South Somerset District Council

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South Somerset District Council

Thursday 19th December 2019

7.30 pm

Council Chamber
Council Offices
Brympton Way
Yeovil, BA20 2HT

(disabled access and a hearing loop are available at this meeting venue)

All members of Council are requested to attend this meeting.

If you would like any further information on the items to be discussed, please contact the Democratic Services Specialist on 01935 462148 or democracy@southsomerset.gov.uk

This Agenda was issued on Wednesday 11 December 2019.

Alex Parmley, *Chief Executive Officer*

This information is also available on our website www.southsomerset.gov.uk and via the Mod.Gov app

South Somerset District Council Membership

Chairman: Paul Maxwell
Vice-chairman: Jenny Kenton

Jason Baker
Robin Bastable
Mike Best
Neil Bloomfield
Dave Bulmer
Hayward Burt
Tony Capozzoli
Martin Carnell
Malcolm Cavill
John Clark
Nicola Clark
Louise Clarke
Nick Colbert
Adam Dance
Sarah Dyke
Karl Gill
David Gubbins
Peter Gubbins
Brian Hamilton
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Kaysar Hussain
Val Keitch
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Tim Kerley
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Crispin Raikes
Wes Read
David Recardo
Paul Rowsell
Dean Ruddle
Gina Seaton
Peter Seib
Garry Shortland
Alan Smith
Jeny Snell
Andy Soughton
Mike Stanton
Rob Stickland
Lucy Trimnell
Gerard Tucker
Anthony Vaughan
Linda Vijeh
Martin Wale
William Wallace
Colin Winder

Information for the Public

The meetings of the full Council, comprising all 60 members of South Somerset District Council, are held at least 6 times a year. The full Council approves the Council's budget and the major policies which comprise the Council's policy framework. Other decisions which the full Council has to take include appointing the Leader of the Council, members of the District Executive, other Council Committees and approving the Council's Constitution (which details how the Council works including the scheme allocating decisions and Council functions to committees and officers).

Members of the Public are able to:-

- attend meetings of the Council and its committees such as Area Committees, District Executive, except where, for example, personal or confidential matters are being discussed;
- speak at Area Committees, District Executive and Council meetings;
- see reports and background papers, and any record of decisions made by the Council and Executive;
- find out, from the Executive Forward Plan, what major decisions are to be decided by the District Executive.

Meetings of the Council are scheduled to be held monthly at 7.30 p.m. on the third Thursday of the month in the Council Offices, Brympton Way although some dates are only reserve dates and may not be needed.

The agenda, minutes and the timetable for council meetings are published on the Council's website – www.southsomerset.gov.uk/councillors-and-democracy/meetings-and-decisions

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The Council's corporate aims which guide the work of the Council are set out below.

Further information can be obtained by contacting the agenda co-ordinator named on the front page.

South Somerset District Council - Council Aims

South Somerset will be a confident, resilient and flexible organisation, protecting and improving core services, delivering public priorities and acting in the best long-term interests of the district. We will:

- Protect core services to the public by reducing costs and seeking income generation.
- Increase the focus on Jobs and Economic Development.
- Protect and enhance the quality of our environment.
- Enable housing to meet all needs.
- Improve health and reduce health inequalities.

South Somerset District Council
Thursday 19 December 2019

Agenda

1. Apologies for Absence

2. Minutes

To approve and sign the minutes of the previous meeting held on Thursday, 17th October 2019.

3. Declarations of Interest

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the Agenda for this meeting.

Members are reminded that they need to declare the fact that they are also a member of a County, Town or Parish Council as a Personal Interest. Where you are also a member of Somerset County Council and/or a Town or Parish Council within South Somerset you must declare a prejudicial interest in any business on the agenda where there is a financial benefit or gain or advantage to Somerset County Council and/or a Town or Parish Council which would be at the cost or to the financial disadvantage of South Somerset District Council.

4. Public Question Time

5. Chairman's Announcements

Items for Discussion

6. Chairman's Engagements (Page 6)

7. Verbal Update on the progress of projects in the SSDC Environment Strategy 2019 (Page 7)

8. Appointment of Section 151 and Monitoring Officers (Pages 8 - 10)

9. 2019/20 Treasury Management Mid-Year Performance Report and Strategy Update (Pages 11 - 37)

10. Membership of Committees - Appointment of New Councillor to Scrutiny, Audit and Regulation Committee and change of representation on the Avon and Somerset Police Crime Panel (Page 38)

11. Report of Executive Decisions (Pages 39 - 42)

12. Motions

There were no Motions submitted by Members.

13. Questions Under Procedure Rule 10

There were no questions raised under Procedure Rule 10.

14. Date of Next Meeting (Page 43)

Chairman's Engagements

25th October

The Chairman attended the Yeovil College University Centre Graduation Ceremony at Westlands Entertainment Venue.

10th November

Cllr Tony Lock attended the Ilminster and Yeovil Town Remembrance Services on the Chairman's behalf.

30th November

The Chairman and his wife attended the Yeovil Town Council Mayors Ball, held at Westland's Entertainment Venue.

16th December

The Chairman visited the newly refurbished Customer Connect offices at Petters House.

Verbal Update on the progress of projects in the SSDC Environment Strategy 2019

Executive Portfolio Holder:	*Sarah Dyke, Environment Portfolio Holder*
Director:	*Clare Pestell; Strategic Director, Commercial Services*
Lead Officers:	*Jan Gamon; Lead Specialist, Strategic Planning*
	Vicki Dawson; Lead Specialist, Environmental Health
	Katy Menday; Countryside and Recreation Manager
Contact Details:	*Jan.gamon@southsomerset.gov.uk*

The Portfolio Holder will provide a verbal update on the progress of projects in the SSDC Environment Strategy 2019.

Appointment of S151 Officer, and Appointment of Interim Monitoring Officer

Executive Portfolio Holder: *Val Keitch, Strategy and Housing*
Director: *Netta Meadows, Director, Strategy & Support Services*
Contact Details: *Netta.meadows@southsomerset.gov.uk or 01935 462200*

Purpose of the Report

The purpose of this report is to seek approval for the appointment of two of the Councils key statutory roles; the Council's Section 151 Officer, and the Monitoring Officer

Public Interest

There is a legal requirement on the Council to designate three "Statutory Officers". These are the Head of Paid Service (Chief Executive), the Monitoring Officer and the Section 151 Officer. The Section 151 Officer has a number of statutory duties and responsibilities relating to the council's financial strategy and the arrangements for effective governance. Similarly, The Monitoring Officer has a number of statutory duties and responsibilities relating to the council's constitution and the arrangements for effective governance. All of these duties are contained in Article 12 of the council's constitution.

Recommendations

1. That Council:

   a. Notes that the current Section 151 arrangement with Somerset West & Taunton Council will come to an end at the end of December 2019, and the current S151Officer, Paul Fitzgerald, will no longer be acting in this role on behalf of South Somerset District Council.

   b. Endorses the decision of the Appointments Committee to appoint Joanne Nacey as the new permanent S151 Officer.

   c. Endorses the appointment of Nicola Hix into the role as Interim S151 Officer effective immediately, to cover the period between the current S151 Officer leaving, and the new permanent employee starting their role.

   d. Endorses the appointment of Richard Ward as Interim Monitoring Officer effective immediately, whilst another recruitment process is undertaken to appoint a permanent member of staff into this role.

Background – S151 Officer

2. The Local Government Act 1972 requires every local authority to appoint a suitably qualified officer responsible for the proper administration of its financial affairs. This role is commonly referred to as the Section 151 officer. The term S151 Officer has been used as a short hand expression to refer to the role and duties of the 'Responsible Financial Officer' as defined by The Chartered Institute of Public Finance and Accountancy (CIPFA) (the function of the most senior finance officer employed by an organisation).

