

Shadow Executive (Cabinet)

Title:	Agenda														
Date:	Tuesday 5 February 2019														
Time:	6.00 pm **Please note that this meeting will be immediately followed by an extraordinary meeting of the Joint Executive (Cabinet) Committee**														
Venue:	Conference Chamber West (FR1-09) West Suffolk House Western Way Bury St Edmunds IP33 3YU														
Membership:	<p style="text-align: center;">Chairman James Waters</p> <p style="text-align: center;">Vice Chairman John Griffiths</p> <p><u>Conservative Members (15)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">David Bowman</td> <td style="width: 33%;">Ian Houlder</td> </tr> <tr> <td>Ruth Bowman J.P</td> <td>Sara Mildmay-White</td> </tr> <tr> <td>Carol Bull</td> <td>Robin Millar</td> </tr> <tr> <td>Andy Drummond</td> <td>Joanna Rayner</td> </tr> <tr> <td>Stephen Edwards</td> <td>Lance Stanbury</td> </tr> <tr> <td>Robert Everitt</td> <td>Peter Stevens</td> </tr> <tr> <td>Susan Glossop</td> <td></td> </tr> </table>	David Bowman	Ian Houlder	Ruth Bowman J.P	Sara Mildmay-White	Carol Bull	Robin Millar	Andy Drummond	Joanna Rayner	Stephen Edwards	Lance Stanbury	Robert Everitt	Peter Stevens	Susan Glossop	
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Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.														
Quorum:	Five Members														
Committee administrator:	Claire Skoyles Democratic Services Officer Tel: 01284 757176 Email: claire.skoyles@westsuffolk.gov.uk														

Public Information

Venue:	West Suffolk House Western Way Bury St Edmunds Suffolk IP33 3YU	Tel: 01284 757176 Email: democratic.services@westsuffolk.gov.uk Web: www.westsuffolk.gov.uk
Access to agenda and reports before the meeting:	Copies of the agenda and reports are open for public inspection at the above and following address: District Offices College Heath Road Mildenhall Bury St Edmunds IP28 7EY at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The West Suffolk Shadow Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.	
Public participation:	Members of the public who live or work in the area of the Shadow Council are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply. A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.	
Disabled access:	West Suffolk House has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However in the event of an emergency use of the lift is restricted for health and safety reasons. Visitor parking is at the car park at the front of the building and there are a number of accessible spaces.	
Induction loop:	An Induction loop is available for meetings held in the Conference Chamber.	
Recording of meetings:	The Shadow Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded). Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.	
Personal Information	Any personal information processed by Forest Heath District Council or St Edmundsbury Borough Council arising from a request to speak at a public meeting under the Localism Act 2011, will be protected in accordance with the Data Protection Act 2018. For more information on how we do this and your rights in regards to your personal information and how to access it, visit our website: https://www.westsuffolk.gov.uk/Council/Data_and_information/howweuseinformation.cfm or call Customer Services: 01284 763233 and ask to speak to the Information Governance Officer.	

Agenda

Procedural Matters

1. Apologies for Absence

2. Minutes

1 - 6

To confirm the minutes of the extraordinary meeting held on 8 January 2019 (copy attached).

Part 1 – Public

3. Open Forum

At each Shadow Executive (Cabinet) meeting, up to 15 minutes shall be allocated for questions from and discussion with, non-Shadow Executive members. Members wishing to speak during this session should if possible, give notice in advance. Who speaks and for how long will be at the complete discretion of the person presiding.

4. Public Participation

Members of the public who live or work in the area of the Shadow Council are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.

A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.

There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.

NON-KEY DECISIONS

5. Recommendations from the FHDC and SEBC Performance and Audit Scrutiny Committees: 31 January 2019 - Annual Treasury Management and Investment Strategy 2019/2020 and Treasury Management Code of Practice

7 - 74

Report No: **EXC/SA/19/006**

Shadow Executive (Cabinet) Members: Stephen Edwards and Ian Houlder

Lead Officer: Greg Stevenson

	Page No
6. Budget and Council Tax Setting: 2019/20 and Medium Term Financial Strategy 2019-2023	75 - 136
Report No: EXC/SA/19/007 Shadow Executive (Cabinet) Members: Stephen Edwards and Ian Houlder Lead Officer: Greg Stevenson	
7. Recommendations from St Edmundsbury and Forest Heath Overview and Scrutiny Committees: 9 and 10 January 2019: Customer Access Strategy 2019-2022	137 - 144
Report No: EXC/SA/19/008 Shadow Executive (Cabinet) Members: Robert Everitt and Robin Millar Lead Officers: Davina Howes and Lisa Grove	
8. West Suffolk Taxi Policy Handbook	145 - 224
Report No: EXC/SA/19/009 Shadow Executive (Cabinet) Members: Susan Glossop and Lance Stanbury Lead Officer: David Collinson	
9. Shadow Executive (Cabinet) Decisions Plan: 1 February 2019 to 6 May 2019	225 - 232
To consider the most recently published version of the Shadow Executive (Cabinet) Decisions Plan. Report No: EXC/SA/19/010 Shadow Executive (Cabinet) Member: James Waters Lead Officer: Ian Gallin	

Part 2 – Exempt

NONE

Shadow Executive (Cabinet)

Forest Heath & St Edmundsbury councils

West Suffolk
working together

Minutes of a meeting of the **Shadow Executive (Cabinet)** held on **Tuesday 8 January 2019** at **6.20 pm** in the **Conference Chamber West, West Suffolk House, Western Way, Bury St Edmunds, IP33 3YU**

Present: **Councillors**

Chairman James Waters (Leader of the Shadow Council)

Vice Chairman John Griffiths (Deputy Leader of the Shadow Council)

David Bowman
Ruth Bowman J.P.
Carol Bull
Andy Drummond
Stephen Edwards
Robert Everitt

Susan Glossop
Sara Mildmay-White
Robin Millar
Joanna Rayner
Lance Stanbury
Peter Stevens

In attendance:

Simon Cole

(Chairman of FHDC's Overview and Scrutiny Committee)

32. Apologies for Absence

Apologies for absence were received from Councillor Ian Houlder.

33. Minutes

The minutes of the meeting held on 27 November 2018 were confirmed as a correct record and signed by the Chairman.

34. Open Forum

No non-Cabinet Members in attendance wished to speak under this item.

35. Public Participation

There were no members of the public in attendance.

36. **Recommendations of the Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees: 28 November 2018 - Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan (Report No: EXC/SA/19/001)**

The Shadow Executive (Cabinet) considered the above report, which sought approval for budget proposals for inclusion to secure a balanced budget for 2019/2020.

Councillor Stephen Edwards, one of the Shadow Executive (Cabinet) Members with the responsibility for Resources and Performance drew relevant issues to the attention of the Shadow Executive, including that a range of budget proposals had been assessed and updated following previous consideration by both Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees and the Shadow Executive in September/October 2018. The update was to reflect developing trends and revised information as it became available as far as possible.

Table 1 and Table 2, that had been considered by the Performance and Audit Scrutiny Committees and reproduced in Report No: EXC/SA/19/001, provided a set of proposed actions and solutions to reduce the identified budget gaps between 2019-2023.

Work would continue to monitor the trends included in Table 1, including driving to agree the assumptions that would close the remaining budget gap for 2019/20 and 2020/21 for presentation to Shadow Council on 19 February 2019. The budget assumed no change to the seven-year council tax harmonisation plan between Forest Heath and St Edmundsbury.

RECOMMENDED TO SHADOW COUNCIL: (19 February 2019):

That, subject to the approval of Shadow Council as part of the budget setting process, the proposals detailed in Section 2 and Table 1 and Table 2 of Report Nos: PAS/SE/18/ 035 and PAS/FH/18/039, be included in securing a balanced budget for 2019/2020.

37. **West Suffolk Statement of Licensing Policy 2019-2022 (Report No: EXC/SA/19/002)**

The Shadow Executive (Cabinet) considered the above report, which sought approval for a new West Suffolk Statement of Licensing Policy to cover the period 2019-2022.

All councils were required to have a Statement of Licensing Policy and to update it at least every five years. Forest Heath's Statement of Licensing Policy was last renewed in December 2018; St Edmundsbury's was last updated in December 2017. The policy content of both documents was identical.

The Shadow Council needed to adopt a Statement of Licensing Policy for West Suffolk Council before 1 April 2019. The document attached at Appendix A contained the same wording as the Forest Heath and St Edmundsbury Council

documents, but with proposed changes set out in paragraph 1.1.2 of the report.

Councillor Lance Stanbury, one of the Shadow Executive (Cabinet) Members with the responsibility for Planning and Growth, drew relevant issues to the attention of the Shadow Executive, including that in order to abide by the requirement for Statements of Licensing Policy to be renewed every five years, West Suffolk Council would need to adopt a new policy by December 2022. This would be preceded by consultation, allowing consultees in St Edmundsbury the opportunity to give comments and feedback within five years of the previous policy covering the area being adopted.

Attention was also drawn to the revised guidance, adoption and publication of the two Cumulative Impact Assessments in West Suffolk, namely Newmarket and Bury St Edmunds, which were required to be renewed every three years. The Bury St Edmunds Cumulative Impact Assessment was adopted in December 2017, and would therefore require renewal in December 2020.

RECOMMENDED TO SHADOW COUNCIL: (19 February 2019)

That:

- (1) the West Suffolk Statement of Licensing Policy 2019-2022, attached at Appendix A to Report No: EXC/SA/19/002, be adopted; and
- (2) the Cumulative Impact Assessments for Newmarket and Bury St Edmunds as contained within the West Suffolk Statement of Licensing Policy, be adopted.

38. Interim West Suffolk Street Trading and Vending Policy (Report No: EXC/SA/19/003)

The Shadow Executive (Cabinet) considered the above report, which sought approval for an interim Street Trading and Vending Policy for West Suffolk Council.

Members noted the background to street trading (selling goods on the street) and vending (serving at tables and chairs on the public highway) and the need to have a street trading and vending policy in place to ensure such definable activities could be appropriately licensed by the licensing authority (the Council.)

Forest Heath District Council (FHDC) and St Edmundsbury Borough Council (SEBC) recognised the importance of street trading and vending and valued the contributions of businesses that sought licences for such activities to the local economy.

The Street Vending and Trading Policy was one of a number of policies that were being reviewed and harmonised in advance of the creation of West Suffolk Council on 1 April 2019.

Councillor Lance Stanbury, Shadow Executive (Cabinet) Member with the responsibility for Planning and Growth, drew relevant issues to the attention of the Shadow Executive, including that differences in the policies covering street trading and vending presently existed between the two policies covering FHDC and SEBC. The new interim policy for the West Suffolk Council, as attached as Appendix A to the report which had been subject to consultation, was considered to adequately align these differences where they were minor and could be changed without significant impact.

Members agreed this was a sensible approach and also considered it pragmatic to retain the different approaches that currently applied in the different geographical areas so as to minimise disruption until a more fundamental review could be undertaken by the new Council within two years, as summarised in Section 1.3 of the report.

RESOLVED:

That:

- (1) the harmonised interim Street Trading and Vending Policy for West Suffolk Council, as contained in Appendix A to Report No: EXC/SA/19/003, be adopted; and
- (2) it be agreed that the West Suffolk Council reviews the Street Trading and Vending policy within two years to ensure there is a consistent approach to consent areas across West Suffolk.

39. **West Suffolk Council Overarching Enforcement Policy (EXC/SA/19/004)**

The Shadow Executive (Cabinet) considered the above report, which sought approval for an overarching Enforcement Policy for West Suffolk Council.

Members noted the background to the West Suffolk Councils currently operating as regulator and enforcement agency for a wide range of legal duties and powers in order to protect the public, individuals and the environment.

The Enforcement Policy was one of a number of policies that were being reviewed and harmonised in advance of the creation of West Suffolk Council on 1 April 2019. The new policy detailed overarching enforcement actions across services with enforcement duties.

Councillor Lance Stanbury, Shadow Executive (Cabinet) Member with the responsibility for Planning and Growth, drew relevant issues to the attention of the Shadow Executive, including that the proposed new policy for West Suffolk Council, which was attached as Appendix A to the report, aimed to align the key principles across West Suffolk, as outlined in paragraphs 1.1.4 and 1.1.5, and included similar principles to those of the current Forest Heath and St Edmundsbury policies.

Members acknowledged the good practice covered within the proposed policy, which included reducing the regulatory burden, risk-led enforcement and supporting the local economy. The policy proposed to follow a new structure which aimed to guide the reader through the key principles and enforcement actions where consistency was desired to all council services. This included the omission some details summarised in paragraph 1.3.3, alongside the rationale.

The draft policy, which had been subject to consultation, details of which were provided in Section 2 and Appendix B, was supported by the Shadow Executive (Cabinet) for adoption.

RESOLVED:

That the West Suffolk Council Enforcement Policy, as contained in Appendix A to Report No: EXC/SA/19/004, be adopted to take effect from 1 April 2019.

40. **Shadow Executive (Cabinet) Decisions Plan: 1 January 2019 to 6 May 2019 (EXC/SA/19/005)**

The Shadow Executive (Cabinet) considered the above report, which was the Shadow Executive (Cabinet) Decisions Plan covering the period 1 January 2019 to 6 May 2019.

Members took the opportunity to review the intended forthcoming decisions of the Shadow Executive (Cabinet). However, no further information or amendments were requested on this occasion.

The meeting concluded at 6.35 pm

Signed by:

Chairman

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Shadow Executive (Cabinet)



Title of Report:	Recommendations of the Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees: 31 January 2019– Treasury Management Strategy Statement 2019-2020 and Treasury Management Code of Practice	
Report No:	EXC/SA/19/006	
Report to and dates:	Shadow Executive (Cabinet)	5 February 2019
	Shadow Council	19 February 2019
Shadow Executive Members/Portfolio holders:	Stephen Edwards FHDC Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: Stephen.edwards@forest-heath.gov.uk	Ian Houlder SEBC Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk
Chairmen of the Committees:	Louis Busuttil Chairman of FHDC Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttil@forest-heath.gov.uk	Sarah Broughton Chairman of SEBC Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk
Lead officer:	Gregory Stevenson Service Manager (Finance and Performance) Tel: 01284 757264 Email: Gregory.stevenson@westsuffolk.gov.uk	

Purpose of report:	To seek approval of Treasury Management Strategy Statement (including Treasury related Prudential Indicators) and Treasury Management Code of Practice.		
Recommendation:	<p>It is <u>RECOMMENDED</u> that, subject to the approval of the Shadow Council:</p> <p>(1) the Treasury Management Strategy Statement 2019-2020, as set out in Appendix 1 to Report Nos: TMS/SE/19/002 / PAS/FH/19/007, be approved; and</p> <p>(2) the Treasury Management Code of Practice, as set out in Appendix 2 to Report Nos: TMS/SE/19/002 / PAS/FH/19/007, be approved.</p>		
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>		
Consultation:	<ul style="list-style-type: none"> See Report Nos: TMS/SE/19/002 / PAS/FH/19/007 		
Alternative option(s):	<ul style="list-style-type: none"> See Report Nos: TMS/SE/19/002 / PAS/FH/19/007 		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report Nos: TMS/SE/19/002 / PAS/FH/19/007
Are there any staffing implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report Nos: TMS/SE/19/002 / PAS/FH/19/007
Are there any ICT implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report Nos: TMS/SE/19/002 / PAS/FH/19/007
Are there any legal and/or policy implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report Nos: TMS/SE/19/002 / PAS/FH/19/007
Are there any equality implications? <i>If yes, please give details</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report Nos: TMS/SE/19/002 / PAS/FH/19/007
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report Nos: TMS/SE/19/002 / PAS/FH/19/007			
Ward(s) affected:		All Wards	

Background papers: <i>(all background papers are to be published on the website and a link included)</i>	See Report Nos: TMS/SE/19/002 / PAS/FH/19/007
Documents attached:	Appendix A: Report Nos: TMS/SE/19/002 / PAS/FH/19/007 Appendix 1 to above reports: Treasury Management Strategy Statement 2019-2020 Appendix 2 to above reports: Treasury Management Code of Practice

1. Key issues and reasons for recommendation(s)

1.1 Treasury Management Strategy Statement 2019-2020 (Appendix 1) and Treasury Management Code of Practice (Appendix 2)

1.1.1 On 31 January 2019, the Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees will consider Report Nos: TMS/SE/19/002 / PAS/FH/19/007. Attached to these reports are Appendix 1, the Treasury Management Strategy Statement 2019-2020, and Appendix 2, the Treasury Management Code of Practice.

1.1.2 As the Committees will not have met prior to the despatch of this Shadow Executive (Cabinet) meeting, the recommendations contained in the reports are reproduced on page one of this report, and for ease of reference the full reports are attached to this report as Appendix A.

1.1.3 Should the Committees suggest any amendments to the documents, these will be verbally reported to the Shadow Executive (Cabinet).

1.2 Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan (Report Nos: PAS/SE/19/006 and PAS/FH/19/006)

1.2.1 Also on 31 January 2019, the Committees will consider a further update on the approach to delivering a sustainable budget for 2019/2020 and medium term plan (Report Nos: PAS/SE/19/006 and PAS/FH/19/006 refer), which requires the Committees to recommend to the Shadow Executive (Cabinet) the inclusion of a number of proposals set out in Section 2 and Table 1 of the aforementioned reports to secure a balanced budget for 2019/2020.

1.2.2 These proposals have been incorporated into the 'Budget and Council Tax Setting: 2019/20 and Medium Term Financial Strategy 2019-2023' report contained elsewhere on this Shadow Executive (Cabinet) agenda. Should the Committees suggest any changes, these will be verbally reported to the Shadow Executive (Cabinet).

Treasury Management Sub-Committee



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Treasury Management Strategy Statement 2019-2020 and Treasury Management Code of Practice	
Report No:	TMS/SE/19/002	
Report to and date/s:	Treasury Management Sub-Committee	21 January 2019
	Performance and Audit Scrutiny Committee	31 January 2019
	Shadow Executive (Cabinet)	5 February 2019
	Shadow Council	19 February 2019
Portfolio holder:	Councillor Ian Houlder Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsbc.gov.uk	
Lead officer:	Greg Stevenson Service Manager - Finance & Performance Tel: 01284 757264 Email: Gregory.stevenson@westsuffolk.gov.uk	
Purpose of report:	To seek approval of Treasury Management Strategy Statement (including Treasury related Prudential Indicators) and Treasury Management Code of Practice.	
Recommendation:	<p>The Treasury Management Sub-Committee is asked to:</p> <ol style="list-style-type: none"> (1) Make recommendations to Shadow Executive (Cabinet) and Shadow Council regarding the approval of the Treasury Management Strategy Statement 2019-2020 (as set out in Appendix 1); and (2) Make recommendations to Shadow Executive (Cabinet) and Shadow Council regarding the approval of the Treasury Management Code of Practice (as set out in Appendix 2). 	

Key Decision:	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
Consultation:	<ul style="list-style-type: none"> Treasury management activities are currently undertaken in consultation with Arlingclose Ltd, (the Councils appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. The committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and full Council.
Alternative option(s):	<ul style="list-style-type: none"> Options for the management of Council investments are formally considered within the Annual Treasury Management Strategy Statement.
Implications:	
<p><i>Are there any financial implications?</i> <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Total budgeted interest receipts from investments, included in the MTFS, for 2019/20 is £142k* Total budgeted interest payable on loans, included in the MTFS, for 2019/20 is £682k* <p><small>*Please note, these figures are provisional budget figures and may be subject to change during the budget setting approval process.</small></p>
<p><i>Are there any staffing implications?</i> <i>If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><i>Are there any legal and/or policy implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><i>Are there any equality implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>

Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year-on-year fluctuations	Medium
Bank and building society failure resulting in loss of Council funds.	High	Use of Arlingclose advice on counterparty credit ratings (based on Fitch, S&P and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks	Medium
Ward(s) affected:	All Wards		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	SEBC Treasury management Code of Practice 2018-2019 (TMS.SE.18.002) SEBC Treasury Mgt Policy Statement Investment Strategy 2018-19 (TMS.SE.18.002) FHDC Treasury Mgt Policy Statement Investment Strategy 2018-19 (PAS.FH.18.009) FHDC Credit Rating Definitions (PAS.FH.18.009) FHDC Treasury Management Code of Practice 2018 (PAS.FH.18.009) FHDC List of Approved Organisations for Investments 2018-19 (PAS.FH.18.009)		
Documents attached:	Appendix 1 – Treasury Management Strategy Statement 2019/2020 Appendix 2 – Treasury Management Code of Practice 2019/2020		

1. Key issues and reasons for recommendation(s)

1.1 Treasury Management Strategy Statement

- 1.1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice requires that, prior to the start of each financial year, the Council formally approve a Treasury Management Policy Statement and Investment Strategy which sets out its treasury management policy and strategy for the forthcoming year.
- 1.1.2 The purpose of this report is to present those strategy statements to the Treasury Management Sub-Committee for consideration.

1.2 Treasury Management Code of Practice

- 1.2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that all Councils adopt a Treasury Management Code of Practice based on the treasury management practices published by CIPFA and guidance issued in their Code of Practice.
- 1.2.2 Adherence to the principles of the CIPFA Code should ensure that Treasury Management activities within the Council are effectively managed and adequately controlled.

2. Additional supporting information

2.1 Treasury Advisors

- 2.1.1 Following a procurement exercise, Arlingclose Ltd, have been appointed as treasury advisors to West Suffolk Council.
- 2.1.2 The Treasury Management Strategy Statement & Code of Practice have been compiled in line with advice from Arlingclose.

2.2 Counterparty Ratings

- 2.2.1 The Council uses the Arlingclose credit rating method in conjunction with information available from other industry sources to identify suitable counterparties for investments.
- 2.2.2 Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Pooled Funds
AAA	£6m 5 years	£12m 20 years	£12m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 15 years
AA	£6m 4 years	£10m 5 years	£10m 15 years
AA-	£6m 3 years	£10m 4 years	£10m 10 years

A+	£6m 2 years	£8m 3 years	£8m 5 years
A	£6m 13 months	£8m 2 years	£8m 5 years
A-	£6m 6 months	£6m 13 months	£6m 5 years
None	£1m 6 months	n/a	£1m 5 years
UK Government	£Unlimited, 50 Years		
Other UK Local Authorities	Using Arlingclose Rating Formula (Per iDeal trade platform) Gold - £12m, 5 years Silver - £10m, 5 years Bronze - £8m, 5 years		

3. Interest Rate Projections

3.1 The following table shows the revised interest rate based on the current economic climate.

	Previous Strategy	New Strategy
2019/20	0.90%	0.90%
2020/21	1.25%	1.00%
2021/22	1.50%	1.10%
		1.25%

Projections have been revised down due to slower interest rate rises than originally predicted by the Bank of England and re-profiling of the Council’s capital programme.

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Informal Joint Performance and Audit Scrutiny Committee



Forest Heath
District Council

Title of Report:	Treasury Management Strategy Statement 2019-2020 and Treasury Management Code of Practice	
Report No:	PAS/FH/19/007	
Report to and dates:	Performance and Audit Scrutiny Committee	31 January 2019
	Shadow Executive (Cabinet)	5 February 2019
	Shadow Council	19 February 2019
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 07904 389982 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Greg Stevenson Service Manager - Finance and Performance Tel: 01284 757264 Email: Gregory.stevenson@westsuffolk.gov.uk	
Purpose of report:	To seek approval of Treasury Management Strategy Statement (including Treasury related Prudential Indicators) and Treasury Management Code of Practice.	
Recommendation:	Performance and Audit Scrutiny Committee is asked to: (1) Make recommendations to the Shadow Executive (Cabinet) and Shadow Council regarding the <u>approval</u> of the Treasury Management Strategy Statement 2019-2020 (as set out in Appendix 1); and	

	(2) Make recommendations to the Shadow Executive (Cabinet) and Shadow Council regarding the <u>approval</u> of the Treasury Management Code of Practice (as set out in Appendix 2).
Key Decision:	<i>Is this a Key Decision and, if so, under which definition?</i> No, it is not a Key Decision - <input checked="" type="checkbox"/>
Consultation:	<ul style="list-style-type: none"> Treasury management activities are currently undertaken in consultation with Arlingclose Ltd, (the Councils appointed Treasury Management advisers) and also takes into account information obtained from investment brokers and other economic commentators. The committee provides for the scrutiny of treasury management strategies and performance, with changes in strategies and policies subject to approval by Cabinet and Council.
Alternative option(s):	<ul style="list-style-type: none"> Options for the management of Council investments are formally considered within the Annual Treasury Management Strategy Statement.
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Total budgeted interest receipts from investments, included in the MTFS, for 2019/20 is £142k* Total budgeted interest payable on loans, included in the MTFS, for 2019/20 is £682k* <small>*Please note, these figures are provisional budget figures and may be subject to change during the budget setting approval process.</small>
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods of up to two years. Budget monitoring and quarterly performance reports. Use of interest equalisation reserve to smooth out year-on-year fluctuations	Medium
Bank and building society failure resulting in loss of Council funds.	High	Use of Arlingclose advice on counterparty credit ratings (based on Fitch, S&P and Moody ratings) and the setting of lending limits. Use of non-rated building societies based on asset base and additional credit checks	Medium
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		<ul style="list-style-type: none"> • SEBC Treasury Management Code of Practice 2018-2019 • SEBC Treasury Management Policy Statement Investment Strategy 2018-2019 (Report No: TMS.SE.18.002) • FHDC Treasury Management Policy Statement Investment Strategy 2018-19 • FHDC Credit Rating Definitions • FHDC Treasury Management Code of Practice 2018 • FHDC List of Approved Organisations for Investments 2018-19 (Report No: PAS.FH.18.009) 	
Documents attached:		<p>Appendix 1 – Treasury Management Strategy Statement 2019/2020</p> <p>Appendix 2 – Treasury Management Code of Practice 2019/2020</p>	

1. Key issues and reasons for recommendation(s)

1.1 Treasury Management Strategy Statement

- 1.1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice requires that, prior to the start of each financial year, the Council formally approve a Treasury Management Policy Statement and Investment Strategy which sets out its treasury management policy and strategy for the forthcoming year.
- 1.1.2 The purpose of this report is to present those strategy statements to the Treasury Management Sub-Committee for consideration.

1.2 Treasury Management Code of Practice

- 1.2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that all Councils adopt a Treasury Management Code of Practice based on the treasury management practices published by CIPFA and guidance issued in their Code of Practice.
- 1.2.2 Adherence to the principles of the CIPFA Code should ensure that Treasury Management activities within the Council are effectively managed and adequately controlled.

2. Additional supporting information

2.1 Treasury Advisors

- 2.1.1 Following a procurement exercise, Arlingclose Ltd, have been appointed as treasury advisors to West Suffolk Council.
- 2.1.2 The Treasury Management Strategy Statement and Code of Practice have been compiled in line with advice from Arlingclose.

2.2 Counterparty Ratings

- 2.2.1 The Council uses the Arlingclose credit rating method in conjunction with information available from other industry sources to identify suitable counterparties for investments.

2.2.2 Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Pooled Funds
AAA	£6m 5 years	£12m 20 years	£12m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 15 years
AA	£6m 4 years	£10m 5 years	£10m 15 years
AA-	£6m 3 years	£10m 4 years	£10m 10 years
A+	£6m	£8m	£8m

	2 years	3 years	5 years
A	£6m 13 months	£8m 2 years	£8m 5 years
A-	£6m 6 months	£6m 13 months	£6m 5 years
None	£1m 6 months	n/a	£1m 5 years
UK Government	£Unlimited, 50 Years		
Other UK Local Authorities	Using Arlingclose Rating Formula (Per iDeal trade platform) Gold - £12m, 5 years Silver - £10m, 5 years Bronze - £8m, 5 years		

3. Interest Rate Projections

3.1 The following table shows the revised interest rate based on the current economic climate.

	Previous Strategy	New Strategy
2019/20	0.90%	0.90%
2020/21	1.25%	1.00%
2021/22	1.50%	1.10%
		1.25%

3.2 Projections have been revised down due to slower interest rate rises than originally predicted by the Bank of England and re-profiling of the Council’s capital programme.

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WEST SUFFOLK COUNCIL

Treasury Management Strategy Statement 2019/20

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and 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 financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit (non-treasury investments) are considered in a different report, the Investment Strategy, which is approved by Council and is available on our website.

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The October 2018 labour market data showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (*at the time of writing this commentary*). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed new long-term loans will be borrowed at a rate between 2.75%-3% and that new investments will be made at an average rate as follows:

- 2019/20 – 0.90%
- 2020/21 – 1.00%
- 2021/22 – 1.10%
- 2022/23 – 1.25%

Local Context

On 31st December 2018, the Authority held £4m of borrowing and £64.1m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Approved Budget £m	31.3.19 Forecast £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Capital Financing Requirement (CFR)	8.3	65.7	24.4	77.9	77.1	76.4
Less: External borrowing*	4	4	4	4	4	4
Internal (over) borrowing	4.3	61.7	20.4	73.9	73.1	72.4
Less: Usable reserves	-50.9	-41.94	-31.09	-21.97	-18.08	-19.37
Less: Working capital**	-8.8	-8.8	-8.8	-8.8	-8.8	-8.8
Investments (or New borrowing)	-55.4	10.9	-19.5	43.1	46.2	44.2

*shows only loans to which the Authority is committed and excludes optional refinancing

**assumes working capital remains consistent

Please note, these figures are provisional budget figures and may be subject to change during the budget setting approval process.

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 Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority has an increasing CFR due to its capital programme. Consequently, investments are forecast to fall to approx. £10m in year as capital receipts and revenue reserves are used to finance that capital expenditure and to finance the revenue budget.

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

Liability benchmark: To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £6m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.18 Actual £m	31.3.19 Approved Budget £m	31.3.19 Forecast £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Capital Financing Requirement (CFR)	8.3	65.7	24.4	77.9	77.1	76.4
Less: Usable reserves	-50.9	-41.94	-31.09	-21.97	-18.08	-19.37
Less: Working capital	-8.8	-8.8	-8.8	-8.8	-8.8	-8.8
Plus: Minimum investments	6	6	6	6	6	6
Liability Benchmark	-45.4	20.9	-9.5	53.1	56.2	54.2

Borrowing Strategy

The Authority currently holds a £4million loan, consistent with the previous year, as part of its strategy for funding previous years’ capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to externally borrow around £43m in 2019/20. The Authority may also borrow additional sums to pre-fund future years’ requirements, providing this does not exceed the authorised limit for borrowing of £70.7 million.

Objectives: The Authority’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 Authority’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 Authority’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.

By doing so, the Authority 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 Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority 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 Authority 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 Authority may borrow further 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
- any other UK public sector body
- UK public and private sector pension funds (except Suffolk 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:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised all of its long-term borrowing from the commercial loan market but it continues to investigate other sources of finance, such as local authority loans and PWLB loans that 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.

Lender's Option Borrower's Option Loans (LOBOs): The Authority entered into a 70year £4m LOBO loan on 31 March 2008, where the lender had the option to propose an increase in the interest rate at set dates, following which the Authority had the option to either accept the new rate or repay the loan at no additional cost. However, in 2016/17 Barclays wrote to the council confirming their decision to waive their right to change the applicable interest rate of this loan, effectively changing this loan to a fixed rate loan.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits 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 Authority 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 Authority currently holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £52.4m and £66.3m. During 2019/20 and in future years, due to the Authority's Capital Programme, these levels are expected to fall dramatically.

Objectives: The CIPFA Code requires the Authority 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 Authority'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 Authority 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.

Negative interest rates: If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2019/20 (further details in the Approved counterparties section below). This is especially the case for the Authority's surplus cash currently invested in short-term unsecured bank/building society deposits. This diversification will represent a change in strategy over the coming year.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Pooled Funds
AAA	£6m 5 years	£12m 20 years	£12m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 15 years
AA	£6m 4 years	£10m 5 years	£10m 15 years
AA-	£6m 3 years	£10m 4 years	£10m 10 years
A+	£6m 2 years	£8m 3 years	£8m 5 years
A	£6m 13 months	£8m 2 years	£8m 5 years
A-	£6m 6 months	£6m 13 months	£6m 5 years
None	£1m 6 months	n/a	£1m 5 years

UK Government	£Unlimited, 50 Years
Other UK Local Authorities	Using Arlingclose Rating Formula (Per iDeal trade platform) Gold - £12m, 5 years Silver - £10m, 5 years Bronze - £8m, 5 years

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. 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.

Pooled funds: Shares or units 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 Authority 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 Authority's investment objectives will be monitored regularly.

UK Government: Loans, bonds and bills issued or guaranteed by government. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Operational bank accounts: The Authority may incur operational exposures, for example through 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 £1m 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 Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority'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 Authority 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, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above 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 Authority 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 Authority'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 Authority's revenue reserves available to cover investment losses are forecast to be nearly £30 million on 31st March 2019. In order that no more than 40% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £12 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	£12m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£12m per group
Any group of pooled funds under the same management	£12m per manager
Negotiable instruments held in a broker's nominee account	£12m per broker
Foreign countries	£3m per country
Unsecured investments with building societies	£6m in total
Money market funds	£12m in total

Liquidity management: The Authority uses a cash flow forecasting spreadsheet 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 Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

Treasury Management related Prudential Indicators

The Authority’s overall Treasury Management Strategy and Code of Practice links into the Council’s Prudential Indicators and Minimum Revenue Provision Policy which are subject to separate reports to Council. A summary of the treasury related indicators is as follows, however these may be subject to change during the final budget setting processes. The final Prudential Indicator figures will be approved by Council in February.

	2018/19 Approved	2018/19 Revised	2019/20 Budget	2020/21 Budget	2021/22 Budget
	£,000	£,000	£,000	£,000	£,000
Authorised limit for external debt					
Borrowing	77,653	59,392	70,693	70,693	70,693
Other long term liabilities	0	0	0	0	0
TOTAL	77,653	59,392	70,693	70,693	70,693
Operational boundary for external debt					
Borrowing	69,888	53,453	63,623	63,623	63,623
Other long term liabilities	0	0	0	0	0
TOTAL	69,888	53,453	63,623	63,623	63,623
Maturity Structure of Borrowing	%	%	%	%	%
Upper Limit for % of borrowing maturing in:					
• Under 12 Months	20%	20%	20%	20%	20%
• 1 - 2 years	20%	20%	20%	20%	20%
• 2 - 5 years	20%	20%	20%	20%	20%
• 5 - 10 years	20%	20%	20%	20%	20%
• Over 10 years	100%	100%	100%	100%	100%
The lower limit for all periods	0%	0%	0%	0%	0%
Upper limit for total principal sums invested	20,000	20,000	10,000	6,000	3,000

for over 364 days (per maturity date)					
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Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

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 Authority 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 Authority 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.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority’s treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2019/20 is £142k, based on an average investment portfolio of £15.7million at an interest rate of 0.90%. The budget for debt interest paid in 2019/20 is £682k. Please note, these figures are provisional budget figures and may be subject to change during the budget setting approval process.

