

Thurrock: A place of opportunity, enterprise and excellence, where
individuals, communities and businesses flourish

Council

To the Members of Thurrock Council

The next meeting of the Council will be held at **7.00 pm** on **22 February 2017**

Council Chamber, Civic Offices, New Road, Grays, Essex, RM17 6SL

Membership of the Council:

Cathy Kent (Mayor)
Tunde Ojetola (Deputy Mayor)

Tim Aker
John Allen
Chris Baker
James Baker
Jan Baker
Clare Baldwin
Russell Cherry
Colin Churchman
Gary Collins
Mark Coxshall
Jack Duffin
Tony Fish
Leslie Gamester
Oliver Gerrish
Robert Gledhill
Garry Hague

James Halden
Graham Hamilton
Shane Hebb
Clifford Holloway
Victoria Holloway
Deborah Huelin
Roy Jones
Tom Kelly
John Kent
Martin Kerin
Steve Liddiard
Brian Little
Susan Little
Sue MacPherson
Ben Maney
Bukky Okunade

Terry Piccolo
Jane Potheary
David Potter
Joycelyn Redsell
Barbara Rice
Gerard Rice
Sue Sammons
Angela Sheridan
Peter Smith
Graham Snell
Luke Spillman
Michael Stone
Pauline Tolson
Aaron Watkins
Kevin Wheeler



Lyn Carpenter
Chief Executive

Agenda

Open to Public and Press

		Page
1	Apologies for absence	
2	Minutes	9 - 38
	To approve as a correct record the Minutes of the meeting of the Council, held on 25 January 2017.	
3	Items of Urgent Business	
	To receive additional items that the Mayor is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	
4	Declaration of Interests	
	To receive any declaration of interests from Members.	
5	Announcements on behalf of the Mayor or the Leader of the Council	
6	Questions from Members of the Public	39 - 40
	In accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.	
7	Petitions from Members of the Public and Councillors	
	In accordance with Chapter 2, Part 2(Rule 14) of the Council's Constitution.	
8	Petitions Update Report	41 - 42
9	Appointments to Committees and Outside Bodies, Statutory and Other Panels	
	The Council are asked to agree any changes to the appointments made to committees and outside bodies, statutory and other panels, as requested by Group Leaders.	

10	Review of Vision and Corporate Priorities	43 - 52
11	Annual Pay Policy Statement 2017/18	53 - 72
12	General Fund Budget Proposals	73 - 110
13	Housing Revenue Account Business Plan and Budgets 2017/18	111 - 128
14	Treasury Management Strategy 2017/18	129 - 152
15	Appointment of External Auditor	153 - 184
16	Questions from Members	185 - 186

In accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.

17	Reports from Members representing the Council on Outside Bodies	
18	Minutes of Committees	

Name of Committee	Date
Children's Services Overview and Scrutiny Committee	20 December 2016
Housing Overview and Scrutiny Committee	13 December 2016
Cleaner, Greener and Safer Overview and Scrutiny Committee	6 December 2016

19	Update on motions resolved at Council during the previous year	187 - 190
20	Motion Submitted by Councillor Duffin	191 - 192
21	Motion Submitted by Councillor J Kent	193 - 194
22	Motion Submitted by Councillor Snell	195 - 196
23	Motion submitted by Councillor Hebb	197 - 198

Queries regarding this Agenda or notification of apologies:

Please contact Jenny Shade, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Future Dates of Council:

29 March 2017, 24 May 2017 (Annual Council)

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Information for members of the public and councillors

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Members of the public can attend all meetings of the council and its committees and have the right to see the agenda, which will be published no later than 5 working days before the meeting, and minutes once they are published.

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If you wish to film or photograph the proceedings of a meeting and have any special requirements or are intending to bring in large equipment please contact the Communications Team at CommunicationsTeam@thurrock.gov.uk before the meeting. The Chair of the meeting will then be consulted and their agreement sought to any specific request made.

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- You should connect to TBC-CIVIC
- Enter the password **Thurrock** to connect to/join the Wi-Fi network.
- A Terms & Conditions page should appear and you have to accept these before you can begin using Wi-Fi. Some devices require you to access your browser to bring up the Terms & Conditions page, which you must accept.

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To view any “exempt” information that may be included on the agenda for this meeting, Councillors should:

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- Enter your username and password

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- Not participate or participate further in any discussion of the matter at a meeting;
- Not participate in any vote or further vote taken at the meeting; and
- leave the room while the item is being considered/voted upon

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

PROCEDURE FOR MOTIONS

No speech may exceed 3 minutes without the consent of the Mayor [Rule 19.8], except for the proposer of any motion who shall have 5 minutes to move that motion (except on a motion to amend where the 3 minute time shall apply) [Rule 19.8(a)]

All Motions will follow Section A and then either Section B or C

- | | | | |
|-----------|----|--|----------------------------|
| A. | A1 | Motion is moved | [Rule 19.2] |
| | A2 | Mover speaks | [Rule 19.8(a) (5 minutes)] |
| | A3 | Seconded | [Rule 19.2] |
| | A4 | Secunder speaks or reserves right to speak | [Rule 19.3] (3 minutes) |

Then the procedure will move to either B or C below:

B.		C.	
IF there is an AMENDMENT (please see Rule 19.23)		If NOT amended i.e. original motion	
B1	The mover of the amendment shall speak (3 mins).	C1	Debate
B2	The seconder of the amendment shall speak unless he or she has reserved their speech (3 mins).	C2	If the seconder of the motion has reserved their speeches, they shall then speak
B3	THEN debate on the subject .	C3	The mover of the substantive motion shall have the final right of reply
B4	If the seconder of the substantive motion and the amendment reserved their speeches, they shall then speak	C4	Vote on motion
B5	The mover of the amendment shall have a right of reply		
B6	The mover of the substantive motion shall have the final right of reply		
B7	Vote on amendment		
B8	A vote shall be taken on the substantive motion, as amended if appropriate, without further debate		

Vision: Thurrock: A place of **opportunity**, **enterprise** and **excellence**, where **individuals**, **communities** and **businesses** flourish.

To achieve our vision, we have identified five strategic priorities:

1. Create a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspiration and attainment so that residents can take advantage of local job opportunities
- Support families to give children the best possible start in life

2. Encourage and promote job creation and economic prosperity

- Promote Thurrock and encourage inward investment to enable and sustain growth
- Support business and develop the local skilled workforce they require
- Work with partners to secure improved infrastructure and built environment

3. Build pride, responsibility and respect

- Create welcoming, safe, and resilient communities which value fairness
- Work in partnership with communities to help them take responsibility for shaping their quality of life
- Empower residents through choice and independence to improve their health and well-being

4. Improve health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being and safeguard the most vulnerable people with timely intervention and care accessed closer to home
- Enhance quality of life through improved housing, employment and opportunity

5. Promote and protect our clean and green environment

- Enhance access to Thurrock's river frontage, cultural assets and leisure opportunities
- Promote Thurrock's natural environment and biodiversity
- Inspire high quality design and standards in our buildings and public space

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100 Years in Memoriam

Remembering Thurrock's Fallen of World War One

Each month during the centenary period of the First World War, Thurrock Council will pay tribute to the 834 local residents known to have lost their lives due to causes associated with the war and their service. At each meeting of Council until November 2018, the 100th anniversary of signing of the Armistice with Germany, a Roll of Honour will be published with the agenda detailing the casualties from that month 100 years ago to commemorate the sacrifice made by Thurrock residents.

February 1917

DATE	SURNAME	FIRST NAME	AGE	WARD	RANK	SERVICE	DIED
01-Feb	ELLMORE	ALFRED ERNEST	38	STIFF	SAPPER	RE	FRANCE
04-Feb	MANN	JOSEPH WILLIAM	35	SLH	PTE	ASC	FRANCE
05-Feb	INGLE	STANLEY HOWARD	21	G	PTE	F/FUS – 7	FRANCE
05-Feb	FRANCIS	ROBERT WILLIAM	26	ORS	PTE	ESSEX – 1	FRANCE
06-Feb	COKER	ERNEST EDWARD	37	G	PTE	D.L.I. -1/6	FRANCE
07-Feb	LAST	JOHN WILLIAM	27	G	AB. SEA	RND – DRAKE	FRANCE
08-Feb	PAVITT	HERBERT ERNEST	U/K	G	PTE	BORDER – 7	FRANCE
08-Feb	BUCK	EDWARD WALTER	23	TIL	SAPPER	RE	FRANCE
10-Feb	CHRISTMAS	WILLIAM	33	S.OCK	PTE	BEDFORD – 4	FRANCE
13-Feb	WATKINS	HARRY HERBERT	22	PUR	BMDR	RFA	GREECE
14-Feb	SAVILL	ALFRED	26	SLH & MUCK	PTE	BEDFORD – 4	FRANCE
18-Feb	BALDWIN	HENRY HAROLD	24	G	PTE	ESSEX – 10	FRANCE
25-Feb	SAXBY	GEORGE	24	G	SGT	EAST YORKS – 1	FRANCE

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Minutes of the Meeting of the Council held on 25 January 2017 at 7.00 pm

Present: Councillors Cathy Kent (Mayor), Tunde Ojetola (Deputy Mayor), John Allen, Chris Baker, James Baker, Jan Baker, Clare Baldwin, Russell Cherry, Colin Churchman, Gary Collins, Mark Coxshall, Jack Duffin, Tony Fish, Leslie Gamester, Oliver Gerrish, Robert Gledhill, James Halden, Graham Hamilton, Shane Hebb, Clifford Holloway, Victoria Holloway, Deborah Huelin, Roy Jones, Tom Kelly, Martin Kerin, Steve Liddiard, Brian Little, Susan Little, Sue MacPherson, Ben Maney, Bukky Okunade, Terry Piccolo, Jane Potheary, David Potter, Joycelyn Redsell, Sue Sammons, Angela Sheridan, Peter Smith, Graham Snell, Luke Spillman, Pauline Tolson, Aaron Watkins and Kevin Wheeler

Apologies: Councillors Tim Aker, Garry Hague, John Kent, Barbara Rice, Gerard Rice and Michael Stone

In attendance: Lyn Carpenter, Chief Executive
Steve Cox, Corporate Director of Environment and Place
Roger Harris, Corporate Director of Adults, Housing and Health
Sean Clark, Director of Finance & IT
David Lawson, Deputy Head of Legal & Monitoring Officer
Rory Patterson, Corporate Director of Children's Services
Ian Wake, Director of Public Health
Karen Wheeler, Director of Strategy, Communications and Customer Service
Matthew Boulter, Principal Democratic Services Officer
Jenny Shade, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

92. Minutes

The Minutes of the meeting of Council held on the 30 November 2016 were approved as a correct record.

93. Items of Urgent Business

The Mayor informed the Council that she had received one application for an urgent question on Gloriana Limited from Councillor Spillman and had indicated to Councillor Spillman that I cannot accept his question as being urgent for the special circumstances required in the legislation to justify a lack of public notice because:

1. There had been insufficient grounds justifying urgency, Councillor Spillman had modified his question (which was modified to preserve a fair hearing of an application at Planning Committee) and his modified question can reasonably await the next hearing of Council in February;
2. The Mayor informed Councillor Spillman that a Portfolio Holder Report / Update on the company would be brought to Full Council in March;
3. Councillor Spillman also queried whether as a point of order he could record his disagreement with my decision. I have advised him that his wish to merely record his personal disagreement with my decision was not a valid point of order as there was no identified breach of rule;
4. By going into this detail I have however perhaps satisfied his desire to have his position being noted in the minutes.

94. Declaration of Interests

Councillor Gledhill declared a non-pecuniary interest in respect of Item 10: Annual Report of the Director of Public Health 2016 as he was the Chair of the Patients Participation Group of the SAI Surgery in Tilbury.

Councillor Collins declared a non-pecuniary interest in respect of Item 14 – Member Question 6 as he had grown up on the Bata Estate at East Tilbury and also his cousin was the Chair of the Barter Resource and Reminisce Centre.

95. Announcements on behalf of the Mayor or the Leader of the Council

Firstly the Mayor invited all those present to reflect on and remember Thurrock's fallen of World War One.

The Mayor reminded Members that the International Holocaust Memorial Day would be held on the 27 January 2017 at the High View Avenue Memorial Gardens in Grays and encouraged all members to attend.

The Mayor stated that the Charity Blue Light Ball would be held on the 3 March 2017 at the Civic Hall in Grays to help support our fire fighters and tickets could be purchased directly from her.

The Leader of the Council, Councillor Gledhill, stated that he looked forward to responding to Councillor Spillman's question on Gloriana and its Governance in February.

The Leader gave Members the following updates:

Clean it, Cut it, Fill it had received an increase of 40 per cent in Government Funding for pot holes and although there will never be a pot hole free Thurrock it had been encouraging that a further grant from Government may

help to detect hot holes earlier by placing cameras on the front of bin lorries to identify where the pot holes were and areas that are likely to need attention.

There had been 548 Fixed Penalty Notices issued for littering and dog fouling. The Leader stated that the message was getting through and residents were becoming more aware.

The scheme appeared to be working well in the town centres but the next stage would be to address side streets.

A significant grant of £459,000 had been received to help with eight specially adopted houses for younger people with learning difficulties. This was nearly half a million pounds to help those most vulnerable to get through the care system.

3000 tonnes of salt had been scattered on the roads in preparation for the cold weather conditions and this would continue to be done as directed by the weather.

Councillor Gledhill moved onto the subject of the Thameside Complex. Councillor Gledhill stated that press reports had reported that the Thameside Theatre could potentially close before an alternative venue had been found.

Councillor Gledhill made clear that the service provided at the Thameside Complex cost the tax payer in the region of one million pounds per year. He stated that no one would expect the museum or the public library to make money but what tax payers would expect was for the Council to provide those services cost effectively so that residents got value for money and provided a service required for a 21st century Thurrock. Councillor Gledhill stated that he would expect a theatre to at least break even. He had never sugar-coated the fact that he believed this and he never would. Councillor Gledhill continued to state that there were some performances at the theatre that made a considerable amount of money, being enjoyed by thousands of residents but others only had a handful in the audience, sometimes less than ten per cent of the capacity.

The space was also used by community groups, religious groups, high house productions, the council, local dance groups. Unfortunately it still sat empty for one third of the year. Councillor Gledhill stated that he was not an expert in theatre production and was fairly sure that no other elected member was either. Councillor Gledhill stated that earlier in his administration he had agreed for an outside company to be appointed to review what was provided at the theatre now and what could be done to improve its future financial viability and what needed to be provided in the future.

Councillor Gledhill made it clear that he had sat on two separate committees and expressed his views on them that the theatre provision would remain in Grays to support a sustainable night time economy and that a new provision to replace and improve what the borough had should be built as part of the Grays Regeneration Programme. This was known by other members who had

sat on that committee and it was a public document. Councillor Gledhill had received a number of enquiries on this subject and had consistently made it known what he had said and what his belief was. The Thameside would not be closed until a replacement was agreed.

Councillor Gledhill said he would respond to the one aspect that had not been covered in the letter from the leader of the Labour Group. Councillor Gledhill stated that the only opposition leader that had actually taken the time to ask his intentions did not react to inaccurate press reports. Councillor Gledhill used the term theatre provision not theatre because he did not want to anticipate the outcome of any external work being undertaken on behalf of the Council which may as example come back with a recommendation for a multi-use space to maximise its use. He for one did not want to limit the possibilities for all the performing arts and community groups in Thurrock for the future. Councillor Gledhill however gave again his word that the term theatre provision and not theatre did not mean that the Council were going to assign this theatre solely to a college, an auditorium or a church hall in the middle of nowhere. Councillor Gledhill continued that the Grays Regeneration Plan had the theatre provision on it and consideration for its location in Grays would form part of that review and before any final location was identified it would come back to members as you would expect and he could not make it any clearer that Thameside would not close until there was a new theatre provision.

96. Questions from Members of the Public

A copy of the transcript of questions and answers can be viewed under the relevant meeting date at <http://democracy.thurrock.gov.uk/thurrock> and are attached at Appendix A to these minutes.

97. Petitions from Members of the Public and Councillors

The Mayor informed Members that in accordance with the Council's Petition Scheme no notices of petitions had been received.

Councillor Duffin made reference to a petition he had submitted regarding insufficient parking and requested an update. Democratic Services would follow this up and inform Councillor Duffin.

98. Petitions Update Report

Members received a report on the status of those petitions handed into Council Meetings and Council Officers over the past six months.

99. Appointments to Committees and Outside Bodies, Statutory and Other Panels

There were no changes to the appointments previously made to committees and outside bodies, statutory and other panels.

100. Annual Report of The Director of Public Health 2016

Councillor Halden presented the report that made a series of recommendations in terms of improving the quality of Primary Care in Thurrock, improving the quality of long term condition management and strengthening the local health and social care workforce.

The Annual Public Health Report had played an important part in public health practice ever since the early days of medical officers of health. Councillor Halden stated they still remain an important vehicle for informing local people about the health of their community.

Councillor Halden referred Members to the Public Health Report that had been set out in seven sections with each one demonstrating the following eight key issues:

1. Increasing and unsustainable levels of demand on the local health and care system.
2. Practice-level variation in outcomes and an indication of patterns.
3. How a revised Primary Care staffing model could address demand.
4. Key influences on non-elective admissions and inappropriate Accident and Emergency attendances.
5. Estimates of future activity if no changes are made to provision.
6. How activity in different parts of the system links to cost.
7. What was cost effective in terms of prevention/shifting demand.
8. The need for a "System Wide" response across organisational budgets to solve financial and operational sustainability.

Councillor Halden stated that:

- 83 per cent of all Accident and Emergency attendances needed no medical investigation or treatment.
- 27 per cent of these attendances were conveyed to Accident and Emergency by ambulance.
- Four Hubs would replace the closure of the Grays Walk In Centre and that meetings with the project manager from the Clinical Commissioning Group had taken place to get these hubs underway.
- The General Practitioners Plan had been passed.
- Thurrock would not tolerate poor health care.
- Back tracking should be undertaken to pin point ailments that had not been treated appropriately.
- A 0-19 Wellbeing Model had been introduced.
- Working with schools and introducing the education of health matters.
- Looking at generation issues and poor health.

Finally, Councillor Halden thanked Ian Wake, Director of Public Health, and his team for all their hard work.

Councillor V Holloway, Chair of the Health and Wellbeing Overview and Scrutiny Committee, echoed Councillor Halden's comments on the thanks and

praise to Ian Wake and his team for the efforts made. Councillor Holloway asked whether the closure of the Walk In Centre had put extra pressure onto general practitioners. Councillor Halden stated the four hubs were active and appointments were available during the week and weekends. These were being delivered by the Clinical Commissioning Group and that better pathways would result in better quality of care.

Councillor Snell also echoed Councillor Halden's comments on the thanks and praise to Ian Wake and his team for the efforts made. Councillor Snell asked what plans would be in place to tackle the £18 million deficit. Councillor Halden stated there was no baseline and that the deficit was driven by pressure and that the deficit would not go down until the primary care network had been addressed and fixed.

Councillor Okunade asked for an update on the lack of general practitioners in Tilbury. Councillor Halden stated that with the structure of the Hubs this should attract younger general practitioners into the area. That business plans would be drawn up for Tilbury and that Councillor Halden had plans to make frequent visits to oversee these.

Councillor Gerrish thanked the Public Health Team for the good work undertaken and stated his concern on the inappropriate conveyances as reported under avoidable Accident and Emergency attendances and how this may risk the health of younger children. Councillor Halden stated that the appropriate intervention was in place to deal with all patients that only required treatment or most minor treatments/investigations and that Accident and Emergency should be used solely for accidents or emergency and to use the ambulance service if you are unable to get there yourself.

Councillor Spillman requested an update on general practitioner appointment times in Aveley as this was still bad and that a large number of social housing in Aveley had mould and damp to contend with which had resulted in an increase in respiratory conditions being identified. Councillor Halden stated that improving the case finding and clinical management of these conditions and investing in Primary Prevention initiatives to assist people to improve lifestyle behaviour was likely to have a positive impact on reducing these conditions. Councillor Halden stated that any specific issues that Councillor Spillman had in his ward he would be happy to pick up outside the meeting.

Councillor Collins asked if there were any existing general practitioners willing to work out of hours. Councillor Halden stated yes and that a number of general practitioners were hard working. Particularly Collins Health who were outreaching to other surgeries and encouraging more groups to participate.

Councillor Gledhill stated that education played a vital part in health and encouraged all members to undertake their general practitioners MOT.

Councillor Potheary stated that it was an impressive report but stated it may have been useful if an analysis on the impact of the closure of the Grays Walk In Centre had on Basildon Hospital. Councillor Potheary requested a

definition of Out-of-Hours. Councillor Halden stated that Basildon Hospital was under immense pressure even when the Walk In Centre had been open in Grays High Street and that the Council had to move to the hub model. Out-of-Hours was based on the timetables and contracts signed by general practitioners and that these contracts would reflect the services required.

Councillor Hebb stated that education and communication was vital and that residents should be aware of the available pathways. Councillor Hebb recommended that correct pathways would be published as part of the Thurrock News monthly email.

RESOLVED:

- 1. That the Members note and support the contents and recommendations made in the report and support its publication.**
- 2. That the Members note the political leadership being undertaken by the Cabinet Portfolio Holder for Education and Health across the local Health and Social Care system and through our local Sustainability and Transformation Plan (STP) to deliver the report's recommendations. These include:**
 - Delivery of a new model of Primary Care to address under-doctoring and capacity issues.**
 - Mechanisms to case find and diagnose patients with long term conditions.**
 - Significant improvement of the management of long term conditions in Primary Care including the implementation a GP Long Term Conditions Management Scorecard.**
 - Recommendations to reduce inappropriate A&E attendances and avoidable A&E admissions.**
 - Recommendations to reduce delayed transferred of care from the NHS to Adult Social Care.**
- 3. That the Members note that the recommendations from the Annual Public Health Report were being incorporated within a "Principles Document" to form a "Thurrock Ask" from NHS England.**
- 4. That the Members note the re-procurement of a new Integrated Healthy Lifestyles Service with a stronger focus on young people's health in order to break generational health inequalities.**
- 5. That the Members note that the Health and Wellbeing Board was now acting as the Primary Delivery Arm for implementing the recommendations within this report, and the objectives within the Health and Wellbeing Strategy.**

101. Local Council Tax Scheme

Councillor Hebb presented the report and stated that the current Local Council Tax Support scheme was implemented on 1 April 2016 and that Thurrock Council agreed its current scheme through a public consultation exercise informed by cross party Members working groups. The resulting scheme was agreed by both Cabinet and Council.

Councillor Hebb continued to state that the proposed design of the scheme for 2017/18 was built on the existing scheme and the proposed changes aligned with central government changes to the Housing Benefit and Universal Credit Regulations. These changes incentivised people to seek employment whilst also simplifying the administration of the scheme. Consideration of the proposed changes was undertaken with other Essex authorities.

There were six proposed changes to the existing scheme which were outlined in the report.

A consultation had been undertaken on the proposed scheme which was open to all residents and was promoted via Councillor channels including social media. The proposed system was also considered by the Corporate Overview and Scrutiny Committee on the 22 November 2016 and agreed to support options 2, 4 and 6 but not options 1, 3 and 5 due to the financial impact on claimants.

The report was also considered by Cabinet on 11 January 2017 and considered the comments of the Corporate Overview and Scrutiny Committee.

Councillor Okunade commented on the low number of responses to Proposed Change 1.

Councillor Spillman commented that the consultation needed to be sorted out and welcomed the proposed money for the Citizen Advice Bureau. Councillor Spillman stated that this proposed money would not be enough and further cuts would have to be made. Councillor Spillman asked that this continued to be looked at.

Councillor Kerin thanked the Portfolio Holder for the report and declared that he would not be supporting Proposed Change 1 as it appeared the books were being balanced on the people who can afford it the least. Proposed Change 3 was based on self-employed and the concern around residents not knowing what work they will have and Proposed Change 5 with concerns over the Council's view of the ideal size of Thurrock families and equally with the conditions.

Councillor Jones thanked the Portfolio Holder for the report and welcomed the recommendations but would not be supporting recommendations 1.1 and 1.3. Councillor Jones stated that the language in the consultation should be in lay-man's terms and be more engaging.

Councillor Pothecary stated that she had reservations on recommendations 1.1, 1.3 and 1.5 as these may drive more people to the Citizen Advice Bureau and make the situation worse.

Councillor Duffin stated that it was no wonder nobody wanted to comment on the consultation with the options on the table.

Councillor Gledhill stated that the number of responses received to the consultation was not good enough. This was a statutory requirement and had to ensure that open and honest consultations took place. Councillor Gledhill will raise with the communications team to ensure that this happens next year.

Councillor Halden stated that if schemes were put forward to support groups like the Citizen Advice Bureau as Councillor Hebb had taken into account with the Benefit Bill. Members should be more mindful of the budgets and how these can be spent.

Councillor Piccolo stated that Councillor Hebb had done the right thing by saying that any money gained had the opportunity to go to the Citizen Advice Bureau. An organisation which often helped people not to reach that situation where they would be dependent on benefits or direct them to benefits they were unaware of.

Councillor Snell stated that the poorest society should not be penalised as some people can just not afford these proposed increases.

Councillor Hebb replied to the above questions:

Councillor Hebb agreed that consultations on whatever subject are hard to crack and agreed to look at future consultations in far more detail.

He noted that Councillor Duffin had requested a paper at Corporate Overview and Scrutiny Committee regarding methodology and consultations. A good cross party piece of work could be undertaken with this.

Confirmed that it was a national move to put a line between the amount of children that one can have before excessive amount of benefits are claimed and one that Councillor Hebb supported.

Thanked Councillor Spillman for the recognition of what was being done for the Citizen Advice Bureau. Agreed that £50,000 would not fix or solve it but would give them a platform to go away to survive to thrive.

Councillor Hebb stated that members should never judge or presume anything of any member in the Chamber.

Councillor Kerin was informed that a Reform was due called the Universal Credit Reform package that would be the solution to his concern.

Terminology and methodology in the consultation was based around national government direction and should be addressed in the paper for Councillor Duffin.

Councillor Hebb summed up by stating there was only one option to try and save the Citizen Advice Bureau and this was being offered tonight.

The Mayor explained that Council were asked to vote on the recommendations individually.

The Mayor invited the Chamber to vote on recommendation 1.1 as printed in the report the result of which was

For	:	17
Against	:	26
Abstain	:	0

Whereupon the Mayor declared recommendation 1.1 lost.

The Mayor invited the Chamber to vote on recommendation 1.2 as printed in the report the result of which Members voted unanimously in favour. Whereupon the Mayor declared recommendation 1.2 carried.

The Mayor invited the Chamber to vote on recommendation 1.3 as printed in the report the result of which was

For	:	17
Against	:	26
Abstain	:	0

Whereupon the Mayor declared recommendation 1.3 lost.

The Mayor invited the Chamber to vote on recommendation 1.4 as printed in the report the result of which Members voted unanimously in favour. Whereupon the Mayor declared recommendation 1.4 carried.

The Mayor invited the Chamber to vote on recommendation 1.5 as printed in the report the result of which was

For	:	32
Against	:	11
Abstain	:	0

Whereupon the Mayor declared recommendation 1.5 carried.

The Mayor invited the Chamber to vote on recommendation 1.6 as printed in the report the result of which Members voted unanimously in favour. Whereupon the Mayor declared recommendation 1.6 carried.

The Mayor invited the Chamber to vote on recommendation 1.7 as printed in the report the result of which Members voted unanimously in favour. Whereupon the Mayor declared recommendation 1.7 carried.

RESOLVED

- 1. That the Council supported proposed change 2.**
- 2. That the Council supported proposed change 4.**
- 3. That the Council supported proposed change 5.**
- 4. That the Council supported proposed change 6.**
- 5. That the Council supported proposed change 7.**

102. Report of the Cabinet Member for Environment

Councillor Tolson presented the report and stated that she was proud to be the Portfolio Holder for Environment and how this was unique in the Council by providing the following core services to residents in the Borough:

- Waste collection and disposal
- Environmental Enforcement
- Street Cleaning
- Parks and Open Spaces
- Operational aspects of Highway Repair and Maintenance
- Fleet Management and Maintenance

Councillor Tolson gave an overview of these services to Members.

Councillor Tolson encouraged members to report any incidents through the App Service - Thurrock Report It.

Councillor Tolson thanked the Officers for all their hard work and that the way forward was together.

Councillor Gerrish thanked the Portfolio Holder for the report and asked that to ensure all residents take advantage of the investments of Clean It, Cut It, Fill It, what was being done in West Thurrock. Councillor Tolson stated that the whole borough had received a deep clean and that Councillor Gerrish should report any issues in his ward if he thought they needed to be addressed.

Councillor Maney asked for reassurance from the Portfolio Holder that getting grass cut would not result in the same situation as with the former administration where residents had to cut grass on Council land. Councillor Tolson stated that grass cutting equipment had to be repaired at a great expense and further equipment had to be hired for the three agency staff to undertake grass cutting on major routes.

Councillor Watkins asked the Portfolio Holder if a consultation on the Street Cleaning Barrier had taken place. Councillor Tolson stated that under the former administration no consultation had taken place.

Councillor Smith asked the Portfolio Holder what action was being taken with fly tipping in back alleys. Councillor Tolson stated that double efforts to spot these fly tippers had to be done due to the number of enforcement officers being reduced by the former administration from 12 to 2. Councillor Tolson stated that the Council would not pay for the removal of any fly tipping that was on private land or un-adopted pathways.

Councillor Jones stated that it was a good report and that Cleaner Greener and Safer Overview and Scrutiny Committee had been involved. Councillor Jones stated that all residents wanted a clean borough and to ensure that the £1 million allocated to the Clean It, Cut It, Fill It had been costed by the Section 151 Officer. Councillor Jones was pleased with the sweep system for bin collections and that the weekly bin collections remain in place.

Councillor Tolson summed up by stating she was proud to be the Portfolio Holder for Environment and had worked hard in the time that her appointment had started. There had been frustrations at the beginning but with the passion and with great officer support she was able to do Thurrock proud.

103. Report of the Cabinet Member for Neighbourhoods

Councillor MacPherson stated she had pleasure in presenting the report tonight and stated that the report had been created in recognition of the impact of the services covered in supporting how we reshape the community living in Thurrock. Councillor MacPherson stated that she was passionate about building strong communities where people choose to live connected, healthy lives with access to a range of cultural and leisure activities for all ages.

Councillor MacPherson stated that she was proud to be the Portfolio Holder for Neighbourhoods and how this was unique in the Council by providing the following core services to residents in the Borough:

- Community Development and Equalities
- Community Environment Development Fund
- Sports and Leisure
- Community Hubs
- Libraries
- Volunteering
- World War One Commemorative
- Culture, Age and Heritage
- Equalities
- Public Protection
- Community Safety Partnership

Councillor MacPherson gave an overview of these services to Members.

Councillor Gerrish questioned if the review in hand would be right for the future. Councillor MacPherson agreed to bring this item back to Members when the budget had been finalised.

Councillor Okunade thanked the Portfolio Holder for the report and commented that the Community Hub in Tilbury had been remarkably successful but it was important that partial independent advice services were delivered at all hubs and asked when this support would be available at the Tilbury Hub. Councillor MacPherson stated that it was important that the community hubs were providing what residents need. The aim was to get best practice at all of the hubs so that the Council/Thurrock end up with a place those residents can go to and get the advice they need.

Councillor Potheary requested that feedback from previous consultation be incorporated into the current review being undertaken.

Councillor Jones requested some information on the Community and Environment Development Fund for the next financial year and whether there were plans for a Community Hub in Corringham. Councillor MacPherson stated that she would come back to Members with written confirmation regarding the Community and Environmental Development Fund and also a timescale for the Corringham Hub.

Councillor Duffin asked the Portfolio Holder for a list of all Estate and Letting Agents based in Thurrock that provided free independent housing advice. Councillor MacPherson stated that any estate or letting agent in the borough could give him this information and suggested Councillor Duffin contacted them.

Councillor Spillman had concerns over the rumour of the Aveley Library closing and could the Portfolio Holder provide an update. Councillor MacPherson stated there were no definite plans to close Aveley Library at this time as a review was currently in hand.

Councillor MacPherson summed up by thanking everyone for their comments and was pleased to be in this Portfolio Holder position. Councillor MacPherson stated she had the privilege of working with partners and residents and that there were exciting times ahead.