3. Section 113 of the Local Government Finance Act 1988 requires that the officer appointed as the Chief Finance Officer (CFO) must be a member of a specified accountancy body.

4. The role of a CFO lies at the heart of any effective and well governed organisation. The over-riding duty of this officer is to fulfil the statutory responsibilities attached to the position in a manner that

enhances the overall reputation of the Council. There are responsibilities which solely rest with a CFO.

Background – Monitoring Officer

5. The Monitoring Officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.

6. The Monitoring Officer has a number of statutory duties and responsibilities relating to the council's constitution and the arrangements for effective governance. These duties are contained in Article 12 of the council's constitution and include:

   - To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration.
   - To be responsible for matters relating to the conduct of councillors and officers.
   - To be responsible for the operation of the council's constitution.

7. Neither the Head of Paid Service (Chief Executive) nor the S151 Officer may fulfil the role of Monitoring Officer. Although many councils appoint their most senior legal officer as their Monitoring Officer this is not a specific requirement. Whoever is appointed must though ensure that the council receives correct and appropriate advice on the lawfulness of its decision making.

Report Detail

S151 Officer

8. The post was first advertised in September 2019, following the notification from Somerset West & Taunton Council that the current arrangement would need to come to an end at the end of 2019. Unfortunately the quality of applications was not sufficient at this time to complete the recruitment process and therefore the Members of the Appointments Committee instructed Officers to re-advertise the position. A second advert went out in October. Following shortlisting by members of the Appointments Committee (Cllrs Keitch, Seib and Stanton) 5 candidates were invited to attend an assessment day and interview.

9. 4 candidates actually attended for interview and assessment on Friday 6th December. The process involved:

   a. A technical interview, with 2 qualified accountants
   b. An interview on preferred leadership styles and approaches, in accordance with our Attitudes & Approaches Framework,
   c. A blind topic, assessing preferred styles and ways of working, again in accordance with our Attitudes & Approaches Framework.
   d. Finally, a full interview with the Appointments Committee (Cllrs Val Keitch, Peter Seib, Mike Stanton) advised by the Chief Executive.

10. All candidates were then invited to meet with colleagues from the finance team.

11. Having considered the results of all assessments, the Appointments Committee made their recommendation that Joanne Nacey, currently Deputy S151 Officer and Group Manager for Financial Services of Mid Devon Council, be appointed as the new permanent S151 Officer for South Somerset District Council.

12. Joanne Nacey is required to give 3 months' notice by her current employer, and therefore will not be able to join South Somerset District Council until mid-March 2020. Therefore, it is the desire of

the Appointments Committee to appoint our existing Deputy S151 Officer, Nicola Hix, into the role of Interim S151 Officer to cover the period until Joanne Nacey starts in role.

Monitoring Officer

13. At the same time as advertising the S151 Officer role, we advertised for a new Monitoring Officer/ Lead Specialist for Legal. This advert first went out in September, but unfortunately there was insufficient response to be able to complete the recruitment process. In order to ensure the most suitable candidates were considered for the role the Appointment Committee decided to re-advertise the role, in October, and subsequently shortlisted 4 applicants.

14. Interviews and assessment took place on 28th November, and 2 candidates were assessed and interviewed. Following this process the Appointments Committee (Cllrs Val Keitch, Peter Seib and Mike Stanton) advised by the Chief Executive made the decision not to appoint either candidate to the role. The decision has been made to go back out to recruitment again in early 2020.

15. There is a legal requirement on all local authorities, as laid out above, to appoint a Monitoring Officer Given our current Monitoring Officer, Angela Watson, leaves the Council on Friday 20th December, it is recommended to appoint Richard Ward as interim Monitoring Officer until a permanent candidate is found following the next recruitment process.

Financial Implications

16. The financial implications associated with agreeing all the recommendations can be covered from within the existing revenue budget for 2019/20. The increase in budget of £25,689 required for the additional hours of the S151 Officer in 2020/21 will be added to the medium term financial plan for 2020/21 and future years.

Council Plan Implications

17. It is a statutory responsibility to have both a S151 Officer and Monitoring Officer in place, in order to ensure we deliver our roles and functions as a local authority effectively.

Carbon Emissions and Climate Change Implications

18. None associated with this report

Equality and Diversity Implications

19. None associated with this report

Privacy Impact Assessment

20. None associated with this report

2019/20 Treasury Management Mid-Year Performance Report and Strategy Update

Executive Portfolio Holder:	*Peter Seib, Finance and Legal Services*
Director:	*Netta Meadow, Director – Strategy and Support Services*
Lead Specialist:	*Paul Fitzgerald, S151 Officer*
Lead Officer:	*Paul Matravers, Specialist - Finance*
Contact Details:	*Paul.fitzgerald@southsomerset.gov.uk or (01935) 462226* *Paul.matravers@southsomerset.gov.uk or (01935) 462275*

Purpose of Report

1. This report has been prepared for Council to approve the mid-year Treasury Management Strategy Statement and Investment Strategy for 2019/20. The report provides up to date market context information and year to date treasury performance data. There are no changes to the strategy or operating parameters that were agreed by Full Council in February 2019. The Audit Committee noted progress and approved the updated strategy report on 24 October 2019 for recommendation to Full Council.

Recommendations

2. The Audit Committee recommends that Council approve the updated Treasury Management Strategy Statement and Investment Strategy for 2019/20.

Introduction and Background

3. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice requires the Council to approve an annual Treasury Management Strategy, report treasury performance mid-year and at the year end.

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

5. In line with the requirements of the Prudential Code, Council approved a Capital Strategy in February 2019. This is a summary document covering capital expenditure and financing, treasury management and non-treasury investments.

6. Council also approved an Investment Strategy in February 2019, in line with MHCLG Statutory Investment Guidance. The Investment Strategy focuses on two investment types which are commercial investments and investments made for service purposes.

7. This report provides information on the performance of the Council's Treasury Investments for the first six months of the 2019/20 financial year. The performance of the Council's Commercial Investments which are part of the Commercial strategy are reported separately through 6-monthly update reports therefore that detail is not included in this report. On this basis it is worth noting that whilst the treasury income and cost implications of commercial investment acquisitions are included within this report, the investment property income is not. The S151 Officer proposes to develop a consolidated report in future to provide councillors with the full picture in one place.

8. CIPFA has defined Treasury Management as: “the management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

9. The Council has delegated responsibility for the oversight and monitoring of its treasury management policies and practices to Audit Committee, and for the execution and administration of treasury management decisions to the S151 Officer who will act in accordance with the organisation’s policy statement and Treasury Management Practices (TMPs), and CIPFA’s standard of Professional Practice on Treasury Management.

10. The 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. Specific risks are identified in the Council’s approved Treasury Management Practices. The risks include:

- Liquidity Risk (Adequate cash resources)
- Market or Interest Rate Risk (Fluctuations in the value of investments and borrowing).
- Inflation Risks (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments).
- Refinancing Risks (Impact of debt maturing in future years).
- Legal & Regulatory Risk (Compliance with statutory and regulatory requirements).
- Management Practices for non-treasury investments.

11. The Local Government Act 2003 requires 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. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

12. When the strategy for 2019/20 was written it took into account the Council’s current treasury position and drew upon the forecasts for interest rates provided by the Council’s treasury advisors, Arlingclose, leading to the proposed Prudential Indicators included. This has been updated with the most recent forecast as at September 2019.

13. The updated Treasury Management Strategy is attached at Appendix 1.

14. The remainder of the report provides information on:

- Regulatory updates
- Treasury Management Position
- Current Borrowing
- Treasury Investment Activity
- Pooled Fund Investments
- Non Treasury Investments

Regulatory Update

15. The regulatory change that impacted on the accounting treatment of investments, and therefore the treasury investments, is IFRS 9 which is the new accounting standard for financial instruments. The standard applied to local authorities from the 2018/19 financial year.

