

# RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

The next meeting of the **POLICY AND FINANCE COMMITTEE** is at **6.30pm on TUESDAY, 5 APRIL 2016** in the **TOWN HALL, CHURCH STREET, CLITHEROE.**

I do hope you can be there.

Yours sincerely

CHIEF EXECUTIVE

To: Committee Members (copy for information to all other members of the Council)  
Directors  
Press

## AGENDA

### Part 1 – items of business to be discussed in public

1. Apologies for absence.
- ✓ 2. Minutes of the meeting held on 26 January 2016 and special meeting on 9 February 2016 – copies enclosed.
3. Declarations of Pecuniary and Non-Pecuniary Interests (if any).
4. Public Participation (if any).

### DECISION ITEMS

- ✓ 5. Voluntary Organisation Grant Applications 2016/17 – report of Director of Resources – copy enclosed.
- ✓ 6. Treasury Management Strategy – report of Director of Resources – copy enclosed.
- ✓ 7. Treasury Management Policies and Practices 2016/17 – report of Director of Resources – copy enclosed.

- ✓ 8. Local Taxation Write-offs – report of Director of Resources – copy enclosed.
- ✓ 9. Meeting Timetable 2016/17 – report of Chief Executive – copy enclosed.
- ✓ 10. Constitution Update – report of Chief Executive – copy enclosed.
- ✓ 11. References from Committee
  - (a) Personnel Committee – report of Director of Resources – copy enclosed.

#### INFORMATION ITEMS

- ✓ 12. Update on Financial Impact of December Floods – report of Director of Resources – copy enclosed.
- ✓ 13. Revenues and Benefits General Report – report of Director of Resources – copy enclosed.
- ✓ 14. Minutes of Budget Working Group held on 21 January 2016 – copy enclosed.
- ✓ 15. Perception Survey – report of Director of Resources – copy enclosed.
- ✓ 16. Capital Programme 2016/17 – report of Director of Resources – copy enclosed.
- 17. Reports from Representatives on Outside Bodies (if any).

#### Part II - items of business **not** to be discussed in public

#### DECISION ITEMS

- ✓ 18. Local Taxation Write-offs – report of Director of Resources – copy enclosed.

**RIBBLE VALLEY BOROUGH COUNCIL** DECISION  
**REPORT TO POLICY AND FINANCE COMMITTEE**

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Agenda Item No 5

meeting date: 5 APRIL 2016  
title: VOLUNTARY GRANT APPLICATIONS 2016/17  
submitted by: DIRECTOR OF RESOURCES  
principal author: SALLY MASON/KAY PLANT

1. PURPOSE

1.1 To approve the allocation of voluntary organisation grants for 2016/17.

2. BACKGROUND

2.1 The Council has a number of grant schemes in operation including recreation grants, culture grants and sports grants, administered by Community Committee. The voluntary organisations grant scheme is administered by this Committee.

2.2 A member working group considers the applications received and makes recommendations to this Committee regarding the allocation of funds to voluntary organisations on an annual basis.

2.3 The working group consists of 3 conservative members and 1 liberal democrat member of this committee.

3. APPLICATION PROCESS

3.1 Applicants must clearly demonstrate that the purpose of the grant sought is to provide services or facilities that will meet the needs of communities in the Ribble Valley or directly benefit our residents.

3.2 The scheme will not normally fund the following:

- Capital projects on which work has already started or in aid of expenditure already committed or paid.
- Commercial organisations / businesses
- Any activity designed to promote political party politics or influence government policies
- Applications from the County Council or other government agencies
- Applications from religious organisations unless there is a clear broad community benefit.
- Schemes that can be funded by the Councils' other grant aid schemes.

3.3 Applicants can only be accepted from parish/town councils and properly constituted organisations operating on a non-profit making basis. A valid constitution or memorandum of articles or association, which clearly indicates the voluntary or charitable status of the organisation, should accompany all applications.

3.4 Applications for grants over £10,000 are required to supply a 3-year financial plan and for grants over £1,000 a copy of the organisation's latest audited accounts. Capital projects are limited to 50% of the approved costs to a maximum of £5,000.

4. ALLOCATION OF 2016/17 GRANTS

4.1 A meeting of the working group was held on 17 March 2016 for members to consider the applications received. Councillors S Hirst, A Knox and T Hill attended the meeting. Councillor R Thompson was unable to attend and sent his apologies.

4.2 The budget available for 2016/17 is £105,410.

4.3 The Council received 21 applications requesting support of £149,956. Annex 1 shows a list of the applications received from each of the voluntary organisations.

4.4 After careful consideration of all grant applications received, the working group recommends the grant allocations as shown in Annex 2 totalling £95,300.

4.5 The Working Group recognised that the balance remaining offers the Council flexibility to consider any new grant requests which may be received during the course of 2016/17. In addition it was recognised there may be additional cost pressures facing this Council following the service cuts agreed by Lancashire County Council as part of their budget setting process.

5. RECOMMENDATION

5.1 Approve the allocation of grants as proposed by the voluntary grant sub-group as set out in Annex 2, totalling £95,300.

ACCOUNTING TECHNICIAN

DIRECTOR OF RESOURCES

PF25-16/TH/AC  
21 MARCH 2016

## POLICY AND FINANCE COMMITTEE

## VOLUNTARY ORGANISATION GRANT APPLICATIONS RECEIVED 2016/17

Organisation Name	Brief description of Organisation	Grant Requested for 2016/17 £	Purpose of Grant request	Grant Applications Made To Other Bodies 2016/17	Level of Unrestricted Reserves £
Bowland Pennine Mountain Rescue Team	Voluntary organisation which provides 24hr support to emergency services in treatment and recovery of casualties in wild and remote areas.	£1,250	For the purchase of safety goggles essential due to new, larger helicopters being used creating greater down force	N/A	As at 31 December 2014 £854,713
Carers Link Lancashire	Provides help, support and training to those who care for people who are ill, disabled or elderly	£4,500	To assist in supporting existing registered carers and help to identify hidden carers across the Ribble Valley	N/A	As at 31 December 2015 £201,828
Chipping Show	To promote agriculture, horticulture and tourism.	£350	To assist with the cost of putting on the Show and help keep it going	N/A	No accounts provided
Crossroads Care - Ribble Valley	Charity which provides Carer Support Workers to care for people in their own homes to give their carers a break	£15,000	To assist with the high travel costs the charity incurs as its staff have to travel around the Ribble Valley to reach clients	N/A	As at 31 December 2015 £172,180
Gisburn Festival Hall	Charitable Trust which operates Gisburn Festival Hall for the use of the people of Gisburn	£1,000	For the purchase of combined badminton and volleyball posts, nets and ancillary equipment	N/A	As at 28 February 2015 £9,071

## POLICY AND FINANCE COMMITTEE

## VOLUNTARY ORGANISATION GRANT APPLICATIONS RECEIVED 2016/17

Organisation Name	Brief description of Organisation	Grant Requested for 2016/17 £	Purpose of Grant request	Grant Applications Made To Other Bodies 2016/17	Level of Unrestricted Reserves £
Goosnargh & Longridge Agricultural Show	To promote rural and farming life	£500	Towards the purchase and set up costs of the small local business marquee	Longridge Town Council	As at 28 February 2015 £107,861
Hodder Valley Agricultural & Horticultural Society	To improve the standard of animal husbandry and horticultural practices and to foster and encourage interest amongst young people	£250 - £500	Sponsorship of the handicrafts and art classes within the horticultural section of the show	N/A	As at 30 September 2014 £60,334
Home Start Pendle and Ribble Valley	Charity which supports vulnerable families with at least one child under 12.	£3,000	To assist in the day to day running of the charity to allow it to continue to operate	£42,200 Big Lottery £15,328 Public Health, both pending	As at 31 March 2015 £60,816
Lancashire Wildlife Trust	Charity set up to promote the conservation of nature for purposes of study and research and to educate the Public in the understanding and appreciation of nature, the awareness of its value and the need for conservation	£10,000 two year commitment	The grant is to support the Trust's work managing the Salthill and Cross Hill nature reserves by supporting the revenue costs of the East Lancs Reserves Officer.	£3,980 Ribble Valley Borough Council Countryside Budget, £1,000 Hyndburn Borough Council	As at 31 March 2015 £1,116,000

## POLICY AND FINANCE COMMITTEE

## VOLUNTARY ORGANISATION GRANT APPLICATIONS RECEIVED 2016/17

Organisation Name	Brief description of Organisation	Grant Requested for 2016/17 £	Purpose of Grant request	Grant Applications Made To Other Bodies 2016/17	Level of Unrestricted Reserves £
Lancashire's Best Kept Village Competition	Annual competition to encourage a high standard of care and maintenance in Lancashire villages and hamlets	£500	To assist in the financing of the competition and awards ceremony and in the recruitment and training of new judges	N/A	As at 31 December 2015 £3,233
Little Green Bus	The Charity's main activity is the provision of community transport services for mainly elderly and vulnerable people	£7,500	The grant is to support the running costs of the volunteer car scheme.	£300,000 Big Lottery to be spent over 5 years	As at 31 March 2015 £47,246
Longridge Field Day Events	A small committee of local people providing family entertainment and raising money for charity	£1,000	To purchase crowd control barriers to ensure public safety for this and future events	N/A	As at 31 August 2015 £9,883
Revitalise Respite Holidays	Revitalise provides essential respite breaks for disabled guests and carers throughout the UK at their three holiday centres.	£354	To provide an essential one week break for a disabled guest and their carer from the Ribble Valley	N/A	As at 31 January 2015 £4.97m

## POLICY AND FINANCE COMMITTEE

## VOLUNTARY ORGANISATION GRANT APPLICATIONS RECEIVED 2016/17

Organisation Name	Brief description of Organisation	Grant Requested for 2016/17 £	Purpose of Grant request	Grant Applications Made To Other Bodies 2016/17	Level of Unrestricted Reserves £
Ribble FM	A Community Interest Company aiming to provide a local community radio station for the Ribble Valley	£9,600	The grant is towards capital costs in building the studio and revenue costs towards training the 20 volunteers so that they can deliver professional programmes daily across the Ribble Valley	£9,998 Lottery, £1,500 Ribble Valley Homes, £250 Whalley Lions, £100 Whalley Parish Church, £500 Hanson, £1000 Bowland Trust, £1,000 Mayoral Fund, £500 Cardboard Box Co., £250 Whalley Pickwick	£10,177
Ribble Valley Breast Friends	A support group for Ribble Valley residents affected by breast cancer. It is the only group of its kind within a 15 mile radius of Clitheroe	£820	To help with the cost of renting a room in the Pavilion in Grindleton for one year.	£1,040 Macmillan pending	As at 31 December 2015 £1,378
Ribble Valley Citizens Advice Bureau	The service provides free, confidential and impartial advice to everybody	£84,332	To cover the core running costs of the organisation.	£10,000 Energy Best Deal Extra, £2,500 Ribble Valley Homes, both pending	As at 31 March 2015 £81,227



## POLICY AND FINANCE COMMITTEE

## VOLUNTARY ORGANISATION GRANT APPLICATIONS RECEIVED 2016/17

Organisation Name	Brief description of Organisation	Grant Requested for 2016/17 £	Purpose of Grant request	Grant Applications Made To Other Bodies 2016/17	Level of Unrestricted Reserves £
Ribble Valley Shopmobility and Information Centre	To provide an equipment loan service to people with mobility problems to access shops, health and leisure in Ribble Valley.	£8,000	To help with the running costs of the service	N/A	As at 31 December 2015 £667
Rotary Club of Clitheroe Clitheroe Community Bonfire and Fireworks Display	To safely plan and stage the Clitheroe Community Bonfire and Fireworks Display each November and ensure all proceeds are donated to local charities	£750	The grant will be used to contribute towards the cost of the fireworks	Clitheroe Town Mayoral Fund	£2,428 brought forward from 2015 bonfire
The Foundation for Ribble Valley Families	To improve the social and emotional wellbeing of the most disadvantaged families in the Ribble Valley	£3,000	To fund 12 families to attend a 12 week Mindfulness stress reduction course	£59,000 LCC East Lancashire Building Resilience, over a two year period- Pending	£860
Whalley Pickwick Festival	To support Whalley Pickwick Festival	Not received to date	Application pending - has been overlooked due to involvement with flooding.	-	-
Yorkshire Dales Millennium Trust	The trust supports the environmental, social and economic well being of the Dales and surrounding areas	£3,000	To support the "Wildflowers for the Meadows" project in growing hundreds of wildflower plants from seeds collected in Bowland hay meadows and verges.	£20,000 Lancs Environmental Fund, £5,000 AONB, £5,000 YDMT	As at 31 March 2015 £728,639
<b>Total</b>		<b>£149,956</b>			

## RECOMMENDED ALLOCATION OF GRANTS 2016/17

Organisation Name	Recommended Grant for 2016/17 £
Bowland Pennine Mountain Rescue Team	0
Carers Link Lancashire	£2,000
Chipping Show	£500
Crossroads Care - Ribble Valley	£15,000
Gisburn Festival Hall	Refer to recreation grant scheme
Goosnargh & Longridge Agricultural Show	£500
Hodder Valley Agricultural & Horticultural Society	£500
Home Start - Pendle and Ribble Valley	£3,000
Lancashire Wildlife Trust	0
Lancashire's Best Kept Village Competition	£500
Little Green Bus	£6,000
Longridge Field Day Events	£500
Revitalise Respite Holidays	0
Ribble FM	0
Ribble Valley Breast Friends	0
Ribble Valley Citizens Advice Bureau	£60,000
Ribble Valley Shopmobility and Information Centre	£5,300
Rotary Club of Clitheroe - Clitheroe Community Bonfire and Fireworks Display	£750
The Foundation for Ribble Valley Families	0
Whalley Pickwick Festival	£750
Yorkshire Dales Millennium Trust	0
<b>Total</b>	<b>£95,300</b>

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 6

meeting date: 5 APRIL 2016  
title: TREASURY MANAGEMENT STRATEGY  
submitted by: DIRECTOR OF RESOURCES  
principal author: TRUDY HOLDERNESS

## 1 PURPOSE

- 1.1 To seek member approval for the Council's Treasury Management Strategy for the 2016/17 financial year.

## 2 BACKGROUND

- 2.1 The Chartered Institute of Public Finance and Accounting's (CIPFA'S) code of practice on treasury management was derived from regulations issued under the Local Government Act 2003. Under part 1 of which authorities are required to have regard to the Prudential Code. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, Regulation 24 requires authorities to have regard to the code of practice on Treasury Management.
- 2.2 They initially came into effect from 1 April 2004, fully revised in 2009 to incorporate changes as a result of the move to International Reporting Standard (IFRS) and updated in 2011 following the introduction of the Localism Act for English Local Authorities and the introduction of the general Power of Competence.
- 2.3 The Prudential Code plays a key role in Capital Finance in Local Authorities. Its objectives are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable
- 2.4 It requires authorities to self-regulate the affordability, prudence and sustainability of their capital expenditure and borrowing plans, by setting estimates and limits and by publishing actuals, for a range of prudential indicators. It also requires them to ensure their treasury management practices are in accordance with good practice.
- 2.5 The importance of treasury management has increased as a result of the freedoms provided by this Prudential Code. It covers the borrowing and investment activities and the effective management of associated risks. Its activities are strictly regulated by statutory requirements and a professional code of practice the 'CIPFA Code of Practice on Treasury Management'.
- 2.6 Local authority investments were placed under the national spotlight following the collapse of the Icelandic banks, with almost £1bn invested with the affected banks. Both the Audit Commission and the Department for Communities and Local Government (DCLG) Select Committee reviewed local authority investments and reported a number of recommendations. These have been included the 2011 guidance notes.
- 2.7 Essentially, a local authority in England, Wales or Northern Ireland may borrow or invest for any purpose relevant to its functions, under any enactment, or '*for the prudent management of its financial affairs*' Under the 2003 act a local authority is required to determine and keep under review how much money it can afford to borrow. Local Authorities are not constrained by law in the types of investments they may make or investment instruments they may use. However they are in practice constrained by DCLG guidance which was updated in 2010, which stress the prudent investment strategy of security, liquidity and yield.