If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does 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
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

**Appendix A – Arlingclose Economic & Interest Rate Forecast
December 2018**

Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

APPENDIX 1

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.13
Downside risk	0.00	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-0.85
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.90	0.95	1.10	1.30	1.40	1.40	1.40	1.35	1.35	1.35	1.35	1.35	1.35	1.27
Downside risk	-0.20	-0.45	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.76
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.70	1.60	1.50	1.40	1.35	1.35	1.35	1.35	1.35	1.40
Downside risk	-0.35	-0.50	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.77
5-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.50	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.33
Downside risk	-0.50	-0.60	-0.65	-0.80	-0.80	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.66
10-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.50	1.65	1.70	1.80	1.80	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	-0.55	-0.70	-0.70	-0.80	-0.80	-0.75	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	-0.71
20-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	2.00	2.10	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.18
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
50-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B – Existing Investment & Debt Position

West Suffolk (Forest Heath & St Edmundsbury combined)				
Investments held as at 31 December 2018				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Newcastle B/Soc	1,000,000	0.98%	19/03/2018	19/03/2019
Newcastle B/Soc	1,500,000	0.80%	18/06/2018	19/03/2019
Newcastle B/Soc	1,000,000	0.77%	25/06/2018	21/01/2019
Principality B/Soc	1,000,000	0.78%	11/07/2018	22/02/2019
Nationwide B/Soc	2,500,000	0.68%	13/07/2018	02/01/2019
Principality B/Soc	1,000,000	0.78%	16/07/2018	18/12/2019
National Counties B/Soc	2,500,000	0.88%	01/08/2018	15/02/2019
Nottingham B/Soc	1,000,000	0.85%	01/08/2018	15/02/2019
Coventry B/Soc	3,000,000	0.81%	15/08/2018	19/03/2019
Leeds B/Soc	1,500,000	0.77%	15/08/2018	22/03/2019
Nottingham B/Soc	3,000,000	0.86%	03/09/2018	04/03/2019
Leeds B/Soc	2,000,000	0.82%	26/09/2018	19/02/2019
Leeds B/Soc	1,000,000	0.85%	03/10/2018	15/03/2019
Leeds B/Soc	1,000,000	0.81%	15/10/2018	22/02/2019
Principality B/Soc	1,500,000	0.75%	29/10/2018	21/01/2019
Yorkshire B/Soc	1,000,000	0.76%	01/11/2018	04/02/2019
Yorkshire B/Soc	1,000,000	0.78%	01/11/2018	19/02/2019
Yorkshire B/Soc	2,000,000	0.75%	01/11/2018	15/01/2019
Coventry B/Soc	2,000,000	0.77%	01/11/2018	18/03/2019
Yorkshire B/Soc	1,000,000	0.78%	01/11/2018	19/02/2019
Principality B/Soc	1,000,000	0.76%	01/11/2018	19/02/2019
Coventry B/Soc	1,000,000	0.67%	15/11/2018	11/02/2019
Nottingham B/Soc	1,000,000	0.80%	03/12/2018	11/03/2019
National Counties B/Soc	2,000,000	0.75%	03/12/2018	21/01/2019
Newcastle B/Soc	2,000,000	0.67%	03/12/2018	21/01/2019
Yorkshire B/Soc	1,500,000	0.77%	03/12/2018	11/03/2019
Principality B/Soc	1,500,000	0.99%	21/12/2018	21/06/2019
Santander 365 Day	8,000,000	1.15%	365 day	notice
Santander 180 Day	1,000,000	0.95%	180 day	notice
Lloyds 95 Day Account	2,400,000	0.80%	95 day	notice
Santander 95 Day	500,000	0.85%	95 day	notice
Bank of Scotland C/A	8,300,000	0.65%	Call	
Barclays FIBCA *plus 0.1% annual bonus if average annual balance is over £1m	2,350,000	0.50%*	Call	
NatWest LSA	50,000	0.015%	Call	
TOTAL	64,100,000			

West Suffolk (Forest Heath & St Edmundsbury combined) External Borrowing (Debt) as at 31 December 2018				
Counterparty	Principal Amount	Interest Rate	Date Loaned	Date Returned
Barclays Bank Plc	4,000,000	4.24%	31/03/2018	31/03/2078

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Treasury Management

Code of Practice

INTRODUCTION

This Treasury Management Code of Practice has been compiled in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2017 ("the CIPFA Code").

Adherence to the principles of the CIPFA Code should ensure that Treasury Management activities within the authority are effectively managed and adequately controlled.

This Treasury Management Code of Practice has been written in conjunction with the Council's Treasury Management Policy Statement and Investment Strategy 2018/19.

Section 4H paragraphs 8.1 to 8.5 of the Council's Constitution also contains information regarding Treasury Management procedure rules, these are in line with this Code.

DEFINITIONS

For the purposes of this Code, "Treasury Management Activities" is defined as:-

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

'Investments' in the definition above covers all the financial assets of the Council, as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of the normal treasury management or under treasury management delegations. All investments require an appropriate investment management and risk management framework under this Code.

PURPOSE OF THE CIPFA CODE

CIPFA produced the Code and the accompanying guidance notes to help satisfy nine main purposes:

- To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities, and thereby to add to their credibility in the public eye.
- To emphasise the overriding importance of effective risk management as the foundation for treasury management in all public service bodies.
- To provide transparency for treasury management decisions including the use of counterparties and financial instruments that individual public service organisations intend to use for the prudent management of their financial affairs.
- To encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.
- To enable CIPFA Members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the

members' charter, "to maintain and develop the professional competence of both themselves and those they supervise".

- To help facilitate a standardisation and codification of treasury management policies and practices in the public services.
- To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same.
- To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.
- To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.

TREASURY MANAGEMENT PRACTICES

The following Treasury Management Practices (TMPs) are incorporated in the Treasury Management Code of Practice in accordance with CIPFA Guidance:-

TMP 1	Risk management
TMP 2	Performance measurement
TMP 3	Decision making and analysis
TMP 4	Approved instruments, methods and techniques
TMP 5	Organisation, clarity and segregation of responsibilities and dealing arrangements
TMP 6	Reporting requirement and management information arrangements
TMP 7	Budgeting, accounting and audit arrangements
TMP 8	Cash and cash flow management
TMP 9	Money laundering
TMP 10	Training and qualifications
TMP 11	Use of external service providers
TMP 12	Corporate governance

TMP 1 Risk Management

General Statement

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures will cover all external investments.

The Section 151 Officer or Deputy Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1. **Credit and Counterparty Risk Management**

Definition: *The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.*

The Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its treasury management investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

2. **Liquidity Risk Management**

Definition: *The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will thereby be compromised.*

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

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

3. **Interest Rate Risk Management**

Definition: *The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.*

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications. It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

The Council also has an interest equalisation reserve which, if necessary, can be used to help smooth out the level of interest received due to fluctuations in interest rates.

4. **Exchange Rate Risk Management**

Definition: *The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.*

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

5. **Inflation Risk Management**

Definition: *Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.*

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the Council's inflation exposures.

6. **Refinancing Risk Management**

Definition: *The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.*

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

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

7. **Legal and Regulatory Risk Management**

Definition: *The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.*

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such

activities. In framing its credit and counterparty policy under TMP1(1) credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

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

8. Fraud, Error and Corruption, and Contingency Management

Definition: *The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.*

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements to these ends. Further information regarding this is set out in the schedule to this document.

9. Price Risk Management

Definition: *The risk that, through adverse market fluctuations in the value of the principal sums an organisation invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.*

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

TMP 2 Performance Management

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

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

TMP 3 Decision-Making and Analysis

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

TMP 4 Approved Instruments, Methods and Techniques

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

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

The Council has reviewed its classification with financial institutions under MiFID II and keeps a record of those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

TMP 5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

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

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

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Section 151 Officer or Deputy Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirement and management information arrangements, and the implications properly considered and evaluated.

The Section 151 Officer or Deputy Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Section 151 Officer or Deputy Section 151 Officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed within this document.

The Section 151 Officer or Deputy Section 151 Officer will ensure there is proper documentation for all deals and transactions and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the Section 151 Officer or Deputy Section 151 Officer in respect of treasury management are set out within this document. The Section 151 Officer or Deputy Section 151 Officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and if a CIPFA member, the Standard of Professional Practice on Treasury Management.

TMP 6 Reporting Requirements and Management Information Arrangements

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

As a minimum, full Council will receive:

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

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

Local authorities should report the treasury management indicators as detailed in their sector-specified guidance notes.

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

TMP 7 Budgeting, Accounting and Audit Arrangements

The Section 151 Officer or Deputy Section 151 Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.

The Section 151 Officer or Deputy Section 151 Officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

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

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

TMP 8 Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Section 151 Officer or Deputy Section 151 Officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Section 151 Officer or Deputy Section 151 Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 (2) liquidity risk management, further information regarding this is set out in the schedule of this document.

TMP 9 Money Laundering

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

Any suspicions of money laundering activities would be reported to the Internal Audit Manager who is the Money Laundering Reporting Officer (MLRO) or the Senior Auditor who is the Deputy Money Laundering Reporting Officer.

TMP 10 Staff Training and Qualifications

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Section 151 Officer or Deputy Section 151 Officer will recommend and implement the necessary arrangements.

The Section 151 Officer or Deputy Section 151 Officer will ensure that the Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

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

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

TMP 11 Use of External Service Providers

The Council recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. Where services are subject to formal procurement arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer or Deputy Section 151 Officer, and details of the current arrangements are set out in the schedule to this document.

TMP 12 Corporate Governance

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

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Section 151 Officer or Deputy Section 151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

INVESTMENTS THAT ARE NOT PART OF THE TREASURY MANAGEMENT ACTIVITY

Where, in addition to treasury management investment activities, the Council invests in other financial assets and property primarily for financial return, these investments should be proportional to the level of resources available to the organisation and the organisation should ensure that the same robust procedures for consideration of risk and return are applied to these decisions.

Management practices for non-treasury investments.

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities includes loans supporting services outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all council investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will recognise that the risk appetite for these activities may differ from that for treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

The Council's Capital and Investment Strategies are held as separate documents and are available on our website.

SUPPORTING SCHEDULES TO THE TREASURY MANAGEMENT PRACTICES (TMPs)

RISK MANAGEMENT (TMP1)

CREDIT AND COUNTERPARTY POLICIES RISK MANAGEMENT – TMP1(1)

The Authority currently holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority’s investment balance has ranged between £52.4m and £66.3m. During 2019/20 and in future years, due to the Authority’s Capital Programme, these levels are expected to fall dramatically.

Objectives: The CIPFA Code requires the Authority 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 Authority’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 Authority 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.

Negative interest rates: If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2019/20 (further details in the Approved counterparties section below). This is especially the case for the Authority’s surplus cash currently invested in short-term unsecured bank/building society deposits. This diversification will represent a change in strategy over the coming year.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Pooled Funds
AAA	£6m 5 years	£12m 20 years	£12m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 15 years

AA	£6m 4 years	£10m 5 years	£10m 15 years
AA-	£6m 3 years	£10m 4 years	£10m 10 years
A+	£6m 2 years	£8m 3 years	£8m 5 years
A	£6m 13 months	£8m 2 years	£8m 5 years
A-	£6m 6 months	£6m 13 months	£6m 5 years
None	£1m 6 months	n/a	£1m 5 years
UK Government	£Unlimited, 50 Years		
Other UK Local Authorities	Using Arlingclose Rating Formula (Per iDeal trade platform) Gold - £12m, 5 years Silver - £10m, 5 years Bronze - £8m, 5 years		

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. 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.

Pooled funds: Shares or units 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 Authority 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 Authority's investment objectives will be monitored regularly.

UK Government: Loans, bonds and bills issued or guaranteed by government. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Operational bank accounts: The Authority may incur operational exposures, for example through 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 £1,000,000 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 Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority'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 Authority 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, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above 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 Authority 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 Authority'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 Authority's revenue reserves available to cover investment losses are forecast to be nearly £30 million on 31st March 2019. In order that no more than 40% of available reserves will be put at risk in the case of a single default, the

maximum that will be lent to any one organisation (other than the UK Government) will be £12 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

Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£12m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£12m per group
Any group of pooled funds under the same management	£12m per manager
Negotiable instruments held in a broker's nominee account	£12m per broker
Foreign countries	£3m per country
Unsecured investments with building societies	£6m in total
Money market funds	£12m in total

LIQUIDITY RISK MANAGEMENT - TMP1(2)**Liquidity management**

The Authority uses a cash flow forecasting spreadsheet 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 Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

Approved Minimum Cash Balances and Short Term Investments

In order to maintain the position of the Council, in terms of liquidity, the following limits have been set: -

- ◆ Daily treasury management procedures will aim to maintain a forecast consolidated balance in the region of £50k to £1m. However, balances over £1m may be retained in the Council's current account to be used to cover payments going out provided the limit is not exceed for more than five consecutive, working days.
- ◆ If two internally managed investments are being placed on the same day with different maturity dates, one counterparty may be used for the two investments even if the investment % rate offered on one of the investments is not the highest rate and the subsequent loss of interest incurred does not exceed the pre-set limit of £50.00 on that one investment. However, the counterparty in question must be willing to accept the two investments as one CHAPS payment.

- ◆ At least £2m of short-term investments will be retained by the Council to meet cash flow requirements. Whilst this is a recommended minimum, the Council does have access to a £1m overdraft facility for any unexpected short term borrowing.

This is to ensure that: -

- ◆ Cash flow requirements are fully met.
- ◆ The amounts of the individual sums invested are sufficient to make external investment economically viable.
- ◆ The amounts of the individual sums invested are sufficient to attract competitive rates of return.

Standby Facilities/Call Accounts

The Council also holds instant access / call accounts with the following banks:

- Lloyds/Bank of Scotland
- Barclays
- NatWest

Overdraft Arrangements

Overdraft arrangements have been arranged with the Council's bankers with a net limit of £1m. Interest will be charged at 2% above the Bank's Base Rate.

The Bank also operates a **Daylight Exposure Limit** (also known as the Settlement Risk Exposure), which allows the consolidated bank accounts can be overdrawn during the course of the working day; the limit is set at £25M. The daylight exposure limit is intended to cover any crossover periods during the day when large payments have to be made from the Council's bank accounts, but the expected credits may not be received until later in the day.

The daylight exposure limit only covers CHAPS payments.

Short & Long Term Borrowing Facilities

There is a borrowing limit that is set by the Council each year in accordance with the Local Government Act 2003. The limit is a specific indicator within the Council's Prudential Code which is reviewed annually in accordance with the code/best practice and is approved by Full Council.

Should the need for further borrowing prove necessary, or appropriate for strategic purposes, provided the limit is within the prudential indicator, then arrangements would be made in accordance with the code.

INTEREST RATE RISK MANAGEMENT – TMP1(3)

The Council will manage its exposure to fluctuations in interest rates with a view to securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

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

The Council also has an interest equalisation reserve which, if necessary, can be used to help smooth out the level of interest received due to fluctuations in interest rates.

EXCHANGE RATE RISK - TMP1(4)

This is the risk that fluctuations in foreign exchange rates may create an unexpected, or unbudgeted, burden on the Council's finances. In order to mitigate this risk the Council's investments are restricted to sterling, however, it does have access to real-time market advice from its external advisors which will enable it to assess any potential risks arising and to take any necessary action.

INFLATION RISK MANAGEMENT TMP1 (5)

The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the Council as an integral part of its strategy for managing its overall exposure to inflation.

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

REFINANCING RISK MANAGEMENT - TMP1(6)

The Council holds reliable and accurate records of the terms and maturities of its borrowings (where applicable) to enable it to plan the timing of, and successfully negotiate appropriate terms for its refinancing, if required.

LEGAL AND REGULATORY RISK MANAGEMENT – TMP1(7)

The regulations and statutory provisions or any statutory amendment, regarding enactment or modification thereof, under which Treasury Management investments are performed would include: -

- ◆ Local Government Act 1972 (taking account of the Trustee Investment Act 1961).
- ◆ The Local Government Act 1989.
- ◆ Local Authorities (Capital Finance) Regulations 1990 (SI 1990 No. 426) as amended.

- ◆ Local Authorities (Capital Finance) (Approved Investments) (Amendment) Regulations 1990 (SI 1991 No. 501). This SI was one of many which amended SI 1990 No. 426 above.
- ◆ The Local Authorities (Contracting Out of Investment Functions) Order 1996 (SI 1996/1883).

The regulations and statutory provisions under which Treasury Management borrowing is performed would include: -

- ◆ The Local Government and Housing Act 1989 (including sections 43, 45 and 46 of that Act).
- ◆ The Public Works Loan Board Acts 1965 and 1967.
- ◆ The Local Authorities (Borrowing) Regulations 1990 (SI 1990/767) as amended by the Local Authority (Borrowing) (Amendment) Regulations 1991 (SI 1991/551).
- ◆ The Local Government Act 2003.

Treasury Management procedures will be updated to accommodate any new legislative provisions.

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

FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT – TMP1(8)

Fraud and Error

The Council recognises that there is a risk of fraud or error occurring through the performance of the Treasury Management function. Consequently procedures are in place to ensure control over the organisations with which the Council invests (see Credit and Counterparty Risk Management), and to ensure there is an adequate segregation of duties.

The Council now uses an internet based banking system in connection with the Treasury Management function, however access to this is tightly controlled and the security and integrity of the site/system is managed by the Council's bankers Lloyds Bank Plc (a separate procedure manual details the system, procedures and emergency /contingency arrangements applicable in terms of making payments, and obtaining treasury information is available).

Treasury information may be made available on the Council's website however care will be exercised to ensure that no sensitive Treasury information is published through such arenas.

The Council has an "Anti-fraud Policy" and "Whistle-blowing procedures" that identify measures to control the risk of fraud by staff and Members. These can be found in the Internal Audit section of the Council's website.

Internal Audit undertake an annual audit review of the Treasury Management system and assess the effectiveness of controls implemented to prevent or detect fraud and error.

Shortfall of Funds

Should the Council suffer an unforeseen shortfall of funds, the nature of the position should be discussed with the Section 151 Officer or the Deputy Section 151 Officer.

Dependent on the nature of the shortfall, it may be necessary to negotiate terms with the Councils bankers to cover the shortfall, or to loan money from a Broker.

The Council has access to a £1m overdraft with its current bankers and interest on this account would be charged at 2% above base rate.

Insurance

The Council holds insurance, which covers loss of money or property belonging to the Council or for which they are legally responsible, resulting from any act of fraud or dishonesty of its employees, discovered during the period of insurance or within 24 months of the expiration.

All employees are covered by the policy, with the following limits being applicable: -

Six Designated Resources and Performance Staff (responsible for Treasury management)	£5.0M
All other staff	£0.5M

The Resources and Performance posts insured for the Treasury Management value of £5M are as follows: -

Assistant Director - Resources and Performance
Senior Business Partner (Transactional and Regulatory Services)
Business Partner (Transactional and Regulatory Services)
Team Leader (Treasury and Regulatory Services)
2 x Business Support Officer (Treasury and Regulatory Services)

PRICE RISK MANAGEMENT - TMP1(9)

The Council mitigates this risk through the use of market advice from its External Fund Managers and through a monthly review of the credit ratings.

Methodology Applied to Evaluate the Impact of Treasury Management Decisions

The Council invests its funds in fixed term deposits, bonds, pooled funds and with other Local Authorities, a proportion of which are short term (to meet cash flow requirements) and the remaining of which are invested for periods determined by the Council, in conjunction with its external fund managers, to meet its longer term requirements.

Political Risks and the Management Thereof

There are cycles of political change at both national and local levels. An overview of the political situation at both levels will be maintained, so that any likely political risks can be identified at the earliest opportunity, with a view to addressing any issues proactively at a corporate management level

PERFORMANCE MEASUREMENT – TMP2

A monthly statement is produced, for each of the Councils investment categories, showing the average rate of return for each category, this is compared to/monitored against the target interest rate projection.

The average rate calculations are weighted in order to take account of the value and duration of investments, in order to ensure an accurate rate of return is produced.

Benchmarking of the Council's return is also undertaken via our advisors Arlingclose.

DECISION MAKING AND ANALYSIS - TMP3

Funding

Funding of the Council's capital expenditure is dealt with in a report to the Council prior to the commencement of each financial year.

A five year capital programme is presented to Council, for General Fund capital expenditure, along with the financing proposals.

Projections are carried out annually (and prior to the inclusion of any new capital projects) to ensure that sufficient finance is available to meet the Councils capital expenditure requirements.

Revenue funding is dealt with through the Revenue Budget and Council Tax setting process.

Borrowing

There is a borrowing limit that is set by the Council each year in accordance with the Local Government Act 2003. The limit is a specific indicator within the Councils Prudential Code which is reviewed annually in accordance with the code/best practice and is approved by full Council.

Should the need for further borrowing prove necessary, or appropriate for strategic purposes, provided the limit is within the prudential indicator, then arrangements would be made in accordance with the code. If the need to borrow exceeds the limit set in the prudential indicator, approval will be sort from full Council.

Policy on Interest Rate Exposure

The Policy on interest rate exposure is now dealt with through the Prudential Code in accordance with the Local Government Act 2003. The limits that are being recommended to Council for 2019/20 are being considered and will be reported to Council as part of the Prudential Code update.

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
- any other UK public sector body
- UK public and private sector pension funds (except Suffolk 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

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

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Processes/Records to be Held

When a loan/investment is received/made, the following procedures should be followed, and records held: -

Complete a quotation sheet, three quotes for suitable counterparties to be obtained. Recommendation to be signed off by the Assistant Director - Resources and Performance or duly authorised Officer.

Enter the full details into the Treasury Investment spreadsheet.

The amount of the loan/investment must also be entered on the cash flow spreadsheet, if it is for a fixed term, also enter the amount as a receipt in the cash flow spreadsheet on the maturity date.

When the counterparty's confirmation note is received, check the details with the Treasury Investment spreadsheet.

All documentation relating the transaction must be scanned into the appropriate folder and paper copies filed accordingly.

ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS – TMP5**Introduction**

The Section 151 Officer or Deputy Section 151 Officer has delegated responsibility for the execution and administration of treasury management decisions.

The Section 151 Officer or Deputy Section 151 Officer may delegate their treasury management responsibilities to members of their staff. Details of these arrangements are set out below.

Authorised signatories of the Council will be permitted to sign documentation relating to the Council's borrowings and investments.

The daily treasury management routines to be followed are available on request. These procedures will be maintained and reviewed annually.

Delegated Powers and Responsibilities

The Cabinet/Full Council is responsible for:

- ◆ Adoption of the revised CIPFA Treasury Management Code and Treasury Management Policy.
- ◆ Receiving, commenting on, and approval of the Annual Treasury Management and Investment Strategy Statements (prior to the commencement of the financial year).
- ◆ Receiving and commenting on an annual report on treasury management activity for the preceding financial year as soon as possible after the end of the financial year but in any case by the end of September.
- ◆ Receiving and commenting on other periodic reports on the treasury management function and its performance during the year.
- ◆ Approval of the Prudential Indicators, Authorised Borrowing Limit and Operational Boundary for borrowing.

The Assistant Director (Resources & Performance) (Section 151 Officer) is responsible for:

- ◆ Ensuring compliance with the treasury management policy statement and that the policy complies with the law.
- ◆ Carrying out regular reviews of the treasury management function.
- ◆ Ensuring that any variations to the treasury policy or the internal practices fully comply with the law and the code of practice.
- ◆ Ensuring that there is an adequate internal audit function.
- ◆ Liaising with the Deputy 151 Officer on treasury management decisions.
- ◆ Making long term investment decisions in accordance with the approved policy.
- ◆ Deciding on funding and short term policies for the ensuing year.
- ◆ Deciding on lending and investment policies for the ensuing year.
- ◆ Advising the Council on the acceptability and characteristics of treasury instruments.
- ◆ Establishing the vires of the proposed action and the instruments to be used.
- ◆ Ensuring that the organisation of the treasury management function is adequate to meet current requirements and that there is an appropriate division of duties.
- ◆ Assessing and appointing brokers/advisors/external fund managers.
- ◆ Reporting to elected members and advising the monitoring officer where that is appropriate.
- ◆ Re-determining treasury management strategy in the light of forecast changes in the economy and reporting it to members at the appropriate time.
- ◆ Approving changes to counterparty credit limits, in consultation with the Portfolio Holder for Performance and Resources.
- ◆ Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.

The Service Manager - Finance & Performance / Deputy Section 151 Officer / Senior Business Partner (Transactional and Regulatory Services) is responsible for:

- ◆ Reviewing the annual Treasury Management Statement and Code of Practice.
- ◆ Overall management of the Treasury function.
- ◆ Deputising for the Assistant Director (Resources and Performance) in his/her absence for matters relating to the treasury management function.
- ◆ Monitoring adherence to approved policy by treasury management team.
- ◆ Ensuring that an appropriate division of duties is in place and that all staff are properly trained to carry out the required duties.
- ◆ Making recommendations regarding:-
 - the appointment of brokers
 - the organisation of the treasury management function
 - funding and short term policies
 - lending and investment policies
 - acceptability and characteristics of treasury instruments
 - the vires of proposed action and the instruments to use.
- ◆ Reviewing the performance of the treasury management function at least twice a year.
- ◆ Ensuring that all treasury staff are aware of and have access to the Financial Conduct Authority handbook of rules and guidance which is available on the FSA website.
- ◆ Ensuring that the day to day activities accord with the Treasury Management Statement.
- ◆ Ensuring compliance with policies, limitations and directions.
- ◆ Monitoring performance of brokers employed.
- ◆ All recording and administrative functions complying with the system and procedures laid down in the treasury management document.
- ◆ Reviewing regular performance reports.

The Business Partner / Team Leader (Treasury and Regulatory Services) is responsible for:

- ◆ Overseeing the daily treasury management function.
- ◆ Ensuring that the treasury management procedures and practices are regularly reviewed and adhered to.
- ◆ Preparing the draft Treasury Management Statement.
- ◆ Producing regular performance reports.
- ◆ Monitoring performance of brokers employed.
- ◆ Deputising for the Senior Business Partner (Transactional and Regulatory Services) in his/her absence for matters relating to the treasury management function.

The Business Support Officer is responsible for:

- ◆ Dealing with the money market, complying with the systems and procedures laid down in the treasury management document.
- ◆ Updating of daily cash flow.
- ◆ Ensuring that properly authorised transactions are actioned in a timely manner.
- ◆ Reconciling treasury management transactions on a monthly basis.
- ◆ Deputising for the Team Leader (Treasury and Regulatory Services) in his/her absence for matters relating to the treasury management function.

The Internal Audit Manager is responsible for:

- ◆ Reviewing compliance with the approved policy and procedures on treasury management.

- ◆ Reviewing the division of duties and operational practices.
- ◆ Assessing value for money from treasury activities.
- ◆ Undertaking probity audit of treasury function.
- ◆ Reporting and monitoring of Money Laundering activities.

The Chief Executive is responsible for:

- ◆ Ensuring that the system is laid down and resourced.
- ◆ Ensuring that the Section 151 Officer or Deputy Section 151 Officer reports regularly to elected Members on treasury policy, activity and performance.

The Monitoring Officer is responsible for:

- ◆ Ensuring compliance by the Section 151 Officer or Deputy Section 151 Officer with the treasury policy and that the policy complies with the law.
- ◆ Satisfying himself / herself that any proposal to vary treasury policy or practice complies with the law.
- ◆ Advising the Section 151 Officer or Deputy Section 151 Officer where their advice is sought.

Use of External Brokers/Advisors/Fund Managers

The Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external advisors and/or fund managers to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

Bankers

The Council's bankers are Lloyds Bank Plc.

Long Term Borrowing (Public Works Loan Board)

The officers, authorised to obtain loans with the Public Works Loan Board (once full Council approval has been received), are as follows:-

- Assistant Director - Resources and Performance (Section 151 Officer)
- Deputy Section 151 Officer
- Senior Business Partner (Transactional and Regulatory Services)

Investment Direct Dealing Practices

Where there are sufficient funds available to justify an investment, three quotations are obtained from the organisations on the approved list.

It is essential to ensure that when selecting these organisations from the approved list, the investment limits of the organisations are not exceeded.

Three quotations ensure that the best rate is obtained on the investment.

Policy on Taping of Conversations

The Council has no facilities for recording dealing and is therefore reliant on any recordings of conversations relating to dealing held by the institutions with which it deals.

Settlement Transmission Procedures

Before transmission of a payment to the investment organisation, a payment voucher is completed with the details of the organisations name, sort code (and where appropriate, their account number), details of the period of the investment, the interest rate achieved and the amount to be invested.

Before any payments can be transmitted, 2 independent authorisations are required on the banking system.

Documentation Requirements

There are spreadsheets in place to record all aspects of treasury management and investment. These spreadsheets are reconciled, independently checked and signed on a monthly basis.

REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

The nature and frequency of reporting are covered in Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements.

Four Treasury Management reports will be made to Council each financial year, the Treasury Management and Annual Investment Strategy Statement Report, the Treasury Management Monitoring Report, the Treasury Management Annual Report, and the report on the Prudential Indicators.

In addition, further reports will be presented to Council for the approval of revisions to the Treasury Management Code of Practice, and to seek approval for any revisions to the approved Treasury Management Strategy, Prudential Indicators and any additions or deletions from the approved list of organisations for investments.

All reports must be approved by Council.

Reporting Content

The prescribed minimum content of the four main annual reports to Council, are detailed in the summaries below. This minimum content gives a degree of flexibility, in terms of the content of the report, whilst ensuring that key issues are always reported.

Annual Strategy Report Minimum Contents Summary

The Annual Strategy Report must be submitted to Council by 31 March each year and should, as a minimum, contain the following: -

- ◆ Details of the level of external debt
- ◆ Investment Limits
- ◆ External investment fund limits
- ◆ Forecast interest rate movements for the ensuing year
- ◆ Breakdown of surplus funds held
- ◆ Proposed investment and / or borrowing strategy

Annual Report Minimum Contents Summary

The Treasury Management Annual report must be submitted to Council by 30 September following the previous financial year's end, and should, as a minimum, contain the following: -

- ◆ Details of the level of external debt held and a list of lenders names
- ◆ Investment performance against benchmark criteria
- ◆ A breakdown of investments held
- ◆ An explanation of interest rate movements during the financial year, against forecast movements in the original Annual Strategy Report
- ◆ Any breaches from the Code of Practice
- ◆ A statement of compliance from the Internal Audit manager

Monitoring Report Minimum Summary of Contents

The monitoring report must be submitted to Council by 31 December each year and should, as a minimum, contain the following: -

- ◆ Details of the level of external debt
- ◆ Investment performance against benchmark criteria
- ◆ A breakdown of investments held
- ◆ Any revisions to Treasury Management strategy
- ◆ A revised interest rate forecast for the remainder of the financial year
- ◆ Any breaches from the Code of Practice
- ◆ Show the position as at the end of 30 September

Revisions to the Treasury Management Code of Practice Contents Summary

The report must be submitted to Council by the 7 March each year and should contain as a minimum, the following;

- ◆ Any legislative changes
- ◆ Any guidance changes
- ◆ Any significant changes in procedures
- ◆ Confirmation that the CIPFA Code of Practice for Treasury Management in the Public Services has been adopted

- ◆ At the same Council meeting a report must be submitted on the Councils Prudential Code & Associated Indicators and should contain as a minimum, the following;
 - ◆ Rates of financing costs to net revenue stream
 - ◆ Net borrowing and the capital financing requirement

- ◆ Total capital expenditure in each year
- ◆ Average balance of capital receipts available
- ◆ Limits in interest rate exposure
- ◆ Maturing structure of borrowing
- ◆ Incremental impact of capital investment
- ◆ Total principal sums invested and limits on long term investment maturities
- ◆ Minimum Revenue Provision Policy

BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS – TMP7

Statutory/Regulation Requirements

Statutory and regulatory requirements relating to Treasury Management are dealt with under TMP1 under the heading "Legal and Regulatory".

Accounting Practices and Standards

The Council, in addition to all relevant SSAP's, FRS's and IAS's adheres to all practices and standards provided by CIPFA.

Budgets

Budgets are set, prior to the commencement of a financial year, for brokerage fees charged by the Councils Fund Managers and Advisors.

A forecast of interest receipts for the ensuing financial year is prepared prior to its commencement by the Senior Business Partner (Transactional and Regulatory Services). This budget is also revised during the year, to take account of any variations in the amount likely to be received.

Investment categories are individually coded on the Council's financial information system, in terms of the interest received, principal sums invested and investments recouped. Information is updated on the Financial Information System directly from the bank statements received, by the Bank Reconciliation Officer who is independent of the Treasury Management function.

The Treasury records are reconciled to the information on the financial information system, on a monthly basis. Reconciliation's are checked independently by the Team Leader (Treasury and Regulatory Services), and signed to signify approval.

External Audit Information Requirements

The "Audit Fraud and Corruption Manual" details system controls which external auditors would wish to see in place for Treasury Management. These are as follows: -

- ◆ Clear written procedures for staff
- ◆ Transactions are regularly reviewed and examined by a senior officer
- ◆ Appropriate access controls exist
- ◆ All cheques/direct credits over a specified amount are checked back to prime documents and countersigned by a senior officer
- ◆ Banks only accept direct transfers to institutions on an approved list
- ◆ Changes to the approved list require counter signature by a senior officer

- ◆ Transfer via a direct terminal link is only allowed when confirmed by a second officer
- ◆ Cheques are despatched independently of the loan officer
- ◆ Discharged certificates are obtained for all bond repayments.
- ◆ Direct confirmation with borrowers or lenders of premiums or discounts on premature repayments.
- ◆ Premium or discount payments are checked for reasonableness.

CASH AND CASH FLOW MANAGEMENT – TMP8

Monitoring of cash flow requirements is carried out using a Cash Flow spreadsheet. The spreadsheet shows all the days of the year, and is broken down into headings of income and expenditure for each working day of the year. This allows a forecast of the consolidated end of day closing balance to be compiled, on which Treasury Management decisions can be based.

This spreadsheet is compiled prior to the commencement of the financial year, and is updated with all cash inflows and outflows which are known (in terms of amounts and the dates they will occur) at the commencement of the financial year. These would include:

- ◆ Precept payments to be made to precepting bodies
- ◆ Contributions to and from the National Non Domestic Rating pool
- ◆ Any other known cash in flows and out flows

In addition to updating this spreadsheet with cash inflows and outflows known at the start of the year, notes are made on the spreadsheet of those transactions, which cannot be quantified, but are known to occur on specific dates. These would include:

- ◆ Council Tax direct debit income
- ◆ National Non-Domestic Rates (NNDR) direct debit income
- ◆ Monthly payroll (and associated) payments

Other income and expenditure is known to occur on a regular basis, and cash flow decisions also take account of these. Examples would include:

- ◆ Accounts Payable (Creditor) Payments (made on each Monday and Thursday)
- ◆ Housing Benefits (HBIS) BACS payments (made on each Monday)
- ◆ Other daily income, e.g. from cashiers

The daily forecast cleared closing consolidated balance is compared to the consolidated forecast balance from the Councils direct banking system, in order to give assurance that the system and spreadsheet are taking account of all transactions.

The end of day forecast cleared consolidated balance is the figure which treasury management decisions are based on. Two authorised officers therefore check this figure, independently, for control purposes, where an investment or borrowing decision is to be made.

Daily Procedures

The Business Support Officers (Treasury and Regulatory Services) will perform day to day cash management. The Team Leader (Treasury and Regulatory Services) and the Business Partner (Transactional and Regulatory Services) will provide cover in the absence of any of the aforementioned officers.

It is now required that all designated treasury staff carry out the treasury management daily procedures for 2 individual weeks during the course of the year, to ensure that they are continually up to date with treasury management procedures.

Objective

The objective of the day to day cash management is to ensure that the consolidated balance of the Council's bank accounts is, where possible, kept within its target overnight level of £50k, whilst adequately meeting the day to day cash requirements of the Council.

However, balances over £1m may be retained in the bank account to be used to cover payments going out provided the limit is not exceed for more than five consecutive, working days.

Investment/Borrowing Decision Making

Borrowing to meet any shortfall or investing directly with organisations on the approved list can be authorised by the Assistant Director of Resources and Performance (Section 151 Officer), Service Manager (Deputy Section 151 Officer) – Finance and Performance or Senior Business Partner – Planning, Performance & Control or Transactional & Regulatory Service. In the absence of one of the officers above, one of the Business Partners – Planning, Performance & Control or Transactional & Regulatory Services can act as Sanctioning Officer with the documentation being countersigned by an authorising officer at the earliest opportunity. Longer term borrowing requires Council approval.

With increased working over multiple sites, the required officers are not always available to provide 'hard copy' authorisation. To increase efficiency and ensure treasury activities are carried out in a timely manner, the use of email authorisation is permitted. Copies of the email trail must accompany all deal paperwork in the completed file.

Forecasting the closing balance on the consolidated account

This is reached by obtaining a daily cleared debit/credit balance from the Direct Banking system, and referring to the "CASHFLOW" Spreadsheet for any other significant income/payments.

Bank Statement Procedures

On receipt, bank statements are forwarded to the Accounts section, whereby they are distributed to the appropriate responsible officer.

Payment Scheduling and Agreed Terms with Trade Creditors

Creditor runs, through the creditors system are performed on a bi-weekly basis to provide both BACS and cheque payments.

The Councils general terms are that payment of invoices will be made within 30 days, unless alternative terms are detailed on invoices.

The Treasury Management team is provided with information on the level of creditor payments to be made each week, in time to ensure sufficient funds are available to meet the liability.

Procedure for Banking of Funds

A private security firm carries out the banking of funds.

Procedures for the reconciliation of cash and cheques collected at each location, to those banked, are also in place.

Scheme for the Advancing of Car Loans to Members of Staff

The scheme is intended to assist specified officers with the purchase of a vehicle where it is deemed necessary to have the availability of a vehicle for the performance of his/her duties.

The full Policy can be found on the Corporate Drive and in the Policy Library.

Loans to Parish Councils and External Organisations

More detailed information on the criteria for a loan and the application process can be found in the Council's loan policy.

MONEY LAUNDERING - TMP9

Methodology for Identifying Sources of Deposit

For all investments, managed internally, the Council deals with financial institutions that hold an acceptable Credit Rating as detailed in TMP 1.

This high credit rating gives some assurance that all institutions included on the approved list of organisations for investments are reputable companies.