16. The investment type impacted by the IFRS9 accounting standard is pooled funds, in which the Council has significant investments. The amount invested in pooled funds as at 30 September 2019 is £23.25m, from a total investment portfolio of £31.4m.

17. The accounting treatment of a Pooled Fund investment requires the fair value of the investment to be recognised in the accounts at year end. Therefore, at the end of each financial year an adjustment to the value of the investment is made to reflect the 'fair value' as at that date. Before these IFRS9 changes the accounting treatment allowed the in-year increase or decrease in the fair value of the investment to be transferred to the 'Available for Sale reserve' at year end. This accounting treatment meant that there was no effect on the general fund and the taxpayer. The new IFRS9 requirements changed the accounting treatment and removed the ability to transfer the in-year gain or loss due to the change in fair value of the investment to the Available for Sale Reserve.

18. The revised treatment is to take the change in value of the investment to the income and expenditure account meaning this impacts on the 'bottom line'. In order to mitigate this impact for a 5-year transitional period starting in April 2018, the MHCLG has introduced a statutory override meaning valuation changes can transfer to a 'pooled fund adjustment account'. It is assumed that after this transitional period any changes in valuation will represent an immediate gain or loss which will need to be reported against the budget and affect usable General Reserve balances.

Treasury Management Position - Summary

19. The treasury management position at 30th September 2019 and the change during the year is shown in the Table 1.

Table 1: Treasury Management Position - Summary

	31/3/19 Balance £m	**Net Movement £m**	**30/9/19 Balance £m**
Long-term borrowing			
Short-term borrowing	-19.50	-20.00	-39.50
Total borrowing	**-19.50**	**-20.00**	**-39.50**
Long-term investments	3.00	-	3.00
Short-term investments	4.00	-	4.00
Cash and cash equivalents	23.73	0.68	24.41
Total investments	**30.73**	**0.68**	**31.41**
Net Position	**11.23**	**-19.32**	**-8.09**

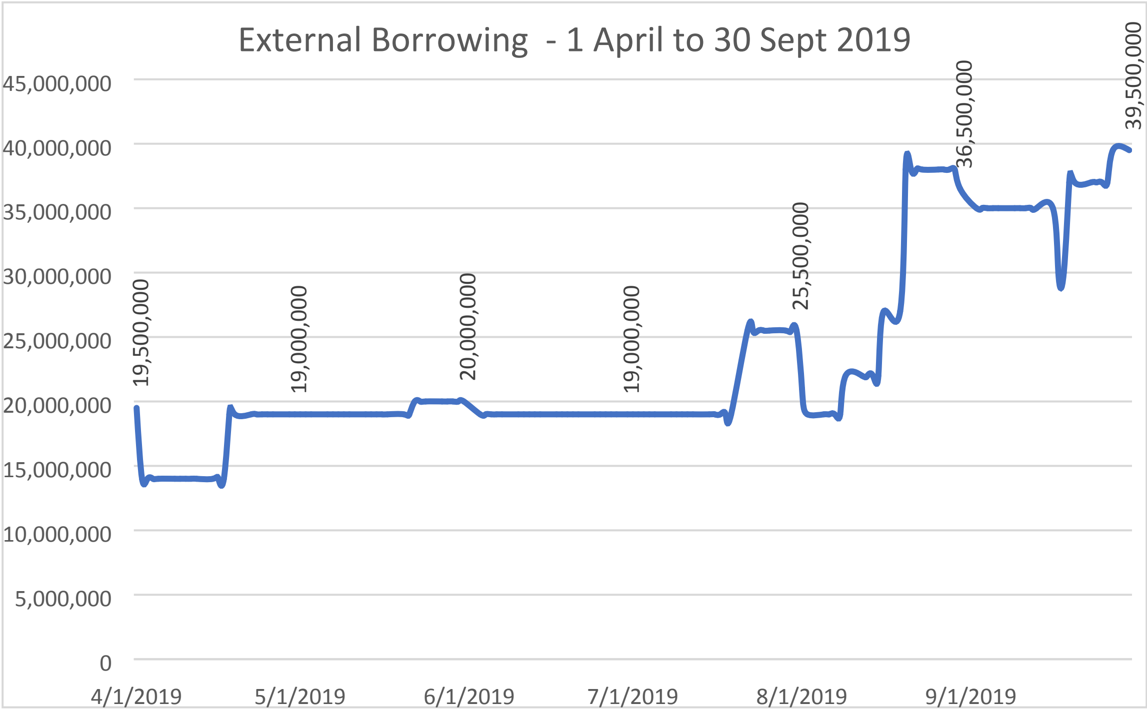
20. External borrowing has increased during the first six months of the year, reflecting the financing of planned capital expenditure, particularly in respect of investment property acquisition. In line with treasury advice, the Council continues to utilise short term borrowing, which is flexible and keeps our borrowing costs low. The increased income from investment properties acquired during the year was reflected in the mid-year Revenue Budget Monitoring report to District Executive on 7 November 2019, and is not included in this report.

21. The projected value of long term borrowing as at 31 March 2020 was reported to Audit Committee in February 2019 in the Annual Treasury Management Strategy report. The external borrowing requirement at the end of the 2019/20 financial year was anticipated to be £50m, therefore the increase in borrowing of £20m is in line with the projections previously reported and continue to remain valid.

22. The amount of external borrowing will be dependent on the commercial property purchases that are made in the remaining part of the financial year which may mean the borrowing may be more or less than £50m at year end. In addition, it may be advantageous to continue to meet the financing requirement using short term rather than long term borrowing, however this is kept under review to strike the appropriate balance between costs and cost certainty.

External Borrowing

23. The graph shows the movement in the external borrowing position for 2019/20. It provides the amount of external borrowing on the first day of each month for the April to September period and the value of borrowing at 30 September 2019 (£39.5m).



24. Table 2 summarises the external borrowing position for 2019/20. It includes the opening position in respect of external loans, loans repaid, new loans, the average interest rate and the position as at 30th September.

Table 2: External Borrowing Summary

	Amount	Average Interest rate
External loans as at 1 April 2019	**19,500,000**	0.86%
New Loans	56,500,000	0.85%
Loans Repaid	-36,500,000	
Total External loans as at 30 Sept 19	**39,500,000**	0.78%

25. The total value of borrowing repaid in the first six months of 2019/20 was £36.5m, which included £19.5m of short-term borrowing undertaken in the previous financial year. See table 3 for details.

Table 3: Loans repaid - 2018/19 borrowing

Lender	Date Borrowed	Maturity Date	No of Days	Interest Rate	Amount £
The Vale of Glamorgan Council	22/01/2019	01/04/2019	69	0.79%	1,500,000
Derbyshire County Council Pension Fund	15/02/2019	01/04/2019	45	0.90%	10,000,000
Coventry University	18/03/2019	18/04/2019	31	0.90%	8,000,000
				Total	**19,500,000**

26. The total value of new borrowing for the first six months of 2019/20 was £56.5m. £17m of the loans taken were repaid in the period, details of the loans are in included in table 4.

Table 4: 2019/20 new borrowing - Loans repaid

Lender	Date Borrowed	Maturity Date	No of Days	Interest Rate	Amount £
Leeds City Council	16/08/2019	17/09/2019	32	0.60%	5,000,000
Blaenau Gwent County Borough Council	30/08/2019	02/09/2019	3	0.57%	1,500,000
Blaenau Gwent County Borough Council	09/08/2019	30/08/2019	21	0.57%	3,000,000
Armagh City Banbridge and Craigavon Borough Council	22/07/2019	02/08/2019	11	0.65%	2,000,000
Police and Crime Commissioner for Staffordshire	22/07/2019	01/08/2019	10	0.65%	4,500,000
Blaenau Gwent County Borough Council	22/05/2019	03/06/2019	12	0.65%	1,000,000
				Total	**17,000,000**

27. The balance of £39.5m is the value of external borrowing as at 30 September 2019, the detail of the loans is included in the table 5. The table shows that we have prioritised the inter-authority lending market, with the short-term loan interest rates ranging from 0.68% to 1.05%.

