger Truelove and seconded by Councillor Tony Winckless.

8. Questions submitted by the Public

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

9. Questions submitted by Members

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

10. Leader's Statement

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

11. Adoption of the Consolidated Model Byelaws for Cosmetic Treatments 1 - 8

12. Treasury Management Half Year Report 2018/19 9 - 22

13. Resolutions for Calculating Council Tax 23 - 28

14. Recommendations for Approval

Council is asked to note the recommendations from the following meetings:

(a) Minute Nos. 359 - 368 from the Audit Committee held on 28 November 2018

(b) Minute Nos 380 - 389 from the Cabinet meeting held on 12 December 2018

Issued on Monday, 31 December 2018

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

**Chief Executive, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

Council	
Meeting Date	9 January 2019
Report Title	Adoption of the Consolidated Model Byelaws for Cosmetic Piercing, Semi-permanent Skin Colouring, Acupuncture, Tattooing, Electrolysis and Ear Piercing
Cabinet Member	Cllr David Simmons, Cabinet Member for Environment and Rural Affairs
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Tracey Beattie, Environmental Health Manager
Lead Officer	Annmarie Goodwin, Food & Safety Team Leader
Key Decision	No
Classification	Open
Recommendations	1. To adopt the Department of Health consolidated Model Byelaws for acupuncture, tattooing, semi-permanent skin colouring, cosmetic piercing and electrolysis, contained in Appendix I

1. Purpose of Report and Executive Summary

- 1.1 The reason businesses are required to register with the Council when they offer tattooing, skin piercing and other beauty treatments is to prevent the spread of infectious disease and protect public health. The model byelaws contain recognised and accepted standards for achieving this protection and the Council adopted the original Department of Health Model Byelaws on 1 February 1987 and further byelaws on 1 April 2005.
- 1.2 Since then the Department of Health have revised and consolidated the two previous individual Byelaws within one Byelaw to simplify the standards required for a wide range of beauty treatments such as: cosmetic piercing and semi permanent skin colouring, acupuncture, tattooing, electrolysis and ear piercing (referred to as special treatments).
- 1.3 Frequently the registered practitioners and premises undertake more than one type of treatment and so by consolidating the Byelaws we can improve operational efficiency and simplify the standards for local businesses.
- 1.4 In summary this proposal seeks to bring the Council Byelaws for special treatments up to date to reflect the current model Byelaws composed by the Department of Health (Appendix I).

2. Background

- 2.1 The Local Government Act 2003 amended the Local Government Miscellaneous Provisions Act 1982 to include cosmetic (body) piercing and semi permanent skin colouring, extending the range of skin piercing activities the Council can regulate to protect public health. Previous Byelaws have been adopted by the Council to include these two activities within the Council's remit.
- 2.2 It is important for this industry sector to be effectively regulated due to the risks associated with the type of skin piercing treatments being offered. There is the potential risk of transmission of blood borne viruses (BBV), for example HIV, Hepatitis B and C, as well as other potentially serious skin infections, potential physical damage and bleeding if the treatment is not undertaken correctly.
- 2.3 This is a dynamic industry sector and the range of skin piercing activities offered is constantly evolving. These latest byelaws consolidate two previous sets of Byelaws and also take into consideration the technological developments within the sector.
- 2.4 The consolidated Byelaws have been adopted by Maidstone Borough Council and are in the process of being adopted by Tunbridge Wells Borough Council. The adoption of these Byelaws by the Council would enable best practice and help bring consistency in public health standards expected across the Mid Kent Environmental Health Partnership.

3. Proposal

- 3.1 To adopt the latest model Byelaws from the Department of Health for the reasons given above. The expected outcomes include clarity to local businesses and consistency across the Partnership. This proposal does not result in any additional costs, officer resource, procurement issues, IT etc. .

4 Alternative Options

- 4.1 Do Nothing – the Council would continue to have a special treatments regime where there are two different sets of Byelaws in place which reduces clarity for local businesses and results in inconsistency in public health expectations and enforcement across the Partnership and other local authorities. This is not recommended.