Methodology for Establishing the Identity/Authenticity of Lenders

In terms of temporary loans, the Council has a policy of only accepting loans from Parish Councils, or occasionally of small amounts from Community Organisations (subject to such loans not adversely affecting the Authorised Borrowing Limit or the Operational Boundary for Borrowing), where this would benefit the organisation concerned. Any other loans accepted would relate to performance bonds from reputable companies.

The Council currently has £4m of long term borrowings. Should it prove necessary to borrow further, only Brokers included in the Councils approved list would be asked to provide quotations. Written confirmations of all details relevant to any transaction would be required on the Broker's headed paper.

Disaster Recovery Plan

In the event that the offices cannot be accessed or the online banking facility is unavailable, there are contingency arrangements in place to ensure that where possible

Treasury Management obligations are met. These emergency contingency arrangements can be found in the Treasury Management Procedures Manual.

TRAINING AND QUALIFICATIONS – TMP10

It is the Councils intention for all the posts detailed in the schedule for TMP5 “Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements” to be occupied.

Should a vacancy for any post be unfilled for any exceptional period of time, then the Code of Practice will be reviewed to assess any likely implications and risks, and so that any necessary amendments may be made and presented to Council for approval.

It is the intention of the Council that staff holding the Posts will be in receipt of adequate training to conduct their duties, either by external courses/seminars, or through internal instruction. A record will be kept of this training.

USE OF EXTERNAL SERVICE PROVIDERS - TMP11

The Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external treasury advisors and/or brokers/fund managers to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

The Council has a contract with Arlingclose Ltd for treasury advice, this contract expires 31 March 2020.

CORPORATE GOVERNANCE – TMP12**Information Available for Public Inspection**

The Council will make publicly available information relating to its Treasury Management strategy.

The Council will also make available information relating to the performance of the Treasury Management function in terms of the rate of return received on investments.

Consultation with Stakeholders

The Councils main objective is to maximise investment income without compromising its position in terms of risk. This strategy results in little scope for consultation with stakeholders, over what is effectively investment strategy.

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Shadow Executive (Cabinet)



Title of Report:	Budget and Council Tax Setting: 2019/20 and Medium Term Financial Strategy 2019- 2023	
Report No:	EXC/SA/19/007	
Report to and dates:	Shadow Executive (Cabinet)	5 February 2019
	Shadow Council	19 February 2019
Shadow Executive Members/Portfolio holders:	Stephen Edwards FHDC Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: <a href="mailto:Stephen.edwards@fore
st-heath.gov.uk">Stephen.edwards@fore st-heath.gov.uk	Ian Houlder SEBC Portfolio Holder for Resources and Performance Tel: 01284 810074 Email: ian.houlder@stedsb.gov.uk
Lead officer:	Gregory Stevenson Service Manager (Finance and Performance) Tel: 01284 757264 Email: Gregory.stevenson@westsuffolk.gov.uk	
Purpose of report:	This report sets out details of the Council's proposed revenue and capital budgets for 2019-2023 for Shadow Executive's consideration and recommendation to Shadow Council.	

<p>Recommendation:</p>	<p>It is RECOMMENDED that, subject to the approval of Shadow Council:-</p> <ol style="list-style-type: none"> (1) the revenue and capital budget for 2019-2023 attached at Attachment A and as detailed in Attachment D, Appendices 1-5 Attachment E and F to Report No: EXC/SA/19/007, be approved; (2) having taken into account the conclusions of the Assistant Director's (Resources and Performance) report on the adequacy of reserves and the robustness of budget estimates (Attachment C) and the Medium Term Financial Strategy (MTFS) (Attachment D), particularly the Scenario Planning and Sensitivity Analysis (Attachment D, Appendix 5) and all other information contained in Report No: EXC/SA/19/007, to establish the level of council tax for 2019/20. (Note: the level of council tax beyond 2019/20 will be set in accordance with the annual budget process for the relevant financial year.); (3) the Assistant Director (Resources and Performance), in consultation with the Portfolio Holders for Resources and Performance, be authorised to transfer any surplus from the 2018/2019 revenue budget to the Invest to Save Reserve as detailed in paragraph 1.8.4, and to vire funds between existing Earmarked Reserves (as set out at Attachment D, Appendix 3) as deemed appropriate throughout the year; (4) approval be given to the Assistant Director (HR, Legal and Democratic Services), in consultation with the relevant service Assistant Director, to determine the establishment and the employment arrangements to deliver the Council's priorities within agreed budgets and the principles of the MTFS; (5) approval be given to the Flexible Use of Capital Receipts Strategy as set out in Attachment G; and (6) council tax discount be granted to care leavers in accordance with the details set out in paragraph 1.12 and Attachment H.
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Key Decision:	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input checked="" type="checkbox"/></p> <p>No, it is not a Key Decision - <input type="checkbox"/></p>
Consultation:	<ul style="list-style-type: none"> As detailed in the body of this report
Alternative option(s):	<ul style="list-style-type: none"> The council is legally required to set a balanced budget.
Implications:	
<p>Are there any financial implications? <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> As detailed in the body of this report
<p>Are there any staffing implications? <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Staffing implications are considered as part of any proposed structure changes. Additional resources and capacity is included within the medium term budgets to reflect the council's ambitious strategic projects.
<p>Are there any ICT implications? <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Additional ICT resource is included within the medium term budgets to reflect the council's transformation programme
<p>Are there any legal and/or policy implications? <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> As detailed in the body of this report
<p>Are there any equality implications? <i>If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> To be considered as part of implementation of service changes
Risk/opportunity assessment:	<p>A risk assessment is included at Attachment C as part of the report by the Assistant Director (Resources and Performance) (Chief Finance Officer). The conclusion is that overall the estimates are robust, taking into account known risks and mitigating strategies and the reserves are adequate for the 2019/20 budget plans. Shadow Executive and Shadow Council are advised to have regard to this report when making their decisions on the 2019/20 budget.</p>
Ward(s) affected:	All Wards

<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>	<p>West Suffolk Medium Term Financial Strategy WS-16-17-MTFS-2016-20-Final PAS/FH/18/039 & PAS/SE/18/035 – Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Plan – 28 November 2018 PAS/FH/19/006 & PAS/SE/19/006 – Approach to Delivering a Sustainable West Suffolk Budget 2019-2020 and Medium Term Financial Strategy – 31 January 2019</p>
<p>Documents attached:</p>	<p>Attachment A: Revenue Budget Summary Attachment B: Summary of major budget changes Attachment C: Report by the Assistant Director (Resources and Performance) Attachment D: (not attached) – Medium Term Financial Strategy (MTFS) 2016-20 WS-16-17-MTFS-2016-20-Final Appendix 1: 5 Year Revenue Budget (MTFS) Appendix 2: Capital Programme Appendix 2a: 2018/19 Capital Programme – Potential Carry Forwards Appendix 3: Earmarked Revenue Reserves Appendix 4: Prudential Code for Capital Finance Appendix 5: Scenario Planning and Sensitivity Analysis Attachment E: Strategic Priorities and Medium Term Financial Strategy (MTFS) Reserve Attachment F: Capital Strategy Attachment G: Flexible Use of Capital Receipts Strategy 2019/20 Attachment H: Proposed Council Tax Discount for Care Leavers</p>

1. Key issues and reasons for recommendation(s)

1.1 Local government funding

- 1.1.1 In the history of local government there have been few times that have seen such a transformation in the funding of local services as the current decade. The changes are numerous and continuous, and there is little doubt that the 2020s will bring even more changes.
- 1.1.2 Changes include reductions in grant funding from the Government, including removal of the revenue support grant, more business rates being retained locally (and the uncertainty around how that was going to work), plus the introduction, and then reduction, of New Homes Bonus. Alongside those reductions is the lowest bank base rates for years, so the Council's income from interest is significantly reduced. In addition there is an increased demand for some services, such as support and advice relating to housing options and homelessness. Council Tax increases have been capped at 3% (previously 2%) but this local tax raises just a fifth of our income for local services. National policy encourages councils to grow their local, and therefore UK, economy by supporting business, investment and housing to bring in income. Bridging the gap between income and demand remains the single biggest challenge facing local government across the country.
- 1.1.3 Even within these financial challenges councils can no longer traditionally just deliver services if they are to meet the financial challenges and be able to continue to serve their communities. West Suffolk Council recognises and will take a proactive investment role, not only to meet the challenges brought by funding for councils, but also importantly to manage growth and ensure prosperity for our communities. We must, therefore, maintain the income we receive now but also deliver our investment projects, enable the building of homes and increase our business base so that we deliver new income streams to replace those lost, which will enable us to continue delivering the services and wider community support which people value and make West Suffolk an attractive place to live, work and invest.
- 1.1.4 As we move into 2019/20, our financial plans see further reliance on delivery of our strategic projects. As we continue to shape those projects, focusing in and around our growth agenda, we also see the ongoing development of the Investment Strategy, with the following key pieces of further work continuing to progress:
- our property asset strategy including property acquisitions, disposals, maximising the value of our existing stock, and
 - place investment plans.
- 1.1.5 Some of the projects will need considerable investment, both in money - including creating new funds where needed through borrowing (supported by robust business cases) - resources and time, but that investment will build a more financially resilient and self-sufficient council, with less reliance on uncertain national or other funding. That focus on income-generating projects, which may span several years before they deliver a return, means we no longer look simply to balance a budget for one year. Importantly these economic growth projects will bring wider long term benefits to our areas than purely

financially robust councils, such as jobs, better health outcomes and investment in working with communities and place based initiatives.

1.2 **Local Government Provisional Finance Settlement 2019/20**

- 1.2.1 The provisional Local Government Finance Settlement for 2019/20 was announced on 13 December 2018. This confirmed our figures for the final year of the four year Revenue Support Grant settlement and confirmed details of the New Homes Bonus figure and rules.
- 1.2.2 There is no change to the way New Homes Bonus (NHB) legacy payments (from previous years housing growth) will be calculated and the baseline of 0.4% increase in the number of dwelling (converted to Band Ds) will remain.
- 1.2.3 The Council's total settlement funding assessment for 2019/20 (including Revenue Support Grant and Baseline Funding from retained business rates – before growth) is £4.647m.
- 1.2.4 There has been confirmation that there will be no change to the reduction of revenue support grant funding down to zero in 2020/21.
- 1.2.5 The implementation towards the new 75% Business Rates Retention (BRR) scheme and the review of the needs based assessment/formula that underpins our financial needs settlement from central government are both planned to be implemented from April 2020. Both changes create significant uncertainty to the council's medium term financial planning assumptions.
- 1.2.6 The worst case scenario for the review of the BRR scheme could be to completely re-set the baseline position to our current level of business rate income, thus removing the majority of the growth generated since 2013 under the current 50% BRR scheme. This would remove a significant amount of income (worst case – £1.5m) from the budget in 2020/21. At this stage it is not possible to model the outcome of the needs based assessment review, however, this could have a further impact on the income assumptions currently in the MTFS. This situation will be monitored and reviewed as information becomes available. We will continue to lobby and input into MHCLG consultations in order to make our position clear, including the recent 'A Review of Local Authorities' Relative Needs and Resources' and 'Business Rates Retention Reform' consultations, published alongside the provisional finance settlement.

1.3 **Council Tax referendum requirements 2019/20**

- 1.3.1 In December 2018, the Government announced the council tax referendum limits, being a 3% or £5 threshold (whichever is the higher) for council tax increases for 2019/20 for shire districts. Any council tax rise above this would trigger a local referendum, thus giving the local electorate the opportunity to approve or veto the increase. In addition, regulations have been laid setting out the rules for the harmonisation of council tax from the predecessor authorities, which provide that a council can choose to apply the referendum principles in any year before harmonisation to either the average council tax across the new council's whole area, or to the council tax in each predecessor area.

1.3.2 The current budget figures assume no increase in Band D council tax for 2019/20 for the predecessor area of St Edmundsbury, and a £4.95 increase for the predecessor area of Forest Heath. This assumption is in line with the approved business case for a single council for West Suffolk with council tax harmonisation planned over 7 years.

1.4 **Setting the budget – 2019/20 and across the medium term to 2022/23**

1.4.1 Performance and Audit Scrutiny committee scrutinised and recommended the approach to our medium term planning 2018/2021 (Report No: PAS/SE/19/006) and (Report No: PAS/FH/19/006 refer).

The starting position is from the existing MTFS which is balanced for each year from 2018/19 out to 2020/21 (including some cost saving targets). This has enabled the methodology for revising this outlook to be focussed on three areas:

1. Challenging the pre-existing assumptions and updating these to reflect new knowledge and information.
2. Collating new items that are required to support the delivery of West Suffolk Councils Strategic Plan.
3. Reflect any changes in the wider macro environment which require a change in approach from West Suffolk Council.

1.4.2 The process to validate each of these areas has been driven by workshop sessions to understand the trends and drivers behind each of the income and expenditure lines within each service area and project. The outcome of the sessions has then been reviewed at an overall council level by the Leadership Team to ensure a collective, corporate view.

1.4.3 The six approved MTFS themes below continue to be at the forefront of West Suffolk Council's financial strategy for delivering a sustainable medium term budget:

1. aligning resources to West Suffolk councils' Strategic Framework and essential services;
2. continuation of the shared service agenda and transformation of service delivery;
3. behaving more commercially;
4. considering new funding models (e.g. acting as an investor);
5. encouraging the use of digital forms for customer access; and
6. taking advantage of new forms of local government finance (e.g. business rate retention).

1.4.4 The Performance and Audit Scrutiny Committees have a key role in the scrutiny of the budget process and proposals for achieving a balanced budget. The lists of proposals were presented to members of the Performance and Audit Scrutiny Committee in November 2018 (Report Nos: PAS/SE/18/035 and PAS/FH/18/039, 'Approach to Delivering a Sustainable Medium Term Financial Strategy 2019-2020').

- 1.4.5 The Committees received a further update and additional proposals at its meeting in January 2019 (Report Nos: PAS/FH/19/006 and PAS/SE/19/006, 'Approach to Delivering a Sustainable West Suffolk Budget and Medium Term Financial Strategy 2019-2020').
- 1.4.6 Attachment A is the revenue budget summary, which provides an overview of the proposed income and expenditure for 2019/23. The total proposed revenue expenditure in 2019/20 is £48.11 million (excluding Housing Benefits).

1.5 **Capital programme 2019-2023**

- 1.5.1 The capital expenditure of the Council has an impact on the revenue budget and is part of the overall preparation of the revenue proposals for the coming year.
- 1.5.2 It is estimated that £20.223 million will be spent on capital programme schemes during 2019/20 which are to be funded by a combination of grants and contributions (£0.900 million), earmarked revenue reserves (£2.054 million), the usable capital receipts reserve (£2.736 million) and external borrowing (£14.533 million).
- 1.5.3 Looking ahead, the total value of the capital programme over the next four years is approximately £40.971 million. Attachment D, Appendix 2 shows the planned capital expenditure in financial year 2019/20 and future years, together with information on the funding of that expenditure (that is, grants and contributions, use of earmarked revenue reserves, useable capital receipts reserve and external borrowing) and is summarised in Table 2 below.

Table 2: Planned capital expenditure over four years to 2022/23

	2019/20 millions	2020/21 millions	2021/22 millions	2022/23 millions	Total millions
Gross capital expenditure	£20.223	£16.196	£1.829	£2.723	£40.971
Funded by:					
Grants and contributions	£0.900	£0.900	£0.900	£0.900	£3.600
Earmarked revenue reserves	£2.054	£2.562	£0.679	£1.573	£6.868
Capital receipts reserve	£2.736	£2.450	£0.250	£0.250	£5.686
External borrowing	£14.533	£10.284	£0.000	£0.000	£24.817
Total	£20.223	£16.196	£1.829	£2.723	£40.971

- 1.5.4 The quarter 3 Performance Monitoring as reported to the Performance and Audit Scrutiny Committee on 31 January 2019 identified a potential carry forward of £63.7m on the 2018/19 capital programme, relating to timing of profiled spend on a number of projects. These are set out in Attachment D, Appendix 2a.

Subject to the year end outturn position, any carry forwards will be added to the 2019/20 capital programme budget at the year end.

1.6 Disposal of assets

- 1.6.1 Part of the funding arrangements for the capital programme has been the disposal of surplus assets. The Council has plans to review its programme of asset disposals as part of the development of its Asset Management Strategy. Table 3 below is a summary estimate of the likely level of income from asset disposals over the period 2019/20 to 2022/23.

Table 3: Estimated income from asset disposals 2019-23

	2019/20 millions	2020/21 millions	2021/22 millions	2022/23 millions
Council share of Right to Buy receipts	£0.70	£0.70	£0.70	£0.70
Barley Homes Loan Repayments	£0.00	£5.95	£0.00	£0.00
Total	£0.70	£6.65	£0.70	£0.70

- 1.6.2 The above capital programme and asset disposals programme, along with the repayment of the loan given to Barley Homes (£5.95m), will, in the short to medium term, move the Council's usable capital receipts reserves from £2.061 million to £5.125 million. This assumes that all borrowing included within current and future business cases will be drawn down.
- 1.6.3 The calculation of interest income used in the medium term plans is based on the use of existing and anticipated capital expenditure and receipts, and external borrowing where the business cases assuming funding would come from borrowing. Changes in the level and timing of these cash flows have a direct impact on investment returns and revenue funding requirements. However, the Interest Equalisation Reserve does allow for some change in the budgeted levels of income from interest to be accommodated. The Prudential Code for Capital Finance and matters relating to the affordability of the Capital Programme are addressed in Attachment D, Appendix 4. The revenue cost of the capital programme is achievable across the medium term provided the savings and income streams indicated in the MTFS are implemented.

1.7 Minimum Revenue Provision (MRP)

- 1.7.1 The Treasury Management and Annual Investment Strategy included elsewhere on this agenda (Report No: EXC/SA/19/006 and the Prudential Indicators (Attachment D Appendix 4), provide a framework within which borrowing limits for the Council are established and will confirm our MRP policy for 2019/20.

1.8 General Fund Balance

- 1.8.1 The revenue budget, Attachment A, based on current budget projections, shows a balanced budget position for 2019/20. However, many of the assumptions

supporting the budget projections for 2019/20 (and future years) are subject to significant uncertainty. This includes assumptions regarding:

- (a) sustainability of income stream estimates (including commercial property rental income and planning income);
- (b) impact of Business Rates Retention scheme and Suffolk pooling arrangements; and
- (c) pay inflation and employer's pension liabilities.

1.8.2 The Council holds General Fund balances as a contingency to cover the cost of unexpected expenditure during the year. As outlined in Attachment C, "Adequacy of Reserves and Robustness of Budget Estimates", the Council's General Fund Balance is set at a minimum of £5m.

1.8.3 The recommended level of general fund balance has been established by taking into account the following:

- (a) allowance for a working balance to cushion the impact of any unexpected events or emergencies;
- (b) the new risks placed at a local level under the new business rates retention scheme, such as appeals;
- (c) the addition of greater income targets and project returns linked to being more commercial and the selling of councils' services; and
- (d) other risks detailed in the Scenario Planning and Sensitivity Analysis provided at Attachment D, Appendix 5.

1.8.4 The 2018-2019 Performance Reports (Quarter 3) to the Performance and Audit Scrutiny Committees on 31 January 2019 (Report Nos: PAS/SE/19/002 and PAS/FH/19/002) included an estimate of the year end budget position as a deficit of £27k. It is proposed to transfer any final year-end surplus in its entirety to the Council's Invest to Save reserve in order to fund future efficiencies and initiatives, which will help to mitigate any further risks or budget pressures going forward. It is proposed that any year-end deficit is supported by a transfer from the Council general fund reserve.

1.9 **Earmarked reserves**

1.9.1 At the beginning of the 2019/20 financial year the Council will have an estimated £25.341 million in earmarked reserves. The current level of earmarked reserves and contributions during 2019/20 has been reviewed and where appropriate annual contributions have been adjusted. Attachment D, Appendix 3, provides details of the proposed contributions to, and projected expenditure from, earmarked reserves during 2019/20 up to 2022/23. At the end of 2022/23 these reserve balances are estimated to fall to £23.903 million.

1.10 **Strategic Priorities and MTFS Reserve**

1.10.1 This reserve acts as a one-off fund to provide the financial capacity, either through direct investment (revenue and/or capital) or through servicing external borrowing, for the Council to drive forward the delivery of a sustainable Medium Term Financial Strategy (MTFS) and the West Suffolk Strategic Plan priorities.

- 1.10.2 Table 4 shows the total New Homes Bonus (NHB) grant payments made to the predecessor councils since the scheme began in 2011/12, including the expected West Suffolk Council receipt in 2019/20. These NHB allocations have all been put into this Strategic Priorities and MTFS reserve.

Table 4: New Homes Bonus – Grant Receipts

Year	Forest Heath millions	St Edmundsbury millions	West Suffolk millions
2011/12	£0.562	£0.268	£0.830
2012/13	£1.436	£0.559	£1.995
2013/14	£1.679	£0.757	£2.436
2014/15	£2.166	£0.886	£3.052
2015/16	£2.437	£1.219	£3.656
2016/17	£2.644	£1.754	£4.398
2017/18	£1.278	£1.553	£2.831
2018/19	£0.718	£1.272	£1.990
2019/20	N/A	N/A	£1.848

- 1.10.3 The 2019/20 budget and MTFS includes a number of draws on this reserve as previously approved or under consideration through the democratic process. Attachment E summarises the proposed draws on this reserve as part of the 2019/20 budget and the medium term budgets.

1.11 **Adequacy of reserves**

- 1.11.1 Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Assistant Director (Resources and Performance)) to report to Shadow Council, as part of the tax setting report, her view of the robustness of estimates and the adequacy of reserves. The Shadow Council is required to take these views into account when setting the council tax at its meeting on 19 February 2019. The full statement is set out in Attachment C.

- 1.11.2 In summary, the Section 151 Officer’s overall assessment is that the estimates are robust (taking into account known risks and mitigating strategies) and reserves are adequate for the 2019/20 budget plans.

1.12 **Proposed Council Tax Discount for Care Leavers**

- 1.12.1 It is proposed that from 1 April 2019, West Suffolk Council adopt a Suffolk-wide policy to award 100% council tax discount to West Suffolk residents aged 16-25 who were previously under the care of Suffolk County Council and who live alone; with other care leavers; or others who are disregarded for council tax purposes (e.g. full-time students). Care leavers will also be disregarded for council tax purposes so that if they live with a single occupier, that person will not lose their 25% discount.

- 1.12.2 The cost to West Suffolk Council is likely to be a maximum of £15,000 each year. Full background information on the proposal is included in Attachment H to this report.

1.13 **Legal implications**

1.13.1 The Local Government Act 2003 imposed duties on local authorities in relation to financial management which covers the following areas:

- a) A power for the Secretary of State to determine a minimum reserve level for local authorities by regulations. The Government has indicated that their preference is to keep this power in reserve.
- b) Section 25 of the Act places a requirement on the S151 Officer to report on the adequacy of reserves and robustness of budget estimates as part of the authority's annual budget setting process. The Shadow Council is required to take these views into account when setting the Council Tax at its meeting on 19 February 2019. This is included as Attachment C of the report.
- c) Sections 28 and 29 of the Act place a statutory duty on local authorities to monitor their budgets and take such action as considered necessary in the case of overspends and shortfalls of income.
- d) Section 30 of the Act relates to the provisions preventing local authorities entering into agreements following a Section 114 Report which a S151 Officer must produce when it appears that expenditure of the authority in a financial year is likely to exceed the resources available to meet the expenditure. No such report has been produced for West Suffolk this year.

	2019/20	2020/21	2021/22	2022/23
(Income) & Expenditure:	Total Budget £	Projected Budget £	Projected Budget £	Projected Budget £
Government Grants Outside Aggregate External Funding (AEF)	(34,904,220)	(34,904,220)	(34,904,220)	(34,904,220)
Transfer Payments, eg. The cost of payments to individuals for which no goods or services are received (primarily Benefits)	35,345,402	35,345,402	35,345,402	35,345,402
Overpayments Recovered	(491,182)	(441,182)	(441,182)	(441,182)
Total Benefits:	(50,000)	0	0	0
Income from Business Rates (excluding Baseline Funding)	(1,476,634)	(2,475,567)	(2,519,117)	(2,563,467)
Council Tax Income	(9,481,825)	(9,668,200)	(9,857,354)	(10,049,324)
Grants:				
Baseline Funding - Business Rate Retention Scheme	(4,451,218)	(4,540,218)	(4,631,018)	(4,723,618)
New Homes Bonus Grant	(1,848,172)	(1,390,088)	(1,390,088)	(1,390,088)
Other Grants	(1,969,975)	(1,169,807)	(1,144,846)	(1,144,846)
	(19,227,824)	(19,243,880)	(19,542,423)	(19,871,343)
Contributions:				
Contributions - Suffolk County Council	(388,846)	(388,846)	(388,846)	(388,846)
Contributions - Other Organisations	(567,981)	(604,981)	(960,981)	(960,981)
	(956,827)	(993,827)	(1,349,827)	(1,349,827)
Reimbursements:				
Service Level Agreement (SLA) Income	(733,835)	(748,535)	(763,485)	(778,735)
Other Reimbursements	(1,613,568)	(1,613,568)	(1,613,568)	(1,613,568)
	(2,347,403)	(2,362,103)	(2,377,053)	(2,392,303)
Sales:				
Sales - Tickets	(1,125,687)	(1,148,187)	(1,171,137)	(1,194,537)
Fees - Planning Application	(1,725,600)	(1,778,800)	(1,782,050)	(1,785,350)
Fees - Building Regulations	(340,000)	(346,800)	(353,750)	(360,850)
Fees - Refuse Collection & Disposal	(3,985,155)	(4,120,747)	(4,205,666)	(4,289,766)
Fees - Car Parking	(6,339,187)	(6,628,187)	(6,673,187)	(6,673,187)
Growth Income	(702,633)	(1,938,000)	(2,717,000)	(2,717,000)
Other Sales	(5,385,774)	(5,608,816)	(5,729,423)	(5,810,545)
	(19,604,036)	(21,569,537)	(22,632,213)	(22,831,235)
Rental:				
Rents - Industrial Units	(2,640,065)	(2,640,065)	(2,640,065)	(2,640,065)
Rents - Shops	(1,325,220)	(1,287,220)	(1,332,220)	(1,332,220)
Rents - Land	(956,428)	(964,428)	(964,428)	(964,428)
Other Rental	(664,365)	(725,906)	(875,406)	(875,906)
	(5,586,078)	(5,617,619)	(5,812,119)	(5,812,619)
Investment Interest & Dividends received	(337,642)	(1,220,500)	(225,500)	(234,500)
Total Income (excluding Benefits):	(48,059,810)	(51,007,466)	(51,939,135)	(52,491,827)
Expenditure:				
Total Cost of Employment	27,095,683	28,095,429	29,602,585	31,214,992
Premises Costs	5,933,369	5,941,419	6,042,779	6,138,279
Transport Costs	1,238,366	1,150,616	1,188,416	1,228,116
Supplies & Services Costs	8,718,882	7,707,282	7,543,173	7,486,453
Third Party Payments, eg. Provision of services by other organisations that could be performed in-house.	1,946,471	1,921,016	1,910,376	1,910,376
Capital Costs, eg. Interest on borrowing, Minimum Revenue Provision	1,668,080	3,461,474	4,760,474	4,759,474
Net Contribution to Reserves (excluding Employee-related contributions which are included under the Total Cost of Employment)	1,508,959	2,730,230	3,168,873	3,295,429
Total Expenditure (excluding Benefits):	48,109,810	51,007,466	54,216,676	56,033,119
Total Budget Gap:	0	0	2,277,540	3,541,292

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Summary of Major Budget Changes	19/20 Pressure/ (Saving) £000	20/21 Pressure/ (Saving) £000	21/22 Pressure/ (Saving) £000	22/23 Pressure/ (Saving) £000
Existing Savings Targets within 2018/19 MTFS	0	300	1,914	2,745
Budget Changes as previously reported to 28 November 2018 PASC:				
<u>Additional Pressures</u>				
Salary Revision (impact of 18/19 changes)	508	430	453	477
Payline Alignment	228	233	241	249
LT Salary	40	41	42	42
Members Allowances (inc. Special Responsibility)	88	88	88	88
Blue Bins - Increased Tipping Charges	423	424	425	426
Car Park Income	394	254	209	209
Growth Fund - Revised Outlook	300	150	0	0
Barley Homes - Revised Business Case	197	(96)	(37)	(35)
Trade Waste Costs	60	60	60	60
Local Plan Costs	70	70	70	70
Information Security Role	60	61	62	64
Rough Sleeper Costs	41	41	41	41
Total Additional Pressure	1,900	1,325	1,200	1,214
<u>Additional Income/Savings</u>				
Solar Income	(160)	0	0	0
Solar Costs	(40)	(40)	(40)	(40)
Professional Fees	(100)	(100)	(100)	(100)
Trade Waste Income	(160)	(84)	(42)	(42)
Ground Maintenance Income	(100)	(102)	(104)	(106)
Housing Options - HB Income	(72)	(72)	(72)	(72)
Apex Booking Fee	(34)	(34)	(34)	(34)
Shared Legal Service Income (BMS/Babergh)	(90)	(90)	(90)	(90)
Other Waste Services Income	(46)	(47)	(48)	(48)
Total Additional Income/Savings	(802)	(569)	(530)	(532)
Net Impact	1,098	1,056	2,584	3,427
<u>Proposed Solutions Adopted at PASC 28/11/18</u>				
Reserve Fund:				
- Growth Fund - Revised Outlook	(300)	(150)	0	0
- WSOH Business Management posts (2 years)	(150)	(150)	0	0
- Revised reserve contributions	(215)	(215)	0	0
- Blue Bins - Increased Tipping Charges	(142)	0	0	0
Budget for 18/19 Collection Fund surplus	(100)	0	0	0
Reduce Corporate Agency Budget (from £200k)	(150)	(150)	(150)	(150)
Total Solutions adopted at PASC 28/11/18	(1,057)	(665)	(150)	(150)
Budget Gap as at PASC 28/11/18	41	391	2,434	3,277

Summary of Major Budget Changes	19/20 Pressure/ (Saving) £000	20/21 Pressure/ (Saving) £000	21/22 Pressure/ (Saving) £000	22/23 Pressure/ (Saving) £000
Budget Changes as previously reported to 31 January 2019 PASC:				
Revised Interest Payable (revised borrowing date)	(274)	(369)	(326)	(327)
Revised Interest Receivable (revised borrowing date)	299	373	379	370
Revised MRP (based on revised project timing)	(252)	(263)	75	78
Unallocated Project Spend - Capital Costs	227	0	0	0
Extend assumption on Solar Pricing	0	(160)	(160)	0
Other minor changes	(41)	28	(124)	144
Total Proposed Solutions	(41)	(391)	(156)	265
Final Budget Position	0	0	2,278	3,542

**Adequacy of Reserves and Robustness of Budget Estimates
Report by the Assistant Director (Resources and Performance)
(S151 Officer)**

1. Introduction

Section 25 of the Local Government Act 2003 requires the Section 151 Officer/Chief Financial Officer (Assistant Director (Resources and Performance)) to formally report to Council as part of the tax setting report her view of the robustness of estimates and the adequacy of reserves. The Council is required to take these views into account when setting the Council Tax at its meeting on 19 February 2019.

2 Financial Controls

2.1 West Suffolk Council operates a comprehensive and effective range of financial management policies. These are contained in the Financial Procedure Rules, which form part of the council's Constitution. This Constitution is available on the council's internet and intranet.

2.2 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the Annual Governance Statement.

2.3 The Council continues to implement effective risk management policies, identifying corporate, operational and budget risks and mitigating strategies. Capital projects are subject to a comprehensive work plan which includes detailed risk management strategies. The Council operates a bi-monthly projects review at Leadership Team reporting by exception on corporate projects (placed based and transformational programmes meet monthly), which include capital and revenue projects. We introduced programme management during 2017 to further sophisticate the management of the interdependencies between the various projects.

2.4 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily.

2.5 This is backed up by the review processes of Cabinet, with the Performance and Audit Scrutiny Committee undertaking the role of the Council's Audit Committee.

3 Adequacy of Reserves

Unallocated general fund reserve

3.1 This statement focuses upon the unallocated general fund reserve. The minimum prudent level of reserves that the Council should maintain is a matter of judgement and cannot be judged merely against the current risks facing the Council as these can and will change over time.

3.2 The consequences of not keeping a prudent minimum level of reserves can be serious. In the event of a major problem or a series of events, the Council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

3.3 CIPFA (Chartered Institute of Public Finance and Accountancy) have issued a notification from the LAAP (Local Authority Accounting Panel) stating that there should be no imposed limit on level or nature of balances required to be held by an individual Council (except under section 26 where this has been imposed by ministers).

3.4 When setting the minimum level of reserves, the Section 151 Officer has taken into account strategic, operational and financial risks when recommending the minimum level of unallocated General Fund reserves. These include:

- Economy measures and service reductions always contain some degree of uncertainty as to whether their full effects will be achieved;
- The effect of the macro-economy on West Suffolk Council, and subsequent loss of income from Council Tax, Business Rates and from fees and charges;
- The delivery of all savings, projects and income targets;
- The new risks placed at a local level under the new business rates retention scheme i.e. appeals;
- The addition of greater income targets linked to 'behaving more commercially' and the selling of council services;
- Unforeseeable events such as major inclement weather (floods etc) which may require urgent, material spending to be incurred;
- Risks in relation to litigation;
- Risks of grants being introduced or removed mid year, requiring authority contributions;
- The need to retain a general contingency to provide for unforeseen circumstances; and
- Other risks detailed in the Scenario Planning and Sensitivity Analysis provided at Attachment D, Appendix 5.

As a consequence, it is recommended that the general fund reserve is set at a minimum of £5m.

3.5 If an event occurs that is so serious it depletes the Council reserves to below the limit of £5m, then the Council will take appropriate measures to raise the general fund reserve to the desired level as soon as possible without undermining service provision.

Other Reserves

3.6 The Council has a variety of other reserves which are earmarked for specific purposes. The significant items to be drawn out as part of the 2019-23 budget setting process are:

- Reserves expected to be utilised/committed to support the strategic objectives and medium term financial strategy (MTFS) of the Council:
 - Strategic Priorities and MTFS Reserve
 - Investing in our Growth Agenda Reserve

- Business Rates Pilot: Place-based Reserve – to hold the benefit of the Suffolk 100% business rates retention pilot in 2018/19. To be utilised against projects as agreed by the West Suffolk Leaders (County/Districts)
- Housing Benefits Equalisation Reserve – available to assist with significant impacts of Housing Benefit subsidy rates/overpayment income fluctuations
- Business Rates Equalisation Reserve – available to assist with significant impacts of the Business Rates Retention scheme and appeals
- Interest Equalisation Reserve – available to assist with significant impacts of interest rate fluctuations
- Capital Project Financing Reserve – available to assist with significant impacts of borrowing cost fluctuations
- Invest to Save Reserve - to be utilised/committed to support the delivery of saving and efficiency requirements of the Council
- Building Repairs Reserve - utilised to fund the council's Asset Management Plan
- Vehicle, Plant and Equipment Reserve - utilised to fund the council's replacement plan for these assets

With reference to the Investment Framework all Business Cases will be assessed on the basis of borrowing as capital receipts are reducing in the medium term. Assessment of reserves balances will also be considered as part of any business case.

4 Robustness of Estimates

4.1 The treatment of inflation, interest and borrowing rates

A final pay award offer was made by employers on 5 December 2017 covering the period from 1st April 2018 to 31st March 2020 (amounting to a 2% a year increase with additional "bottom loading" for staff at the lower end of the pay scale) and this has been included in the estimates for 2019/20. Non pay related budgets have not been inflated unless there is a contractually committed rate of inflation where services can demonstrate a requirement to do so to maintain service delivery levels. Increases for fees and charges have been set in line with inflation where appropriate.

The average rate of return on Council investments for 2019/20 has been assumed at 0.9%. Borrowing rates have been assumed in line with business case assumptions.

4.2 Budget and Financial management

West Suffolk has a good record of budget and financial management and is expecting a balanced position across the first two years of the MTFs from April 2019 to March 2021. All relevant reports to Cabinet and Committee have their financial effects identified and the Leadership Team keeps any emerging budget

pressures under review during the year. Monthly reports are received by the Leadership Team and quarterly reports to the Performance and Audit Scrutiny Committee detail both budgetary and performance indicators.

The Council has a number of demand led budgets and historically it has been able to manage changes in demand to ensure a sound financial standing at the end of the financial year.

4.3 Adequacy of insurance and risk management

Strategic risk management is embedded throughout the Council to ensure that all risks are identified, mitigated and managed appropriately. The Council's insurance arrangements are in the form of external insurance premiums and internal funds to self insure some items.

Projects will be subject to Business Case challenge on financial and risk matters and, to reflect their importance in the achievement of the balanced MTFS, now have a dedicated Finance Business Partner.