104. Questions from Members

The Mayor informed the Chamber that 1 question to the Leader of the Council had been received and 7 questions to Cabinet Members.

A copy of the transcript of questions and answers can be found at Appendix A to these minutes.

105. Reports from Members representing the Council on Outside Bodies

The Mayor informed the Chambers that no reports had been received.

106. Minutes of Committees

The Minutes of Committees as set out in the Agenda were received.

107. Update on motions resolved at Council during the previous year

Members received an information report updating the progress in respect of Motions received at Council over the last year.

At 9.15pm the Mayor requested that standing orders be suspended to provide time to hear and debate the remaining items from members. Members voted against this.

108. Motion submitted by Councillor Watkins

The Motion, as printed in the Agenda was proposed by Councillor Watkins and seconded by Councillor Huelin. The Motion read as follows:

That Thurrock Council supports the government's position on introducing an oath to British Values, and will look into the options for creating a local one for Thurrock.

Councillor Watkins stated that he was proud to be presenting his first Motion and in doing so encouraged Members to back the Government's desire to see an oath of British values be introduced across those in the public service and to introduce this oath into Thurrock Council in some capacity.

Following an announcement made in December 2016 by Sajid Javid announcing a desire to have a British oath of values introduced into the public service. This would be taking a positive step forward and playing an important part in the community and leading by example. It was impossible for people to play a "positive role" in public life unless they accepted basic values like democracy and equality. The aim was not to create a government-approved one size fits all identity but have phrases such as "tolerating the views of others even if you disagree with them", as well as "believing in freedom of speech, freedom of religion, freedom from abuse, a belief in equality, democracy and the democratic process". This oath would need to be commented and agreement on by all Members.

Councillor Watkins summed up by asking Members to take the innovative and lead by example and support his Motion.

Councillor Huelin, as seconder to the Motion, briefly stated that all Members had to do was look around the Chamber to see that Members already had values of respect, were tolerant to each other and exercised freedom of speech and democracy.

The Mayor called a vote on the Motion:

For	:	21
Against	:	19
Abstain	:	3

The Mayor declared the Motion was carried.

109. Motion submitted by Councillor Gerrish

The Motion, as printed in the Agenda was proposed by Councillor Gerrish and seconded by Councillor Kerin. The Motion read as follows:

Thurrock Council deplores the crisis in the NHS and the impact this is having on Thurrock residents. Council calls on Cabinet to use all powers and influence to apply pressure on Government and partners to ensure a resolution.

Councillor Gerrish introduced the report and in doing so explained that there was a severe crisis within the NHS and as advocate for the people of Thurrock this should not be allowed to continue. That the Red Cross had stepped in and declared NHS was in a “humanitarian crisis” alongside Basildon Hospital being on black alert over the Christmas Period with unacceptable waiting times and operations being cancelled. Councillor Gerrish asked Members to support this Motion to put pressure on the Government and partners to ensure a resolution was put in place.

Councillor Gerrish requested that a requisition vote be undertaken.

The Mayor called a requisition vote on Councillor Gerrish’s Motion.

Upon being put to the vote the following members voted in favour: Councillors Baldwin, Duffin, Fish, Gerrish, C Holloway, V Holloway, C Kent, Kerin, Liddiard, Okunade, Potheary, Spillman and Wheeler (13).

The following members voted against: Councillors Churchman, Collins, Coxshall, Gledhill, Halden, Hamilton, Hebb, Huelin, Kelly, B Little, S Little, MacPherson, Maney, Ojetola, Piccolo, Redsell, Sammons, Tolson and Watkins (19)

The following members voted to abstain: Councillors Allen, C Baker, Jan Baker, James Baker, Cherry, Gamester, Jones, Potter, Sheridan, Smith and Snell (11)

The Mayor declared the Motion Lost.

The meeting finished at 9.38 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**

Appendix A to the Council Minutes – 27 January 2017

Item 6 – Questions from Members of the Public.

One question was submitted from members of the public.

1. From Mr Groves to Councillor Coxshall

In light of the recent introduction of parking charges for the Sandpits Car Park in Stanford-le-Hope, which contravenes the clear intent of the sale conditions, will the Council consider launching a review into the appropriateness and robustness of the Portfolio Holder's report and decision by the Council / Cabinet in April 2013, to sell the freehold of Sandpits Car Park land. This decision was against the known opinions of local Councillors and the introduction of charges is a huge detriment to the local community and the trade of local businesses. Would the Council also consider investigating a full range of possible legal and practical actions to urgently address this detriment to the local and business communities?

Mayor

Councillor Coxshall

Councillor Coxshall

Thank you very much, Mr Groves. The decision to sell the Sandpits Car Park was made by the last administration in 2013. It was strongly opposed by the local community; it was opposed by the local Councillors, Councillor Shane Hebb vigorously one of them, one of the others supported it or didn't say anything from Norfolk, and the Thurrock Conservative Party...

Mayor

Councillor, please, we don't need references like that. The other Councillor is no longer a Councillor; he's not here to defend himself so please can you...

Councillor Coxshall

It's his decision that we've got to deal with.

Mayor

No, you don't have to. Excuse me; this is my meeting, please.

Councillor Coxshall

It's my question.

Mayor

Yeah, but it's my meeting so I trump you. So, I don't want reference to Councillors that aren't here, it's unfair, now please answer the question.

Councillor Coxshall

Can we have a ruling on that that I can't answer the question how I want?

Mayor

The ruling, according to the Monitoring Officer is that it's my meeting.

Councillor Coxshall

Well, there you are I've said it anyway, so now everyone knows anyway.

There is a strength wealth of feeling of the parking charges there and it's completely outrageous and so I've asked, before your question, I've asked for a review of this decision to be carried out. Indeed, a review is already happening. Given the impact and loss of the free parking, in the business and the communities around Stanford, I will ensure that all possible options, and I mean all possible options, are looked at to rectify this situation and make sure we put right what was wrong by the last administration.

Mayor

Mr Groves, do you wish to pose a supplementary question?

Mr Groves

No, thank you. That answers my question.

Appendix A to the Council Minutes – 27 January 2017

Item 14 – Questions from Members to the Leader, Cabinet Members, Chairs of Committees or Members appointed to represent the Council on a Joint Committee in accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.

1. From Councillor Gerrish to Councillor Gledhill

The NHS currently faces a severe crisis. Given the associated issues span a number of portfolios, including Health and Adult Social Care, will the Leader update the council on what action has been taken so far to play our part in alleviating the impact of the crisis for Thurrock residents?

Councillor Gledhill

Thank you Madam Mayor and I will try to keep it short; however there are at least ten points which this Council is undertaking. First of all, I'm no denier of reality but I'm also someone that can look through the headlines and through the terms used to grab those headlines. The NHS is actually facing the challenges for what they've not planned for and those have been outlined earlier. And these are the ones where people are not using the NHS properly and they've just not planned for the future number of people using it. That's despite the amount of money that every successive Government has given them, extra each year. We've just had the Public Health report which outlined some of the challenges that they are facing and that way we can start working with them to try to mitigate those but, and I will do this from the top, and unfortunately I'm going to have to cut out many of it.

The social work team is working extended hours and over the weekend to minimize any delays at the hospital;

We have a very effective Rapid Response and Assessment Team, jointly with the NHS, that will see people in the community within two hours to prevent hospital admissions;

We are active members of the A and E Delivery Board which brings all NHS and local authority partners together to identify hot spots in the system and co-ordinate our action plans;

Full participation in the daily conference calls seven days a week; irrespective of when.

We have increased the number of step down beds at Collins House, and that now covers 40% of the provision there, again supporting people being discharged from hospital quicker so we're not bed-blocking.

Increased the resources within our Joint Reablement Team to help manage the current pressures and of course the administration is looking to take over

the surgery building in East Tilbury to ensure sufficient GP provision in that isolated area.

There are also longer term vision, we're looking at a new model of service for domiciliary care that's based around geographical areas and encourage the development of community based services as an alternative to the hospital crisis.

Expansion of early intervention approaches to care and support to prevent admissions to hospital and one thing I really do need to say is a big thank you to the Hospital Social Work Team who worked tirelessly over Christmas and the New Year to make sure that outpatients came out of hospital, they weren't bed-blocked, and were back in their homes or place that they should be at a time when they really do need to be with their family.

Mayor

Thank you, Councillor. Councillor Gerrish, do you wish to pose a supplementary question?

Councillor Gerrish

Thank you, Madam Mayor and thank you, Councillor Gledhill, for that response. I will echo some of that words in welcoming a lot of the work that takes place in Thurrock Council and I think there's a lot of good work that has taken place and we've seen, I think, with a report this evening a framework for a lot of the good work that will take place into the future.

I'll pick up, if I can Madam Mayor, on something that the Leader said in his response around not denying reality. Can we take it, therefore, that the Leader does agree that the NHS is in crisis?

Councillor Gledhill

Okay, I shall just repeat what I said again, for the tape. I am no denier of reality but what we see through the headlines and terms such as crisis is what the realities are. The NHS is facing challenges. If we're going to start looking at crises let's start looking at bigger things. Are you comparing the crisis in the NHS perhaps to the big crisis that we see across the globe, in places like Syria? I certainly don't put it on the same level. There are problems and guess what, this Government is dealing with it; £10 billion extra over this Government to the NHS and this Council has stepped up to the plate, cross-party agreement and we are continuing to do so, as will other Authorities across Essex.

Mayor

Councillor Gerrish, do you wish to pose a second supplementary question?

Councillor Gerrish

Thank you, Madam Mayor. Well I was very interested because the Red Cross call this a humanitarian issue. I'll ask again, and I'm really only after a very simple response, does the Leader agree that the NHS is in crisis, yes or no?

Councillor Gledhill

Madam Mayor, I will not be bullied into a specific type of answer. I have been doing this way too long to fall into that. First, I am no denier of the reality of what is happening and I can see through the headlines, and the terms used, the NHS are facing challenges that they have not planned for, this includes the level and the type of way that people are using it. How many more times do I have to say the same thing? Even I'm bored with saying it. Thank you Madam Mayor.

QUESTIONS FROM MEMBERS TO CABINET MEMBERS, COMMITTEE CHAIRS AND MEMBERS APPOINTED TO REPRESENT THE COUNCIL ON A JOINT COMMITTEE

1. From Councillor Smith to Councillor Brian Little

Given recent studies such as The National Institute for Health and Care Excellence report that, "smooth driving would cut air pollution and the development of more modern and intelligent methods for traffic calming" would the Portfolio Holder for Highways and Transport agree with me that no more speed bumps will be built without full investigation into alternative methods.

Councillor B Little

Thank you, Madam Mayor and I'd like to thank the Councillor for his question. Regarding road traffic speed and reduction improvements, full assessment is undertaken prior to any improvement scheme. These look at location, use and current issues, and alternative methods of control. Where speed bumps are considered the best solution, measures are put in place to control acceleration and deceleration, thus not having the effect on air quality as described in the NIHCE report.

Mayor

Thank you. Councillor Smith, do you wish to pose a supplementary question? Okay, thank you.

2. From Councillor Aker to Councillor Tolson

Can the Portfolio Holder for Environment confirm that residents who lose a wheelie bin due to theft or vandalism will get a replacement free of charge?

Councillor Aker sent his apologies for this Full Council so therefore his question was not heard.

3. From Councillor Watkins to Councillor Halden

Can the Portfolio Holder for Education and Health please inform the chamber the possible impact of the National Funding Formula?

Councillor Halden

Thank you Madam Mayor. Thank you Councillor Watkins for your question. Well, it's tremendously good news. Thanks to the Government finally taking action on the disparity of some schools being better funded than other schools, because of a quirk of how the formula has evolved over decades, Thurrock has the potential to be £1.5million better off each year, every year, forever. An extra £1.5 million that is a tremendous boost to the borough. Obviously some schools gain and some schools lose. The benefit of what we have encouraged here is that our schools do not stand alone as academies we help foster strong multi-academy trust relationships, so you work together in a MAT and therefore you can share burdens, you can share opportunities, you can share staff. Last month a question was put forward to me claiming that teachers would be disappearing, so on and so forth. The MAT that Thameside is in, which I think was the subject of Councillor Pothecary's question, the Multi-Academy Trust will be a net gainer, will gain! The Gateway Group, serving some of our most deprived communities, will be a tremendous gainer. This is great news. Obviously there are some issues that we want to work out how we can best tackle, for example no school's funding can go up or down by more than 1.5% in a year. We want to look at how we can manage that transition with our MATs as best as possible, so I've called a summit with all the head teachers on 1 February where myself and the Director of Service will lead a conversation in regards to how to best manage this situation. But based on the current projections, we really are in a very good position.

Mayor

Thank you. Councillor Watkins, do you wish to pose a supplementary question?

Councillor Watkins

No, thank you Madam Mayor.

4. From Councillor Spillman to Councillor Tolson

Under the current approach the council are refusing to clear fly tips in un-adopted roads and alleyways. This includes fly tips containing hazards which present a genuine risk to health and safety. The risks are particularly high to children who often treat them as a playground. It is possible that an injury may occur in the future as the result of a hazardous fly tip which the council are aware of, but choose not to clear. In such circumstances does the Portfolio Holder agree with me that it would be reasonable for residents to regard the council as partly responsible?

Councillor Tolson

Thank you very much for your question. I'm going to read it out because I want you to have it all and I probably couldn't articulate it any better than it's written here.

Roads and alleyways that are un-adopted, which is common with many alleyways within the area, are not maintainable at Public Expense. Public Health concerns are evaluated by Public Health Officers in each circumstance and take appropriate action, where they have the powers to do so.

In the case of un-adopted alleyways, the responsibility for maintenance and condition as well as the liability for any issues lies with the properties that have rights of access to the alleyway; this is often adjacent property owners. Specific responsibilities will be found in property owner's deeds. In order to undertake clearance of the rubbish, residents can make use of local authorised waste disposal companies.

An option could be considered by residents of properties that adjoin un-adopted alleyways is Alley gating. Each property owner living adjacent to the alleyway will have specific rights of access as specified within their deeds. This is a civil matter and the residents of the alleyway would need to communicate in order to determine the problem and decide to what extent they are willing to restrict access to their properties. They would also need to decide how to fund the cost of the gate as well as the cost of any clearance.

The Council is currently in the process of reviewing its approach to un-adopted alleyways and is considering options including enforced clearance by those parties responsible for upkeep of the land or alternatively exploring compulsory alley gating orders. These matters are scheduled to be considered as part of a revision of the Council's Environmental Enforcement Strategy which we will be taken through CGS ahead of Cabinet in the summer.

Mayor

Councillor Spillman, do you wish to pose a supplementary question?

Councillor Spillman

Yes, the last bit is what I'm interested in really. Since, I've had about four or five of these cases in the last week – it's a horrendous problem, I'm not going to pretend that it's easy to deal with, it's really expensive, it's a pain. You know, we all hate it, but the things you're talking about have already started to happen because, and there's a little bit of inconsistency. All the houses between Dell Road and Orsett Road there is a fly tip behind there in an alleyway. Now, they've received a letter from the Council saying that within two weeks they have to get that cleared otherwise the Council are going to go in and they're going to charge a sum of about £2,300 and about 20 houses have been sent a bill for, you know, that broken down. Now, I don't like to treat residents like that. I think we should be working with them a bit better

than that, not just sending them a letter that says 'sort this out in two weeks, this is how much it costs, if you don't do that we're going to take civil action'. I just hope that we get a bit more of a, you know, a warmer and more reasonable dialogue with our residents because you know this is a problem that they've not been charged with before and the idea of getting 20 people together, a lot of them are HMOs in that area as well, they don't know who the owners are. Can we just make sure that the approach is a little bit softer in the future?

Councillor Tolson

It's a difficult situation. You know it may be, unfortunately, that those people that reside in those properties, they're not even responsible for that fly-tip. It may be somebody else has gone in there, but we don't know that, and as regards a softer approach, I don't agree because we want a strong approach really. *Indistinct murmurs*

I haven't seen a copy of the letter... Now we want a strong approach because we don't want it in Thurrock. If people want to drive through Thurrock and fly-tip in Basildon, that's not in Thurrock so I'm not interested in that, but you know, time and time again you report these fly tips and I've been somebody that has said, you know, scavenger tactics – why aren't we using that? Because for all the residents in our borough that do the right things; that put the right thing in the green bin, the right thing in the blue bin, they recycle and do the food waste, they go to the Civic Amenity Site, they book the bulky waste collections, and then you've got, every time there's a new tenant in a property the mattress is flung out, sometimes it's on the public highway, on the path, and we have to fund that so I'll have a look at the letter, I'll see how it's worded, but I don't want a softly-softly approach. If it's in that back alleyway and they're responsible, the Council will not be paying to clear it.

Mayor

Councillor Spillman, do you wish to ask a second supplementary?

Councillor Spillman

Yeah, again it's not in terms of how tough the enforcement, it's just like working with communities to, you know, get them working together to build those links so they can, so they've got the resources to act as a unit rather than just getting a letter. The other query is the charge. Now, I went to see the fly tip, I actually reported it, it also appeared in the Thurrock Gazette. Now, you sent a bill to them on, the department sent a bill to them, for £2,300. Now, a colleague of mine got that job priced up privately and was quoted between £250-£400. Can we just make sure that, these were registered carriers you know, can we just make sure that residents are not getting overcharged, because it seems... I've seen the tip; it's not pleasant but to charge over £2000 for the goods that were there it just seems ludicrous to be honest. It's no wonder that residents get annoyed when they're getting bills like that. Just look into that for me, I'd be really pleased if you did.

Councillor Tolson

I think in terms of where we are now, where people used to settle in Thurrock, they knew their neighbours, things have changed. They may be renting, they may be tenants, where somebody would say to their neighbour 'for God's sake don't leave all that rubbish there, you know it's unsightly' people don't maybe know their neighbours now. Bad behaviour isn't checked, residents don't know their neighbours, they're not saying 'come on let's do the right thing'. I've said about the housing booklet, let's make sure people know about the recycling and the bin collections and make sure they know about the bulky waste collections - £30 for 3 items, but you know for all the people that do the right things in this borough, which is what we want, we're not going to take that fly tipping away for nothing and you'll say it's an overvalued price, we'll have a look at it but clearly someone has to clear it up and there's going to be a charge.

5. From Councillor Collins to Councillor Halden

Infrastructure is of great concern to residents, given new house building. What is the cabinet member doing about new school places to cater for the increase in demand please?

Councillor Halden

Thank you, Councillor Collins, for your question. As we've always said, the administration's policy is to build big, the more school places you create the more competition you create in the market and that competition is healthy for schools. The lobby unit that I set up last May to work with schools to help them refine their free schools bids is going extremely well. I am confident enough now to say that the current round of free school bids I believe Thurrock is going to do extremely well out of it and also consider the legacy we are working with Thurrock has been granted three free schools by the current government brand new institution buildings that is a tremendous level of investment in the borough that is on top of the £7 million that the Cabinet approved at the tail end of last year to help schools expand to currently cater for demand. £7 million in brand new pounds that we injected into the system and finally as I know Councillor Collins has spoken to me in the past about grammar schools and as I have previously announced at Cabinet a partner has been identified, plans to have an admission criteria slanted towards disadvantaged pupils has been written and approved. Recently myself and my director of service met with colleagues and representatives from within the department of education and we have potentially tested what our plans for a grammar school will be. Our plans are quite clearly incredibly robust and when we get further clarity of what the national push to reintroduce selection to education will be I am extremely confident to say that the Thurrock proposal for a grammar school will really be second to none.

Mayor

Councillor Collins, do you wish to pose a supplementary question?

Councillor Collins

No thank you Madam Mayor.

6. From Councillor Collins to Councillor MacPherson

What steps which are being taken to either reinstate or rebuild this very important library in East Tilbury and social resource for the local community?

Councillor MacPherson

Thank you Madam Mayor. Thank you Councillor Collins. We are carrying out an options appraisal in relation to the building, following a structural survey and insurance advice that was received last week. A number of suggestions have been put forward by the community to aid temporary solutions, which are being explored and officers are working up proposals at this time. Interim arrangements have been made with the Post Office in East Tilbury to whom I would like to pass on my personal thanks. On Tuesdays from 10am to 1pm, and Thursdays from 2pm to 5pm, library users can return books and take books from a very small collection. Library card holders can also use any library in Thurrock, Southend and Essex. But East Tilbury library was more than just a book provision and I saw several examples of this when I visited East Tilbury library on the morning of the fire. With one lady saying that her daughter had done her revision and homework in the library and a young chap whose mum ran the knitting and nattering club which I now believe someone is now hosting from their home. This was a community hub and we need to be clear following the options appraisal what we can do to support the community resources there. We also need to make sure we have excellent lines of communication through to our residents so they know exactly what is happening. And no one can forget the museum in East Tilbury library, storing and showing our Barter Heritage. We have been in very close contact with the chair and we have been able to remove some Barter items and store in 1 Big Storage, located across the road, who have kindly donated some space after hearing what had happened. Again my thanks go to them. My thanks also have to go to the community who always seem to pull together in the time of need. I will give you my assurances that I will keep this chamber updated as we move forward.

Mayor

Councillor Collins, do you wish to pose a supplementary question?

Councillor Collins

Thank you Madam Mayor. Just a quick one. I have to declare an interest in East Tilbury library because (1) I grew up on the Barter Estate at East Tilbury and also my cousin, one of my relatives, is the chair of Barter Resource and Reminisce Centre. Can we have some sort of reassurance that the Barter Resource and Reminisce facilities will be reinstated in some form in East Tilbury in some place please?

Councillor MacPherson

As I say we are looking at an options paper at this time. The Barter factory, the history of Barter is a very important part of Thurrock's history. It is something that I will give you my assurances we will treasury, we will make sure we will always move forward with Barter in mind. Thank you.

Mayor

Councillor Collins, do you pose to pose a second supplementary question?

Councillor Collins

No further questions, thank you.

7. From Councillor Gerrish to Councillor Halden

Could the Portfolio Holder outline the reasons why the decision on Children's Centres has been delayed?

Councillor Halden

It hasn't been.

Mayor

Councillor Gerrish, do you wish to pose a supplementary question?

Councillor Gerrish

Thank you Madam Mayor. Originally the decision was scheduled for January's cabinet meeting um but to move on parents in Stanford Le Hope gathered a petition against the closure which has 387 signatures does he believe it is fair that they have been told their petition and the comments attached to it will not be taken into account when making a decision of the children's centre and will he undertake to ensure that these responses are included in future cabinet consideration of the issue.

Councillor Halden

Thank you Madam Mayor. Firstly I am not going to comment on a petition that I have not seen I have no idea what the wording is so I can't comment on what's happened to it. What I would say to those parents seems as you have kindly given me the opportunity to repeat the last full council is that we will not be aiming the new service will not just seek to serve the 75% that engaged with the service we want to engage with 90%. Instead of just saying we have a building wonderful we are going to reach out to the families that are difficult to engage with. It is not going to a 0-5 service it will be a 0-19 service to serve even more families. We are going to merge public health, social care and education so we can ensure that children get access to services that they didn't even know about. I would say to parents in Stanford, Chafford, Tilbury and Grays that this is not a cut it is a reform and it is a meaningful reform. There was no additional decision planned to go to Cabinet in January, there wasn't, there was no additional decision. Cabinet have made the decision we then had to consult and inform people, let them know the structure, get feedback on the structure. The consultation is now going forward is for the new service. We don't want so many managers. We don't want so many

receptionists. We want resources for the front line. So for the posts that are duplicated fragmented services we know longer need we are consulting with those staff to see if they can be redeployed across the rest of the authority. No decision has been made to delay the progress. No decision will be made to delay the progress but it is clear what Councillor Gerrish wants, want he wants me to say. He wants me to say that I bound to his pressure and keep fragmented services and I'll keep expensive buildings, that's want he wants me to say. However, I am afraid that much that he is like to his colleagues I shall have to be disappointing.

Mayor

Councillor Gerrish, do wish to pose a second supplementary question?

Councillor Gerrish

Thank you Madam Mayor. I think what Councillor Halden needs to appreciate it is nature of the consultation that you don't wait to see what someone is saying before you decide whether or not that will form part of the consultation response. So I think that it is unfair of him to say what is said in that petition before he takes that on board. Councillor MacPherson happily decided to include consultation feedback from before their administration had started and it seems a little unfair that Councillor Halden won't take any feedback from the last month. Madam Mayor considering the detailed financial information implications for a particular centres, the total impact on staff numbers and details of specific sessions to be offered in the future are not given in the upcoming children's centre report to overview and scrutiny. Does he believe that the committee are being supplied with sufficient information to conduct an informed review of the plans?

Councillor Halden

Thank you Councillor Gerrish. Well first of all there was a consultation. I have weighted up the results of this consultation but I am afraid that my definition of leadership is you don't prevaricate you make a decision and you power through with that decision if you have got the outcomes of children at heart. If your intention is preserve fragmented services, preserve expensive buildings, to keep the status quo regardless of this then yes you can delay; you can obfuscate to make a decision. Six years of Labour rule, your very proud of the fact that you protected all these buildings. Did the service improve – No. Did the service help more children – No. Was the service reformed – No. It just stayed static frozen in time. My definition of leadership is to say that we focus on outcomes not building or empire building this is the direction we want to go in. That is what you do with leadership. You don't constantly kick the can down the road and with regards to the committee, um councillor, I remember when I presented myself at the committee, members on your benches didn't want to ask me questions and I remember when I was the chairman of that committee, my committee sat for more meetings, sat for considerably more hours and took considerably reports. If the committee, during the process that we were discussing the children centre reform you should have summoned me and I would have attended. You didn't want to do that. You had your time to ask me questions but instead you orchestrated foe public rage by taking Labour candidates for office who failed to be elected to ask me any questions.

It's very brave of you to bring this subject up again. As I recall the last time you tried this you took quite a whooping.

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QUESTIONS FROM MEMBERS OF THE PUBLIC

There are 3 questions from the members of the public.

1. From Peter Perrin to Councillor Gledhill

During a debate at last month's Council meeting Councillor Gledhill indicated that he did not accept that the NHS, nationally or locally, was in "crisis" but rather that there were "problems". In view of reports since then that 137 out of 152 hospital trusts have been at "unsafe" levels so far this winter, Basildon University Hospital being one of the 137, would Councillor Gledhill now consider changing his assessment from "problematic" to "crisis"?

2. From Barry Taylor to Councillor Gledhill

Can you tell us why you think it is acceptable to propose a £15 a week charge on the elderly residents living in sheltered housing in Thurrock?

3. From Maureen Cunningham to Councillor Gledhill

Why are you setting residents against residents? By introducing a huge charge for us elderly who you say can pay, and others who are on benefits and will get this tax paid for them?

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Item 8 : Petitions Update Report – 22 February 2017

Petition No.	Description	Presented by (and date)	Portfolio Holder	Status Full copies of the responses may be obtained from Democratic Services
484	<p>There is insufficient parking for local residents living in Plaistow Close. The road is particularly small and with cars parked across the pavements there is still not enough space for everyone to park.</p> <p>We request the Council install free parking permits down the road which would mean that local residents could guarantee that there is space for them to park their vehicles.</p> <p>We request the Council also look to add additional parking on the grass verge at the end of the road.</p>	8 December 2016	Cllr B Little	Following investigation by the Council's Traffic Team, it has been identified that the provision of additional parking would require the use of land currently designated as 'open space'. Council officers are investigating the feasibility of this land being made available for parking.
485	<p>We the undersigned petition Thurrock Council to amend the proposed changes to Children's Public Health Services and Children's Centres to no longer include the closure of Stanford-le-Hope Children's Centre.</p> <p>While we accept Thurrock Council's desire to integrate and strengthen services for children and young people aged 0-19 and families in need of additional help, we ask that Stanford-le-Hope Children's Centre remains open and does not become an outreach service.</p>	21 December 2016	Cllr Halden	The Petition was received by Thurrock Council on 7 December 2016. However, the consultation around the changes to Children's Centres had closed on 4 December 2016. We informed the Lead petitioner that we would be unable to accept the comments attached to the petition as the deadline had passed and we had rejected three other late responses received prior to the petition. The Lead Petitioner was also advised that the format of the original petition did not meet the Council's criteria. The petition was regularised and resubmitted. We have been in ongoing communication with the Lead Petitioner.

* indicates petitions handed in at the Civic Offices or e-petitions - not presented at Council

Item 8 : Petitions Update Report – 22 February 2017

	<p>Stanford-le-Hope Children’s Centre is a crucial part of the community and we think it is important for families in Stanford-le-Hope, Corringham, Fobbing, Horndon-on-the-Hill and Orsett to have access to a local dedicated facility that is open 5 days a week, with trained staff members on hand to offer support and advice.</p> <p>The flexible drop-in sessions and facilities, including a range of educational and age appropriate toys and access to a garden area, that would be lost if the Children’s Centre were to close, are vital for parents in need of extra support and for those who don’t have access to such facilities elsewhere.</p>			
486	<p>The parking facilities are of grave concern to the residence of Dalroy Close. This drop drive being proposed for number 23 will cause massive problems for the residence to Dalroy Close, when the person in question doesn’t even live at the property of number 23 and hasn’t lived there for more than 10years, this is so selfish, inconsiderate and thoughtless causing inconvenience to others, others that need that space if they have young children, if they are elderly or registered disabled, and most importantly the emergency services, which have used that space previously.</p>	6 January 2017	Cllr B Little	<p>The vehicle crossing meets all the conditions set out in Council policy and therefore there is no reason to refuse it and has approval to proceed. The Lead Petitioner has been informed.</p>

22 February 2017	ITEM: 10
Council	
Review of Vision and Corporate Priorities	
Wards and communities affected: All	Key Decision: Non-key
Report of: Councillor Shane Hebb, Portfolio Holder for Finance and Legal	
Accountable Head of Service: N/A	
Accountable Director: Karen Wheeler, Director of Strategy, Communications & Customer Services	
This report is Public	

Executive Summary

The council has retained a consistent vision and set of corporate priorities since they were agreed as part of the Community Strategy consultation in 2012 with some wording remaining consistent since before 2010.

Over the last four years they have been amended slightly, and the corporate objectives underpinning them have been revised, however fundamentally they have remained the same and have had unanimous, cross-party support.

There is now an opportunity to review the vision and priorities to better reflect the ambition for the council and Thurrock the place, to be more succinct and easy to communicate, and to articulate the new focus and priorities.

Feedback from recent consultations including the Health and Well Being Strategy, Local Plan and Fairness Commission have given some clear opinions from residents about what they feel to be the most important issues for Thurrock and these have been used to focus the new vision and priorities.

In addition, an initial draft proposed vision and priorities were presented to Corporate Overview and Scrutiny Committee and other stakeholders during November and December 2016. Feedback from that consultation has been used to focus this final proposed version.

1. Recommendation(s)

- 1.1 Council agree the Cabinet recommendation that the proposed new vision and priorities replace the existing vision and priorities and Community Strategy as part of the Policy Framework from 1st April 2017.

2. Introduction and Background

- 2.1 The council has an agreed vision and set of corporate priorities which are fundamentally the same as those agreed as part of the Community Strategy consultation exercise in September 2012. These priorities were refreshed in 2015 to take into account the changing relationship between the council and the community and our role in place shaping and community leadership:

Thurrock: A place of **opportunity, enterprise and excellence**, where **individuals, communities and businesses** flourish.

- **Create** a great place for learning and opportunity
 - **Encourage** and promote job creation and economic prosperity
 - **Build** pride, responsibility and respect
 - **Improve** health and well-being
 - **Promote** and protect our clean and green environment
- 2.2 The proposed new vision and priorities reflect the aspiration and uniqueness of Thurrock, where the place and the council are now, the ambition for delivery and balancing the need for growth with quality of life.
- 2.3 Feedback from recent consultations including the Health and Well Being Strategy, Local Plan and the Fairness Commission have given some clear opinions from residents of what they feel to be the most important issues for Thurrock.
- 2.4 This included questions asking what residents would like Thurrock to be like in the future (Local Plan consultation), what they would change in their local neighbourhood to make it a better place to live (Local Plan consultation) and what quick wins could make a real difference to living in Thurrock (Fairness Commission) .
- 2.5 Overwhelmingly, responses focussed on issues around the environment, particularly around the cleanliness and attractiveness of public spaces, but also around better planned infrastructure. Other common areas of feedback for these consultations were around community safety and pride. This was reflected in the consultation draft and the revised draft vision and priorities.
- 2.6 The initial high level results from the Resident Survey, which was undertaken during November and December 2016, have also provided valuable intelligence about what residents consider to be priority areas.