5 Consultation Undertaken or Proposed

- 5.1 The proposal reflects best professional practice based on Department of Health model byelaws. No consultation is proposed, however the Byelaws will be advertised in the local press as part of the process of adoption and by the Council required by the Department of Health.

6 Implications

Issue	Implications
Corporate Plan	<p>A Borough To Be Proud Of – the adoption of one consolidated byelaw to replace the two current older byelaws ensures that local business' comply with nationally set standards.</p> <p>A Community to be proud of – the byelaws offer better protection to the public health.</p>
Financial, Resource and Property	None. Officer time is already spent undertaking visits to establishments who have applied for registration. Adopting the byelaws would give a consolidated and consistent hygiene criteria for businesses to meet
Legal, Statutory and Procurement	<p>The relevant statutory requirement is outlined under paragraph 2.1 in this report.</p> <p>The existing registration requirement and byelaws for tattooing, semi-permanent skin colouring, electrolysis, cosmetic piercing and acupuncture have proved to be effective controls at protecting public health. If these latest model byelaws are not adopted the Council will continue to have two separate sets of dated byelaws which are confusing to local businesses and inconsistent with other authorities within the Mid Kent Partnership.</p>
Crime and Disorder	The existing byelaws have proved to be effective controls in protecting public health; however, they are somewhat piecemeal and dated. Adoption of the latest model Byelaws ensures we are following the latest standards expected by the Department of Health and as such will be protecting the public as far as possible who have these treatments undertaken.
Environment and Sustainability	None
Health and Wellbeing	Adopting the latest Department of Health model Byelaws will ensure we are able to enforce the latest standards which in turn will help to protect public health.
Risk Management and Health and Safety	The adoption of the latest model byelaws will assist in protecting the health and safety of all people associated with non-medical skin piercing. The proposed byelaws reflect the model byelaws provided by the Department of Health.
Equality and Diversity	<p>Adoption of the preferred option will ensure that all businesses offering any type of non-medical skin piercing will have to comply with the latest model byelaws.</p> <p>No detrimental impact on the protected characteristics of</p>

	individuals has been identified.
Privacy and Data Protection	None

7 Appendices

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

- Appendix I: Model Byelaws for acupuncture, tattooing, semi-permanent skin-colouring, cosmetic piercing and electrolysis: Department of Health

8 Background Papers

8.1 None.

BYELAWS

Acupuncture, tattooing, semi-permanent skin-colouring, cosmetic piercing and electrolysis

Byelaws for the purposes of securing the cleanliness of premises registered under sections 14(2) or 15(2) or both of the Local Government (Miscellaneous Provisions) Act 1982 and fittings in such premises and of persons registered under sections 14(1) or 15(1) or both of the Act and persons assisting them and of securing the cleansing and, so far as appropriate, sterilization of instruments, materials and equipment used in connection with the practice of acupuncture or the business of tattooing, semi-permanent skin-colouring, cosmetic piercing or electrolysis, or any two or more of such practice and businesses made by Swale Wells Borough Council in pursuance of sections 14(7) or 15(7) or both of the Act.

Interpretation

1.—(1) In these byelaws, unless the context otherwise requires—

“The Act” means the Local Government (Miscellaneous Provisions) Act 1982;

“client” means any person undergoing treatment;

“hygienic piercing instrument” means an instrument such that any part of the instrument that touches a client is made for use in respect of a single client, is sterile, disposable and is fitted with piercing jewellery supplied in packaging that indicates the part of the body for which it is intended, and that is designed to pierce either—

- (a) the lobe or upper flat cartilage of the ear, or
- (b) either side of the nose in the mid-crease area above the nostril;

“operator” means any person giving treatment, including a proprietor;

“premises” means any premises registered under sections 14(2) or 15(2) of the Act;

“proprietor” means any person registered under sections 14(1) or 15(1) of the Act;

“treatment” means any operation in effecting acupuncture, tattooing, semi-permanent skin-colouring, cosmetic piercing or electrolysis;

“the treatment area” means any part of premises where treatment is given to clients.