Income assumptions will be continually subject to review through Project monitoring and regular finance reviews and reporting.

5 Risk Assessment

A risk assessment is included at Attachment D, Appendix 5 as part of the Scenario and Sensitivity Analysis. All areas will be monitored by the Chief Financial Officer but they are the culmination of individual managers' responsibilities and combine to establish overall corporate responsibility.

6 Conclusion

- (1) Overall, the estimates are robust, taking into account known risks and mitigating strategies and the reserves are adequate for the 2019/20 budget plans.**
- (2) Shadow Executive and Shadow Council are asked to have regard to this report when making their decisions on the 2019/20 budget.**

Rachael Mann
Assistant Director (Resources and Performance)
January 2019

Description	Item	2019/20 Total Budget £000s	2020/21 Projected Budget £000s	2021/22 Projected Budget £000s	2022/23 Projected Budget £000s
Net Service Expenditure before Interest	1	16,384	15,567	16,088	17,691
Interest received on Investments	2	(137)	(55)	(61)	(70)
Dividends	3	0	(900)	(113)	(113)
External Interest Paid	4	170	170	170	170
Interest on Borrowing	5	513	1,490	2,083	2,082
Minimum Revenue Provision	6	986	1,802	2,508	2,508
Net Expenditure after Interest & Capital	7	17,916	18,074	20,675	22,268
Remaining Budget Gap	8	0	0	(2,278)	(3,542)
Budget Requirement (excluding Parishes)	9	17,916	18,074	18,397	18,726
Collection Fund Deficit/(Surplus) - Council Tax	10	(289)	0	0	0
Collection Fund Deficit/(Surplus) - Business Rates	11	1,118	0	0	0
Revenue Support Grant	12	(196)	0	0	0
Business Rates Retention - Baseline funding	13	(4,451)	(4,540)	(4,631)	(4,724)
Business Rates Retention - Local Share of Growth/S31 Grants	14	(1,792)	(1,663)	(1,696)	(1,730)
Business Rates Retention - Share of Suffolk Pooling	15	(300)	(300)	(300)	(300)
Business Rates Retention - Renewable Energy	16	(503)	(513)	(523)	(533)
Rural Services Delivery Grant	17	(173)	0	0	0
New Homes Bonus Grant	18	(1,848)	(1,390)	(1,390)	(1,390)
Amount to be charged to Council Taxpayers	19	9,482	9,668	9,857	10,049
Council Tax Base	20	55,056.11	55,606.67	56,162.74	56,724.37
Council Tax at Band D - former Forest Heath Taxpayers	21	£152.28	£157.23	£162.18	£167.13
Council Tax at Band D - former St Edmundsbury Taxpayers	22	£182.16	£182.16	£182.16	£182.16
Total Council Tax generated (excluding Parishes)	23	9,482	9,668	9,857	10,049
Town and Parish Council Precepts (see Note 1)	24	3,823	3,823	3,823	3,823
Total Council Tax generated (including Parishes) – Demand on the Council Tax Collection Fund	25	13,305	13,491	13,680	13,872
General Fund					
Balance as at 1 April	26	5,036	5,036	5,036	5,036
Transfer to / (from) Reserve	27	0	0	0	0
Closing General Fund Balance as at 31 March	28	5,036	5,036	5,036	5,036
Net Expenditure for General Fund purposes	29	17,916	18,074	20,675	22,268
General Fund balance as % of Net Expenditure	30	28.11%	27.86%	24.36%	22.62%
Earmarked Reserves					
Balance as at 1 April	31	25,341	22,929	21,455	22,797
Contributions to / (from) Reserves	32	(2,412)	(1,474)	1,342	1,106
Closing Earmarked Reserves Balances as at 31 March	33	22,929	21,455	22,797	23,903

Note 1

Provisional figures - to be finalised for Shadow Council meeting on 19 February 2019.

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Project Description	2019/20 Total Budget £	2020/21 Total Budget £	2021/22 Total Budget £	2022/23 Total Budget £	Total Budget (Over 4 Years) £	4 Year Programme Financing				
						Capital Receipts £	Capital Borrowing £	Revenue Reserves £	Grants & Contributions £	Total Financing £
Mildenhall Hub	9,000,000	10,284,000	0	0	19,284,000	0	19,284,000	0	0	19,284,000
Brandon Leisure Centre & GP Surgery	800,000	0	0	0	800,000	0	0	800,000	0	800,000
Private Sector Disabled Facilities Grants	900,000	900,000	900,000	900,000	3,600,000	0	0	0	3,600,000	3,600,000
Private Sector Renewal Grants	250,000	250,000	250,000	250,000	1,000,000	1,000,000	0	0	0	1,000,000
Vehicle & Plant Purchases	938,000	2,246,000	363,000	1,257,126	4,804,126	0	0	4,804,126	0	4,804,126
West Suffolk Operational Hub	2,533,177	0	0	0	2,533,177	0	2,533,177	0	0	2,533,177
Leisure Asset Management Scheme	316,000	316,000	316,000	316,000	1,264,000	0	0	1,264,000	0	1,264,000
Barley Homes	2,486,000	2,200,000	0	0	4,686,000	4,686,000	0	0	0	4,686,000
Unallocated Capital Budget	3,000,000	0	0	0	3,000,000		3,000,000			3,000,000
CAPITAL TOTALS:	20,223,177	16,196,000	1,829,000	2,723,126	40,971,303	5,686,000	24,817,177	6,868,126	3,600,000	40,971,303

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2018/19 Capital Programme - Potential Carry Forwards

Attachment D Appendix 2a

Project Description	2018/19 Revised Budget £	2018/19 Quarter 3 Forecast Spend £	2018/19 Potential Carry Forward £
Leisure Capital Investment Fund	5,025,984	1,525,984	3,500,000
Mildenhall Hub	10,034,484	1,000,000	9,034,484
Mildenhall Hub - Investing In Renewable Energy	2,000,000	0	2,000,000
Swimming Pool Mildenhall	250,000	0	250,000
Housing Solutions	275,000	0	275,000
Private Sector Disabled Facilities Grants	1,051,553	958,923	92,630
Community Energy Plan	2,232,182	1,005,000	1,227,182
West Suffolk Operational Hub	12,504,292	8,895,213	3,609,079
Bury St Edmunds, Parkway Multi-Storey Car Park structural works	190,900	0	190,900
Bury Sports Club Project	100,000	0	100,000
Bury Leisure Centre - All Weather Pitch	150,000	0	150,000
Abbey Gardens Extension: Eastgate Nursery	200,000	50,000	150,000
High Street Haverhill Improvements	693,000	0	693,000
Barley Homes	3,356,500	1,642,500	1,714,000
Investing in our Growth Agenda	34,466,651	0	34,466,651
Renovation of 17/18 Cornhill, Bury St Edmunds	6,720,000	422,217	6,297,783
CAPITAL TOTALS:	79,250,547	15,499,837	63,750,709

Note:

The Capital Programme as shown in Appendix 2 is based on the assumption that the approved 2018/19 projects will be fully spent by the end of the year.

The quarter 3 Performance Monitoring as reported to the Performance & Audit Scrutiny Committee on 31 January 2019 includes a year end forecast for 2018/19, with an indication of those projects that may require to be carried forward into 2019/20.

The projects as shown above reflect those projects that are currently forecast to be carried forward.

The actual Project Carry Forward amounts required will be reported to the May 2019 Performance & Audit Scrutiny Committee and the 2019/20 Capital Programme will be revised accordingly.

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2019/20 Earmarked Revenue Reserves

Attachment D Appendix 3

Reserve Details	2019/20	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21
	Budgeted Opening Balance £	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Reserve Transfers £	Budgeted Closing Balance £	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Closing Balance £
STRATEGIC RESERVES								
Strategic Priorities & MTFS Reserve	1,914,964	1,848,173	(1,319,691)	435,032	2,878,478	1,484,089	(880,125)	3,482,442
Investing in our Growth Agenda Reserve	1,366,377	0	(377,977)	0	988,400	0	(454,509)	533,891
Business Rates Retention Pilot: Place-Based Reserve	2,657,000	0	(1,594,558)	0	1,062,442	0	(285,917)	776,525
FINANCIAL PLANNING RESERVES								
Invest to Save Reserve	2,836,082	32,000	(574,787)	557,072	2,850,367	0	(209,422)	2,640,945
Risk & Recession Reserve (to be transferred to the Invest to Save Reserve)	557,072	0	0	(557,072)	0	0	0	0
Business Rates Retention Equalisation Reserve	4,056,638	1,127,041	(1,117,790)	0	4,065,889	987,425	0	5,053,314
Housing Benefits Equalisation Reserve	914,506	0	0	0	914,506	0	0	914,506
Capital Project Financing Reserve	368,976	367,784	(157,500)	0	579,260	1	(224,184)	355,077
Interest Equalisation Reserve	359,630	0	0	0	359,630	0	0	359,630
Self Insured Reserve	367,808	20,000	(20,000)	0	367,808	20,000	(20,000)	367,808
Election Reserve	172,888	60,000	(200,000)	0	32,888	60,000	0	92,888
Planning Reserve	389,308	180,000	(257,500)	62,797	374,605	180,000	(300,500)	254,105
Planning Delivery Grant Reserve (to be transferred to the Planning Reserve)	62,797	0	0	(62,797)	0	0	0	0
SERVICE DELIVERY RESERVES								
Computer & Telephone Equipment Reserve	439,007	150,000	(150,000)	0	439,007	150,000	(150,000)	439,007
Office Equipment Reserve	457,103	49,800	(21,000)	6,000	491,903	49,800	(21,000)	520,703
The Apex Reserve (to be transferred to the Office Equipment Reserve in 2019/20)	6,000	0	0	(6,000)	0	0	0	0
Professional Fees Reserve (to be transferred to the Strategic Priorities & MTFS Reserve)	405,032	0	0	(405,032)	0	0	0	0
Anglia Revenues Partnership Reserve	811,867	0	(23,000)	0	788,867	0	0	788,867
Vehicle, Plant & Equipment Reserve	1,572,301	946,100	(938,000)	0	1,580,401	817,100	(2,246,000)	151,501
Waste Management Reserve	486,619	62,950	(93,450)	0	456,119	62,950	(93,450)	425,619
Building Repairs Reserve - Property	1,957,588	1,367,840	(1,429,840)	33,957	1,929,545	1,367,840	(1,429,840)	1,867,545
Leased Flats Management Reserve (to be transferred to the Building Repairs Reserve)	33,957	0	0	(33,957)	0	0	0	0
Industrial Unit Service Charge Reserve	56,526	0	0	0	56,526	0	0	56,526

2019/20 Earmarked Revenue Reserves

Attachment D Appendix 3

Reserve Details	2019/20	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21
	Budgeted Opening Balance £	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Reserve Transfers £	Budgeted Closing Balance £	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Closing Balance £
Industrial Rent Reserve	645,000	0	(110,000)	0	535,000	0	(110,000)	425,000
Building Repairs Reserve - Leisure	162,373	316,000	(316,000)	0	162,373	316,000	(316,000)	162,373
Abbey Gardens Donation Reserve	38,766	0	0	0	38,766	0	0	38,766
Newmarket Stallion Statue Reserve	20,809	0	0	0	20,809	0	0	20,809
Communities against Drugs Reserve (to be transferred to the Strategic Priorities & MTFs)	30,000	0	0	(30,000)	0	0	0	0
Housing Options Reserve	430,078	460,374	(594,582)	0	295,870	391,374	(514,449)	172,795
SECTION 106 RESERVES								
Commuted Maintenance Reserve	843,985	0	(103,510)	0	740,475	0	(103,510)	636,965
Public Service Village Reserve	92,825	0	0	0	92,825	0	0	92,825
S106 Monitoring Officer Reserve	65,091	30,600	(30,000)	0	65,691	30,600	(30,000)	66,291
S106 Revenue Reserve	185,842	0	0	0	185,842	0	0	185,842
OTHER RESERVES								
Gershom Parkington Reserve	563,219	8,300	(5,140)	0	566,379	8,300	(5,640)	569,039
Economic Development Reserve (LABGI)	13,187	0	(5,000)	0	8,187	0	(5,000)	3,187
Total Budgeted Reserves:	25,341,221	7,026,962	(9,439,325)	0	22,928,858	5,925,479	(7,399,546)	21,454,791

2019/20 Earmarked Revenue Reserves

Reserve Details	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Closing Balance £	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Closing Balance £
STRATEGIC RESERVES						
Strategic Priorities & MTFS Reserve	1,390,089	(567,500)	4,305,031	1,390,089	(567,500)	5,127,620
Investing in our Growth Agenda Reserve	0	(467,337)	66,554	0	(66,554)	0
Business Rates Retention Pilot: Place-Based Reserve	0	(190,458)	586,067	0	(50,013)	536,054
FINANCIAL PLANNING RESERVES						
Invest to Save Reserve	0	49,700	2,690,645	0	49,700	2,740,345
Risk & Recession Reserve (to be transferred to the Invest to Save Reserve)	0	0	0	0	0	0
Business Rates Retention Equalisation Reserve	1,003,062	0	6,056,376	1,020,611	0	7,076,987
Housing Benefits Equalisation Reserve	0	0	914,506	0	0	914,506
Capital Project Financing Reserve	1	0	355,078	1	0	355,079
Interest Equalisation Reserve	0	0	359,630	0	0	359,630
Self Insured Reserve	20,000	(20,000)	367,808	20,000	(20,000)	367,808
Election Reserve	60,000	0	152,888	60,000	0	212,888
Planning Reserve	180,000	(218,500)	215,605	180,000	(121,500)	274,105
Planning Delivery Grant Reserve (to be transferred to the Planning Reserve)	0	0	0	0	0	0
SERVICE DELIVERY RESERVES						
Computer & Telephone Equipment Reserve	150,000	(150,000)	439,007	150,000	(150,000)	439,007
Office Equipment Reserve	49,800	(21,000)	549,503	49,800	(21,000)	578,303
The Apex Reserve (to be transferred to the Office Equipment Reserve in 2019/20)	0	0	0	0	0	0
Professional Fees Reserve (to be transferred to the Strategic Priorities & MTFS Reserve)	0	0	0	0	0	0
Anglia Revenues Partnership Reserve	0	0	788,867	0	0	788,867
Vehicle, Plant & Equipment Reserve	817,100	(363,000)	605,601	817,100	(1,257,126)	165,575
Waste Management Reserve	62,950	(93,450)	395,119	62,950	(93,450)	364,619
Building Repairs Reserve - Property	1,367,840	(1,429,840)	1,805,545	1,367,840	(1,429,840)	1,743,545
Leased Flats Management Reserve (to be transferred to the Building Repairs Reserve)	0	0	0	0	0	0
Industrial Unit Service Charge Reserve	0	0	56,526	0	0	56,526

2019/20 Earmarked Revenue Reserves

Attachment D Appendix 3

Reserve Details	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Closing Balance £	Budgeted Contribution to Reserve £	Budgeted Contribution from Reserve £	Budgeted Closing Balance £
Industrial Rent Reserve	0	(110,000)	315,000	0	(110,000)	205,000
Building Repairs Reserve - Leisure	316,000	(316,000)	162,373	316,000	(316,000)	162,373
Abbey Gardens Donation Reserve	0	0	38,766	0	0	38,766
Newmarket Stallion Statue Reserve	0	0	20,809	0	0	20,809
Communities against Drugs Reserve (to be transferred to the Strategic Priorities & MTFs)	0	0	0	0	0	0
Housing Options Reserve	391,374	(465,197)	98,972	391,374	(465,197)	25,149
<u>SECTION 106 RESERVES</u>						
Commuted Maintenance Reserve	0	(103,510)	533,455	0	(103,510)	429,945
Public Service Village Reserve	0	0	92,825	0	0	92,825
S106 Monitoring Officer Reserve	30,600	(30,000)	66,891	30,600	(30,000)	67,491
S106 Revenue Reserve	0	0	185,842	0	0	185,842
<u>OTHER RESERVES</u>						
Gershom Parkington Reserve	8,300	(6,140)	571,199	8,300	(6,640)	572,859
Economic Development Reserve (LABGI)	0	(3,187)	0	0	0	0
Total Budgeted Reserves:	5,847,116	(4,505,419)	22,796,488	5,864,665	(4,758,630)	23,902,523

WEST SUFFOLK COUNCIL
PRUDENTIAL INDICATORS & MRP POLICY 2019/2020

1. Background

- 1.1 Each year the Council sets an annual budget, which details the revenue and capital resources required to meet its priorities for service delivery. Under the provisions of The Local Government Act 2003, local authorities are able to make their own decisions about capital expenditure plans providing they assess the financing of this to be affordable, prudent and sustainable. The Council must also ensure treasury management decisions are made in accordance with good professional practice and understanding the risks involved while managing the risks to levels acceptable by the Council. In addition to complying with the Act they must comply with:
- a. the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003; and
 - b. the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities.
- 1.2 The Prudential Code was developed by the Chartered Institute of Public Finance and Accounting (CIPFA) to assist local authorities in taking their decisions.
- 1.3 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. The Secretary of State has issued guidance on Minimum Revenue Provision and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

2. Objectives

- 2.1 The key objectives are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.
- 2.2 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.

- 2.3 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets the indicators that must be used, and the factors that must be taken into account.
- 2.4 These targets are known as the “Prudential Indicators” and particular indicators will be used to separately assess:
- Capital Expenditure
 - External Debt
 - Affordability
 - Treasury Management

Process and Governance

- 2.5 The Prudential Code sets out a clear governance procedure for the setting and revising of a capital strategy and prudential indicators. This is done by the same body that takes the decisions for the local authority’s budget – Full Council. The chief finance officer, the Assistant Director (Resources and Performance), is responsible for ensuring that all matters required to be taken into account are reported to full Council for consideration, and for establishing procedures to monitor performance.
- 2.6 In setting the indicators due regard was paid to the following matters:
- service objectives, eg strategic planning for the authority
 - stewardship of assets, eg asset management planning
 - value for money, eg option appraisal
 - prudence and sustainability, eg risk, implications for external debt and whole life costing
 - affordability, eg implications for council tax/district rates
 - practicality, eg achievability of the forward plan.
- 2.7 Set out below are the indicators for 2019/2020 and beyond. For each indicator, the CIPFA requirements of the code are set out in bold italics. An explanation is provided, unless the indicator and limits are completely self-explanatory.
- 2.8 The figures used to compile the indicators which are detailed in this report are based on the latest five year capital programme and medium term financial strategy (MTFS).

3 Capital Strategy

- 3.1 In accordance with the CIPFA Prudential Code 2017 and in order to demonstrate the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability the Council has in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

4 Prudential Indicators 2019/20 – 2022/23

CAPITAL EXPENDITURE

Estimates of Capital Expenditure & Actual Capital Expenditure 2019/20

- 3.1 **The local authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. These prudential indicators shall be referred to as:**

'Estimate of total capital expenditure to be incurred in years 1, 2 and 3.'

- 3.2 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable and affordable limits.

	2019/20 millions	2020/21 millions	2021/22 millions	2022/23 millions	Total millions
Gross capital expenditure	£20.223	£16.196	£1.829	£2.723	£40.971
Funded by:					
Grants and contributions	£0.900	£0.900	£0.900	£0.900	£3.600
Earmarked revenue reserves	£2.054	£2.562	£0.679	£1.573	£6.868
Capital receipts reserve	£2.736	£2.450	£0.250	£0.250	£5.686
External borrowing	£14.533	£10.284	£0.000	£0.000	£24.817
Total	£20.223	£16.196	£1.829	£2.723	£40.971

*These figures may decrease/increase if the S151 Officer uses her delegated authority under the MRP Policy to use greater amounts of usable capital receipts instead of borrowing. The total capital expenditure will remain the same.

Estimates of Capital Financing Requirement (CFR) & Actual CFR 2019/20

- 3.3 **The local authority will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years. These prudential indicators shall be referred to as:**

'Estimate of capital financing requirement as at the end of years 1, 2 and 3'

- 3.4 The capital financing requirement can simply be understood as the Council's underlying need to borrow money long term. It does not necessarily mean that

borrowing will be undertaken. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Investment Property, Non-Current and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account and any other balances treated as capital expenditure. The indicator takes account of the borrowing requirement and the minimum revenue provision.

	31.3.18	31.3.19	31.3.19	31.3.20	31.3.21	31.3.22
	Actual	Approved	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
Capital Financing Requirement (CFR)	8.3	65.7	24.4	77.9	77.1	76.4

*These figures may increase/decrease if the S151 Officer uses her delegated authority under the MRP Policy to use greater amounts of usable capital receipts instead of borrowing. The total capital expenditure will remain the same.

- 3.5 The forecast capital financing requirement reflects the changes to the overall capital programme, including pending projects.

EXTERNAL DEBT

Authorised Limit

- 3.6 ***The local authority will set for the forthcoming financial year and the following two financial years an authorised limit for its total gross external debt, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as:***

Authorised limit for external debt = authorised limit for borrowing + authorised limit for other long term liabilities for years 1, 2 and 3.

- 3.7 This limit represents the maximum amount the Council may borrow at any point in the year. It has to be at a level the Council considers is 'prudent'. It is ultra vires to exceed the authorised limit, and therefore the limits are set so as to avoid circumstances in which the Council would need to borrow more money than this limit.
- 3.8 It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 3.9 Other long term liabilities include items that would appear on the balance sheet of the Council that are related to borrowing. For example, the capital cost of leases would be included.

	31.3.18 Actual £m	31.3.19 Approved Budget £m	31.3.19 Forecast £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Capital Financing Requirement (CFR)	8.3	65.7	24.4	77.9	77.1	76.4
External Debt Limit	-55.4	10.9	-19.5	43.1	46.2	44.2

Operational Boundary

3.10 *The local authority will also set for the forthcoming financial year and the following two years an operational boundary for its total external debt, excluding investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as the:*

Operational Boundary = operational boundary for borrowing + operational boundary for other long term liabilities for years 1, 2 and 3'

3.11 The operational boundary is a measure of the most money the Council would normally borrow at any time during the year. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but suggest a sustained or regular pattern of borrowing above this level ought to be investigated, as a potential symptom of a more serious financial problem. Any movement between these separate limits will be reported to the next available Council.

	31.3.18 Actual £m	31.3.19 Approved Budget £m	31.3.19 Forecast £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m
Capital Financing Requirement (CFR)	8.3	65.7	24.4	77.9	77.1	76.4
Operational Boundary	-45.4	20.9	-9.5	53.1	56.2	54.2

Actual External Debt

3.12 The Council's actual external debt, borrowings, at 31 December 2018 was **£4,000,000**. There were no other long term liabilities.

AFFORDABILITY

3.13 The fundamental objective in the consideration of the affordability of the authority's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits

3.14 In considering the affordability of its capital plans, the authority is required to consider all of the resources currently available to it/estimated for the future, together with the totality of its capital plans, income and expenditure forecasts.

Estimates of financing costs to net revenue stream & Actual financing costs to net revenue stream 2019/20

3.15 ***The local authority will estimate for the forthcoming financial year and following two financial years the proportion of financing costs to net revenue stream. This prudential indicator shall be referred to as estimates of the proportion of financing costs to net revenue stream and shall be expressed in the following manner:***

Estimate of financing costs ÷ estimate of net revenue stream x 100%

3.16 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs

Indicator	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Ratio %	0.3%	1.4%	3.3%	4.2%	4.0%

TREASURY MANAGEMENT

3.17 The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. Treasury Management Practices (TMPs) have been established by the Assistant Director (Resources and Performance) and are kept up to date.

Prudential limits for the maturity structure of borrowing

3.18 The local authority will set for the forthcoming year both upper and lower limits with respect to the maturity structure of its borrowing, calculated as follows:

- Amount of projected borrowing that is fixed rate maturing in each period

3.19 **Expressed as a Percentage of total projected borrowing that is fixed rate at the start of the period where the periods in question are:**

- **Under 12 months.**
- **12 months and within 24 months.**
- **24 months and within 5 years.**
- **5 years and within 10 years.**
- **10 years+**

3.20 All Councils undertaking borrowing need to ensure that the maturity structure of its borrowing is both prudent and affordable. This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates, and is designed to protect against excessive exposure to interest rate changes in any one period, in particular in the course of the next ten years.

3.21 The proposed prudential limits are as follows:

Period (years)	Lower Limit	Upper Limit
Under 12 months	0%	20%
1 – 2 years	0%	20%
2 – 5 years	0%	20%
5 – 10 years	0%	20%
Over 10 years	0%	100%

3.22 The profiled limits set out above apply to the start of each financial year within the period 2019/20 to 2022/23

Total Principal Sums invested for longer than 364 days

3.23 **Where a local authority invests, or plans to invest, for periods longer than 364 days, the local authority will set an upper limit for each financial year period for the maturing of such investments. The prudential indicators will be referred to as prudential limits for principal sums invested for periods longer than 364 days.**

Period (years)	Upper limit £m
31/3/2019	20
31/3/2020	10
31/3/2021	6
31/3/2022	3
31/3/2023	3

5 Minimum Revenue Policy – Annual Policy Statement

5.1 This system for establishing the Minimum Revenue Provision has been radically revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414], (“the 2008 Regulations”) in

conjunction with the publication by the Department for Communities and Local Government of detailed MRP guidance.

- 5.2 All Local Authorities are required to establish annually their policy regarding Minimum Revenue Provision for the forthcoming year.
- 5.3 This is the limit on the statutory requirements for MRP. However, the requirements are supported by Guidance on Minimum Revenue Provision, issued by the Department for Communities and Local Government in February 2012. The status of the Guidance is established by section 21(1B) of the Local Government Act 2003: a local authority must have regard to guidance issued by the Secretary of State about accounting practices.
- 5.4 This is normally taken to mean guidance must be considered when taking accounting decisions but can be disregarded where an authority can make a reasonable case for doing so. The onus is on the authority to demonstrate that it can better meet its statutory duties by acting differently.
- 5.5 For MRP, this sets up a situation where an authority has a basic duty to determine a prudent level for MRP each year and is not constrained in the methodology that it applies. However, where this methodology is different from that recommended in the Guidance, the authority must be able to demonstrate that the outcome is as prudent as would have been arrived at applying the Guidance:

Method	Explanation
<u>Supported debt</u>	
Option 1	MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 Regulations.
Option 2	The CFR method MRP is equal to 4% of the non-housing CFR at the end of the preceding financial year.
<u>Unsupported debt</u>	
Option 3	Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the life of the asset.
a)	Equal instalment method MRP is the amount given by the following formula: (Capital expenditure in respect of the asset less total provision made before the current financial year), divided by the estimated life of the asset.
b)	Annuity Method MRP is the principal element for the year of the annuity required to repay over the asset life the amount of capital expenditure financed by borrowing or credit arrangements.
Option 4	Depreciation method Charging MRP in accordance with the standard rules for depreciation accounting. (If only part of the expenditure on the

	asset was financed by debt, the depreciation provision is proportionately reduced.)
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5.6 It is proposed that the Minimum Revenue Provision Policy Statement for West Suffolk Council is set as follows for 2019/2020.

Application of capital receipts or other sources

- The MHCLG Guidance only applies to expenditure that has not been financed from other sources, primarily capital receipts and grant funding. Where the Council has usable capital receipts that are not needed for other purposes in that year, it can at the discretion of the section 151 officer to apply where prudent to do so some or all of it to meet capital expenditure incurred in the current year or previous years under paragraph 23 of the 2003 Regulations to reduce or eliminate any MRP that might need to be set aside.

Loans

- In circumstances where a loan to a third party to fund capital expenditure is secured and there is no risk of default, the Council will not charge MRP because the principal sum of such a loan will have no consequences for the Council's revenue expenditure and it would be over-prudent to provide for the loan¹.
- In circumstances where a loan to a third party to fund capital expenditure is unsecured and there is no risk of default, the Council will not charge MRP because the principal sum of such a loan will have no consequences for the Council's revenue expenditure and it would be over-prudent to provide for the loan. However the Council will access these on a case by case basis.

Capital Investment with a Defined Life

- To apply Option 3 to projects as a 4% reducing balance amount would under-recover the expenditure over its useful life. The basis for projects over £250,000 (i.e. equal instalment or annuity basis) to be determined as part of each projects financing considerations. Projects under £250,000 will be grouped and a weighted average life across an equal instalment basis will be used.

Other elements of remaining debt

¹ The Council may make loans to other parties to fund their capital expenditure. Government guidance is that MRP should be charged on the outstanding amount of any loan, based on amortising the loan principal over the estimated life of the assets in relation to which the other parties' expenditure is incurred. This is because lending to other parties has the same impact on the underlying need for an authority to borrow as expenditure on acquiring property.

- That, in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Council's continues to use the CFR method for calculating the Minimum Revenue Provision for supported capital expenditure.

5.7 The MRP included in the revenue estimates is as follows:

MRP estimates	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000
MRP	986	1,802	2,508	2,508

5.8 Members' attention is drawn to the fact that notwithstanding the MRP policy loan repayments continue to be made when they fall due.

Risk Area	2019/20 Impact £000s	2019/23 MTFS Impact £000s
<p><u>Pay Inflation</u></p> <p>The Council’s MTFS currently assumes a 2% pay inflationary increase for 2019/20 onwards (with additional pay awards for lower grades in 2019/20 only).</p> <p>An annual 1% increase in pay inflation over what is already assumed in the MTFS would result in an additional £905k pressure on the Council’s finances.</p>	222	905
<p><u>Employers Pensions</u></p> <p>The Council’s MTFS currently assumes the following Employers’ Pension Contribution Rates:</p> <p>2019/20 - 32.27% 2020/21 - 34.27% 2021/22 - 36.27% 2022/23 - 38.27%</p> <p>An increase of 1% to the contributions on top of that already budgeted would result in an additional pressure of £782k on the Council’s MTFS.</p>	195	782
<p><u>Employers Pensions - Take-up</u></p> <p>Pension costs budgeted in the MTFS reflect the actual level of staff currently opting into the superannuation scheme.</p> <p>An increase in opt-in levels of 5% would result in an additional pressure of £1,494k across the MTFS.</p>	336	1,494
<p><u>Council Tax Collection</u></p> <p>The level of Council Tax receipts in the MTFS are based upon collection rates of 97-98% for Council Tax and 85% for the additional income generated from changes to the discounts scheme.</p> <p>A fall of 1% in each of these collection rates would have a detrimental effect of £388k across the Council’s MTFS.</p>	97	388
<p><u>Housing Benefit Subsidy</u></p> <p>The MTFS currently assumes a 99.5% subsidy rate within the budgets.</p> <p>A 1% reduction in this subsidy rate for the Council for each year would result in an additional £1,403k pressure on the Council’s MTFS position.</p> <p>The Council holds a Housing Benefits Equalisation Reserve from which funds could be drawn to mitigate any short term impact.</p>	351	1,403

Risk Area	2019/20 Impact £000s	2019/23 MTFS Impact £000s
<p><u>Interest Receipt Rates</u></p> <p>The Council’s current assumptions around interest receipts are as follows:</p> <p>2019/20 - 0.90% 2020/21 - 1.00% 2021/22 - 1.10% 2022/23 - 1.25%</p> <p>A 0.5% reduction in each of these figures would result in approximately £169k pressure on the Council’s MTFS.</p>	79	169
<p><u>Borrowing Costs - Interest</u></p> <p>The MTFS includes borrowing costs (interest) amounting to £682k in 2019/20 to fund the ambitious project agenda (£6,845k across the MTFS).</p> <p>If the interest rates assumed increase by 0.5%, there will be an additional pressure of £1,245k.</p>	124	1,245
<p><u>Projects</u></p> <p>The MTFS currently assumes net income generation of £5,131k across the MTFS as a result of a variety of ambitious projects taking place.</p> <p>Risks associated with each of these projects will vary according to the specific set of circumstances but have been considered in the Project Business Cases. A 5% reduction in the net benefit across these projects would result in a £257k additional pressure on the MTFS.</p>	50	257
<p><u>Operational Capacity - Waste and Street Scene</u></p> <p>The MTFS currently assumes consistent assumptions around inflation on current levels of operational staffing and equipment. To date the Waste and Street Scene team have been able to absorb growth requirements within current capacity, however this will become more challenging in the future as the population increases.</p> <p>An additional 5,000 households in the district would necessitate the requirement for an additional household waste and recycling round, plus associated street cleansing and grounds maintenance. The revenue implication of this is around £215k for staffing and associated supplies and services, plus around £185k capital requirements for vehicles.</p>	0	215

Risk Area	2019/20 Impact £000s	2019/23 MTFS Impact £000s
<p><u>Planning Income</u></p> <p>The Council’s Building Control and Planning Application Fees have been set to reflect actual levels currently being achieved. There is, however, a risk that the desired levels of income may not be achieved.</p> <p>If Planning income levels were to drop by 10%, this would have a £786k detrimental impact on the Council’s MTFS.</p>	196	786
<p><u>Industrial Unit Rental Income</u></p> <p>The Council’s MTFS currently allows for no inflationary increase in industrial unit & shop rental income.</p> <p>If income from rents falls by 10% this would put an additional £1,969k pressure on the MTFS.</p>	492	1,969
<p><u>Business Rate Retention - Amount collectable</u></p> <p>The Business Rates Retention Scheme commenced from 1 April 2013. Under the new scheme, the Council benefits from a proportion of the additional business rates generated through economic growth in its area. Conversely the risks inherent in such a scheme have now been passed down to local authorities and as such the Council could suffer from an economic decline or the cessation of business from one of its major business ratepayers.</p> <p>A 1% decrease in the business rates collectable across the district would result in additional pressure on the MTFS of around £278k per year.</p>	278	1,147
<p><u>Business Rate Retention - Multiplier</u></p> <p>The business rate retention multiplier is set centrally and is increased annually by the September CPI figures (2.2% as at September 2018 which has been used to inflate the multiplier for 2019/20). The MTFS assumption for 2020/21 to 2022/23 has been set at a more prudent level of 2%.</p> <p>A 1% reduction in the CPI below the rates assumed would result in an additional pressure of £408k for the period 2020/21 to 2022/23.</p>	0	408

Risk Area	2019/20 Impact £000s	2019/23 MTFS Impact £000s
<p><u>Business Rate Retention - post 2020</u></p> <p>The MTFS currently assumes a cost neutral position in 2020/21 when Local Government is expected to be given 75% retention of Business Rates. However, this is untested and will continue to be monitored. If the rebaselining and 75% retention resulted in a loss of 100% of BR income above funding baseline, this would have the impact of around £1.5m in 2020/21 and each year thereafter.</p> <p>The council has created a Business Rate Equalisation Reserve to assist with significant impacts of Business Rate Retention and appeals. This reserve would be potentially available to support a short term drop in BR income. However, medium term plans would have to be reviewed.</p>	N/A	N/A
TOTALS (£000s):	2,420	11,168

This reserve has been set up in order to provide the financial capacity, either through direct investment - Revenue and/or Capital - or through servicing external borrowing, for West Suffolk Council to drive forward the delivery of a sustainable Medium Term Financial Strategy (MTFS) and the delivery of the Strategic Plan.

The primary source for the funding of this reserve is the New Homes Bonus Grant, and in addition for 2019/20 West Suffolk Council has taken the opportunity to combine several other reserves into this one.

The projections below currently assume a level of New Homes Bonus Funding across the 4 years of the MTFS, however this will be reviewed annually in line with the revised grant determinations.

The table below summaries the proposed contributions to and from this reserve for the term of the MTFS.

Details	2019/20 Total Budget £	2020/21 Projected Budget £	2021/22 Projected Budget £	2022/23 Projected Budget £
Budgeted Opening Balance	1,914,964	2,878,478	3,482,442	4,305,031
Budget Contributions to Reserve				
Contribution to Reserve - New Homes Bonus Grant	1,848,173	1,390,089	1,390,089	1,390,089
Net Benefit from Projects (after borrowing costs etc.)	0	94,000	0	0
Transfers from Other Reserves	435,032	0	0	0
Total Contributions to Reserve:	2,283,205	1,484,089	1,390,089	1,390,089
Budget Contributions from Reserve				
Funding Project Management Resources for 2019/20 and 2020/21	(168,404)	(162,625)	0	0
Funding for the Suffolk Office of Data Analytics (SODA) - annual West Suffolk contribution	(40,000)	(40,000)	(40,000)	(40,000)
Community Chest & Locality Budget Funding	(502,500)	(502,500)	(502,500)	(502,500)
Lifelink & Social Prescribing Project (part funding, balance from 2020/21 to be funded from the Business Rates Pilot)	(110,089)			
Economic Development - Partnership Funding	(25,000)	(25,000)	(25,000)	(25,000)
Destination Management Organisation (DMO) Funding	(50,000)	0	0	0
Part Funding for NEET Project (Persons "Not in Education, Employment or Training") - balance of £27k for 2019/20 to be funded from the Business Rates Pilot Reserve	(73,000)	0	0	0
Part funding for Single Council Tax Harmonisation	(50,698)	0	0	0
Contribution to offset timings of net Growth Income Assumptions	(300,000)	(150,000)	0	0
Total Contributions from Reserve:	(1,319,691)	(880,125)	(567,500)	(567,500)
Budgeted Closing Balance:	2,878,478	3,482,442	4,305,031	5,127,620

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West Suffolk



Council

Capital Strategy 2019-21



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INTRODUCTION & PURPOSE

This Capital Strategy has been developed in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017. This is a working document, which officers will keep under review, both as the government makes clear its intended outputs for such a strategy, and as good practice is worked through amongst local authorities during 2018/19.