3. Issues, Options and Analysis of Options

3.1. An initial proposal was presented to Corporate Overview and Scrutiny Committee in November for comments, and also shared with a range of stakeholders including residents, staff, Members, community, public and private sector partners through:

- Tenants Excellence Panel
- Business Board
- Community and Voluntary Sector
- Health and Well Being Board
- Corporate Workforce Group
- Staff and Manager Conferences
- Staff Forums
- Directorate Management Teams
- All Staff via Insight

The internal consultation with staff is also significant because approximately 80% of staff live in Thurrock.

3.2. That initial proposed vision and priorities was as follows:

Consultation draft version – November / December 2016

An ambitious, aspiring and collaborative community, which is proud of its heritage and excited by its diverse opportunities and future.

- **Striving for quality**
 - Quality core service delivery
 - Right first time
 - Affordable and sustainable
- **Placemaking and driving growth**
 - Inviting and attractive to investors
 - Integrated infrastructure and sought after quality housing
 - Skills and job opportunities so everyone can achieve potential
- **Thriving partnerships**
 - Integrated health and social care to deliver the Health and Wellbeing Strategy
 - Community empowerment and engagement
 - Wider Team Thurrock

3.3. The consultation feedback on that initial draft version can be summarised as follows:

- Some of the terminology was considered jargon e.g. “placemaking”, “community empowerment”, “Team Thurrock”
 - There should be explicit references to education/children, safety and digital
 - Lack of clarity as to whether it was a vision and priorities for Thurrock or for Thurrock Council
 - Needed more people focus
- 3.4. Most responses welcomed the succinct messaging around “Striving, Driving, Thriving”, although this was not universally endorsed.
- 3.5. This vision and priorities is intended to be for Thurrock as a whole. There will be a level of detail that sits underneath setting out the council’s role in delivery.
- 3.6. The council has the lead role in the borough for place-making. Whilst the council has not explicitly asked partners to adopt this vision and priorities, they do reflect partners’ views as expressed through our many networks, and a wide range of partners and stakeholders have been consulted on them.
- 3.7. They have been developed against a backdrop of effective and embedded partnership working, complement existing joint strategies (such as the Health and Well Being Strategy) with common and mutually-held principles about the overall direction for the borough.
- 3.8. All the feedback was reviewed and considered, with amendments made to the previous version to get to the following final version proposed in this report.
- 3.9. The revised new proposed vision and priorities is:

AMBITIOUS, COLLABORATIVE, PROUD

An ambitious and collaborative community, which is proud of its heritage and excited by its diverse opportunities and future.

The vision will be supported by three interconnecting new priorities:

- **Striving for quality**
 - High quality, consistent service delivery which is right first time
 - Innovative and entrepreneurial
 - Affordable, connected and sustainable services
- **Driving growth and aspiration**
 - Attractive opportunities for businesses and investors
 - Roads, houses and public spaces that residents need, want and take pride in
 - Education, skills and job opportunities that help everyone achieve their potential
- **Thriving partnerships**
 - Joined up working across the council and with partners to improve health and wellbeing
 - Support communities to become more independent and build safer neighbourhoods
 - Work with all partners in the public, private, community and voluntary sectors to deliver the vision for Thurrock – “Team Thurrock”

- 3.10. Appendix 1 shows how these three priorities fit together and are interconnected to reflect how all components are equally weighted and important, and intrinsically dependent on each other to succeed.
- 3.11. Any change to the vision and priorities needs to be agreed by Council which has overall responsibility for the Policy Framework (Constitution: Chapter 3, Part 3).
- 3.12. This timetable will enable alignment of the Medium Term Financial Strategy (MTFS) to the priorities and have a much stronger narrative around where the council is now, the direction of travel and ambition. The new vision and priorities have been developed alongside the work on the Council Spending Review (CSR) and, as such, they align with the move towards commercialism and greater efficiencies through the four main streams of the CSR, namely:
- Income generation
 - More or same for less
 - Reducing the MTFS growth through greater demand management
 - A comprehensive service review programme based on seven design principles – customer/demand management; commercial; ICT/digital; people; procurement; property and process.

- 3.13. Once agreed, the vision and priorities will be progressed and delivered by staff through service plans, objective setting and performance management tools. It will be supported by an engagement and communications campaign internally and externally to share the new vision and priorities widely.

4. Reasons for Recommendation

- 4.1 The vision and priorities are key to articulating the strategic direction for the council and the borough. They are regularly reviewed to ensure they continue to be relevant and reflective of residents' views. The council's Constitution states that Council need to agree any change to the vision and priorities as part of the Policy Framework.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The original vision and corporate priorities were extensively consulted upon with residents, community and voluntary sectors and other partners.
- 5.2 This new vision and priorities has been consulted on with a wide range of partners and stakeholders and is based upon feedback from a number of resident consultation and engagement exercises, such as the Health and Well Being Strategy, Local Plan and Fairness Commission.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 It is proposed that the existing vision and corporate priorities will be replaced. The vision and priorities cascade into every bit of the council and further to our partners, through key strategies, service plans, team plans and individual objectives. Wide communication will be undertaken and the changes will be fed into the 2017/18 business planning cycle.

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Senior Finance Officer

A new vision and set of corporate priorities does not in itself have any direct financial implications. Indeed the refresh has been developed with the Medium Term Financial Strategy at the forefront of considerations.

However, the delivery of the new visions and priorities may include individual projects which may have a financial implication. These will be considered on an as and when basis once those projects have been developed.

7.2 Legal

Implications verified by: **David Lawson**
Monitoring Officer

Any change to the vision and priorities will need to be agreed by Council which has overall responsibility for the Policy Framework (Constitution: Chapter 3, Part 3).

There are no other direct legal implications arising from this report. However, individual projects to deliver elements of the priorities may have legal implications, and as such will need to be addressed separately as decisions relating to those specific activities are considered.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

The vision and priorities set out the overall ambition for Thurrock and overall framework within which the council proposes to deliver services. Whilst there are no identifiable direct implications in relation to diversity and equality from the proposals at this stage, individual priority projects may have such implications, and as such will need to be addressed separately as decisions relating to those specific activities are considered.

The new vision and priorities have been consulted upon with stakeholders and the community including via the Chief Executive of CVS, through Health and Well Being Board, Tenancy Excellence Panel and Business Board. They were also written taking account of the extensive feedback from residents and other members of the Thurrock community through the Fairness Commission, Local Plan engagement and via the Health and Well Being Strategy consultation, which, in themselves, had extensive consultation exercises.

Within the proposed new priority of “Thriving partnerships” – there is an explicit focus on the community. This supports working together to make communities more independent, healthier and safer.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

The proposed new vision and corporate priorities incorporate all areas of the council’s work. Individual priority projects may have a variety of implications, and as such will need to be addressed separately as they are developed and decisions relating to those specific activities are considered.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Review of Vision and Corporate Priorities Report, Corporate Overview and Scrutiny Committee, November 2016
<http://democracy.thurrock.gov.uk/ieListDocuments.aspx?CId=163&MId=5049&Ver=4>

9. Appendices to the report

Appendix 1 – Proposed Vision and Priorities Diagram

Report Author:

Sarah Welton

Strategy and Performance Officer

Thurrock vision: AMBITIOUS, COLLABORATIVE, PROUD

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

Priorities: Things we will focus on with our residents and partners



Striving for quality

We will focus on:

- High quality, consistent service delivery which is right first time
- Innovative and entrepreneurial
- Affordable, connected and sustainable services

Driving growth and aspiration

We will focus on:

- Attractive opportunities for businesses and investors
- Roads, houses and public spaces that residents need, want and take pride in
- Education, skills and job opportunities that help everyone achieve their potential

Thriving partnerships

We will focus on:

- Joined up working across the council and with partners to improve health and wellbeing
- Support communities to become more independent and build safer neighbourhoods
- Work with all partners in the public, private, community and voluntary sectors to deliver the vision for Thurrock – “Team Thurrock”

Foundations:

Becoming financially **self-sustainable** through **place leadership**, facilitating economic **growth**, protecting the most **vulnerable** and **enabling** communities and individuals

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22 February 2017	ITEM: 11
Council	
Annual Pay Policy Statement 2017/18	
Wards and communities affected: All	Key Decision: N/A
Report of: Shane Hebb - Portfolio Holder for Finance and Legal	
Accountable Head of Service: Jan Cox - Strategic Lead HR & OD	
Accountable Director: Jackie Hinchliffe - Director of HR, OD & Transformation	
This report is Public	

Executive Summary

The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement for chief officers. This must be approved by Council by 31st March each year. Like many other local authorities, Thurrock's statement includes a pay policy for all categories of employees which reflects existing employment terms and conditions.

The Council's Single Status Agreement requires the Council to honour the National Joint Council for Local Government (NJC) pay settlement as a minimum for single status staff. In addition, the Council commissions an annual independent market assessment to ensure the Council's reward structure remains competitive and reflects both market and employment trends.

Pay for Senior Managers is governed by the Pay Strategy and Pay Policy for Head of Service and Director Posts agreed in 2009 and determined by an annual independent market assessment. This is an employment contractual requirement which the Council is required to adhere to. The assessment this year recommends a 1% increase in the pay clusters for senior management pay. This is reflective of the year on year increase in senior salaries in the sector. This is the first pay increase for senior bands since 2009, representing a pay freeze value of over £150k.

Recommendations contained in this report reflect those from the independent market assessments conducted by Total Reward Projects Ltd in November 2016 and, for apprentices, the Government's Autumn Statement published in November 2016.

1. Recommendations

- 1.1 The Annual Pay Policy Statement 2017/18 is agreed in line with the Council's obligations under the Localism Act 2011, the Single Status Agreement and the recommendations by the independent market assessment.**
- 1.2 Agreement to continue to pay the UK Living Wage as a supplement to its lowest-paid employees and remain competitive. This rate should rise on 1st April 2017 in line with the Living Wage Foundation's recommended rate of £8.45ph.**

2. Introduction and Background

- 2.1 This report seeks approval of the Council's annual Pay Policy Statement for 2017/18; in particular, the elements of this statement which vary from, or are in addition to, those contained in last year's pay policy.
- 2.2 The proposed statement attached at Appendix 1 was approved by Directors Board on 10 January 2017.

3. Issues, Options and Analysis of Options

- 3.1 The principles of the 2017/18 statement are similar to those in last year's statement. The most recent new developments include the introduction of the Apprenticeship Levy and a recommendation from the independent market assessment to pay a cost of living increase for Senior Managers.
- 3.2 Furthermore the Pay Policy itself has clarified the recruitment authorisation of new permanent and temporary Senior Officer roles and aligned with the Constitution – the appendix now makes clear that Full Council are the authority to commence recruitment for any new Chief Officer role.

4. Independent Pay Reviews

- 4.1 The Council's Single Status Agreement and Pay Strategy and Pay Policy for Senior Managers incorporate an independent market assessment to determine appropriate pay increases. This approach ensures pay levels continue to be fair, transparent and represent good value.

5. National Pay Award for Single Status Employees 2017/18

- 5.1 Under Thurrock's 2006 Single Status Agreement the Council agreed to move away from National Joint Council for Local Government (NJC) pay rates but to continue to honour any pay awards determined through nationally negotiated pay settlements as a minimum.
- 5.2 Pay negotiations between NJC and trade unions for 2016-2018 concluded in May 2016, with an agreement for a two year pay agreement of 1% per annum

with higher increases for the lowest pay points. The draft pay policy reflects the agreed increase.

- 5.3 The Council has set aside £618,000 for the General Fund 2017/18 cost of living pay increase. This allows for pay increases of 1%. The enhanced increases for the council's lower pay points are already covered by the payment of the UK Living Wage.

6. Pay Award for Senior Management 2017/18

- 6.1 In accordance with the Pay Strategy and Pay Policy for Senior Managers the Council has undertaken an annual independent market assessment of senior management pay. This recommends a 1% increase in the pay clusters for senior management pay. This is reflective of the year on year increase in senior salaries in the sector and is the first increase recommended since 2009. In actual terms, this represents a senior management pay freeze value of over £150k, and is the first increase recommended in that time period
- 6.2 The 1% increase in senior salaries represents a cost in the region of £20,000.
- 6.3 Under the restructuring agreed in November 2015 and further efficiencies since, the total costs for senior managers have decreased by over £500k in the last year.

7. The National Minimum Wage and Living Wage

- 7.1 From 1st April 2017 there will be three minimum wage rates:
- i) The National Minimum Wage (NMW) – the legal, minimum hourly rate first introduced in 1999. From 1st April 2017 this will only apply to workers aged under 25.
 - ii) The National Living Wage (NLW) – the legal, minimum wage for workers aged over 24.
 - iii) The UK Living Wage – the rate set independently by the Living Wage Foundation since 2011 and calculated according to the basic cost of living in the UK.

Table 1: List of different minimum wage rates

Band	Pay Point	Band	2016/2017 Salaries	2017/2018 Salary	2017/2018 Rate / hr	Living Wage Supplement	2017/2018 Total Salary	
								2017/2018 £7.50 National Living Wage
1	1	2	£13,905.00	£14,505.00	£7.52	£1,797.00	£16,302.00	
	2		£14,082.00	£14,582.00	£7.56	£1,720.00	£16,302.00	
	3		£14,259.00	£14,759.00	£7.65	£1,543.00	£16,302.00	
	4		£14,436.00	£14,936.00	£7.74	£1,366.00	£16,302.00	
	5		£14,847.00	£15,247.00	£7.90	£1,055.00	£16,302.00	
	6		£15,258.00	£15,633.00	£8.10	£669.00	£16,302.00	
	7		£15,657.00	£15,957.00	£8.27	£345.00	£16,302.00	
	8		£15,801.00	£16,101.00	£8.34	£201.00	£16,302.00	
	9		£15,954.00	£16,254.00	£8.42	£48.00	£16,302.00	2017/2018 £8.45 UK Living Wage
	10		£16,377.00	£16,677.00	£8.64		£16,677.00	
3	11	4	£16,806.00	£17,106.00	£8.87		£17,106.00	
	12		£17,304.00	£17,554.00	£9.10		£17,553.00	
	13		£17,799.00	£18,024.00	£9.34		£18,024.00	
	14		£18,333.00	£18,516.00	£9.60		£18,516.00	
	15		£18,882.00	£19,071.00	£9.88		£19,071.00	

7.2 Table 1 shows where the minimum wage rates would feature on the Council's single status pay scales from 1 April 2017 if the NJC pay award is applied.

7.3 Following the recommendation of the Independent Low Pay Commission, the government will increase the NLW by 4.2% from £7.20 to £7.50 from April 2017.

7.4 The Council has paid the UK Living Wage as a discretionary payment to its lowest-paid employees (excluding apprentices) since April 2013. On 31st October 2016 the Living Wage Foundation recommended an increase from £8.25 to £8.45 per hour. If applied in 2017/18, this would cover all staff on pay points 1-9.

7.5 The UK Living Wage would be payable to 66 FTE corporate staff and 69 FTE school based staff who are on pay points 1 to 9, as support staff in maintained schools fall within the single status pay increase.

7.6 Since 2014 the Council has increased the UK Living Wage on 1st April each year to coincide with the single status pay increase.

8. Apprentices

8.1 At present, the starting pay for Council apprentices is the statutory National Minimum Wage for apprentices, currently set at £3.40 per hour. This current rate was set on 1st October 2016. Thurrock apprentices are paid this rate for six months, after which they progress to the national minimum wage according to their age.

- 8.2 However, according to the Autumn Statement published in November 2016 the Government will introduce a further increase of 3% taking the new apprentice rate to £3.50 effective from April 2017.

Table 2: National Minimum/Living Wage Rates

	Age 25 and over	Age 21 to 24	Age 18 to 20	Age Under 18	Apprentice Rate
Current Rates as of October 2016	£7.20	£6.95	£5.55	£4.00	£3.40
Rates from April 2017	£7.50	£7.05	£5.60	£4.05	£3.50

- 8.3 This arrangement for paying Apprentices continues to attract cross-party support. In 2015/16 members asked for it to continue in future years without the need for further authorisation.
- 8.4 From April 2017, the Apprenticeship Levy will be a levy on UK employers to fund delivery of apprenticeship standards. In England, control of apprenticeship funding will be put in the hands of employers through the Digital Apprenticeship Service. The levy will be charged at a rate of 0.5% of an employer's pay bill, where an employer's pay bill is over £3million. Each employer will receive a yearly allowance of £15,000 to offset against their levy payment.

9. Senior Manager Pay and Responsibilities

- 9.1 Following the introduction of the Local Government Transparency Code in 2014¹, the Council will continue to publish specific details of their senior managers' pay and responsibilities.

10. Consultation with Local Trade Unions

- 10.1 The Council's recognised trade unions were consulted on 21 December and have raised no objections to these proposals.

¹ 'Local Government Transparency Code 2014' published by DCLG: [Transparency Code](#)

11. Implications

11.1 Financial

Implications verified by: **Sean Clark**
Director of Finance & IT

The financial impact of the increase in UK Living Wage, the pay award for single status pay scales, the increase in senior manager pay and the increase in apprentice pay rates have been considered through this report and accounted for during the 2017/18 annual budgeting processes.

11.2 Legal

Implications verified by: **Joseph Pinter**
Principal Solicitor - Employment & Litigation

The legal implications in connection with this report arise from the compliance with the Single Status Agreement and the Pay Strategy and Pay Policy for senior managers and consultation with the trades unions. The recommendations comply with the policy framework and the trades unions have presented no objections.

Sections 38 to 43 of the Localism Act 2011 require Councils to prepare a Pay Policy Statement for each financial year and the Secretary of State, pursuant to section 40, has issued both the original Pay Accountability Guidance in February 2012 and a supplementary guidance in February 2013. The content of this report and the recommendations comply with the Councils responsibilities in this regard.

11.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Strategy & Communications, Community Development

This pay statement implements existing practice and standard protocols set by law and policy and therefore there are no diversity and equality implications arising. The increase in the UK Living Wage and apprentice pay rates will have a positive impact on employees at lower ends of the pay scale.

11.4 Other implications

No other significant implications have been identified.

12. Appendices to this Report

Appendix 1 - Pay Policy Statement 2017/18

REPORT AUTHOR

Jan Cox

Strategic Lead HR & OD

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THURROCK COUNCIL

PAY POLICY STATEMENT 2017/18

VERSION CONTROL SHEET

<i>Title:</i>	Pay Policy Statement 2017/18
<i>Purpose:</i>	To advise on the Council's pay policy including requirements under Section 38 of the Localism Act 2011.
<i>Owner:</i>	Human Resources & Organisational Development
<i>Approved by</i>	Full Council
<i>Date:</i>	22 February 2017
<i>Review frequency:</i>	Annually
<i>Next review date:</i>	October 2017

Thurrock Council Pay Policy Statement 2017/18

- 1. Introduction**
- 2. Scope**
- 3. Determination of pay grades and salary levels**
- 4. Pay progression**
- 5. Cost of living pay increases**
- 6. Lowest paid employees / UK living wage**
- 7. Apprentices**
- 8. Pay multiple**
- 9. Acting up payments**
- 10. Other payments**
- 11. Contractors or consultants**
- 12. Appointment of senior officers**
- 13. Payment on termination, and re-engagement of officers**
- 14. Mandatory Gender Pay Reporting**
- 15. Transparency code**
- 15. Publication of information**

Appendix 1: Senior Officer Pay Scales

Appendix 2: Single Status Pay Scales

1. Introduction

- 1.1 This Statement complies with Section 38 of the Localism Act 2011, which requires local authorities to produce a pay policy statement for each financial year in order to improve transparency and accountability within Local Government.
- 1.2 It may be adapted and/or updated by agreement at a full Council meeting.
- 1.3 Thurrock Council is, in addition, conducting a pay review with the intention of modernising and simplifying current pay arrangements. Any changes will be reflected in future pay policies.

2. Scope

- 2.1 This Statement is applicable to both Council and school-based employees covered by the Council's single status agreement, and to senior officers. Youth workers, those on Soulbury contracts of employment and employees covered by TUPE are also included but their pay is determined by separate processes. This Statement does not apply to teachers, who are employed under separate terms and conditions.
- 2.2 For the purposes of this Statement, Thurrock's senior officers are the chief executive, corporate directors, directors and heads of service.

3. Determination of pay grades and salary levels

Senior officers

- 3.1 The chief executive's and other senior officers' remuneration was determined in 2009. It was based on the median pay point of a market salary and reflected remuneration levels for comparable jobs in unitary authorities and London boroughs.
- 3.2 The 11 senior pay bands are shown in Appendix 1. Heads of service are paid on the HOS bands, ranging from points 1 to 15; directors and corporate directors are placed on a DIR pay band: points 16 to 30, while the chief executive is on the CEX pay band: points 31 to 33.
- 3.3 Since 2010 annual, independent pay reviews have been conducted to reassess the salary levels that these pay bands should attract. These assessments take account of:
 - (a) **The type and size of Thurrock Council:** Thurrock is a medium sized, unitary council with a significant degree of complexity due to its location, its changing demographics, its regeneration agenda and its complex external relations.

- (b) **The geographical location of Thurrock Council:** Located on the eastern boundaries of London and within easy commuting distance of London, the Council is competing in the same labour market as many London boroughs as well as Essex County Council and other unitary local authorities.
- (c) **The market for senior posts in Local Government:** In recent years many posts have become more demanding as a result of changes in legislation and public demand. This has led to a position whereby significant differences now exist regarding the remuneration attached to certain posts.
- (d) **Affordability:** Producing an affordable pay structure for senior managers is a principal aim of this policy.
- (e) **Transparency and clarity:** Thurrock Council is committed to establishing a pay structure which is clear, rational and able to withstand challenge.

Employees who are not senior officers

- 3.4 Employees other than senior officers are subject to the pay levels set out in the Council's single status agreement which contains 10 pay bands (see Appendix 2). Pay bands contain between 6 and 11 incremental pay points. Posts have been allocated to a pay band through a process of job evaluation.
- 3.5 All new or revised single status posts must be evaluated. This is done by independent job evaluation specialists using the James job evaluation scheme. The results of any such evaluation are subject to approval by the Council's Pay & Reward Board, which comprises of officers and trade union representatives.

4. Pay Progression

Senior officers

- 4.1 Senior officer pay bands contain three pay levels:
 - i. A lower point – for a post-holder with sufficient competence or experience but with some development needs. This is expected to apply to some appointments at the time of recruitment.
 - ii. A median point – for a fully competent and appropriately experienced/qualified post-holder. This is expected to apply to most appointments.

- iii. An upper point – for an exceptional post-holder. The difference between the median point and upper point will only be paid as an additional non-consolidated payment for ‘exceptional’ performance. Few post-holders will be rewarded at this level, which is based on the 75th percentile of the market data.
- 4.2 The award of an annual increase to points (ii) or (iii) above is subject to satisfactory job performance.
 - 4.3 For recruitment purposes, posts will be advertised at the median pay point, with the possibility of an additional non-consolidated payment for an exceptional candidate. A newly appointed senior officer’s starting salary will be reviewed on 1st April after appointment, regardless of how long they have been in post.

Employees who are not senior officers

- 4.4 New starters are paid in accordance with Section 12.6 of the council’s recruitment policy which states; ‘normally the pay point will be the minimum point of the band. Exceptions to this rule may be considered where the minimum point is below the candidate’s current salary.’
- 4.5 Employees will receive an increase of one incremental point each year, effective from 1st April, providing they (i) have performed their role entirely satisfactorily; (ii) have 6 months’ service before 1st April; (iii) are not already at the top point of their pay band. Performance objectives will be linked to service delivery plans and priorities.
- 4.6 Until 4th September 2014, the award of additional pay increments (known as accelerated increments) on the grounds of special merit or ability were also made on the recommendation of the employee’s line manager and providing they were not already at the top point of their pay band. Such increases were subject to approval by the Council’s Pay and Reward Board.
- 4.7 From 4th September 2014, following consultations with the trade unions, it was agreed that in the light of the Council’s financial situation, accelerated pay progression should be suspended until further notice.
- 4.8 Employees who are protected under TUPE arrangements will be paid according to their contract of employment.

5. Cost of living pay increases

Senior officers

- 5.1 The annual, independent market assessment conducted in December 2016 concluded that there should be 1% cost of living pay increase for senior officers in 2017/18.

Employees who are not senior officers

- 5.2 Under its single status agreement, the council must at least match any pay award agreed by the National Joint Council for Local Government Employees (NJC). This applies to all employees other than senior officers.
- 5.3 The NJC finalised a two year pay agreement in May 2016. The pay rates shown in Appendix 2 reflect the implementation of the second year of the agreement which incorporates a 1% cost of living increase for single status staff from pay point 14 onwards; with an additional weighted uplift for those on pay points 1-13.

6. Lowest paid employees / UK living wage

- 6.1 For the purposes of this Statement, employees on Band 1 of the Council's pay structure are classed as the lowest paid employees. The only staff paid at a lower rate than Band 1 are apprentices (see below).
- 6.2 The Council has paid the UK Living Wage as a discretionary payment since April 2013. This supplements the income of Thurrock's lowest paid employees. With effect from 1st April 2017, this guarantees a minimum, hourly pay rate of £8.45, in accordance with the Living Wage Foundation's recommended rate.

7. Apprentices

The starting pay for Council apprentices is the national minimum wage apprentice rate: currently £3.50 per hour. This rises to the national minimum wage rate according to age after six months' satisfactory service.

8. Pay Multiple

- 8.1 Calculations were made using 2017/18 pay scales which show the pay ratios between the chief executive's salary and the average salary of the workforce are as follows:

Chief Executive: mean salary of the workforce = 1:5.8

Chief Executive: median salary of the workforce = 1:7.1

- 8.2 These ratios were calculated from the median chief executive salary level of £171,500; the mean salary of all staff other than the chief executive of £29,204 and the median salary of all staff other than the chief executive of £24,147.

9. Acting up payments

- 9.1 For acting up or secondment arrangements, an individual will be paid at the lowest point of the band being acted into, or one pay point higher than their substantive pay point if pay bands overlap.
- 9.2 If this arrangement continues for over six months, performance will be reviewed and pay may increase to one of the higher pay points in the acting up band.

10. Other payments

- 10.1 The Council pays business user car allowances to single status staff who meet specific criteria relating to the frequency and type of business journeys they are expected to undertake. There are three levels of business user allowance: £1,149, £600 and £300 per annum. Any employee using their own vehicle for work purposes is eligible to claim 40p per mile.
- 10.2 A car allowance is consolidated into the senior officer pay rates given in Appendix 1. In addition, senior officers receive a mileage payment of 10p per mile.
- 10.3 The Council has an employee relocation package, available to all new employees, subject to eligibility criteria.
- 10.4 The Council does not operate a bonus scheme for any employees, nor does it offer any other informal benefits to its senior officers
- 10.5 On occasions, for posts below senior officer level, temporary market supplements may be paid where difficult market conditions lead to recruitment and retention problems. Such supplements must be agreed by the Council's Pay & Reward Board.

11. Contractors and consultants

- 11.1 Should the Council engage the services of an individual at senior officer level under a contract for services (ie not on the Council's payroll), the level of remuneration paid to the contractor, consultant or agency employing them will not exceed the equivalent salary points outlined in Appendix 1.
- 11.2 In exceptional circumstances, and with the express approval of the chief executive, a contractor or consultant at senior officer level may be engaged at a pay rate outside of the equivalent salary point in Appendix 1.

12. Appointment of senior officers

- 12.1 Full Council will agree the recruitment of any new, permanent, Chief Officer role.
- 12.2 Full council will agree the recruitment of contractors to new Chief Officer roles.

13. Payment on termination, and re-engagement of officers

- 13.1 In the event of redundancy or the early retirement of any employee, the Council will pay its standard severance payments within the discretions of the Local Government Pension Regulations.
- 13.2 In exceptional circumstances and where it represents best value for the Council, additional payments may be made to comply with the terms of a settlement agreement. These will be subject to the delegated powers and processes outlined in the Council's Constitution.
- 13.3 The Council will not normally re-engage, either in a contract of employment or a contract for services, any officer who has previously been paid a discretionary payment (via a settlement agreement or retirement package) on leaving the Council's employment. Only in exceptional circumstances, and with the agreement of the Chief Executive and the General Services Committee, will such an arrangement be sanctioned.
- 13.4 The Government is introducing, through the Small Business, Enterprise and Employment Act 2015, a £95k cap on "exit payments". Regulations will be inserted by the Enterprise Bill 2015-2016 and a date for implementation was expected in 2016. This will limit the amount a public sector worker could be paid for losing their job to £95k. The regulation will be laid before Parliament in the New Year, with a proposed implementation date from early 2017. The regulations will apply to all staff but predominately high earners and will cover:
 - Redundancy payments
 - Payments on voluntary exits
 - Pension strain costs
 - Severance or ex-gratia payments
 - Payment for outstanding entitlement
 - Compensation under the terms of a contract
 - Pay in lieu of notice
 - Any other payments made as a result of loss of employment

13.5 A different set of regulations, the Repayment of Public Sector Exit Payment Regulations 2015, should have come into force on the 1st April 2016; however implementation is projected for spring 2017. It sets out the liability to repay any exit payment if the exit payee returns to the same 'sub-sector' within 12 months of receiving the payment. If they return to the same sub-sector within 28 days the whole amount is due, thereafter tapering arrangements become operational. Full Council may exercise a waiver to exclude such a repayment. If a waiver is issued it must be published along with the reasons for doing so in the preceding twelve months at the beginning of a financial year or published in the annual accounts. Guidance is awaited on the exercise of a waiver. If reclaimed an exit repayment is made to the 'old' employer and the sum passed through to the Treasury.

14. Mandatory Gender Pay Reporting

As of April 2017, all organisations with more than 250 employees must produce data on gender pay gaps for their employees.

15. Transparency code

In accordance with Government guidelines¹, the council publishes details of senior managers' pay on its website.²

16. Publication of information

This Statement will be published on the Council's website. Any in-year changes to this Statement will be published in the same way following full Council approval.