(2) The Interpretation Act 1978 shall apply for the interpretation of these byelaws as it applies for the interpretation of an Act of Parliament.

2.—(1) For the purpose of securing the cleanliness of premises and fittings in such premises a proprietor shall ensure that—

- (a) any internal wall, door, window, partition, floor, floor covering or ceiling is kept clean and in such good repair as to enable it to be cleaned effectively;
- (b) any waste material, or other litter arising from treatment is handled and disposed of in accordance with relevant legislation and guidance as advised by the local authority;
- (c) any needle used in treatment is single-use and disposable, as far as is practicable, or otherwise is sterilized for each treatment, is suitably stored after treatment and is disposed of in accordance with relevant legislation and guidance as advised by the local authority;
- (d) any furniture or fitting in premises is kept clean and in such good repair as to enable it to be cleaned effectively;
- (e) any table, couch or seat used by a client in the treatment area which may become contaminated with blood or other body fluids, and any surface on which a needle, instrument or equipment is placed immediately prior to treatment has a smooth impervious surface which is disinfected—
 - (i) immediately after use; and
 - (ii) at the end of each working day.

- (f) any table, couch, or other item of furniture used in treatment is covered by a disposable paper sheet which is changed for each client;
- (g) no eating, drinking, or smoking is permitted in the treatment area and a notice or notices reading “No Smoking”, and “No Eating or Drinking” is prominently displayed there.

(2)(a) Subject to sub-paragraph (b), where premises are registered under section 14(2) (acupuncture) or 15(2) (tattooing, semi-permanent skin-colouring, cosmetic piercing and electrolysis) of the 1982 Act, a proprietor shall ensure that treatment is given in a treatment area used solely for giving treatment;

(b) Sub-paragraph (a) shall not apply if the only treatment to be given in such premises is ear-piercing or nose-piercing using a hygienic piercing instrument.

(3)(a) Subject to sub-paragraph (b), where premises are registered under section 15(2) (tattooing, semi-permanent skin-colouring and cosmetic piercing) of the 1982 Act, a proprietor shall ensure that the floor of the treatment area is provided with a smooth impervious surface;

(b) Sub-paragraph (a) shall not apply if the only treatment to be given in such premises is ear-piercing or nose-piercing using a hygienic piercing instrument.

3.—(1) For the purpose of securing the cleansing and so far as is appropriate, the sterilization of needles, instruments, jewellery, materials and equipment used in connection with treatment—

- (a) an operator shall ensure that—
 - (i) any gown, wrap or other protective clothing, paper or other covering, towel, cloth or other such article used in treatment—
 - (aa) is clean and in good repair and, so far as is appropriate, is sterile;
 - (bb) has not previously been used in connection with another client unless it consists of a material which can be and has been adequately cleansed and, so far as is appropriate, sterilized.
 - (ii) any needle, metal instrument, or other instrument or equipment used in treatment or for handling such needle, instrument or equipment and any part of a hygienic piercing instrument that touches a client is sterile;
 - (iii) any jewellery used for cosmetic piercing by means of a hygienic piercing instrument is sterile;
 - (iv) any dye used for tattooing or semi-permanent skin-colouring is sterile and inert;
 - (v) any container used to hold dye for tattooing or semi-permanent skin-colouring is either disposed of at the end of each treatment or is cleaned and sterilized before re-use.
- (b) a proprietor shall provide—
 - (i) adequate facilities and equipment for—
 - (aa) cleansing; and
 - (bb) sterilization, unless only pre-sterilized items are used.
 - (ii) sufficient and safe gas points and electrical socket outlets;
 - (iii) an adequate and constant supply of clean hot and cold water on the premises;
 - (iv) clean and suitable storage which enables contamination of the articles, needles, instruments and equipment mentioned in paragraphs 3(1)(a)(i), (ii), (iii), (iv) and (v) to be avoided as far as possible.