Table 5: External borrowing as at 30 September 2019

Lender	Date Borrowed	Maturity Date	No of Days	Interest Rate	Amount £
North Ayrshire Council	01/04/2019	30/03/2020	364	1.05%	4,000,000
London Borough of Ealing	01/04/2019	30/03/2020	364	1.05%	2,000,000
Hampshire County Council	18/04/2019	17/04/2020	365	1.01%	5,000,000
Royal Borough of Kensington & Chelsea	18/04/2019	17/01/2020	274	0.95%	5,000,000
Essex County Council	19/09/2019	19/12/2019	91	0.70%	7,000,000
Thurrock Council	20/08/2019	20/11/2019	92	0.70%	5,000,000
Hertfordshire County Council	20/08/2019	20/11/2019	92	0.70%	6,000,000
The Vale of Glamorgan Council	18/04/2019	18/10/2019	183	0.80%	3,000,000
Police and Crime Commissioner for Staffordshire	27/09/2019	15/10/2019	18	0.68%	2,500,000
				Total	**39,500,000**

28. The above information in tables 2-5 show that the current strategy of utilising short-term inter-authority lending for the Council's treasury borrowing requirement means interest rates and costs are relatively low. This approach takes advantage of the low rates on offer, and accepts an element of interest rate risk at the point of re-financing. The S151 Officer and treasury staff will continue to keep this under review, and will consider utilising long term borrowing in future to minimise interest risk and provide cost certainty.

29. By comparison, treasury investment returns achieved (shown below) are higher than the cost of borrowing achieved, and the gross yield on commercial property investment (reported separately) is significantly higher than the current cost of borrowing.

External Borrowing Interest

30. The interest on borrowing (including brokerage fees) as at 30 September 2019 and the projected interest payable for 2019/20 are included in table 6.

31. Assumptions in respect of the interest payable on future borrowing are, if an existing loan matures in the remaining part of the financial year the borrowing is replaced at the same value and interest rate. The average rate payable on borrowing for the period to 30 September is 0.78%.

32. As detailed above the current amount of external borrowing is £39.5m, the interest on future borrowing assumes and increase of £10.5m to the projected year end borrowing estimate of £50m. The estimated interest rate applied to the increase is 0.90% which is higher than the average borrowing rate to date but the assumption is that the borrowing will be required for a year and generally a longer borrowing period attracts a higher interest rate.

33. The interest costs shown below applies to the total borrowing undertaken by the Council including in respect of commercial investments. It is worth noting that commercial investments have been benchmarked using a long-term borrowing cost which is significantly higher than is currently being achieved, representing a positive short term treasury gain (in addition to the investment income which is covered under separate reporting – next report due to District Executive in January 2020). Gross commercial investment income is significantly above the cost of borrowing, providing a healthy surplus as reported in the Month 6 Budget Monitoring Report to District Executive. In line with the financial strategy, it is planned to set aside this surplus in 2019/20 to the Investment Risk Reserve, strengthening financial resilience in respect of commercial activity.

34. Details of the current policy regarding borrowing is included in the previous section of the report.

Table 6: External borrowing interest projection

	Interest £	**Brokerage £**	**Total £**
Interest to 30 September 2019			
Borrowing Repaid	8,454		8,454
Current Borrowing	96,830	22,248	119,078
	105,284	**22,248**	**127,532**
Interest due 1 October - 31 March			
Current Borrowing	99,614		99,614
Future Borrowing (Estimate)	88,357	16,320	104,677
	187,971	**16,320**	**204,291**
2019/20 Projected Total	**293,255**	**38,568**	**331,823**

Public Works Loans Board – Interest Rate Rise

35. The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The function of the PWLB is to lend money from the National Loans Fund to local authorities, and to collect the repayments.

36. PWLB rates have been historically low in recent times meaning borrowing from the loan facility has increased significantly with local authorities using the borrowing to invest in commercial property to produce a financial return to invest in services.

37. Between April and early October 2019 the interest rate on a new 50-year maturity loan peaked at 2.61% (early May) but the rate dropped to a low of 1.77% in early September.

38. On Wednesday 9th October the PWLB announced a whole percentage point increase in the rate of borrowing on new loans, meaning the rate for a 50-year new maturity loan from 1.81% to 2.82% overnight.

39. The Council have a continuing need to borrow, the borrowing strategy includes the PWLB and a number of other options. The Council's treasury management advisors are in regular contact with officers providing advice on the options available and therefore ensuring the borrowing costs are kept to a minimum.

Treasury Investment Activity

40. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the first six months of the financial year the Council's investment balance has ranged between £31 million and £46 million.

Breakdown of investments as at 30 September 2019

Table 7: Investments as at 30 September 2019

Date Invested	Counterparty	Nominal Amount £	Interest Rate	Maturity Date
11/11/16	Northumberland County Council	1,000,000	1.00%	11/11/20
09/02/17	Liverpool City Council	2,000,000	0.92%	11/11/19
	Corporate Bonds			
20/10/16	Santander UK Plc *Covered*	1,000,000	1.04%	14/04/21
10/11/16	National Australia Bank *Covered*	1,000,000	1.10%	10/11/21
	Floating Rate Notes (FRN's)			
16/01/17	Lloyds Bank Plc *Covered*	1,600,000	0.99%	16/01/20
16/01/17	Lloyds Bank Plc *Covered*	400,000	0.98%	16/01/20
	Money Market Funds			
Various	Aberdeen (previously Standard Life)	1,160,000	0.75%	Not fixed
	Total Internal Investments	**7,000,000**	**0.95%**	
	Property & Pooled Funds			
Various	Payden Fund VNAV	1,000,000	0.94%	Not fixed
Various	Royal London Cash Plus Fund	1,000,000	1.42%	Not fixed
Various	CCLA Property Fund	5,000,000	5.26%	Not fixed
Various	Investec Diversified Income Fund	5,000,000	4.35%	Not fixed
Various	Schroder Income Maximiser Fund	6,250,000	9.11%	Not fixed
Various	Colombia Threadneedle Equity Income Fund	5,000,000	2.52%	Not fixed
	Total External Investments	**23,250,000**	**3.54%**	
	Total Investments	**31,410,000**	**2.84%**	

Note: Money Market Funds are instant access accounts so the rate displayed is a daily rate