This Capital Strategy is intended to give a high-level overview of how capital expenditure and financing plans are decided upon and how they contribute to the delivery of the Council's Strategic Framework, Medium Term Financial Strategy and overall service delivery.

With our West Suffolk Strategic Priorities, statutory and discretionary responsibilities and increasingly complex demands on the Council's services, investment activity covers many areas over and above the normal treasury management of our cash balances and borrowing.

These investments will have a broad range of objectives ranging from "behaving commercially" investments intended to deliver a financial return, to support service delivery, alongside investments in our communities and places that have a primary objective of social change.

West Suffolk has a number of agreed strategies, frameworks, policies and guidance to support its capital and investment decisions. This strategy seeks to reference these from a single document.

Adherence to the principles of this Capital Strategy should ensure that capital expenditure and investment decisions are taken in line with the West Suffolk Strategic Framework and Medium Term Financial Strategy and take account of stewardship, value for money, prudence, sustainability and affordability. This Capital Strategy has been written in conjunction with the Council's Treasury Management Policy Statement and Investment Strategy 2018/19.

MEDIUM TERM FINANCIAL STRATEGY - CAPITAL EXPENDITURE

The summary for capital expenditure on projects for West Suffolk Council is set out within the West Suffolk Medium Term Financial Strategy (Attachment D, Appendix 2).

Project Description	2019/20 Total Budget £	2020/21 Total Budget £	2021/22 Total Budget £	2022/23 Total Budget £	Budget (Over 4 Years) £
Mildenhall Hub	9,000,000	10,284,000	0	0	19,284,000
Brandon Leisure Centre & GP Surgery	800,000	0	0	0	800,000
Private Sector Disabled Facilities Grants	900,000	900,000	900,000	900,000	3,600,000
Private Sector Renewal Grants	250,000	250,000	250,000	250,000	1,000,000
Vehicle & Plant Purchases	938,000	2,246,000	363,000	1,257,126	4,804,126
West Suffolk Operational Hub	2,533,177	0	0	0	2,533,177
Leisure Asset Management Scheme	316,000	316,000	316,000	316,000	1,264,000
Barley Homes	2,486,000	2,200,000	0	0	4,686,000
Unallocated Capital Budget	3,000,000	0	0	0	3,000,000
CAPITAL TOTALS:	20,223,177	16,196,000	1,829,000	2,723,126	40,971,303

THE PRUDENTIAL CODE

This Capital Strategy draws together the framework for capital investment decisions. The strategy for funding this investment portfolio is underpinned by the Prudential Code for Local Authority Investment, which was introduced by the Local Government Act 2003.

The Prudential Code has the following key objectives:

- That capital investment plans are affordable, prudent and sustainable;
- That treasury management decisions are taken in accordance with good professional practice; and
- That local strategic planning, asset management and proper option appraisal are supported.

To demonstrate that these objectives have been fulfilled, the Prudential Code details the indicators that must be set and monitored. These are designed to support and record local decision-making, and not to be comparative performance indicators. The Prudential Indicators are approved annually as part of the budget setting process by Council (Attachment D, Appendix 4).

TREASURY MANAGEMENT

For the purposes of this document, "Treasury Management Activities" are defined as:-

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

The West Suffolk approved Annual Treasury Management and Investment Strategy (**West Suffolk document under development - link to be provided**) links to the Capital Strategy and programme in determining the Council's approach to borrowing and investment, including borrowing to fund capital expenditure. The Treasury Management Strategy is closely related to the Prudential Code and Prudential Indicators discussed above.

The Council has an integrated Treasury Management Strategy, and has adopted the CIPFA Code of Practice for Treasury Management in Public Services. The Treasury Management Strategy deals with borrowing and investment arising as a consequence of all the financial transactions of the authority, not exclusively those arising from capital spending.

The Treasury Management Code of Practice lays out the Treasury Management Practices (TMPs) that have been adopted by the Council and the indicators that will be used to ensure that the correct approach is taken to:

- Risk management;
- Performance measurement;
- Decision making and analysis;
- Approved instruments, methods and techniques;
- Organisation, clarity and segregation of responsibilities and dealing arrangements;
- Reporting requirements and management information arrangements;
- Budgeting, accounting and audit arrangements;
- Cash and cash flow management;
- Money laundering;
- Training and qualifications;
- Use of external service providers; and
- Corporate governance.

The detail behind each of these can be found within the Council's approved Treasury Management Code of Practice (West Suffolk document under development - **link to be provided**).

ASSET MANAGEMENT

The Capital Strategy is supported by the Council’s Corporate Asset Management Strategy and Plan (**West Suffolk Strategy under development – due in summer 2019**) which includes an objective to optimise the Council’s land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.

GROWTH INVESTMENT STRATEGY

This strategy covers investments in projects that support our Strategic Framework priorities and objectives, particularly around our growth priority and fall outside of standard treasury management activities.

This strategy has been devised in order to meet the following aims:

- Ambitious vision for the towns and rural communities of West Suffolk, set out in the Strategic Framework 2018-2020;
- Delivery on capital and revenue investment to deliver our Growth Agenda;
- All our activities and duties are investments in our communities and our places, seeking to create positive returns from all we do;
- Behaving more commercially – seeking financial returns to invest in our communities; and
- Seeking blended returns across social, economic and financial investments.



This is laid out in more detail in the West Suffolk Growth Investment Strategy. As part of our approach, members agreed to prepare investment plans for our places, which will be approved by Cabinet and will enable the consideration of investment opportunities in relation to the different characteristics of our market towns and rural areas.

CAPITAL EXPENDITURE GOVERNANCE FOR PROJECTS

Projects that are identified, that will support our Strategic Priorities and Medium Term Financial Strategy, are assessed against our approved Investment Framework and are required to go through an approval process prior to accessing any capital funding. This approval is subject to the Council's democratic decision making process. However, each proposal is required to go through a rigorous process of evaluation and scrutiny prior to reaching a formal council report.

The project evaluation, assessment framework and business case development stages will focus on the following areas for each proposal:

- strategic fit;
- deliverability within existing resource commitments;
- risk profile;
- added value; and
- financial return.

An opportunity will be rejected at any stage if it is not appraised by members as an appropriate investment decision. For example, it doesn't have a sufficient strategic fit or bears an imbalance between investment, risk and returns.

As projects are developed, they require production of:

- Project Initiation Document;
- Stakeholder engagement analysis;
- Risk log;
- Issues log;
- Lessons learned log; and
- Detailed project plan including delivery and decision timetable and resource requirements.

During implementation, project plans, risk registers and financial schedules are reviewed monthly, and a Project Status Report (PSR) is submitted to the Programme Office Support Team each month. Any significant variance from any component of the plan is elevated for Leadership Team review.

The overall capital programme is monitored monthly by the Leadership Team and reported to the Performance and Audit Scrutiny Committee on a quarterly basis, highlighting forecast variances to plan in terms of investment.

AFFORDABILITY

Affordability is critical in applying the Capital Strategy and assisting the decision making process when considering projects for inclusion into the Capital Programme.

All projects need to have a clear funding source with commitment for the entirety of the projects. Funding can come from:

- Capital receipts;
- Borrowing;
- Revenue Reserves;
- External Grants; or
- S106 funding.

Where external borrowing is to be used, the affordability is of greater importance as the interest costs and capital repayment of that borrowing need to be considered and included in the evaluation.

The current and projected debt and affordability position of West Suffolk Council is shown below.

	Actual 31/03/19	Budget 31/03/20	Budget 31/03/21	Budget 31/03/22
External Borrowing (Cumulative)	£4.0m	£18.5m + £34.4m Carry Forward from 2018/19	£61.8m	£83.6m
Annual Interest payable	£0.2m	£0.7m	£1.7m	£2.3m
Annual repayment cost (MRP)	£0.5m	£1.0m	£1.8m	£2.5m
Annual Interest payable as % of net revenue budget	0.3%	1.4%	3.3%	4.3%
Annual repayment cost as % of net revenue budget	0.8%	2.1%	3.5%	4.8%

The estimated borrowing related to capital spend to be carried forward from 2018/19 is included in the Budget column for 2019/20. This primarily relates to the Growth Fund investment.

The Interest Payable figures are based on the assumption that this combined borrowing will be in place by Q4 2019/20.

PROPORTIONALITY

The concept of proportionality, alongside that of affordability, is a key consideration when considering funding projects through borrowing.

The costs and risks associated with that borrowing should be looked at as part of the whole financial position of the council. Awareness of the scale and relationship with the asset base and revenue delivery is essential to informed decision making.

This relationship and trend between borrowing, asset base and yield from the investments that the council has made are laid out in the tables below. These are split by asset type.

2018/19	Borrowing £m	Borrowing as % of Long Term Assets	Annual Income £m	Income as % of Net Revenue
Industrial Units	£0.0	0%	£2.6	4.7%
Retail Units	£0.0	0%	£1.3	2.3%
Land	£0.0	0%	£1.0	1.7%
Solar Farm	£0.0	0%	£1.4	2.4%
Growth Fund	£0.0	0%	£0.2	0.3%
Other	£4.0	2%	£0.5	0.9%
TOTAL	£4.0	2%	£7.0	12.3%

2021/22	Borrowing £m	Borrowing as % of Long Term Assets	Annual Income £m	Income as % of Net Revenue
Industrial Units	£0.0	0%	£2.6	5.1%
Retail Units	£0.0	0%	£1.3	2.6%
Land	£0.0	0%	£1.0	1.9%
Solar Farm	£7.4	2.3%	£1.6	3.3%
Growth Fund	£34.5	10.8%	£2.7	5.2%
West Suffolk Operational Hub	£11.5	3.6%	£0.1	0.2%
Mildenhall Hub	£13.6	4.2%	£0.1	0.2%
Other	£14.0	4.4%	£0.9	1.7%
TOTAL	£83.6	26.1%	£10.3	20.2%

These tables show the increase in borrowing required over the life of the MTFs to fund the capital projects currently in plan. It also shows that this borrowing is still <30% of our asset base and that it will supply 20% of our ongoing annual revenue.

This position will be monitored on a regular basis and referred to when any new projects that require borrowing are proposed. This will provide key insight on the proportionality and affordability of each new project within the context of the whole portfolio and financial position of the council.

RISK MANAGEMENT

Our approach to risk, as set out in our approved risk management framework, is based on context, proportionality, judgement and evidence-based decision making that considers each capital investment project on a case by case basis and is documented at all stages, following the core principles below:

- a positive approach;
- contextual decision making;
- informed risk-taking;
- proportionality;
- decision risk vs delivery risk;
- documented decision; and
- continuous improvement.

STATEMENT OF ACCOUNTS

The capital expenditure carried out in the year is reflected in the Balance Sheet of the Statement of Accounts ensuring stewardship of assets is demonstrated.

The accurate monitoring and recording of capital expenditure ensures that this document is free from material error. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Council.

PROCUREMENT STRATEGY

The manner in which capital monies are spent is determined by the Procurement Strategy which, along with the Contract Procedure Rules and Financial Regulations, set the framework for the supply of goods and services to the Council, and how these goods and services should best be obtained to secure value for money.

WEST SUFFOLK COUNCIL
FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2019/2020

1. Background

- 1.1 As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of non-housing assets to fund the revenue costs of service reform and transformation. Guidance on the use of this flexibility was issued in March 2016 which applies to the financial years 2016/17 through to 2019/20.
- 1.2 As part of the final government settlement announced on 6th February 2018 this timeframe for flexible use of capital receipts has been extended for a further three years out to 2022/23.
- 1.3 In order to comply with this Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents.
- 1.4 Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

2. Flexible Use of Capital Receipts Strategy

- 2.1. For 2018/19 West Suffolk Council intended to use capital receipts to fund the transition costs resulting from the move to a single council.

	2018/19	2019/20	2020/21
Transition costs – Single Council	£500,000	£0	£0

- 2.2. The savings that would be generated by this expenditure as set out in the table below.

	2019/20	2020/21	2021/22
Transition costs – Single Council	£300,000	£300,000	£300,000

- 2.3. The impact of adopting this strategy is reflected in the 2019/20 prudential indicators within the Prudential Code.

- 2.4. There may be some carry-over of these costs from Q4 of 2018/19 into 2019/20. The total expenditure will not exceed the budget of £500,000 and the savings are still expected as laid out in 2.2 above. This amount concerned will be clarified in the outturn reports for Forest Heath District Council and St Edmundsbury Borough Council for 2018/19.
- 2.5. These receipts have not been earmarked as funding for any other proposed capital expenditure and therefore will not have any impact on the Council's prudential indicators as set out in the Councils' Treasury Management Strategy.
- 2.6. This strategy will be monitored throughout the financial year and may be updated as proposals are developed and expenditure is finalised.

PROPOSED COUNCIL TAX DISCOUNT FOR CARE LEAVERS

1. Key issues and reasons for recommendation(s)

1.1 Background

- 1.1.1 Billing Authorities have the power to allow a council tax discount under s13A of the Local Government Act 1992 (as amended), for individual cases or a class of cases.
- 1.1.2 Billing Authorities are being encouraged to offer a reduction in Council tax for care leavers as part of efforts to help them avoid getting into debt and give them more time to learn how to manage their finances. This follows the recommendations made in the Government's care leaver's strategy, "Keep on Caring" (July 2016). The Communities and Local Government Select Committee also recommended to Government in their report into homelessness (August 2016) that care leavers should not be required to pay Council tax until they are 21.
- 1.1.3 As a corporate parent, Suffolk County Council has a responsibility to support care leavers while they are developing the skills and confidence to live independent lives and learn vital life skills. Under the Children (Leaving Care) Act 2000, there is a duty to improve the life chances of young people living in and leaving care, meaning that there must be a plan for these individuals so that they have the support needed to make the transition to a successful adult life.
- 1.1.4 The Children and Social Work Act 2017 sets out new provisions for care leavers to come into force on 1 April 2018. Section 2 of the Act requires local authorities to consult on and publish a local offer for their care leavers. This should include information about their statutory entitlements, as well as any discretionary support that a local authority may choose to provide. The draft statutory guidance for local authorities states that it may be appropriate or necessary to provide a differentiated service to children in care or care leavers, and that this is particularly relevant to administration of housing benefit, council tax and access to leisure services.
- 1.1.5 The 2017 Act also places a duty on **district** councils to have regard to children in care and care leavers when carrying out their functions. This complements West Suffolk Council's existing duty to co-operate and its legal obligation to assist in re-housing/securing support.
- 1.1.6 Research has shown that care leavers often have to start living independently much earlier than their peers and to take on more financial responsibility, when they might be on a low income and without the same family support network.
- 1.1.7 A 2017 Children's Society briefing note <https://www.childrenssociety.org.uk/sites/default/files/briefing-council-tax-exemption.pdf>, recommending a council tax exemption for care leavers cited research by the Centre for Social Justice that found that 57% of young people find it difficult managing their money and avoiding debt when leaving care.

- 1.1.8 This is further reinforced by research from the Joseph Rowntree Foundation that outlines how 'accumulation of debt, threats to their tenancies and their inability to avoid this through careful budgeting' were issues of continuing concern for care leavers.
- 1.1.9 Work undertaken by Rochdale Council, found that 77% of their care leavers were behind with their council tax payments.
- 1.1.10 Children and young people who are looked after are amongst the most vulnerable groups in our community. A good corporate parent should have the same aspirations for a child in care or a care leaver as a good parent would have for their own child. By granting a discount on council tax for the first few years of independent living, West Suffolk Council would potentially be providing practical help and financial assistance of great value to care leavers at a very vulnerable stage in their transition from care.

1.2 **The proposal**

- 1.2.1 Suffolk Public Sector Leaders agreed to recommend to their individual councils that a Suffolk-wide discount for care leavers should be introduced. The discount would be a 100% reduction for care leavers living alone, with other care leavers, or others who are disregarded for council tax purposes (e.g. full-time students). Care leavers will also be disregarded for council tax purposes so that if they live with a single occupier, that person will not lose their 25% discount.
- 1.2.2 Suffolk County Council has offered to support a local discount for care leavers by contributing funding towards the cost of council tax discounts equal to their precept share of the council tax. West Suffolk would therefore bear the remaining cost of the discount (22%) if agreed.
- 1.2.3 A care leaver discount would be allowed only after the award of any statutory Council tax discounts (except Council tax Reduction) e.g. single person discount.
- 1.2.5 A Care Leaver is defined as a person aged 25 or under, who has been looked after by a local authority for at least 13 weeks since the age of 14; and who was looked after by the local authority at school-leaving age or after that date.
- 1.2.6 The discount will complement a wider set of measures that Suffolk County Council has in place to support care leavers, including support to live independently and to manage their own finances.

2. **Cost**

- 2.1 The cost of allowing a discount under s13A falls directly on the Billing Authority (West Suffolk) and therefore its council tax payers. However, in this case Suffolk County Council would fund a proportion of the cost based on its precept share.

- 2.2 There are currently 76 Care Leavers aged under 25 years within West Suffolk. The upper limit of the likely cost of the scheme, based on an average Band B dwelling with a single person discount, the cost of awarding a care leaver discount would be £68K per annum.
- 2.3 As Suffolk County Council have agreed to fund their share, the cost to West Suffolk Council would therefore be a maximum of £15K per annum. Obviously this is an estimate based on the current years charge and current caseload and would vary from year to year.
- 2.4 In reality the cost is likely to be much less as we would not expect the majority of care leavers to be the sole council tax payer, for example, they may live with former foster carers, with a partner or friend or a House in Multiple Occupation, so the discount would not apply.
- 2.5 The costs of the scheme that do fall to West Suffolk will be shared between existing council tax payers. The impact on individual council tax payers is likely to be extremely small, given the cost of the scheme and number of council tax payers in West Suffolk.
- 2.6 On the other hand, the aim of the scheme is that the benefit to care leavers could have a consequent positive effect. For example, the proposal may result in a decrease in the number of emergency payments made to care leavers in crisis; a reduction in the number of debt recovery enforcement actions against young people (£280 per case); and a reduction in the dependence and therefore cost burden of care leavers on other services.

3 Engagement

- 3.1 West Suffolk Council officers have spoken to colleagues in the Suffolk County Council Engagement Hub who have regular contact with care leavers through monthly meetings and the C2C Children in Care Council. Engagement Hub officers emphasised what an important issue money management was for care leavers as they move from weekly to monthly budgeting as they leave care.
- 3.2 SCC has also sought direct feedback from care leavers about the likely impact of a discount, which has told the council that not being eligible for council tax would be a positive step for care leavers in their journey to independence.

4 Adoption of the proposed discount across Suffolk

- 4.1 All of the Suffolk district councils are intending to introduce a discount scheme for careleavers and so similar reports are being considered in parallel by the other billing authorities (for example, East Suffolk's Shadow Cabinet unanimously approved a parallel proposal on 10 December 2018).

5 Appraisal of the proposal

- 5.1 An Equality Impact Assessment has been prepared and is available

5.2 The following potential risks and mitigations have been identified:

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Risk of new policy not being implemented by staff	Medium	Training and guidance given to staff	Low
Risk of need of additional resource to support the implementation of the discount	Low	Capita Revenues System designed to allow the introduction of discretionary discount with limited impact on resource	Low
There is low take-up of the discount as care leavers may not be aware of their entitlement, if they are not the council tax payer within the household	Medium	Explanatory materials will be provided to support care leavers in accessing the discount	Low

Shadow Executive (Cabinet)



Title of Report:	Recommendations of the St Edmundsbury and Forest Heath Overview and Scrutiny Committees: 9 and 10 January 2019 – Customer Access Strategy 2019-2022	
Report No:	EXC/SA/19/008	
Report to and date:	Shadow Executive (Cabinet)	5 February 2019
Shadow Executive (Cabinet) Members:	Councillor Robin Millar (Forest Heath) Tel: 07939 100937 Email: robin.millar@forest-heath.gov.uk	Councillor Robert Everitt (St Edmundsbury) Tel: 01284 769000 Email: robert.everitt@stedsbc.gov.uk
Chairman of the Committees:	Councillor Simon Cole FHDC Overview and Scrutiny Committee Tel: 07974 443762 Email: simon.cole@forest-heath.gov.uk	Councillor Diane Hind SEBC Overview and Scrutiny Committee Tel: 01284 706542 Email: diane.hind@stedsbc.gov.uk
Lead Officers:	Davina Howes Assistant Director (Families and Communities) Tel: 01284 757070 Email: davina.howes@westsuffolk.gov.uk Lisa Grove Service Manager (Customer Service and Transformation) Tel: 01638 719320 Email: lisa.grove@westsuffolk.gov.uk	

Purpose of report:	On 9 and 10 January 2019, both St Edmundsbury Borough Council and Forest Heath District Council's Overview and Scrutiny Committees considered Report Nos: OAS/SE/19/003 Appendix A / OAS/FH/19/002 Appendix A which contained the revised Customer Access Strategy covering the period 2019-2022. The Committees have put forward the following recommendation to the Shadow Executive (Cabinet) for approval.
Recommendation:	It is <u>RECOMMENDED</u> that the Customer Access Strategy 2019-2022, as contained in Appendix A to Report Nos OAS/SE/19/003 and OAS/FH/19/002, be approved.
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
Consultation:	<ul style="list-style-type: none"> See Report Nos: OAS/SE/19/003 and OAS/FH/18/002
Alternative option(s):	<ul style="list-style-type: none"> See Report Nos: OAS/SE/19/003 and OAS/FH/18/002
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report Nos: OAS/SE/19/003 and OAS/FH/18/002
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report Nos: OAS/SE/19/003 and OAS/FH/18/002
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report Nos: OAS/SE/19/003 and OAS/FH/18/002
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report Nos: OAS/SE/19/003 and OAS/FH/18/002
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report Nos: OAS/SE/19/003 and OAS/FH/18/002

Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report Nos: OAS/SE/19/003 and OAS/FH/18/002			
Wards affected:		All West Suffolk Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		St Edmundsbury: OAS/SE/19/003 Appendix A Forest Heath: OAS/FH/19/002 Appendix A	
Documents attached:		None	

1.1 **Key issues and reasons for recommendation**

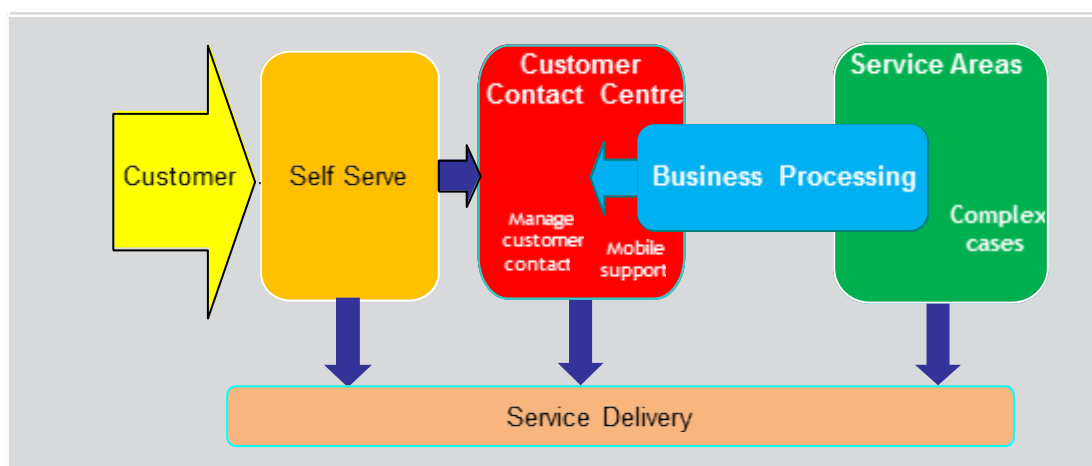
1.1.1 Both Committees received the above reports which contained the revised Customer Access Strategy covering the period 2019-2022. Subject to approval, the Strategy will come into effect from 1 April 2019 following the creation of West Suffolk Council.

1.2 **Background**

1.2.1 The West Suffolk Councils adopted the Target Operating Model (TOM) for Customer Services (see Diagram 1 below) in 2014, marking a fundamental change to the delivery of the Customer Services function across both Councils. The motivation at the time of the implementation was to reflect the ambition to move to a single council in structure terms and to acknowledge the requirements associated with the public sector digital transformation agenda.

1.2.2 The general focus at the time of the implementation was to understand which of the Councils' services could be drawn into the TOM and how best to deliver those against the backdrop of efficiency improvements aimed at releasing financial savings associated with the changes (£125,579 per annum). Note that these financial savings were achieved.

Diagram 1: Customer access target operating model



1.3 **Headlines from the post-implementation review**

1.3.1 In April 2018, a review of the initial strategy objectives was conducted. Given that the purpose of the TOM was to create a system which would provide clear, accurate, timely, accessible and targeted information to customers across a range of service disciplines and across the two Councils, the review considered how successful the channel shift work has been since starting to implement the change. The aim of the TOM is to ensure that customers can self-serve as much as possible with customer service staff providing assisted self-serve, further supported by service areas dealing with the more complex issues.

1.3.2 A key driver to achieve the Strategy was the ambition to achieve a 20% channel shift to move customers from a direct contact method to online and self-serve. In November 2012 a data capture exercise conducted at the time showed that the main methods of contact were telephone and face-to-face,

accounting for around 369,000 customer contacts. A key part of the delivery of the TOM was to transfer staff into one Customer Service team. This team now consists of 34 staff (26.97FTE) and works across Bury St Edmunds, Haverhill, Mildenhall and Newmarket. Suffolk Library Services provide the support from the Brandon Office.

1.4 **Review of achievement of project objectives**

- 1.4.1 With an objective to achieve a 20% channel shift from direct contact to online channels and self-serve methods (amounting to around 85,000 contacts), Report Nos: OAS/SE/19/003 / OAS/FH/19/002 summarised the data captured that had been used to analyse whether this objective had been achieved. The figures indicated a considerable shift in customer contact methods, with online and self-serve methods representing 21.5% of the total customer contacts for 2016/17, increasing to 25% in 2017/18
- 1.4.2 Between 2013/14 and 2017/18 phone calls to the customer service team have reduced by 27.2% (61,410 calls) and face to face volumes have reduced by 70% (100,894 visits) as online options increase.
- 1.4.3 There is further evidence of channel shift in the most recent website analysis, providing information about the number of online users in comparison to telephone and face to face contact with the Councils. The analysis highlights that since January 2015 there are an increasing number of web users compared with an overall decreasing number of face-to-face contacts. Analysis from 2017/18 is showing a stabilisation of face-to-face contact levels with phone call levels remaining at a similar level over the period.
- 1.4.4 Generally speaking face-to-face contact has diminished considerably over the recorded period, with a general decline in the number of calls being made to the Customer Services team. Website use, having initially increased in the period between March 2016 - July 2017, is now settling into a more consistent level of attracting between 30,000-40,000 web users per month (having peaked at almost 50,000 in March 2017).

1.5 **Future Customer Access Strategy**

- 1.5.1 It is with this review that it is evident there is much to celebrate in terms of the ongoing success of the TOM and equally work that needs to be continued in order to unlock the full potential of the model, given the technological advances since the TOM was first construed in 2012.
- 1.5.2 The work carried out to review the 2015-2018 Customer Access Strategy has considered technology as a key element of the future provision of customer access for West Suffolk Council customers. The practical day-to-day improvements will continue to deliver the now well-tested model for managing customer contact, whilst being careful to allow the future technological environment to shape the way in which the council manages customer demands in the future. Important in this iteration of the strategy is the clarity that there is no set pathway being followed at this time in terms of what the future will look like, instead recognising that with the market changing so rapidly, it is better to understand fully our emerging needs (based on an assessment of future opportunity and previous learning).

1.6 **Consideration for West Suffolk Council**

- 1.6.1 In producing the 2019-2022 Strategy which was attached as [Appendix A](#) to the Overview and Scrutiny Committee reports, a focus has been placed on ensuring that the approach is flexible enough to deliver against the ambition and any emerging priorities of the new Council. There is of course going to be a period of transition post April 2019 and the Strategy needs to be able to accommodate changes required by the new Council members. This Strategy does this and, more importantly, provides stability; the stability being provided by the commitment to deliver more of the same and to take time to reflect the requirements for the customers and the service areas before making a decision about system updates or changes.
- 1.6.2 Alongside the strategy document, staff have reviewed the existing Service Standards document and also updated the existing Complaints Policy which now also includes a section on the management of vexatious and persistent complainants. Both of these documents are available to view on the website.
- 1.6.3 The Strategy is accompanied by an action plan which sets out the specific activities associated with the strategy, who owns the actions and anticipated timescales.

2. **Overview and Scrutiny Committees**

- 2.1 Both Overview and Scrutiny Committees scrutinised the report and asked a number of questions to which officers duly responded. In particular, discussions were held on the excellent percentage rate of 98% of the 479 persons that had responded to a survey had been satisfied with the customer service they had received (as reported on a quarterly basis to the Performance and Audit Scrutiny Committees); the navigation of the website; the establishment of the new West Suffolk Council's Twitter Feed; and ensuring the Council continues to liaise with other public services to ensure that work to digitise services does not result in customers contacting other service providers about Council activities and services.
- 2.2 Whilst recognising and reinforcing that face-to-face contact must be maintained for those in need or who cannot access digital services, both Committees considered the new Strategy satisfactorily addresses the issues of improving the customer experience and using new technology to make things easier and better for all. The Strategy demonstrates an understanding about demand and expectation as well as appreciating how technology can be used to integrate services within the Council and their partners.
- 2.3 The Overview and Scrutiny Committees have put forward the recommendation set out on page two of this report.

3. **St Edmundsbury Overview and Scrutiny Committee Meeting Minutes – 7 November 2018 : Note to Shadow Executive (Cabinet)**

- 3.1 As there is no general report being presented from the Overview and Scrutiny Committees to this meeting of the Shadow Executive (Cabinet), the following note is presented as a footnote to this report.

- 3.2 On 9 January 2019, St Edmundsbury's Overview and Scrutiny Committee considered the minutes of its previous meeting held on 7 November 2018, for confirmation. Following some discussion and deliberation, the Committee made a minor amendment to one of the recommendations that it had already presented to the Shadow Executive (Cabinet) on 27 November 2018, for approval.
- 3.3 The recommendation emanated from the Committee's consideration of its appointed Task and Finish Group's final report on the Review of Bury St Edmunds Christmas Fayre (Report No: OAS/SE/18/032 refers) and had been presented to, and subsequently approved by, the Shadow Executive (Cabinet).
- 3.4 The minor amendment is shown in bold, italics below, which has not materially affected the substance of the decision of the Shadow Executive (Cabinet), and the addition has been positively received by the Shadow Executive Members with the responsibility for the Christmas Fayre:

That the Christmas Fayre Review Reports: (OAS/SE/18/032) and (OAS/FH/18/031), including the revised Three-Year Action Plan, attached as Appendix F to Report No: EXC/SA/18/017, be approved, subject to:

*"An Annual Report on the Christmas Fayre being presented to the Overview and Scrutiny Committee, and specifically in 2019, to report back on discussions with the Destination Management Organisation, **Bury St Edmunds Town Council** and the BID (Our Bury St Edmunds) on willingness; desire of businesses to have/provide additional Christmas stalls throughout the town, over a longer period to create "Christmas in Bury".*

- 3.5 The Shadow Executive (Cabinet) is requested to **NOTE** this position.

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Shadow Executive (Cabinet)



Title of Report:	West Suffolk Taxi Policy Handbook	
Report No:	EXC/SA/19/009	
Report to and date:	Shadow Executive (Cabinet)	5 February 2019
Shadow Executive Members/Portfolio holders:	Lance Stanbury FHDC Portfolio Holder for Planning and Growth Tel: 07970 947704 Email: lance.stanbury@forest-heath.gov.uk	Susan Glossop SEBC Portfolio Holder for Planning and Growth Tel: 01284 728377 Email: susan.glossop@westsuffolk.gov.uk
Lead officer:	David Collinson Assistant Director (Planning and Regulatory Services) Tel: 01284 757306 Email: david.collinson@westsuffolk.gov.uk	
Purpose of report:	To agree the harmonised West Suffolk Taxi Policy Handbook	
Recommendation:	<p>It is <u>RECOMMENDED</u>: That</p> <p>(1) the harmonised Taxi Policy Handbook for West Suffolk Council, as contained in Appendix A to Report No: EXC/SA/19/009, be adopted, including the following key areas:</p> <ul style="list-style-type: none"> a. Continuing the two existing licensing areas (including livery) b. Aligning licensing requirements for the age of taxi vehicles c. Other proposed changes, as detailed in Report No: EXC/SA/19/009 <p>(2) the Taxi Policy Handbook be reviewed by West Suffolk Council within two years to review licensing areas across West Suffolk; and</p> <p style="text-align: right;"><i>Continued over.....</i></p>	

	(3) a public consultation on the revocation of hackney carriage byelaws be undertaken so that the matter can be considered at an early meeting of West Suffolk Council.
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
<i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Shadow Decisions Plan.</i>	
Consultation:	A public consultation was undertaken from the 10 September to 5 November 2018
Alternative option(s):	<ul style="list-style-type: none"> Do not adopt the harmonised policy and keep separate policy handbooks for the licensing areas of Forest Heath and St Edmundsbury (not recommended as Private Hire Vehicles will be able to operate across the whole of West Suffolk) Adopt the draft policy handbook with omission of some policy proposals (see recommendations 1 a-c above) For example, agree a universal livery requirement for hackney carriages and adopt the harmonised policy with amendments to combine the current licensing areas of Forest Heath and St Edmundsbury <p>Further information can be found in section 3.1.1 of the report</p>
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> •
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> The creation of a single council requires a universal policy across West Suffolk The different requirements set out in Forest heath byelaws and the St Edmundsbury byelaws have now been included in the draft policy handbook and aligned. This means there is now the option to revoke

	the byelaws as they could be obsolete		
<i>Are there any equality implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Mainly positive impacts for protected groups, see section 3.2.3 of the report 		
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Perception of restricting competition among hackney carriages – continuing the current licensing areas of FHDC and SEBC could be perceived as prevents the market being opened up across West Suffolk, which could be perceived as limiting competition	High	The proposal to maintain the status quo should not cause any change to the supply and demand. All communications will make it clear that this is only for a 2 year transitional period, where the public and the trade will have their say on the matter as part of a wider review and more evidence can be collected on current supply and demand in FHDC and SEBC	Medium
Small financial burden for certain licensees – tightening some maximum age requirements in order to align them could lead to a small increase financial burden for certain licensees licensing a new vehicle	High	Harmonised age requirements have been carefully reviewed to balance increasing costs for some SEBC taxi businesses with maintaining a high standard of taxi vehicle, in terms of both appearance and safety. This has been reviewed in our equality screening assessment	Medium
Uncertainty regarding vehicle livery requirements in the long term – delaying a decision on long term livery requirements could lead to confusion among new and existing licensees intending to put a new vehicle on the road over the next 2 years	High	It is proposed that licensing officers recommend a black base colour to any proprietors looking to put a new vehicle on the road during the transitional period	Medium
Ward(s) affected:		All Wards	

<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>	<p>Joint Cabinet approval to consult on a draft West Suffolk Taxi Policy Handbook: CAB/JT/18/018 and Addendum</p> <p>Law Commission review of the legal framework relating to taxis and private hire vehicles: Summary Report 2014</p>
<p>Documents attached:</p>	<p>Appendix A – draft policy Appendix B – public consultation summary Appendix C – trade drop in sessions summary Appendix D – summary of changes Appendix E – Equality Screening Assessment</p>

1. Key issues and reasons for recommendation(s)

1.1 Background

- 1.1.1 Local Authorities have responsibility for licensing taxis under the Town Police Clauses Act 1847 as amended by the Local Government (Miscellaneous Provisions) Act 1976. The term 'taxi' is relatively modern, and covers two different denominations: hackney carriage and private hire vehicles.
- 1.1.2 Local Authorities license vehicles, drivers and operators of private hire vehicle businesses. This means a council's licensing policy needs a variety of standards in order to ensure customer, driver and operator safety and comfort.
- 1.1.3 There are nearly 700 drivers currently licensed by West Suffolk Councils. Table 1 shows the breakdown of taxi licences across West Suffolk:

Table 1

Licence Type	FHDC	SEBC	West Suffolk
Hackney carriage vehicles	130	76	206
Private hire vehicles	41	344	385
Private hire operators	20	74	94
Drivers	198	488	686
<i>Total</i>	<i>389</i>	<i>982</i>	<i>1,371</i>

- 1.1.4 West Suffolk is classified as a 'predominantly rural' area under the 2011 census data. Rural areas see fewer public transport options than urban areas so taxi transport is crucial for rural accessibility, allowing people to access jobs and services.
- 1.1.5 This review represents a collection of changes, based on the need to harmonise the existing Forest Heath and St Edmundsbury policies in preparation for the creation of West Suffolk Council on 1 April 2019. The remit includes all areas of taxi regulation, apart from hackney carriage fares which were being reviewed separately.