4.—(1) For the purpose of securing the cleanliness of operators, a proprietor—

- (a) shall ensure that an operator—
 - (i) keeps his hands and nails clean and his nails short;
 - (ii) keeps any open lesion on an exposed part of the body effectively covered by an impermeable dressing;
 - (iii) wears disposable examination gloves that have not previously been used with another client, unless giving acupuncture otherwise than in the circumstances described in paragraph 4(3);

- (iv) wears a gown, wrap or protective clothing that is clean and washable, or alternatively a disposable covering that has not previously been used in connection with another client;
 - (v) does not smoke or consume food or drink in the treatment area; and
- (b) shall provide—
- (i) suitable and sufficient washing facilities appropriately located for the sole use of operators, including an adequate and constant supply of clean hot and cold water, soap or detergent; and
 - (ii) suitable and sufficient sanitary accommodation for operators.
- (2) Where an operator carries out treatment using only a hygienic piercing instrument and a proprietor provides either a hand hygienic gel or liquid cleaner, the washing facilities that the proprietor provides need not be for the sole use of the operator.
- (3) Where an operator gives acupuncture a proprietor shall ensure that the operator wears disposable examination gloves that have not previously been used with another client if—
- (a) the client is bleeding or has an open lesion on an exposed part of his body; or
 - (b) the client is known to be infected with a blood-borne virus; or
 - (c) the operator has an open lesion on his hand; or
 - (d) the operator is handling items that may be contaminated with blood or other body fluids.
- 5.** A person registered in accordance with sections 14 (acupuncture) or 15 (tattooing, semi-permanent skin-colouring, cosmetic piercing and electrolysis) of the Act who visits people at their request to give them treatment should observe the requirements relating to an operator in paragraphs 3(1)(a) and 4(1)(a).
- 6.** The byelaws relating to acupuncture, tattooing, semi-permanent skin-colouring, cosmetic piercing and electrolysis that were confirmed by Swale Borough Council are revoked.

Council	Agenda Item:
Meeting Date	9 January 2019
Report Title	Treasury Management Half Year Report 2018/19
Cabinet Member	Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Phil Wilson, Financial Services Manager
Key Decision	No
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. To note the performance information in this report. 2. To approve the prudential and treasury management indicators within the 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 2018/19, including compliance with treasury limits and Prudential and Treasury Performance Indicators. The report was agreed by the Audit Committee on 28 November 2018.
- 1.2 The Treasury Management Strategy is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice 2011 Edition, which requires the Council to approve treasury management semi-annual and annual reports.
- 1.3 The Council's treasury management strategy for 2018/19 was approved at a meeting on 21 February 2018. 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 is therefore central to the Council's treasury management strategy.
- 1.4 Following consultation in 2017, CIPFA published new versions of the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management Code of Practice but has yet to publish the local authority specific Guidance Notes to the latter. In England the Ministry for Housing, Communities and Local Government (MHCLG) published its revised Investment Guidance which came into effect from April 2018.
- 1.5 The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is to be a summary document approved by full Council covering capital expenditure and financing, treasury

management and non-treasury investments. The Council will be producing its Capital Strategy for approval by full Council in February 2019.

2. Background

Market Environment

- 2.1 UK Consumer Price Inflation (CPI) for August rose to 2.7% per annum, above the consensus forecast and that of the Bank of England's in its August Inflation Report, as the effects of sterling's large depreciation in 2016 began to fade.
- 2.2 The Bank of England made no change to monetary policy at its meetings in May and June, this was followed by a unanimous decision for a rate rise of 0.25% in August, taking Bank Rate to 0.75%. Since then, the Bank of England's Monetary Policy Committee (MPC) has maintained expectations of a slow rise in interest rates over the forecast horizon.
- 2.3 With regard to the big four UK banks - Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank, the transfer of their business lines into retail (ringfenced) and investment banking (non-ringfenced) is progressing and will need to be completed by the end of 2018. The Council's treasury advisor Arlingclose will henceforth provide ratings which are specific to deposits, rather than provide general issuer credit ratings.