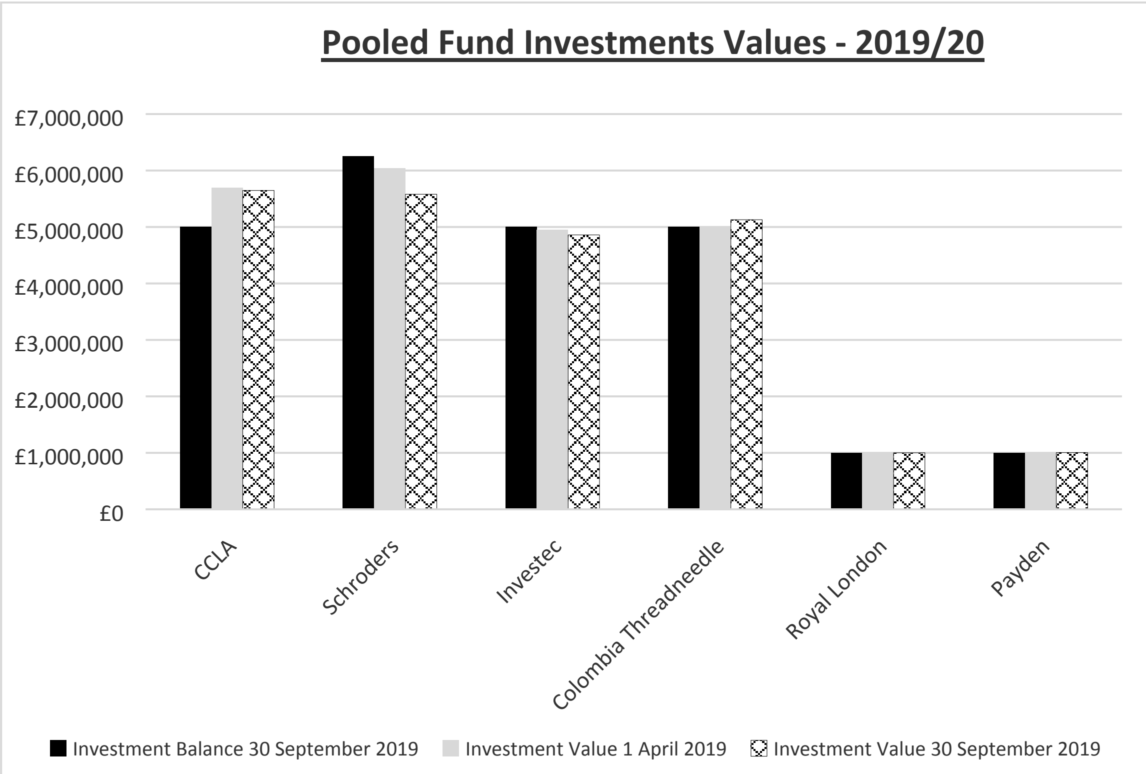
***Covered Bond:** Debt securities issued by a bank or mortgage institution and are backed by a separate group of assets; in the event of failure of the issuer, the bond is covered. Covered bonds are subject to specific legislation to protect bond holders.

41. The Council has kept its strategic fund investments at £23.25m and it is estimated that the level of strategic investments as at 31 March 2020 will be between £25m and £30m.

Pooled Fund Investment - Values

42. The Council's pooled fund investments are held in externally managed funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. This fits with the objectives of the Council's overall Financial Strategy.

43. The investment balance as at 30 September 2019 and the value of each investment as at 1 April and 30 September is detailed in the chart below.



Note: Pooled fund investments are revalued to reflect the fair value of the investment, the second and third bars in the graph signifies this value at 1 April and 30 September. The first bar represents the nominal investment balance in each fund at 30 September.

44. The table 8 includes the opening and closing investment balances for each pooled fund investment. The investment fair value signifies the individual value of the investments after the year-end and mid-year valuation. The table shows that the 'fair value' of the portfolio has reduced by £461k (1.9%) between 1 April and 30 September, reflecting volatility in market value. The strategy works on the basis that invest values will go up and down but annual income return remains positive, and the Council would not plan to redeem the investment when its value is below the nominal balance unless this would be a prudent course of action.

Table 8: Pooled Fund Investments as at 30 September 2019

Investment	Investment Balance 30/09/2019 £	Investment Value 01/04/2019 £	Investment Value 30/09/2019 £
CCLA	5,000,000	5,690,293	5,646,759
Schroders	6,250,000	6,034,720	5,580,227
Investec	5,000,000	4,945,973	4,859,804
Colombia Threadneedle	5,000,000	5,008,789	5,128,690
Royal London	1,000,000	1,000,127	1,000,127
Payden	1,000,000	999,733	1,003,168
Total	**23,250,000**	**23,679,635**	**23,218,775**

Pooled Fund Investment – Income Return

45. The income generated from pooled fund investments for the first six months of 2019/20 and the rate of return is detailed in graph and table 9. This demonstrates that the investment in the Schroder Income Maximiser Fund has performed well in terms of income and rate of return on investment (but its market value has reduced as shown in the table above). Overall the return on pooled funds has positively averaged over 5% during the first six months of the financial year.

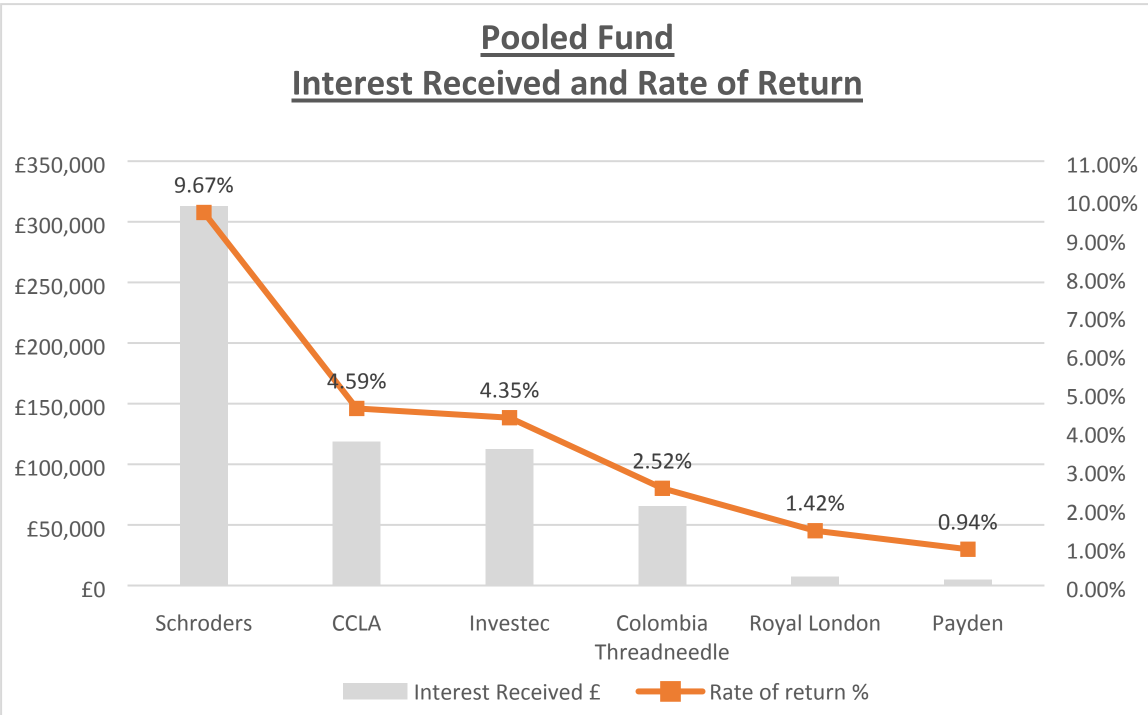


Table 9: Pooled Fund Investment Interest

Fund	Interest Received £	Rate of return %
Schroders	312,951	9.67%
CCLA	118,724	4.59%
Investec	112,619	4.35%
Colombia Threadneedle	65,204	2.52%
Royal London	7,315	1.42%
Payden	4,880	0.94%
Total	**621,693**	**5.16%**

Non-Treasury Investments

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

47. In addition to its treasury investments, the Council also held £10.96m in other investments in the form of loans. The largest element of these loans represents the Council's loan invested as part of its commercial investment property portfolio.

- Loan to Community Organisation - £0.15m
- Loan to Local Authority Partnership - £0.90m
- Loan for Commercial Activities - £9.91m

48. The detail of the Council's total investment in commercial investment property is reported separately. As part of its Commercial Strategy, investment in property has increased significantly in the past two years, and this will continue to grow over the next 2-3 years. The value of investment properties held in the balance sheet as at 31 March 2019 (including some properties held for a substantial period of time) was £26.11m. This has increased by £26.85m during this year, to £52.96m as at 30 September 2019 (not including the loan shown in the previous paragraph).