Appendix 1

¹ 'Local Government Transparency Code 2014' published by DCLG: [Transparency Code](#)

² <https://www.thurrock.gov.uk/what-we-publish/local-government-transparency-code>

Senior Manager Pay scales 2017/18 (with the recommended 1% increase)

		50/50% Lower Base Pay		50/50% Median Base Pay		50/50% Higher Base Pay
	SCP	Annual Pay £	SCP	Annual Pay £	SCP	Annual Pay £
CEX	31	156,501	32	171,501	33	183,000
DIR5	28	122,001	29	133,500	30	141,501
DIR4	25	114,000	26	126,501	27	132, 501
DIR3	22	106,500	23	118,002	24	121,002
DIR2	19	94,500	20	104,001	21	109,002
DIR1	16	87,501	17	96,501	18	101,001
HOS5	13	84,501	14	94,002	15	98,001
HOS4	10	83,502	11	91,002	12	96,000
HOS3	7	78,000	8	87,000	9	90,000
HOS2	4	73,002	5	81,000	6	85,002
HOS1	1	69,000	2	73,002	3	81,000

Band	Pay Point	Band	2016/2017 Salaries	2017/2018 Salary	2017/18 Rate / hr	Living wage Supplement	2017/2018 Total Salary
1	1	2	£13,905	£14,505	£7.52	£1,797	£16,302
	2		£14,082	£14,582	£7.56	£1,720	£16,302
	3		£14,259	£14,759	£7.65	£1,543	£16,302
	4		£14,436	£14,936	£7.74	£1,366	£16,302
	5		£14,847	£15,247	£7.90	£1,055	£16,302
	6		£15,258	£15,633	£8.10	£669	£16,302
	7		£15,657	£15,957	£8.27	£345	£16,302
	8		£15,801	£16,101	£8.34	£201	£16,302
	9		£15,954	£16,254	£8.42	£48	£16,302
3	10	4	£16,377	£16,677	£8.64		£16,677
	11		£16,806	£17,106	£8.87		£17,106
	12		£17,304	£17,553	£9.10		£17,553
	13		£17,799	£18,024	£9.34		£18,024
	14		£18,333	£18,516	£9.60		£18,516
	15		£18,882	£19,071	£9.88		£19,071
	16		£19,446	£19,641	£10.18		£19,641
	17		£20,028	£20,229	£10.48		£20,229
	18		£20,631	£20,838	£10.80		£20,838
5	19	6	£21,249	£21,462	£11.12		£21,462
	20		£21,882	£22,101	£11.45		£22,101
	21		£22,542	£22,767	£11.80		£22,767
	22		£23,211	£23,442	£12.15		£23,442
	23		£23,907	£24,147	£12.51		£24,147
	24		£24,624	£24,870	£12.89		£24,870
	25		£25,365	£25,620	£13.28		£25,620
	26		£26,121	£26,382	£13.67		£26,382
	27		£26,910	£27,180	£14.09		£27,180
7	28	8	£27,714	£27,990	£14.51		£27,990
	29		£28,542	£28,827	£14.94		£28,827
	30		£29,397	£29,691	£15.39		£29,691
	31		£30,294	£30,597	£15.86		£30,597
	32		£31,203	£31,515	£16.33		£31,515
	33		£32,139	£32,460	£16.82		£32,460
	34		£33,099	£33,429	£17.33		£33,429
	35		£34,098	£34,440	£17.85		£34,440
	36		£35,127	£35,478	£18.39		£35,478
9	37	10	£36,171	£36,534	£18.93		£36,534
	38		£37,266	£37,638	£19.51		£37,638
	39		£38,385	£38,769	£20.09		£38,769
	40		£39,537	£39,933	£20.70		£39,933
	41		£40,722	£41,130	£21.32		£41,130
	42		£41,937	£42,357	£21.95		£42,357
	43		£43,191	£43,623	£22.61		£43,623
	44		£44,484	£44,928	£23.29		£44,928
	45		£45,813	£46,272	£23.98		£46,272
9	46	10	£47,175	£47,646	£24.69		£47,646
	47		£48,573	£49,059	£25.43		£49,059
	48		£50,013	£50,514	£26.18		£50,514
	49		£51,510	£52,026	£26.96		£52,026
	50		£53,043	£53,574	£27.77		£53,574
	51		£54,621	£55,167	£28.59		£55,167
	52		£56,256	£56,820	£29.45		£56,820
	53		£57,936	£58,515	£30.33		£58,515
	54		£59,664	£60,261	£31.23		£60,261
9	55	10	£61,362	£61,977	£32.12		£61,977
	56		£63,111	£63,741	£33.04		£63,741
	57		£64,911	£65,559	£33.98		£65,559
	58		£66,756	£67,425	£34.94		£67,425
	59		£68,664	£69,351	£35.94		£69,351
	60		£70,623	£71,328	£36.97		£71,328

22 February 2017	ITEM: 12
Council	
General Fund Budget Proposals	
Wards and communities affected: All	Key Decision: Yes
Report of: Councillor Rob Gledhill, Leader of the Council	
Accountable Head of Service: Sean Clark, Director of Finance and IT	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is public	

Executive Summary

This report sets out the draft budget proposals for a balanced budget for the financial year 2017/18.

This paper has been produced based on the principles established via the Council Spending Review (CSR) process, which has been in place since June 2016. The ambition is to create a budget which works for all Thurrock residents; that builds financial resilience into the council's spending and borrowing abilities, and has a bottom-up approach to service review over the forthcoming three years.

The CSR approach moves the Council towards commercialism and greater efficiencies through four main streams: income generation; more or the same for less; reducing the MTFs growth through greater demand management; and a comprehensive service review programme over a three year time period of all council services.

The new Transformation Programme approach is managed through a number of Strategic Boards, all of which are overseen by the Transformation Board. The proposals for the 2017/18 budget have been considered by the relevant Overview and Scrutiny Committees over recent months where the main feedback has been around the practical deliverability of some and comments on the Adult Social Care precept. Both of these are commented on in the main body of the report.

The report presented to Cabinet on 11 January 2017 presented a proposed balanced budget for the financial year 2017/18. This report has subsequently been considered by Corporate Overview and Scrutiny at its meeting on 11 January 2017 and the committee's comments are included in the main body of the report where applicable. This report presents the final budget proposals agreed by Cabinet at their meeting on 8 February 2017.

This budget includes significant revenue investment in the frontline services of children's and adults' social care and mainstreams the Clean It, Cut It, Fill It initiative and this has been achieved through meeting the Cabinet's position of identifying a greater level of savings than previously forecast. In addition, the capital programme includes proposals that build on this investment whilst the future and aspirational proposals includes strategic and place making schemes supporting both the place making and commercial agendas.

1. Recommendation(s):

That the Council:

- 1.1 Considers and acknowledges the Section 151 Officer's (Director of Finance and IT's) report on the robustness of the proposed budget, the adequacy of the Council's reserves and the Reserves Strategy as set out in Appendix 1, including the conditions upon which the following recommendations are made;**
- 1.2 Following the considerations of Corporate Overview and Scrutiny and the Cabinet, agree to a 3% council tax increase in respect of Adult Social Care;**
- 1.3 Following the considerations of Corporate Overview and Scrutiny and the Cabinet, agree to a 1.98% council tax increase in support of the general budget;**
- 1.4 Approve the General Fund allocation to services as set out in paragraph 4.6;**
- 1.5 Approve the Dedicated Schools Grant as set out in section 7 and Appendix 4;**
- 1.6 Approve the new General Fund capital proposals, including the allocation for feasibility work on future and aspirational proposals, as set out in section 8 and Appendix 5;**
- 1.7 Delegate to Cabinet the ability to agree schemes where it can be evidenced that there is a spend to save opportunity or that use any unbudgeted contributions from third parties, including those by way of grants or developers' contributions, and these be deemed as part of the capital programme.**

Statutory Council Tax Resolution

(Members should note that these recommendations are a result of the previous recommendations above and can be agreed as written or as amended by any changes agreed to those above).

- 1.8 Calculate that the council tax requirement for the Council's own purposes for 2017/18 is £61,682,537 as set out in the table at paragraph 4.6 of this report.**
- 1.9 That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:**
- (a) £381,756,591 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.**
 - (b) £320,074,054 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.**
 - (c) £61,682,537 being the amount by which the aggregate at 1.9(a) above exceeds the aggregate at 1.9(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its council tax requirement for the year. (Item R in the formula in Section 31B of the Act).**
 - (d) £1,226.61 being the amount at 1.9(c) above (Item R), all divided by Item T (Council Tax Base of 50,287), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (including Parish precepts).**
 - (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.**
 - (f) £1,226.61 being the amount at (d) above less the result given by dividing the amount at (e) above by Item T, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates.**
- 1.10 To note that the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the tables below.**
- 1.11 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts**

shown in the tables below as the amounts of council tax for 2017/18 for each part of its area and for each of the categories of dwellings.

2017/18 COUNCIL TAX FOR THURROCK PURPOSES EXCLUDING ESSEX FIRE AUTHORITY AND ESSEX POLICE AUTHORITY

Amounts for the Valuation Bands for 2017/18							
A £	B £	C £	D £	E £	F £	G £	H £
817.74	954.03	1,090.32	1,226.61	1,499.19	1,771.77	2,044.35	2,453.22

1.12 That it be noted that for the year 2017/18 Essex Police Authority has stated the following amounts in precept issued to the Council for each of the categories of dwellings as follows:

Amounts for the Valuation Bands for 2017/18							
A £	B £	C £	D £	E £	F £	G £	H £
104.70	122.15	139.60	157.05	191.95	226.85	261.75	314.10

1.13 That it be noted that for the year 2017/18 Essex Fire Authority has stated the following amounts in precept issued to the Council for each of the categories of dwellings as follows (waiting on formal confirmation):

Amounts for the Valuation Bands for 2017/18							
A £	B £	C £	D £	E £	F £	G £	H £
46.02	53.69	61.36	69.03	84.37	99.71	115.05	138.06

2017/18 COUNCIL TAX (INCLUDING FIRE AND POLICE AUTHORITY PRECEPTS)

Amounts for the Valuation Bands for 2017/18							
A £	B £	C £	D £	E £	F £	G £	H £
968.46	1,129.87	1,291.28	1,452.69	1,775.51	2,098.33	2,421.15	2,905.38

2 Introduction and Background

The Process for Agreeing the Council's Budgets

2.1 The Council must, by law, set its annual revenue budget and associated council tax level by 11 March of the preceding financial year. If, for whatever reason, the Council cannot agree a budget and council tax level at its meeting on 22 February 2017, Members should be aware that the Council will not have a legal budget and this will impact on service delivery and cashflow with immediate effect whilst damaging the council's reputation and can, as a last

resort, lead to intervention from the Secretary of State under powers given by section 15 of Local Government Act 1999.

- 2.2 The role of Council is to agree the level of council tax and hence the budget envelope for the council. The precise allocation of that envelope and expenditure falls to the Cabinet.
- 2.3 It is also good practice to approve the capital programme at the same time because there is an interdependency between the budget streams. Fees and Charges were approved by Cabinet on 8 February 2017.
- 2.4 The Housing Revenue Account (HRA) budget needs to be agreed in a timely manner to ensure that rent increases can be reflected from 1 April of each year. A separate report on this agenda deals with Housing Rents and Charges for 2017/18 although the HRA is referenced in the s25 statement at Appendix 1.
- 2.5 This report presents the proposed 2017/18 General Fund revenue and capital budgets, as per the recommendations of the Cabinet that have been formed through budget reports presented to the Overview and Scrutiny Committees and the Cabinet over recent months.
- 2.6 The Director of Finance and IT's statutory statement on the robustness of the estimates and adequacy of reserves under s25 of the Local Government Act 2003 is included at appendix 1. This must be considered by the Council before approving the budget and council tax.

Revenue

The 2016/17 Budget Position

- 2.7 Members have received reports throughout the year that have set out the ongoing pressures in Children's Services and the financial impact of the Clean It, Cut It, Fill It pilot. The reports have also set out the mitigation that has been taken to deliver a balanced budget position for the financial year 2016/17.
- 2.8 Work continues on finalising these projections and identifying further mitigation where required. The impact of the ongoing pressures has been built into the base budget for 2017/18, most noticeably the previously reported balance in Children's Social Care of £4.7m (plus a further £0.7m as set out in paragraph 4.5).
- 2.9 Cabinet agreed a 3 month pilot in 2016 of its Clean It, Cut It, Fill It initiative which completed at the end of October 2016 and, at its meeting on 14 December 2016, Cabinet agreed to extend the trial pilot until the end of that financial year. This proposed budget report includes a new allocation of £1m per annum to mainstream Clean It, Cut It, Fill It into future budget provision from 1 April 2017. It is through achieving more savings than the MTFs originally set out, that this was able to be facilitated and managed financially.

Financial Self Sustainability and Government Grants

- 2.10 Government funding of its main grant (formerly Formula Grant) is now the third ranked provider of funding for the Council's total general fund budget (excluding schools) after council tax and business rates. As such it represents a reducing factor in determining the Council's revenue budget. The provisional Local Government Finance Settlement for 2017/18 was issued by the Department for Communities and Local Government (DCLG) on 15 December 2016 and this represents the Government's next three year spending plans.
- 2.11 The latest Finance Settlement maintains the key changes in the way that Local Government is now financed, which were introduced in April 2013, with the main changes being from the launch of the Business Rates Retention (BRR) scheme as the principle form of local government funding.
- 2.12 Based on the proposals within this report, the following table demonstrates the direction of travel for the financing of local government:

	2010/11	2016/17	2017/18
Government Grant	50.7%	16.3%	11.2%
Business Rates		25.3%	27.1%
Council Tax	41.4%	44.9%	47.3%
Fees and Charges	7.1%	8.3%	8.5%
Investment Interest	0.8%	3.0%	4.0%
Rental Income		2.2%	1.9%
Total	100.0%	100.0%	100.0%

- 2.13 A key change to last year's settlement was the Government's recognition of the demand and demographic expenditure pressures on Adult Social Care and the ability for Local Authorities to implement an Adult Social Care precept of up to 2% to support the growing expenditure on Council budgets in this area.
- 2.14 The Adult Social Care precept is confirmed to continue, however the Government has now introduced a flexibility to the precept in that the maximum 6% increase allowed over the next three years (2017/18 to 2019/20) can be applied in any of the three years as long as the precept does not exceed an additional 3% in 2017/18 and 2018/19 and 2% in 2019/20.
- 2.15 The 2016/17 settlement introduced a minimum Revenue Support Grant (RSG) settlement for four years up to 2019/20. This was conditional upon the Council submitting an Efficiency Plan by 14 October 2016, which was duly submitted by the due date. The DCLG has now confirmed acceptance of the Council's efficiency plan and therefore to its entitlement of a guaranteed minimum sum of RSG giving some certainty to Medium Term Financial Strategy (MTFS) forecasts.

- 2.16 The Council also receives a number of grants for specific purposes. In line with the overall direction of less government support, the reductions in these grants have been factored into the MTFs. However, the Public Health Grant is a continued area of review.
- 2.17 As part of the reforms contained within the Health and Social Care Act 2012, responsibility for commissioning certain public health functions moved from the NHS to Local Authorities. In 2013 a ring fenced Public Health Grant was provided to all top tier local authorities in order to commission mandated and discretionary Public Health services.
- 2.18 During 2015/16, the Chancellor announced in-year reductions to the grant of 6.2% amounting to an in-year reduction of £655k. A further reduction of up to 3.9% was announced in the 2015 Autumn Statement and this has increased the annual reduction to £924k in 2016/17. A further reduction of £286k has been announced for 2017/18.

3 Council Tax Proposals

- 3.1 The Localism Act 2011 introduced the concept of a referendum where a proposed council tax increase exceeds its excessiveness principles either by the billing authority (Thurrock Council) or one of its major preceptors. Simply, a referendum would be required if the Council resolved to increase council tax by a higher percentage than the government guidelines. This report does not propose increases that would call for a referendum.
- 3.2 As reported last year, Thurrock Council has the third lowest council tax and council tax income of the 55 Unitary Councils in the country and the lowest council tax in Essex. This low base means that, financially, Thurrock Council has less resource to deliver the same suite of services, irrespective of demographic need, and limits any increase through the Adult Social Care precept. A low base also means reduced flexibility in terms of having surplus funds to spend on capital projects and other initiatives, without having to rely on prudential borrowing where the need is identified.
- 3.3 The council has faced grant reductions since 2011 and these continue into 2017/18 with a reduction of £6m and further reductions planned over the medium term reinforcing the need to increase the council tax income. It is important to note that the Chancellor of the Exchequer's final Autumn Statement did not adversely affect the council's forecasted reductions any further, although it has also been made clear that the same rigour of economic stabilisation will be present in the immediate future.
- 3.4 There are two elements to the council tax that need to be considered:
- The general increase – this is capped at 2% and is only on the element of the council tax that does not include the ASC precept element. Due to rounding requirements, the maximum increase in 2017/18 equates to 1.98% and this is the recommendation contained within this report; and

- The Adult Social Care (ASC) Precept – this precept was announced in December 2015 and allowed councils to add an additional increase to the council tax of up to 2% per annum for the four financial years 2016/17 to 2019/20. The Council agreed a 2% ASC precept for 2016/17. In December 2016, the government announced a change to the remaining three years. Whilst 6% remains as an overall cap, councils now have the ability to charge up to 3% for each of the next two years, effectively bringing forward the ability to provide earlier funding for ASC to meet increasing demands on services and to protect the most vulnerable in the borough. This flexibility provides the council with three specific options:
 - A 3% precept for each of the next two years and no increase in year three;
 - A 3% precept in year one, 2% in year two and 1% in year three; or
 - A 2% precept in each of the next three years.
- 3.5 There is an urgent need for immediate increases to the ASC budget to meet the increased costs of the minimum wage and demand pressures as the population continues to live longer with more complex needs. The National Living Wage increase that the council will have to meet represents an equivalent 12% over two years. The council has faced considerable challenges with the domiciliary care providers which is a national trend. There is an urgent need to try to stabilise this market to ensure that the council can provide high quality services to vulnerable adults.
- 3.6 Financial projections demonstrate that the impact of the third option above in 3.4 would provide additional funding of £19k over the three years compared to the first option. However, it is strongly advised that based on the immediate financial pressures that are being faced by the ASC service in the current financial year that a 3% increase in 2017/18 be agreed.
- 3.7 The Corporate Overview and Scrutiny Committee considered the three options on the ASC precept at its meeting on 18 January 2017. There was a clear consensus from the Committee to support a 3% increase in 2017/18 with a majority also supporting a 3% rise in year two as well, although no vote was taken on either part.
- 3.8 The combined increase on a Band D property equates to 4.89% or £57.15 (£1.10 per week). As 71% of Thurrock properties are Bands A-C, the weekly impact for most households will be no more than 98 pence per week but will raise an additional £2.9m in income:

Band	2016/17	2017/18	Increase £	
	£	£	Per Year	Per week
A	779.64	817.74	38.10	0.73
B	909.58	954.03	44.45	0.85
C	1,039.52	1,090.32	50.80	0.98
D	1,169.46	1,226.61	57.15	1.10
E	1,429.34	1,499.19	69.85	1.34
F	1,689.22	1,771.77	82.55	1.59
G	1,949.10	2,044.35	95.25	1.83
H	2,338.92	2,453.22	114.30	2.20

4 Proposed General Fund Revenue Budget 2017/18

- 4.1 In February 2016, the Council was presented with the Medium Term Financial Strategy (MTFS) that forecast a gross pressure of £10m in 2017/18. Cabinet considered a report on 7 September 2016 that amended the MTFS in light of changes to business rates and inflation assumptions, a net increase of £0.1m. A further £0.420m pressure was added to the MTFS pressures through the Cabinet reviewing and recommending a phased increase to the General Fund balance to £9.26m over the next three years based on a review of current risks.
- 4.2 The Transformation Programme approach has identified a series of proposals through the various Boards that were convened, each chaired by a member of the Directors' Board and consisting of officers from across all services. The savings proposals largely concentrate on services generating additional income and expenditure efficiencies through contracts, centralisation of property management and additional staffing costs such as agency numbers. Direct impact on frontline services is limited but the efficiencies above could have an effect if not properly managed, as could be expected.
- 4.3 These have been reported through the cross party Council Spending Review panel, the relevant Overview and Scrutiny Committees and the Cabinet.
- 4.4 Members should be aware that there is, however, £2.5m of savings previously agreed over a range of services to be delivered in 2017/18.
- 4.5 Headlines to the 2017/18 budget include investment in the following three areas:
- Environment – after the successful pilot of Clean It, Cut It, Fill It, £1m has been included within these budget proposals to build this into the base budget to continue this initiative on a permanent basis;
 - Children's Social Care – Children's Social Care has seen considerable budget and service pressures in recent years and these have been regularly reported to both Cabinet and Children's Overview and Scrutiny Committee. The need to moving Children's Social Care to a financially stable service has been a key

focus for the Council and some of the plans to move the service to a more financially resilient position over the next two years are set out below:

- Observing a Fewer Buildings, Better Services ethos; and
- Rebasing the budget with an additional £4.7m and a further increase of £0.7m in line with the advice from iMPower, the consultants that have been working with the service over recent months. The impact of this work will take time to have a full impact whilst early intervention measures take effect and the financial trajectory indicates increased resource for the next two financial years, though at a reduced level than previous years, before starting to see reductions in 2019/20.
- Adults' Social Care – A 3% ASC precept will realise circa £1.7m and the government has reallocated New Homes Bonus nationally to create a one off ASC Support Grant – Thurrock will receive £0.657m creating a budget injection of £2.4m in 2017/18.

4.6 When allocating the previously agreed efficiencies and the proposals set out through the Transformation Programme in recent months, the draft budget envelopes for services for 2017/18 are as follows:

	£'000
Adults, Housing and Health	34,513
Children's Services	32,629
Environment and Place	26,022
Finance & IT	9,644
Human Resources and Organisational Development	4,335
Strategy, Communications and Customer Services	3,427
Legal Services	2,228
Commercial Services	557
Central Expenses	4,401
Recharges	768
Specific Grants	(573)
Service Budget Total	117,951
Levies	566
Capital Financing	(5,378)
Net Expenditure	113,139
Financed by:	
Revenue Support Grant	(14,660)
NNDR	(34,481)
New Homes Bonus	(3,531)
Collection Fund Balances	1,215
To be funded through Council Tax	(61,682)

- 4.7 In addition, this budget delivers an increased General Fund Balance of £9.26m over the three year period.
- 4.8 Should any changes be made to these proposals that results in a budget that no longer balances, further savings will need to be identified Options are likely to be in the areas where growth is identified but not yet committed:
- Reduction to the £1m investment in the Environment; or
 - Reductions to the growth allocations to Adults' and Children's social care.

5 Medium Term Financial Strategy (MTFS)

- 5.1 The MTFS covering the period 2018/19 through to 2020/21 is attached at Appendix 3 which includes the assumption that there will be a 4.99% council tax increase in 2018/19 and 1.99% for subsequent years.
- 5.2 Whilst this paper proposes a balanced budget, the MTFS shows a deficit of £9.258m of which £1.817m has been identified through the Transformation Programme approach reducing the deficit to £7.441m. Over the three year period, the gross forecast deficit is £20.182m that, after Transformation Programme proposals, reduces to £16.579m.
- 5.3 The above figures do not yet include any service review savings that will include both further income and increase expenditure efficiencies that will make significant headway into this forecast and support the council in becoming a financially independent local authority.

6 Reserves

- 6.1 The Council's total useable reserves, including "ear-marked" reserves, as at 1 April 2016 were £38.055m, a reduction of £15.103m over the year before. A number of these reserves are for capital, schools and the Housing Revenue Account (HRA). The estimated balance available for General Fund purposes as at 1 April 2017 is just the General Fund unearmarked balance of £8m. This balance is in line with the Council's optimum level of reserves as set out in the 2016/17 budget papers, not reflecting the potential increase recommended tonight which would be accounted for on future reports.
- 6.2 There is no set formula to determine this balance but it is for the Council's S151 Officer to consider the Council's past financial performance and risk to the budget over the future medium term and to then recommend a balance to the Council. It is, however, for the Council to set this balance considering that recommendation.
- 6.3 Cabinet received a report on 7 September 2016 that considered the General Fund balance. The Director of Finance and IT considered the increased pressures and demands on the council against a reducing budget envelope and determined that the balance should be increased to £9.26m. The recommendation is to achieve this revised balance over the life of the MTFS

through annual contributions of £0.42m per annum. It is recommended that this be met through capitalising the Minimum Revenue Provision to that amount over each of the next three years to have no net effect on the General Fund budget.

7 Government Funding – Dedicated Schools Grant

- 7.1 The Dedicated Schools Grant (DSG) was introduced in 2006/07 as a 100% specific grant to fund the schools' budget.
- 7.2 Since 2013/14 the Grant has been split into three blocks: these are Schools Block; High Needs Block; and Early Year Block. Whilst the DSG is ring fenced the separate blocks are currently not ring fenced to each area but any movement from the Schools block would have to be agreed by the Schools' Forum.
- 7.3 The Original allocation of the DSG was calculated based on the 2012/13 spend and there has been no inflationary increase since then. However, during 2016/17, the Department for Education (DfE) has undertaken a base lining exercise as the first move to a national funding formula for all schools from 2018/19.
- 7.4 The rebased Schools block and the Early Years block are uplifted, based on a multiple of pupil numbers and unit value, whilst there is more limited growth in the High Needs block.
- 7.5 Within the Schools block, the Local Authority (LA) is not permitted to increase the central expenditure beyond the levels of 2012/13 which relates to prior commitments. All other funding is delegated to schools to manage locally.
- 7.6 For 2017/18 the previously separately funded Education Services Grant, for funding central duties, has been transferred to the DSG. This is funding for Council retained duties for Schools and Academies and, with the agreement of the Schools forum, will be allocated to central budgets.
- 7.7 From 2018/19 the Schools block will be split to represent specific central expenditure and that funding will be allocated directly to schools through the National Funding Formula.
- 7.8 The DSG allocation is based on the October pupil count and allocations were given in December for the Schools and High Needs blocks with an indicative allocation of the Early Years block which is updated for actual pupil take up during the year.
- 7.9 The Basis of the October Count has caused some dilution of funding to schools as Thurrock is going through a significant period of pupil growth which means that pupils are being funded in Schools before they are funded through the DSG. This effectively means there is a top slice to all schools' funding rates to cover the increased numbers.

- 7.10 It is expected that, for 2018/19, LAs will be directly funded through a separate allocation to support schools' growth which is likely to be beneficial for Thurrock.
- 7.11 There has been no change to the Thurrock Formula for financing schools this year with the Schools' Forum agreeing that during a time of reducing budgets further turbulence should not be added by changing the method of distribution. Therefore budget allocations are based on the same multipliers as in 2016/17.
- 7.12 DSG is calculated for all mainstream schools in Thurrock, including Academies, using the Thurrock funding formula. The Education Funding Agency then recoups funding to be distributed to Academies and a net Grant is paid to the council. This ensures that Academies and maintained schools are funded on the same basis. All figures in this report are gross.
- 7.13 The allocation of funding for Special Schools and the Pupil Referral Unit is no longer included as schools funding but is included in the High Needs Block. For 2017/18 the costs of Special Educational Needs transport have been transferred from the Schools to the High Needs block to better represent the cost drivers.
- 7.14 The DfE are currently consulting, up until 22 March 2017, on a different allocation methodology and a move to a national funding formula for all schools and Academies to be introduced for the 2018/19 year. The effect this has on individual schools will depend on their characteristics but broadly funding is being more directed to pupils with additional needs such as deprivation and low prior attainment.
- 7.15 The per pupil rate of Schools block DSG paid to Thurrock is £4,440.54 against an all-England average of £4,618.43. The total value of the DSG paid for 2017/18 is £145.55m (gross before Academy recoupment) made up of:
- | | | |
|----|-------------------|----------|
| a) | Schools Block | £112.57m |
| b) | High Needs Block | £21.75m |
| c) | Early Years Block | £11.23m |
- 7.16 At the end of 2016/17 all but one secondary school, 27 of the 39 primary schools and one of the two special schools has converted to Academy status. The remaining special school and three primary schools are due to convert at the beginning of the 2017/18 financial year.

8 Proposed Additions to the Capital Programme

- 8.1 The Capital Programme plays a key role in not just supporting and maintaining the borough's and the council's infrastructure but also includes strategic and place making schemes supporting both the place making and commercial agendas.
- 8.2 The following sources of funding are available to the General Fund:

- Capital Receipts – these are the receipts realised from the disposal of capital assets such as land and buildings. The Property Board, at the request of Cabinet, has commenced a strategic review of the asset base and will report back to Cabinet with an updated strategy, including a disposal programme, in due course. Asset management in the future will be based on the simple ethos of– Release – Reuse - Retain;
 - Grants and Contributions- these could be ad hoc grants awarded from government or other funding agencies or contributions from developers and others;
 - Prudential Borrowing – the Council is able to increase its borrowing to finance schemes as long as they are considered affordable and are deemed to meet the public good; and
 - Revenue – the Council can charge capital costs directly to the General Fund but the pressure on resources means that this is not recommended.
- 8.3 On the basis that capital receipts are currently limited and, with a low level of reserves in place, any receipts may be set aside for debt repayment or a contingency towards revenue pressures (ability to use capital receipts for MRP purposes), the main areas of funding are grants and contributions – but these tend to be for specific purposes – and prudential borrowing – the main source for the attached proposals and current programme.
- 8.4 The capital programme has, in the past, only reflected and contained basic operational needs – plant, equipment, modest investment in open spaces and, more recently, some allocations for invest to save initiatives, digital technology and highways schemes.
- 8.5 The proposals at appendix 5 cover those elements that services consider essential for operational continuity as well as proposed improvements. Appendix 6 contains a list and brief description of the schemes put forward under the ‘future and aspirational’ banner.

Service Operational Proposals

- 8.6 The service operational capital proposals are essential to continuing effective service delivery. They include maintaining buildings, such as the civic offices, mandatory health and safety works, replacement of the environment fleet and plant and upgrading hardware and software to ensure they are fit for purpose and robust.
- 8.7 Whilst the above will also add improvement, there are also a number of schemes, especially around digital and change, that will support services to make efficiencies and to improve the service overall to residents.

Future and Aspirational Proposals

- 8.8 Members will be aware of a number of work streams, masterplans, etc that have built up a number of options for future schemes. A new theatre provision, an Integrated Healthy Living Centre, etc. No funding has yet been formally agreed for any of these schemes as further work is required to develop business plans on their financial viability and impact. The recommendation to Council is to set aside an amount of transformation funding – up to £2m – to develop detailed feasibility work on these schemes to bring forward more definitive proposals through Scrutiny, Cabinet and Council later in the year.
- 8.9 Corporate Overview and Scrutiny supported the approach detailed in 8.8 above.

9 Other Capital Recommendations

- 9.1 In previous years, the recommendations to Council have also included delegations to Cabinet to agree additions to the capital programme under the following criteria:
- If additional third party resources are secured, such as government grants and s106 agreements, for specific schemes;
 - Where a scheme is identified that can be classed as ‘spend to save’ – where it will lead to cost reductions or income generation that will, as a minimum, cover the cost of borrowing; and
 - For Gloriana schemes.
- 9.2 A recent example as to how a delegation has worked is the East Tilbury GP Practice. As this scheme was not in the capital programme, it is as a result of the above delegations – the fact that income to be attained will cover the cost of financing – that Cabinet can take the decision to proceed with the proposed purchase. Had this delegation not been in place, council approval would have been required. The timescales to do so may have prevented the council being able to act quickly and effectively to be in a position to purchase the building, leading to a possible competitive bidding process that might have either pushed up the cost of the facility or worse, seen the building being purchased by another organisation or individual.
- 9.3 Corporate Overview and Scrutiny were supportive of delegations on third party resources and spend to save. There was no consensus on whether there should be a de minimus on delegations set and so it is planned to carry out a review on delegations such as these in the next municipal year to inform future decisions.
- 9.4 Members will consider the issues being expressed regarding funding of Gloriana schemes and report back to the relevant committee in due course.

- 9.5 The delegation requested is that any approval is deemed to be part of the capital programme and that the necessary prudential indicators set out in the Treasury Management Strategy are amended accordingly.
- 9.6 This approach means that estimated amounts for schemes that may or may not take place are not included in the programme, removing the need for speculative provisions.
- 9.7 At February Cabinet, it was noted that the administration seek to review delegations in the forthcoming municipal year, so to ensure proportional and adequate oversight before transactions are approved.

10 Issues, Options and Analysis of Options

- 10.1 The issues and options are set out in the body of this report in the context of the latest MTFS and informed by discussions with the Council Spending Review panel and Directors' Board.

11 Reasons for Recommendation

- 11.1 The Council has a statutory requirement to set a balanced budget annually. This report sets out the budget pressures in 2016/17 and recommends a balanced budget for 2017/18 to the Council.

12 Consultation (including Overview and Scrutiny, if applicable)

- 12.1 This report has been developed in consultation with the Leader, Portfolio Holders and Directors Board. In addition, Corporate Overview and Scrutiny Committee considered the budget proposals on 18 January 2017 with their comments set out in the body of the report. Group Leaders and Deputy Leaders have been involved throughout the budget planning process through the Council Spending Review Panel. Officers have attended political group meetings to provide a briefing on the overall financial position.

13 Impact on corporate policies, priorities, performance and community impact

- 13.1 The implementation of previous savings proposals has already reduced service delivery levels and our ability to meet statutory requirements, impacting on the community and staff. This budget starts to rebuild key service budgets with real growth allocated to Children's and Adults' Social Care and the Environment.
- 13.2 Whilst the direct impact on frontline services is low from the new proposals, the efficiencies could have an effect if not properly managed, as could be expected.

14 Implications

14.1 Financial

Implications verified by: **Sean Clark**
Director of Finance and IT

The financial implications are set out in the body of this report.

Council officers have a legal responsibility to ensure that the Council can contain spend within its available resources. Regular budget monitoring reports will continue to come to Cabinet and be considered by the Directors Board and management teams in order to maintain effective controls on expenditure during this period of enhanced risk. Austerity measures in place are continually reinforced across the Council in order to reduce ancillary spend and to ensure that everyone is aware of the importance and value of every pound of the taxpayers money that is spent by the Council.