Borrowing

- 2.4 The Council continues to be debt free. Council has agreed to borrow up to £28 to cover Sittingbourne Town Centre and an additional £30m subject to business cases to be agreed by Cabinet. The aim is to use this permission strategically to drive forward regeneration of the borough and produce higher investment returns for the Council. Given the underlying financial position of the Council debt interest costs need to be met through rental income not from the base budget. The Council will also internally borrow to minimise debt charge costs.

Investments

- 2.5 The counterparties agreed by Cabinet and Council earlier this year when the 2018/19 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 unsecured deposits	£3m
Leeds Building Society unsecured deposits	£1.5m

Close Brothers unsecured deposits	£1.5m
Major overseas banks unsecured deposits (to be determined based upon Arlingclose advice) Netherlands: Bank Nederlande Gemeeten, Rabobank Singapore: OCBC, UOB, DBS Sweden: Nordea Bank Denmark: Danske Bank USA: JP Morgan Chase Australia: Australian and New Zealand Banking Group, Commonwealth Bank of Australia, National Australian Bank Ltd, Westpac Banking Corp Canada: Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Toronto Dominion Bank	£1.5m limit per bank, £3m country limit
Money Market Funds	£3m each
Cash Plus Funds and Short Dated Bond Funds	£3m each
Multi Asset Income Funds	£3m each
CCLA LAMIT Local Authority Property Fund	£3m
Supranational Bonds	£3m in aggregate
Corporate Bond Funds and Corporate Bonds	£3m in aggregate
Non treasury investments	To be agreed on a case by case basis
Covered Bonds	£9m in aggregate with £3m limit per bank
Absolute return funds	£3m in aggregate
Equity income funds	£3m in aggregate

- 2.6 Investments held at 30 September 2018 can be found in Appendix I.
- 2.7 The Council did not need to borrow to cover cash flow purposes in the period.
- 2.8 Interest income received for the first half of 2018/19 was £133,580.
- 2.9 For the six months to 30 September 2018, the Council maintained an average sum invested of £27.757m compared with an original budget of £21.061m, and an average rate of return of 0.96% compared to a budget of 0.47%.
- 2.10 The results for the six months to 30 September 2018 show that the Council achieved 0.52% average return above the average 7 day London Interbank Bid Rate (LIBID) and 0.38% average return rate above the average Bank of England Base Rate.
- 2.11 The Council has £3m invested in an externally managed property fund which is the CCLA fund which generated an average total return of 4.34%, comprising a £65k income return. Since this fund has no defined maturity date,

but is available for withdrawal after a notice period, its performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. In light of its performance and the Council's latest cash flow forecasts, investment in this fund has been maintained.

Compliance with Prudential Indicators

2.12 The Council can confirm that it has complied with its Prudential Indicators for 2018/19 which were set in February 2018 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. The indicators are based on approved commitments and the current budget.

2.13 Prudential and Treasury Management Indicators are set out in Appendix II.

3. Proposals

3.1 No changes are proposed at this stage.

4. Alternative Options

4.1 The Chief Financial Officer 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	Supports delivery of the Council's objectives.
Financial, Resource and Property	As detailed in the report.
Legal, Statutory and Procurement	Need to comply with MHCLG guidance on treasury management.
Crime and Disorder	Following CIPFA's Treasury Management Code of Practice is important to avoid involvement in potential fraud or money laundering.
Environment and Sustainability	Not relevant to this report
Health and Wellbeing	Not relevant to this report
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	Not relevant to this report

Issue	Implications
Privacy and Data Protection	Not relevant to this report

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 2018
 - Appendix II: Prudential and Treasury Management Indicators