- 2.8 The result of this is the requirement for greater scrutiny by ‘those charged with governance’, more transparent reporting requirements and greater emphasis on the requirements for ensuring ‘those charged with governance’ have sufficient skills to adequately perform their role.

### 3 THE TREASURY MANAGEMENT STRATEGY

- 3.1 Local authorities are required to report on specific elements of their treasury management activities, these are included in the Treasury Management Strategy or in its Treasury Management Policy or Practices and are determined by:

**The Treasury Management Code of Practice** recommends that local authorities should as a minimum report:

- Annually on their treasury management strategy and plan, before the start of the year. This committee approves the strategy and is then formally approved by Full Council.
- The position mid-year
- An annual report on the performance, effects of decisions taken and borrowings executed, and circumstances of non-compliance with their policies, after the year-end

**The Prudential Code requires local authorities** to set and revise prudential indicators and to publish actuals, the key treasury indicators are:

- Authorised limit for external debt

The authority will set for the forthcoming financial year and the following two financial years an authorised limit for its total external debt, excluding investments, separately identifying borrowing from other long term liabilities.

*It should be expressed in the following manner:*

Authorised limit for borrowing + authorised limit for other long-term liabilities’

- Operational boundary for external debt

The authority will set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities.

*It should be expressed in the following manner:*

Operational boundary for borrowing + operational boundary for other long-term liabilities

- Actual external debt

After the year end, the closing balance for actual gross borrowing plus other long term liabilities will be obtained directly from the authority’s balance sheet.

*It should be expressed in the following manner:*

*Actual borrowing as at xx/xx/xx + actual other long-term liabilities as at xx/xx/xx*

These indicators focus on the position for gross external debt. In the interest of transparency any significant difference between gross and net debt should be clearly placed before councillors as part of their agreement of the annual treasury management Strategy.

In addition the following treasury management indicators are required:

- Upper limits on the proportion of net debt compared to gross debt

- Upper limits on fixed interest and variable interest exposures
- Upper and lower limits to the maturity structure of its borrowing
- Upper limits to the total of principal sums invested longer than 364 days

***The 2010 DCLG investment guidance for England and Wales*** requires authorities to produce an annual investment strategy and policies for managing investments and for giving priority to the security and liquidity of those investments

***The requirements of International Financial Reporting Standard's (IFRS's)*** require local authorities to follow proper accounting practices as specified in the code of practice on Local Authority Accounting and set out the objectives, policies and processes which are in place for managing and controlling risk specifically when entering into derivative contracts with a counterparty in the expectation that the transaction will eliminate or reduce exposure to a particular risk, such as movements in interest rates.

3.2 The Councils' Treasury Management Policies and Practices are included in a separate report elsewhere on the agenda.

3.3 The Councils' Treasury Management Strategy is attached at Annex 1, it covers:

- The current treasury position
- A review of the prospects for interest rates
- The Council's borrowing and debt strategy
- The Council's investment strategy
- Capital programme financing strategy
- Limits on treasury management activities and prudential indicators
- Current debt portfolio position
- Annual investment strategy

3.4 The uncertainty around global activity reinforces this Council's policy of first and foremost securing the safety of principal amounts invested, with rate of return a secondary consideration.

3.5 This is achieved by investing only with high rating institutions, including the Debt Management Office (DMO). Any investments with the DMO are guaranteed by HM Government. Although rates are a little lower than the prevailing market rates, these investments offer the least risk and as such the rate reflects the security of the investment.

4 RECOMMENDED THAT COMMITTEE

4.1 Recommend to Council the Treasury Management Strategy as set out in Annex 1.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF27-16/TH/AC  
22 March 2016

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*MARCH 2016*

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**RIBBLE VALLEY**  
**BOROUGH COUNCIL**

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TREASURY MANAGEMENT STRATEGY 2016/17

***Key Officer Contacts for the Treasury Management Strategy***

Name	Job Title	Email address
Jane Pearson	Director of Resources	jane.pearson@ribblevalley.gov.uk
Lawson Oddie	Head of Financial Services	lawson.oddie@ribblevalley.gov.uk
Trudy Holderness	Senior Accountant	trudy.holderness@ribblevalley.gov.uk

# Contents

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<b>SECTION</b>	<b>PAGE</b>
Introduction	3
Setting the Treasury Management Strategy for 2016/17	4
- The Current Treasury Position and Debt Portfolio Position	4
- Prospects for Interest Rates	5
- The Approved Capital Programme	8
- Limits on Treasury Management Activities and Prudential Indicators	9
Borrowing and Debt Strategy 2016/17 – 2018/19	11
Investment Strategy 2016/17 – 2018/19	12
Annual Investment Strategy	12
- Strategy Guidelines	12
- Liquidity of Investments	12
- Specified Investments	12
- Non-Specified Investments	13
- Policy on the Use of Financial Derivatives	13
- The Monitoring of Investment Counter parties	13
- Use of External Fund Managers	13





# Introduction

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The Council is required to adopt the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2011 edition and it is a requirement under that Code of Practice to produce an annual strategy report on proposed treasury management activities for the year.

The purpose of the Treasury Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

## **Key Principles**

The key principles of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes are that:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

# Setting the Treasury Management Strategy for 2016/17

In setting the Treasury Management Strategy, the Council must have regard for the following factors:

- The current treasury position and debt portfolio position
- The prospects for interest rates
- The approved Capital Programme
- Limits on treasury management activities and prudential indicators

## **The Current Treasury Position and Debt Portfolio Position**

The Public Works Loans Board debt is the largest proportion of the Council's borrowing debt, and is gradually decreasing as payments of the principle are made year by year. It is estimated that the outstanding principle on all PWLB loans at 31 March 2016 will be £205k. In addition to the PWLB debt there is a bond which will remain unchanged until it is repaid, this relates to the Sidney Whiteside Charity.

Investments at the end of the 2015/16 financial year are anticipated to be £5,100k based on current cash flow forecasts. These investments relate to monies placed with institutions on our counterparty list.

There was no short term borrowing required at the 31 March 2015, and none is forecast for the 31 March 2016. Only very occasionally has the Council utilised short term borrowing in order to temporarily aid cash flow.

A summary of the Council's treasury position at the end of the previous financial year 2014/15 and that anticipated at the end of 2015/16 is summarised below.

	<b>31 March 2015 Actual £</b>	<b>Actual Average Rate %</b>	<b>31 March 2016 Estimate £</b>	<b>Estimated Average Rate %</b>
Borrowing				
Fixed Rate Debt-PWLB	240,450	4.9	205,057	5.0
Other Debt – Bond	7,500	0.3	7,500	0.4
<b>Total Debt</b>	<b>247,950</b>		<b>212,557</b>	
<b>Investments</b>				
Short Term Investments	-5,220,000	0.3	-5,100,000	0.4
<b>Total Investments</b>	<b>-5,220,000</b>		<b>-5,100,000</b>	
<b>Net External Debt</b>	<b>-4,972,050</b>		<b>-4,887,443</b>	

The Council's current treasury position is not at risk from movements in interest rates as all current PWLB borrowing is on fixed rate. Should the council choose to take any future borrowing on variable rates this would expose the council to a greater risk from any adverse movement in interest rates.

The forecast balance of PWLB debt shown above for the 31 March 2016 will comprise the individual loans as shown in the table below:

Original loan Amount £	Term	Interest Rate	Estimated Principal Outstanding at 31 March 2016 £	Year of Final Repayment
250,000	10 years	4.60% Fixed	37,500	2017/18
250,000	15 years	4.75% Fixed	2,557	2022/23
250,000	25 years	4.88% Fixed	165,000	2032/33
		<b>Total PWLB</b>	<b>205,057</b>	

The total debt, comprising both PWLB and the bond, is summarised in the table below, showing the estimated debt maturity assuming no further borrowing is undertaken.

<b>ESTIMATED DEBT MATURITY ANALYSIS AS AT 31 MARCH 2016</b>		
<b>Maturity</b>	<b>£'000</b>	<b>%</b>
Under 12 Months	35	16.65
12 Months and Within 24 Months	23	10.77
24 Months and Within 5 Years	31	14.67
5 Years and Within 10 Years	51	23.80
10 Years and Above	73	34.11
<b>Total PWLB and Bond</b>	<b>213</b>	<b>100.00</b>

### **Prospects for Interest Rates**

The Monetary Policy Committee (MPC) of the bank of England takes interest rate decisions. It is the banks' core purpose to maintain the integrity and value of the currency. It pursues this core purpose primarily through the conduct of monetary policy and by setting short term interest rates the bank aims to meet the Government inflation targets.

In order to maintain price stability the government has set the bank's MPC a target for annual inflation rate of the consumer price index (CPI) of 2%. Subject to that, the MPC is also required to support the Government's economic policy including its objectives for growth and employment.

Since the MPCs November inflation report, global output and trade growth have slowed. However it is projected to pick up, but to below past average rates, reflecting continued steady growth in the advanced economies and a slow, modest recovery in those emerging economies that have seen a slowdown in growth recently.

The projection for CPI inflation (shown in the table below) is below the November projections, reflecting a greater drag from energy prices and lower wage growth partly offset by a smaller drag from other import prices.

<b>Projections for Inflation</b>		
	<b>Nov'15</b>	<b>Feb'16</b>
	<b>%</b>	<b>%</b>
2015 Q4	0.13	
2016 Q1	0.72	0.45
2016 Q2	0.88	0.45
2016 Q3	1.03	0.62
2016 Q4	1.39	0.93
2017 Q1	1.65	1.30
2017 Q2	1.88	1.68
2017 Q3	2.08	1.84
2017 Q4	2.33	2.11
2018 Q1	2.44	2.27
2018 Q2	2.48	2.34
2018 Q3	2.54	2.39
2018 Q4	2.59	2.49
2019 Q1		2.51

The projections for CPI inflation are based on the current bank base rate of 0.50%, and the assumption that the total stock of assets purchases financed by the creation of central bank reserves remains at £375 billion throughout the forecast period.

The MPCs projections for growth are based on Bank Rate following a path implied by market interest rates which are lower than previously projected. The implication of this is that bank Rates remain at its current level until the end of the year before rising to only 1.1% by 2019.

	<b>Bank Rates %</b>	
	<b>November 2015</b>	<b>February 2016</b>
2016 Q1	0.5	0.5
2016 Q2	0.5	0.5
2016 Q3	0.6	0.5
2016 Q4	0.6	0.5
2017 Q1	0.7	0.6
2017 Q2	0.8	0.6
2017 Q3	0.9	0.7
2017 Q4	1.0	0.8
2018 Q1	1.1	0.9
2018 Q2	1.1	0.9
2018 Q3	1.2	1.0
2018 Q4	1.3	1.1
2019 Q1		1.1

Historically, local authorities have satisfied the bulk of their borrowing needs from the Public Works Loan Board (PWLB). The October 2010 comprehensive spending review increased the PWLB rate to 100 basis points (1%) above the gilt yield. In the Chancellor's Budget in March 2012 councils that provide 'improved information and transparency' on 'borrowing and associated capital spending plans' would be eligible for a certainty rate discount of 20 basis points below the standard rate.

Ribble Valley Borough Council are currently listed as an eligible Council until 31 October 2016, by which time a further return will have to be made and a new eligibility list published for the following 12 months.

PWLB rates show a similar pattern in the near term to bank rates.

	<b>Fixed Rate %</b>	<b>Certainty Rate %</b>
1 –2 years	1.27	1.07
5 - 6 Years	1.49	1.29
20 – 25 Years	2.74	2.54

Projection is therefore that interest rates will rise to only a little over 1% by late 2018.

### **The Approved Capital Programme**

The Council has approved a capital programme for the period 2016/17 to 2018/19.

The use of borrowing to support the capital programme has been kept to an average of £118,780 in the financial years 2016/17 to 2018/19.

This will be met from internal borrowing and it is not forecast that there will be a need for any increase in external borrowing to support the currently approved capital programme.

A summary of the approved capital programme and its financing are provided in the table below

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b><i>Estimated Resources Brought Forward</i></b>	<b>-568,653</b>	<b>-538,453</b>	<b>-415,403</b>
Disabled Facilities Grants - DCLG	-161,000	-161,000	-161,000
VAT Shelter	-278,500	-144,000	-159,500
New Homes Bonus	-62,000	-200,000	-216,770
Unsupported Borrowing	-175,000	-62,560	0
Earmarked Cost of Democracy Savings	0	0	-11,250
Earmarked Additional Trade Waste Income	0	0	-120,000
Earmarked Fleming Vat Reserve	-59,000	0	0
Vehicle Renewals Fund Earmarked Reserve	0	0	-300,000
ICT Renewals Fund Earmarked Reserve	0	0	-23,500
Invest to Save Earmarked Reserve	0	0	-23,000
External Funding: towards Ribblesdale Pool – Improvement Work	-150,000	0	0
External Funding: towards Electric Vehicle Charging Point	0	0	-23,330
<b><i>Estimated Total Available Resources</i></b>	<b>-1,454,153</b>	<b>-1,106,013</b>	<b>-1,453,753</b>
Less Total of Approved Capital Programme	915,700	690,610	1,038,350
<b><i>Estimated Resources to Carry Forward</i></b>	<b>-538,453</b>	<b>-415,403</b>	<b>-415,403</b>

### **Limits on Treasury Management Activities and Prudential Indicators**

The Local Government Act 2003 required the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

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

The council has agreed a capital programme for the period 2016/17 to 2018/19 financial years. The prudential indicators are prepared based on the approved capital programme. The capital financing requirement for the authority for the current and future years is:

<b>Capital Financing Requirement</b>				
<b>31/03/15 Actual</b>	<b>31/03/16 Revised Estimate</b>	<b>31/03/17 Estimate</b>	<b>31/03/18 Estimate</b>	<b>31/03/19 Estimate</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
3,603	3,727	3,767	3,694	3,560

The authorised limit for our total external debt, gross of investments for the next three financial years is detailed in the table below.

<b>Authorised Limit for External Debt</b>			
	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Borrowing	31,258	31,037	31,290
Other Long-Term Liabilities	0	0	0
<b>Total</b>	<b>31,258</b>	<b>31,037</b>	<b>31,290</b>

These limits have been estimated taking into account the Council's current commitments, existing plans and proposals for capital expenditure and financing with sufficient headroom to allow for operational management, for example unusual cash movements. [This limit is substantially increased over previous approvals due to now factoring the worst-case scenario implications around this council being the lead authority of the Lancashire business Rates Pool. It reflects the level of borrowing, which while not desired, could be afforded but may not be sustainable. Any breach must be reported to council, indicating the reasons for the breach and the corrective action undertaken or required to be taken.](#)

In addition to the authorised limits for external debt an operational boundary for external debt was approved as part of the annual budget. The proposed operational boundary is based on the same estimates as the authorised limits but without the additional headroom. [Unlike the Authorised Limit, the council's role as the lead authority of the Lancashire Business Rates Pool does not impact on the setting of the Operational Boundary.](#) The operational boundary for our external debt for the next three years is shown in the table below.



<b>Operational Boundary for External Debt</b>			
	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Borrowing	6,764	6,653	6,956
Other Long Term Liabilities	0	0	0
<b>Total</b>	<b>6,764</b>	<b>6,653</b>	<b>6,956</b>

The aim of the prudential indicators is to contain the activity of the treasury function within certain limits thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions that could impact negatively on the Council's overall financial position.

The introduction of the prudential code saw the replacement of limits previously imposed with four new prudential indicators.

- Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt provision net of investments.
- Upper limits on fixed rate exposure. Similar to the previous indicators, this covers a maximum limit on fixed interest rates
- Total principal funds invested (excluding shareholdings in the Local Government Bonds Agency) for a period longer than 364 days. These limits are set to reduce the need for early sale of an investment and are based on the availability of investments after each year-end.
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.