Financial Implications

49. There are no additional financial implications in reviewing the attached treasury management strategy.

Background Papers: *Treasury Management Strategy 2019/20 (Full Council February 2019)*

Appendix 1

Treasury Management Strategy Statement 2019/20 (Updated October 2019)

Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) *Treasury Management in the Public Services: Code of Practice* (the Treasury Code) requires the Council to approve a treasury management strategy before the start of each financial year, and review it mid-year.

In addition, the Ministry of Housing, Communities and Local Government (MHCLG) revised guidance on Local Authority Investments and Minimum Revenue Provision (MRP) in February 2019. The guidance requires the Council to approve an investment strategy before the start of each financial year.

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

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

Revised strategy: In accordance with the MHCLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Council's capital programme or in the level of its investment balance.

External Context

Economic background: UK Consumer Price Inflation (CPIH) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31st October regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October.

Financial markets: After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

Credit background: Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

There were minimal credit rating changes during the period. Moody's upgraded The Co-operative Bank's long-term rating to B3 and Fitch upgraded Clydesdale Bank and Virgin Money to A-.

Economic background: The major external influence on the Council's treasury management strategy for 2019/20 continues to be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The EU Withdrawal Bill, which repeals the European Communities Act 1972 that took the UK into the EU and enables EU law to be transferred into UK law, narrowly made it through Parliament.

Very little progress was made in finalising negotiations with the EU (these have now been pushed into autumn 2018, with a UK-EU special summit on the Brexit deal expected in November). Nor was much progress made on future trading arrangements with non-EU countries, extending the period of uncertainty.

UK Consumer Price Inflation (CPI) index fell to 2.4% in June, a 12-month low. CPI ticked back up marginally to 2.5% in July. The Bank of England made no change to monetary policy at its meetings in May and June, however hawkish minutes and a 6-3 vote to maintain rates was followed by a unanimous decision for a rate rise of 0.25% in August, taking Bank Rate to 0.75%.

It is the view of the Council's treasury advisor that the UK economy still faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Central bank actions and geopolitical risks, such as prospective trade wars, have and will continue to produce significant volatility in financial markets, including bond markets.

Financial markets: Gilt yields displayed marked volatility during the period, particularly following Italy's political crisis in late May when government bond yields saw sharp moves akin to those at the height of the European financial crisis with falls in yield in safe-haven UK, German and US government bonds. Over the period, despite the volatility, the yield on the 5-year benchmark gilt only rose slightly from 1.13% to 1.14%, the 10-year from 1.37% to 1.39% and the 20-year gilt from 1.74% to 1.85%. Money markets rates remained low: 1-month, 3-month and 12-month LIBID rates averaged 0.45%, 0.60% and 0.87% respectively over the period.

Credit background: High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans.

The big four UK banks are progressing well with ringfencing. Barclays Bank plc and HSBC Bank plc have created new banks (Barclays Bank UK and HSBC UK Bank) and transferred ringfenced (retail) business lines into the new companies. Lloyds Bank plc has created Lloyds Bank Corporate Markets as a new non-ringfenced (investment) bank. RBS has renamed existing group entities and transferred accounts to leave NatWest Markets as the non-ringfenced bank and NatWest Bank, Royal Bank of Scotland and Ulster Bank as the ringfenced banks.

There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however remain very low.

Outlook for the remainder of 2019/20

The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.

There appears no near-term resolution to the trade dispute between China and the US, a dispute that the US appears comfortable exacerbating further. With the 2020 presidential election a year away, Donald Trump is unlikely to change his stance.

Parliament appears to have frustrated UK Prime Minister Boris Johnson's desire to exit the EU on 31st October. The probability of a no-deal EU exit in the immediate term has decreased, although a no-deal Brexit cannot be entirely ruled out for 2019 and the risk of this event remains for 2020. The risk of a general election in the near term has, however, increased.

Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Cas	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

Local Context

The Council's balance sheet summary and forecast for the current and future financial years is included in table 1.

Table 1: Balance sheet summary and forecast

	31/3/19 Actual £'000	31/3/20 Estimate £'000	31/3/21 Forecast £'000	31/3/22 Forecast £'000
Capital Financing Requirement (CFR)	39,361	61,730	84,100	104,600
Usable Capital Receipts	(22,798)	(9,868)	(6,368)	(3,868)
Balances & Reserves	(23,793)	(23,575)	(23,575)	(23,575)
Borrowing	(19,500)	(52,600)	(75,000)	(100,000)
Net Balance Sheet Position **	**(26,730)**	**(24,313)**	**(20,843)**	**(22,843)**

***excluding working capital.*

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Council currently has external borrowing of £39.5m (30/09/2019) and has an increasing CFR due to the capital programme. It is anticipated that the borrowing requirement could rise to £150m-£200m over the forecast period, reflecting potential investment in commercial properties and town centre regeneration programmes. It should be noted that the Council has also agreed to progress with significant regeneration programmes. The financing approach agreed in the governance for these programmes is quite elastic meaning the CFR will be determined by supported business cases, the timing of spend, and the ability to raise capital resources through assets sales and external funding.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2019/20.

Borrowing Strategy

The Council held external short-term loan finance of £19.5m at 31 March 2019, and this has increased to £39.5m as at 30 September 2019. The balance sheet forecast in table 1 shows that the Council expects to borrow additional amounts in 2019/20. The Council may decide to borrow to pre-fund future years' requirements as well, providing this does not exceed the authorised limit for borrowing of £124 million.

PWLB borrowing rates indicates it may be appropriate to externalise some or all of the current CFR in the near future in order to secure favourable long term borrowing rates. The rates will continue to be monitored by the S151 Officer and advice sought from the Council's treasury management advisors.

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

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

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal/short term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

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

- Public Works Loan Board (PWLB) and any successor body
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Somerset County Council Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

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

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

The Council can readily access long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, which may be available at more favourable rates.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the last financial year, the Council's investment balance ranged between £35 million and £75 million. As capital expenditure plans are implemented the investment balances are likely to fall unless these are supported through external funding or borrowing.

Objectives: Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will further diversify into more secure and/or higher yielding asset classes during 2019/20. A proportion of the Council's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds. The financial strategy seeks to increase and maintain higher levels of investment income and we are therefore actively increasing funds held in strategic treasury investments.

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown. There are no proposals to change the limits through the mid-year review of the strategy.

Table 2: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3 m 5 years	£6 m 20 years	£6 m 50 years	£3 m 20 years	£3 m 20 years
AA+	£3 m 5 years	£6 m 10 years	£6 m 25 years	£3 m 10 years	£3 m 10 years
AA	£3 m 4 years	£6 m 5 years	£6 m 15 years	£3 m 5 years	£3 m 10 years
AA-	£3 m 3 years	£6 m 4 years	£6 m 10 years	£3 m 4 years	£3 m 10 years
A+	£3 m 2 years	£6 m 3 years	£3 m 5 years	£3 m 3 years	£3 m 5 years

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
A	£3 m 13 months	£6 m 2 years	£3 m 5 years	£3m 2 years	£3 m 5 years
A-	£3 m 6 months	£6 m 13 months	£3 m 5 years	£3 m 13 months	£3 m 5 years
None	n/a	n/a	£6 m 25 years*	n/a	£3 m 5 years
Pooled funds and real estate investment trusts		£10m (nominal value) per fund			

This table must be read in conjunction with the notes below
*includes unrated UK Local Authorities

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

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

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

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

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing, formerly known as housing associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

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

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £200,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

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

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

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

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

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

Investment limits: The Council's revenue reserves available to cover investment losses were £4.6 million on 31st March 2019. The maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£30m per broker
Foreign countries	£12m per country
Registered providers and registered social landlords	£8m in total
Unsecured investments with building societies	£8m in total
Loans to unrated corporates	£4m in total
Money market funds	£20m in total
Real estate investment trusts	£10m in total

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

Non Treasury Investments

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

The value of the Council's existing non-treasury investments are listed in **Appendix 1A**.