14.2 Legal

Implications verified by: **David Lawson**
**Deputy Head of Legal & Governance -
Monitoring Officer**

There are no direct legal implications arising from this report.

There are statutory requirements of the Council's Section 151 Officer in relation to setting a balanced budget. The Local Government Finance Act 1988 (Section 114) prescribes that the responsible financial officer "must make a report if he considers that a decision has been made or is about to be made involving expenditure which is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority". This includes an unbalanced budget.

14.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

There are no specific diversity and equalities implications as part of this report. A comprehensive Community and Equality Impact Assessment (CEIA) will be completed for any specific savings proposals developed to address future savings requirements and informed by consultation outcomes to feed into final decision making. The cumulative impact will also be closely monitored and reported to Members.

14.4 Other implications (where significant – i.e. Staff, Health, Sustainability, Crime and Disorder)

Any other significant implications will be identified in any individual savings proposal business case to inform the consultation process where applicable and final decision making.

15 Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Budget working papers held in Corporate Finance
- Council Spending Review Panel papers held in Strategy and Communications

16 Appendices to the report

- Appendix 1 – Report of the Council's Section 151 Officer under Section 25 of the Local Government Act 2003: Robustness of Estimates and Adequacy of Reserves
- Appendix 2 – Summary of MTFS Movements
- Appendix 3 – Medium Term Financial Strategy
- Appendix 4 – Schools' Budget
- Appendix 5 – General Fund Capital Programme Proposals
- Appendix 6 – Future and Aspirational Capital Proposals

Report Author:

Sean Clark, Director of Finance and IT, Chief Executive's Office

**SECTION 151 OFFICER'S STATEMENT ON ADEQUACY OF BALANCES AND
THE ROBUSTNESS OF THE BUDGET – BUDGET YEAR 2017/18**

Introduction

The Chief Financial Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act which states the following:

- (1) *Where an authority to which section 32 or 43 of the Local Government Finance Act 1992 (billing or major precepting authority) or section 85 of the Greater London Authority Act 1999 (c.29) (Greater London Authority) applies is making calculations in accordance with that section, the Chief Finance Officer of the authority must report to it on the following matters:-*
- (a) *The robustness of the estimates made for the purposes of the calculations;
and*
- (b) *The adequacy of the proposed financial reserves.*
- (2) *An authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.*

This includes reporting and taking into account:

- The key assumptions in the proposed budget and to give a view on the robustness of those assumptions; and
- The key risk areas in the budget and to assess the adequacy of the Council's reserves when reviewing the potential financial impact of these risk areas on the finances of the Council. This should be accompanied by a Reserves Strategy.

This report has to be considered and approved by Council as part of the budget approval and Council Tax setting process.

This document concentrates on the General Fund, the Housing Revenue Account and Capital Programme but, in addition, it also considers key medium term issues faced by the Council.

Statement of the Council's Section 151 Officer (Director of Finance and IT)

1. I have reviewed the budget proposals for 2017/18 and consider them to be challenging but achievable. There are specific areas within the budget that carry a degree of risk and will require strong officer and political management to achieve them:
- a) During the 2015/16 budget setting meetings, service related savings of £2.5m were agreed for the 2017/18 financial year and some of these are still in the process of being delivered;

- b) As the Council continues the direction towards a more commercial approach, income targets become more stretching. All targets have been agreed by the relevant services but obviously depend on take up from third parties and so carry a degree of risk. Improved monitoring arrangements are being implemented;
 - c) There are targeted reductions in additional employee costs such as agency, overtime and consultancy. Confidence is taken from the increased management and targeted approach in these areas but a high level of monitoring will be required;
 - d) Whilst this budget provides significant growth for both Adults' and Children's Social Care, increasing demand in both of these areas is well documented. Transformation programmes for both areas are in place and progress will be closely followed;
 - e) The impact of welfare reform continues to evolve and may increase demands on services and provide a challenge to the collection of council tax and rents;
 - f) There have been a number of contract failures within Adult Social Care by third party providers. Whilst the impact on those receiving care could be significant if not managed properly, action taken to stabilise the failure is always more costly. Work within the service is seeking to minimise this risk but a financial impact is likely should the risk materialise;
 - g) The level of Public Health Grant (PHG) continues to reduce whilst the expectation of delivery remains the same. Since the council took on responsibility for PHG in 2013/14, there has been a reduction of £1.2m, approximately 12%, and further reductions are planned over the remaining life of this parliament. Recent procurement exercises have mitigated these reductions to a degree; and
 - h) The Housing Revenue Account continues to face pressures brought about by the legislative periods of rent reductions – circa £14m of income lost over the life of this MTFS. Demands for increased repairs budgets may be at risk if additional income and/or corresponding reductions in other areas of expenditure are not achieved.
2. The key process risks in making the above statement is the availability of timely and relevant financial information to the services. This is two-fold:
- a) The reporting ability of the Council's financial system is still inadequate and, whilst some progress has been made ahead of the financial year, further work is continuing to support budget management within services; and
 - b) A number of the service specific systems, notably housing and Social Care, do not interface with the financial system in a way that allows the identification of future commitments. This is included within the Oracle Steering Group's considerations.

These risks are known and although there has been progress on the general reporting, work needs to continue to improve still further.

3. In addition, the demands within the senior leadership group and services to both deliver core services and implement the transformational change required means that capacity is a risk to delivery. Directorate Management Teams and Directors' Board will have to manage this risk and redirect resource where necessary.
4. My statement for both 2017/18 and the medium term is also conditional upon:
 - Members supporting the need for the Council to become far more commercial, including the need to increase the Council's income base, in both the General Fund and the Housing Revenue Account, through both core business and other investment opportunities;
 - The agreement of a Medium Term Financial Strategy and Plan for 2018/19 to 2020/21 that requires significant reductions in net revenue expenditure to deliver a balanced budget for the financial years 2018/19 and beyond;
 - A recognition in the medium term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent contingency planning. It must be noted, however, that the recommended levels of reserves still leave the Council exposed to the very exceptional risks identified in this review and, if those risks crystallise, to reserves being inadequate;
 - Portfolio Holders, Directors and Heads of Service managing within their cash limits for 2017/18 (and future years covered by the Medium Term Financial Strategy and Plan);
 - Taking every opportunity to meet the Reserves Strategy as a first call on windfall underspends or receipts;
 - Not considering further calls on reserves other than for those risks that have been identified, those that could not have been reasonably foreseen and that cannot be dealt with through management or policy actions. The exception to this is where the Reserves Strategy (reviewed annually) is met. Even in those circumstances, it is not prudent to finance ongoing spending from one-off reserves. Any excess reserves should be targeted towards one-off 'invest to save', supporting the transition that is required for future service delivery and contributions to fund the Council's capital programme;
 - Where there is a draw-down on reserves, which causes the approved Reserves Strategy to be off target, that this is paid back within a maximum of three years; and

- That the Council has arrangements and resources in place to consider value for money in preparation for future years' budgets.
5. In relation to the adequacy of reserves, I recommend the following **Reserves Strategy** based on an approach to evidence the requisite level of reserves by internal financial risk assessment. The Reserves Strategy will need to be reviewed annually and adjusted in the light of the prevailing circumstances:
- An absolute minimum level of General Fund reserves of £8.0m – an increase of £1.0m - that is maintained throughout the period between 2017/18 to 2020/21;
 - An optimal level of reserves of £9.26m over the period 2017/18 to 2020/21 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances – an increase of £1.26m to be achieved within three years;
 - A maximum recommended level of reserves of £12.0m for the period 2017/18 to 2020/21 to provide additional resilience to implement the Medium Term Financial Plan; and
 - In relation to the Housing Revenue Account (HRA) my recommendation is that reserves be set at a minimum £1.7m as previous years but with a target of £3m to be achieved within three years.
6. The estimated level of unallocated General Fund reserves at 31 March 2017, based on current projections is £8.0m, depending on final spending. Therefore:
- The absolute minimum level of reserves of £8.0m is currently being achieved;
 - To achieve the optimal level of reserves of £9.26m, annual contributions over a maximum of three years are required;
 - The recommended maximum level of reserves of £12.0m will not be reached during 2017/18.
7. These recommendations are made on the basis of:
- The detailed discussions that have taken place at Directors' Board, including the regular review of the high risk proposals;
 - My own enquiries during the development of the budget;
 - The resilience required to deliver the Medium Term Financial Plan;
 - One-off unallocated reserves not being used to fund new ongoing commitments;
 - Reserves in 2017/18 and the foreseeable future being used only where planned and if risks materialise and cannot be contained by management or policy actions; and

- That where reserves are drawn down, the level of reserves is restored within a maximum of three years to that required by the Medium Term Financial Strategy.
8. There are also serious exceptional risks over and above those mentioned which, if they crystallise, could eliminate the Council's reserves and leave its financial standing seriously in question. These include:
- Not having a clear plan on how to meet the financial challenges of 2018/19 and the medium term;
 - Not realising the efficiencies from transformation and new ways of working;
 - Unforeseen impacts arising from the consequences of welfare reform, in particular the roll out of Universal Credit;
 - Unforeseen impacts arising from the governance and financial changes in the provision of public health services;
 - The impact of the localisation of business rates and the consequences of future changes in the total rateable value of businesses located in Thurrock;
 - Interest rate rises that would reduce the ongoing savings arising from the restructuring of debt carried out in August 2010;
 - The failure of Gloriana Thurrock Ltd; and
 - The lack of contingency funds to meet demographic and economic pressures, especially at this time of significant change.
9. In relation to the Capital Programme 2017/18 (including commitments from previous years and new projects):
- The HRA Capital Programme will need to be contained within total programme costs;
 - The General Fund Capital Budget is based on the best information available in terms of project costs. What is less certain, given the history of cost variations, is the phasing of expenditure; and
 - Capacity to deliver the schemes in both time and budget.
10. In relation to the medium/long term Capital Programme:
- The delivery of the agreed Capital Strategy and Asset Management Plan is a critical priority to enable the matching of resources to needs and priorities; and
 - Developing the future and aspirational schemes to a viable business case stage.

Assurance

Given all these factors I consider the estimates for 2017/18 to be sufficiently robust for approval by the Council but they are challenging and dependent on the Council Tax being increased as proposed and strong financial management from officers and Members. I advise the Council that both the General Fund and HRA Reserves are currently at the minimum level required to ensure financial stability over the medium term though both budgets, if agreed as proposed, put the plans in place to achieve the optimum level and recommend that the Reserves Strategy be maintained in 2017/18 and the medium term.

SUMMARY OF MTFs MOVEMENTS

	2017/18	
	£000s	
Opening Estimated Deficit	9,976	
Base budget pressure 2016/17	206	
Future savings agreed during 2014/15	(2,484)	
Children's full year savings from 2016/17 mitigation	(1,200)	
Council Tax base adjustment	(590)	This relates to the increase in Band D properties – a council tax increase of 3.99% is included in the opening balance
Reduction to employment budget growth	(200)	A reduction in the provision for the pay award and increments post review
Income generation (Commercial)	(1,030)	See appendix
Property/asset rationalisation (Property)	(835)	See appendix
Procurement/contracts (Procurement)	(940)	See appendix
Efficiencies/transformation (Digital & ICT)	(130)	See appendix
Efficiencies/transformation (Customer)	(100)	See appendix
Efficiencies/transformation (People)	(700)	See appendix
Sub-total	1,973	
Target reduction in growth allocation (currently £3.5m)	(1,700)	The remaining £1.8m allocated to ASC £1.1m in line with 2% precept and £0.7m allocated to Children's Social care in line with IMPOWER recommendation
Efficiencies/transformation (Service Reviews)	(577)	See appendix
Contribution to increased GF Balance	420	As per Cabinet recommendation
Working Balance deficit/(surplus)	116	
Environmental investment	1,000	Clean It, Cut It, Fill It
Revised deficit/(surplus)	1,116	
Capitalise part of MRP budget to meet GF balances contribution	(420)	This meets the principle of only budgeting for the approach of capitalising MRP for items that are not ongoing base budget pressures
Revised Treasury projections	(500)	Ongoing low interest rates, investment returns and a reduction in the MRP budget
Reduction to Transformation Budget	(200)	A reduction to the provision made to meet ongoing costs – licenses etc – of transformation projects
Additional Income from LCTS	(40)	As per Council on 25 January 2017
Total deficit/(surplus)	(44)	

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	2018/19	2019/20	2020/21
	£000	£000	£000
Local Funding			
Council Tax Base / Charge	(1,739)	(1,739)	(1,844)
Council Tax Social Care Precept	(1,750)	0	0
Council Tax Collection Fund Surplus	555	0	0
Business Rate Growth	(933)	(378)	(658)
Business Rates Section 31 Grants	18	0	0
Business Rate - Collection Fund Deficit	(560)	0	0
	(4,409)	(2,117)	(2,502)
Total Government Resources			
Revenue Support Grant	3,962	4,000	658
New Homes Bonus	831	109	0
Other Central Grants	300	300	300
	5,093	4,409	958
Net Additional (Reduction) in resources	684	2,292	(1,544)
Inflation and other increases			
Pay award at 1%, Increments and legislative changes	1,481	1,398	1,398
Waste contract inflation	403	371	389
Non Contract Inflation - Utilities and Fuel and Oil	619	681	681
Fees and Charges	(100)	(100)	(100)
Levy adjustment	45	54	
	2,448	2,404	2,368
Capital Financing			
Prudential Borrowing & Treasury Management	2,976	1,240	1,664
	2,976	1,240	1,664
Demographic and Economic Pressures, Including:			
Increased Demand	2,650	1,500	1,000
Loss of Purfleet Asset income	500	0	0
	3,150	1,500	1,000
Services Design Principals and Strategic Boards			
Procurement Total	(205)	(205)	
Commercial Total	(457)	(291)	
Customer & Demand Management Total	(100)	0	
Digital Total	(280)	(190)	
Service Reviews – To be updated on completion of each review	-	-	
People Total	(500)	(500)	
Property Total	(275)	(600)	
	(1,817)	(1,786)	
Total Savings to Identify	7,441	5,650	3,488

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Government Funding – Dedicated Schools Grant (DSG)

<u>2017/18 Schools Funding</u>	£m
DSG Schools Block	112.568
ESG retained duties	(0.410)
Maintained for Central Spend	<u>(1.546)</u>
	110.612
Retained for School Growth (Note a)	(1.150)
Transferred to High Needs (Note b)	(0.822)
Distributed to Schools	108.640

Notes

- a) Whilst known growth has been built into the allocations, future growth funding will be allocated to schools in year where the school has been requested by the LA to open an additional class in the academic year due to pupil demand. This funding is not allocated for general in year pupil movement. A growth policy has been approved by the DfE and any remaining balance at the end of the year must be returned to the Schools block.
- b) This funding has been transferred to the High Needs block with agreement from the Schools' Forum to support funding for continuing pressures within the High Needs block and is likely to fund additional costs of Independent and Special School placements.

<u>2017/18 Estimated High Needs Block Spend</u>	£m
Special Schools	6.800
Resource provisions	3.200
Independent/ Non Maintained Special School	3.600
Pupil Referral Unit/Alternative provision	2.800
Schools additional needs top up	3.450
SEN Transport	1.200
Post 16 additional needs top up	700
Total	21.750

Early Years Block Spend

2017/18 sees the move to a national funding formula for early years provision and some additional funding has been allocated to support pressures in the market. A Thurrock consultation took place during January to seek opinions on how this would be best passed to providers.

3 and 4 year Old Provision

The majority of the Early Years block spend will fund the free 15 hour per week, 38 week placements for 3 and 4 year olds delivered at either a school, Private,

Voluntary or Independent early years setting. This is adjusted mid-year based on the average of the last two January counts. For September there will be the addition of 30 hours funded places available for working families, where both parents work (or one parent in a single parent family) over 16 hours and have a joint income of less than £100,000.

2 Year Old Provision

2 year old provision is funded at a higher rate as is only available to pupils in lower income households. Funding will all be allocated to providers to deliver the 15 hours, 38 week provision and is allocated to the Authority based on participation. This funding is subject to the normal DSG conditions.

<u>2017/18 Estimated Early Years Block Spend</u>	£m
15 Hour 3 and 4 Year Old Provision	7.600
2 Year Old Provision	1.970
Extended 30 Hours Provision	1.100
Central Early Years Costs	560
Total	11.230

New Capital Proposals

Category	Scheme	Category	Comment	2017/18	2018/19	2019/20
Environment	Vehicle and plant replacements programme (including £6.2m for new refuse vehicles at the end of their economic life), and to meet the requirements of renewing the waste contracts. This project meets the build pride, responsibility and respect to create safer communities; and protect and promote our clean and green environment Council priorities. Total of £8.750m required in 17/18 including the £1.6m carry forward.	Essential Operational Requirement	To maintain and strengthen operational continuity	7,150	341	406
Environment	Redevelopment of Household Waste & Recycling Centre at Linford	Improvement / Enhancements	Released on evidence of a costed business case	1,500	1,100	-
Open Space Enhancements	Active Place - Sports and Leisure Facility Development - provision of facilities such as long lasting play equipment and sports facilities at play parks across the Borough.	Improvement / Enhancements	To maintain and strengthen operational continuity	500	725	125
Open Space Enhancements	Tilbury Town Centre Public Realm Package, including improvements to cycling infrastructure, street furniture etc. This will deliver an early outcome from the Tilbury masterplanning work and improve the quality of the physical environment in Tilbury town centre.	Improvement / Enhancements	Parks, open spaces and public realm enhancement	100	260	132

New Capital Proposals

Category	Scheme	Category	Comment	2017/18	2018/19	2019/20
Operational	Target hardening of various sites throughout the borough in an attempt to prevent continuous fly tipping, illegal access to sites. This is subject to Cabinet agreeing target hardening measures, such as height restrictors and CCTV, as part of the environmental enforcement strategy later this year.	Improvement / Enhancements	Public prevention and crime prevention	150	200	150
Digital and ICT Infrastructure	Digital enablement - transformation of service delivery for children aged 0 to 19. This ensures that the multi-disciplinary team is working with one integrated database so that a holistic approach can be taken to working with the most vulnerable families and they do not have to repeat their story to different professionals. This supports the approach of reaching out to the most vulnerable children in the communities.	Essential Operational Requirement	Released on evidence of a costed business case – Spend to Save	180	-	-
Property	The agreement with the Education Funding Agency, for a new secondary school in Purfleet, requires the demolition of Smurfitt Kappa factory for the sale of land for the construction of a new secondary school. This will result in a capital receipt of £1.88m for the Council.	Improvement / Enhancements	As part of agreement with the Education Funding Agency	220	-	-
Digital and ICT Infrastructure	Essential upgrades to physical infrastructure and operational software. Includes improvements to the server room and servers,	Essential Operational Requirement	To maintain and strengthen operational continuity	1,324	1,003	740

New Capital Proposals

Category	Scheme	Category	Comment	2017/18	2018/19	2019/20
	upgrades to key software and operating systems to maintain current versions.					
Property	Various essential capital repairs to operational buildings, including Coalhouse Fort.	Essential Operational Requirement	To maintain and strengthen operational continuity	639	340	208
Property	Various works at Blackshots, Belhus & Corringham leisure centres as part of the Councils landlord responsibilities including Health and Safety. The project meets the Improve Health and Well Being Council priority.	Essential Operational Requirement	Released on evidence of a costed business case and subject to Cabinet approval	1,103	533	-
Total Value of Current Proposals				12,866	4,502	1,761
Corporate	Budget to advance work on future and aspirational schemes to inform a further capital programme report on the schemes set out in appendix 2.			2,000		
Total Requirement				14,866	4,502	1,761

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Future and Aspirational Capital Proposals

<p>Older Persons Shared Ownership Units</p> <p>Shared Ownership units, for older people on the former Whiteacre and Dilkeswood site. In addition a further 46 general needs units could also be developed.</p> <p>This will meet the Improve Health and well-being to ensure people stay healthier longer, adding years to life and life to years Council priority.</p> <p>(Government Grant Funded and Capital Receipts)</p>
<p>Grangewaters – a Commercial Operation</p> <p>To explore a building conference/training centre, moving the facility into a more commercial based operation and provides income generation opportunities for the whole year.</p> <p>This scheme meets the need to create a great place for learning and opportunity; and Improve health and well-being Council priorities. Subject to completion of the Aspire programme.</p>
<p>Alternative Theatre Provision</p> <p>Construction of a new Theatre and multi-functional performance spaces in Grays. This is subject to further feasibility work on theatre options including consideration of potential providers being undertaken by consultants in the context of the Grays masterplan.</p> <p>This scheme meets all of the Council's priorities.</p>
<p>Collins House Expansion</p> <p>Develop an additional 3 storey wing for Collins House containing 30 single ensuite bedrooms, to help manage growing demand.</p> <p>This will meet the Improve Health and well-being to ensure people stay healthier longer, adding years to life Council priority.</p>
<p>Housing Estate Regeneration</p> <p>To consider the outcome of work on the business case for regenerating the Council's housing estates, being done in conjunction with the Department for Communities and Local Government and Local Partnerships. The work will be presented to Cabinet later this year for decision and implementation.</p> <p>The project meets the building pride, responsibility and respect to create safer communities; encouraging and promoting job creation and economic prosperity; and Improving health and well-being Council priorities.</p>
<p>Tilbury Integrated Healthy Living Centre</p> <p>Development of Tilbury Integrated Health Living Centre, in collaboration with Thurrock Clinical Commissioning Group, Community Health Partnerships and other key stakeholders as one of four hubs across the borough. This is subject to a business case being agreed with health partners.</p> <p>This project meets all of the Council's priorities.</p>
<p>A Digitally "Smart" Borough</p> <p>Deliver an enabling municipal infrastructure that will underpin Thurrock's development as a "Smart Place".</p> <p>(Part Government Grant Funded)</p> <p>We are looking at a number of smart place opportunities that can be commercialised. To support a smart place it is anticipated that we will need infrastructure to support borough wide sensor, camera and data networks. It is anticipated that commercial revenue streams will come from providing partners and customers access to these networks (including ultrafast broadband fibre) and selling data from them (traffic flows, pollution etc.)</p> <p>It is expected that there will also be some cost avoidance as we are looking to move our corporate Wide Area Network onto this infrastructure.</p>

Future and Aspirational Capital Proposals

Finally there will be indirect benefits – developing a strong local digital offer will accelerate local regeneration and associated tax incomes, and the information from the networks will assist in the avoidance of front line service costs. Examples are social care (smart assisted living), public health (pollution control for chronic lung issues) and litter/flytipping prevention (improved cctv/surveillance capability).

We are still exploring options, but we expect benefits to be related on the amount of investment we are prepared to make.

The proposal supports all council priorities.

Use of Technology in Customer Services

Explore the introduction of innovative technology (such as Artificial Intelligence sometimes known as ChatBots) into the customer service contact centre. We are already looking to change the focus of our customer service offer as part of the emerging Customer Service Strategy and channel shift, enabling residents to self-serve as much as possible and make it easier to interact with the council outside of normal working hours. There is an opportunity to exploit the use of digital technology further to eliminate the need for introducing expensive on-call / shift rotas. ChatBots are just one idea to help drive efficiencies and provide a better customer experience. A detailed review of what other councils and organisations are using/moving too and feasibility study would be required to identify the most appropriate opportunities and solutions for Thurrock.

High House Artist Studios

High House Works (Artist Studios II), providing an additional 10,000 sqft of creative workspace to support micro and small and medium sized enterprises (SMEs) from the creative industries sector on the production park.

This scheme will meet the encourage and promote job creation and economic prosperity priority.

New Commercial Space at Thurrock Parkway

Creation of industrial units at Thurrock Parkway, offering industrial, warehouse and office accommodation. Initial projection indicate net proceeds of between 2% and 5% depending upon method of financing, plus an increase to the business rates.

This project meets the encourage and promote job creation and economic prosperity priority.

New Commercial Space at Milehams Industrial Estate

Potential redevelopment of Milehams Industrial Estate to include a range of industrial, warehouse and office accommodation. Initial projections indicate net proceeds of between 1.25% and 5.25%, depending upon the method of financing.

This project meets the encourage and promote job creation and economic prosperity priority.

Blackshots Enhancements

Options at Blackshots to improve facilities and customer experience, such as the replacement of the roundhouse pavilion and improvements to the car park, to be considered as part of the implementation of the Active Places Strategy and subject to business planning.

Career & Development Portal

Creation of a career & development portal - a web based careers portal that would help strengthen our links and our role with community and businesses. Links to service review and selling services.

Released on evidence of a costed business case – Income Generation

Gap Analysis / Online Testing Tool

Organisational Development (OD) skills gap analysis / online testing tool to identify strengths and weaknesses of potential new job candidates and existing staff. This is linked to the service review

Future and Aspirational Capital Proposals

<p>and to the delivery of the staff survey action plan. There are generic skills needed by the workforce and we need to be able to identify these digitally, embedded in induction and delivered through development plans. Released on evidence of a costed business case.</p>
<p>Demolition Programme Demolition of 4 buildings, Unit 1 Curzon drive, Unit E Dock Road, Unit 1 Hume Avenue to enable site assembly and allow sites to be leased creating an income stream.</p>
<p>Tilbury Community Led Local Development Fund (CLLD) CLLD funding; including new cycling hub facility and shop front improvements in Tilbury. This will enable the Council to draw down capital match funding through the CLLD programme (once approved) and link with the successful Department for Transport Access Fund which will meet on-going revenue costs.</p>
<p>Public Realm Branding Review all signage and public realm where the Thurrock brand is or could be used as part of developing the overall profile of, and pride in, the place in line with the emerging communications and brand strategy. This would require an understanding of the volume of assets such as street and building signage and the capital costs of replacement as well as opportunities for potential sponsorship as an alternative.</p>
<p>Energy Efficiency Investigate the viability of solar panel installation to reduce the cost of utilities on Thurrock Council sites.</p>
<p>Industrial Estates in Housing Areas To look at options to relocate businesses from industrial sites located alongside housing areas (Towers Road, Grays & Stanhope Industrial Estate, SLH) which could then be reused for housing supply.</p>
<p>Compactor Litter Bins Installation of 20 Big Belly compactor litter bins in various locations throughout the borough, generating a saving of not emptying half empty bins. Decision will be based on a trial in three locations.</p>
<p>Fraud Modelling Tool Predicated fraud modelling using Xantura's analytical data modelling software which relates to Revenue and Benefits and is comprised of real time fraud checks. The government published in December 2016 that the latest estimate of fraud in Housing Benefits stands at 1.1%. Thurrock Council pays out circa £70m per annum and, if the estimate is correct, this includes £770k in fraudulent payments. It is impossible to say how much of this would be identified and saved through this software but, as an example, 5% equates to £38.5k paying back the investment in less than three years or 10% at £77k repaying the investment in 1.5 years.</p>
<p>Aveley Community Facility Aveley community facility phase 2 - inclusion of nursery accommodation to be leased out to an independent operator, providing revenue to the Council. Phase 1 is already included in the current capital programme. The scheme will create a great place for learning and opportunity, encourage and promote job creation and economic prosperity and build pride and respect to create safer communities. This is subject to the completion of a business case to justify phase 2 and the outcome of the review of</p>

Future and Aspirational Capital Proposals

libraries across the Borough, which will take account of the strategic approach to community hubs.

Linford Civic Amenity Site

To explore a second phase of capital works to create facilities for trade waste as an income generating opportunity.

22 February 2017	ITEM: 13
Council	
Housing Review Account Business Plan and Budgets 2017/18	
Wards and communities affected: All	Key Decision: Key
Report of: Councillor Gledhill - Leader of the Council and Portfolio Holder for Housing	
Accountable Head of Service: John Knight - Head of Housing	
Accountable Director: Roger Harris - Corporate Director of Adults, Housing and Health	
This report is public	

Executive Summary

This report sets out the base position after developing a new HRA Business Plan for 2017/18 onwards and in turn the HRA Budgets for 2017/18. The HRA needs to be financially viable whilst being able to continue to deliver the Council's housing priorities. We are still considering the implications of the recently published Housing White Paper.

The continuation of the government's rent reduction policy reduces the resources available in the HRA and as a result other ways of generating additional resources have been explored. The introduction and extension of service charges for tenants will ensure more tenants are contributing correctly for the services they directly receive.

A review of the housing service, including all activities funded by the HRA, is currently underway. It is anticipated that the review will identify areas where efficiencies and improvements can be made in HRA activities thereby freeing up resources for reinvestment in the service. These will be reflected in further updates to the Business Plan.

1. Recommendations:

To agree :

- 1.1 The Housing Revenue Account budget for 2017/18 as outlined in Appendix 1.

2. Issues, Options and Analysis of Options

2.1 This report sets out the 2017/18 Budgets for the Housing Revenue Account (HRA) along with the proposals for rent and service charges. The main changes are discussed within the report. The report identifies the changes within the budgets between 2016/17 and 2017/18.

2.2 The HRA 2017/18 budgets have been compiled in accordance with the 30 Year HRA Business Plan. This takes into account the long term strategy for the financial viability of the service. The Business Plan sets out how the Council will manage all aspects of its HRA services using the income raised locally through council rents and other sources of HRA income for revenue and capital purposes. The Business Plan:

- Sets out how the Council will deliver its housing commitments financially via a Self-Financing HRA as required
- Lists the main financial assumptions in the plan
- Sets out the main risks and how they will be managed

2.3 Base Model – Assumptions and Factors

The HRA Business Plan current Base Model reconciles to the 2016/17 HRA budget. The following assumptions are included in the Base Model in order to ensure the Business Plan is fit for purpose.

2.4 Revenue Budgets and Base Position

The current 2016/17 budgets are included as the base year in the plan. These reconcile to the Budget outlined in the Cabinet Report of February 2016.

2.5 Inflation

Inflation has been included at 1% for salaries, 1.5% for repairs linked to contractual uplifts and 0% for all other costs across the life of the Business Plan.

2.6 Rents

In line with the governments rent policy a 1% reduction has been applied to all rents for 2017/18 and the following two years (2018/19 and 2019/20) with a 1% increase thereafter. Affordable rents inclusive of service charges being applied to all New Build properties are capped at 70% of market value which was agreed by Cabinet in December 2015 with new lettings post April 2017 limited to Local Housing Allowance levels. The average weekly rents for 2017/18 by bedroom size are set out below.

Bedroom Size	No of Properties	2017/18 Average Rent
Bedsits	241	£58.60
1	2,832	£72.51
2	2,308	£79.18
3	4,367	£98.67
4	201	£110.96
5	6	£112.96
6	2	£120.51
Grand Total/average rent	9,957	£86.00

2.7 **CCTV Admin Charge**

Some limited additional revenue from other sources has also been identified. It is proposed from 1st April 2017 to charge an Admin Fee of £50 for Third Party CCTV requests from Solicitors, Insurance Companies etc but excluding requests from the Police or the Council. This fee will cover investigation, download of footage and burning CCTV evidence including up to 4 hours CCTV Operators time spent.

2.8 **Transforming Homes**

In 2015/16 the Transforming Homes outturn was £19.59m against the overall budget of £58.4m spread across the remaining 6 years of the programme. A mid-term financial review of the programme has highlighted after a review of the financial management of the programme that additional funding will be required in the region of £10.4m, compared to the budgets agreed by Cabinet in December 2015. This is required to achieve the full internal programme by 2019 and the external programme by 2021. This has been reflected in the Business Plan. There are a number of reasons for this which include:

- A number of high cost properties that have required extensive structural works such as underpinning. An example of this is a terrace of 9 properties carried out in year 1 of the programme at a cost in excess of over £500k. The unit rate for remedial works is varied because they differ significantly in scope. In the current financial year the programme will complete 15 such properties at an average unit cost of circa £21k, based on this year's trend, we estimate that approximately 53 such properties are likely to require works over the remainder of the programme.
- High level of spend on voids requiring major works to bring them up to a lettable standard. The original budget did not consider the additional cost of voids over a standard transforming homes internal refurbishment. Over the last 3 years void refurbishment has required on average £7,800 additional investment per property completed. Whilst the total spend on voids has been reducing both in terms of the

number required and the unit costs, there will be a continued requirement, this has been established as an additional budget of £4.042m over the remainder of the programme to year 8.