<b>LIMITS ON INTEREST RATE EXPOSURE</b>			
	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
Maximum Principal Sums Borrowed >364 days	6,764	6,653	6,956
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	20%	20%	20%
Maximum Principal Sums Invested >364 days (excluding shareholdings in Local Government Bond Agency)	0	0	0

<b>MATURITY STRUCTURE OF BORROWING</b>		
	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 Months	20	0
12 Months and Within 24 Months	20	0
24 Months and Within 5 Years	40	0
5 Years and Within 10 Years	30	0
10 Years and Above	90	0

## **Borrowing and Debt Strategy 2016/17 – 2018/19**

The introduction of the Prudential Code and uncertainty over future interest rates increases the risks associated with the treasury strategy should the council need to increase its use of short term borrowing or make further longer term borrowing on a variable rate. As a result the Council needs to take a cautious approach to its treasury strategy.

Long term fixed interest rates and base rates are both expected to remain very volatile in the short term and difficult to predict. Taking into account the interest rates shown in the table above, the most appropriate form of borrowing will be undertaken.

We intend to continue the current policy of meeting our long term borrowing requirements from the Public Works Loan Board.

The October 2010 comprehensive spending review increased the PWLB rate to 100 basis points (1%) above the gilt yield. In the Chancellor's Budget in March 2012 councils that provide 'improved information and transparency' on 'borrowing and associated capital spending plans' would be eligible for a certainty rate discount of 20 basis points below the standard rate.

Ribble Valley Borough Council are currently listed as an eligible Council until 31 October 2016, by which time we intend to submit a further return to continue as an eligible body.

We will engage in short-term borrowing from the money market if necessary in order to finance temporary cash deficits, however by managing our cash flow effectively these will be kept to a minimum. Wherever possible, the loan will be taken out for periods of less than 7 days in order to minimise the interest payable.

# Investment Strategy 2016/17 – 2018/19

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Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood that rates will remain at their current low levels, but again may change sharply as government act to deal with the economy changes. The most appropriate form of investments will be undertaken depending on the prevailing interest rates at the time, taking into account any associated rate risks.

All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations. The council's investment priorities are the security of capital and the liquidity of its investments

## Annual Investment Strategy

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### **Strategy Guidelines**

The main principle governing the Council's investment criteria is the security and liquidity of its investments before yield, although the yield or return on the investment will be a consideration, subject to adequate security and liquidity. The Council must ensure:

- It has sufficient liquidity in its movements. For this purpose we will maximise the use of the council's online HSBC facility to place money either overnight or on a short-term basis.
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counter parties with adequate security, and monitoring of their security.

A counter party list is maintained in compliance with this criteria and it will be revised and submitted to Council for approval as necessary. In accordance with new legislation, the proposed criteria detailed above are shown in the following subsections.

### **Liquidity of Investments**

The Council expects to maintain average investment balances of £5.3m. The Council will continue to invest these in accordance with the Council's investment policies' and prevailing legislations and regulations.

### **Specified Investments**

These investments are sterling investments of not more than one-year maturity. These are low risk assets and the possibility of loss of principal or investment income is very low. The investments are defined as:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or gilts with less than one year to maturity).
- A local authority, parish council or community council.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). These bodies will have a minimum rating as set out in our counter party criteria and as listed in our Treasury Management Policy.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested with these bodies. This criterion is also specified within the approved counter party criteria.

### **Non-Specified Investments**

Non-specified investments include any other type of investments, i.e. not defined as specified above. These are sterling investments with:

- Securities admitted to the Official List of the Stock Exchange that is guaranteed by the UK Government (such as supranational bonds).
- Gilt edged securities with a maturity of greater than one year.
- Institutions not meeting the basic security requirements under the specified investments.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) for deposits with a maturity of greater than one year.
- Shareholding in the Local Government Bonds Agency.

At the present time the Council has no immediate plans to invest in non-specific investments other than a maximum share in the Local Government Bonds Agency of £10k.

### **Policy on the Use of Financial Derivatives**

Many local authorities have previously made use of financial derivatives embedded in loans and investments both to reduce interest rate risk (i.e. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk. However, previous legislation was understood to prevent the use of such tools where they were not embedded in other instruments.

The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives. The latest CIPFA Code requires local authorities to clearly detail their policy on the use of derivatives in their annual strategy.

The Council has not and does not plan to use derivatives.

### **The Monitoring of Investment Counter parties**

The credit rating of counter parties is monitored monthly. Any counter party failing to meet the criteria will be removed from the list immediately and, if required, new counter parties, which meet the criteria, will be added to the list.

Fitch credit ratings are monitored and are used as an indication of the probability of organisations defaulting on our investments. Whilst they only show an indication of the current credit position, they are being monitored on a regular basis and any significant changes will be reported to Policy and Finance Committee.

The banks and building societies the Council use are reviewed annually as part of the Treasury Management policies and practices to take into account their Fitch IBCA long-term and short-term credit rating. The Council has a policy to only use institutions with a short term Fitch rating of F2 or above.

In addition to the building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

### **Use of External Fund Managers**

It is the Council's policy not to use an external fund manager.

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 7

meeting date: 5 APRIL 2016  
title: TREASURY MANAGEMENT POLICIES AND PRACTICES 2016/17  
submitted by: DIRECTOR OF RESOURCES  
principal author: TRUDY HOLDERNESS

## 1 PURPOSE

- 1.1 To review, approve and adopt the treasury management policy statement and practices for 2016/17.

## 2 BACKGROUND

- 2.1 In March 2004 members agreed to formally adopt CIPFA's reviewed Code of Practice on Treasury Management. The code was fully revised in 2009 and 2011 it was reviewed and updated following the introduction of the Localism Act 2011, including housing finance reform and the General Power of Competence for English Local Authorities.

- 2.2 The Treasury Management Policies and Practices document governs the way we manage our investments. It is reviewed on an annual basis to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code. The Code identifies twelve areas where statements of treasury management practices should be developed to implement the full requirements of the Code.

## 3 TREASURY MANAGEMENT POLICY STATEMENT AND TREASURY MANAGEMENT PRACTICES

- 3.1 The revised Treasury Management Policy Statement and Treasury Management Practices are shown at Appendix 1 within the Treasury Management Policies and Practices document.

- 3.2 The Treasury Management Policy Statement follows the wording recommended by the latest edition of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2011 Edition.

- 3.3 The Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities

- 3.4 The Treasury Management Practices are split as follows:

- **Key Principles:** *which follow the wording recommended by the revised CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*
- **Schedules:** *which cover the detail of how the Council will apply the key Principles in carrying out its operational treasury activities*

- 3.5 Since the treasury management policy statement and treasury management practices were approved in March 2015, there has been one change, authorised by this committee in October 2015 and subsequently by full council.

3.6 The change is as follows:

- The limit set for investments with approved banks and building societies is increased from £1.5m to £1.75m per institution, in order to allow greater flexibility in our day to day treasury management activities.

3.6 A number of minor updates have also been made to the Schedules within the Treasury Management Policies and Practices document and are highlighted accordingly.

#### 4 RECOMMENDED THAT COMMITTEE

4.1 Review, approve and formally adopt the Treasury Management Policies and Practices document as attached at Appendix 1, incorporating the

- Treasury Management Key Principles
- Treasury Management Policy Statement
- Treasury Management Clauses
- Treasury Management Practices and Schedules

4.2 Recommend to Council the Treasury Management Policies and Practices 2016/17.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF28-16/TH/AC  
22 March 2016



Ribble Valley  
Borough Council

[www.ribblevalley.gov.uk](http://www.ribblevalley.gov.uk)

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# Treasury Management Policies and Practices: 2016/2017

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# Contents

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<b>SECTION</b>	<b>PAGE</b>
Introduction	2
Key Principles	3
Treasury Management Clauses	3
Treasury Management Policy Statement	4
Treasury Management Practices	5
- TMP1: Risk management	5
- TMP2: Performance measurement	7
- TMP3: Decision-making and analysis	7
- TMP4: Approved instruments, methods and techniques	7
- TMP5: Organisation, clarity and segregation of responsibilities and dealing arrangements	7
- TMP6: Reporting requirements and management information arrangements	8
- TMP7: Budgeting, accounting and audit arrangements	9
- TMP8: Cash and cash flow management	9
- TMP9: Money laundering	9
- TMP10: Training and qualifications	9
- TMP11: Use of external service providers	10
- TMP12: Corporate governance	10
Treasury Management Practices Schedules	11-35
Treasury Management and Systems Document	36-41

## Introduction

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Local authorities' treasury management activities are prescribed by statute. The sources of their powers, in England and Wales, are the Local Government Act 2003.

Essentially a local authority in England and Wales may borrow or invest for any purpose relevant to its functions, under any enactment, or '*for the purposes of the prudent management of its financial affairs*'.

Under the Act a local authority is required to determine and keep under review how much money it can afford to borrow and may only borrow only in sterling (except with the consent of HM Treasury)

Local authorities are not constrained by law in the types of investments they can make or the investment instruments they may use. However, they are in practice constrained by Communities and Local Government (DCLG) guidance (updated in 2010), which stress the prudent investment strategy of security, liquidity and yield. This means that first and foremost local authorities must ensure the security of their principal sum invested. i.e. ensure that they get back their full investment. Then they should ensure that they have the liquidity they need and so should consider the length of an investment. Only when these two are satisfied should the yield or return on the investment be considered.

Under the Local Government Act 2003 and also the Local Authorities (Capital Finance and Accounting) Regulations 2003, the Council is required to have regard to the CIPFA Treasury Management Code of Practice (2011) (The Code) and the associated guidance.

Under The Code the Council is required to formally adopt a number of Clauses and also to adopt a formal treasury management policy statement within this document, which defines the policies and objectives of its treasury management activities. Furthermore The Code recommends that the Council follows a set of Treasury Management Practices in carrying out its treasury management activities. All of these items are outlined over the following sections.

## Key Principles

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The CIPFA Treasury Management Code of Practice (2011) identifies three key principles. In framing these three principles, or recommendations, CIPFA acknowledges the difficulties of striving for effective risk management and control, whilst at the same time pursuing value for money. Even though it dates back to 1991, CIPFA considers that the report by the Treasury and Civil Service Committee of the House of Commons on the BCCI closure is still pertinent, wherein it was stated that:

***In balancing risk against return, local authorities should be more concerned to avoid risks than to maximise returns.***

### KEY PRINCIPLE 1:

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

### KEY PRINCIPLE 2:

Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy and should ensure that priority is given to security and liquidity when investing funds.

### KEY PRINCIPLE 3:

They should acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

## Treasury Management Clauses

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CIPFA recommends that all public service organisations adopt, as part of their treasury management policies the following four clauses:-

1. Ribble Valley Borough Council will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - suitable treasury management practices (TMPs), setting out the manner in which the council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

The context of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this council. Such amendment will not result in Ribble Valley Borough council materially deviating from the Code's key principles.

2. The Policy and Finance Committee of Ribble Valley Borough Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs
3. Ribble Valley Borough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Finance Committee and for the execution and administration of treasury management

decisions to the Director of Resources who will act in accordance with the council's policy statement and TMPs and CIPFA's *Standard of Professional Practice on Treasury Management*.

4. Ribble Valley Borough Council nominates the Policy and Finance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

## Treasury Management Policy Statement

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This Council defines its treasury management activities as:

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

This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.

# Treasury Management Practices

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CIPFA's Code of Practice on Treasury Management recommends that suitable treasury management practices (TMPs) are maintained, setting out the manner in which the council will seek to achieve the policies, objectives and approach to risk management of its treasury management activities. The code identifies twelve areas where statements of treasury management practices should be developed.

## TMP 1: Risk Management

### **General Statement**

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

#### **i) Credit and counterparty risk management**

This council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, method and techniques referred to in TMP 4 Approved instruments methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

#### **ii) Liquidity risk management**

This council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

This council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

#### **iii) Interest rate risk management**

This council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP 6 Reporting requirement and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

**iv) Exchange rate risk management**

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

**v) Refinancing risk management**

This council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

**vi) Legal and regulatory risk management**

This council will ensure that all its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP 1 (i) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the council, particularly with regard to duty of care and fees charged.

This council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

**vii) Fraud, error and corruption, and contingency management**

This council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

**viii) Market risk management**

This council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect it from the effects of such fluctuations.

## TMP 2: Performance measurement

This council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of on-going analysis of the value it adds in support of the council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

## TMP 3: Decision-making and analysis

This council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at that time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

## TMP 4: Approved Instruments, method and techniques

This council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual strategy. The organisation will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

## TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements

This council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principal on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP 6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

## TMP 6: Reporting requirements and management information arrangements

This council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effect of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The council will receive:

- An annual report on the strategy and plan to be pursued in the coming year.
- A mid-year review.
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the council's treasury management policy statement and TMPs.

The Policy and Finance Committee will receive regular monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such as audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

The Council will report the treasury management indicators as detailed in the sector specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.



## TMP 7: Budgeting, accounting and audit arrangements

The responsible officer will prepare, and this council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, TMP 2 Performance measurement, and TMP 4 Approved instruments, methods and techniques. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP 6 Reporting requirements and management information arrangements.

This council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

## TMP 8: Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP 1 Liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

## TMP 9: Money laundering

This council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this is properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

## TMP10: Training and qualifications

This council recognises that the importance of ensuring that all staff involved in the treasury management functions is fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

## TMP11: Use of external providers

This council recognises that responsibility for treasury management decisions remains with the council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such services providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review. And it will ensure, where feasible and necessary, that a spread of service providers, is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rest with the responsible officer and details of the current arrangements are set out in the schedule to this document.

## TMP12: Corporate governance

This council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This council has adopted and has implemented the key principles of the Code. This together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

# **SCHEDULE A**

## **TMP 1: Risk Management**

### **CREDIT AND COUNTERPARTY RISK**

Credit and counter-party risk is the risk of failure by a third party to meet its contractual obligations to the council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

#### **Criteria to be used for creating/managing approved counterparty lists/limits**

As a holder of public funds, the Council recognises its prime responsibility is the security of the principal of the sums which it invests. Consequently, it will optimise returns commensurate with the management of the associated risk.

The Council will determine through its Annual Investment Strategy the credit criteria for various investment instruments.

The credit rating of counter parties is monitored regularly. Any counter party failing to meet the criteria will be removed from the list immediately and, if required, new counter parties, which meet the criteria, will be added to the list.

Principally, Fitch credit ratings are monitored and are used as an indication of the probability of organisations defaulting on our investments. In addition, the rating given by rating agents Standard and Poor, and Moody's are also considered prior to an investment. Whilst they only show an indication of the current credit position, they are being monitored on a regular basis and any significant changes will be reported to Policy and Finance Committee. It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets.

The banks the Council use are reviewed annually as part of the Treasury Management policies and practices to take into account their Fitch IBCA long-term and short-term credit rating.

The Council has a policy to only use institutions with a short term Fitch rating of F2 or above

In addition to the Building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested with these bodies. This criterion is also specified within the approved counter party criteria.

### **LIQUIDITY RISK**

Liquidity risk is the risk that cash will not be available when it is required, that ineffective management of liquidity creates additional unbudgeted costs, and the Council's business/service objectives will be thereby compromised. This can jeopardise the ability of the Council to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Council will therefore have sufficient stand by facilities to ensure that there is always sufficient liquidity to deal with unexpected occurrences. It will also seek to ensure that its cash flow forecasting gives as accurate a picture as possible of the changes in income and expenditure and the resulting residual daily cash balances.

### **Amounts of approved minimum cash balances and short-term investments**

It is the intention to minimise cash balances held overnight, and for short-term investments to be made in order to fulfil the projected net cash flow requirement.

- **Standby Facilities:** Any funds held on call notices should not exceed 25% of the total amount invested at any one time and a maximum of £500,000.
- **Bank overdraft arrangements:** The council does not have an agreed overdraft facility and instead relies on the stringent cash flow projections.
- **Short-term borrowing facilities:** Surplus funds shall be temporarily invested via the money market at the best rate of interest available, in accordance with the minimisation of risk of the capital sum. In all investment matters the protection of the capital sum will be of paramount importance and will override the desire to obtain the highest interest rates.