8. Background Papers

None

Investments as at 30 September 2018

Counterparty	Long-Term Rating	Balance Invested at 30 September 2018 £'000
CCLA Property Fund		3,000
<u>Money Market Funds</u>		
Invesco Money Market Fund	AAAm	3,000
Deutsche Money Market Fund	AAAm	2,400
Goldman Sachs Money Market Fund	AAAm	3,000
Black Rock Money Market Fund	AAAm	3,000
BNP Paribas Money Market Fund	AAAm	3,000
Amundi Money Market Fund	AAAm	3,000
Morgan Stanley Money Market Fund	AAAm	379
SSGA Money Market Fund	AAAm	3,000
Total Money Market Funds		20,779
Total		23,779

The Ratings above are from Standard & Poor's (S&P) 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 2018/19

Investments	Balance on 01/04/2018 £'000	Investments Made £'000	Investments Repaid £'000	Balance on 30/09/2018 £'000	Average Rate %
Short Term Investments and Cash and Cash Equivalents	16,815	90,787	(86,823)	20,779	0.55
Long Term Investments	3,000	0	0	3,000	4.34
Total Investments	19,815	90,787	(86,823)	23,779	
Increase in Investments				3,964	

Investments as at 30 September 2018**Non-Treasury Investments**

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return. The Council holds £3m of such investments in directly owned property.

These investments are expected to generate £0.2m of investment income for the Council after taking account of direct costs, representing a rate of return of 5.7%.

Prudential and Treasury Management 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	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
Gross CFR	12,511	41,572	41,444	40,299
Less: Other Long Term Liabilities	(140)	(41)	(24)	(19)
Borrowing CFR	12,371	41,531	41,420	40,280
Less: Existing Profile of Borrowing	0	0	0	0
Cumulative Maximum External Borrowing Requirement.	12,371	41,531	41,420	40,280

The Council does not have any external borrowing for capital purposes.

Prudential and Treasury Management Indicators

3. 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 and Financing	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Total Expenditure	11,491	33,717	2,937	2,018
Capital receipts	70	0	0	0
Grants and other contributions	2,904	1,765	1,765	1,765
Reserves	241	118	58	228
Internal borrowing	8,276	5,312	1,114	25
External borrowing	0	26,522	0	0
Total Financing	11,491	33,717	2,937	2,018

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	2017/18 Actual %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
Total	0.04	7.01	6.63	5.66

Prudential and Treasury Management Indicators

5. 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 31/03/2018	£'000
Borrowing	0
Other Long-term Liabilities	140
Total	140

6. 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).

At the Council meeting on 15 February 2017, Members approved an additional £30m borrowing to allow for funding to be provided up a maximum borrowing of £65m (minute 1197/02/2017).

Authorised Limit for External Debt	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Borrowing	60,000	60,000	60,000
Other Long-term Liabilities	2,000	2,000	2,000
Total	62,000	62,000	62,000

Prudential and Treasury Management Indicators

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.

Operational Boundary	2018/19	2019/20	2020/21
	Estimate	Estimate	Estimate
	£'000	£'000	£'000
Borrowing	55,000	55,000	55,000
Other Long-term Liabilities	41	24	19
Total Debt	55,041	55,024	55,019

The Chief Financial Officer confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the period to 30 September 2018.

7. 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 30/09/18	2018/19 Approved Limit	2019/20 Approved Limit	2020/21 Approved Limit
Interest on fixed rate borrowing	0%	100%	100%	100%
Interest on fixed rate investments	-0%	-100%	-100%	-100%
Upper Limit for Fixed Interest Rate Exposure	-0%	0%	0%	0%
Interest on variable rate borrowing	0%	100%	100%	100%
Interest on variable rate investments	-100%	-100%	-100%	-100%
Upper Limit for Variable Interest Rate Exposure	-100%	0%	0%	0%

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

Prudential and Treasury Management Indicators

8. 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 30/09/18	Lower Limit for 2018/19	Upper Limit for 2018/19	Complied
	%	%	%	
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 2018.

9. 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 and Treasury Management 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 Chief Financial Officer confirms that there were no breaches to counterparty limits or credit ratings at the time of placing investments.