1.2 Harmonising taxi policy

- 1.2.1 As stated above, this review is part of a process to align taxi licensing policy across West Suffolk, which began in 2017 with the alignment of most licensing requirements and new maximum vehicle age requirements in St Edmundsbury. It is proposed that a transitional policy is approved at this time to allow for wider review by West Suffolk Council.
- 1.2.2 Whilst the reasons for these policy changes are complex and varied, we seek to uphold the following principles:
- Increased affordability for vehicle drivers/proprietors (while not compromising on standards)
 - Fairness for taxi customers

- Increasing standards for vehicle condition
- Equality across West Suffolk
- Uphold the Single Council implementation principles, particularly not taking 'avoidable decisions that would constrain or restrict the operation of West Suffolk Council'.

1.2.3 The principles also include the aim to adapt our proposed approach when feedback deems that this is necessary.

1.2.4 The policy areas that need to be reviewed in order to harmonise the taxi policy handbooks are explained in more detail below and reflected in the draft policy set out in **Appendix A**. All changes were summarised for public consultation and this summary can be found in **Appendix D**. The following areas were approved for consultation by the West Suffolk Councils' Joint Executive (Cabinet) Committee in July 2018:

- Hackney Carriage Licensing areas (our proposal also addresses the difference in vehicle livery)
- Maximum age of vehicles upon first licensing
- Byelaws
- Improving our private hire vehicle operator policy (logging and reporting complaints)

The last bullet point relates to a number of small changes that required review as part of general updates to the licensing policy.

1.3 **Licensing areas**

1.3.1 The creation of a new West Suffolk Council will mean a single licensing authority for all of West Suffolk therefore private hire cars can operate anywhere. This requires alignment of the remaining policy areas that apply to both hackney carriage and private hire vehicles, since private hire vehicles can operate anywhere within the licensing authority area.

1.3.2 As part of the policy development and in response to claims made by some taxi businesses, officers investigated whether there was the option to continue the current hackney carriage licensing areas of Forest Heath and St Edmundsbury, despite us becoming a single licensing authority.

1.3.3 Officers' research found that a small number of licensing areas outside London are sub-divided into areas known as 'zones' for the purposes of hackney carriage licensing. Such areas are the result of local authority reorganisation and remain in place until revoked by the appropriate body i.e. the licensing authority. The introduction of new zones within existing licensing areas is not permitted and so amalgamation of existing licensing areas is a permanent decision.

1.3.4 Advice has been sought on the legal basis of continuing these licensing areas and this depends on how they were originally adopted by Forest Heath and St Edmundsbury councils. The Local Government Miscellaneous Provisions Act 1976, which identifies that councils may resolve that provisions of the original legislation (Town Police Clauses Act 1847 Act) apply to the whole or part of the area of the council. In response, Forest Heath and St

Edmundsbury councils resolved for the provisions to come into force across their areas. This, in turn, applied the licensing regulations set out by the 1847 Act to the areas of the councils separately to the council itself.

- 1.3.5 The Local Government (Boundary Changes) Regulations 2018 transfers everything from Forest Heath and St Edmundsbury councils to West Suffolk Council and allows for continuity with respect to this issue. The regulations do not preclude West Suffolk Council from taking steps to remove the licensing areas from the predecessor Forest Heath and St Edmundsbury areas which means the new Council can retain the licensing areas whilst considering them as part of a comprehensive review of taxi policy.
- 1.3.6 It should be noted that the continuation of the existing licensing areas for a short period was the approach taken by eight of the nine unitary authorities during their creation as part of the local government reorganisation in 2009. A number of these unitary authorities have since consulted on these areas, formally known as 'zones', and three authorities decided to amalgamate their hackney carriage zones as a result of public consultation.
- 1.3.7 In line with this precedent, the proposal is to continue licensing areas to maintain the status quo and for West Suffolk Council to be recommended to complete a more comprehensive review within two years of 1 April 2019. This approach is in line with the principles in the Implementation Plan approved by West Suffolk Shadow Council:
- We are not expecting the creation of a single council to impact on service delivery. Where there is an impact we will aim to minimise the impact on our residents, communities, businesses, service users and other local stakeholders and partners.
 - We will not take avoidable decisions that would constrain or restrict the operation of West Suffolk Council.
- 1.3.8 The proposal to retain the existing formal licensing areas of Forest Heath and St Edmundsbury would maintain the status quo until a more comprehensive review could be undertaken, including a survey of supply and demand. This will increase our evidence base and allow us to respond to anecdotal evidence of saturation in some areas. The hackney carriage activities that would see no change under these proposals are:
- Ranks that can be used
 - Areas where they can 'ply for hire' on public land (which does not include the military bases and racecourses)
 - Vehicle livery requirements
- 1.3.9 There is currently a requirement for all hackney vehicles in Forest Heath to have a livery, namely a black base colour and yellow wrap on the bonnet and boot or tailgate. The St Edmundsbury hackney vehicles have no livery requirements. The proposal to continue the licensing areas for a two year transitional period includes keeping the current livery requirements in these separate licensing areas. During this transitional period, licensing officers would recommend buying a black vehicle to any existing or potential licensee looking to licence a vehicle before a long term decision can be made on hackney vehicle livery.

1.4 **Maximum Vehicle Age**

- 1.4.1 Vehicle licensing requirements relate to both hackney carriage and private hire vehicles and therefore must be harmonised before the creation of a single licensing authority for West Suffolk. The alignment of vehicle age requirements began in 2017 with the introduction of the maximum ages in St Edmundsbury. Following analysis of all licensing age requirements compared to neighbouring local authorities and following consultation we produced the proposals in table 2 below. It should be noted that the maximum age for Wheelchair Accessible Hackney Vehicles has been updated following feedback from the consultation feedback. We originally consulted on a maximum age of 1 year upon first licensing.
- 1.4.2 It should be noted that the Department for Transport best practice guidance (2010) advises against having any vehicle age requirements and instead using vehicle inspections as a way of regulating vehicle condition. Our own best practice research of East Anglian authorities and 'nearest neighbours', as defined by the CIPFA index, suggests that a majority of licensing authorities do use age as a metric to regulate vehicle condition, to ensure the standard vehicle condition across the taxi fleet is sufficient and consistent. We go further than some authorities by ensuring all our taxi vehicles undergo biannual inspections by our approved garages.

Table 2

Vehicle Type	FHDC	SEBC	Proposals (following consultations)
Private Hire Vehicles	3 years and 3 months for all vehicles	7 years	5 years
Saloon Hackney Carriages*		7 years	5 years <i>(consultation: 3 years, 3 months)</i>
Wheelchair accessible Hackney Carriages		New upon first licensing (delivery mileage only)	3 years 3 months <i>(consultation: 1 year)</i>
Private Hire Vehicle Age exemption	N/A	Vehicles in exceptional condition	Keep exemption but tighten eligibility criteria to executive/ chauffeur driven vehicles only

* Since the Equality Act 2010 new licence plates cannot be issued for saloon taxi vehicles, meaning only existing taxi licences can be applied to a hackney vehicle

- 1.4.3 In summary, this review represents a collection of changes, including both relaxing and tightening of requirements depending on type of vehicle and authority. We understand these changes are complex, so we have proposed a compromise based on our analysis of the relative impact of an increase/decrease in regulation in each current licensing areas. The relaxing

of requirements should increase affordability for some vehicle proprietors, while not compromising on standards as vehicles already undergo biannual safety checks as standard. Where maximum age has been tightened, it is a result of trying to align the age fairly across West Suffolk while maintaining the standard of our taxi fleet, both in terms of safety and appearance to customers.

1.5 **Approved Garages**

- 1.5.1 Currently all St Edmundsbury taxi vehicles are required to undergo inspections at a single approved garage in Bury St Edmunds (the council depot). In contrast, Forest Heath drivers can use any of five approved garages within the area. We propose updating the policy to allow inspections to take place at any 'approved garage' across West Suffolk. An updated list of approved garages will be made available to licensees by 1 April 2019.
- 1.5.2 In line with this proposal, the licensing team are also working with current approved garages on ways to improve consistency of vehicle inspections. This would further ensure that vehicles across West Suffolk are kept to exactly the same standard in terms of both appearance and safety.

1.6 **Byelaws**

- 1.6.1 Following the Byelaws (Alternative Procedure) (England) Regulations 2016, councils now have the power to amend and revoke outdated byelaws without permission from central government. The byelaws only apply to hackney carriages and some byelaws across England originate from the nineteenth century.
- 1.6.2 The current Forest Heath and St Edmundsbury Taxi Handbooks contain the byelaws for the respective authority areas. A majority of the requirements in these byelaws are duplicated in the current policy. The two sets of byelaws contain minor differences, including:
- Hackney carriage furnishings (inside)
 - Driver and proprietor behaviour
 - Penalties for non-compliance with the byelaws
 - Hackney carriage stands (place based)
- 1.6.3 Firstly, it is proposed that all the current byelaw requirements are included in the draft West Suffolk Taxi Policy Handbook, found in **Appendix A**.
- 1.6.4 Secondly, it is proposed that we initiate the formal process to revoke the hackney carriage byelaws. This includes publishing a revocation byelaw and a regulatory assessment outlining why the byelaws are no longer relevant and then a public consultation lasting at least 28 days. Subject to the public consultation, the revocation byelaw can then be agreed and signed at a meeting of the full West Suffolk Council.

1.7 **Other changes**

- 1.7.1 The National Institute for Licensing guidance for local authorities on determining the suitability of applicants and licensees in the hackney and

private hire trades. Our policy is robust and already encompasses most of the requirements set out in this guidance. However, the opportunity has been taken to add one minor requirement for all operators to keep a record of all complaints and report more serious complaints to the licensing authority.

2. Consultation

2.1 Public Consultation

2.1.1 Due to the nature of the taxi regulation, licensing officers frequently engage with taxi businesses and their representatives. These informal, ongoing conversations informed the initial proposals. A public consultation on these proposals, set out in the draft policy, was held between 10 September and 5 November 2018.

2.1.2 All licensees were contacted directly and invited to complete the online survey. Other key stakeholders were also invited to comment via the survey, including:

- Other responsible authorities (e.g. Suffolk Police, Fire and Rescue Service)
- Other regulators (e.g. Trading Standards, neighbouring authorities)
- Business representatives (e.g. Chamber of Commerce, town centre BIDs)

2.1.3 The Forest Heath and St Edmundsbury Licensing and Regulatory Committees were briefed before and after the consultation as part of informal workshops. This provided helpful challenge and comments on the proposals. They were also invited to comment on the public survey directly.

2.1.4 Two drop in sessions for licensees were held in September and October 2018 to support this public consultation. These drop in sessions also supported the separate consultation on hackney carriage fares that was run in parallel. A summary of the drop-in session feedback relevant to this policy consultation can be found in **Appendix B** and **Appendix C**.

2.2 Feedback Summary

2.2.1 It should be noted that overall there was a fairly low response rate from the taxi businesses, given the number of licences across West Suffolk (see paragraph 1.1.3). Overall there were 71 responses to the survey, a majority of which were taxi drivers and included:

- 10.1% of all Forest Heath drivers
- 6.4% of all St Edmundsbury drivers.

2.2.2 Those who did engage provided useful challenge and overall there was a wide diversity of views, as is commonly the case when engaging with the taxi trade. Where there was a majority in terms of agreement or disagreement with a specific proposal this was only marginal. Further details can be found in the consultation summary in **Appendix B**. In terms of

agreement with the specific policy proposals set out in 1, the survey results show the following:

- Continue existing licensing areas (zones): 41 out of 70 agreed/strongly agreed (13 had no opinion)
- Abolish Haverhill informal industry 'zone': 34 out of 70 had no opinion (21 agreed, 15 disagreed)
- Maximum age requirements upon first licensing a vehicle:
 - 5 years – all types of private hire vehicle: 44 out of 60 agreed
 - 3 years 3 months –saloon hackney carriages: 39 out of 70 agreed
 - 1 year – wheelchair accessible hackney carriages: 47 out of 68 agreed
- Tightening exemption to maximum age requirement for private hire vehicles: 48 out of 66 agreed
- Summary of other changes: One respondent supported the summary of changes stating that it removed 'red tape', the rest of the free text comments related to other areas of policy, operational issues and hackney carriage fares.
- Impact on those with protected characteristic: 54 out of 63 believed that the proposals would not have an impact on those with protected characteristic

2.2.3 Other issues raised during consultation are listed below, alongside officer comments:

2.2.4 Survey respondents were also invited to give suggestions at the end of the survey. This is included:

- Age is not reflective of vehicle condition, so we could:
 - Keep the higher maximum age requirements of St Edmundsbury
 - Replace with mileage requirements
 - Provide exemptions for vehicles with low mileage (e.g. below 50,000 miles)
 - Abolish age requirements and ensure vehicle inspection are more standardised
- Ensure consistency across types of vehicles (e.g. saloon hackney age should be 5 years like that for private hire vehicles)

It was also suggested that we need to improve enforcement to ensure private hire vehicles are not 'plying for hire'. This is a separate enforcement issue already being addressed by our licensing officers.

3. Options and Recommendations

3.1 Options Considered

3.1.1 A number of options were considered throughout this process, including more long term options that did not require another policy review within two years. This included options for hackney carriage livery and permanently amalgamating the licensing areas.

3.1.2 As discussed above, permanent options are not recommended as more evidence regarding the following is required:

- Supply and demand of hackney carriages in the current areas of Forest Heath and St Edmundsbury (known as an 'Unmet Demand Survey')
- Public perception on taxi vehicle livery
- Wide public consultation on hackney carriage licensing areas

A wider review of taxi policy within two years would provide sufficient time to grow the evidence base on these three key issues.

3.2 **Recommendations**

3.2.1 It is recommended that the draft policy is adopted and that the new West Suffolk Council carry out a wide review within two years of 1 April 2019. To support this review a survey of supply and demand in the West Suffolk taxi market should be commissioned in order to support a long term decision on the two hackney carriage licensing areas of Forest Heath and St Edmundsbury. It is understood by officers that that the situation relating to licensing areas is both complex and emotive in nature and may have important consequences for the trade, the travelling public and for the local authorities. The decision would involve looking at one option that is permanent, in that the licensing areas cannot be split again, once amalgamated. It is believed this decision cannot be taken lightly or without full consideration of all of the various associated issues.

3.2.2 In order to support the trade through this transitional period, officers will recommend to anyone looking to purchase a new vehicle to licence in the next 2 years that they buy a black vehicle. This would ensure they are prepared for any future decision on whether there should be a livery across West Suffolk, and whether it should be a black base and yellow wrap as currently required for Forest Heath hackney carriages.

3.2.3 Equality and Diversity Implications

An Equality Impact Screening Assessment has been carried out and can be found in **Appendix E**. This outlines that although there may be some financial impact for some St Edmundsbury licence holders due to the slightly lower maximum age of vehicles upon first licensing (5 years down from 7 years) this will not affect any of the protected characteristics disproportionately. The assessment also highlights multiple positive impacts for protecting the safety and increasing affordability for some taxi businesses, which includes:

- Additional requirements for operators to log complaints in response to best practice guidance for ensuring public safety
- Relaxing some maximum vehicle age restrictions, mainly for those in Forest Heath where the maximum is currently relatively low across all taxi types (3 years 3 months).

West Suffolk Council Hackney Carriage and Private Hire Conditions Policy Handbook

Portfolio holder:	
Document author:	Licensing Department
Date document approved:	

Foreword

You play an important role in the success of our local economy. More than 10 million visits are made to West Suffolk every year with visitors spending over £500 million. Many will use taxis or private hire vehicles during their stay and their experience of your service will form part of their lasting impression of the area. It could make the difference as to whether they decide to come back, and whether they recommend West Suffolk to their friends.

West Suffolk is a rural area and many of our residents will rely on taxis or private hire vehicles simply to get out to the shops, doctors and hospital appointments, or to visit friends and family.

We also have a rich mix of evening entertainment with people enjoying a night out at restaurants, the cinema, theatre, the Apex, or the summer evening races in Newmarket to mention a few. You play a vital role in ensuring that they are able to get home safely after an evening out. In doing this you ensure that this huge part of our successful economy is able to continue to thrive.

So, it is important that, as drivers and as ambassadors for our area, your service and your vehicles are of the highest quality. The standards outlined in this handbook are about ensuring the safety of passengers as they are taken from A to B, that both the vehicle and the driver are fit to be on the road, and about protecting the integrity of your trade.

We hope that you will see this handbook as a positive step to assure a professional service that you, your council and your customers will continue to value so dearly.

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Introduction

West Suffolk Council licences the following:

- Hackney carriage and private hire vehicle drivers
- Hackney carriage vehicles
- Private hire vehicles
- Private hire operators.

The relevant legislation includes:

- Local Government (Miscellaneous Provisions) Act 1976
- The Town Police Clauses Act 1847
- Public Health Act of 1875.

All vehicle drivers are required to comply with the council's conditions and also with general motoring legislation.

The council aims to promote public safety and confidence in the hackney carriage and private hire trades by maintaining the highest possible standards. All licensed drivers are expected to conduct themselves in a professional and courteous manner at all times.

With the cooperation of the trade the council will seek to achieve this aim by:

- Ensuring that all hackney carriages and private hire vehicles are mechanically maintained to a high standard and regularly inspected.
- Ensuring that all hackney carriage and private hire vehicle drivers are fit and proper persons to act as such.

Information provided to the licensing officers will be used for health, safety and licensing purposes. Information may be used for other council functions, where this is permitted by law. The council is registered under the Data Protection Act 1998 for these purposes.

The council is under a duty to protect the public funds it administers, and to this end may use the information you provide for the prevention and detection of fraud. We may also share this information with other bodies responsible for auditing or administering public funds for these purposes.

Licensing Department contact details

West Suffolk Council, West Suffolk House, Western Way, Bury St Edmunds IP33 3YU
and

Council Offices, College Heath Road, Mildenhall IP28 7EY

Tel: 01284 758050

Email: licensing@westsuffolk.gov.uk

Web: www.westsuffolk.gov.uk

The normal office hours are 8:45am to 5pm Monday to Friday. Appointments are required if you need to see an Officer, otherwise documents and forms can be left with

customer services in reception. Please allow 14 days for your applications to be processed.

Payment of licence fees

Payments can be made in the following ways:

- By cheque (payable to West Suffolk Council)
- By debit card or credit card
- **Online through our application portal***

Definitions

Term	Definition
the council	West Suffolk Council
the district	
proprietor	
hackney carriage	the area of the council in which you are licensed with
vehicle	means the person or persons named in the licence as the proprietor of a hackney carriage or private hire vehicle.
the licensee	the individual(s) who is/are named on a licence granted by the council
private hire vehicle	a motor vehicle constructed or adapted to seat fewer than nine passengers other than a hackney carriage, which is provided for hire with the services of a driver for the purpose of carrying passengers.
operate	in the course of business to make provision for the invitation or acceptance of bookings for a private hire vehicle
driver's licence	if the term driver's licence is used, for the purposes of this handbook, it will generally mean a licence granted by the council for the driving of a council licensed vehicle. (unless stated otherwise as a DVLA licence)
plate or internal plate	the licence plates issued by the council to identify a vehicle which has been licensed by it in accordance with the provisions of Section 48 of the act
Licensing and Regulatory Sub-Committee'	members of the Licensing and Regulatory Committee conducting quasi-judicial hearings to determine applications or review of a licence

Hackney carriage and private hire drivers

New applicants can apply for a combined driver's badge. The combined badge allows you to drive both private hire and hackney carriage vehicles.

All new drivers must complete the mandatory Level 2 Certificate in Taxi and Private Hire Driving (or similar qualification) prior to applying for a licence.

How to submit your application

Please refer to the guidance notes for step by step instructions on the application process **and the convictions policy**. These can be found on our council Website http://www.westsuffolk.gov.uk/Business/Regulation_and_Licensing/Licensing/Taxi_licensing/upload/Guidance-Notes-Drivers-SEBC-Jan-2017-V2.pdf

https://www.westsuffolk.gov.uk/Business/Regulation_and_Licensing/Licensing/Taxi_licensing/upload/Taxi-Licensing-Criminal-Convictions-Policy.pdf

Make sure that all the questions on the application form are completed and submit with all original supporting documents and the correct fee. Payment should be made by card or cheque made payable to West Suffolk Council.

You can submit your completed application to our council offices which are open Monday to Friday 8.45 am to 5pm.

Please note: All documents must be originals; photo copies are not acceptable. Where applicable the applicant must provide, at their own expense, a written English translation of relevant documents/certificates, together with documentary proof that the translation is correct.

1. Applications may be referred to the Licensing and Regulatory Sub-Committee for consideration. You will be invited to attend the Licensing and Regulatory Sub-Committee meeting to speak in support of your application.
2. Where an applicant, at the time of application has not reached 21 years of age the application will be referred to the Licensing and Regulatory Sub-Committee for determination.
3. A driver's licence usually lasts for three years, although it may be issued for a lesser period at the council's discretion.

Licensed driver conditions – applies to all drivers

1. The applicant must be properly authorised to drive motor cars holding either a Group A or Category B licence issued by the DVLA, this includes EU and Northern Irish licences as defined in the Road Traffic Act 1988. The applicant must have held a **full** national driving licence for a period of 12 months.
2. Drivers will note the provisions of the conditions relating to licensed vehicles. It is important that drivers ensure that the vehicles they drive comply with the said conditions.
3. The council has a disciplinary code, which sets out the principles and procedures by which breaches of statutory provisions, or the contravention of any of the council's standard conditions will be dealt with. Serious breaches could result in suspension or revocation of your licence.
4. Every driver of a licensed vehicle is required to be licensed, the only exception being a qualified person **testing** a licensed vehicle or its taximeter.
5. A person acting as the driver of a licensed vehicle without a valid licence, commits a criminal offence, as does the proprietor who actually employs the unlicensed driver.
6. The council will not grant a driver's licence unless satisfied that the applicant is a fit and proper person to hold a driver's licence for licensed vehicles.
7. The council may suspend, revoke or refuse to renew a driver's licence if since the licence was granted the driver has:
 - a. been convicted of an offence involving dishonesty, indecency or violence,
 - b. been convicted of an offence under, or has failed to comply with, the provisions of the 1847 and 1976 acts, or
 - c. for any other reasonable cause.
8. Licensed drivers are required to hand their licences to the proprietor of the licensed vehicle they drive.
9. Private hire vehicle drivers shall not:
 - a. park the vehicle on any hackney carriage stand for any reason
 - b. stand or ply for hire or offer the private hire vehicle for immediate hire while on a road or other public place, or
 - c. accept an offer for the immediate hire of the private hire vehicle while the driver or the vehicle is on a road or other public place unless the offer is first communicated to him by his/her private hire operator. (In this condition 'road' means any highway and any other road to which the public has access).
10. The driver shall take all reasonable steps to ensure the safety and welfare of all passengers driven by him/her.
11. Where a vehicle is constructed or adapted for the transportation of disabled persons, the driver shall convey the disabled passenger and any aids including assistance animals, (such animals to be carried free of charge), unless the driver

has a council dispensation displayed in the vehicle, or an exemption certificate. Drivers must afford reasonable help to a disabled passenger to aid getting in and out of the vehicle and to or from any building if requested. Medical exemption can be applied for.

12. The driver will treat all members of the public with courtesy and respect.
13. The driver will ensure that all plates, labels and stickers supplied by the council are displayed and legible at all times.
14. The driver will display his badge at all times when working so that it's visible to members of the public.
15. The driver will only take refreshment in the vehicle at times when it is parked and not in service.
16. The driver will turn any entertainment off or down at the request of any passenger.
17. The driver will carry a reasonable quantity of luggage when requested by any passenger. Drivers must offer all reasonable assistance to load and unload luggage.
18. The driver will check the vehicle for any lost property between each fare, report any lost property to the police at the earliest opportunity.
19. The driver must be punctual and take the shortest available route to the destination unless an alternative route is requested by the passenger whilst observing all relevant highway and traffic laws.
20. The driver will carry a copy of the conditions at all times when the vehicle is in service and make it available to members of the public on request.
21. When carrying any animal at the request of a passenger, ensure that provision is made to ensure the safety of the animal, passenger and the driver.
22. The driver must ensure the vehicle is maintained in a clean and satisfactory condition at all times.
23. The driver must notify the council **in writing** within seven days:
 - a. of any criminal offence for which they have been convicted
 - b. of any disqualification from driving they have received
 - c. of any endorsement on their DVLA licence for a motoring offence
 - d. of any material change to their health since their most recent Group 2 medical submitted to the council
 - e. of any change of their address
 - f. of any change in their operator
 - g. of any accident involving the vehicle whilst they were driving.

24. The driver must not:

- a. use any two way radio equipment unless an appropriate licence from the Office of Communications is held by the operator and available for inspection
- b. use any scanning equipment
- c. use a mobile phone whilst driving as per the current legislation
- d. carry any other person in the vehicle without the express consent of any other passengers carried in the vehicle
- e. provide any alcoholic drinks within the vehicle unless there is an appropriate licence in place
- f. drivers are expected to be smart and clean in appearance at all times. They must maintain a high standard of personal hygiene and dress in clothing and footwear suitable to the public service which is clean, tidy and inoffensive. Flip flops, cropped shorts and tight fitting vest tops are not considered professional attire.

25. The driver must not refuse assistance dogs. Reported refusals will result initially in disciplinary action according to our disciplinary and points guidance. Repeated refusal may result in the driver being prosecuted.

Drivers can apply to the council for an assistance dog exemption certificate. A medical exemption report must come from the driver's own registered GP, for example; severe allergies or asthma related to animals. The driver must display the medical exemption as per council instructions and allow passengers to inspect the exemption on request.

26. The driver must not refuse disabled or wheelchair users. Wheelchair users must be charged the same as non-wheelchair users. Reported refusals or overcharging will result initially in disciplinary action according to our disciplinary and points guidance. Repeated offences may result in the driver being prosecuted. An exemption can be applied for under medical grounds. Please contact the council for more details.

<https://www.gov.uk/government/news/law-change-demands-equal-treatment-for-disabled-taxi-users>

27. The driver must surrender his licence to the council within seven days if they receive a driving ban through a conviction.

28. The driver must complete any mandatory training as directed by the council.

29. The driver must not smoke or vape in a licensed vehicle, even when it is not being used for hire or reward.

Private hire vehicle operator's licence

Guidance notes

1. It is a criminal offence to operate a private hire vehicle within the council's district without having a private hire vehicle operator's licence.
2. The council can grant private hire vehicle operators' licences upon application to a fit and proper person.
3. The council may attach to the grant of a licence such conditions as it may consider reasonably necessary.

Conditions

1. An operator shall record details of every private hire booking made. The following information shall be recorded in an easily retrievable method (page numbered log or computer database) before the commencement of each journey and shall include the following:
 - The date and time of each booking
 - How the booking was received, that is, telephone or personal call
 - The time of the pick up
 - Where the journey was from and to
 - The name of the hirer
 - The private hire licence plate number of the vehicle allocated the booking.

The records shall be kept for one year or such longer period if stated by the council.

The records shall be produced, on request, to any police officer or authorised officer of the council

2. An operator shall maintain at his premises details of all vehicles operated by him/her, which shall include the following:
 - the private hire plate number
 - vehicle registration number
 - name and address of the proprietor of the vehicle
 - name(s) and address(es) of the driver(s) of the vehicle(s)
 - badge numbers of the driver(s).

The above records shall be produced on request to any authorised officer of the council or Police officer.

3. **The operator's licence must be held with the council in whose area the operator has the office, or home address in the case of an owner-driver. Anyone who wishes to operate in more than one area is required to hold an operator's licence with the local authority in each of those areas. The licensing authority will not usually grant an operator's licence for an operator with an operating base 10 miles outside the authority's area.**

4. No operator shall invite or accept a private hire vehicle booking or control or arrange a journey to be undertaken by a private hire vehicle without first making available the charge for the hire of the vehicle to the person making the booking.
5. The operator shall ensure that when a private hire vehicle has been hired, the vehicle shall, unless delayed or prevented attend punctually the appointed time and place.
6. The operator shall keep clean, adequately heated, ventilated and lit any premises which the operator provides to which the public have access, whether for the purpose of booking or waiting,
 - a. Make sure that any waiting area provided has adequate seating facilities
 - b. Make sure that any telephone facilities and radio equipment provided are maintained in a sound condition and that defects are repaired promptly
 - c. Make sure any person who is drunk or otherwise misbehaving shall be removed from any licensed operating premises.
7. An operator shall ensure that all drivers and vehicles owned, controlled or operated by them shall be licensed and comply with all the conditions of their drivers licence and or private hire vehicle licence.
8. It is an offence to refuse to carry assistance dogs unless the driver has a medical exemption certificate.
9. Change of address (including any address from which an operator conducts their business) must be notified to the council within seven days of such a change taking place.
10. The operator shall within seven days disclose to the council in writing details of any conviction imposed on him/her during the period of the licence.
11. An operator shall not include in his/her trading title, or in any advertising whether in publication or by the display of notices or by means of a circular, or business card, any reference to 'taxi' or 'cab'.
12. The operator shall not cause or permit any driver of a licensed vehicle to park the vehicle on any hackney carriage rank for any reason or stand or ply for hire or offer the vehicle for immediate hire while he/she or that Vehicle is on a road or other public place.
13. The operator shall keep a record of all customer complaints in respect of their driver's conduct. The register shall be kept for a period of 12 months unless specified otherwise by the council. The records shall be produced, on request, to any police officer or authorised officer of the council.

Note: The council may suspend, revoke or refuser to renew the operator's licence if any of these conditions are not complied with.

Hackney carriage vehicle licences

As a result of local government reorganisation in West Suffolk, there are currently three hackney carriage zones. Two replicate the areas of the two former councils: Forest Heath District Council and St Edmundsbury Borough Council. The third lies within St Edmundsbury Borough Council in Haverhill. A hackney carriage licensed to ply for hire or use a taxi rank in one zone may not ply for hire in another zone in West Suffolk or elsewhere in the country.

We are only retaining the two replicate zones and abandoning the Zone at Haverhill. This will mean that the previous council area known as Forest Heath will be Zone A and the previous area known as St Edmundsbury Borough Council will be Zone B. Vehicles can be licensed to operate in either zone but not both. Your current hackney licence will remain within the zone you are licensed in and cannot be transferred to the other zone.

Guidance notes

1. The vehicle should not be manufactured or adapted to carry more than eight passengers; this number includes any passengers who may be seated in wheelchairs if the vehicle is capable of transporting such passengers. For any new vehicle application, the vehicle must be wheelchair accessible and be capable of carrying at least one passenger seated in a wheelchair.
2. Once licensed as a hackney carriage the vehicle remains a hackney carriage until such a time as the licence is surrendered, suspended, revoked, or application for renewal is refused. **Roof signs must be permanently displayed, even whilst undertaking private hire work.**
3. Only a licensed driver may drive a hackney carriage, and then only if the vehicle is licensed with the same local authority that issued his hackney carriage driver's licence.
4. Hackney carriage vehicle licences are issued subject to the vehicle to which they are assigned being mechanically fit and meeting all the requirements of the licence conditions
5. It is a criminal offence to use a vehicle as a hackney carriage plying for hire within the district of West Suffolk Council without having a hackney carriage licence.
6. The council can grant hackney carriage licences upon application. The council may attach to the grant of a hackney carriage licence such conditions as it deems necessary.
7. The council may make conditions as to the type of vehicle that can be used for hackney carriage work. These can cover the size, methods of access and egress, colour, number of seats, number of doors and other such specific matters.

Conditions

1. The vehicle

- a. A hackney carriage is a wheeled vehicle which may stand or ply for hire within the specific hackney carriage licensing zone for which it has been licensed to operate and has fixed up upon it a 'numbered plate' displaying the number of the vehicle licence. The two zones have consistent licensing requirements, as set out by this policy, excepting livery requirements and area of operation.
- b. Hackney carriage vehicles shall not:
 - 1. Ply for hire on public land outside of the zone specified on their licence
 - 2. Use a taxi rank or stand outside of their licensed zone*

*Exception to this only is a rank on private land such as a racecourse with the express authorisation of the racecourse in writing

- c. Hackney carriages are licensed to ply, or stand for hire, within the licensing district for which they hold a hackney carriage licence. Plying means that they can be hailed while on the move, or obtained if stationary and available for hire in the street. A vehicle is standing for hire if it is on a properly appointed hackney carriage stand. The principal feature being that they can carry passengers for hire or reward. **The vehicle must not carry any passengers in number greater than that displayed on the plate and licence.**
- d. All vehicles licensed to operate in Zone A (previously Forest Heath) must be a saloon, hatchback, estate or MPV/minibus style vehicle. It must be painted black with the exception of:
 - 1. The outer face of the bonnet which must be yellow
 - 2. The outer face of the boot lid in the case of saloons, or the outer face of the opening tailgate in the case of hatchbacks, estates or MPV/minibuses, all of which must be painted yellow.
- e. There is no livery colour requirement for Zone B at present.
- f. All newly plated vehicles must be a brand new wheelchair accessible vehicle with delivery mileage only at the time the first application is made to the council for a licence.
- g. The proprietor must ensure that the vehicle is safe, comfortable and suitable in type, size and design for use as a hackney carriage and the vehicle must either:
 - 1. be a purpose built taxi which conforms to the 'Conditions of Fitness' for the 'Construction and Licensing of Motor Taxicabs in London' as prescribed by the 'Public Carriage Office'; of any colour, or
 - 2. be a saloon, hatchback, estate or MPV/minibus type vehicle of any colour (for Zone B vehicles) .
- h. For both zones, the age of the vehicle on first grant and must be a wheelchair accessible vehicle no older than **12 months** of first registration.
- i. For both zones, the age of the replacement of a hackney vehicle must be no older than **three years three months** of first registration.

2. The vehicle must:

- a. at all times throughout the period of licensing be in such a condition so as to comply fully with all relevant statutory requirements (including the council's standard conditions)
- b. have an engine, the normal cubic capacity of which is either:
 1. not less than 1500cc; (unless an MPV – see separate section) or
 2. rated by the vehicle manufacturers as being equivalent to 1500cc engine
 3. in the case of hybrid (electric), or alternative fuelled vehicles the separate power sources must, when added together be rated as being the equivalent of a 1500cc engine
- c. be a right-hand drive vehicle
- d. have, at least four doors in addition to any rear door/tailgate; in the case of MPV/Minibus type vehicles nearside and offside sliding side access doors are allowed
- e. be equipped with seat belts of an acceptable type in respect of every seat which can be used for the carriage of passengers
- f. if an estate, hatchback or MPV/minibus type vehicle, be fitted with a guard rail or other device of a type approved by the council to prevent luggage entering the passenger area
- g. be fitted with either all radial or all cross ply tyres including the spare wheel if manufactured with one fitted, in date tyre sealant repair kit must be present if vehicle is not manufactured with a spare wheel marked with plate number
- h. be provided with a taxi meter fitted and working in accordance with the standard conditions made by the council regarding taxi meters
- i. have a **permanent sign** on the roof indicating that it is a 'taxi'
- j. be fitted with a sign bearing the words '**FOR HIRE**'
- k. have adequate space for the legs of passengers seated on the rear seat of the vehicle when both the front passenger and driver's seats are adjusted to the position nearest to the rear passenger seat. For a continuous seat, the length of the seat needs to be a minimum of 48 inches to be licensed for three passengers.
- l. not be in excess of 5334mm (210 inches) in length.

3. The driver of the hackney carriage will:

- a. proceed with reasonable speed to and station the vehicle on the rank within their licensed zone

- b. If a rank, at the time of the drivers arrival is full, will proceed to another stand or return when the rank has space
- c. on arriving at their authorised zoned rank, the driver will station the vehicle behind the other vehicles facing the same direction. The driver will direct passengers to the vehicle at the front of the rank ready for hire.
- d. the driver of the first or leading hackney carriage on the rank must be ready for hire and by hired by any person
- e. not charge any fare higher than that on the taximeter unless stated on the fare card that is, extra persons or soiling charges. Selecting unauthorised extras on the tariff will be deemed as overcharging to which the driver will face penalties.