### **INTEREST RATE RISK**

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council will seek to minimise this risk by reviewing forecasts of interest rates. It will also determine appropriate limits and trigger points as set out below. These limits and strategy are set out in the annual Treasury Management Strategy. This strategy will be periodically reviewed during the relevant year to see whether any modifications are required in the light of actual movements in interest rates.

<b>LIMITS ON INTEREST RATE EXPOSURE</b>			
	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>
Maximum Principal Sums Borrowed >364 days	6,764	6,653	6,956
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	20%	20%	20%

### **EXCHANGE RATE RISK**

Exchange rate risk is the risk that unexpected changes in exchange rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council has a minimal exposure to exchange rate risk as it does not enter into loans or investments in foreign currency for treasury management purposes.

At this time the Council does not get involved in any other significant foreign currency transactions. These are limited to a very small number of invoice payments.

### **REFINANCING RISK**

Refinancing risk is the risk that when maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and revenue, and/or that the terms are inconsistent with prevailing market conditions at the time.

### Debt/other capital financing maturity profiling, policies and practices

The total debt, comprising both PWLB and a bond, is summarised in the table below, showing the estimated debt maturity assuming no further borrowing is undertaken. The council has no current plans to refinance its debt.

Original loan Amount £	Term	Interest Rate	Estimated Principal Outstanding at 31 March 2016 £	Year of Final Repayment
250,000	10 years	4.60% Fixed	37,500	2017/18
250,000	15 years	4.75% Fixed	2,557	2022/23
250,000	25 years	4.88% Fixed	165,000	2032/33
		<b>Total PWLB</b>	<b>205,057</b>	

### Projected capital investment requirements

The Director of Resources has prepared a three year plan for capital expenditure for the Council.

The use of borrowing to support the capital programme has been kept to ~~an average of £164,650 in the financial years 2015/16 to 2017/18~~ ~~an average of £79,187~~ ~~418,780 in the financial years 2016/17 to 2018/19~~, in line with recommendations from the council's Budget Working Group and as approved by Policy and Finance Committee. This will be met from internal borrowing and it is not forecast that there will be a need for any increase in external borrowing to support the currently approved capital programme.

A summary of the approved capital programme and its financing are provided in the table below

	2016/17 £	2017/18 £	2018/19 £
<b>Estimated Resources Brought Forward</b>	<b>-568,653</b>	<b>-538,453</b>	<b>-415,403</b>
Unsupported Borrowing	-175,000	-62,560	0
Disabled Facilities Grants - DCLG	-161,000	-161,000	-161,000
New Homes Bonus	-62,000	-200,000	-216,770
VAT Shelter	-278,500	-144,000	-159,500
Earmarked Cost of Democracy Savings	0	0	-11,250
Earmarked Additional Trade Waste Income	0	0	-120,000
Earmarked Fleming VAT Reserve	-59,000	0	0
Vehicle Renewals Fund Earmarked Reserve	0	0	-300,000

	2016/17 £	2017/18 £	2018/19 £
ICT Renewals Fund Earmarked Reserve	0	0	-23,500
Invest to Save Earmarked Reserve	0	0	-23,000
External Funding: towards Ribblesdale Pool – Improvement Work	-150,000	0	0
External Funding: towards Electric Vehicle Charging Point	0	0	-23,330
<b><i>Estimated Total Available Resources</i></b>	<b><i>-1,454,153</i></b>	<b><i>-1,106,013</i></b>	<b><i>-1,453,753</i></b>
Less Total of Approved Capital Programme	915,700	690,610	1,038,350
<b><i>Estimated Resources to Carry Forward</i></b>	<b><i>-538,453</i></b>	<b><i>-415,403</i></b>	<b><i>-415,403</i></b>

### **Policy concerning limits on affordability and revenue consequences of capital financing**

The policy is considered on an annual basis. In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax. It will also take into account affordability in the longer term beyond this three year period.

The Council will use the definitions provided in the Prudential Code for borrowing, capital expenditure, debt, financing costs, investments, net borrowing, net revenue stream and other long term liabilities.

### **LEGAL AND REGULATORY RISK**

Legal and regulatory risk is the risk that either the Council, or a third party which it is dealing with in its treasury management activities, acts outside of its legal powers or regulatory requirements and as a result the Council incurs loss.

### **References to relevant statutes and regulations**

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council.

### **Procedures for evidencing the Council's powers and authorities to counterparties and the required information from Counterparties concerning their powers and authorities**

The Council will provide written evidence of its powers and authorities to any counterparty that requests us to do so. Counterparties will also provide their details to the Authority as a matter of course.

The Council's powers to borrow and invest are contained in legislation.

- Investing: Local Government Act 2003, section 12
- Borrowing: Local Government Act 2003, section 1

Lending shall only be made to counterparties on the Approved Lending list.

### **Statement on the Council's political risks and management of same**

The Director of Resources shall take appropriate action with the Council, the Chief Executive and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council and change of Government.

The monitoring officer is the Head of Legal Services; the duty of this officer is to ensure that the treasury management activities of the Council are lawful.

The Chief Financial Officer is the Director of Resources; the duty of this officer is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if they have concerns as to the financial prudence of its actions or its expected financial position.

### **FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT RISK**

Fraud, error and corruption risk is the risk that the Council may fail to employ adequate systems, procedures and other arrangements which identify and prevent losses through such occurrences. The Council will therefore:-

- Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

### **Details of systems and procedures to be followed, including internet services**

#### **Authority**

- The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- All loans and investments are approved by the Director of Resources or the Head of Financial Services, or in the absence of both, the Chief Executive.
- Procedures are defined in the Council's Financial Regulations.

#### **Procedures**

- Detailed procedure notes are maintained on all of the treasury management functions. The current treasury management and systems document is attached at Annex1.

#### **Investment and borrowing transactions**

- A detailed register of all loans and investments is maintained.
- Any transaction discrepancies are immediately reported to the broker or counterparty for resolution.
- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the broker or counterparty for resolution.

## **Regularity and security**

- Lending is only made to institutions on the Approved List of Counterparties.
- The Cash flow sheets prompt the officer dealing with the daily cash flow that money borrowed or lent is due to be repaid.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution that the Council invests with.
- There is a separation of duties in the section between dealers and the checking and authorisation of deals.
- The Council's bank holds a list of Council officials who are authorised signatories.
- There is adequate insurance cover for employees involved in treasury management and accounting.

## **Checks**

- The bank reconciliation is carried out monthly from the bank statement to the financial ledger.
- A debt charge/investment income listing is monitored every month against the budget for interest earnings and debt costs.

## **Calculations**

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy manually.

There are also annual Internal Audit reports on the Treasury Management function.

## **Emergency and contingency planning arrangements**

The Council will ensure that written procedures are in place and kept up to date for such situations, for both the Emergency Plan and the Business Continuity Plan.

## **Insurance cover details**

The Authority has a Fidelity Guarantee policy with Zurich Municipal Insurance. This provides cover to the value of £2,000,000. This covers the loss of cash by fraud, or the dishonesty of employees dealing with the treasury management function. All other employees are covered to the value of £250,000.

There is also a Business Interruption policy with Zurich Municipal Insurance. This provides cover for the costs of re-establishing the Council's operations in the event of the normal operational facilities being unavailable.

## **MARKET RISK**

Market risk is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effect it has failed to protect itself adequately.

## **Details of approved procedures and limits for controlling the Council's exposure to investments / borrowing whose capital value may fluctuate (Gilts, CDs, and Lender's Option Borrower's Option (LOBO) etc.)**

These are controlled through setting limits on investment and borrowing instruments where the principal value can fluctuate. The limits would be determined and set through the Annual Investment Strategy, which forms part of the council's Treasury Management Strategy. However, the Council has no investments / loans of this nature at the current time, and has no plans to do so in the near future.



## SCHEDULE B

### TMP 2: Performance measurement

#### Evaluation and review of treasury management decisions

The Council has a number of approaches to evaluating treasury management decisions: -

- **Day to day reviews during the financial year:** *The Director of Resources or the Head of Financial Services review all treasury management activity and decisions on a daily basis. This includes ensuring that any activity operates within the boundaries set out within this document and the Treasury Management Strategy.*
- **Annual review after the end of the financial year:** *An annual treasury report is submitted to the Policy and Finance Committee each year after the close of the financial year which reviews the performance of the treasury management activity over the financial year. This report includes coverage on the areas of:*
  - Any borrowing requirements in the year
  - Investments made
  - Performance against the prudential indicators
- **Quarterly Review:** *The annual review is supplemented by quarterly submissions of monitoring reports to Policy and Finance Committee. These reports include coverage on the areas of:*
  - Any borrowing requirements in the year
  - Investments made to date
  - Performance to date against the prudential indicators
  - A review of the approved organisations
- **Comparative reviews:** *When data becomes available, comparative reviews are undertaken to see how the performance of the function compares to other authorities. This is generally a comparison to other Lancashire councils, and the CIPFA Treasury Management statistics published each year for the last complete financial year*

#### Policy concerning methods for testing value for money in treasury management

##### **Banking services**

Banking services will be retendered or renegotiated every 3 years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends. The current agreement is for the period 2013/16

##### **Money-broking services**

The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

#### Methods to be employed for measuring the performance of the Council's treasury management activities

This will include a comparison with other councils through the CIPFA Prudential Indicators return and also through comparison exercises periodically carried out between Lancashire councils. Additionally performance will be measured by comparing the interest earned on investments against budgeted income.

## **Benchmarks and calculation methodology with regard to risk and return**

### **Debt management**

The council currently have a comparatively low level of debt. This is particularly following the housing stock transfer a number of years ago.

### **Investment**

The performance of investment earnings will be measured against budgeted investment income.

## **SCHEDULE C**

### **TMP 3: Decision-making and analysis**

All executive decisions on capital/project financing, borrowings and investments are delegated to the Director of Resources who will fulfil such responsibility in accordance with the CIPFA Code and Guide and the SORP on Treasury Management.

There shall be no restriction on the sources of borrowing with the exception of any statutory restriction.

The Council may use the following methods of raising capital finance:

- Public Works Loan Board
- Market borrowing
- Leasing
- Issue of local bonds

#### **Records to be kept**

The team keep records of all investment and loan transactions. The following records will be retained:

- Daily cash balance forecasts
- Dealing records for all money market transactions
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly

#### **Processes to be pursued**

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger reconciliation
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer best value)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average rate, investment returns, etc.).

#### **Issues to be addressed.**

##### ***In respect of every decision made the Council will:***

- Above all be clear about the nature and extent of the risks to which it may become exposed
- Be certain about the legality of the decision reached and the nature of the transaction, and that any authority to proceed has been obtained
- Be content that the documentation is adequate both to deliver the organisation's objectives and protect the its interests, and to deliver good housekeeping
- Ensure that counterparties are judged satisfactory in the context of the its creditworthiness policies, and that limits have not been exceeded
- Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

***In respect of borrowing and other funding decisions, the Council will:***

- Evaluate the economic and market factors that might influence the manner and timing of any funding decision.
- Consider the merits of alternative forms of funding, including options such as funding from revenue and leasing and private partnerships.
- Consider the alternative interest rate bases available, the most appropriate periods to borrow and repayment profiles to use.
- Consider the on-going revenue liabilities created, and the implications for the council's future plans and budgets.

***In respect of investment decisions, the Council will:***

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

***In respect of decisions regarding derivatives, the Council will:***

- Be able to demonstrate that the derivative transaction has reduced the Council's overall exposure to treasury risks. (The Council has no transactions of this nature at the current time, and has no plans to do so in the near future.

## **SCHEDULE D**

### **TMP 4: Approved Instruments, method and techniques**

Only the approved organisations for investment shown will be used. The organisations listed may be used for the investment of the Council's surplus funds, subject to the maximum sum being invested at any one time with any one organisation not being exceeded. The decision to vary these limits being delegated to the Director of Resources and, through them, to their staff in exceptional circumstances.

#### **Specified investments**

These investments are sterling investments of not more than one-year maturity. These are low risk assets and the possibility of loss of principal or investment income is very low. The investments are defined as:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity).
- A local authority, parish council or community council.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). These bodies will have a minimum rating as set out below.

#### **The monitoring of investment counterparties**

The credit rating of counter parties is monitored monthly. Any counterparty failing to meet the criteria will be removed from the list immediately and, if required, new counter parties, which meet the criteria, will be added to the list.

Principally Fitch credit ratings are monitored and are used as an indication of the probability of organisations defaulting on our investments. In addition, the rating given by rating agents Standard and Poor, and Moody's are also considered prior to an investment. Whilst they only show an indication of the current credit position, they are being monitored on a regular basis and any significant changes will be reported to Policy and Finance Committee. It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets.

The banks the Council use are reviewed annually as part of the Treasury Management policies and practices to take into account their Fitch IBCA long-term and short-term credit rating.

The Council has a policy to only use institutions with a short term Fitch rating of F2 or above

In addition to the Building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested with these bodies. This criterion is also specified within the approved counter party criteria.

The approved organisations for investment are:

**Banks**

- Santander UK plc. \*
- Barclays Bank \*
- Bank of Scotland plc. \*
- Co-operative Bank \*
- HSBC Bank plc. \*
- Lloyds Bank plc. \*
- The Royal Bank of Scotland \*
- National Westminster Bank \*

**Building Societies**

- Coventry Building Society \*
- Leeds Building Society \*
- Newcastle Building Society \*
- Nationwide Building Society \*
- Principality Building Society \*
- Skipton Building Society \*
- Yorkshire Building Society \*

**Other**

- Debt Management Office \*\*
- Other Local Authorities in the UK \*\*\*
- Police and Crime Commissioners, Fire and Rescue Services and Transport Authorities \*\*\*

**Key**

* Maturity limit for each counter party	365days
* Maximum limit per institution	<del>£1.5m</del> <a href="#">£1.75m</a>
** Maximum limit per institution	£5.0m
*** Maturity limit for each counter party	3 Months
*** Maximum limit per institution	£2.5m

**Non-Specified Investments**

Non-specified investments include any other type of investments, i.e. not defined as specified above. These are sterling investments with:

- Securities admitted to the Officials List of the Stock Exchange that is guaranteed by the UK Government (such as supranational bonds).
- Gilt edged securities with a maturity of greater than one year.
- Institutions not meeting the basic security requirements under the specified investments.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) for deposits with a maturity of greater than one year.
- Shareholding in the Local Government Bonds Agency.

At the present time the Council has no immediate plans to invest in non-specific investments other than a maximum share in the Local Government Bonds Agency of £10k.

### **Approved Investment Instruments**

Only the approved instruments as follows will be used.

- European Atomic Energy Community (Euratom)
- European Coal and Steel Community
- European Union
- European Investment Bank
- International Finance Corporation
- International Bank for Reconstruction and Development
- International Monetary Fund
- African Development Bank
- Asian Development Bank
- Caribbean Development Bank
- Inter-American Development Bank
- Guaranteed Export Finance Corporation plc.

### **Policy on the Use of Financial Derivatives**

Many local authorities have previously made use of financial derivatives embedded in loans and investments both to reduce interest rate risk (i.e. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk. However, previous legislation was understood to prevent the use of such tools where they were not embedded in other instruments.

The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives. The latest CIPFA Code requires local authorities to clearly detail their policy on the use of derivatives in their annual strategy.

The Council has not and does not plan to use derivatives.

### **Use of External Fund Managers**

It is the Council's policy not to use an external fund manager.

## **SCHEDULE E**

### **TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements**

It is essential for the purposes of the effective control and monitoring of the Council's treasury management activities, and for the reduction of the risk of fraud or error, for there to be clarity of treasury management responsibilities.

The principles on which this will be based are a separation of duties between:

- Policy formulation, creation and review;
- Deal transaction and execution;
- Subsequent recording and administration; and
- Audit.