The Council's commercial strategy seeks to build its investment property portfolio in order to increase income available to maintain services, in response to reductions in general grant funding from Government. Most if not all of the proposed investment will require financing to be raised through borrowing. This will require the Council to disregard the statutory guidance in respect of 'borrowing in advance of need', and report the rationale for this. The purpose was clearly set out in the Council's approved Commercial Strategy prior to the release of the latest Guidance, and this will be clarified further within the Capital Strategy that is brought to Members in February 2019.

Treasury Management Indicators

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

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30/9/19 Actual	**2019/20 Target**
Portfolio average credit rating	3.3	5.0

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	30/9/19 Actual	**2019/20 Target**
Total cash available within 3 months	£12.9m	£10m

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

Interest rate risk indicator	**30/9/19 Actual**	**2019/20 Limit**
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£0.17m	£0.20m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.05m	£0.15m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

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

	30/9/19 Actual	**Upper**	**Lower**
Under 12 months	100%	100%	100%
12 months and within 24 months	0%	100%	100%
24 months and within 5 years	0%	100%	100%
5 years and within 10 years	0%	100%	100%
10 years and above	0%	100%	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

As the council doesn't have any fixed rated external borrowing at present the above upper and lower limits have been set to allow flexibility to borrow within any of the maturity bands.

Principal sums invested for periods longer than 365 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£50m	£30m	£25m

Other Items

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

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

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

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

Investment training: The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment advisers: The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is monitored by measuring:

- The timeliness of advice
- The returns from investments
- The accuracy of technical advice
- Regular market testing
- Regular internal meetings to discuss performance
- Direct access to a nominated advisor
- The quality and content of training courses

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

The total amount borrowed will not exceed the authorised borrowing limit of £124 million. The maximum period between borrowing and expenditure is expected to be three years, although the Council is not required to link particular loans with particular items of expenditure.

Minimum revenue provision (MRP): MHCLG published updated Minimum Revenue Provision guidance in February 2018. This includes clarification regarding the application of the guidance in respect of investment properties. The 2019/20 MRP Policy Statement is included in **Appendix 1C**, to include specific provisions for investment properties.

Financial Implications

The budget for investment income in 2019/20 is £1,498,920, based on an average investment portfolio of £50 million at an interest rate of 1.86%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

The budget for minimum revenue provision (MRP) for debt repayment in 2019/20 is £372,950.

The interest received as at 30 September 2019 and the projected year-end position is included in **Appendix 1B**.

Other Options Considered

The MHCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

Appendix 1A – Existing Investment & Debt Portfolio Position

EXISTING PORTFOLIO PROJECTED FORWARD

	31/03/18 Actual £'000	31/03/19 Actual £'000	30/09/19 Actual £'000	31/03/20 Estimate £'000	31/03/21 Estimate £'000
External Debt:					
Total External Borrowing	0	19,500	39,500	50,000	75,000
Long-term liabilities					
• *Finance Leases**	138	138	138*	138*	138*
Total External Debt	**138**	**19,638**	**39,638**	**50,138**	**75,138**
Investments:					
• Short term Deposits	8,000	4,000	4,000	3,000	3,000
• Monies on call and Money Market Funds	2,230	480	1,160	1,000	1,000
• Long term Deposits	3,000	1,000	1,000	3,000	3,000
• Bonds/CDs	8,814	2,000	2,000	2,000	2,000
• Property Fund & Other pooled funds	13,000	23,250	23,250	25,000	30,000
Total treasury investments	**35,044**	**30,730**	**31,410**	**35,000**	**39,000**
Non-treasury investments:					
• Investment property	17,633	26,108	52,960	75,000	100,000
Total non-treasury investments	**17,633**	**26,108**	**52,960**	**75,000**	**100,000**
Total Investments	**52,677**	**56,838**	**84,370**	**110,000**	**139,000**
(Net Borrowing Position)/ Net Investment position	**52,539**	**37,200**	**44,732**	**59,862**	**63,862**

*Proposed changes to IFRS 16 (Leases) were due to come into effect from 1 April 2019, the date has been revised to 1 April 2020. The revised IFRS 16 retains the concept of operating and finance leases for lessors, but adopts a new accounting model for lessees that will see most leases come onto the balance sheet.

This will have a significant impact upon local authorities' accounting and capital finance frameworks, work is ongoing to identify and implement the changes required. The figures included in the table do not take account the potential impact of the revised IFRS 16.

Appendix 1B – Half Year Interest position & Year end Projection

INTEREST AS AT 30 SEPTEMBER 2019 & YEAR END PROJECTION

	Income as at 30 Sept 19	2019/20 Projected
	£'000	£'000
Investments advised by Arlingclose:		
Money Market Funds (VNAV)	14	23
Diversified Income Fund (Investec)	94	224
Property Fund (CCLA)	136	270
Pooled Funds	385	771
Advised Investment Total	**629**	**1,288**
Internal Investments:		
Corporate Bonds	11	23
Floating Rate Notes (FRNs)	10	16
Fixed Term Deposits	16	62
Money Market Funds (CNAV) & Business Reserve Accounts	2	3
Internal Investments Total	**39**	**104**
Advised & Internal Investments Total	**668**	**1,392**
Other Interest:		
Miscellaneous Loans	675	1,452
Other Interest Total	**675**	**1,452**
Total Treasury Investment Income	**1,343**	**2,844**
Treasury Income Budget	**749**	**1,499**
Surplus	**594**	**1,345**

Appendix 1C

Minimum Revenue Provision Policy Statement 2019/20

1. Introduction

1.1. Where the Authority finances capital expenditure through borrowing it must put aside resources to repay it. This is usually undertaken by a charge to the annual revenue budget known as Minimum Revenue Provision (MRP).

1.2. It is also possible to use or ‘set aside’ capital receipts to repay capital borrowing. This may be in lieu of and/or additional to a charge to the revenue budget.

1.3. The Statutory Guidance on Minimum Revenue Provision was updated in February 2018, with the requirement that it is fully implemented from 2019/20 financial year. The latest edition provides specific guidance related to investment properties.

1.4. The broad aim of the guidance is to require local authorities to put aside revenue over time to cover their Capital Financing Requirement. In doing so, local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits.

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

2. The Policy

2.1. For capital expenditure incurred before 1st April 2008, MRP will be determined in accordance with the former regulations that applied on 31st March 2008, incorporating an “Adjustment A” of £9,113,000.

2.2. For capital expenditure on operational assets incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset by either of the following methods:

a) In equal instalments
b) Using an annuity basis

2.3. For freehold land, MRP will be applied over 50 years, except where there is a structure on the land which the Council considers to have a life of more than 50 years where in such cases the longer life may also be applied to the land.

2.4. For capital expenditure not related to council assets but which has been capitalised by regulation or direction (e.g. capital grants to third parties) will be charged in equal instalments over a period of up to 25 years.

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

2.6. For investment properties, MRP will be calculated over a period of no more than 50 years, and MRP may be calculated by either of the following methods:

a) In equal instalments

b) Using an annuity basis
c) Weighted to reflect projected net income cash flows over the expected life of investment (up to 50 years)

2.7. MRP will be charged from the start of the financial year after the expenditure is incurred.

2.8. The Section 151 Officer is responsible for calculating the Minimum Revenue Provision in line with the policy approved by Full Council.