10. 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 Council having to seek early repayment of the sums invested.

Total Principal Sums Invested Over 364 Days	2018/19
	£'000
Upper Limit Estimate	10,000
Actual	3,000
Complied	√

11. Investment Benchmarking for the six months to 30 September 2018

Average Actual Return on Investments	Original Estimate Return on Investments	Average Bank Base Rate	Average 7 day LIBID Rate
0.96%	0.47%	0.58%	0.44%

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Council Meeting	Agenda Item:
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Meeting Date	9 January 2019
Report Title	Resolutions For Calculating Council Tax Base
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Nick Vickers, Chief Financial Officer
Heads of Services	Nick Vickers, Chief Financial Officer
Lead Officers	Phil Wilson, Financial Services Manager Zoe Kent, Revenues and Benefits Manager

Recommendations	<ol style="list-style-type: none"> 1. That the report of the Chief Financial Officer for the calculation of the Council Tax Base for the year 2019/20 be approved.
	<ol style="list-style-type: none"> 2. That pursuant to the Chief Financial Officer 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 2019/20 shall be 47,344.08. 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.

1. Purpose of Report and Executive Summary

- 1.1 This report is submitted in order to formally approve the tax base for 2019/20.
- 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 20 February 2019.

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.
- 2.3 This report presents for approval Swale Borough Council's Council Tax Base, for 2019/20 and the Tax Bases for the Parish and Town Councils. The Council will use the Council Tax Base for 2019/20 in setting the Council Tax and determining the level of Council Tax income for 2019/20.

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 within the area of the Council as notified by the Valuation Officer;
 - 3.1.2 reductions anticipated during the year with due allowance for only part of the year;
 - 3.1.3 a prudent view on estimating the number of new properties that will be included on the Council Tax register during 2019/20;
 - 3.1.4 the estimated number of discounts;
 - 3.1.5 the assessment of these discounts at the appropriate percentage;
 - 3.1.6 the number of dwellings, which will be exempt;
 - 3.1.7 an allowance 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;
 - 3.1.8 a premium charged on empty properties.
- 3.2 A further adjustment is required to the Tax Base due to the Council Tax Support Scheme (CTSS) that replaced Council Tax Benefit, and was introduced for the first time in 2013/14. The CTSS is treated as a discount rather than a benefit and therefore reduces the Tax Base. Members will recall that the Scheme for 2019/20 was approved at the Council meeting of 31 October 2018 with the discount being set at 75% for working age applicants. This position has been reflected in the level of discount assumed.
- 3.3 In determining the Tax Base, I have also reviewed the allowance made for the total collection rate. For 2018/19 the Council had a collection rate of 99.14%, and it is my opinion that this should be maintained at 99.14% for 2019/20.

- 3.4 The result of these calculations is that the Council Tax Base for 2019/20 is 47,344.08 (46,590.79 for 2018/19).
- 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 2018/19, i.e. 50% by end of April 2019 and 50% by end of September 2019.

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 20 February 2019.
Legal, Statutory and Procurement	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
Environment and 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 2019/20 and notify precepting authorities by 31 January 2019.

Issue	Implications
Equality and Diversity	None
Privacy and Data Protection	None

7. Appendices

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

- Appendix I: 2019/20 Tax Base Calculation for the Whole Council Area
- Appendix II: 2019/20 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 makeup of the tax base for each Parish and every unparished area.