#### **Delegated Powers**

With the exception of the approval of the Council's borrowing limits under section 45 of the Local Government and Housing Act 1989, all matters relating to treasury management shall be determined by Policy and Finance Committee.

All executive decisions and actions on borrowing, investment or financing shall be delegated to the Director of Resources and, through them, to their staff. Such decisions and actions to at all times are in accordance with the treasury policy statement.

The delegation of decisions to staff will be regulated by a treasury management systems and procedure manual.

All money in the hands of the Council shall be aggregated for the purpose of treasury management and shall be under the control of the Director of Resources.

In respect of the signing of documents relating to borrowing/investments, this may only be carried out by authorised signatories of the Council.

#### **Responsibilities**

**The Director of Resources will:**

- Ensure compliance by treasury staff with the treasury management policy statement and that the policy statement complies with the law
- Be satisfied that any proposal to vary the treasury policy or practice complies with the law or any code of practice
- Undertake regular reviews of the treasury management function with the Head of Financial Services throughout the year
- Liaise with the Head of Financial Services and treasury management staff on treasury management decisions
- Ensure that there is an adequate internal audit function and liaise with external audit.
- Act as authorised signatory of the Council.

The Director of Resources will also ensure there is proper documentation for all deals and transactions and those procedures exist for the effective transmissions of funds.



**The Head of Financial Services will:**

- Ensure that the Council's treasury management strategy is reviewed annually.
- Liaise with the Director of Resources and treasury management staff on treasury management decisions
- Manage the overall treasury function
- Ensure that the treasury management systems document is reviewed at least annually
- Ensure that the organisation of the treasury management function is adequate to meet current requirements
- Ensure that staff involved in treasury management are adequately trained
- Ensure that all treasury staff are aware of the Bank of England's current version of the London Code
- Supervise the treasury management staff
- Ensure appropriate segregation of duties
- Ensure elected members receive appropriate reports
- Act as authorised signatory of the Council.

**The Senior Accountant will:**

- Ensure that day to day activities accord with the treasury management policy statement
- Implement the treasury management systems document
- Ensure compliance with policies, limitations and directions
- Supervise other treasury management staff
- Produce an annual report of the previous year's treasury management operations by 30 September of the following year
- Produce regular performance reports
- Maintain relationships with counterparties

**The Accounting Technician will:**

- Maintain cover in the absence of a senior accountant, under the supervision of the Head of Financial Services.

**Internal Audit will:**

- Review compliance with the approved policy and procedures
- Review division of duties and operational practice
- Assess value for money from treasury activities
- Undertake the probity audit of the treasury function.

**Policy and Finance Committee will:**

- Approve local borrowing limits
- Approve the adopted clauses, treasury management policy statement and treasury management practices and any amendments.
- Receive an annual report on the treasury management strategy before the start of the financial year
- Receive an annual report by 30 September of the following year on the treasury management activity for the preceding year
- Receive other periodic reports on the treasury management function and its performance

- Approve the division of responsibilities

### **Absence cover**

In the instance of absence from any post holder from the above roles, responsibilities will move to the upwards in the organisation hierarchy, unless such responsibilities are seen as reasonable to be delegated downwards by the Director of Resources or Head of Financial Services.

### **Dealing limits**

There are no set dealing limits at an individual post level, however all dealing decisions must be first approved with the Director of Resources or Head of Financial Services

### **Approved brokers**

The Council is in contact with three money brokers who act on our behalf.

Tullet Prebon (uk) Ltd

Sterling International Brokers Ltd

Martin Brokers plc.

### **Policy on taping of conversations**

Where dealings are undertaken over the telephone, the conversation detailing the dates, amounts and rates of any deal should where possible be recorded in order to avoid a future dispute on the terms that have been agreed.

## **SCHEDULE F**

### **TMP 6: Reporting requirements and management information arrangements**

#### **Annual review of the treasury management policies and practices**

This document will be reviewed annually and reported Policy and Finance Committee

#### **Annual treasury management strategy**

The Treasury Management Strategy sets out the expected treasury activities for the forthcoming financial year. This Strategy will be submitted to the Policy and Finance Committee for approval before the commencement of each financial year.

#### **Prudential indicators**

As required by the Local Government Act 2003 the following indicators must be set:

- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt as at 31 March of previous year
- Upper limit on fixed interest rate exposures
- Upper limit on variable interest rate exposures
- Upper and lower limits for the maturity structure of borrowing
- Prudential limits for principal sums invested for longer than 364 days

Should it prove necessary to amend these limits, the Director of Resources will submit the changes for approval to Policy and Finance Committee, before submission to Full Council for approval.

#### **Annual report on treasury management activity**

An annual report will be presented to the Policy and Finance Committee at the earliest practicable meeting after the end of the financial year. This report will include the following:

- Any borrowing requirements in the year
- Investments made
- Performance against the Prudential Indicators

#### **Quarterly review of treasury management activity**

The annual review is supplemented by quarterly submissions of monitoring reports to Policy and Finance Committee. These reports include coverage on the areas of:

- Any borrowing requirements in the year
- Investments made to date
- Performance to date against the Prudential Indicators
- A review of the approved organisations

#### **Management information reports**

Investment income performance is reported to the Corporate Management Team as part of the budget monitoring process

## **SCHEDULE G**

### **TMP 7: Budgeting, accounting and audit arrangements**

#### **Statutory/regulatory requirements**

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting, which is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services – Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Council's treasury management activities.

#### **Accounting practices and standards**

Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities.

#### **List of information requirements of external auditors**

Each year the External auditors provide the council with its closedown working paper requirements. These are summarised below.

#### ***Investments (short and long term)***

- Working paper identifying the analysis of investments held throughout the period reconciled to the balance sheet. This should also show the interest received on each investment and should reconcile to the Comprehensive Income and Expenditure statement.
- Full schedule of short and long term investments including market value and book value. An audit trail to prime documentation should be available.
- Third party confirmation of the closing balance for investments.
- Copies of the Treasury Management and Investment Strategies. Minutes showing approval of movement of investments where applicable and linked to financial instrument disclosures in the financial statements.
- Copy of investment register to show all amounts invested and interest received.
- Copy of working papers showing details of any discounts or premiums arising from early redemption of loans and associated accounting entries. Evidence to support the appropriate discount basis has been used, any statutory overrides and any posting to the Financial Instruments Adjustment Account.

#### ***External borrowing and capital controls***

- Analysis of loans payable, finance leases and PFI obligations at 31 March reconciled to the financial ledger and statement of accounts.
- Details of transactions >£350k in the year (repayments and new loans). Supporting evidence should be available on demand.
- Working papers showing calculation of Capital Financing Requirement and the link to the Minimum Revenue Provision.

### ***Financial instruments***

- Working paper cross referenced to supporting schedules for loans and receivables, available for sale financial assets, unquoted equity investments at cost, financial assets at fair value (which have gone through profit or loss), financial liabilities at amortised costs, financial liabilities at fair value (which have gone through profit or loss) and any impairment losses.
- Evidence of interest rates disclosed in the note, along with total interest income and total interest expense, including any interest accrued on impaired financial assets.
- Evidence of review of departments for Financial Instruments disclosures (Guarantees, embedded derivatives, long term Receivables).

### **Investments in Icelandic banks**

- Disclosure of estimation uncertainty. Working papers to support the basis for management's estimation of recoverability, including legal advice where relevant.

## SCHEDULE H

### TMP 8: Cash and cash flow management

The cash flow forecast for the council is prepared on a daily basis, with a forward forecast included for anticipated major receipts and payments in order to assist in investment decisions.

#### Cash Flow Forecast Procedure

A daily record of all inflows/outflows of funds is kept on a cleared balance record sheet. These sheets indicate the expected daily cash flow within the Council's two main bank accounts which are currently held by the branch office of the HSBC Bank plc., 8 Castle Gate, Clitheroe, BB7 1BB. They are known as:

- General account – Council's income
- Disbursement account – Council's expenditure

Each morning the following information on each of the Council's bank accounts can be obtained using the internet from HSBCnet (a separate system guidance note is kept up to date):

- **Cleared balance (Dr/Cr)** *This represents the opening cleared balance on each of the two bank accounts*
- **Auto Credit Clearing (+)** *This represents the direct credits received by the council*
- **Auto Debit Clearing (-)** *This represents the direct debits payable by the council*
- **Float Details (+)** *This represents the cheques received by the council which are to be cleared on that day and the next*
- **Projected Balance at Close (Dr/Cr)** *This represents the estimated cleared closing balance on each of the two bank accounts.*

By combining the information on each of the bank accounts a projected closing balance can be obtained. However, this projected balance figure will exclude any cash payments that have been banked by the council on the previous day. Therefore, the previous day's cash banking can be added to give a more accurate estimate of the Council's bank position. This is obtained from the Council's bank paying-in book, which is kept in the collection office.

An indication of whether a temporary investment or loan needs to be arranged can therefore be obtained from this estimated current bank position if surplus funds or a deficit of funds is indicated.

In addition to the previous day's cash banking, the previous day's cheques banking and details of online and electronic payments can be obtained from the collection office. A record of these figures is kept to indicate the items expected to clear in the bank account for the following two days. It should be noted that it can take up to five working days for cheques to clear.

#### ***Direct Credit Receipts***

An anticipated direct credit figure can often be identified before the actual receipt date. The reason being that the majority of the direct credits received are generated either by ourselves or by grant payments. They can therefore be entered onto the cleared balance sheets as anticipated income on the particular day they are expected as an anticipated cash inflow. These are also then checked against actual income on the day of receipt.

These figures are generally obtained either from a written confirmation from a government department in respect of grants receivable, such as revenue support grant, or in-house from the sections for whom the credits are being generated. Examples of in-house generated items are processed direct credit receipts for such items as NNDR, council tax and sundry debts:

### ***Direct Debit Payments***

In a similar fashion to the direct credit receipts, the majority of the direct debit payments can be anticipated prior to the date of payment. Again, these are either generated by ourselves or are collected by external bodies as per an agreement, such as the LCC precept or PWLB repayments. They can therefore be entered onto the cleared balance sheets as anticipated expenditure on the particular day they become due for payment and can then be checked against the actual payment made. Examples of in-house generated items are salaries and trade creditor payments.

### **Payment scheduling and agreed terms of trade creditors**

The direct credits and debits generated by the council are scheduled to occur on set dates, which move only in respect of bank holidays and weekends.

#### **Direct debit payments**

- Salaries and Members allowances: *15<sup>th</sup> day of the month*
- Trade Creditors: *every Monday*
- Benefit payments: *every Monday*
- Council tax refunds: *every Wednesday*

#### **Direct credit receipts**

- Council tax payments: *the last day of the month*
- NNDR payments: *28<sup>th</sup> of the month*
- Sundry debtor payments: *30<sup>th</sup> of the month*

The terms of payment for the council's trade creditors are generally within 30 days of receipt of invoice, unless specific terms have otherwise been agreed.

### **Banking of funds**

All payments to the council must be paid in to the central collection office as soon as possible after receipt. Income is banked by the collection office on a daily basis using a third party contractor.

## SCHEDULE I

### TMP 9: Money laundering

#### **Procedures for establishing identity/authenticity of lenders**

The council does not accept loans from individuals

#### **Methodology for identifying sources of deposits**

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be authorised deposit takers under the Financial Services and Markets Act 2000. The FSA register can be accessed through their website on [www.fsa.org.uk](http://www.fsa.org.uk).

All transactions will be carried out by CHAPS for making deposits or repaying loans.

#### **Proceeds of Crime Act 2002 (POCA)**

[The Proceeds of Crime Act 2002 imposes an obligation on any person or other body that undertakes a regulated activity as defined by the act to submit a Suspicious Activity Report to the National Crime Agency \(\[www.nationalcrimeagency.gov.uk\]\(http://www.nationalcrimeagency.gov.uk\)\) if it knows or suspects that a person is engaged in, or attempting, money laundering.](#)

#### **The Money Laundering Regulations 2007**

[The money laundering regulations require all firms undertaking certain financial activities \(see Schedule 1 of regulation\) to apply risk-based customer due diligence measures and other steps to prevent your services from being used for money laundering or terrorist financing.](#)

The Principal Auditor [has been nominated](#) the council's money laundering reporting officer and in their absence, the Head of Financial Services. The council will also train the following staff in being diligent to be alert for suspicious transactions: -

- treasury management
- collection office
- other staff as seen appropriate

Suspicious transactions will be investigated as far as the Council is in a position to do so or it is appropriate for the Council to do so, and if doubts remain, these transactions will then be reported to the National Crime Agency.



## **SCHEDULE J**

### **TMP10: Training and qualifications**

The Council recognises the importance that all treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Performance Appraisal system which aims to identify the training requirements of any individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Director of Resources together with the Head of Financial Services, to ensure that all staff involved in the service receives the necessary training.

#### **Details of approved training courses**

Treasury Management courses run by such bodies as CIPFA, money brokers, or other recognised bodies.

#### **Training and qualifications of treasury staff**

- Chief Executive - CIPFA Qualified
- Director of Resources – CIPFA Qualified
- Head of Financial Services – CIPFA Qualified
- Senior Accountant – Part CIPFA Qualified
- Accounting Technician – AAT Qualified

#### **Training of those charged with governance**

Training will be provided for those elected members sitting on the Policy and Finance Committee. Detailed explanations of all reports are given, as they are scrutinised by committee, by the Director of Resources in order to ensure full understanding.

## **SCHEDULE K**

### **TMP11: Use of external providers**

#### **Details of contracts with service providers, including bankers, brokers, consultants and advisers**

##### **Bankers**

Name of supplier of service is HSBC Bank plc.

##### **Money-broking services**

The Council will use money brokers for temporary borrowing and investment and long term borrowing. It will seek to give an even spread of business amongst the approved brokers. The brokers used are listed at schedule E – *TMP 5: Organisation, clarity and segregation of responsibilities, and dealing arrangements*. None of these services are under formal contracts and are used only on an ad-hoc basis.

##### **Consultants'/advisers' services**

The Council do not have any contracted services, or use, external consultants or advisers

#### **Procedures and frequency for tendering services**

##### **Banking services**

Banking services will be retendered or renegotiated every 3 years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends. The current agreement is for the period 2013/16

## **SCHEDULE L**

### **TMP12: Corporate governance**

#### **List of documents to be made available for public inspection**

The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions. It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are available for public inspection via Council website or in person:

- Treasury Management Policy Statement
- Treasury Management Strategy
- Annual Treasury Report
- Quarterly Monitoring Report
- Annual Statement of Accounts
- Revenue and Capital Budget
- Agendas and minutes of all committee meetings.

## Treasury Management and Systems Document

### Introduction

Ribble Valley has adopted a treasury management policy that regulates the framework for the operation, review and performance assessment of the treasury management function. This is in accordance with the Code of Treasury Management for Local Authorities, produced by the Chartered Institute of Public Finance and Accountancy. In accordance with the Code of Practice, a treasury systems document has been prepared as follows.

### Cash flow record

A daily record of all inflow/outflow of funds is kept on a cleared balance record sheet. These sheets indicate the expected daily cash flow within the Council's two bank accounts which are currently held by the branch office of the HSBC Bank plc., 8 Castle Gate, Clitheroe BB7 1BB. They are known as:

- General account – Council's income
- Disbursement account – Council's expenditure

Each morning, after 9.00am, the following information on each of the Council's bank accounts can be obtained by telephone link via the HSBC.net system (separate system notes kept):

- **Cleared balance (Dr/Cr)** – This represents the opening cleared balance on each of the two bank accounts
- **Auto Credit Clearing (+)** – This represents the direct credits received by Ribble Valley
- **Auto Debit Clearing (-)** – This represents the direct debits payable by Ribble Valley
- **Float Details (+)** – This represents the cheques received by Ribble Valley which are to be cleared on that day and the next
- **Projected Balance at Close (Dr/Cr)** – this represents the estimated cleared closing balance on each of the two bank accounts.