- Higher than anticipated spend on combatting damp and mould. A £2m allowance was included for these works over the life of the programme. Following detailed surveys of the properties, the programme has exceeded this allowance by £522k to date. We are projecting a further £1.3m over the remaining properties, which represents a budget pressure of £1.8m on the whole programme.
- Funding required for the energy efficiency works. It was not originally anticipated that investment would be required from the Transforming Homes budget. In order to benefit from the energy company contributions available the programme has so far invested £1.6m. This has seen 342 properties benefit from external wall insulation so far. Moving forward the programme makes allowance for further investment of £2m across the life of the programme to enable the Council to take full advantage of further energy company contributions for this type of energy efficiency work.
- Fire Safety Works were not part of the original programme budget. Under the Regulatory Reform (Fire Safety) order 2005, fire risk assessments are undertaken of the communal areas of buildings. Improvements arising as a result of these assessments have been undertaken within the Transforming Homes programme alongside other works for economies of scale. In addition to the above a number of improvements to the original specification have been made in the programme to date in order to comply with recent changes in electrical regulations, as well as in response to customer feedback and to reduce ongoing maintenance costs. The proposed transforming homes budgets are as follows:

Year	Budget £m's
2017/18	11.8
2018/19	10.0
2019/20	8.2
2020/21	9.2

2.9 Future Capital Investment

There are a number of Capital requirements outside of the Transforming Homes programme and these have not been considered as part of the £10.4m funding gap detailed above totalling £7.75m that has been included in the budget for 2017/18.

- Refurbishment of the non-traditional constructed properties on the Flowers Estate. An estimated cost of £4.1m is required in 2019/20 to upgrade these properties that have not previously been included in the programme.
- In addition to the above the Council has a further 138 non-traditionally constructed properties which require significant refurbishment to ensure they provide fit for purpose living accommodation for a further 30 years. The estimated total cost for these works is £2.9m which would be spread across 4 years from 2017/18 to 2020/21.
- Enable the scope of works in the Transforming Homes programme to include provision/upgrade of loft insulation for the most inefficient properties. Estimated cost £750k across the next 3 financial years 2017/18 and 2019/20. The Housing Investment team is also pursuing options for external funding contribution, which if secured would be targeted to retrospectively tackle properties that have already had works but will not have benefitted from this extended scope.

New Capital Investment	2017/18 Budget £m's	2018/19 Budget £m's	2019/20 Budget £m's	2020/21 Budget £m's	Total
Flowers Estate	0.00	0.00	4.10	0.00	4.10
Non Traditional Properties	0.75	0.75	0.75	0.65	2.90
Loft Insulation	0.15	0.25	0.35	0.00	0.75
Total	0.90	1.00	5.20	0.65	7.75

2.10 New Build

There are six HRA funded, affordable Housing schemes within the HRA. Of these three are now complete, Seabrooke Rise, Bruyns Court and Bracelet Close. Three other schemes Calcutta Road, Claudian Way and Tops Club are well advanced with planning applications already submitted for Claudian Way and Tops Club. The original budgets for these were revised during October 2016 and are included in the HRA Business Plan across three financial years 2016/17 to 2018/19 at a total cost of £33.9m. It is proposed that in order to reduce costs to the HRA for the remaining three HRA schemes the funding route is changed to use RTB receipts rather than HCA grant. Under this scenario the amount of HRA funding required on each scheme reduces to 70% of the total scheme cost rather than 89% as at present. It also has the benefit of making use of the RTB receipts which if not fully used within three years of receipt under the government's one-for-one replacement arrangements must be paid to the government together with interest at 4% above base rate. Sufficient unallocated RTB receipts are available.

Scheme	2016/17 Revised £m's	2017/18 Budget £m's	2018/19 Budget £m's	Total £m's
Seabrooke Rise	0.52	0	0	0.52
Bracelet	2.00	0	0	2.00
Bruyns Court	0.07	0	0	0.07
Calcutta	0	8.79	0.77	9.56
Claudian Way	0	7.20	6.18	13.38
Tops Club	0.65	6.90	0.82	8.37
Total	3.24	22.89	7.77	33.90

2.11 Estate Regeneration

The July 2016 Housing Development Update report to the Housing Overview and Scrutiny Committee set out progress in bringing forward regeneration of housing estates. This would be where the costs of meeting the Transforming Homes standard is very high and where there is potential to bring forward better quality housing alongside enhanced public realm and local services. Work has continued to progress in developing outline proposals and a business case utilising funding and support from the HCA, with the aim of bring forward proposals in 2017. The impact of these proposals on the HRA Business Plan will be incorporated into future reports.

2.12 Stock

Assumptions around the movement in HRA stock numbers are included in the Base Model. The number of RTB sales in 2015/16 was 102. A view has been taken on the level of RTB sales based on recent activity and the trend of high sales is forecast to continue over the next few years. On this basis we have assumed 100 sales from 2016/17 to 2018/19 and then 40 each year thereafter. The stock has also been adjusted to include the new build properties when they are due to be let along with a reduction linked to the sale of high value properties.

2.13 Headlines post 2015/16 year end

The HRA general reserves stand at £1.7m as at 1st April 2016. The minimum balance included within the Business Plan is £1.7m. There is an earmarked reserve of £634k to be used to fund the New Build capital programme. It is prudent to hold a general HRA balance of between 5% and 10% of HRA Turnover. Based on this the current minimum balance is below this threshold and would need to be £2.7m to £5.4m. The Director of Finance and IT has set a target to increase HRA to £3.0m over three years.

The attributable debt from RTB Sales for the first two quarters of 2016/17 is £663k, in 2015/16 this was £2.7m for the year and was used to fund the overspend on the Transforming Homes Programme. Some of this will be used to fund the completion of a Stock Condition Survey across the HRA Stock.

2.14 In year pressures 2016/17

The Housing Monthly Finance Monitor is forecasting a number of revenue pressures amounting to £486k, whilst the service continues to try and manage these by way of savings across other service areas there may be an impact on the HRA Business Plan. There is also a potential pressure on Transforming Homes due to the number of Capital Voids of £502k.

2.15 Impact of government proposals

The Business Plan Model has been updated to reflect the government's rent policy and the potential impact of the proposals of the High Value Voids levy. This will allow us to shape the HRA Business Plan, Budget and Rent Proposals for 2017/18.

2.16 Void and Bad Debt Rates

The void rate used in the Business Plan is 1.5% and Bad Debt Rate is 1.6%. The impact of the benefit changes announced as part of the Welfare Reform and Work Bill, and specifically Universal Credit, will have an impact on the level of debt. Although it is difficult to model the predicted impact absolutely it is anticipated that there will be an increase in tenancy turnover with commensurate void expenditure and higher levels of bad debt as tenants' arrears increase. The HRA does not have any provision set aside to mitigate against loss of income from write-off of bad debt. It is proposed that in 2018/19 that we set aside £230k to mitigate against the fall in collection rates following the introduction of Universal Credit.

2.17 Pay to Stay

On 21st November 2016 the Minister of State for Housing announced that the government would not be proceeding with a compulsory approach. Local authorities will have local discretion. Guidance on a local approach is not yet available.

2.18 The impact of the forced sale of high value properties

The Housing Minister wrote to all Councils on Thursday 24th November 2016 advising them that the government would not be requesting any high value sales payments in 2017/18. The Council is still waiting for the Consultation Paper on the forced sale of high value voids from the DCLG to be published so we can accurately model the likely impact on Thurrock. Initial modelling has been carried out based on the draft valuation thresholds and this indicates that Thurrock will have approximately 55 properties that fall into the category of high value and will have to pay a levy on these properties when they fall void. The council will be required to pay an annual levy to the Government regardless of whether it chooses to sell these properties or not. There is no policy in place regarding High Value Void sales and this needs to be considered and reflected in the Business Plan. At present we have assumed an additional levy will be paid from existing HRA Resources from 2018/19 onwards.

2.19 Tenants Service Charges

In addition to the general services provided to all tenants and leaseholders councils provide a range of specific services for particular groups of dwellings, i.e. high, medium and low rise flats and other dwellings with communal facilities. These services include communal lighting (and in some cases communal heating), door entry systems, lift maintenance and maintenance for the grounds within the curtilage of the block or group of dwellings. Councils are entitled to recover the costs of these services from all users but at present we only recover the charges for these services from leaseholders and not from tenants. The costs of providing these services is considerable, over £2m in the current financial year of which only £60k is currently recovered from leaseholders, and the pressures on the HRA, has brought the question of charging tenants into focus. The council should also consider the equity of charging leaseholders for these services but not charging tenants living in the same group of dwellings and getting the same services.

Other Councils charge tenants for the costs of a range of services depending on locally delivered services via the HRA. Basildon, Havering, Barking and Dagenham and Medway all charge their tenants and leaseholders for a range of services in order to recover costs.

Service	Basildon	Havering	B&D	Medway
Existing Service Charges				
Caretaking	Yes	Yes	Yes	Yes
Concierge	No	Yes	Yes	No
Proposed Service Charges				
Lift Maintenance	No	No	No	No
Door Entry	No	Yes	No	No
Communal Electricity	Yes	No	Yes	Yes
Grounds Maintenance	No	Yes	Yes	Yes

The council has two main options; i) continue with the current arrangements and only charge leaseholders the actual costs of the services provided, and ii) introduce service charges for tenants as well. If introducing charges for tenants the council can do so immediately or on a phased cost or time basis.

Option 1 – continue with the current arrangements

This option perpetuates the differential between leaseholders and tenants and accepts that the wider tenant body subsidises those living in homes with communal facilities, at a time when the overall level of resources is reducing with the commensurate effect on service delivery and investment.

Option 2 – introduce service charges for tenants in one go

This option is the most fair and transparent in that all service users will pay the same charge for the same service. Service charges are eligible for Housing Benefit and the housing element of Universal Credit and those households with limited income and in receipt of benefit will be helped with the additional cost. Applying the service charges to all services users

immediately will bring in an additional £1.9m p.a. into the Housing Revenue Account to cover costs currently borne by all HRA rents. The impact on tenants would however be potentially severe without some phasing of these extra costs for which they have not previously been charged, and the HRA budget can be modelled against an increasing amount per year, with full charges then remaining in place over the longer term, rather than it being necessary to apply the full levy immediately.

Option 3 – introduce service charges on a phased basis

This option addresses the inequity of leaseholders paying for services that tenants do not, but balances this with recognition that the new charges are significant and that tenants need time to adjust their budgeting for these additional liabilities. Option 3 is the recommended option. Cabinet agreed to go out to consultation on option 3.

2.20 Service Charges for 2017/18

The table below shows the total cost of providing lift maintenance, door entry, communal electricity and grounds maintenance services to tenants and leaseholders in 2016/17. Of the total of just over £2.025m costs this year £60k is recovered from the Council's 823 Leaseholders but the remaining £1.9m is not currently recovered from the tenants who receive these additional services.

Service	2015/16 Actuals	Leaseholder Charges	Residual (Potential Income)
	£	£	£
Lift Maintenance	118,453	4,149	114,304
Door Entry	483,625	5,967	477,658
Communal Electricity	366,796	31,038	335,758
Sub- total	968,874	41,154	927,490
Grounds Maintenance	1,056,811	19,321	1,037,720
Grand Total	2,025,685	60,475	1,965,210

The service charges described above are all currently eligible for Housing Benefit and for the housing Element of Universal Credit. At the beginning of this financial year 48% of tenants were in receipt of full or partial housing benefit. There are currently 9,800 tenancies.

Charging Proposals for Service Charges

It is suggested that service charges are phased in from 2017/18 and that a service charge of £5.00 per week be levied to tenants from 2017/18 for grounds maintenance. The services directly provided to tenants are continually reviewed and monitored to ensure they offer value for money.

In Year 1 introducing actual costs for three of the proposed service charges will deliver additional income of approximately £470k into the HRA and in Year 2 approximately £1.2m. Based on current costs introducing service charging fully for all the services shown above in Year 3 would bring in additional resources to the HRA of circa £1.9m per annum.

Draft Proposed Charges 2017/18 Year 1

Service	Phased Charge Year 1 per week
	£
Lift Maintenance	0.97
Door Entry System	1.11
Communal Electricity	0.71
Sub Total	2.79
Grounds Maintenance	5.00
Total	7.79

In total it is estimated that 3,210 tenants will be affected by the introduction of the first three new service charges shown above in Year 1 with the majority paying for two of the three service charges proposed. Approximately 58% of these tenants are on full or partial Housing Benefit. The maximum weekly increase for a tenant not in receipt of benefits would be £7.79 in 2017/18. An analysis of services (Lift Maintenance, Door Entry System, Communal Electricity) provided by location indicates that there are approximately 634 properties where one charge will apply, and approximately 1,816 where two will apply.

Work is still ongoing with regard to establishing who should be paying Grounds Maintenance and how much income the interim charge in 2017/18 would generate along with refinement of the data sets for all service charges. Whilst tenants will see an increase in their weekly service charges this will be partially offset by the 1% rent reduction reducing the overall impact.

All tenants affected by the changes will be consulted in accordance with the requirements of the Housing Act 1985 and the provisions of our own tenancy agreement. It is proposed to send a preliminary notice setting out the reasons for the changes and inviting tenants to give their views, prior to issuing a final variation after the consultation period of 28 days if the decision is to proceed. The preliminary letter will include an assurance that the charges in question can be included in 'eligible rents' for both Housing Benefit and the Housing element of Universal Credit. The outcome of the consultation will be referred to Cabinet in April 2017 for final agreement.

2.21 Sheltered Service Charges

The Sheltered Housing Service is focused on the provision of enhanced housing management. We have reconsidered the current charging arrangements that were introduced in 2014. Under the current arrangements a weekly "Sheltered Charge" of £8 is applied only to new sheltered housing

tenants. The current cost of the sheltered housing service is approximately £1.3m per annum. It is proposed to increase the HRA contribution by charging all Sheltered Housing tenants a weekly Support Charge towards the cost of the service. The support charge will fund the Enhanced Housing Management element of the service provision as Housing Management is covered by rent. A charge in the region of approximately £15 per week would cover costs related to delivering the service in the HRA of £900k per annum and allow the HRA to break even. 71% of Sheltered Tenants are on full or partial Housing Benefit.

Other local authorities and Housing Providers charge between £15 and £25 per week for an enhanced Housing Management Service to Sheltered tenants. Basildon Council charge £17.77 per week to all Sheltered Tenants. It is proposed to introduce a charge to all Sheltered tenants over a phased period of 3 years. The charge in 2017/18 will be £5 per week, in 2018/19 £10 per week and the full charge of £15 will apply from 2019/20.

The Housing Overview and Scrutiny Committee on 13th December 2016 were concerned about the impact of both the extension of Service Charges to some general needs tenants and the extension of Sheltered Service Charges to all Sheltered Residents, and requested that officers go back and look at alternative ways to reduce expenditure and/or generate additional resources in the HRA. Consideration has been given to not applying these charges, but we have concluded, a) that in order to deliver satisfactory services to tenants and leaseholders and to continue to invest both in the current HRA stock and in building new homes, all the expenditure detailed in the budget is required, and b) that the phased extension of service charges is the most appropriate means of generating the required additional revenue. Tenants in both categories will in future pay for all of the services they directly receive, with the costs no longer being met by those not receiving a specific service. Rent levels including the charges will still be well below both the Affordable Rents charged by Housing Associations, and rents in the private sector. Help with these additional housing costs is available to those who need it, as the charges can be included in the rent levels used to assess benefits. The service will work intensively with any tenants who may have difficulty paying their rents after the increase to ensure that they access all the support available. Work is in progress to identify which tenants should pay each charge, and factor in any impact of the benefit cap and the introduction of Universal Credit on these tenants – full be reported to Cabinet in April. Cabinet agreed to go out to consultation on a phased introduction of these service charges.

2.22 Growth and Savings

Revenue Repairs

The financial forecast of the Revenue Repairs Team is to require growth in 2017/18 from the current level of expenditure of £950,000 to meet contractual demands. This expenditure relates to the delivery of the responsive repairs contract with our delivery partner Mears and also the delivery of 65 other

smaller contracts ensuring the housing department continues to deliver an efficient service to its residents whilst also complying with the legislative requirements on elements such as asbestos management and legionella monitoring. This base growth is forecast for the next three years to ensure the required level of investment is delivered into the asset in a planned way, this will reduce the reactive works under the responsive repairs contract and deliver value for money as well as an effective service. Inflationary uplift is already included within the HRA Business Plan and some work areas will see budgets reprofiled to meet the needs of service delivery. The table below summarises the areas where additional resources are required over and above existing budget reprofiling and inflationary uplift.

Area	£
External Maintenance	350,000
Exclusions	450,000
Boiler Replacements	150,000
Total Growth	950,000

External Maintenance

One of the major programmes proposed for 2017/18 and the following two years is the delivery a new external maintenance package. Since the development of the Transforming Homes programme in 2013 external works stopped under the planned preventative maintenance delivery work streams. The original scope of the Transforming Homes programme was to include external works year on year across the borough, however with the significant reduction in resources, whilst some external works have been delivered, this has not been to the level first planned with the majority of external refurbishment works being delayed until years 7 & 8 of the programme (2020/2022). This has meant elements such as timber soffits and fascia boards with associated rain water goods and front and rear entrance doors have not had basic painting and maintenance for a minimum of 4 years. These elements are now failing and are having to be dealt with under the response repairs contract, by which time they can no longer be repaired and require wholesale replacement at a greater unit cost than if they were programmed., Ensuring our residential dwellings are maintained externally is essential when addressing one of the key drivers in the authority around damp and mould.

Exclusions

Delays and deferrals in the Transforming Homes external programme have had a direct impact on the responsive repairs contract where planned works have now become reactive and as this type of work was not included in the Mears' TPC contract are delivered through the exclusions arrangements. While the overall number of exclusion repairs has reduced year on year the nature of these works has meant the level of expenditure has actually increased, primarily as a result of works requiring scaffolding and high-level access, such as roofing, pointing and flashing and rain-water goods.

Boilers

The absence of accurate stock condition data has meant that the number of gas boiler replacements was underestimated. The authority must replace defective boilers when identified and the additional cost must be met. The proposed stock condition survey will provide accurate data for future forecasting from next September.

3.0 Overall Outlook and Position

3.1 Based on the assumptions included in the Plan HRA Balances increase minimally each year (mainly due to no inflation being assumed on general budgets)

- The HRA Borrowing Capacity in reached in 2018/19
- The HRA New Build programme ceases in 2018/19 on completion of the agreed programme
- Transforming Homes completes in 2020/21
- The Council will then be looking for further investment opportunities across the Business Plan in line with the outcome of the stock condition survey

A summary of the budget movements from 2016/17 to 2017/18 across the HRA Revenue and Capital Budgets is set out in the table below.

2017/18 HRA Revenue Budgets	Budget Changes £000's
Loss of income - 1% rent reduction	710
Budget Savings/Increased Income	
Existing Service Charges – 3% Increase	(67)
Garage Rents – 3% Increase	(34)
Heating – 3% Increase	(1)
Leaseholder Service Charges	(221)
Total Budget Savings/Increased Income	(323)
Budget Pressures/Inflation	
Salaries and Pay Award	80
Contractual Uplift on Repairs	170
Increased Recharges to the GF	180
Total Budget Pressures/Inflation	430
Sub Total	817
Interest Charge	100
Revenue Movement	917
Increased Use of RTB Receipts for Capital reducing call on HRA Revenue Contribution	(2,067)
Total	(1,150)

New Items	
Repairs Growth	950
Extension of Tenants Service Charges 01/07/17	(470)
Extension of Sheltered Service Charges 01/07/17	(230)
New Capital Investment	900
Net HRA Position 2017/18	0

4. Reasons for Recommendations

- 4.1 The report sets out the implications for the HRA for 2017/18 onwards. The proposals put forward have been calculated and assessed in line with affordability consideration and regard for reserve levels. It is essential that a balanced budget is set for the HRA. This is a legal and operational requirement.

5. Consultation

- 5.1 This report has been considered by the Overview and Scrutiny Committee in advance of the February Cabinet Meeting and the recommendations noted.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The Council's Medium Term Financial Strategy (MTFS) recommends that the HRA maintains a minimum level of general reserves of £1.7m up to a maximum of £3.0m.
- 6.2 The management and operation of the HRA strives to support vulnerable people. The 30 year business plan sets out to ensure there is value for money within the Housing Service.

7. Implications

7.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

Financial implications throughout the report.

7.2 Legal

Implications verified by: **Martin Hall**
Housing Solicitor/Team Leader

The Council has a legal requirement to review the Housing Revenue Account and ensure that it does not go into deficit. In addition, determinations made under the Local government and Housing Act 1989 prescribed what can be charged to the HRA and the calculation of those charges.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

The HRA Business Plan and budgets for 2017/18 onwards reflect the Council's policy in relation to the provision of social housing with particular regard to the use of its own stock. In addition to the provision of general housing, it incorporates a number of budgetary provisions aimed at providing assistance to disadvantaged groups. This included adaptations to the stock for residents with disabilities.

8. Appendices to the report

Appendix 1 - HRA Business Plan Dashboard 2017/18 Onwards

Report Author:

Julie Curtis
HRA and Development Accountant
Corporate Finance

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DRAFT HRA Budget 2017/18 to 2026/27

	£m's 2017/18 1	£m's 2018/19 2	£m's 2019/20 3	£m's 2020/21 4	£m's 2021/22 5
Income					
Dwelling Rents	(44.74)	(44.38)	(44.35)	(44.60)	(44.84)
Voids	0.67	0.67	0.67	0.67	0.67
Net Rents	(44.07)	(43.72)	(43.69)	(43.93)	(44.17)
Non Dwelling Rents	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)
Charges for services and facilities (net of voids)	(5.94)	(5.94)	(5.94)	(5.94)	(5.94)
Contribution towards expenditure	(2.84)	(2.89)	(2.93)	(2.97)	(3.02)
HRA investment income	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total Income	(53.79)	(53.48)	(53.50)	(53.78)	(54.07)
Expenditure					
Salaries	7.85	7.93	8.01	8.09	8.17
Supervision and Management	14.32	14.32	14.32	14.32	14.32
Repairs and Maintenance	11.40	11.57	11.74	11.92	12.10
Rents, rates, taxes and other charges	0.19	0.19	0.19	0.19	0.19
(Increase)/decrease in provision for bad or doubtful debt:	0.05	0.23	(0.00)	0.00	0.00
Total Expenditure	33.81	34.24	34.26	34.52	34.78
Net rental surplus	(19.98)	(19.25)	(19.24)	(19.26)	(19.29)
Interest payable on HRA Debt	6.91	6.91	6.91	6.91	6.91
DME	0.11	0.11	0.11	0.11	0.11
Available HRA revenue funds (A)	12.95	12.22	12.21	12.24	12.26
New Borrowing	12.75	5.08	0.00	0.00	0.00
Development Reserve Fund	3.28	0.36	0.00	0.00	0.00
Other Receipts (inc non-restricted RTB)	0.00	0.00	0.00	0.00	0.00
RTB New Build Re-provision (1-4-1)	6.87	2.33	0.00	0.00	0.00
HCA Grant	0.00	0.00	0.00	0.00	0.00
Grant and new borrowing (B)	22.90	7.77	0.00	0.00	0.00
Total HRA funding (A+B)	35.85	19.99	12.21	12.24	12.26
Investment in own stock (a)	11.80	10.04	8.20	9.20	10.00
New Build (b)	22.90	7.77	0.00	0.00	0.00
Estate Regeneration (c)	0.00	0.00	0.00	0.00	0.00
Contribution to Development Reserve	0.00	0.00	0.00	0.00	0.00
High Vale Sales Levy (set aside in 17/18)	0.00	0.87	0.87	0.87	0.87
Total Applied spend (a+b+c)	34.70	18.68	9.07	10.07	10.87
Year End Position					
HRA Cash balances b/f	1.75	2.90	4.21	7.36	9.53
in year change	1.15	1.31	3.15	2.17	1.39
HRA Cash balances c/f	2.90	4.21	7.36	9.53	10.92

Items Subject to Consideration

2017/18 Growth and Savings

Repairs	0.95	0.95	0.95	0.95	0.95
Sheltered Support Charges	(0.23)	(0.60)	(0.90)	(0.90)	(0.90)
Service Charges	(0.47)	(1.26)	(1.90)	(1.90)	(1.90)
	0.25	(0.91)	(1.85)	(1.85)	(1.85)

New Capital Investment

Flowers Estate	0.00	0.00	4.10	0.00	0.00
Non Traditional Properties	0.75	0.75	0.75	0.65	0.00
Loft Insulation	0.15	0.25	0.35	0.00	0.00
	0.90	1.00	5.20	0.65	0.00

Potential Year End Position

	0.00	1.22	(0.20)	3.37	3.24
HRA Cash balances b/f	1.70	1.70	2.92	2.72	6.09
in year change	0.00	1.22	(0.20)	3.37	3.24
HRA Cash balances c/f	1.70	2.92	2.72	6.09	9.33

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22 February 2017	ITEM: 14
Council	
Treasury Management Strategy 2017/18	
Wards and communities affected: All	Key Decision: Yes
Report of: Councillor Shane Hebb, Portfolio Holder for Finance & Legal	
Accountable Head of Service: Sean Clark, Director of Finance and IT	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is public	

Executive Summary

The Treasury Management strategy is a critical component of the way Thurrock Council manages cash-flow. It is also intrinsically linked to the council's ambitions of becoming a more commercial-opportunity focused borough; one where sensible transactions are completed which create revenue returns which can then be allocated to spending on the services Thurrock residents have come to need and expect.

The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services and the Prudential Code requires local authorities to determine the Treasury Management Strategy and Prudential Indicators on an annual basis. The annual strategy also includes the Annual Investment Strategy that is a requirement of the Department for Communities and Local Government Investment Guidance.

In accordance with the above Codes, this report:

- a) sets out the Treasury Management strategy for 2017/18;
- b) confirms the proposed Prudential Indicators for 2017/18; and
- c) sets out the Treasury Management projections for 2017/18.

1 Recommendation(s)

That the Council:

- 1.1 **Approves the Treasury Management Strategy for 2017/18 including approval of the Annual Minimum Revenue Provision (MRP) Statement;**
- 1.2 **Approves the adoption of the Prudential Indicators as set out in Appendix 1; and**

1.3 **Notes the revised 2016/17 and 2017/18 Treasury Management projections as set out in paragraph 2.33.**

2 Introduction and Background

2.1 The Treasury Management Strategy and Annual MRP Statement are prepared under the terms of the CIPFA Prudential Code for Capital Finance in Local Authorities (the Code) and approval is sought for the adoption of the Prudential Indicators that have been developed in accordance with the Code.

2.2 The report also revises the 2016/17 forecast for Interest Receivable from Investments and forecasts the 2017/18 indicative Interest budgets.

Borrowing Activity 2016/17 and 2017/18

2.3 The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with the level of balances and reserves, are the core drivers of Treasury Management activity. The estimates, based on the current revenue budget and capital programmes are:

	31/3/2018 Estimate £m	31/3/2019 Estimate £m	31/3/2020 Estimate £m
General Fund Borrowing CFR	197,612	210,697	208,377
Housing Revenue Account Borrowing CFR (includes effects of Housing Finance Reform based on current available figures)	193,049	198,286	198,286
Total Borrowing CFR	390,661	408,983	406,663
Less: External Borrowing	400,000	400,000	400,000
Internal/(Over) Borrowing	(9,339)	8,983	6,663
Less: Useable Reserves	8,420	8,840	9,260
Borrowing Requirement	(17,759)	143	(2,597)

2.4 The increases above demonstrate the size of the council's capital programme needs in both recent and future years. Repayments of prudential debt are made through the annual MRP provision and where surplus cash balances are accumulated. However, the amounts needed to finance the capital programme, even just essential operational requirements, are in excess of these repayments.

2.5 The Council levels of borrowing and investments are calculated by reference to the Balance Sheet. The Council's key objectives when borrowing money are to secure low interest costs and achieve cost certainty over the period for which funds are required, all underpinned with sound Return on Investment principles. A further objective is to provide the flexibility to renegotiate loans should the Council's long term plans change.

- 2.6 In light of the ongoing reductions to Local Government funding, the Council's borrowing strategy focus remains on the balance between affordability and the longer term stability of the debt portfolio. Given the availability of low short term interest rates it is more cost effective to borrow over short term periods or utilise internal balances. The table above shows that it should not be necessary for the Council to borrow further funds above the current levels and this will be monitored on a regular basis by officers to assess the most appropriate form of borrowing. In the short term, these balances are achieving investment returns in excess of costs.
- 2.7 This enables the Council to reduce borrowing costs and reduce the overall treasury risk. While such a strategy may be beneficial over the next two to three years as official interest rates remain low, it is unlikely to be sustainable in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long term borrowing rates are forecast to rise. The Council's advisors, Arlingclose, assist the Council with detailed breakeven analysis to support this assessment. This will help inform whether the Council borrows additional sums at long term fixed rates in 2017/18 with a view to keeping future interest costs low, even if this causes additional costs in the short term.
- 2.8 In addition, the Council may use short term loans (normally up to one month) to enable management of the Council's cash flow and, where possible, generate return on investment.
- 2.9 In conjunction with advice from its treasury advisor, the Council will keep under review the following sources for long term and short term borrowing:
- Public Works Loan Board (PWLB) loans and its successor body;
 - UK Local Authorities;
 - Any institution approved for investments;
 - Any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK;
 - Public and private sector pension funds;
 - Capital market bond investors;
 - UK Municipal Bonds Agency;
 - Special purpose companies created to enable joint local authority bond issues;
 - Local Authority bills; and
 - Structured finance, such as operating/finance leases, hire purchase, Private Finance Initiative or sale and leaseback.
- 2.10 With regards to debt rescheduling, the PWLB allows Councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some lenders may also be prepared to negotiate premature repayment terms. The Council has in 2016/17 reviewed the debt portfolio to identify opportunities expected to lead to an overall saving or reduction in risk. At this time, it is not financially prudent to take any options of early repayment, owing to early redemption fees.

- 2.11 Borrowing and rescheduling activity will be reported to the Cabinet on a regular basis during 2017/18.
- 2.12 In August 2010 the Council repaid its entire PWLB portfolio of loans (£84 million) to obtain significant interest savings. The re-financing was undertaken by utilising short term funds from the money markets, mainly other Local Authorities, at substantially lower rates than taking longer term fixed debt. To the end of 2015/16 the rescheduling had saved £18.5m of interest cost and is estimated to have saved £21.5m by the end of 2016/17. Currently financing from short term money market debt is expected to continue into 2017/18 and beyond. The inherent risk of this strategy is noted with potentially higher rates and increased debt costs in the future.
- 2.13 The Council retains the ability to fix interest rates. This can be achieved within a matter of days of the decision being made or profiled against the maturity schedule of the short term debt. Current forecasts from the council's advisors, Arlingclose, show no expected official interest rate increase until after March 2020 with the official rate remaining at 0.25% until that time. There is a downside risk to the forecast that rates may hit negative territory in future years but the overall forecast is for rates to remain where they are for the foreseeable future. The normalised level of the bank base rate post this period is expected to be between 2.50% to 3.50%.
- 2.14 Based on this outlook, the council may borrow on a short term basis when deemed beneficial to the taxpayer while monitoring interest rates to ensure borrowing is fixed if required.
- 2.15 The Council has £29 million of loans which are LOBO loans (Lenders Option Borrowers Option) where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these loans, excluding one with Barclays, could now be amended at the request of the lender only and, although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. In the event the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan by borrowing from the PWLB or capital markets. Barclays have taken out the option to increase the rate of their loan thereby effectively turning the loan into a fixed rate deal. LOBO loans have become less attractive to Banks and there may be opportunities in the future to redeem these loans. Officers, along with Arlingclose, will continue to monitor any developments in this area.
- 2.16 On 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and Housing Revenue Account (HRA) pools. New long-term loans will be assigned in their entirety to one pool or the other. Interest payable and other costs and income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged or credited to the respective revenue account. The Council will credit interest to the HRA

based on the average balances of its reserves and revenue account balance at the average 7 day LIBID rate for the year.

- 2.17 The Council is also undertaking a series of new housing related building schemes utilising borrowing headroom within the HRA debt cap. Current indications are for new borrowing of approximately £25.0m over the next three years that would put the Council's HRA borrowing level close to its debt cap. The Council will therefore manage this programme to keep the HRA borrowing level within the debt cap by utilising other resources such as capital receipts from Council house sales, other cash backed resources, or through bidding for increases to the debt cap where considered prudent.
- 2.18 Finally, there may be significant regeneration programmes to consider investment vehicles for. The need to borrow for investment will be on a case by case basis after considering investment returns, risk and the result of due diligence.