SWALE BOROUGH COUNCIL
TAX BASE CALCULATION FOR THE WHOLE AREA 2019/20

Description	Band A-	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Dwellings	0.00	10,049.00	16,174.00	17,021.00	11,009.00	5,508.00	2,489.00	1,213.00	112.00	63,575.00
Exemptions	0.00	-675.00	-162.00	-147.00	-96.00	-31.00	-17.00	-10.00	0.00	-1,138.00
Deletions	0.00	-2.00	0.00	0.00	0.00	0.00	-1.00	0.00	0.00	-3.00
Disabled Relief	4.00	36.00	28.00	-10.00	-25.00	-22.00	0.00	1.00	-12.00	0.00
CHARGEABLE DWELLINGS	4.00	9,408.00	16,040.00	16,864.00	10,888.00	5,455.00	2,471.00	1,204.00	100.00	62,434.00
Discounts -										
Single Person Discount (25%)	-2.00	-4,453.00	-5,930.00	-4,657.00	-2,354.00	-858.00	-344.00	-146.00	-11.00	-18,755.00
Discount at 50%	0.00	-1.00	-11.00	-6.00	-8.00	-6.00	-12.00	-16.00	-4.00	-64.00
Discount at 100%	0.00	-58.00	-51.00	-39.00	-20.00	-12.00	-5.00	-4.00	0.00	-189.00
Total Discounts	-2.00	-4,512.00	-5,992.00	-4,702.00	-2,382.00	-876.00	-361.00	-166.00	-15.00	-19,008.00
DISCOUNT REDUCTION	-0.50	-1,185.75	-1,548.00	-1,217.25	-616.50	-233.50	-100.00	-49.50	-4.75	-4,955.75
Long Term Empty Premium at 50%	0.00	18.00	10.00	5.00	5.00	2.00	1.00	0.50	1.00	42.50
NET DWELLINGS (1)	3.50	8,240.25	14,502.00	15,651.75	10,276.50	5,223.50	2,372.00	1,155.00	96.25	57,520.75
Number of Dwellings to be removed from Council Tax Base as a result of Council Tax Support scheme	-1.12	-1,983.11	-2,297.61	-1,555.51	-448.91	-107.61	-37.42	-6.17	0.00	-6,437.46
NET DWELLINGS (2)	2.38	6,257.14	12,204.39	14,096.24	9,827.59	5,115.89	2,334.58	1,148.83	96.25	51,083.29
BAND D EQUIVALENT	1.32	4,171.43	9,492.30	12,529.99	9,827.59	6,252.75	3,372.17	1,914.72	192.50	47,754.77
Collection Rate										99.14%
TAX BASE										47,344.08

2019/20 TAX BASE FOR PARISHES WITHIN THE SWALE AREA

PARISHES	2018/19 Tax Base	2019/20 Tax Base
BAPCHILD	458.51	459.28
BOBBING	963.82	992.79
BORDEN	1,079.06	1,084.19
BOUGHTON	689.33	693.62
BREDGAR	287.53	283.53
DODDINGTON	223.45	229.55
DUNKIRK	492.80	495.69
EASTCHURCH	784.93	819.53
EASTLING	146.75	146.16
FAVERSHAM	6,279.21	6,357.73
GRAVENEY & GOODNESTONE	185.46	187.56
HARTLIP	365.61	362.39
HERNHILL	284.26	287.69
IWADE	1,445.30	1,452.72
LEYSDOWN	1,171.19	1,188.13
LOWER HALSTOW	453.94	451.92
LUDDENHAM	43.68	44.54
LYNSTED	470.51	477.56
MILSTEAD	88.66	86.17
MINSTER	5,411.75	5,521.88
NEWINGTON	878.94	907.92
NEWNHAM	156.19	154.43
NORTON	155.91	155.79
BUCKLAND	29.94	28.80
SUB TOTAL	185.85	184.59
OARE	170.11	171.95
OSPRINGE	280.13	283.84
QUEENBOROUGH	843.66	859.22
RODMERSHAM	242.17	244.41
SELLING	363.56	369.60
SHELDWICH	248.73	249.14
LEAVELAND	40.95	42.48
BADLESMERE	58.74	61.01
SUB TOTAL	348.42	352.63
SHEERNESS	N/A	2,799.24
STALISFIELD	100.46	100.40
TEYNHAM	882.00	903.29
THROWLEY	143.56	144.18
TONGE	261.72	394.38
TUNSTALL	708.14	704.30
UPCHURCH	964.79	1,003.54
WARDEN	500.97	505.85
Total	28,356.42	31,706.40