By combining the information on each of the bank accounts a projected closing balance can be obtained. However, this projected balance figure will exclude any cash payments that Ribble Valley has banked on the previous day. Therefore, the previous day's cash banking needs to be added to give a more accurate estimate of the Council's current bank position. This can be obtained from the Council's bank paying-in book, which is kept in the collection office. It is usually available at approximately ~~9.15am~~ 9.30am.

An indication of whether a temporary investment or loan needs to be arranged can therefore be obtained from this estimated current bank position if surplus funds or a deficit of funds is indicated.

In addition to the day's cash banking, the previous day's cheques banking and details of online and electronic payments can be obtained from the collection office. A record of these figures is kept to indicate the expected float items figure for the following two days. This can therefore be checked against the actual float details. It should be noted that it takes three ~~five~~ working days for cheques to clear.

### ***Direct Credit Receipts***

An anticipated direct credit figure can often be identified before the actual receipt date. The reason being that the majority of the direct credits received are generated either by ourselves or by grant payments. They can therefore be entered onto the cleared balance sheets as anticipated income on the particular day they are expected as an anticipated cash inflow. These are also then checked against actual income on the day of receipt.

These figures are generally obtained either from a written confirmation from a government department in respect of grants receivable, such as revenue support grant, or in-house from the sections for whom the credits are being generated. Examples of in-house generated items are processed direct credit receipts for such items as NNDR, council tax and sundry debts:

### ***Direct Debit Payments***

In a similar fashion to the direct credit receipts, the majority of the direct debit payments can be anticipated prior to the date of payment. Again, these are either generated by ourselves or are collected by external bodies as per an agreement, such as the LCC precept or PWLB repayments. They can therefore be entered onto the cleared balance sheets as anticipated expenditure on the particular day they become due for payment and can then be checked against the actual payment made. Examples of in-house generated items are salaries and trade creditor payments.

### **Investments**

In accordance with the Council's treasury management policy, any surplus funds identified on the cleared balance sheets can be invested.

The Council is in contact with three money brokers who act on our behalf.

Tullet Prebon (uk) Ltd  
Sterling International Brokers  
Martin Brokers plc.

The telephone numbers for each, together with a contact name, is kept with the records of current investments in the cash flow file (held by senior accountant).

### **Method for making an investment**

Once surplus funds have been identified contact is made with one of the above to arrange for these funds to be invested.

Monies can be invested at the current interest rates applicable at the time, for various periods which range from call, two day notice, and seven day notice or for a fixed term to an agreed future date. It is usual that any monies invested with the money market, i.e. via the brokers, is left for a minimum period of a week. In addition to this restriction, any monies placed on the money market can only be recalled as a whole, i.e. the amount invested.

The period of investment will depend on the anticipated cash flow therefore any anticipated income and expenditure should be taken into account before the investment is made. It should be noted that the following notice is required for any repayment of monies:

- **Call:** *same day*
- **Two days:** *two working days' notice*
- **Seven days:** *seven working days' notice*
- **Fixed:** *as agreed*

### **Investment with a broker**

Once a broker has been contacted with the details of the amount and notice period we require for the investment it can be placed “under reference” with this broker as well as an alternative broker. The broker that is first to succeed in placing the monies in accordance with our treasury management policy receives our business.

Details of the counter parties to whom our monies are being lent to be given by the broker and recorded on a temporary investment sheet, they include:

- Name of borrower;
- Borrower’s bank details, including sort code and account number;
- Amount to be invested;
- Term of investment, i.e. call, fixed etc.; and
- Rate of interest payable by the borrower.

It should be noted that the interest rate is changeable other than fixed term investments.

Once details have been received an electronic fund transfer (EFT) can be made via the HSBC.net system (separate system notes kept). This transfers funds from our disbursements bank account to the counter party’s bank account.

***It should be noted that the Head of Financial Services and the Director of Resources (or in their absence the Chief Executive), needs to sign the authorisation sheet obtained from the HSBC.net system.***

A “direct banking transaction” creditor voucher should be prepared to charge the investment amount to the general ledger fund.

Details of the investment should also be recorded in the investment register.

### **Investment with the HSBC bank money market**

Another alternative method of placing surplus funds is with the money market team of our bank.

The procedure is as before with the exception that no EFT is necessary to our branch. A transfer is made from our disbursements account by FX system direct on the HSBC.net system. It should be noted that the Head of Financial Services and the Director of Resources (or in their absence the Chief Executive), sign the transaction sheet obtained from the HSBC.net system on the day the transaction takes place.

### **Investment with other banking institutions**

Funds can be invested direct with other banking institutions. Funds can only be placed on fixed terms with these institutions. The minimum investment depends on the institution. Once terms have been agreed the procedure for transferring funds is as before.

### **Repayment of investments**

If the investment needs to be repaid the necessary notice needs to be given to the particular counter party, either direct in the case of investments held by the various banking institutions or via the relevant broker if the investment was made on the money market.

All repayments should be made automatically on the relevant day direct to our general bank account. Investments made with the HSBC Bank can only be returned to the same account from which they were originally debited, i.e. the disbursement account. Therefore, a transfer is required between the two accounts (separate system notes kept). The HSBC.net system will indicate receipts received during the day by EFT. Therefore this should be checked on a regular basis until all funds have been accounted for.

The repayment date is recorded on the temporary investment sheet and in the investment register. The amount of interest due should be calculated and also entered on these

records. Once the monies are credited to our bank account the collection office will credit these amounts to the relevant general ledger account code from the bank statements (they require the split between the principal and interest paid).

The internal audit section requires these completed records on a monthly basis to carry out a relevant audit.

### **Temporary loans**

If a deficit cash balance is estimated on the cleared balance sheet it may be necessary to arrange for a temporary loan. This will depend on the deficit and the charges made by HSBC on the deficit as the council no longer has an overdraft facility. An agreed maximum limit for short-term borrowing is set annually.

### **Arranging a temporary loan**

A temporary loan can be made via our brokers in a similar fashion to making an investment. Details of the counter parties are received by telephone from our brokers who arrange for the monies to be credited direct to our bank account. The branch office will usually confirm when the monies are received, if so requested. The monies will appear on the Council's bank statements and the collection staff will credit the amount to the appropriate general ledger code.

A record of the loan is made on a temporary loan sheet and in the loans register. A confirmation letter is sent direct to the counter parties confirming the loan details.

### **Repaying a temporary loan**

Once there are sufficient funds available to repay the loan the relevant broker should be contacted to inform the counter parties of the repayment, as per the original agreed terms of the loan.

Interest due on the loan should be calculated and entered on the temporary loan sheet and in the loans register. The loan, including interest, can then be repaid by electronic fund transfer using the HSBC.net system.

A confirmation letter should be sent direct to the counter parties indicating how interest due was calculated, and a "no cheque" voucher for principal and interest to ensure the amounts are charged to the relevant general ledger account.

### **Final estimated cash balance**

If a temporary investment is placed or repaid, and similarly if a temporary loan is received or repaid, a record of the transaction is made on the cleared balance sheet and added or deducted, as relevant, to give an estimated final cleared balance at the end of the day which can be compared with the opening balance on the following day.

### **Long-Term borrowing**

Each year the Council's borrowing requirements are analysed and an appropriate borrowing strategy produced. This has to be approved by Policy and Finance Committee at the start of the financial year.

Generally long-term borrowing, which is classified as borrowing for a period of between 1-60 years, is normally only used to finance capital expenditure or replace maturing debt.

The Council currently has a policy that limits the methods of raising finance and an annual maximum limit for long-term borrowing. It is usual that long-term borrowing needs are met from the Public Works Loan Board (PWLB). This has been because PWLB interest rates:

- Are below money market rates;
- Loans are generally available for longer periods; and
- PWLB commission rates are minimal.

## **PWLB borrowing**

### ***Application for Loans***

Applications should be made by telephone on 020 7862 6610 by staff previously nominated by the Director of Resources. [The Council must submit its lists of names on a single form, Local Authority Authorisation form, available from the Board's website. \(pwlb.gov.uk\). Where nominations are to be refreshed a new, complete list of names is required. The form may also be used to nominate signatories authorised to notify details of a receiving bank account.](#)

The Board will not accept telephone business before 9.30am. or after 4.15pm. Calls are recorded for training and monitoring purposes. The terms of the loan and the rate of interest on a fixed rate loan – or the formula for a variable rate loan – will be agreed at the time and the advance made within 48 hours (excluding weekends and bank holidays)

Advances are made in accordance with the following timetable:

<b><u>Agreement of Terms</u></b>	<b><u>Day of Advance of Loan</u></b>
	(where no bank holiday intervenes)
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Monday
Friday	Tuesday

At the time a loan is requested the Council is required to supply the following information:

- The borrowers number (the boards five-figure reference number)
- Then answer to the following questions –
  - i. Is this application within the relevant legislation and your council's borrowing powers?
  - ii. By when does the Director of Resources expect the loan to be entirely applied to expenditure? (The answer should be expressed in terms of the number of months from the point of application The response to this question should be agreed in advance with the responsible finance officer)
  - iii. Does the loan qualify for a concessionary rate?

The authorised dealer will then be asked to give the following details of the required loan:

- Applicable concessionary rate (as appropriate)
- Type of loan i.e. whether fixed or variable
- Repayment or amortisation method
- Sum required
- Date of final payment, which will coincide with a repayment date



- Where not apparent from the date of final payment: repayment dates, in the case of a fixed rate loan, or interest payment frequency, in the case of a variable rate loan
- Sort code and number of the receiving bank

All the above information is usually supplied by the Head of Financial Services who generally would make any application.

Staff from the Board's offices will telephone the local authority as soon as practicable after a loan has been agreed, and in any event within 24 hours (excluding weekends and bank holidays), to verify the details. In addition, the Board will send the authority a letter confirming the terms of the agreement; this will not be received until after the loan has been advanced.

### **Type of loans by interest rate**

Two types of loan according to interest rate are available from the board:

- Fixed rate loans, on which the rate of interest is fixed for the life of the loan and interest is payable at half-yearly intervals;
- Variable rate loans, on which the rate of interest is variable at one, three or six monthly intervals. The interval is at the choice of the borrower but once chosen remains the same for the life of the loan.

### **Type of loans by method of repayment or amortisation**

Fixed rate loans are repayable by one of three methods:

- Annuity or Equal Repayments (ER): fixed half-yearly payment to include principal and interest; or
- Equal instalments of Principal (EIP): equal half-yearly instalments of principal together with interest on the balance outstanding at the time; or
- Maturity: half yearly payments of interest only with a single repayment of principal at the end of the term,

Repayments are at half-yearly intervals, with an initial broken period as necessary

The amount of advance will be credited to the Council's bank account by automated credit transfer, in accordance with the timetable less the Board's loan fee. A schedule of the loan agreement will also be supplied, the details of which should be checked against the application and then entered onto the spreadsheet of PWLB loans (separate system notes available).

### **Reconciliation**

A monthly reconciliation is made between transactions in the general ledger and transactions recorded in the investment and loans register and PWLB spreadsheet.

**RIBBLE VALLEY BOROUGH COUNCIL**  
**REPORT TO POLICY AND FINANCE COMMITTEE**

DECISION

Agenda Item No 8

meeting date: 5 APRIL 2016  
title: LOCAL TAXATION WRITE OFFS  
submitted by: DIRECTOR OF RESOURCES  
principal author: MARK EDMONDSON

1 PURPOSE

1.1 To obtain Committee's approval to write off certain Council Tax and National Non-Domestic Rate debts.

1.2 Relevance to the Council's ambitions and priorities:

❖ ***Council Ambitions/Community Objectives/Corporate Priorities***

Without the revenue collected from rates, council tax and sundry debtors we would be unable to meet the Council's ambitions, objectives and priorities.

2 BACKGROUND

Council Tax and NNDR

2.1 No specific statute exists to give guidance on the circumstances under which debts, in general, can be written off other than the statute of limitations. Any debt for which recovery action has not been taken within six years still remains but legal action cannot be taken.

2.2 As a matter of law, we are under an obligation to take reasonable steps to collect council tax and business rate debts.

2.3 We do this by various means, including summonses, Attachment of Earnings, Attachment of Benefits, distraint of goods, bankruptcy and winding up, charging orders and committal warrants. However, there are some cases where debtors simply leave their property with arrears and where we have no forwarding address, or are declared bankrupt, are deceased with insufficient funds in the estate or cease trading.

2.4 The onset of the recession has seen more individuals and companies get into financial difficulties. Companies that get into the most financial difficulties have to take the administration/receivership options if they are unable to agree terms with their creditors.

3 CURRENT POSITION

3.1 There is one case where the company has been dissolved and therefore we need to write off Council Tax and NNDR debts. Annex 1 shows details of the debts we are seeking approval to write off – these total £3,745.75 and the costs £180.00.

4 FINANCIAL IMPLICATIONS

4.1 Until 31 March 2013 when NNDR debts were written off the costs were met from the non-domestic rate pool.

4.2 The new rates retention scheme came into effect on 1 April 2013 and as a result the cost of NNDR write offs are now met in part by central government and in part by local government.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Approve writing off £76.66 Council Tax, £3,669.09 of NNDR debts and £180.00 costs where it has not been possible to collect the amounts due.

HEAD OF REVENUES AND BENEFITS

DIRECTOR OF RESOURCES

PF22-16/ME/AC  
21 March 2016

## Write offs – NNDR

Year	Name	Amount £
<b>DISSOLVED</b>		
Dissolution is the last stage of liquidation, the process by which a company (or part of a company) is brought to an end, and the assets and property of the company redistributed.		
2015/16	Heritage Inns (Old Langho) Ltd	Black Bull Inn, Old Langho Road, Old Langho, Blackburn BB6 8AW
2014/15		
		2,636.63
<b>Total</b>		<b>*3,789.09</b>

\* includes £120.00 costs

## Write offs – Council Tax

Year	Name	Amount £
<b>DISSOLVED</b>		
Dissolution is the last stage of liquidation, the process by which a company (or part of a company) is brought to an end, and the assets and property of the company redistributed.		
2015/16	Heritage Inns (Old Langho) Ltd	Black Bull Inn, Old Langho Road, Old Langho, Blackburn BB6 8AW
<b>Total</b>		<b>^136.66</b>

^includes £60.00 costs

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

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Agenda Item No. 9

meeting date: 5 APRIL 2016  
title: DRAFT CYCLE OF COMMITTEE MEETINGS  
submitted by: CHIEF EXECUTIVE  
principal author: OLWEN HEAP

### 1 PURPOSE

1.1 To request Committee's consideration of the proposed meeting cycle for committees for the municipal year 2016/17.

1.2 Relevance to the Council's ambitions and priorities:

One of the Council's stated aims is to be a well run Council. Meetings of the Council and its committees are arranged to be as accessible as possible in order to enhance the transparency of the Council's work.

### 2 BACKGROUND

2.1 The meeting cycle is drawn up at this time of year for the forthcoming municipal year.

2.2 It is subject to final approval at the Annual meeting on 10 May 2016.

2.3 Some meeting dates have to fit into other timetables, eg approval of the Statement of Accounts, setting the Council Tax.

### 3 ISSUES

3.1 The draft meeting cycle at Appendix A is similar to the cycle for 2015/16.

3.2 Consideration has been given to various issues that have resulted in

- Meeting dates being arranged around the Easter holidays
- Meeting dates being arranged around the Referendum
- the 'summer' cycle being condensed as far as possible to avoid July/August;

### 4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – the estimated costs of administering the committee arrangements is included in the approved budget for 2016/17.
- Technical, Environmental and Legal – None arising as a direct result of this report.

- Political – None arising as a direct result of this report.
- Reputation – None arising as a direct result of this report.
- Equality & Diversity – None arising as a direct result of this report.

## 5 **RECOMMENDED THAT COMMITTEE**

- 5.1 Approve the draft meeting cycle at Appendix A for ratification at the Annual Meeting on 10 May 2016.