Investments

- 2.19 The Council holds significant invested funds, representing loans received in advance of expenditure plus balances and reserves held. It is envisaged that investment balances held internally will be approximately £15 million at the financial year end. The Council may invest its surplus funds with any of the counterparties detailed in Appendix 2.
- 2.20 The Council held £50m invested in the CCLA Property Fund at the end of 2015/16. The gross return in 2016/17 is estimated to be 5% with income in the region of £2.5m. The Council then provided a loan of £15m in 2016/17 to Rockfire Capital to finance their purchase of a Solar Farm. This will return 5% per annum (£0.75m) for four years rising to 8% in year 5. Both will continue into 2017/18.
- 2.21 Local Authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over Authorities use of standalone financial derivatives. The CIPFA code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.
- 2.22 The Council will only use standalone derivatives (such as swaps, forward, futures and options) where they can be clearly demonstrated to reduce the Council's overall exposure to financial risks. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall Treasury Management strategy.
- 2.23 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit. The Local Authority will only use

derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

- 2.24 The Council complies with the provisions of s32 of the Local Government Finance Act 1992 to set a balanced budget.
- 2.25 The needs of the Council's Treasury Management staff for relevant training are assessed as part of the annual staff appraisal process and additionally where the responsibilities of individual members of staff change. Staff attend courses, seminars and conferences provided by the Council's advisors and CIPFA. Corporate Finance staff are encouraged to study for professional accountancy qualifications from appropriate bodies.
- 2.26 The Council has appointed Arlingclose Ltd as Treasury Management advisers and receives specific advice on investments, debt and capital financing issues. The quality of service is assessed by regular review meetings between Arlingclose Ltd and officers from the Council.
- 2.27 The Council may borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware it will be exposed to the risk of loss of the borrowed sums and the risk that investment and borrowing rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks. The total amount borrowed by the Council will not exceed the Council's Authorised Borrowing Limit as set in the prudential indicators. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure. Any potential situation will be assessed for suitability as to the overall effect on the Council's treasury position.

Annual Minimum Revenue Provision Statement

- 2.28 Local Authorities are required to prepare an Annual Statement of their policy on making MRP for each financial year. Appendix 3 outlines the assessment of the Council's Annual MRP Statement for 2017/18, which is included in the Annual Strategy in paragraph 2.30.
- 2.29 Officers have reviewed the current strategy and recommend no changes to the 2017/18 strategy.
- 2.30 Consequently the following paragraphs on Borrowing Activity and Investments form part of the Council's Treasury Management Strategy with effect from 1 April 2017:
 - 2.30.1 To obtain any long term borrowing requirement from the sources of finance set out in paragraph 2.9;
 - 2.30.2 To continue to fund the ex-PWLB debt via short term funds from the money markets unless circumstances dictate moving back into long term fixed rate debt. The borrowing sources mentioned in paragraph 2.9 will then be assessed as to their suitability for use;

- 2.30.3 To repay market loans requiring renewal by realising equivalent amounts of investments. If it is not possible to realise investments then the borrowing sources in paragraph 2.9 will be assessed as to their suitability for use as replacements;
- 2.30.4 To undertake short term temporary borrowing when necessary in order to manage cash flow to the Council's advantage;
- 2.30.5 To reschedule market and PWLB loans, where practicable, to achieve interest rate reductions, balance the volatility profile or amend the debt profile, dependent on the level of premiums payable or discounts receivable;
- 2.30.6 To ensure security and liquidity of the Council's investments and to then optimise investment returns commensurate to those ideals;
- 2.30.7 To contain the type, size and duration of investments with individual institutions within the limits specified in Appendix 2;
- 2.30.8 To move further funds into the CCLA Property Fund or other externally managed funds if it is felt prudent to do so following appropriate due diligence; and in consultation with the Cabinet Member for Finance and Legal;
- 2.30.9 To meet the requirements of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Council's policy for the calculation of MRP in 2017/18 shall be that the Council will set aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG. The Council will also consider the use of capital receipts to pay down any MRP incurred; and
- 2.30.10 To ensure all borrowing and investment activities are made with due reference to any relevant Prudential Indicators.

The Prudential Indicators

- 2.31 The Prudential Indicators are monitored by the Council to ensure that capital investment is affordable, prudent and sustainable. The indicators are reassessed annually to ensure their continuing relevance and appropriateness to the Council. The proposed indicators for 2017/18 are set out in Appendix 1 to this report.

Interest Projections 2016/17 Revised and 2017/18 Original

- 2.32 The CIPFA document Treasury Management in the Public Services: Code of Practice places a requirement on the Council to publish estimates relating to the operation of the borrowing and investment function.
- 2.33 The 2016/17 budget and the projected position for 2016/17 as at December 2016 and also an initial projection for 2017/18 are shown in summary format in the table below:

	Budget 2016/17 £000's	Projected 2016/17 £000's	Projection 2017/18 £000's
Interest payable on External Debt			
Debt Interest		3,272.3	3,757.5
Total internal interest		<u>51.0</u>	<u>51.0</u>
Interest payable	<u>2,875.5</u>	<u>3,323.3</u>	<u>3,808.5</u>
Investment Income			
Interest on Investments	<u>-3,145.1</u>	<u>-4,549.9</u>	<u>-5,486.6</u>
Net interest credited to the General Fund	<u>-269.6</u>	<u>-1,226.6</u>	<u>-1,678.1</u>
MRP- Supported/Unsupported Borrowing	<u>4,261.8</u>	<u>4,262.0</u>	<u>5,057.8</u>
	<u>3,992.2</u>	<u>3,035.4</u>	<u>3,379.7</u>

2.34 It should also be noted that the figures shown above for 2017/18 include assumptions made about the level of balances available for investment, any anticipated new long term borrowing and the level of interest rates achievable. They may be liable to a significant degree of change during the year arising from variations in interest rates, other market and economic developments, and officers' response to those events.

2.35 In accordance with the requirements of the revised CIPFA Treasury Management Code, the Council will report on treasury management activity and the outturn against the treasury related Prudential Indicators at least bi-annually.

3 Issues, Options and Analysis of Options

3.1 The strategy of the Council is contained within the body of the report and has been set with consideration of relevant legislation and appropriate guidance. The Prudential Indicators are governed by decisions made on the revenue and capital budgets.

3.2 There are two key areas in this report for Members to be particularly mindful of:

- a) The potential for temporary borrowing at significant levels in the future. Officers will continue to monitor this to react to any changes in the economy; and
- b) The approach taken to the minimum revenue provision.

4 Reasons for Recommendation

4.1 There is a statutory requirement for a Treasury Management Annual Strategy and the Annual Minimum Revenue Provision Statement to be ratified by Full Council. This report and appendices have been written in line with best practice and the Council's spending plans

5 Consultation (including Overview and Scrutiny, if applicable)

5.1 The Council's Treasury Advisors have been consulted. As set out in section 4, the report is largely based on best practice and the Council's spending plans that have been scrutinised throughout recent months.

6 Impact on corporate policies, priorities, performance and community impact

6.1 Treasury Management plays a significant role in funding the delivery of services to the community. The debt restructuring carried out in August 2010 will have contributed savings in the region of £21.5m by the end of 2016/17. Long term investments are now contributing in excess of £3m per annum and work on MRP created a one off gain of £6m with ongoing savings of £2.5m per annum.

7 Implications

7.1 Financial

Implications verified by: **Chris Buckley**
Treasury Management Officer

The financial implications are included in the main body of the report.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal & Governance -
Monitoring Officer

The report is in accordance with the Local Government Act 2003, related secondary legislation and other requirements including the Prudential Code.

Publication of the strategies is a statutory requirement and conforms to best practice as required by the CIPFA Code of Practice.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

There are no direct diversity implications noted in this report

7.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

- Not applicable

8 Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Revised CIPFA Prudential Code
- Revised draft ODPM's Guidance on Local Government Investments
- Revised CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes
- Treasury Management Policy Statement
- 2016/17 Annual Investment Strategy
- Arlingclose's Investment Review.

9. Appendices to the report

- Appendix 1 – Prudential Indicators
- Appendix 2 – Specified and Non-Specified Investments
- Appendix 3 – Annual Minimum Revenue Provision Statement

Report Author:

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Corporate Finance

PRUDENTIAL INDICATORS 2017/18 TO 2019/20

The following prudential indicators are recommended to the Council.

A. Prudential indicators for Affordability

In demonstrating the affordability of its capital investment plan the Council must:

- Determine the ratio of financing costs (e.g. capital repayments, interest payments, investment income) to net revenue stream for both the Housing Revenue Account (HRA) and non-HRA services for a 3 year period.
- Determine the incremental impact on the Council tax and housing rents (in both instances the scope for increases is governed by the Government's ability to limit council tax increases and the current restriction on council rents).

Indicator A1 sets out the ratio of financing costs to net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

A1: Prudential indicator – Estimates of the ratio of financing costs to net revenue stream 2017/18 to 2019/20

Indicator	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non HRA	4.00%	5.09%	5.28%
HRA	13.40%	13.60%	13.80%

Indicators A2 and A3 set out the estimated incremental impact on both the levels of council tax (Band D equivalent) and housing rents of the recommended capital investment plans and funding proposals. The impact has been calculated using the latest projections on interest rates for both borrowing and investments. The impact does not take account of government support included for new borrowing within the formula spending share and housing subsidy.

A2: Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the council tax 2017/18 to 2019/20

Indicator	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Additional annual Council Tax requirement	£2.09	£26.18	£31.86

A3: Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the average weekly housing rents 2017/18 to 2019/20

Indicator	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Addition in average weekly housing rent	£3.38	£8.40	£10.48

B. Prudential indicators for Prudence

B1: Prudential indicator – Gross debt and the capital financing requirement

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 estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

The Director of Finance and IT reports that the Council had no difficulty meeting this requirement in 2016/17, nor is there any difficulties envisaged in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy.

The table below shows the projected position from 31 March 2016.

Indicator	Estimate £'000
CFR at 31/3/16	327,980
Increase in 16/17	29,258
Increase in 17/18	46,959
Increase in 18/19	4,786
Total CFR	408,983
Gross Debt	400,000

C. Prudential indicator for Capital Expenditure

Elsewhere in this agenda is a recommendation for the capital investment plans for the Council over the next three years. Indicator C1 summarises the recommendations within that report. Indicator C2 sets out the estimates of the capital financing requirement over the same period.

C1: Prudential indicator – Estimates of total capital expenditure 2017/18 to 2019/20

Indicator	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total Non HRA	40,940	16,744	15,021
Total HRA	13,500	6,500	1,714
Total Programme	67,440	23,244	16,735

In considering the capital investment plan the Council had regard to a number of key issues, namely:

- affordability, e.g. implications for council tax/housing rents
- prudence and sustainability, e.g. implications for external borrowing
- value for money, e.g. option appraisal
- stewardship of assets, e.g. asset management planning
- service objectives, e.g. strategic planning for the Council
- practicality, e.g. achievability of the forward plan.

C2: Prudential indicator – Estimates of capital financing requirement 2017/18 to 2019/20

Indicator	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
HRA	193,049	198,286	198,286
Non-HRA	197,612	210,697	208,377
Total	390,661	408,983	406,663

The estimates are based on the financing options included in the recommended capital investment programme. The estimates will not commit the Council to particular methods of funding – the actual funding of capital expenditure will be determined after the end of the relevant financial year.

The Council has a number of daily cashflows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with the approved treasury management strategy and practices. In day to day cash management no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. It is possible external debt could exceed the capital financing requirement in the short term.

D. Prudential indicators for External Debt

A number of prudential indicators are required in relation to external debt

D1: Prudential indicator – Authorised limit 2017/18 to 2019/20

Indicator	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	558,521	563,521	568,521
Other Long Term Liabilities	800	600	400
Total	559,321	564,121	568,921

The authorised limit is the aggregate of gross borrowing (i.e. before investment) and other long term liabilities such as finance leases. In taking its decisions on the budget report the Council is asked to note that the authorised limit determined for 2017/18 in the above table is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.

The authorised limits are consistent with the Council's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Director of Finance and IT confirms that they are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

D2: Prudential indicator – Operational boundary 2017/18 to 2019/20

Indicator	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	508,521	513,521	518,521
Other Long Term Liabilities	800	600	400
Total	509,321	514,121	518,921

The operational boundary is based on the authorised limit but without the additional headroom. The operational boundary represents a key management tool for in-year monitoring by the Director of Finance and IT. As with the authorised limit figures for borrowing (gross) and other long term liabilities are separately identified.

The authorised limit and operational boundary separately identify borrowing from other long-term liabilities. It is recommended that Council delegate authority to the Director of Finance and IT, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the Council. Any such changes made will be reported to the Council at its next meeting following the change.

D3: Prudential indicator – HRA Limit on Indebtedness Under Self Financing

This is known as the Debt Cap and is the absolute level of debt permitted under Self Financing Regulations. The debt cap was set at £188.141m which means debt attributable to the HRA cannot exceed this figure. Agreement to increase the debt cap to borrow by £11.58m in 2015/16 was approved by the Department for Communities and Local Government, giving a revised debt cap £199.721m. At 31 March 2016 the Council had total HRA borrowing of £160.9m and the figure will be the same as at 31 March 2017.

E. Prudential indicators for Treasury Management

A number of prudential indicators are required in respect of treasury management. The indicators are based on the Council's treasury management strategy and take

into account the pre-existing structure of the Council's borrowing and investment portfolios.

E1: Prudential indicator – the Council has adopted the “CIPFA Code of Practice for Treasury Management in the Public Services” within its Financial Standing Orders.

The Council has adopted the code within the financial standing orders and monitors the treasury management function to ensure it continues to meet the specified requirements.

E2: Prudential indicators – Upper limits on interest rate exposure 2017/18 to 2019/20

Indicator	2017/18	2018/19	2019/20
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	50%	50%	50%

This indicator specifies the limits on the proportion on the Council net outstanding principal sums (i.e. net of investments) with fixed interest payments and variable interest payments.

The upper limit of 100% is a consequence of the Council maintaining an investment portfolio. Indicator E2a exemplifies the indicator over borrowing and investment.

E2a: Prudential indicators (supplemental) – Upper limits on interest rate exposure 2017/18 to 2019/20

Indicator	2017/18	2018/19	2019/20
Upper limit on borrowing – fixed rate exposure	100%	100%	100%
Upper limit on borrowing – variable rate exposure	50%	50%	50%
Upper limit on investments – fixed rate exposure	100%	100%	100%
Upper limit on investments – variable rate exposure	50%	50%	50%

Indicator E2a is supplemental to Indicator E2 and shows separately the maximum limits for both borrowing and investments. The indicator is not a requirement of the prudential code but it does show more clearly the interest rate exposure limits within

which borrowing and investments will be managed.

E3; Prudential indicator – Upper and lower limits on the maturity structure of borrowing 2017/18

	Upper Limit	Lower Limit
under 12 months	100%	0%
12 months and within 24 months	60%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	60%	0%
10 years and within 20 years	60%	0%
20 years and within 30 years	60%	0%
30 years and within 40 years	60%	0%
40 years and within 50 years	100%	0%
50 years and above	100%	0%

The limits in Indicator E3 represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period.

E4: Prudential indicator – Principle sums invested for periods longer than 364 days

Indicator	2017/18	2018/19	2019/20
	£'000	£'000	£'000
Limit	100,000	100,000	100,000

This is the limit that the Council can have in investments that are for greater than one year. The council will have £65m as at 31 March 2017 and this provides headroom for further investments should opportunities arise.

E5: Prudential indicator – Credit Risk:

The Council employs Treasury advisors (Arlingclose) who provide monthly updates that consider 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 and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum BBB- 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 country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, market sentiment and momentum; and
- Subjective overlay.

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

Approved Investment Counterparties:

Credit Rating	Banks/Building Societies Unsecured		Bank/Building Societies Secured		Government		Corporates		Registered Providers	
	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period
UK Govt	N/A	N/A	N/A	N/A	£unlimited	50 years	N/A	N/A	N/A	N/A
AAA	£10m	5 years	£20m	20 years	£20m	50 years	£10m	20 years	£10m	20 years
AA+	£10m	5 years	£20m	10 years	£20m	25 years	£10m	10 years	£10m	10 years
AA	£10m	4 years	£20m	5 years	£20m	15 years	£10m	5 years	£10m	10 years
AA-	£10m	3 years	£20m	4 years	£20m	10 years	£10m	4 years	£10m	10 years
A+	£10m	2 years	£20m	3 years	£10m	5 years	£10m	3 years	£10m	5 years
A	£10m	1 year	£20m	2 years	£10m	5 years	£10m	2 years	£10m	5 years
A-	£7.5m	13 months	£15m	13 months	£10m	5 years	£10m	13 months	£10m	5 years
BBB+	£5m	6 months	£10m	6 months	£5m	2 years	£5m	6 months	£5m	2 years
BBB	£5m	100 days	£10m	100 days	N/A	N/A	N/A	N/A	N/A	N/A
BBB-	£5m	100 days	£10m	100 days	N/A	N/A	N/A	N/A	N/A	N/A
None	£5m	6 months	N/A	N/A	£5m	25 years	N/A	N/A	N/A	N/A

Pooled Funds ,External Fund Managers and any other investment vehicle approved by the Section 151 Officer – Decisions are based on each individual case following appropriate due diligence work being undertaken

The above limits are the maximum that the Council would expect to have in place at any time. However, in practice the actual duration limits in place are continually assessed in conjunction with Arlingclose and are often much shorter than the limits in the above table.

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

Banks and Building Societies Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks and Building Societies Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements. These investments are secured on the bank's assets, which limits the potential loss in the unlikely event of insolvency and means that they are exempt from bail-in. Where there is no investment specific credit rating, but, the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

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

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but, are exposed to the risk of the company going insolvent.

Other Organisations – The Council may also invest cash with other organisations, for example making loans to small businesses as part of a diversified pool in order to spread the risk widely. Because of the higher perceived risk of unrated businesses such investments may provide considerably higher rates of return.

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

Pooled Funds: Shares in diversified investment vehicles consisting of any of the above investment types plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks coupled with the services of a professional fund manager in return for a fee. Money market funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts while pooled funds whose value changes

with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but, are more volatile in the short term. These allow authorities to diversify into asset classes other than cash without the need to own and manage the underlying investments. These funds have no defined maturity date but are available for withdrawal after a notice period. As a result their performance and continued suitability in meeting the authority's investment objectives will be monitored regularly and decisions made on entering such funds will be made on an individual basis.

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

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

Where a credit rating agency announces that a credit rating is on review for possible downgrade so that it may fall below the approved rating criteria then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks which indicate a long-term direction of travel rather than an imminent change of rating.

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

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

a reduction in the level of investment income earned, but, will protect the principal sum.

Specified Investments

Specified investments will be those that meet the criteria in the CLG Guidance, i.e. the investment:

- is sterling denominated;
- has a maximum maturity of one year;
- meets the “high credit quality” as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council; and
- The making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

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

Non-specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares

Non-Specified Investment Limits

	Cash Limit
Total Long Term Investments	£100m
Total Investments without credit ratings or rated below A- with appropriate due diligence having been performed	£70m
Total Investments in foreign countries rated below AA+	£30m
Maximum total non-specified investments	£200m

Investment Limits

The maximum that will be lent to any one organisation in the Approved Investment Counter Party list (except the UK Government) is £20m. For other investments approved by the Section 151 Officer the amount to be invested will be determined by the Section 151 Officer, taking into account the relevant merits of the transaction such as, for example, duration and risk following due diligence work undertaken. A group of banks under the same ownership, a group of funds under the same management, brokers nominee accounts, foreign countries and industry sectors will all have limits placed on them as in the table below:

	Cash Limit
Any single organisation, except the UK Central Government	£20m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£40m
Any group of pooled funds under the same management	£50m
Any external Fund Manager	£75m
Negotiable instruments held in a brokers nominee account	£20m
Foreign countries (total per country)	£30m
Registered Providers in total	£30m
Building Societies in total (excluding overnight investments)	£40m
Loans to small businesses	£20m
Money Market Funds	£40m
Investments approved by the Section 151 Officer	Reviewed for each case

Liquidity Management

The Council maintains a cash flow spreadsheet that forecasts the Council's cash flows into the future. This is used to determine the maximum period for which funds may be prudently committed. The forecast is compiled on a pessimistic basis, with receipts under estimated and payments over estimated to minimise the risk of the Council having to borrow on unfavourable terms to meet its financial commitments.

THE MINIMUM REVENUE PROVISION STATEMENT

Introduction:

The rules for Minimum Revenue Provision (MRP) were set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. These rules have now been revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

Authorities are required to submit to a meeting of their Council an annual statement of their policy on making MRP.

Background:

Each year the Council borrows money in order to finance some of its capital expenditure. The loans taken out for this purpose, unlike a mortgage which is repaid in part each month, are fully repayable at a future point in time. The repayment date is chosen to secure the best financial result for the Council.

The concept of Minimum Revenue Provision was introduced in 1989 to prescribe a minimum amount which must be charged to the revenue account each year in order to make provision to meet the cost of repaying that borrowing.

The detailed rules and formulae to be used in the more recent method of calculation were laid down in the Regulations mentioned in the introduction section.

This system has now been radically revised and requires an annual statement to full Council setting out the method the Council intends to adopt for the calculation of MRP.

Issues:

Under the old regulations Local Authorities were required to set aside each year, from their revenue account an amount that, in simple terms equalled approximately 4% of the amount of capital expenditure financed by borrowing. Local Authorities had no freedom to exercise any discretion over this requirement.

The amendment regulations introduce a simple duty for an authority each year to set aside an amount of MRP which it considers to be 'prudent'. The regulation does not define a 'prudent provision' but the MRP guidance makes recommendations to authorities on the interpretation of that term.

The MRP guidance document is a statutory document and authorities are obliged by section 21 of the Local Government Act 2003 to have regard to such guidance. The guidance aims to provide more flexibility and in particular for development schemes it is possible to have an MRP "holiday" for assets or infrastructure under construction.

In addition, it is accepted that where there is capital expenditure that will give rise to a capital receipts, either through the disposal of the asset or loan repayments, then

there is no need to set aside MRP on an annual basis but the capital receipt or loan repayments should be set aside on receipt for that purpose.

The operative date of the change was 31 March 2008, which means the new rules have applied since the financial year 2007/08.

The Annual MRP Statement

As stated above, Local Authorities are required to prepare an annual statement of their policy on making MRP for submission to their full Council. This mirrors the existing requirements to report to the Council on the Prudential borrowing limits and Treasury Management strategy. The aim is to give elected Members the opportunity to scrutinise the proposed use of the additional freedoms conferred under the new arrangements. The statement must be made before the start of each financial year.

The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year in question for the borrowing that is to take place in that financial year. If it is ever proposed to vary the terms of the original statement during any year, a revised statement should be put to Council at that time.

The guidance includes specific examples of options for making a prudent provision. The aim of this is to ensure that the provision to repay the borrowing is made over a period that bears some relation to the useful life of the assets in question or where a capital receipt will be received to repay the debt in part or in full.

The current approach to the calculation of MRP is that the total of all supported borrowing is written down over a period of 50 years on an appropriate basis and that any unsupported borrowing is written down over the expected life of the asset on an annuity calculated basis.

Proposals

To amend the Minimum Revenue Provision Policy Statement for 2016/17-2017/18:

- In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Council's policy for the calculation of MRP shall be that the Council will set aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG; and
- The Council will also consider the use of capital receipts to pay down any MRP incurred.

The policy will be reviewed on an annual basis.

22 February 2017	ITEM: 15
Council	
Appointment of External Auditor	
Wards and communities affected: All	Key Decision: No
Report of: Councillor Shane Hebb, Portfolio Holder for Finance and Legal	
Accountable Head of Service: N/A	
Accountable Director: Sean Clark, Director of Finance and IT	
This report is Public	

Executive Summary

The Local Audit and Accountability Act 2014 sets out new arrangements for the appointment of the external auditor. This applies to principal local government bodies from 2018/19 onwards and Auditor appointments must be made for 2018/19 audits by 31 December 2017. Appointments may be made by the audited body itself, by groups of appointing bodies, or by a specified appointing person.

This report sets out the options and a preferred approach for the local appointment of the external auditor for 2018/19.

1. Recommendation(s)

1.1 That the Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the Council's local auditor appointments from 2018/19.

2. Introduction and Background

2.1 The closure of the Audit Commission on 31 March 2015 heralded the start of the process of devolving the responsibility for making external audit appointments to all local public bodies.

2.2 Public Sector Audit Appointments Limited (PSAA), an independent company established by the Local Government Association (LGA), was tasked with managing the existing appointments under transitional arrangements. For the Council they appointed Ernst and Young for a period of 5 years to 2016/17.

2.3 In May to June 2015, the LGA conducted a short online survey to ascertain the level of interest across the sector for extending external audit contracts for

up to three years, and also the level of support for the LGA setting-up a sector-led body to procure external audit services on behalf of councils and other bodies in the future. In response to this survey, the LGA lobbied for an extension of the transitional arrangements and started making arrangements to support councils during the transition.

- 2.4 In October 2015, the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the audit contracts for a period of one year for audits of principal local government bodies only. Consequently, the audit contracts novated to PSAA have been extended for one year for the principal local government bodies and will end with the completion of the audits of the 2017/18 accounts.
- 2.5 PSAA has subsequently been specified as the 'appointing person' for principal local government bodies under the provisions of the Local Audit and Accountability Act 2014. This means PSAA will make auditor appointments to relevant principal local government bodies that choose to opt into the national appointment arrangements they are developing.
- 2.6 If the Council chooses not to opt into these arrangements then the Council will need to make their own arrangements to:
- Determine whether to complete their own procurement exercise or consider approaching other authorities with a view to a group procurement exercise;
 - Manage the risk of the accredited external audit firms not bidding to secure the Council's external audit contract;
 - Establish an audit panel with independent members;
 - Manage the procurement process to appoint an external auditor;
 - Monitor the independence of the appointed auditor for the duration of the appointment;
 - Be responsible for the replacement of any auditor if required; and
 - Manage the contract in place with the external auditor.

3. Issues, Options and Analysis of Options

- 3.1 Officers have considered the options for the procurement of external audit since the arrangements required were first announced. However the alternative option offered by the PSAA has been developing simultaneously and it was therefore important to wait for confirmation of this option before proceeding further. There has subsequently been further clarification on the scope of this work which also needed to be considered.
- 3.2 In undertaking a sole procurement exercise it is clear the Council would be exposed to some inherent risks in the process. These include the risk of not making an appointment within the agreed timescales and the wider risks of managing the ongoing contract. To date, Councils have not been directly exposed to these risks as they were taken on by the Audit Commission and then the PSAA respectively. It is also noted the arrangements required to

appoint the external auditors will likely be complicated by the need to identify a pool of independent members.

- 3.3 The key drivers in any procurement process remain value for money and quality. The quality of the external auditor should be assured to some degree as the National Audit Office has already identified a list of accredited bidders for the contract which only includes recognised large audit firms in the market.
- 3.4 In terms of value for money the outcome is less certain and it is not unreasonable to consider the Council would be in a much weaker bargaining position in isolation and hence unlikely to secure the financial benefits available as part of either a group or national procurement exercise.
- 3.5 Initial discussions with other Local Authorities, in particular those within the Essex boundary, have identified that the majority of authorities are recommending to opt in to the appointed person regime. In fact the expectation is that most authorities will opt in to the PSAA process and this has been borne out by informal national surveys showing take up in the region of 97%. As such the ability for the Council to consider joint procurement with other authorities is very limited.
- 3.6 Further it is likely that sector wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement exercise undertaken by ourselves or with a limited number of partners. Use of the PSAA will also be less resource intensive and less costly than establishing an auditor panel and conducting our own procurement exercise.
- 3.7 The main advantages of using PSAA are summarised as follows:
 - Assure timely auditor appointments;
 - Manage independence of auditors;
 - Secure competitive prices;
 - Save on procurement costs;
 - Save time and effort needed on auditor panels;
 - Focus on audit quality; and
 - Operates on a not for profit basis and distributes any surplus funds to scheme members.
- 3.8 There is more detail included within both the PSAA opt-in letter attached at Appendix 1 and in their frequently asked questions attached at Appendix 2. The benefits clearly align with the Council's desire to achieve value for money, receive a quality service and to provide an effective contract management service. The ability to achieve this is enhanced by the widespread opt in to this process from other principle local authorities.
- 3.9 As a result, it is recommended that the most efficient and cost effective approach for the Council would be to opt in to the appointing person arrangements for local auditor appointment for 2018/19.

3.10 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council. The date by which authorities will need to opt in to the appointing person arrangements is the 9 March 2017.

4. Reasons for Recommendation

4.1 To ensure the Council has a process in place for the appointment of the external auditors.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 There has been consultation with the current external auditors, the PSAA and other local authorities.

6. Impact on corporate policies, priorities, performance and community impact

6.1 The Council continues to deliver the corporate priorities that underpin the work of the Council. Strong Governance arrangements form part of these core principles and external audit provide the authority with independent assurance over the Council's governance arrangements in relation to the production of the opinion of the final accounts and value for money conclusion.

7. Financial Implications

7.1 Implications verified by: **Jonathan Wilson**
Chief Accountant

The Council has an established budget for the provision of external audit and current officer resources are considered appropriate to facilitate participation in the appointing person arrangements. If PSAA are not used then additional resource may be needed to establish an auditor panel and conduct the Council's own procurement exercise.

Until the procurement exercise is completed it is not possible to state whether the exercise will create efficiencies in terms of the budget or generate a budget pressure. It is, however, anticipated that any increase will be minimised through using PSAA.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal Services

The process as set out above and the recommendation should ensure compliance with the requirements of the Local Audit and Accountability Act 2014.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

There are no specific implications from this report.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

There are no specific implications from the report

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. Appendices to the report

- Appendix 1 – PSAA Opt-in Letter
- Appendix 2 – PSAA Appointing Person Frequently Asked Questions

Report Author:

Jonathan Wilson
Chief Accountant, Corporate Finance

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27 October 2016

[Chief Executive Name]
[Authority name]
[Address]

Email: appointingperson@psaa.co.uk

Copied to: [Director of Finance name], [Job title], [Authority name]
[Monitoring officer name], [Job title], [Authority name]

Dear [Salutation]

Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at appointingperson@psaa.co.uk.

Yours sincerely



Jon Hayes
Chief Officer

Appointing an external auditor

Information on the national scheme

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

The national scheme for appointing local auditors

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

What the appointing person scheme will offer

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

High quality audits

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

Procurement strategy

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

Auditor appointments and independence

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

Fee scales

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

Timetable

In summary, we expect the timetable for the new arrangements to be:

- Invitation to opt in issued 27 October 2016
- Closing date for receipt of notices to opt in 9 March 2017
- Contract notice published 20 February 2017
- Award audit contracts By end of June 2017
- Consult on and make auditor appointments By end of December 2017
- Consult on and publish scale fees By end of March 2018

Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: appointingperson@psaa.co.uk.

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.