Membership of Committees – Appointment of New Councillor to Scrutiny, Audit and Regulation Committee and change of representation on the Avon and Somerset Police Crime Panel

Executive Portfolio Holders:	*Val Keitch, Strategy and Housing*
	Peter Seib, Finance, Legal & Democratic Services
Director:	*Netta Meadows, Strategy and Support Services*
Lead Officer:	*Angela Cox, Specialist – Democratic Services*
Contact Details:	*angela.cox@southsomerset.gov.uk or (01935) 462148*

1. Purpose of the Report

Following a change in political balance, this report confirms amendments to the Scrutiny, Audit and Regulation Committee membership and representation on the Avon and Somerset Police Crime Panel.

2. Public Interest

Each year at their annual meeting, Council agree to appoint Councillors to the various committees and to represent SSDC on outside organisations. This report confirms the wishes of the Liberal Democrat, Independent and Conservative groups to make amendments to the Councillors appointed to the Scrutiny, Audit and Regulation Committees and an amendment to the representation on the Avon and Somerset Police Crime Panel.

3. Recommendations

In accordance with Section 16 (1) Local Government and Housing Act 1989 and the duty therein to give effect to the wishes of the political group to which seats on any committee are allocated, the Council confirm that:-

a) Councillor Malcolm Cavill be appointed to the Regulation Committee to replace Councillor Neil Bloomfield.
b) A Liberal Democrat Councillor be appointed to the Audit Committee to replace Councillor Louise Clarke.
c) A Conservative Councillor be appointed to the Scrutiny Committee to replace Councillor Louise Clarke.
d) Councillor Neil Bloomfield be appointed to the Regulation Committee to replace Councillor Tony Capozzoli.
e) A Councillor be appointed to represent SSDC on the Avon and Somerset Police Crime Panel to replace Councillor Neil Bloomfield.
f) A Councillor be appointed as Vice-Chairman of Regulation Committee.

4. Report

The membership of committees and working groups for 2019/20 was approved at the Annual Council meeting on 21 May. Since that meeting, two Councillors have resigned from the Liberal Democrat group which has changed the political balance on the Scrutiny and Regulation Committees. No other Committees are affected by the change in political balance. The Liberal Democrat group have also indicated that they wish to propose a new representative on the Avon and Somerset Police Crime Panel. This report seeks to confirm these requests.

5. Background Papers

Minutes of Council – 21st May 2019, 20th June 2019, 18th July 2019 and 19th September 2019

Agenda Item 11

Report of Executive Decisions

Executive Portfolio Holder:	*Val Keitch, Leader of Council, Strategy and Housing*
Director:	*Netta Meadows, Director (Strategy & Support Services)*
Lead Officer:	*Angela Cox, Democratic Services Specialist*
Contact Details:	*angela.cox@southsomerset.gov.uk or (01935) 462148*

This report is submitted for information and summarises decisions taken by the District Executive and Portfolio Holders since the last meeting of Council in October 2019. The decisions are set out in the attached Appendix.

Members are invited to ask any questions of the Portfolio Holders.

Background Papers

All Published

Val Keitch, Leader of the Council
Angela Cox, Democratic Services Specialist
angela.cox@southsomerset.gov.uk or (01935) 462148

<table>
<tr><th>Portfolio</th><th>Subject</th><th>Decision</th><th>Taken By</th><th>Date</th></tr>
<tr><td>Environment</td><td>Waste Fees and Charges 2020/21</td><td>The Portfolio Holder for Environment has agreed, in conjunction with the Director for Commercial Services and Income Generation and Section 151 Officer, the proposed waste fees and charges as recommended by SSDC as set out in the table below.

<table>
<tr><th></th><th>2019/20</th><th>2020/21</th></tr>
<tr><td rowspan="2">Garden waste bin collection</td><td>£56.93 for one year subscription</td><td>£55.50 for one year subscription</td></tr>
<tr><td>£106.81 for two year subscription</td><td>Removed</td></tr>
<tr><td>Garden waste sacks posted (per 10)</td><td>£28.36 for 10 sacks</td><td>£27.50 for 10 sacks</td></tr>
<tr><td>Bulky waste</td><td>£44.50 up to 3 items. Additional items £12.30 each up to 5 items</td><td>£60.00 up to 3 items. Additional items £15.00 each up to a maximum of 5 items</td></tr>
</table>
</td><td>Portfolio Holder</td><td>01/11/19</td></tr>
<tr><td>Protecting Core Services incl Transformation</td><td>SSDC Transformation Programme - Progress Report</td><td>District Executive noted the report.</td><td>District Executive</td><td>07/11/19</td></tr>
<tr><td>Strategy and Housing</td><td>Corporate Performance Report 2019-20: 2nd Quarter</td><td>District Executive noted the report and the new format and requested that the Environment Strategy be included in future reports.</td><td>District Executive</td><td>07/11/19</td></tr>
<tr><td>Economic Development and</td><td>Update on Connecting Devon and Somerset</td><td>District Executive:-

i. Noted the content of this report</td><td>District Executive</td><td>07/11/19</td></tr>
</table>

Portfolio	Subject	Decision	Taken By	Date
Commercial Strategy	Broadband provision in South Somerset	ii. Agreed not to contribute financially to Connecting Devon and Somerset at this time.		
Finance and Corporate Services	Financial Strategy 2020/21	District Executive:- a. noted the updated 2020/21 Draft Budget and Medium Term Financial Plan estimates. b. noted and supported the updated Financial Strategy as a result of updated forecasts of estimated available resources.	District Executive	07/11/19
Finance and Corporate Services	2019/20 Revenue Budget Monitoring Report for the Period Ending 30th September 2019	District Executive:- a. noted current 2019/20 financial position of the Council; b. noted the reasons for variations to approved Directorate Budgets as detailed in paragraph 8, Table 1; c. noted the budget virements made under delegated authority as detailed in Appendix B; d. approved the budget virements included in Table 3; e. noted the transfers made to and from reserves outlined in paragraph 28 Table 5, the Area Reserves as detailed in Appendix C, and the Corporate Reserves as detailed in Appendix D.	District Executive	07/11/19
Finance and Corporate Services	2019/20 Capital Budget Monitoring Report for the Period Ending 30th September 2019	District Executive:- a. noted the content of the report; b. approved the revised Capital Programme spend profile as detailed in paragraph 7, Table 1;	District Executive	07/11/19

Portfolio	Subject	Decision	Taken By	Date
		c. approved the projects listed on Appendix B remain in the capital programme.		
Yeovil Refresh Lead	Yeovil Public Realm Design Guide	District Executive:- a. approved the attached Public Realm Design guide for formal public consultation, such consultation to commence after the 12th December 2019. (Appendix A) b. approved the attached Shopfront guide for Formal Consultation (Appendix B).	District Executive	07/11/19
Strategy and Housing Area West Chairman	Budget for Chard Regeneration Programme - Ringfenced Assets Update Report (Confidential)	District Executive:- a. noted the content of the report; b. approved the ringfencing of the additional assets identified in the report to be utilised in the Chard Regeneration Scheme.	District Executive	07/11/19
Strategy and Housing	Somerset Homelessness and Rough Sleeper Strategy 2019 - 2023	That District Executive adopted the Homelessness and Rough Sleeper Strategy 2019 – 2023 subject to any final changes to the strategy and action plan to be delegated to the Director, in conjunction with the Portfolio Holder for Strategy and Housing.	District Executive	05/12/19
Environment	Somerset Climate Emergency Framework	That District Executive: a. reviewed the Climate Change Framework and intended work streams and provided feedback; b. agreed that the final Framework document and the draft Strategy and Action Plan may be signed off by the Portfolio Holder for the Environment.	District Executive	05/12/19

Date of Next Meeting

Members are asked to note that the next scheduled meeting of the Full Council will take place on **Thursday, 16th January 2020** in the Council Chamber, Council Offices, Brympton Way, Yeovil **commencing at 7.30 p.m.**