ADMINISTRATION OFFICER

CHIEF EXECUTIVE

BACKGROUND PAPERS

Meeting Cycle 2015/16

For further information please ask for Olwen Heap, extension 4408

REF: OMH/P&F050416

**APPENDIX A**

**Ribble Valley Borough Council  
Meeting Cycle 2016/17  
(10 May 2016 – 9 May 2017)**

<b>MEETINGS</b>	<b>Day</b>	<b>TIME</b>	<b>1ST CYCLE 2016</b>	<b>2ND CYCLE 2016</b>	<b>3RDCYCLE 2016</b>	<b>4TH CYCLE 2017</b>	<b>5TH CYCLE 2017</b>
Community Services	Tues	6.30pm	17 May	23 Aug	11 Oct	10 Jan	14 March
Planning and Development	Thurs	6.30pm	19 May	21 July & 18 Aug	13 Oct	12 Jan	16 March
Personnel	Wed	6.30pm	25 May	31 Aug	19 Oct	18 Jan	22 March
Health & Housing	Thurs	6.30pm	26 May	1 Sept	20 Oct	19 Jan	23 March
Policy & Finance	Tues	6.30pm	7 June	6 Sept	25 Oct	24Jan & 7 Feb	28 March
Parish Liaison	Thurs	6.30pm	9 June	8 Sept	27 Oct	26 Jan	30 March
Licensing	Tues	6.30pm	14 June	13 Sept	1 Nov	31 Jan	4 April
Planning & Development	Thurs	6.30pm	30 June	15 Sept	10 Nov & 15 Dec	16 Feb	13 April
Accounts & Audit	Wed	6.30pm	29 June	17 Aug	16 Nov		29 March
Full Council	Tues	6.30pm	12 July	27 Sept	13 Dec	28 Feb	25 April

2016  
Offices Closed

Spring Bank : 30 May 2016  
 August Bank : 29 August 2016  
 Christmas : 25 - 31 December 2016

PCC Elections : 5 May 2016  
 Annual Council : 10 May 2016  
 EU Referendum : 23 June 2016

2017  
Offices Closed

New Year : 2 January 2017  
 Good Friday : 14 April 2017  
 Easter Monday : 17 April 2017  
 May Day : 1 May 2017

County Council Elections : 4 May 2017  
 Annual Council : 9 May 2017

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No.10

meeting date: TUESDAY, 5 APRIL 2016  
title: AMENDMENTS TO THE COUNCIL'S CONSTITUTION  
submitted by: CHIEF EXECUTIVE  
principal author: SOLICITOR

### 1 PURPOSE

1.1 To consider the proposed changes to the Council's constitution.

1.2 Relevance to the Council's ambitions and priorities:

- Council's Ambitions – N/A
- Community Objectives - N/A
- Corporate Priorities – To be a well-managed Council.
- Other considerations – It is important that our constitution is kept up-to-date, to ensure that all legislative requirements are reflected within them.

### 2 BACKGROUND

2.1 The Local Government Act 2000 provides that every Local Authority is required to prepare and keep up to date a constitution containing:

- A copy of its Standing Orders
- A copy of its Code of Conduct
- Any information directed by the Secretary of State
- Any other information considered appropriate by the Local Authority; and
- Where a Local Authority operates a Committee system the constitution must also contain a statement as to whether it has an Overview and Scrutiny Committee.

2.2 The Council's constitution is very much a living document. It has been divided into parts and these parts are accessible on the Council's website

2.3 The Council's Head of Legal and Democratic Services, in her role as Monitoring Officer, has requested that the Council's Solicitor carry out a review of the Council's Constitution. This is done every year in advance of the annual meeting. Changes to the Constitution are made by approval at the Council but are first considered by Policy and Finance Committee.

### 3 ISSUES

3.1 The proposed amendments are:

#### Service Plans

3.1.1 All references to Service Plans within all parts of the constitution have been removed as these are no longer used to set corporate priorities;



### Delegations Scheme

3.1.2 The delegation scheme has been amended to include Head of Departments in the decision making process for disciplinary hearings; and

### Supporting documents

3.1.3 All the supporting documents have been updated to include the most recent versions as approved by this Committee.

### **Combined Authority**

3.2 Committee should also note that it may be necessary to incorporate changes to the constitution should the Council proceed to join the proposed Lancashire Combined Authority.

### **4. LEGAL REQUIREMENTS**

4.1 Article 11.3 of the Council's Constitution provides that the Council will only approve changes to the Constitution after consideration of the proposal by the Monitoring Officer.

4.2 The Council's Head of Legal and Democratic Services, in her role as Monitoring Officer, considered the proposed changes set out above and supports them.

### **5. RISK ASSESSMENT**

5.1 The approval of this report may have the following implications:

- Resources – Once approved the Council's Solicitor will make any necessary changes and put new documents onto the website.
- Technical, Environment and Legal – The amendments will ensure the Council can deal with legal and technical matters more effectively.
- Political – No implications identified.
- Reputation – No implications identified.
- Equality & Diversity – No implications identified.

### **6. RECOMMENDED THAT COMMITTEE**

6.1 Refer the suggested changes to the Council with a recommendation for their approval.

MAIR HILL  
SOLICITOR

MARSHAL SCOTT  
CHIEF EXECUTIVE

BACKGROUND PAPERS

For further information please ask for Mair Hill on extension 3216.

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 12

meeting date: 5 APRIL 2016  
title: UPDATE ON FINANCIAL IMPACT OF DECEMBER FLOODS  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

## 1 PURPOSE

- 1.1 To provide members with an update on the financial impact for this council of the December floods.

## 2 BACKGROUND

- 2.1 December 2015 was one of the wettest months on record in the United Kingdom. High water levels in the rivers and on land coupled with record rainfall meant we were faced with a number of flooding incidents throughout December.
- 2.2 Following Storm Desmond and due to incessant rain on 12 December 2015, the culvert in Brookside Close, Whalley overflowed and a torrent of water ran down King Street, flooding approximately 20 properties in that area. There were also a small number of properties flooded at Ribchester and in Clitheroe and Barrow.
- 2.3 On 26 December 2015, as a result of Storm Eva, there was widespread flooding affecting parts of Whalley, Billington and Ribchester. There were also reported incidents of severe flooding in other parts of the Ribble Valley.
- 2.4 There has been expenditure incurred by the council for a variety of reasons as a result, which is also variously funded from a number of external parties and partly funded by ourselves. To summarise, expenditure initially incurred directly by ourselves has consisted of:
- Emergency response following the flooding incidents.
  - Flood Grants of £500 to each household flooded.
  - Council Tax and Business Rates Relief
  - Property Resilience Grants of up to £5,000 per flooded property for households and businesses.

## 3 FINANCIAL IMPACT

### ***Emergency Response Following the Flooding Incidents.***

- 3.1 The Council has incurred considerable expense in helping residents and businesses recover from flooding. The expenditure incurred under this heading can be partially recovered from the Government under what is known as the Bellwin Scheme.
- 3.2 The Bellwin Scheme provides emergency financial assistance to local authorities, particularly but not exclusively for emergencies caused by weather incidents. The Government announced immediately following the recent flooding incident that the Bellwin scheme had been activated and local authorities such as ourselves registered our intention to claim reimbursement of expenditure incurred as a result of the emergency.

3.3 The main elements of our expenditure relating to the December floods are detailed below:

<b>Emergency Response Costs</b>	<b>£</b>
Skip Hire	50,295
Emergency Accommodation for Displaced Residents	4,255
Hire of Plant	2,641
Sandbags	2,097
Emergency Control and Rest Centres	1,566
Direct Works Staff Overtime and Call Outs	1,180
Emergency Building Works	613
Mileage Payments	267
Other Staff Expenses	53
<b>Total Emergency Response Expenditure</b>	<b>62,967</b>
<b>Less Bellwin Threshold</b>	<b>-12,164</b>
<b>To be Claimed from Government</b>	<b>50,803</b>

3.4 Under the Bellwin Scheme, there is a threshold up to which the council must stand the costs incurred, which for Ribble Valley has been calculated at £12,164. Therefore, of the £62,967 shown above, £50,803 will be claimed from the Government under the Bellwin scheme and £12,164 will fall on the council. This has been included in our Revised Estimates as approved at Full Council on 1 March.

3.5 Our application for reimbursement of expenditure incurred under the Bellwin Scheme has now been submitted, but is yet to be approved.

#### ***Flood Grants of £500 to Each Household Flooded***

3.6 Under this scheme a £500 payment was made to each property that had been flooded internally, i.e. water has entered the property:

- Basements and below ground level floors are included
- Garages are included if in the fabric of the building. Garages adjacent or separate from the main building are not included
- Include occupied caravans and park homes but not tents

3.7 Applications under this grant scheme are now closed. There has been a total of £119,000 paid to 238 households in the borough under this scheme. This expenditure has been funded by the government through a S31 Grant in full via Lancashire County Council as the Flood Authority. All of this expenditure has now been reimbursed in full.

#### ***Council Tax and Business Rates Relief***

3.8 Under this national scheme a minimum of 3 months Council Tax relief was given for all households flooded (with the exception of second homes). This is extended for up to a year, on application, for any households unable to move back in to their property as a result of flood damage.

- 3.9 A similar scheme is in operation for Business Rate relief, with 3 months relief available on application for those businesses flooded.
- 3.10 We have been provided upfront funding from the government to support the payment of this relief to residents and businesses. This funding will be reconciled to actual payments made to ensure that we as a council receive no more or less than the amount we have paid out.
- 3.11 The granting of this relief moves on a daily basis as residents' circumstances change, therefore we are unable to provide committee with a definitive value for this relief and level of government support. However a snapshot position up to 31 March 2016 is provided in the table below:

	Storm Desmond		Storm Eva	
	Council Tax	Business Rates	Council Tax	Business Rates
Section 31 Grant Received	8,638	4,833	108,709	27,412
Less Amount of Relief Granted as at 31 March 2016	-5,468	-15,416	-82,396	-38,686
<b>Difference</b>	<b>3,170</b>	<b>-10,583</b>	<b>26,313</b>	<b>-11,274</b>

- 3.12 The relief granted in 2016/17 will depend upon how quickly residents are able to return to their properties.

***Property Resilience Grants of up to £5,000 per flooded property for households and businesses***

- 3.13 Following the floods the Government announced a scheme, administered by local authorities, to provide grants of up to £5,000 to homeowners and businesses that had been flooded as a result of storms Desmond and/or Eva to help fund additional flood resilience or resistance measures. Grants are intended to fund measures which improve the property's resilience or resistance to flooding, over and above repairs that would normally be covered by insurance.
- 3.14 There have been a significant number of property resilience grant applications received and progressed to date. There have been 44 household applications received, 6 of which have been approved. For businesses there have been 5 applications received, 2 of which have been approved and 1 completed and payment made.
- 3.15 This expenditure will be funded by the government through a S31 Grant in full via Lancashire County Council as the Flood Authority.

**4 CONCLUSION**

- 4.1 There have been many ways in which the council has incurred expenditure in assisting residents following the floods, either through the initial emergency response or through the provision of grants or reliefs.

- 4.2 Following the reimbursement of funding claims there will be a budgeted net cost of £12,164 to this council, being the threshold below which the Bellwin scheme will not cover

HEAD OF FINANCIAL SERVICES  
PF29-16/LO/AC  
23 March 2016

DIRECTOR OF RESOURCES

For further background information please ask for Lawson Oddie.

BACKGROUND PAPERS – None

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

INFORMATION

Agenda Item No 13

meeting date: 5 APRIL 2016  
 title: REVENUES AND BENEFITS GENERAL REPORT  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: MARK EDMONDSON

## 1 PURPOSE

1.1 To inform committee of debts outstanding for business rates, council tax and sundry debtors. Also to update committee on benefits performance, including benefits fraud investigations, prosecutions and sanctions.

1.2 Relevance to the Council's ambitions and priorities:

- Council Ambitions/Community Objectives/Corporate Priorities

Without the revenue collected from rates, council tax and sundry debtors we would be unable to meet the Council's ambitions, objectives and priorities.

## 2 NATIONAL NON-DOMESTIC RATES (NNDR)

2.1 The following is a collection statement to 18 March 2016:

	£000	£000	2015/16 %	2014/15 %
Balance Outstanding 1 April 2015		467		
NNDR amounts due	18,988			
Plus costs	5			
Transitional surcharge	-3			
Write ons	21			
	<b>19,011</b>			
Less				
- Transitional relief	16			
- Exemptions	-355			
- Charity, Rural, Community Amateur Sports Clubs Relief	-1,260			
- Small Business Rate Relief	-2,062			
- Retail, Reoccupation, New Build, Discretionary Transitional Relief, and Flood Relief	-654			
- Interest Due	-0			
- Write Offs	-119			
	<b>-4,434</b>	14,577		
<b>Total amount to recover</b>		<b>15,044</b>		
Less cash received to 18 March 2016		-14,361	95.5	96.0
<b>Amount Outstanding</b>		<b>683</b>	<b>4.5</b>	<b>4</b>

NB The figures included in the table include not only those charges for 2015/16 but also those relating to previous years, but we are required to report to the Department of Communities and Local Government (DCLG) our in year collection rate. This figure is published and is used to compare our performance with other local authorities. On this measure our current in year collection rate at 29 February 2016 is 97.16% compared with 97.07% at 28 February 2015.

### 3 COUNCIL TAX

3.1 The following is a collection statement for Council Tax to 18 March 2016:

	£000	£000	2015/16 %	2014/15 %
Balance Outstanding 1 April 2015		651		
Council Tax amounts due	39,250			
Plus costs	85			
Transitional relief	1			
Write ons	3			
	<b>39,339</b>			
Less - Exemptions	-534			
- Discounts	-3,551			
- Disabled banding reduction	-46			
- Council Tax Benefit	43			
- Local Council Tax Support	-1,821			
- Write offs	-16			
	<b>-5,925</b>	33,414		
<b>Total amount to recover</b>		<b>34,065</b>		
Less cash received to 18 March		-33,239	97.6	97.8
<b>Amount Outstanding</b>		<b>826</b>	<b>2.4</b>	<b>2.2</b>

NB The figures included in the table include not only those charges for 2015/16 but also those relating to previous years, but we are required to report our in year collection rate to the DCLG. This figure is published by them and is used to compare our performance against other local authorities. On this measure our current in year collection rate for 2015/16 at 29 February 2016 is 98.48% compared to 98.58% at 28 February 2015.

#### 4 SUNDRY DEBTORS

4.1 A summary of the sundry debtors account at 22 March 2016 is:

	£000	£000
Amount Outstanding 1 April 2015		554
Invoices Raised	1,818	
Plus costs	3	
		<b>1,821</b>
Less write offs		108
<b>Total amount to recover</b>		<b>2,267</b>
Less cash received to 22 March 2016		1,893
<b>Amount outstanding</b>		<b>374</b>

Aged Debtors	000s	%
< 30 days	47	12.6
30 - 59 days	20	5.3
60 - 89 days	1	0.2
90 - 119 days	7	2.0
120 - 149 days	23	6.1
150+ days	276	73.8
	<b>374</b>	<b>100</b>

#### 5 HOUSING BENEFIT AND COUNCIL TAX SUPPORT PERFORMANCE

5.1 The main indicator for Housing Benefit and Council Tax Support performance is known as Right Time. The benefit section also report on Local Performance Indicators that have been set within the department for benefit fraud and overpayments.

5.2 The Department for Work and Pensions does not require Local Authorities (LA's) to report on any other Performance Measures but encourages them to monitor their own performance locally.

5.3 We obviously consider it very important to monitor benefit fraud and also overpayment data.

##### *Housing Benefit Right Time Indicator 2015/2016*

The right time indicator measures the time taken to process HB/CTS new claims and change events; this includes changes in circumstances, interventions, fraud referrals and prints generated by the benefit department.