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Appointing person: Frequently asked questions (updated 25 January 2017)

Index to questions	Page
The appointing person scheme and eligible bodies (questions 1-6).....	2
The opt-in process (questions 7-11).....	5
PSAA's audit procurement (questions 12-19)	8
Auditor appointments (questions 20-21)	11
Scale audit fees (question 22).....	13
Contract management (questions 23-25).....	14
Non-audit work (questions 26-27).....	16
Appointment requirements for authorities that do not opt in (questions 28-29)	18
Changes during the appointing period (question 30)	20

The appointing person scheme and eligible bodies (questions 1-6)

Question	Response
<p>1. What is an appointing person and which bodies are eligible to opt in?</p>	<p>Public Sector Audit Appointments Limited (PSAA) has been specified as an appointing person under the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015, and has the power to make auditor appointments for audits of the accounts from 2018/19 on behalf of principal local government bodies that opt in, in accordance with the Regulations. PSAA is a not-for-profit company owned by the LGA's Improvement and Development Agency (IDeA) and was established to operate the transitional arrangements following closure of the Audit Commission. The 'appointing person' is sometimes referred to as the sector-led body.</p> <p>Eligible bodies are only those principal local government bodies listed in schedule 2 of the Local Audit and Accountability Act 2014. This includes county councils, district councils, London borough councils, unitary authorities, metropolitan councils, police bodies, fire and rescue authorities, joint authorities, combined authorities (covering elected regional mayors), national park authorities, conservation boards, passenger transport executives, waste authorities, and the GLA and its functional bodies. Smaller authorities (such as parish councils) and NHS bodies, including accountable care organisations, are not eligible to opt in.</p> <p>A list of the 493 local government bodies currently eligible for the appointing person scheme is available on the appointing person page of our website (http://www.psa.co.uk/supporting-the-transition/appointing-person/).</p>
<p>2. What are the terms of reference of the appointing person?</p>	<p>PSAA is a not-for-profit company wholly owned by the IDeA (the IDeA is wholly owned by the LGA). PSAA will continue to operate as an independent company, although there will be changes to its governance arrangements and its founding documents to reflect the</p>

Question	Response
	fact that it will be an appointing person going forward rather than a transitional body.
<p>3. In addition to the Code of Audit Practice requirements set out by the NAO, will the contracts include the audit of wholly owned companies and group accounts?</p>	<p>Local authority group accounts are part of the accounts produced under the CIPFA SORP and are subject to audit in line with the NAO Code of Audit Practice. They will continue to be part of the statutory audit for which PSAA will make an auditor appointment for opted-in bodies.</p> <p>Local authority companies are not listed in the Local Audit and Accountability Act as bodies subject to audit under that act. Company audits are subject to the provisions of the Companies Act 2006 and are not covered by the Local Audit (Appointing Person) Regulations 2015 or the scope of PSAA's specification as the appointing person.</p> <p>Local authority companies must appoint an auditor themselves in accordance with Companies Act legislation. They are able to appoint the same audit firm as PSAA appoints to undertake the principal body audit, should they so wish, for example where this could support an efficient audit process.</p>
<p>4. Will the appointing person arrangements cover the audit of an authority's pension fund where it is the administrative body responsible for preparing the pension fund accounts?</p>	<p>Pension funds are not separate legal entities from their administering local authority, and are therefore not listed as relevant authorities in schedule 2 of the Local Audit and Accountability Act 2014. The auditor appointment to an opted-in local authority will include the audit of the pension fund where the authority is the administering body. As is currently the case, the pension fund audit will be subject to a separate engagement and scale audit fee, but the auditor appointment will cover both the local authority and the pension fund.</p>
<p>5. We have a joint committee which no longer has a statutory requirement to have an external auditor but has agreed in the interests of all parties to continue to engage one. Is it</p>	<p>The requirement for joint committees to produce statutory accounts ceased after production of the 2014/15 accounts and they are therefore not listed in Schedule 2. Joint committees that have opted</p>

Question	Response
possible to use this process as an option to procure the external auditor for the joint committee?	to produce accounts voluntarily and obtain non-statutory assurance on them will need to make their own local arrangements.
6. Will membership be free for existing members of the LGA?	The option to join the appointing person scheme will be open to all principal local government authorities listed under Schedule 2 of the Local Audit and Accountability Act 2014. There will not be a fee to join the sector-led arrangements. The audit fees that opted-in bodies will be charged will cover the costs to PSAA of appointing auditors and managing the arrangements. We believe that audit fees achieved through large contracts will be lower than the costs that individual authorities will be able to negotiate. In addition, by opting into the PSAA offer, authorities will avoid the costs of their own procurement and management of contracts and also the requirement to set up an auditor panel with independent members.

The opt-in process (questions 7-11)

Question	Response
7. When will invitations to opt in be issued?	<p>The invitation to opt in was issued on 27 October 2016 with a closing date for acceptance of 9 March 2017. This allows considerably longer than the statutory minimum period of eight weeks, for the requirement under the regulations that authorities must make the decision to opt in at a full authority meeting. As corporations sole, the full authority requirement does not apply to police and crime commissioners.</p> <p>The aim is to award contracts to audit firms by June 2017, giving six months to consult with authorities and confirm appointments before the 31 December 2017 deadline to appoint auditors for the following financial year.</p> <p>In order to maximise the potential economies of scale from agreeing large contracts with firms, and to manage any auditor independence issues, PSAA needs as much certainty as possible about the volume and location of work it is able to offer to firms. Our timetable means that we will need to start preparing tender documentation early in 2017, so we will need to know which authorities have opted in.</p>
8. How do we have to make the decision to accept the invitation to opt in?	<p>In accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, a principal authority will need to make the decision to opt in at full authority (authority meeting as a whole), except where the authority is a corporation sole (such as a police and crime commissioner), in which case the function must be exercised by the holder of the office.</p>
9. Can we join after it has been set up or do we have to join at the beginning?	<p>One of the main benefits of an appointing person approach is the ability to achieve economies of scale as a result of being able to offer larger volumes of work. The greater the number of participants we have signed up at the outset, the better the economies of scale</p>

Question	Response
	<p>we are likely to achieve. This will not prevent authorities from applying to join the appointing person scheme in later years (and PSAA must agree to the request unless there are reasonable grounds to refuse), but they will need to make their own arrangements to appoint an auditor in the interim, which will include establishing an auditor panel. In order to be in the best position we would encourage as many authorities as possible to commit by accepting the invitation within the specified timeframe, that is by 9 March 2017.</p>
<p>10. Will the appointing person take on all auditor panel roles and therefore mitigate the need for there to be one in each individual authority?</p>	<p>Opting into the appointing person scheme will remove the need to set up an auditor panel. This is set out in the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.</p>
<p>11. How does the opt-in process work for police and crime commissioners and chief constables, given that chief constables cannot appoint their own auditor?</p>	<p>PSAA has issued the opt-in invitation to chief constables as well as police and crime commissioners because the Local Audit (Appointing Person) Regulations 2015, issued under the provisions of the Local Audit and Accountability Act 2014, require the appointing person to issue an invitation to “all principal authorities which fall within the class of authorities in relation to which the person has been specified” (Regulation 8). PSAA’s specification as an appointing person covers all relevant local government authorities that are principal bodies, as listed in Schedule 2 of the 2014 Act. Chief constables and police and crime commissioners are listed separately as relevant authorities.</p> <p>While the responsibility for the decision about appointing an auditor for the chief constable is reserved to the police and crime commissioner for a police area (under schedule 3 of the Local Audit and Accountability Act 2014), the police and crime commissioner will need to consider this decision with the chief constable. The opt-in invitation information sent by PSAA provides chief constables with essential information about the appointing person arrangements,</p>

Question	Response
	<p>including the timetable for the opt-in process. This should enable chief constables to engage with police and crime commissioners on this decision.</p> <p>Where a police and crime commissioner makes a decision to opt into PSAA's national auditor appointment arrangements and submits a notice of acceptance of the invitation, this notice must cover the chief constable as well. PSAA will need to confirm that the notice covers the chief constable if this is not explicitly stated. As separate legal entities, PSAA will subsequently need to make separate auditor appointments, albeit of the same audit firm, to the opted-in police and crime commissioner and chief constable for a police area.</p>

PSAA's audit procurement (questions 12-19)

Question	Response
12. How will we be able to influence the development of the appointing person scheme and associated contracts with audit firms?	<p>We have established a stakeholder advisory panel which will comment on our proposals. Members of the panel are drawn from representative organisations for councils, police and fire bodies. The first meeting of the group was held on 30 September 2016. Further meetings are scheduled for 23 November 2016, 26 January 2017 and 25 May 2017.</p> <p>PSAA continues to work in partnership with the LGA in setting up the appointing person scheme and you can feed in comments and observations to PSAA by emailing appointingperson@psaa.co.uk and via the LGA and their principal advisors.</p>
13. Will there be standard contract terms and conditions?	<p>The audit contracts between PSAA and the audit firms will require firms to deliver audits compliant with the National Audit Office (NAO) Code of Audit Practice. We are aware that authorities would like to understand how performance and delivery will be monitored and managed. This is one of the issues that could be discussed with the stakeholder advisory panel.</p>
14. What will be the length of the contracts?	<p>The length of contract between PSAA and firms will be five years.</p>
15. Will bodies that opt in be able to seek information from potential suppliers and undertake some form of evaluation to choose a supplier?	<p>PSAA will run the tendering exercise, and will evaluate bids and award contracts. PSAA will consult authorities on individual auditor appointments. The appointment of an auditor independently of the body to be audited is an important feature of the appointing person arrangements and will continue to underpin strong corporate governance in the public sector.</p>
16. Will the price be fixed or will there be a range of prices?	<p>The fee for the audit of a body that opts in will reflect the size, audit risk and complexity of the work required. PSAA will establish a system for setting the fee which is fair to all opted-in authorities. As</p>

Question	Response
	<p>a not-for-profit organisation, PSAA will be able to return any surpluses to opted-in authorities after all costs have been met.</p>
<p>17. How will the appointing person scheme ensure audit firms are not over-stretched and that the competition in the market place is increased?</p>	<p>The number of firms eligible to undertake local public audit is regulated through the Financial Reporting Council and the recognised Supervisory Bodies (RSBs). Only appropriately accredited firms will be able to bid for appointments whether that is through PSAA or an auditor panel.</p> <p>PSAA is developing a procurement strategy which may include a limit on the total business available to any one firm.</p> <p>One of the advantages of the appointing person option is to make appointments that help to ensure that each successful firm has a sufficient quantum of work to make it possible for them to invest in public sector specific training, maintain a centre of excellence or hub that will mean:</p> <ul style="list-style-type: none"> • firms have a regional presence; • greater continuity of staff input; and • a better understanding the local political, economic and social environment.
<p>18. Will the appointing person scheme contract with a number of different audit firms and how will they be allocated to authorities?</p>	<p>PSAA will organise the contracts to maximise the number of firms appointed nationally. The minimum number of audit firms is probably four or five (depending on the number of bodies that opt in). This is required, not just to ensure competition and capacity, but because each firm is required to comply with the FRC's ethical standards. This means that an individual firm may not be appointable for 'independence' reasons, for example, because they have undertaken consultancy work at an audited body. PSAA will consult on appointments that allow each firm a balanced portfolio of work subject to independence considerations.</p>

Question	Response
19. What is the timetable for set up and key decisions?	<p>We expect the key points in the timetable to be broadly:</p> <ul style="list-style-type: none"> • establish an overall strategy for procurement - by November 2016; • achieve 'sign-up' of opted-in authorities - by 9 March 2017; • invite tenders from audit firms - by April 2017; • award contracts - by 30 June 2017; • consult on and make final auditor appointments - by 31 December 2017; and • consult on, propose audit fees and publish fees - by 31 March 2018.

Auditor appointments (questions 20-21)

Question	Response
<p>20. We have shared service arrangements with our neighbouring bodies and we are looking to ensure that we share the same auditor. Will the appointing person scheme allow for this?</p>	<p>PSAA will be able to make appointments to all principal local government bodies listed in Schedule 2 of the Local Audit and Accountability Act 2014 that are 'relevant authorities' and not excluded as a result of being smaller authorities, for example parish councils.</p> <p>In setting up the new arrangements, one of our aims is to make auditor appointments that take account of joint working and shared service arrangements. Requests for the same auditor as other authorities will need to be balanced with auditor independence considerations. As we have set out in our prospectus, auditors must be independent of the bodies they audit. PSAA will have an obligation under the provisions of the Local Audit and Accountability Act 2014 to ensure that every auditor appointment it makes passes this test and auditors must comply with the requirements of the Ethical Standards issued by the Financial Reporting Council.</p> <p>We will need information from opted-in authorities on potential independence considerations and joint working arrangements, and will also need information on independence issues from the audit firms. Risks to auditor independence include, for example, an audit firm having previously been engaged to advise on a major procurement which could, of course, later be subject to audit.</p>
<p>21. In what circumstances can an auditor be changed during the five year opt-in period, and how does this differ from locally procured arrangements?</p>	<p>The main circumstances in which PSAA will consider changing an auditor appointment during the five year compulsory appointing period are either for independence reasons, for example the identification of a conflict of interest involving the existing audit firm, or because of the emergence of new joint working arrangements.</p> <p>An authority appointing its own auditor will find it more difficult to change their auditor appointment during the contracted period, as</p>

Question	Response
	this would require the authority to conduct a new selection and procurement exercise. The appointing person scheme will therefore provide more flexibility for opted-in bodies.

Scale audit fees (question 22)

Question	Response
<p>22. How will audit fee levels be set for each individual body with the objective of recovering PSAA costs at the aggregate level?</p>	<p>PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as currently evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.</p> <p>2018/19 scale fees will be determined by the prices achieved in the auditor procurement that PSAA will undertake during the early part of 2017. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable in March 2018. Where more or less work is required than is envisaged in the scale fee, a fee variation process will apply. The variations process will ensure that fees for additional work cannot be invoiced until agreed with the audited body and approved by PSAA.</p>

Contract management (questions 23-25)

Question	Response
23. What will be the process to feed in opinions of current auditors if there are issues?	PSAA will seek feedback on its auditors as part of its engagement with the sector. PSAA will continue to have a clear complaints process and will also undertake contract monitoring of the firms it appoints.
24. What will be the arrangements for overseeing the quality of audit work undertaken by the audit firms appointed by the appointing person?	<p>PSAA will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the Local Audit and Accountability Act 2014, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of the firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register, meaning that small local firms will not be eligible to be appointed to local public audit roles.</p> <p>PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. PSAA will take a close interest in feedback from opted-in bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems. We will liaise with the NAO to help ensure that guidance to auditors is updated when necessary.</p>
25. How will the appointing person scheme deal with an authority that is dissatisfied with its auditor and wants a change (e.g. because of quality, relationships, or a conflict of interest)?	As with the current arrangements, where an authority is dissatisfied with its auditor, concerns should be raised in the first instance with the firm's Engagement Lead and subsequently with the firm's PSAA Contact Partner (as indicated on communications between the firm and the authority).

Question	Response
	<p>If the authority is not satisfied with the response of the firm, then the matter should be raised with PSAA.</p> <p>As appointing person, PSAA appoints a firm as auditor to an authority. The firm is responsible for nominating an individual to act as the Engagement Leader on the audit of an authority.</p> <p>PSAA will consider changing an auditor appointment in extremis if an authority is dissatisfied, but would expect the authority and the firm to have exhausted all avenues for resolution before doing so. Maintaining the independence of the auditor is an important part of this consideration.</p> <p>PSAA will consider changing an auditor appointment during the five year compulsory appointing periods, if a conflict of interest involving the existing audit firm is identified, or because of the emergence of new joint working arrangements.</p> <p>The appointing person scheme will have the flexibility to provide an audit alternative if required in these cases.</p> <p>PSAA will be monitoring the quality of audit services provided as part of the contractual terms of appointment to be agreed with firms.</p>

Non-audit work (questions 26-27)

Question	Response
<p>26. Will an auditor be able to provide my authority with non-audit consultancy services?</p>	<p>The independence requirements for all auditors within the local public audit regime are the same whether locally appointed, or part of the appointing person regime. These requirements are specified by the Financial Reporting Council in the Ethical Standard and applied to local public audit as determined by the NAO.</p> <p>The services that an auditor can provide are the same, whatever the appointment method.</p> <p>As the Appointing Person, PSAA will perform the role otherwise required of an auditor panel to advise the authority on the maintenance of the independence of the auditor [Local Audit and Accountability Act 2014 section 10(1)].</p> <p>PSAA will consider changing an auditor appointment during the five-year compulsory appointing period for independence reasons, if for example the identification of a conflict of interest involving the existing audit firm, or because of the emergence of new joint working arrangements.</p>
<p>27. What will be the future arrangements under the appointing person scheme for certifying grant claims?</p>	<p>PSAA's audit contracts from 2018/19 will cover the audit of accounts only. PSAA has no power under the Local Audit and Accountability Act 2014 to make arrangements or appointments for assurance on grant claims and returns, and its appointing person arrangements will cover opted-in bodies only.</p> <p>Where government departments require assurance as grant paying bodies, tripartite agreements are in place. Under the transitional arrangements made by DCLG, DWP has asked PSAA to continue making certification arrangements for this claim until 2018/19.</p> <p>The DWP is developing its own assurance arrangements from 2018/19 for the housing benefit subsidy claim on a tripartite</p>

Question	Response
	<p>agreement basis, and issued further guidance in Circular HB S1/2017 in January 2017. Local authorities will appoint a reporting accountant (auditor) themselves for this work (for which an auditor panel is not required), using the standardised terms of engagement provided by the DWP. Authorities may choose to use the same audit firm appointed by PSAA for the audit of the accounts, if they are opted-in bodies. Opted-in authorities may therefore wish to approach directly the audit firm that PSAA appoints to their authority by 31 December 2017, subject to the requirements of the authority's financial standing orders, in order to procure the necessary tripartite agreement services.</p>

Appointment requirements for authorities that do not opt in (questions 28-29)

Question	Response
<p>28. If an authority chooses not to opt in to the appointing person arrangements, what local arrangements will they need to put in place?</p>	<p>All relevant authorities listed in schedule 2 of the Local Audit and Accountability Act 2014 (the Act), whether they opt in or not, are required to comply with Part 3 of the Act in relation to the appointment of local auditors. Section 7 of the Act requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year. For the 2018/19 accounts, a local auditor must be appointed by 31 December 2017.</p> <p>For authorities that choose to opt into the appointing person arrangements, PSAA will appoint their auditor for them by 31 December 2017, having consulted the authority about the proposed appointment.</p> <p>For authorities that choose not to opt into the appointing person arrangements, there are two options available for appointing their own auditor. These are to:</p> <ul style="list-style-type: none"> • undertake an individual auditor procurement and appointment exercise; or • undertake a joint audit procurement and appointing exercise with other bodies, those in the same locality for example. <p>Both these options require the authority to consult and take into account the advice of its auditor panel on the selection and appointment of a local auditor. Section 9 of the Act requires a relevant authority to establish an auditor panel, section 10 sets out the functions of an auditor panel, and schedule 4 sets out provisions applying to auditor panels. An auditor panel must consist of a majority of independent members (or wholly of independent members), and must be chaired by an independent member.</p>

Question	Response
	<p>A guide to auditor panels for local government authorities has been issued by CIPFA.</p> <p>Within the period of 28 days beginning with the day on which the auditor appointment is made, section 8 of the Act requires an authority that has not opted into the national appointing person arrangements to publish a notice that:</p> <ul style="list-style-type: none"> a) states that it has made the appointment, b) identifies the local auditor that has been appointed, c) specifies the period for which the local auditor has been appointed, d) sets out the advice, or a summary of the advice, of its auditor panel about the selection and appointment of a local auditor, and e) if it has not followed that advice, sets out the reasons why it has not done so. <p>The notice must be published, if the authority has a website, on its website or in such manner as the authority thinks is likely to bring the notice to the attention of service users.</p> <p>Authorities that opt into the appointing person arrangements are not required to establish an auditor panel or to publish a notice under section 8 of the Act.</p>
<p>29. Can an eligible local government body still opt in if it misses the deadline for close of the opt-in period on 9 March 2017?</p>	<p>A body that received an invitation to opt in for the compulsory appointing period beginning 1 April 2018 but did not submit a formal notice of acceptance of the invitation before the close of the opt-in period, as specified in the Regulations, cannot opt in for the auditor appointments effective from 2018/19. It can, however, opt in for the subsequent years of the opt-in period, for financial years 2019/20 to 2022/2023.</p> <p>See also Q9</p>

Changes during the appointing period (question 30)

Question	Response
30. Can an opted-in body opt out at a later date?	No, an authority's notice of acceptance of PSAA's invitation to opt in means it is opted-in for the duration of the compulsory appointing period (five years from 2018/19), unless the body ceases to exist or the body ceases to fall within the classes of authorities for which PSAA is the appointing person.

QUESTION TIME

Questions from Members to the Leader, Cabinet Members, Chairs of Committees or Members appointed to represent the Council on a Joint Committee in accordance with Chapter 2, Part 2 (Rule 14) of the Council's Constitution.

There are no questions to the Leader and 4 questions to Cabinet Members, Committee Chairs and Member appointed to represent the Council on a Joint Committee.

QUESTIONS FROM MEMBERS TO CABINET MEMBERS, COMMITTEE CHAIRS AND MEMBERS APPOINTED TO REPRESENT THE COUNCIL ON A JOINT COMMITTEE

1. From Councillor Kerin to Councillor Tolson

Would the Portfolio Holder for Environment please outline her long term plans for Grays Beach?

2. From Councillor Fish to Councillor Halden

What action is being taken to ensure standards improve quickly at the Acorns surgery in the Queensgate Centre?

3. From Councillor Sammons to Councillor Halden

Could the Portfolio Holder clarify what are the proposals to replacing the Children's Services that have been withdrawn in East Tilbury, Linford and West Tilbury?

4. From Councillor Kent to Councillor Coxshall

Is the Portfolio Holder satisfied with the progress being made in delivering our plans for the regeneration of Purfleet?

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Item 19 - Update on Motions agreed by the Council – 22 February 2017

Date	From	Motion	Status	Accountable Director
24/2/16	Cllr Aker	A letter has been sent from the Leader of the Council to the Chief Executive of c2c setting out this request. No response has been received to date.	<p>A letter has been sent from the Leader of the Council to the Chief Executive of c2c setting out this request. No response has been received to date.</p> <p>C2C have endeavoured to find additional carriages to relieve the overcrowding in peak periods on services through Thurrock. However they have not been successful to date.</p> <p>Council officers pressed C2C to attend PTR Scrutiny on 1st March 2016 but they were unable to attend. It has now been agreed that the Cabinet Member for Highways and Transport and the PTR Scrutiny Chair will meet with C2C to discuss progress on the issues. A letter explaining the reasons for the Council motions has been sent to C2C.</p> <p>Update – November 2016</p> <p>C2c has taken receipt of the first of 24 new carriages which will add an additional 1400 extra seats on the Thameside Route. In Thurrock, the intention is to lengthen three trains in the morning peak and four trains in the evening peak. Passenger representatives have worked with c2c to develop a new timetable which will come in to operation in January 2017.</p> <p>Update – January 2017</p> <p>C2c will attend Planning, Transportation, Regeneration Overview and Scrutiny Committee on 7th March 2017 to update Members on the roll-out of their revised timetable.</p>	Ann Osola
24/2/16	Cllr Jones	In light of recent events where the Borough of Thurrock was brought to a virtual standstill on the 28th January and 9th February because of events	Essex Police and Essex Fire and Rescue Service have been written to.	Steve Cox

Item 19 - Update on Motions agreed by the Council – 22 February 2017

		relating to the Dartford crossing, we request that Thurrock Council send a letter to both Essex Police and Essex Fire and Rescue Services to rethink their proposals to drastically cut essential services to the borough of Thurrock and work with Highways England on an action plan to combat the chronic congestion that affects the whole Borough during such incidents.		
23/3/16	Cllr Halden	Thurrock Council calls on the Home Office to expedite work to release money from police management costs in order to provide more funding to the front line, such as the ongoing work to bring the blue light services together.	Letter sent by Steve Cox to the Home Secretary.	Steve Cox
23/3/16	Cllr Snell	This Chamber agrees that excessive bureaucracy and costs emanating from the EU have a detrimental effect on the efficiency and cost of Thurrock Council meaning that Thurrock Council would be better off if Britain was to vote to leave the European Union.	This motion does not require officer action.	
27/7/2016	Cllr Hebb	Thurrock Council calls upon the government to introduce legislation to provide for a right of "Recall" of local government councillors, alongside Thurrock Council also exploring the possibilities to introduce its own local recall scheme.	The methodology and detail of the public consultation to be discussed at Governance Group and reviewed and agreed by General Services Committee on behalf of Full Council.	David Lawson
28/09/2016	Cllr Aker	Thurrock Council calls on the government to make unauthorised traveller pitches and unauthorised events a criminal offence	Officers are consulting with Legal on the wording of a letter to government calling for a specific offence of pulling caravans on to land without the owner's prior permission.	Steve Cox
28/09/2016	Cllr Jones	We call on Thurrock Council to write to the Secretary of State to express many residents' views that in its present state the police service contact	A letter has been sent to the Secretary of State advising of the motion of Thurrock Council and inviting a response. No response has been received yet.	Gavin Dennett

Item 19 - Update on Motions agreed by the Council – 22 February 2017

		number 101 is not fit for purpose.		
28/09/2016	Cllr Duffin	That Thurrock Council support the inclusion in the annual Council Tax mail out of details of changes to Council funding by government in the last 5 years and an indication of planned changes in the next 3 years, including in graph format. This would be an effective way to let residents of Thurrock understand the financial pressures the Council has faced over this period and those due to be addressed.	This information is being collated to distribute with the Council Tax bills.	Sean Clark
28/09/2016	Cllr J Kent	Thurrock Council is extremely concerned that much of Grays Beach Park was not open for residents to enjoy for so much of the summer. Council requests that the Cleaner, Greener, Safer Overview and Scrutiny Committee (or / and the relevant director) investigate these issues including inviting evidence from Anglian Water, relevant council officers and members before reporting back to the Full Council as soon as reasonably practical about the reasons and responsibilities for so much of Grays Beach Park not being open to residents over the summer period.	Cleaner, Greener, Safer, Overview and Scrutiny Committee considered this at its meeting of 11 October 2016 and set out the terms for an investigation. The outcome of the investigation was considered by Cleaner, Greener, Safer, Overview and Scrutiny Committee on 6 December 2016.	Steve Cox
26/10/2016	Cllr Collins	This Council condemns in the strongest possible terms, the horrific practice of Female Genital Mutilation and will support all health, welfare, civil and criminal enforcements to eradicate it from our Thurrock and the rest of the World.	Thurrock Council and its partners continue to robustly tackle Female Genital Mutilation (FGM) and provide support for its victims. There are clear pathways in place across health agencies, Children's Services and the Community Safety Partnership to identify and support those suspected to be at risk. The Council are working in partnership with the Barnardo's, National FGM Centre for Excellence to provide training, support and interventions to assist communities in eradicating FGM. Staff from the National FGM Centre is part of the Thurrock Multi-Agency Safeguarding Hub (MASH). In partnership with the Police, Thurrock Council will continue to pursue prosecutions for perpetrators of this	Rory Patterson/ Andrew Carter

Item 19 - Update on Motions agreed by the Council – 22 February 2017

			abuse; supporting national and international efforts to eliminate FGM.	
30/11/2016	Cllr Duffin	This Council supports the need to reduce and eliminate fuel poverty for Thurrock residents who struggle to heat their homes. Council requests that Cabinet investigate what options, including creating a fuel poverty grant that may exist for the Council to support the community by working with residents and providers.	Officers are considering the various opportunities and approaches and will bring a report to the Corporate Overview and Scrutiny Committee in the first instance.	Sean Clark
25/1/2017	Cllr Watkins	That Thurrock Council supports the government's position on introducing an oath to British Values, and will look into the options for creating a local one for Thurrock.	A number of potential options have been drafted and we are currently seeking an independent opinion on those options as well as consulting with governance group and other authorities to seek the best option for a potential template that may obtain wide approval.	David Lawson

Motions Submitted to Council

In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution

Motion 1

Submitted by Councillor Duffin

Council requests that Standards and Audit Committee investigate bringing in guidance to Group Leaders, that once a Group Member has served one year on the Planning Committee, they only consider re-nominating the same Group Member to Planning Committee after a period of three years has expired, as this will bring a circulation of expertise, skills and objectivity from other Members of the Council that may contribute to the work of the Committee.

At the same time Council also write to the government requesting they introduce legislation so that such a circulation of Members can be made mandatory.

Monitoring Officer Comments:

Currently any mandatory scheme would conflict with Group Leaders legal powers under section 15 Local Government and Housing Act 1989 to choose who to appoint from their Group up to their political balance entitlement and therefore require parliamentary legislation to allow.

It may also be noted that Planning Committee is a highly technical committee that can take some time for Members to become fully trained and familiar with given its complex procedures and law.

It could be argued that such an approach may make it harder for the committee to discharge its responsibilities, appears to depart from general local government practice and has the potential to undermine the good governance by limiting continuity of experience.

Minority Groups may also struggle to fill the committee places allotted to them under (section 15 LGA&H Act 1989) political balance calculations - which may in turn distort the legal requirement for political balance on the committee. Therefore any such discretionary guidance would have to address these legal requirements in the absence of new enabling legislation or a vote by Full Council to disapply the political balance arrangements.

Section 151 Officer Comments:

There are no direct financial implications arising from this motion. If there was to be a more frequent change in Members on the committee, there may be additional training costs that would have to be met from existing budgets.

Is the above motion within the remit of Council to approve?

Yes

Motions Submitted to Council

In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution

Motion 2

Submitted by Councillor J Kent

The Thameside Theatre is held in great affection by residents across Thurrock. Therefore the sudden announcement that the theatre is likely to close by April 2019 is causing real concern in many quarters. Council is of the collective view that the Thameside Theatre should remain open until a new civic theatre for Thurrock, situated in Grays, has opened.

Monitoring Officer Comments:

It is within the function of Full Council to express such a view or opinion, however it should be noted that under section 9DA(3) of the Local Government Act 2000, as amended, decision making on this executive matter is reserved to the Executive. Finally the matter raised by the Motion was the subject of a response by the Leader at the last meeting of Full Council in January 2017.

Section 151 Officer Comments:

The Medium Term Financial Strategy (MTFS) for the period through to 2020/21 contains no proposals or assumptions that the Thameside will close and the capital proposals are seeking funding to develop a feasibility study for a new theatre.

Is the above motion within the remit of Council to approve?

Yes

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Motions Submitted to Council

In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution

Motion 3

Submitted by Councillor Snell

Narrative

Gloriana Limited is a local authority controlled company which is a 100 % owned by the Council. Our shareholding interests are represented by our General Services Committee and the company' Directors are senior Council employees, who are under duties imposed both by company law and a requirement to avoid a conflict of interest. To date Gloriana Limited has borrowed significant sums of money from Thurrock Council. Thurrock is appreciative of Gloriana Limited willingness to co-operate with such scrutiny, in order that the Council and General Services Committee can be clear that any future monies advanced to the company are being responsibly used and will provide the Council the best possible rate of return.

Motion

In order to demonstrate transparency on its policies, implementation of its policies and overall performance and further to Gloriana Limited willingness to co-operate with such scrutiny from Members, Thurrock Council believes that Gloriana Limited should: provide an Annual Report to the Council; provide regular quarterly updates to our General Services Committee, voluntarily submit to the full democratic scrutiny of Full Council and General Services Committee on the thoroughness of its Business Plan and funding requirements. This is not to seek to inappropriately discuss the specific merits of any material planning considerations or predetermine the quasi-judicial decision properly within the remit of our Planning Committee on the current part heard planning application.

Monitoring Officer Comments:

Planning Committee Members and substitute Members of Planning Committee who have or may be required to take part in the current part heard planning application should exercise care that they must reserve their judgement and the independence to make up their own mind on any matter bearing on the planning application based on their overriding duty to judge the planning application on its individual merits and keep an open mind when the application comes back before the Planning Committee and that they hear all of the relevant information and will not in any way commit themselves as to how they or others may vote when the proposal comes back before the Planning Committee or alternatively not take part in either debate on the Motion or the relevant Planning Committee item.

Shareholders' rights arise in the main from the Companies Act 2006 as amended and the company's articles of association

Section 151 Officer Comments:

There are no direct financial implications on the Council as a result of this motion.

Is the above motion within the remit of Council to approve?

Yes

Motions Submitted to Council

In accordance with Chapter 2, Part 2 (Rule 15) of the Council's Constitution

Motion 4

Submitted by Councillor Hebb

Thurrock Council resolves to thank HM The Queen, for her selflessness and grace as monarch of the United Kingdom for 65 years, and it thanks her for her years of dedicated public service and advocacy of our great nation.

In the spirit in which HM The Queen has herself taken with the Sapphire Jubilee, this council also seeks to recognise the memory of our former monarch George VI, for his unwavering patriotism during our nation's darkest hours. This council therefore resolves to rename a suitable park within the borough to be identified after public consultation - to the George VI Memorial Park in honour of the former King and his years of service to our country.

Monitoring Officer Comments:

The notice of Motion relates to a matter which affects the Authority' or the Authority' area and relates to a matter in respect of which the Authority has a relevant function.

Section 151 Officer Comments:

Associated costs will include signage, advertising and consultation. These will differ depending on the park and whether there are any covenants.

Is the above motion within the remit of Council to approve?

Yes

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