4. The proprietor will:

- a. keep all parts of the vehicle, its fittings and equipment both internal and external (including mechanical equipment) in an efficient, safe and clean condition and shall comply at all times with all relevant statutory requirements
- b. provide an efficient fire extinguisher suitable for use in a motor vehicle, which shall be safely carried in such a position as to be readily available for use at all times. An in date fire extinguisher must be permanently marked with the vehicle plate or registration number and a sign showing location of equipment
- c. not alter the appearance of design of the vehicle (including the mechanical parts) without the prior approval of the council. This would include the installation of safety screens or similar within the vehicle
- d. make sure that every driver employed by him to drive a hackney carriage is acquainted with, understands and observes the conditions attached to that particular vehicle licence and the statutory provisions relating to all such hackney carriage vehicle licences
- e. make sure that there is no smoking or vaping in their licensed vehicle at any time (even when it is not being used for hire or reward). Drivers must ensure that a 'NO SMOKING' sign/sticker in each enclosed compartment of the vehicle in which people can be carried.

5. Taximeters

The vehicle will be fitted with a taximeter that is calendar facilitating.

- a. The taximeter must be programmed/calibrated and set to the council's table of hackney carriage fares as may be in operation at that time. Failure to keep the taximeter up to date with the current council's table of fares may result in the vehicle licence being suspended.
- b. No tariffs other or greater than those currently fixed by the council shall be displayed on the face of the taximeter. The taximeter must be sealed to avoid tampering and should only be broken by authorised taximeter testers.
- c. A current fare/tariff card as issued by the council showing the full table of hackney carriage fares shall be clearly and visibly displayed within the vehicle at

all times. **This tariff card must be legible and not concealed by the driver.**

- d. The dial of the taximeter must be kept properly illuminated throughout any part of a hiring which is during the hours of darkness, and also at any other time at the request of the hirer.

6. Roof sign/for hire sign

- a. The vehicle shall be fitted with a **permanent** sign on the roof bearing the word 'TAXI' in black lettering to the front and rear. The words 'FOR HIRE' shall appear on either side of the word 'TAXI'. The sign shall be illuminated in YELLOW to the front and RED to the rear. The roof sign must be not less than 18 inches and not exceeding 36 inches in length.
- b. In cases where the roof sign has a minimum base of 60cm (24ins) the rear face of the sign may be used to display the proprietor's business name and/or telephone number. The words 'TACSI' or 'TAKSI' must not be used.
- c. A separate For Hire sign will be fitted to the vehicle where the roof sign does not bear the words For Hire.
- d. There must be an electrical connection to both the roof and for hire signs causing both signs to be capable of being illuminated. Illumination must be capable of being visible during the day and at night.
- e. The illumination should automatically be extinguished when the taximeter is engaged. Any illumination must not contravene any statutory requirement.

7. Licence plates and labels

The council will provide a plate and a label identifying the vehicle as a hackney carriage. The plate will be for the duration of the licence. The plate will be fixed to the rear of the vehicle so as to be clearly visible and the label fixed and displayed inside the vehicle, again clearly visible. The plate shall remain the property of the council.

8. Passengers

The proprietor/driver of the vehicle shall not carry a greater number of persons than that specified on the licence. Babies and young children of whatever age are persons for the purpose of the licence.

9. First aid kit

A first aid kit will be carried in the vehicle to enable the driver to administer basic first aid to themselves only, or to enable those trained in its use to render assistance. First aid kits should contain sterile bandages and plasters that are in date, marked with plate or registration number and have a sign depicting where the kit is kept within the vehicle.

10. Advertisements, signs, notices (hackney vehicles)

The vehicle shall be free from any sign or notices except as may be required by any statutory provision or required by these conditions. With this proviso advertisements' are permitted on the exterior of Hackney vehicles only. Front doors may carry the contact details of the proprietor. Hackney rear doors may carry commercial advertising. A single product/service may be advertised at any one time. The advert must be suitable for a vehicle in public service and considered by the council to be in-offensive. The advert shall be no larger than 30cm x 60cm.

11. Temporary replacement vehicles

- a. The provision of a temporary replacement vehicle is limited to cases where the original vehicle is unroadworthy and unsuitable for use as a Hackney Carriage as a result of a non-fault accident.
- b. On such occasions and only these occasions the standard conditions made in relation to the required vehicle livery are waived.
- c. The maximum length of time that a temporary replacement vehicle can operate as a hackney carriage within the 'district' in relation to each particular occurrence is 6 weeks (**42 days**).
- d. The replacement vehicle must not have a greater passenger seating capacity than the original vehicle.
- e. Prior to the grant and issue of a temporary hackney carriage vehicle licence the vehicle must be tested and inspected by one of the council's authorised vehicle inspectors.
- f. All temporary vehicle licences together with licence plates and labels shall remain the property of the council and must be returned to the council on the expiry of the licence.
- g. The vehicle must be, and remain at all times throughout the period of licensing in such a condition as so to comply fully with all relevant statutory requirements and to the councils standard conditions.

12. Multi passenger vehicles (MPV'S)

This refers to vehicles licensed to carry more than four but less than nine passengers.

The number of passengers which the vehicle is licensed to carry will in all cases be subject to the discretion of the council.

- a. The vehicle must have a minimum engine capacity of 1600 cc (this shall include vehicles identified as 1.6 litre models by the manufacturer)
- b. The majority of seats must be forward facing, (where provided, tip-down seats may face the rear); such seats must be capable of rising automatically when not in use and must not obstruct doorways
- c. Access from the doors to the seats (and vice-versa) must be direct without the need for passengers to climb over parts of seats or luggage.
- d. There must be adequate, secure storage space for all passengers luggage preferably within the vehicle. The arrangements for storing luggage must not obstruct access to the vehicle exits or affect passenger comfort.
- e. If when the vehicle is fully occupied there is insufficient space within the vehicle for storage of luggage then a roof rack may be fitted providing that (A) the luggage is stored in a purpose built luggage carrier, and, (B) that the roof load does not exceed the maximum weight recommended by the vehicle manufacturers.

13. Wheelchair accessibility

General

- a. The council will not grant a licence to those vehicles that load wheelchairs containing occupants into the rear of the vehicle using ramps.
- b. Vehicles using either a hydraulic or an electric powered tail lift to load wheelchairs and passengers into the rear of the vehicle are exempt from the above condition.
- c. Passengers, regardless of any disability, must be able to get in and out of the vehicle with reasonable ease and travel within it in safety and reasonable comfort while remaining seated in their wheelchair, if so required.
- d. The wheelchair user must on request be able to transfer to a vehicle seat.
- e. The vehicle must display a sign depicting the universally recognised disabled logo on the door where the passenger will be loaded).
- f. All vehicles must be capable of complying with the appropriate vehicle licence conditions.

Entry to the vehicle

- a. Any doorway used to load wheelchair users must provide adequate height and width to allow passengers to be loaded whilst seated in their wheelchair.
- b. Any steps, either fixed or retractable, must be permanently secured at the point of entry.
- c. The surface of all steps must be slip resistant. Step nosing must be designed to minimise risk of tripping and must be in a contrasting colour.
- d. Steps must be fitted in such a manner that the vehicle cannot be driven off while the step is deployed and in a position where it extends beyond the vertical line of the bodywork.
- e. Handrails or Handholds must be provided at passenger entrances as an aid when entering or exiting the vehicle.
- f. The surface of every handrail or handhold must contrast in colour from the surrounding surfaces and be of a slip resistant finish.
- g. Any ramp must provide a surface of at least 750mm wide and shall have a minimum safe working load of 250kg. The ramp must not exceed 1700mm in length.
- h. When in use the ramp must be securely located at the point of wheelchair entry. An adequate locking device must be fitted to ensure that the ramp does not slip or tilt when in use.
- i. Channel ramps must not be used. However, ramps which fold are permitted provided the ramp is rigid when deployed.
- j. The surface of all ramps must have a slip resistant finish.
- k. All outer edges must be clearly marked in a contrasting colour.
- l. Provision must be made for the safe storage of the ramp when not in use.

Wheelchair within the vehicle

- a. The wheelchair user must travel in a space designated for that purpose.
- b. The area required for the wheelchair must be of sufficient size to allow a wheelchair to be moved from outside the vehicle into the designated space without excessive manoeuvring.
- c. Wheelchair users must either face forwards or backwards whilst travelling in the vehicle.
- d. All wheelchairs must be securely fastened.
- e. Passengers occupying a wheelchair must be provided with a seat belt.
- f. The vehicle must not be driven until both the wheelchair and its occupant have been properly and securely fastened in the vehicle by means of appropriate

restraining devices.

- g. Any unoccupied wheelchair must be properly secured so that it cannot cause injury to passengers when the vehicle is moving.
- h. A non-slip material must be used for the surface of the flooring in the designated wheelchair space.

In addition the proprietor of every vehicle licensed to carry passengers seated in wheelchairs shall make sure:

- a. That all drivers of such vehicles have an approved DVSA (DSA previously) practical wheelchair accessible training course. **(The certificate of attendance must be presented to the council).**
- b. That any additional equipment such as clamps, ramps and belts, required to cater for wheelchair passengers are carried at all times and are in a fit and serviceable condition.
- c. That the driver is familiar with the operation of and the functionality of all devices designed to help passengers to get in and out of the vehicle, all drivers should be trained in the use of all relevant belts and other restraint and locking mechanisms.

14. Trailers

- a. Only vehicles licensed by the council to carry 6 7 or 8 passengers are permitted to tow a trailer.
- b. A trailer may only be used for the purpose of conveying the luggage of fare paying passengers whilst they are being conveyed within the vehicle and for no other purpose. All journeys would be those where the vehicle has been pre-booked.
- c. No trailer may be used in conjunction with either a hackney carriage or private hire vehicle unless that trailer has first been inspected and approved by a West Suffolk vehicle testing station for suitability, safety and compliance with all relevant legislation. Fees are payable for each test and inspection.
- d. Whilst a hackney carriage is towing a trailer it is not permitted to use a hackney carriage rank.
- e. Advertisements will be allowed to be displayed on the trailer, as per vehicle conditions.
- f. A current certificate of insurance must be produced to the council which covers the use of a trailer and the vehicle licensed to tow it. Such insurance must extend so as to cover any luggage carried within the trailer.
- g. Every trailer must comply in all respects with the requirements of EC94/20 type approval and any acts and Regulations relating to trailers or parts thereof of which may be in force at the time of licensing.

- h. An additional vehicle licence plate must be displayed on the outside rear of the trailer. This plate must carry the same details as the plate affixed to the rear of the towing vehicle.
- i. The maximum gross weight of any trailer shall not exceed 750kg.

15. In-car surveillance systems – (CCTV)

- a. Vehicle proprietors may install image recording equipment in licensed vehicles and is deemed to be the data controller.
- b. An approved installer must carry out the installation in accordance with the manufacturer's instruction and the council's conditions.
- c. All image recording equipment must comply with the requirements of current data protection legislation. **For the purpose of the General Data Protection Regulation, a controller determines the means and purposes of processing personal data. For the purpose of the installation and operation of a CCTV system in taxis and private hire cars, the controller will be the holder of the taxi or licensed vehicle licence and not the driver.**

The licence holder will be responsible for ensuring compliance with the requirements of Data Protection legislation, including the GDPR, and this policy. The controller is legally responsible for the use of all images including breaches of legislation and where a third party processor is used for the remote storage of personal CCTV data and for which the controller retains full responsibility for the processor's actions.

More information can be found at: <https://ico.org.uk/for-organisations/guide-to-data-protection/cctv/>

- d. Equipment must be installed in such a way that it will not cause injury to the driver or the passengers. Nor should it obscure the view of the road through the windscreen.
- e. Equipment must be secure and not interfere with the safe operation of the vehicle.
- f. All cameras must be installed above the level of the dashboard within the vehicle.
- g. Recorded images must show the date and time the image was captured and identify the vehicle in which the equipment is installed.
- h. There must be a sign informing passengers that the vehicle is fitted with surveillance equipment. Guidance is available with the ICO (Information Commissioners Office). The recommended wording on the sign is as follows:

Passenger notice

This taxi/private hire vehicle is protected by a **digital surveillance camera**. Any images recorded are held in a secure format and can only be viewed by the licensing authority or the Police.

16. Liquid petroleum gas (LPG)

LPG conversions are subject to council approval prior to any conversion work taking place.

17. Vehicle tests and inspections

The vehicle shall be inspected and tested as follows:

- a. Prior to the granting of the initial licence – taxi test
- b. Mid term test, six months after issue of licence. This will be your MOT.
- c. Annually when the licence is due for renewal – taxi test.
- d. At any other time if so requested by the council up to a maximum of three separate occasions during any one period of 12 months.

The taxi test must be carried out **at an approved vehicle testing station from the list of approved testers supplied by the council.**

Any authorised officer of the council or any Police constable has the power to inspect and test, for the purposes of ascertaining its fitness, the vehicle or any taximeter affixed to the vehicle. If the vehicle or equipment fails such an inspection, written notice may be given on the need for further test or inspection and the licence may be suspended until that date or until any faults are rectified. A maximum of four weeks is given for repair or the licence shall be deemed revoked.

All Hackney vehicles licensed by the council will be required to hold a valid MOT certificate from 12 months old.

18. Accidents

- a. Any accident to the vehicle causing damage materially affecting the safety, performance or appearance of the vehicle or the comfort or convenience of persons carried therein shall be reported to the council within 72 hours.
- b. No vehicle shall be used for the carriage of passengers after suffering an accident until the vehicle has been inspected and approved by the council.

19. Insurance

- a. The proprietor must ensure that at all times the vehicle is insured to the satisfaction of the council both for the requirements of Part VI of the Road Traffic Act 1988 and for the carriage of fare paying passengers (that is for hire and reward). This shall include third party insurance for personal injuries suffered by passengers.
- b. The proprietor must produce the certificate of insurance or the cover note in respect of the insurance cover for inspection prior to the issue of the licence and each time the certificate of insurance or cover note (if appropriate) is changed, amended, varied, altered or the like.

- c. The council will only accept a certificate of insurance in either the name of the registered keeper of the vehicle or the name of the legal owner of the vehicle.

20. Transfer of vehicles

A licensed vehicle with its licence can be transferred from one owner to another. This must be done as a complete transaction for example, the already plated vehicle is transferred completely with its plate from one person to another. If the vehicle is sold without its licence, this is not a transfer in terms of licensing, please see vehicle changes/replacements under heading no. 26 below.

21. Licence renewal

The proprietor shall, at least **14 days** prior to the date of the licence's expiry, make application to the council for a renewal of their hackney carriage vehicle licence. If an application for renewal is not received by the expiry date, the licence will lapse and the vehicle will have to be licensed as a first grant adhering to those conditions. It is a criminal offence to ply for hire in an unlicensed hackney carriage.

22. Convictions

All criminal offences, whether they be for driving or motoring or for something totally unconnected with driving/motoring must be disclosed to the council within seven days of conviction.

23. Change of address

The proprietor shall notify the council in writing of any change of address during the period of the licence, within seven days of such a change taking place. There will be an administrative charge set out in the council's fee list.

24. Disciplinary code

The council has adopted a disciplinary code, which sets out the principles and procedures by which breaches of statutory provisions, or the contravention of any of the council's standard conditions will be dealt with by the council.

25. Copies of conditions

The proprietor shall ensure that copies of the council's handbook conditions are kept in the vehicle at all times and that they are available for inspection by the hirer or any other passenger on request.

26. Inspection of licences

The proprietor shall, at the request of the council, produce for inspection the licence either forthwith or at its licensed council district office, beginning with the day following that on which the request is made.

27. Replacement of vehicles

All hackney carriages must be replaced with a vehicle no older than **three years and three months of age** from first registration.

28. Right of appeal

Any person aggrieved by the refusal of the council to grant a hackney carriage licence or by any conditions specified in such a licence, may appeal to a magistrates' court.

Note: Failure to comply with these conditions may result in the commencement of criminal proceedings and/or in the suspension or revocation of an existing licence, or in the refusal to issue a new licence.

Private hire vehicle licences

Guidance notes

1. It is a criminal offence to operate a private hire vehicle in its own licensed district without having a private hire vehicle licence.
2. It is also a criminal offence to use or permit, to drive, to employ as a driver, to operate, or to operate without a driver's or vehicle licence a private hire vehicle without the requisite licence under the act.
3. Private hire vehicles are licensed to perform pre-booked work only. Such work must be obtained through a licensed private hire operator. They must not ply for hire, wait on a taxi stand, or form an unofficial rank in public view.
4. The vehicle should not be manufactured or adapted to carry more than eight passengers; this number includes any passengers who may be seated in wheelchairs if the vehicle is capable of transporting such passengers.
5. Once licensed as a private hire vehicle the vehicle remains a private hire vehicle until such a time as the licence is surrendered, suspended, revoked, or application for renewal is refused.
6. Only a licensed driver may drive a private hire vehicle and then only if the vehicle is licensed by the same local authority that issued his vehicle driver's licence.
7. Private hire vehicle licences are issued subject to the vehicle to which they are assigned being mechanically fit and meeting all the requirements of the licence conditions.
8. Private hire vehicle includes all types of vehicle, regardless of design, which are used solely for the fulfilling of a pre-booking. The public must not be led to believe that a private hire vehicle is a hackney carriage by its appearance or design. Stickers provided by the council must be displayed on both rear passenger doors advising passengers that the vehicle is to be pre-booked only unless the words 'pre-booked' appear on door signs.

Conditions

1. The vehicle

- a. The proprietor must ensure that the vehicle is safe, comfortable and suitable in type, size and design for use as a private hire vehicle.
- b. The vehicle must not be of such design and appearance as to lead any person to believe that the vehicle is a hackney carriage; in particular it must not be a 'London type taxi'.
- c. Be a standard saloon, hatchback, estate or MPV/mini-bus type vehicle or be a vehicle constructed or adapted as to facilitate the carriage of a disabled person or persons in a wheelchair within the passenger compartment specifically

designed to carry up to but no more than eight passengers.

- d. Sports saloons, drop head coupes, convertibles or touring cars will not be licensed.
- e. Be no more than **five years old**, at the time the first application is made to the council for a licence or when it is replaced.
- f. If the vehicle is older than **five years**, presented on first registration or replacement, **is an executive chauffeur vehicle with a s75 plate exemption, this condition may be waived**. The vehicle must meet the **exceptional quality** conditions and applied for using our exceptional quality waiver application form.

The council may also consider permitting the licensing of a vehicle which is either:

- a classic car being over 25 years old at the time of first application, or
- a vintage car being built between 1919 and 1930 inclusive, additional conditions relating to these vehicles may be added to the permit

2. The vehicle must:

- a. at all times throughout the period of licensing be in such a condition so as to comply with all statutory requirements (including the council's standard conditions)
- b. have an engine, the normal cubic capacity of which is either:
 - 1. not less than 1500cc, or
 - 2. rated by the vehicle manufacturers as being equivalent to 1500cc engine

In the case of hybrid, or alternative fuelled vehicles the separate power sources must, when added together be rated as being the equivalent of a 1500cc engine.

- c. be a right-hand drive vehicle
- d. have at least four doors in addition to any rear door/tailgate. In the case of MPV/minibus type vehicles nearside and offside sliding side access doors are allowed.
- e. be fitted with either all radial or all cross ply tyres including the spare wheel if manufactured with one fitted. An inn date tyre sealant repair kit must be present if vehicle is not manufactured with a spare wheel and marked with the vehicle plate number
- f. An estate, hatchback or MPV/minibus type vehicle, must be fitted with a guardrail or other device of a type approved by the council to prevent luggage entering the passenger area.
- g. If storage space for luggage is provided under the vehicle's seats, have straps supplied to secure the said luggage whilst the vehicle is in transit.
- h. Have adequate space for the legs of passengers seated on the rear seat of the vehicle when both the front passenger and driver's seats are adjusted to the position nearest to the rear passenger seat. For a continuous seat, the length of the seat needs to be a minimum of 48inches to be licensed for three passengers.

3. The proprietor shall:

- a. keep all parts of the vehicle, its fittings and equipment both internal and external (including mechanical equipment) in an efficient, safe and clean condition and shall comply at all times with all relevant statutory requirements
- b. provide an in date efficient fire extinguisher suitable for use in a motor vehicle, which shall be carried in such a position as to be readily available for use at all times. It shall be permanently marked with the vehicle plate or registration number. A sign should depict where the equipment is being kept.
- d. as part of Health and Safety at work legislation, a first aid kit should be carried in the vehicle to enable the driver to administer basic first aid to himself only, or to enable those trained in its use to render assistance. Kit must include sterile plasters and bandages and be in date.
- e. Not alter the appearance or design of the vehicle (including the mechanical parts) without the prior approval of the council. This would include the installation of safety screens or similar within the vehicle.
- f. Ensure that every driver employed by him to drive is acquainted with, understands and observes the conditions attached to that particular vehicle licence and the statutory provisions relating to all such private hire vehicle licences.
- g. It is illegal to smoke in a licensed vehicle at any time (**even when it is not being used for hire or reward**). There is a requirement to display a No Smoking sign in each enclosed compartment of the vehicle in which people can be carried.

4. Taximeters

Private Hire Vehicles are not required by law to be fitted with a taximeter, however, if one is fitted it shall be treated in the same manner as one fitted to a hackney carriage and meet the conditions for meters as above.

5. Licence plates

As per hackney carriage conditions unless a s75 exemption is applied for.

6. Passengers

As per hackney carriage conditions.

7. First aid kits

As per hackney carriage conditions.

8. Advertisements, signs and notices

- a. **All** private hire vehicles must display the words 'PRE-BOOKED ONLY' on both sides of the vehicle's front **or** rear doors. This must be in place by the time they present their vehicle for their next vehicle test (not MOT).
- b. Operators may advertise their own company on their vehicles, providing that the wording is inoffensive and does not include the words 'taxi', 'cab', 'for hire' or similar.
- c. Vehicles with s75 plate exemptions are not included in any of the above.

9. Temporary replacement vehicles

As per hackney carriage conditions.

10. Multi passenger vehicles (MPV'S)

As per hackney carriage conditions.

11. Wheelchair accessibility

As per hackney carriage conditions. Mandatory training also applies.

12. Trailers

As per hackney carriage conditions.

13. In-car surveillance systems – (CCTV)

As per hackney carriage conditions.

14. Liquid petroleum gas (LPG)

As per hackney carriage conditions.

15. Vehicle tests and inspections

As per hackney carriage conditions.

16. Accidents

As per hackney carriage conditions.

17. Insurance

As per hackney carriage conditions.

18. Transfer/replacement of vehicles

If a vehicle needs to be replaced due to accident damage or test failure, it must be replaced with a vehicle no older than **five years of age**. Exemptions may be applied for as stated in 1(e) above.

19. Dual registration

- a. A vehicle licensed as a hackney carriage by any other local authority may not be licensed by the council as a private hire vehicle within the West Suffolk Council district.
- b. A vehicle licensed as a private hire vehicle by any other local authority may be licensed by the council as a private hire vehicle within the West Suffolk Council district, if the council in its absolute discretion thinks fit.

20. Licence renewal

As per hackney carriage conditions.

21. Change of address

As per hackney carriage conditions.

22. Copy of conditions

As per hackney carriage conditions.

The proprietor shall ensure that copies of these conditions are carried in the vehicle at all times and that they are available for inspection by the hirer or any other passenger on request.

23. Section 75(3) Local Government (Miscellaneous Provisions) Act 1976

- a. The Local Government (Miscellaneous Provisions) Act 1976 requires that a council must issue a private hire vehicle plate with an identity plate or disc and that proprietor should not use, or permit the use of, that vehicle without displaying the plate as directed by the council. The act also gives a district council the discretion to grant a proprietor a dispensation from displaying the licence plate on their licensed private hire vehicle. Each application for a dispensation will be considered on its own merits. The overriding consideration will be public safety. The clear identification of a licensed vehicle is considered such a safety aspect, particularly when visiting such places as airports, seaports and the centres of large towns.
- b. Dispensation will not be granted as a matter of course. A clear case for the dispensation will have to be made by the proprietor in writing. In determining an application it will normally be the status of the passenger and the executive of the work that will indicate whether or not the dispensation should be granted. The vehicle must be of a high standard. Application forms are available from the council.

24. Right of appeal

Any person aggrieved by the refusal of the council to grant a private hire vehicle licence or by any conditions specified in such a licence, may appeal to a magistrates' court.

Note: Failure to comply with these conditions may result in the commencement of criminal proceedings and/or in the suspension or revocation of an existing licence, or in the refusal to issue a new licence.

Stretch limousines used as private hire vehicles

These conditions made under the Local Government (Miscellaneous Provisions) Act 1976 are specific to a vehicle adapted by lengthening the wheelbase of a standard, factory-built vehicle. For the purpose of these conditions the vehicle is classed as a 'special events vehicle'. They apply in addition to the authority's standard conditions for private hire vehicles.

Guidance notes

1. A 'stretch limousine' is a saloon type vehicle that has undergone an increase in length by extending the wheelbase after manufacture. For the purpose of these conditions, it will be restricted to carrying up to, but not exceeding, eight passengers.
2. An 'American stretch limousine' is a stretch limousine imported from the USA and typically will have been manufactured originally by Lincoln (Ford) or Cadillac.
3. The licensing of any vehicle will be dependent upon the council being satisfied that the vehicle is suitable in size, type and design for use as a private hire (special events) vehicle.
4. In making a judgement of a vehicle's suitability the council will consider its age, mechanical condition, mileage, appearance, bodywork condition and safety features. When presented for licensing the first time the vehicle must have either European Whole Vehicle type approval or UK Low Volume type approval, or Single Vehicle Approval.
5. The council will at its discretion consider licensing 'American stretch limousines' provided that conversion works have been carried out under the Ford Qualified Vehicle Modifier (QVM) or the Cadillac Master Coachbuilder (CMC) programmes.
6. It will be the vehicle proprietor's responsibility to obtain all necessary documentation to support the provenance of the vehicle to the satisfaction of the council. All relevant approval certificates, including the American certification must be provided to the council. It should be noted that a Minister's Approval (MAC) Certificate is not on its own acceptable.
7. The maximum length of the 'stretch' shall not exceed 120 inches/3048mm.
8. The council may at its absolute discretion consider licensing vehicles that are left-hand drive (that is the steering wheel being on the near side), have some side-facing seats, and have tinted glass.

Conditions

1. No external fitting will be permitted other than an aerial to receive radio or other transmissions.
2. Alcohol may not be sold on a moving vehicle. Any alcohol sold as part of the hire agreement can only be sold under an appropriate premises licence. No person, under the age of 18 years, being conveyed in a stretch limousine shall be allowed to consume alcohol.
3. A proprietor shall ensure that the vehicle is, and remains at all times throughout the period of licensing in such a condition so as to comply with all current standard conditions made by West Suffolk Council in relation to private hire vehicle licences. In addition vehicles must comply fully with all relevant statutory requirements and be operated in accordance with the conditions made by West Suffolk Council in relation to private hire vehicle operators licences.
4. All limousines shall be subject to mechanical test and inspection at intervals no greater than 26 weeks during the currency of the licence. Such test and inspection is in addition to Ministry of Transport testing (MOT) and must be at a testing station approved by the council to carry out such tests and inspections. It should be noted that such tests and inspections may have to be carried out at premises operated by the Vehicle and Operator Services Agency (VOSA).

Hackney carriage and private hire disciplinary code

1. The Local Government (Miscellaneous Provisions) Act 1976 provides that where the statutory provisions relating to hackney carriage and private hire are breached or the conditions attached by the council to any licence granted by it are contravened then the council may suspend, revoke or refuse to renew such licence.
2. The council has adopted a disciplinary code, which sets out the principles and procedures by which such contraventions will be dealt with by the council. Any matter considered under this policy must also be dealt with in accordance with the council's corporate enforcement policy.
3. The purpose of the scheme is to give licensees clear guidance about the consequence of non-compliance with the council's licensing requirements. Licensees who fail to comply with statutory provisions or any other of the council's licensing requirements will have appropriate action taken against them. Depending on the nature of the contravention such action may take the form of:
 - a. a verbal warning
 - b. written warning
 - c. awarding of penalty points
 - d. a simple caution
 - e. suspension or revocation of licence
 - f. prosecution
4. The penalty points system relating to the code defines breaches to the conditions attached to the licence, (driver, vehicle or operators) together with penalty points which may be awarded in respect of any breach of those conditions.
5. Where appropriate the council's licensing officer has discretion to give a verbal warning for a first offence in any category. Any subsequent offences will be subject to penalty points or higher in accordance with the scheme.
6. Where it is suspected that a licensee has breached statutory provisions, has contravened any of the council's standard conditions or has been convicted of a criminal offence, whether it be for driving or motoring, or something totally unconnected with driving or motoring the council will:
 - a. carry out appropriate investigations
 - b. invite the licensee to respond to the allegation
 - c. inform the licensee of the outcome of the investigation.
7. Where penalty points are awarded by an authorised Officer for the council, the licensee will be given 14 days in which to appeal in writing to the council's Assistant Director of Planning and Regulatory Services. If no appeal is lodged within that period, penalty points in accordance with the notice will be recorded against the licensee and endorsed on his/her record.
8. Penalty points will be removed from the licensee's record three years after the date on which they were recorded.
9. Where a licensee incurs 12 penalty points or more in any three year period the matter will be reported to the Licensing and Regulatory Sub-Committee. This

report will recommend that the licence be suspended, the length of suspension being a minimum of one day for each point incurred. Once a period of suspension has been served, all penalty points relating to the period of suspension will be set back to zero but can be considered in future disciplinary hearings if deemed relevant.

10. In circumstances where the council's authorised officer having given due consideration to the facts of the case is of the opinion that the imposition of penalty points may not be appropriate, a licensee may be required to appear at a meeting of the Licensing and Regulatory Sub-Committee. Such instances would include:
 - a. breaches of insurance conditions (licensed private hire vehicles applying for hire)
 - b. a conviction for reckless driving or driving without due care and attention
 - c. failure to disclose a conviction (non-vehicle related).
11. Appearance before the Licensing and Regulatory Sub-Committee could result in suspension, revocation or refusal to renew a licence. The Licensing and Regulatory Sub-Committee may consider the driver to complete the Level 2 Certificate in Taxi/Private Hire Driving.
12. Any person whose licence is suspended, revoked or not renewed in this way may appeal to the magistrates' court against the council's decision. Appeals must be lodged with the magistrates' court within 21 days of notification of that decision.
13. A driving conviction will incur the same number of penalty points as are endorsed on the DVLA licence.
14. **It should be noted that a vehicle licence will be suspended immediately it becomes apparent that a vehicle may not be properly insured.**

Interpretation

15. The penalty point scheme is self-explanatory but the following situations may require further explanation:

- a. Where licensee is an owner/driver, are both licences suspended when a total of 12 penalty points have accrued, some against the driver's licence and others against the vehicle?

No. The scheme states that, where a licensee incurs **more than** 12 penalty points in period of three years, the licence will be suspended. Penalty points will accrue against either the vehicle **or** the driver licence and any suspension will only apply when 12 points have accrued against one or the other.

- b. What is the position where a licensee owns multiple vehicles?

Following the same logic, points will accrue against particular vehicle licences and only those licences where the 12 point ceiling is exceeded will be suspended. This may mean that a proprietor owning several vehicles could incur a substantial number of penalty points without ever having a vehicle licence suspended. However, if a profile emerges that a proprietor

has penalty points against all or most of the vehicles in his fleet, the council could consider whether he/she is a 'fit and proper person' to be a licensee.

- c. What happens when a vehicle is changed?

The licence number remains constant when the vehicle is changed. Therefore, once penalty points are endorsed on a vehicle licence they will remain valid, even if the vehicle is changed in the meantime.

- d. What happens when a vehicle licence is transferred?

In this scenario any penalty points recorded on a vehicle licence would become null and void. It would not be fair or reasonable to transfer the penalty points incurred by one licensee to another.

Group 1

Penalty points system relating to private hire/hackney carriage

Basis of offence	Penalty points awarded
Any action which invalidates the insurance cover for the vehicle	8
Carrying more passengers than the vehicle is licensed for	8
Failure to wear a driver's badge	3
Failure to disclose a driving conviction within seven days	4
Failure to notify change of details, for example address within seven days	2
Smoking/vaping or evidence of smoking/vaping in a vehicle	6
Failure to produce documents when requested	6
Failure to behave in a civil and orderly manner (including rude or aggressive behaviour towards the public or council staff)	6
Breach of any condition not specified above	6-12

Group 2

Penalty points system relating to private hire/hackney carriage

Basis of offence	Penalty points awarded	Person responsible
Failure to display identification plates correctly	6	Driver/proprietor
Failure to display fare tariff correctly (hackney carriage only)	4	Driver/proprietor
Failure to display interior label correctly	4	Driver/proprietor
Incorrect meter tariffs	5	Proprietor
Failure to report accident/damage to the vehicle within 72 hours	3	Proprietor
Failure to carry an in date fire extinguisher or carry in an unsafe/dangerous condition	3	Driver/proprietor
Failure to present the vehicle for inspection on request	3	Driver/proprietor
Failure to carry vehicle/driver conditions	2	Driver/proprietor
Failure to maintain a clean and tidy vehicle	4	Driver/proprietor
Failure to notify change of address within seven days	3	Proprietor
Breach of any condition not specified above	3/6	Driver/proprietor

Group 3

Penalty points system relating to private hire vehicle operators

Basis of offence	Penalty points awarded
Failure to produce or allow inspection of any records	6
Failure to keep records of bookings in the prescribed form	5
Failure to keep vehicle records	4
Failure to keep driver records	4
Failure to notify any conviction/formal caution	4
Failure to notify a change of operation address within seven days	3
Breach of any condition not specified above	2/6

Group 4

Variable penalty points or referral to Level 2 training

In circumstances where the contravention is such that it does not fit within groups 1/3 then the appropriate officer, having given full consideration to the facts of the case will, decide on the number of the penalty points to be awarded, or if the driver should be referred for further training in the format of a Level 2 qualification. This would include instances where a complaint was found to be justified relating to:

- a. over charging
- b. refusing to carry a guide or assistance dog or disabled passenger
- c. not moving forward on rank as soon as space is available
- d. unnecessarily idling in a rank and/or on the highway
- e. a failure to behave in a civil, orderly, seemly and courteous manner
- f. failure to assist any passenger
- g. failure to complete any mandatory training as directed by the council.

Drivers can appeal decisions to be referred for the level 2 qualification in writing to the Assistant Director of Planning and Regulatory Services. Persistent breaches could result in the revocation of the licence and or prosecution under relevant legislation.

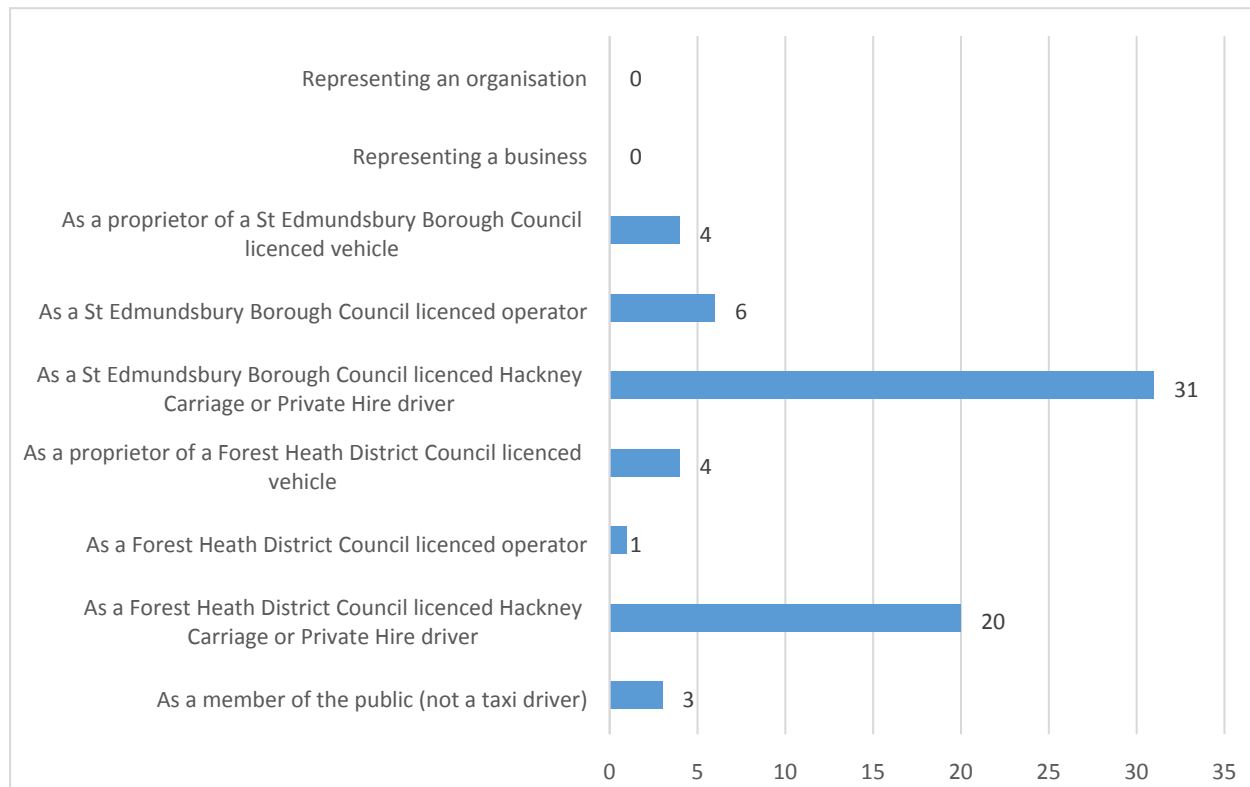
APPENDIX B

Summary of Taxi Policy Harmonisation consultation responses

There were 76 responses to the survey in total, however, three were tests carried out by members of staff and two were left completely blank. The total number of responses analysed is therefore 71.