Target for year	Actual Performance	
	1 October 2015 – 31 December 2015	Average Performance
9 days	7.64 days	20 days per IRRV

##### *New claims performance*

Target for year	Actual Performance	
	1 October 2015 – 31 December 2015	Top grade 4 for all LA's 2007/08
23 days	20.5 days	Under 30 days



## 6 HOUSING BENEFIT OVERPAYMENTS

6.1 Overpayment means any amount paid as Housing Benefit when there was no entitlement under the regulations. Performance for the period 1 October 2015 – 31 December 2015:

Performance Measure	%
The amount of Housing Benefit (HB) overpayments recovered during the period being reported on as a percentage of HB overpayments deemed recoverable during that period.	82.53
The amount of Housing Benefit (HB) overpayments recovered during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the financial year plus amount of HB overpayments identified during the period.	22.48
The amount of Housing Benefit (HB) overpayments written off during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the financial year, plus amount of HB overpayments identified during the period.	0.07

## 7 CONCLUSION

7.1 Note the continuing progress that we make in collecting these debts, and the performance of our Housing Benefit Section remains satisfactory.

HEAD OF REVENUES AND BENEFITS

DIRECTOR OF RESOURCES

PF24-16/ME/AC  
21 March 2016

For further information please ask for Mark Edmondson.

# MINUTES OF BUDGET WORKING GROUP MEETING

## HELD 21 JANUARY 2016

Present: Cllrs: Bibby, Hill, Hirst (Chair), Hore, and Thompson, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

### 1 Apologies

Cllrs: Knox and Rogerson

### 2 Minutes of meeting held on 26 November 2015

2.1 Members approved the minutes of the last meeting of the Budget Working Group. A discussion took place on the Lancashire County Council budget and the 'Have Your Say' consultation.

### 3 Local Government Grant Settlement 2016/17

3.1 The Director of Resources presented a series of documents that gave details of the Local Government Grant Settlement.

3.2 It was explained that the finance settlement also included the option of a guaranteed settlement for every council for the 4 years 2016/17 to 2019/20, where the council can demonstrate efficiency savings. However, it was unclear exactly what this would entail.

3.3 It was also explained that the documents that had been provided by the government as part of the grant settlement showed an assumption that the council would increase its council tax by £5 per annum.

3.4 The core funding offered for 2017/18, 2018/19 and 2019/20 showed that the council's grant reductions in future years would be more severe than anticipated. By 2019/20 not only would our Revenue Support Grant be eliminated but the Government was proposing to introduce a further reduction of £109,000 which would increase our tariff payable under the Business Rates Retention Scheme.

3.5 Based on the information provided in the finance settlement, the review of the three year forecast indicated increased requirements for reductions to the council's budget. The updated forecast showed reductions needed of £423K in 2016/17, £756K in 2017/18 and £1,161K in 2018/19 which were markedly worse than previously predicted.

3.6 Included in the circulated documents was the council's response to the grant settlement consultation. There was a discussion about the recent floods, reference having been made to them within the council's response to the grant settlement consultation, and the distribution of S31 funding in respect of flooding.

### 4 Revenue Budget 2016/17

4.1 The Director of Resources presented a report on the Revenue Budget 2016/17. The report included details of the budget timeline and the latest information on the budget gap.

4.2 A number of options for producing a balanced budget were provided to the Budget Working Group:

- **Reduce Expenditure** – it was explained that this had largely already been undertaken and was built in to the current position as shown in the report.
- **Increase the Council Tax** – Members agreed to the preparation of the budget on the basis of a £5 increase in Council Tax
- **Use more New Homes Bonus Funding** – it was agreed that this could be used as an option to balance the budget if needed

- **Use of Earmarked Reserves** – again, it was agreed that this could be used as an option to balance the budget if needed
- **Use more Business Rates Income** – once again, it was agreed that this could be used as an option to balance the budget if needed

## **5 Draft Three Year Capital Programme 2016/17 – 2018/19**

- 5.1 Members were taken through the latest position on the forward capital programme.
- 5.2 It had not been possible for CMT to hold a further meeting to discuss the capital programme bids since before Christmas, due to the immense impact of the floods that had occurred over the Christmas period.
- 5.3 Members were asked if they had any further comments on how CMT should approach the review of the schemes. It was agreed that a further meeting would take place of CMT with a view to reporting back at the next meeting of BWG.

## **6 Any Other Business**

- 6.1 There were no further other items of business.

## **7 Date and Time of Next Meeting**

The next meeting was planned as:

- Monday 1 February at 9.00am – Committee Room 1 (*subsequently changed to 4.00pm*)

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No. 15

meeting date: 5<sup>th</sup> APRIL 2016  
title: PERCEPTION SURVEY 2015  
submitted by: DIRECTOR OF RESOURCES  
principal author: MICHELLE HAWORTH – PRINCIPAL POLICY AND PERFORMANCE OFFICER

### 1 PURPOSE

1.1 To inform committee of the results of the Perception Survey 2015.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives –
  - Corporate Priorities –
  - Other Considerations -
- The survey has been used to gauge perception and monitor the levels of satisfaction with the Council's services. The data collected can be used to help inform the development of Council strategies. The Corporate Strategy sets out the Council's ambitions and priorities for the following years.

### 2 BACKGROUND

2.1 The national Place Survey was conducted in 2009, with the intention of repeating every two years. In 2010 the coalition government removed the requirement for a biennial Place Survey. The majority of local authorities, however, saw a need for continuing to collect satisfaction and perception data.

2.2 The Lancashire authorities that make up the Infusion research and consultation partnership now carry out a biennial survey based on the questions asked in the Place Survey in order to collect and track this information. This also allows comparison between authorities. Some additional questions are added by the individual authorities. The aim of the survey is to determine views on the local area, local public services and the local community.

### 3 METHODOLOGY

- A satisfaction survey designed to give indicative direction of travel.
- The majority of questions asked as per Place Survey 2009.
- The survey was undertaken with residents across the borough of Ribble Valley and was intended to be relevant to anyone living in the area.
- An eight page survey was sent by post to 461 panel members on 19 October 2015. A further 523 email invitations were sent to panel members on the same date. A reminder was sent on 9 November, with a final closing date of 29 November 2015.
- In total 545 questionnaires were returned, giving an overall response rate of 55%. Of this total, 403 responses were received by post whilst 142 responses were received online.
- In order to ensure that the survey reached people in all sections of the community, respondents were asked to provide some demographic information including their gender, age, disability and ethnicity.
- The data is weighted by age, gender, disability and ethnicity to reflect the overall population of Ribble Valley, and figures are based on all respondents unless otherwise stated.

- The survey has a margin of error of plus or minus 4.18% at a 95 percent level of confidence. This means that if the survey was conducted 100 times, the data would be within 4.18 percentage points above or below the percentage reported in 95 of the 100 surveys. Typically 3% is considered to be a 'good' margin of error.
  - The 2013 Perception Survey used the same methodology so results are directly comparable with the 2015 survey results.
- 3.1 The survey focused on the local area, well-being, service satisfaction, perceptions of the Council and value for money. In order to provide the public with an opportunity to shape the area in which they live, the survey focuses on quality of life factors that make an area a desirable or undesirable place to live. In addition to citizen perspectives, the survey allows local authorities to continue to track some of the corporate image and service satisfaction data collected through the previous surveys.
- #### 4 FINDINGS
- 4.1 Initial results have been presented to Corporate Management Team (CMT). The full report of Ribble Valley's Perception Survey results, as prepared by Infusion, is attached at Appendix A. A summary is provided below.
- 4.2 Your local area
- Health services, the level of crime and access to nature are seen to be the three most important things that make the local area a good place to live
  - 94% of residents are satisfied with their local area as a place to live
- 4.3 Local public services
- Around 9 in 10 residents are satisfied with refuse and recycling services provided by the Council
  - Dissatisfaction with dog fouling is down from 49% in 2013 to 37%
  - 71% feel the Council provides value for money, down from 76% in 2013, but still higher than the County Council (41%)
  - Around 3 in 4 residents are satisfied with the Council overall
- 4.4 Recycling services
- More than 9 in 10 residents regularly recycle glass, cans, plastic, paper/ cardboard and green waste
- 4.5 Information and customer service
- People feel less informed about the Council than they did two years ago
  - But elements of customer service are on the up – waiting times, politeness of staff and how easy information is to understand
  - Residents still prefer printed publications for information and prefer to contact the Council by telephone or in person
- 4.6 Local community
- Perceptions of safety and anti-social behaviour in the local area are similar to 2013
  - But the perception that the police and public services are dealing with these issues successfully is down from 54% in 2013 to 43%
- 4.7 When comparing the 2013 survey results to the 2015 results (page 24):
- In 9.09% of the comparable questions satisfaction has been seen to improve
  - In 72.73% of the comparable questions satisfaction has stayed roughly the same
  - In 18.18% of the comparable questions satisfaction has been seen to decline

- When comparing Ribble Valley's results with similar surveys conducted in other Lancashire authorities satisfaction with services is higher across the board in all but the following areas - Satisfaction with parks and open spaces.

## 5 RISK ASSESSMENT

### 5.1 The approval of this report may have the following implications

- Resources - Analysis and report writing was done by Infusion which is covered by our annual contribution to the partnership. Printing and postage was done in house.
- Technical, Environmental and Legal – None identified.
- Political – None identified.
- Reputation – Positive results have already been used in communications with the public ie Spring edition of Ribble Valley News and will be communicated to staff.
- Equality & Diversity - In order to ensure that the survey reached people in all sections of the community, respondents were asked to provide information about themselves including their gender, age, disability and ethnicity. The breakdown of respondents by these demographic groups is provided in section 3 of the report. For each question in the survey, comparisons were made between different sub-groups of respondents (namely gender, age, disability and geographic area) to look for statistically significant differences in opinion. Statistically valid differences between sub-groups are described in the main body of the report. Some groups cannot be included in the sub-group analysis as there were too few respondents to allow statistically significant results (e.g. young people and ethnic minorities).

## 6 CONCLUSION

- 6.1 Corporately these are some very encouraging results. We now have the opportunity to make the most of the data available and a chance to link the findings to our decision-making processes and our Strategic Planning.

**Michelle Haworth**  
PRINCIPAL POLICY AND  
PERFORMANCE OFFICER

**Jane Pearson**  
DIRECTOR OF RESOURCES

BACKGROUND PAPERS:

REF:

For further information please ask for Michelle Haworth, extension 4421

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 16

meeting date: 5 APRIL 2016  
title: CAPITAL PROGRAMME 2016/17  
submitted by: DIRECTOR OF RESOURCES  
principal author: ANDREW COOK

### 1 PURPOSE

- 1.1 To inform members of the schemes which have been approved for inclusion in the capital programme for this Committee for the 2016/17 financial year.

### 2 BACKGROUND

- 2.1 As members will be aware, this Committee agreed a proposed three year capital programme for 2016-2019 at its meeting on 27 October 2015. As it stood at that time the draft capital programme across all the committees was unaffordable. The proposals have since been reviewed by Budget Working Group and Corporate Management Team in order to arrive at an affordable programme for 2016-2019.
- 2.2 Following recommendation by a special meeting of Policy and Finance Committee on 9 February 2016, Full Council approved the three year capital programme for 2016-2019 on 1 March 2016.
- 2.3 The recommended capital programme for the three year period 2016-2019 totals £2,644,660 for all committees. The total for this Committee is £273,750 over the three year life of the programme. £100,000 of this relates to the 2016/17 financial year.

### 3 CAPITAL PROGRAMME 2016/17 – APPROVED SCHEME

- 3.1 For this Committee there is one scheme approved in the 2016/17 capital programme, the ICT Infrastructure refresh (Storage Area Network (SAN) and also Network & Server Replacement), totalling £100,000. The detailed information for this scheme is shown in Annex 1.
- 3.2 During the closure of our capital accounts there may be some slippage on schemes in the current year, 2015/16. One of the tasks of the Budget Working Group will be to review any requests for slippage on capital schemes within the 2015/16 capital programme. A report will be brought to this Committee at a future meeting, giving details of any slippage.
- 3.3 Responsible officers will complete and update capital monitoring sheets for each scheme, which will be reported quarterly to members to give an indication of progress.

### 4 CONCLUSION

- 4.1 This Committee has a capital programme for 2016/17 of £100,000. The programme consists of one scheme, the ICT Infrastructure refresh (Storage Area Network (SAN) and also Network & Server Replacement).

4.2 Any slippage on schemes in the 2015/16 capital programme will be added onto the 2016/17 capital programme.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF30-16/AC/AC  
4 March 2016

For further background information please ask for Andrew Cook.

BACKGROUND PAPERS – None



**POLICY AND FINANCE COMMITTEE**  
**Schemes Approved for the 2016/17 Capital Programme**

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## *ICT Infrastructure refresh (Storage Area Network (SAN) and Network & Server Replacement)*

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Service Area: ICT

Head of Service: Lawson Oddie

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**NOTE – This scheme has been updated to take out the Virtual Desktop element of the original capital bid and reflect the reduced estimated scheme cost of £100,000, as recommended by Budget Working Group in 2015.**

### **Brief Description:**

This scheme would be a progression from the recent shorter term refresh of desktop ICT equipment (using refurbished equipment) across the Council. This was done to allow a move to more recent OS and Microsoft Office and CoreCAL under an Enterprise Agreement and to allow us to continue to be PSN compliant.

This scheme would allow for the future corporately coordinated update of ICT equipment, including desktop and network with better business continuity resilience and improved data storage to meet increased use of ICT software functionality and to also potentially allow for more flexible working practices. The solutions proposed would be the implementation of:

1. Central storage area network that will allow for the consolidation of data storage, more resilient server infrastructure and a move towards high availability of server resources.
2. Investigate the use of G-Cloud or other cloud based services to enhance the Authority's disaster/business continuity procedures.
3. Replace ageing network infrastructure (network switches etc).

### **Overriding aim/ambition that the scheme meets:**

To be a well managed council.

### **Government or other imperatives to the undertaking of this scheme:**

N/A

### **Improving service performance, efficiency and value for money:**

Enable the use of technologies that allow seamless disaster/business continuity, high availability of ICT resources, the provision of ICT resources for the future and enable a more flexible working environment.

### **Consultation:**

None at this stage.

**POLICY AND FINANCE COMMITTEE**  
**Schemes Approved for the 2016/17 Capital Programme**

**Start date, duration and key milestones:**

It would be envisaged that the scheme would be completed within the year, however there is always the option for the scheme to be phased over a couple of years, as there are discrete elements of the scheme that are not reliant on each other to be operational.

**Financial Implications – CAPITAL:**

Breakdown	2016/17 £
Equipment/Materials	100,000
<b>TOTAL COST</b>	<b>100,000</b>

**NOTE – Initial capital bid was £160,000. This update reflects a reduction of £60,000 as the Virtual Desktop element of the original capital bid was not approved.**

**Financial Implications – ANNUAL REVENUE:**

This would be very difficult to quantify, as the technology available in three years' time would likely offer different efficiencies than the technology available today.

**Useful economic life:**

5 – 7 years.

**Additional supporting information:**

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**Impact on the environment:**

Would help facilitate a greener ICT environment.

**Risk:**

- **Political:** *IT hardware failure could result in reputational damage for the Council if it impacts on a service area of high public profile. The method of implementation of the scheme would ensure minimal service disruption.*
- **Economic:** *Non-replacement of IT hardware presents the risk of major failure and consequential expenditure which would not be budgeted for. This would also impact on service delivery in other areas of the Council.*
- **Sociological:** *None.*
- **Technological:** *IT hardware can rapidly become obsolete through technological advances. Care will be taken to ensure that the most up to date technology is taken advantage of.*

**POLICY AND FINANCE COMMITTEE**  
**Schemes Approved for the 2016/17 Capital Programme**

- **Legal:** *The Waste Electrical and Electronic Equipment Directive (WEEE Directive) will be followed in the disposal of obsolete hardware. There is no danger of breaching EU legislation around procurement - Contract Procedure Rules will be followed.*
  
- **Environmental:** *With IT hardware soon becoming out-dated, disposal of old and obsolete hardware can be an issue. The Council use an external company in the disposal of IT hardware and abide by the WEEE Directive.*