1. About the respondents

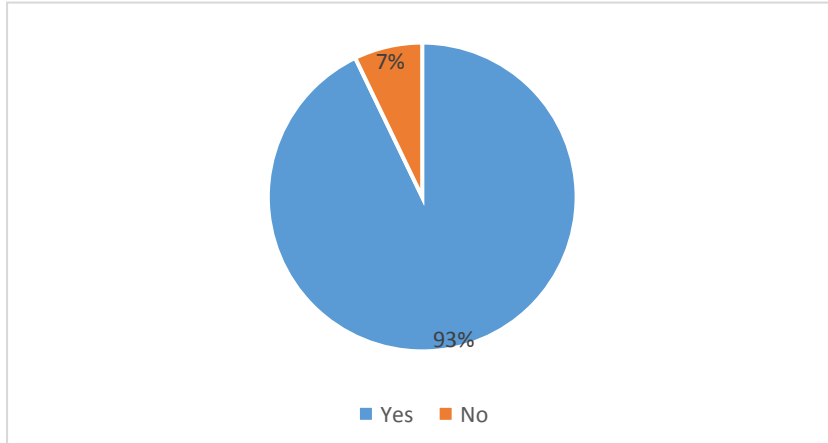
The majority were responding as a St Edmundsbury Borough Council licensed Hackney Carriage or Private Hire Driver (31). There were no responses from those representing an organisation or business.



Other

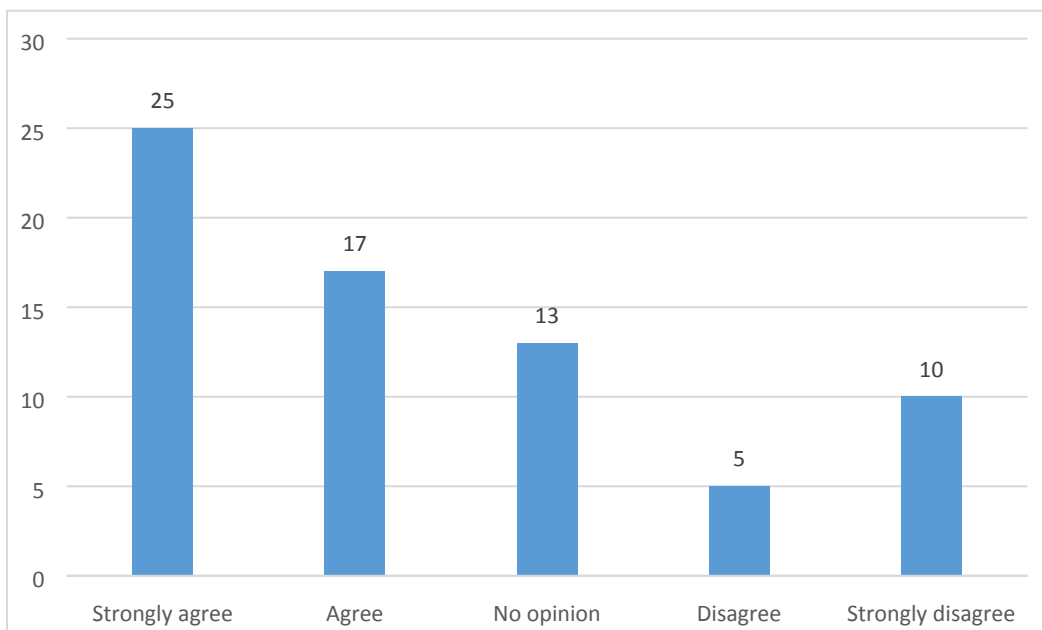
FHDC Councillor	1
SEBC Councillor	1

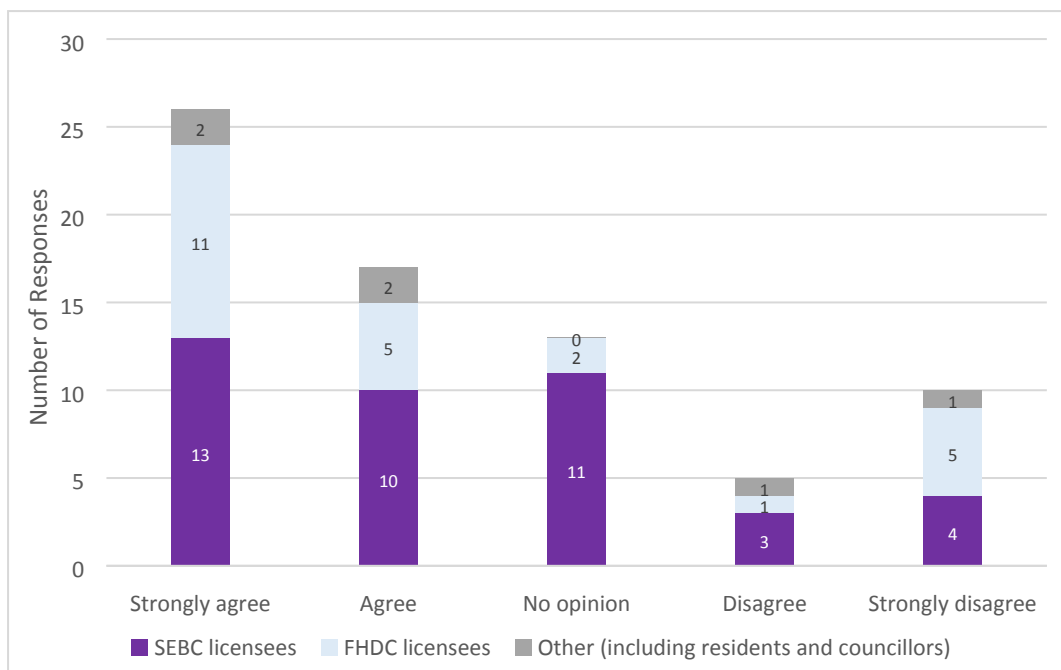
93% of respondents live in West Suffolk:



2. Hackney zones

The majority of respondents (60%) either strongly agreed or agreed with the proposals to keep the St Edmundsbury and Forest Heath areas as hackney zones.





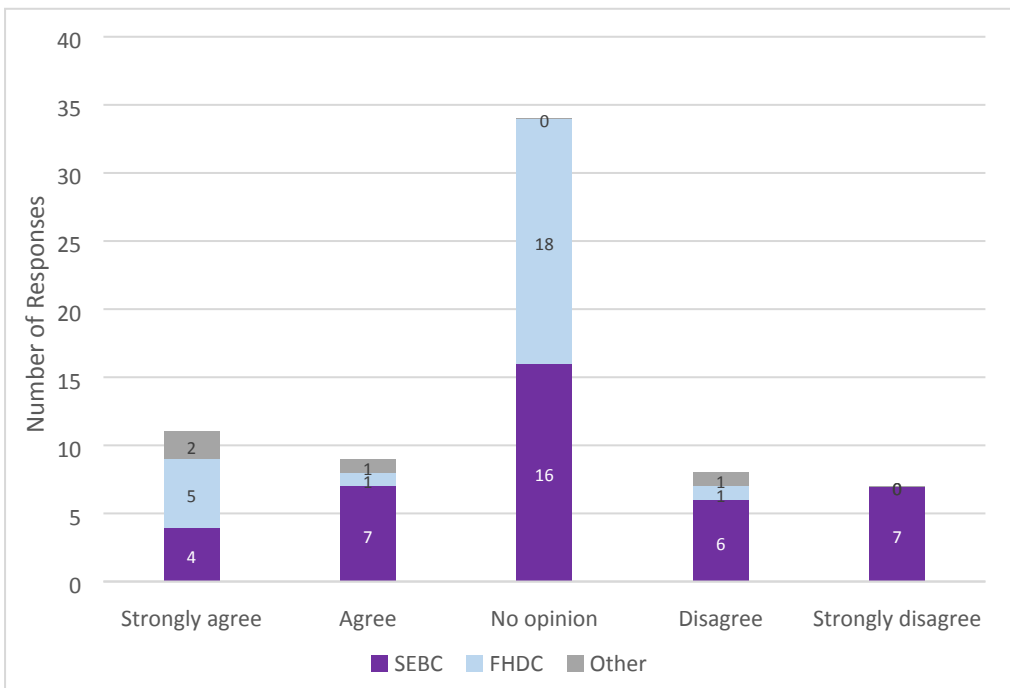
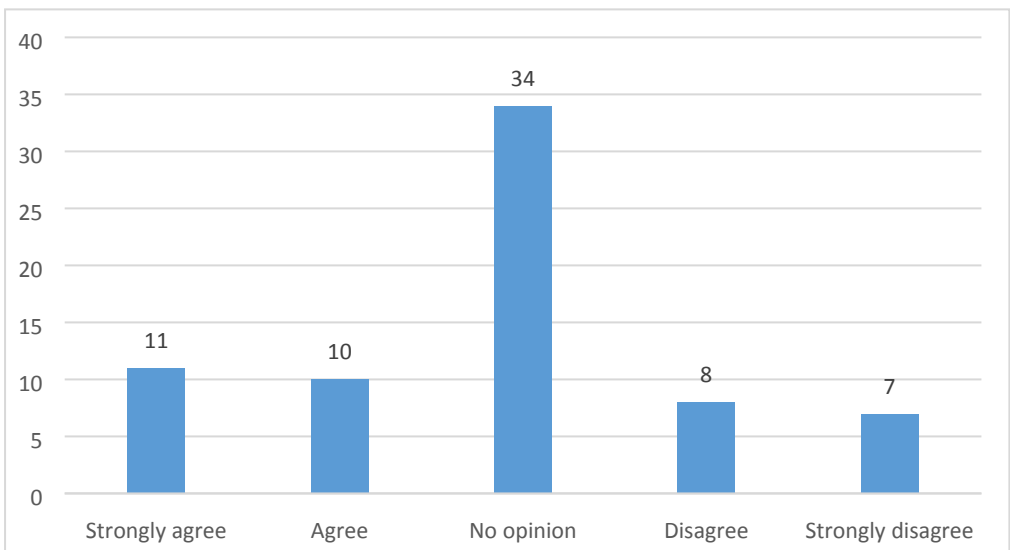
38 respondents gave a reason for their answer. The following themes represent some of the reasons given:

Theme	Example quote
Hackney zones are bad practice, unfair and go against Government advice	<i>"...It is now ILLEGAL to have Hackney zones in a council and for a brand new council to applaud them is disgraceful. We want and need a level playing field."</i>
Taxi drivers were advised by the Council that there would be a single zone	<i>"Were told that the tariffs are being made the same because it would be a single licence council have spent time and money changing meter to find we have been conned."</i>
Separate zones will harm wheelchair users	<i>"Wheelchair users will find that some West Suffolk Taxis refuse to pick them up because the Taxi is from another part of the council. This may be ok in the strict legal sense but it is morally wrong and will cause hurt."</i>
Keep zones separate as more taxis could mean over saturation in some areas	<i>"Zones need to be kept separate, otherwise drivers could cherry pick saturating one area whilst leaving others with a poor service. It is already difficult to earn a decent living and the addition of more taxis within a certain zone would make the situation worse."</i>
Unfair for hackney drivers based at RAF Lakenheath taking military personnel to Bury St Edmunds	<i>"As a FHDC driver, based on RAF Lakenheath, I often take customers into BSE - the current situation means I have to return empty - on occasions I have had to refuse a request from American personnel standing outside a venue as I cannot pick them up. My understanding one council, and the fees I pay to one</i>

	<i>council should eliminate this issue. Or is it a threat to BSE business?"</i>
One zone would make journey times too long for customers	<i>"Journey times would be too long to make sense, but of course if a passenger is picked up in they could as now be taken to the other."</i>
There is currently not enough space on the ranks – a single zone would make this worse	<i>"Not enough space on the rank or work to start spreading into each other zones."</i>

3. Abolish the zone in Haverhill

The majority of respondents had no opinion on the abolishment of the zones in Haverhill.



22 respondents gave a reason for their answer:

Abolish ALL Zones and let us trade fairly!!! Stop protecting the few and work for the many including residents.

Needs sorting for all parties concerned.

As a private hire driver I am not affected.

what zone in Haverhill???

This allows BSE to extend range but once again not me !

It is a long way from either zone and could lead to more expensive journeys, I would have thought local taxi service would suit best.

no nothing about Haverhill zone

do not live in haverhill

where are the Haverhill drivers going to plot up not bury or forest heath I hope!

Abolish all zones. 1 zone West Suffolk.

No zones so content

Haverhill is expanding rapidly therefore there could be more demand for taxis.

Consolidate with two zones which will reduce the admin running costs.

Haverhill needs a hackney zone as town is expanding rapidly there may be more need to taxis.

Haverhill is totally different to the other two and should remain the same.

This anomaly should have been sorted years ago. SEBC should have been one operating area

It would all depend upon which Zone Haverhill would become absorbed within, I would imagine if drivers and operators of FHDC and SEBC were advised under which zone Haverhill would operate there would be a more defined answer.

It works fine as it is and everyone's happy with it. Why change for the sake of it?

As rank in Bury is swamped with taxis at the moment need to look at plate issuing.

If taxis were parked on rank people would congregate outside kebab house and go to taxi rank or book private hire and make police's job easier.

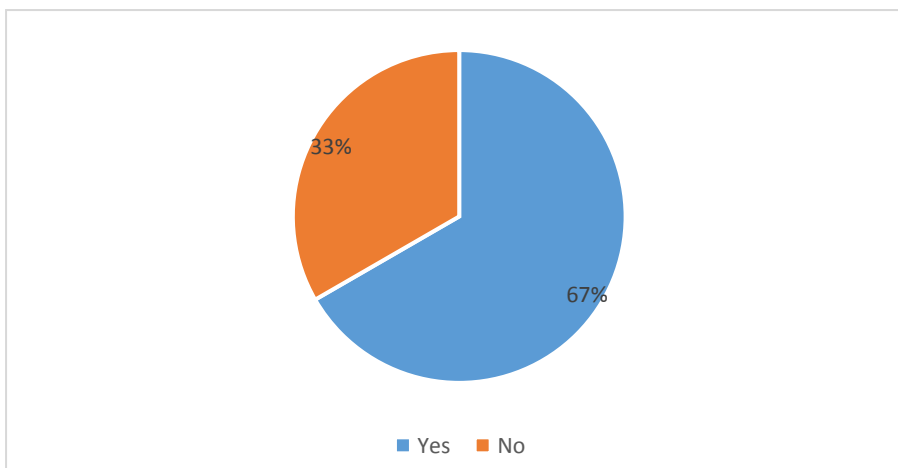
90% of Haverhill drivers and Bury drivers are very happy with the current set up so why change it? It will affect Bury's taxi earnings.

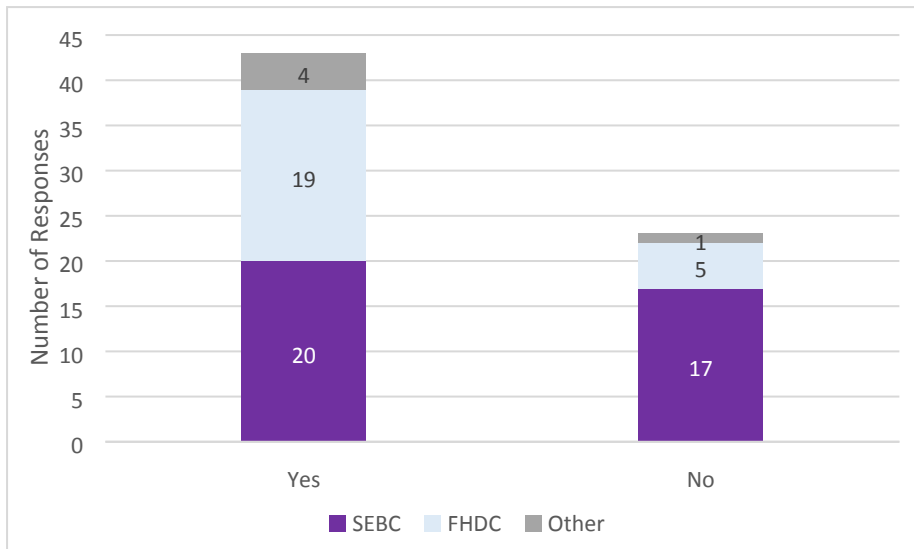
I have no knowledge of the Haverhill zone.

All existing zones should be kept.

4. Proposed age limits for Wheelchair accessible hackney vehicles

The majority of respondents (44, or 67%) agreed with the proposed age limits for wheelchair accessible vehicles:





12 respondents gave a reason for their answer:

First grant should be 3 years as the 12 month first grant restriction was put in place to protect the few and stifle competition from potential new traders.

I just believe the 12 month first grant is too strict, 3 year 3 months is fair for first grant and replacement. It should be the same.

It should remain new vehicles to receive a free plate there are too many disabled vehicles already (very few doing wheelchair work)

Harmony needed

if a car is in good condition and passes all its test each year there should be NO age limit

As a private hire driver I am not affected.

with the changes with requirements for electric vehicles there are not enough that could be used for hackney usage

I do not understand the rationale in making it more difficult and more expensive to add a wheelchair accessible vehicle to the fleet of taxis within west suffolk, surely everything should be done to make it easier.

Vehicles need to be suitable for the job and well maintained.

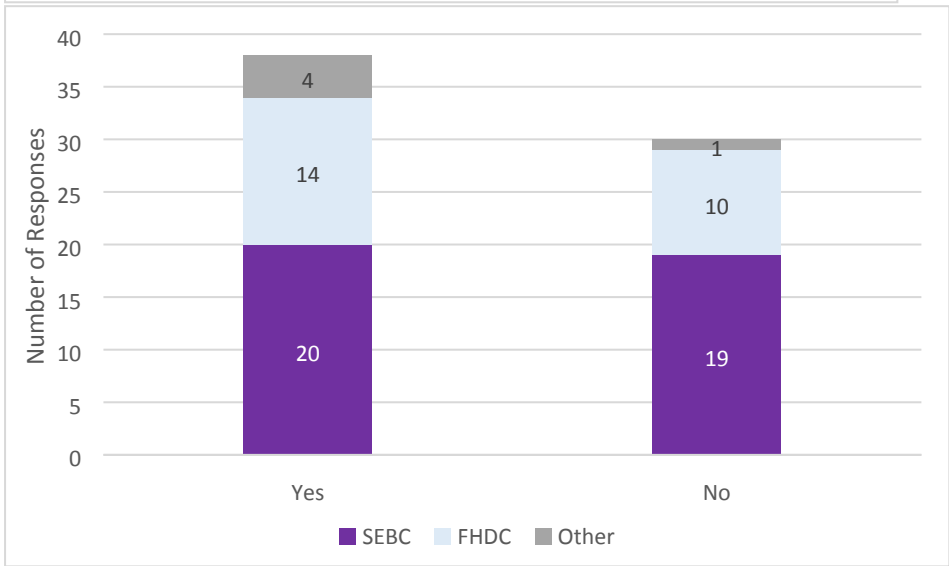
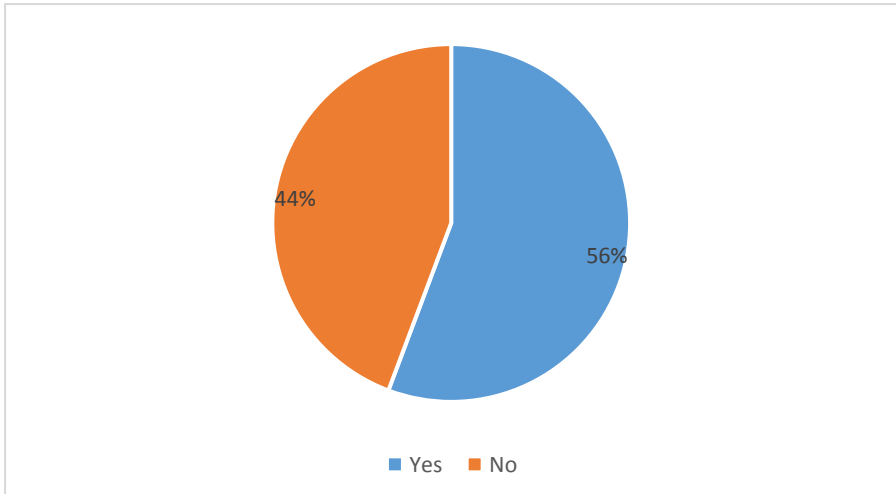
First grant should be new as the market will become flooded and the ranks are already oversubscribed.93 Hackney vehicles in Bury st Eds and all new ones to be wheelchair friendly are large 8 seaters....and only rank space for 9 vehicles !!!!!

Why are Haverhill taxis not using metres as it states metres must be on when taxi pulls away with customer in taxi?

12 months first grant is very restrictive and the aim is to keep the number of wheelchair hackneys artificially low. This is another 'Bury St Edmunds' led policy.

5. Proposed aligned age limits for saloon hackney vehicles

Respondents were almost split on the proposed age limits for saloon hackney vehicles. 39 respondents agreed with the age limits 31 did not agree.



14 respondents gave a reason for their answer:

Saloon Taxi should be treated with the same years as a private Hire vehicle
 Due to the amount of Hackney plates issued since deregulation tripling the amount of cars on rank there is not the income available to make it financially viable
 Five years for both districts would make a fairer compromise, Three-year-old vehicles are still commanding high prices, which is restrictive to anyone wanting to upgrade, whereas you can purchase low-mileage excellent condition five-year-old vehicles for a far more reasonable price. This would encourage owners to replace their vehicles more regularly therefore helping to raise standards and keeping emissions down.
 This would also be fairer financially on St Edmundsbury proprietors who will have to make a substantially higher payout when replacing their vehicles under the new proposals.
 The 5 year for private hire should be 3years 3month the same as hackney not 5years.
 First grant.
 I think there should be a life span for vehicles of 10 years
 I see no reason why saloon hackney vehicles should have different age requirements to private hire vehicles
 7 years is perfectly fine at the moment have tyour purchased a new motor of late pricewise its impossible to do it every 5 years
 I think you will find this is very restrictive as what is happening at the moment With the 7 year age limit is that you are plating cars for first grant with over 200000 miles on the clock because we CAN NOT afford newer vechiles with less miles because there are sooo many drivers in bury st edmunds now because you keep giving out a license to any body

who apply and not capping the number so the work is spread a lot thinner than it was 10 years ago what is wrong with say a 10 year old car that meets all the criteria of the plate test which is more affordable and a more realistic cost to ourselves.....

With the costs of running a hackney carriage spiralling I would make it easier to add replacement vehicles by aligning them with the proposal for Private Hire vehicles ie 5 yrs
As previous statement

should be same as private hire

Hackney and Private Hire should have the same age limit of 5 years. With having an MOT every 6 months and a yearly taxi test which shows the vehicle being fit for purpose I see no reason why a 5 year age limit should not be the requirement.

you are pricing people out of a job, age doesnt guarentee quality, age just helps to promote the cheaper range of motors, kia, dacia

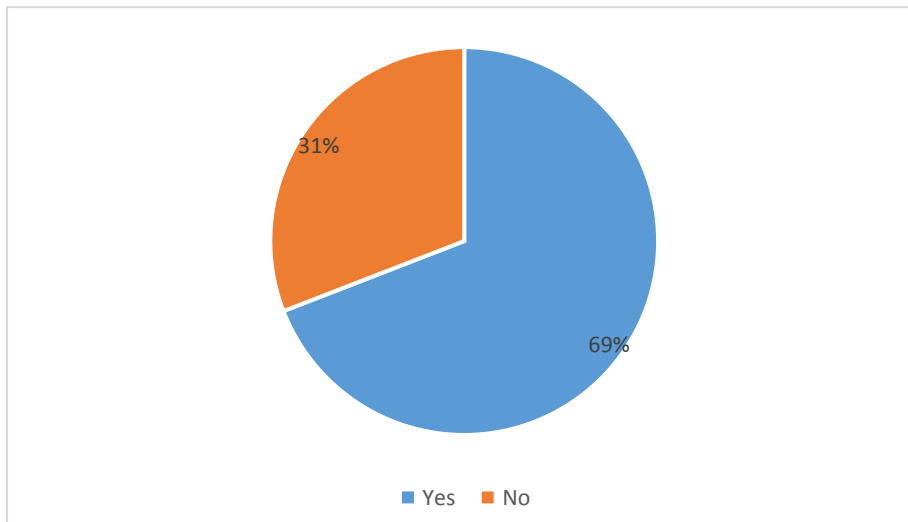
Absolutely no justifiable reason to change the limit. A 3yr 3mnth vehicle is no better than a 5 year old. It won't look smarter, which is the reason for all the changes anyway. To be safe and smart vehicles need to be properly maintained. Fares will have to rise because a 3.25 yr old car with 40,000 mls on the clock will cost around £15,000. At the end of a further 4 years it will have covered about 330,000 mls. At that point it is worthless but will need to be replaced. For a total loss of £15,000 to be imposed on drivers is unfair. It works out at a loss of £320 per month. The actual end result ill be exactly what has happened in FHDC. Cars are kept for years and years and Newmarket High Street often looks like a queue for the breakers yard.

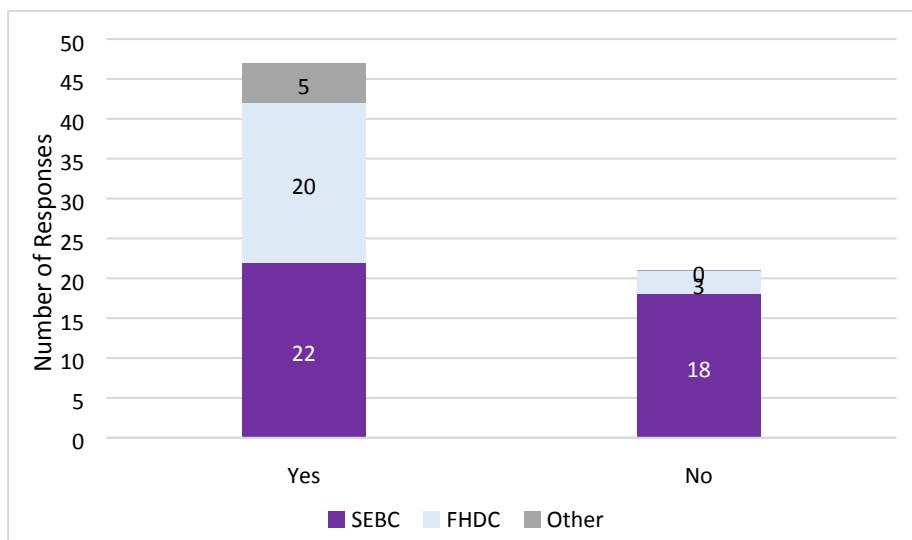
A point worth considering is why do we have to come in line with FHDC for everything? It appears to be more of a takeover than a merger.

5 years like private hire.

6. Proposed aligned age limits for private hire vehicles

The majority of respondents (47) agreed with the proposed aligned age limits for private hire vehicles. 21 respondents did not agree with the proposal.





Eight respondents gave a reason for their answer:

Yes: The 5 year is a fair compromise between Forest Heath and St Edmundsbury current years.

I am of the opinion that it should be left alone at 7 years as it currently is in Bury st Edmunds. Last year I registered a 59 plate car that had only 40,000 on the clock and was like new. The proposals do not take into account the milage of the car which we all know is a true age on which to judge a vehicle. In any case the stringent council test that all our vehicles take along with an MOT at 6 monthly intervals is perfectly sufficient in judging whether a vehicle is fit for purpose or not. Moving the goal posts in this way is not helpful to anyone trying to make an honest living.

Both Hackney and private hire should remain at 7 years

Should be the same as hackney 3years 3month not 5years

Due to the high depreciation of vehicles, this age limit can represent a considerable cost increase to some drivers.

same as for saloon hackney

Unaffordable and unrealistic to what we earn to justify the cost of a 5 year old veichle which only last on average 3 years for the type of work they do

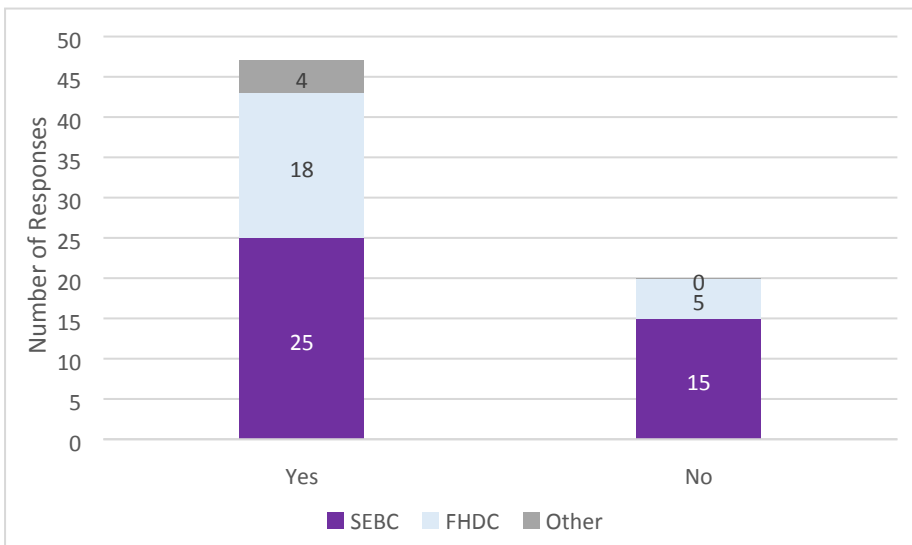
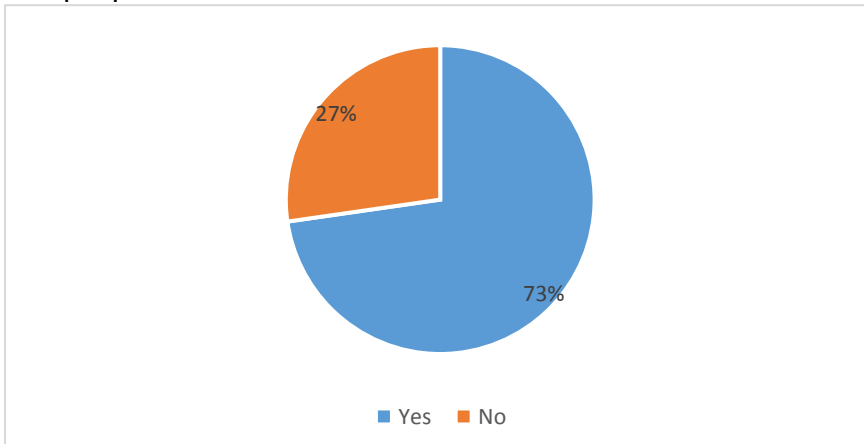
Absolutely no justifiable reason to change the limit. A 5 year old vehicle is no better than a 7 year old if properly maintained, especially as the end result will be exactly what has happened in FHDC. Cars are kept for years and years and Newmarket High Street often looks like a queue for the breakers yard. I, and any customers I have asked, find it incomprehensible that I can buy a high mileage, dubious 5 year old car from an auction and put it on as a PH car, but a 6 year old identical car with 1 owner, full service history and 39,000 mls recorded is unacceptable. It defies all the reasons put forward for the change. Whatever happens the cars will be kept for years and defeat the whole object of the exercise.

As a small PH company, we have been unable to recruit any drivers for the past 2.5 years. The cost of starting with a 7 year age limit is around £7,000. Having laid out that amount, people will go to A1 rather than a small company like ours. With a 5 year limit the cost will go up to £11 - 12,000 and a 3.25 year limit will push it to £15 - 16,000. We are small but very popular. We are honest with people, punctual, don't overcharge or steal from customers and our drivers are considerate to all, not rude, aggressive and dishonest as many others are. We turn away far more work than we ever undertake, yet this ongoing massive hike in overheads will kill the company. It won't look smarter, which is the reason for all the changes anyway, as many are now buying the cheapest small cars available, and it is well worth remembering these cheap cars do not have many of the safety features others have. Often their NiCAP safety rating is low, as is the case with some Dacia's. To be safe and smart vehicles need to be properly maintained.

There is also evidence that one company in Bury is buying loads of 6 year old cars to beat any change in the regulations.
 A point worth considering is why do we have to come in line with FHDC for everything? It appears to be more of a takeover than a merger.

7. Proposed change to the private hire maximum vehicle age exemption

The majority of respondents (48) agreed with the proposed change to the private hire maximum vehicle age exemption. 18 respondents did not agree with the proposal.



Six respondents left comments in the box provided:

As I described in last question I strongly disagree as the true age of a vehicle is its milage and not when it was manufactured. For example I could have a vehicle that is 4 years 11 months old at replacement that has covered 250,000 miles. I could also have a vehicle that is 6 years old that has covered 50,00 miles. I think this needs to be taken into account with milage clauses for vehicles that are between 5 and 7 years old. This would be a far more sensible and fair solution for all.

All regulations need merging same playing fields for all

No NO NO 10 years should be the limit age

should all be the same

As I said before: It is incomprehensible that I can buy a high mileage, dubious 5 year old car from an auction and put it on as a PH car, but a 6 year old identical car with 1 owner,

full service history and 39,000 mls recorded is unacceptable.

If a consistent standard of Council Test can be imposed, rather than the current system which seems to rely on the mood of the examiner on the day, then acceptance as a PH car should be based on the car's suitability and condition, not its age. However, while the depot testers can say things like, "Of course, if this was an MoT Test I'd have to pass your car, but because it's a Council Test I'm going to fail it," which suggest to me an examiner who considers himself all powerful with a duty to belittle drivers, no-one feels confident of a fair assessment. We've reached the stage, primarily due to one tester, where drivers can't sleep for days before a test as they're frightened of losing their living to someone's ego, as it seems any failure now the car is taken off the road. Surely, if a car is in a mechanical condition to pass an MoT test then it should pass the mechanical section of a council test, and there are many examples where this hasn't been the case, with the car being taken off the road for non safety related items. You already have a bad relationship developing over this which will only get worse

5 years like private hire.

8. Suggestions

22 respondents left comments in the box provided, however, not all of the comments were suggestions, but rather complaints about the current system.

Suggestions included those below, and officer comments are provided for each one:

- Mileage clauses for vehicles between 5 and 7 years old.
- Wheelchair assessable vehicles should be new at 1st registration and not be allowed to transfer after one year.
- Granting disabled plate should be monitored.
- If a taxi passes all its tests each year and looked after there should NOT be an age limit.
- Any hackney should be allowed to be any colour, or all stay yellow and black.
- Special age limit exemptions - if a consistent standard of council test can be imposed, rather than the current system which seems to rely on the mood of the examiner on the day, then acceptance as a PH car should be based on the car's suitability and condition, not its age.

9. Summary table of all changes

11 respondents left comments on the other changes proposed in the draft policy.

Liveries should be abolished as a point of being unnecessary expence a couple of yellow lines down the side would suffice and be cheaper

Is the colour stipulation being removed - is it discriminatory to have to have yellow on FHDC cars only?

Fare alignments are not working and are encouraging assaults on taxi drivers. Please note that the method for recording 8 seater fares on the meter has been changed from fare and a half for 5 or more people to adding on additional fares at the end. People at night see this as a driver bumping up the fare and conning the customer and is leading to verbal and physical abuse and non payment.

private hire wheelchairs, are used minimally, should be about condition not age. 5 years needs to stay at 7 as no need for reduction.

Will look at book/38 pages.

I have reviewed the issues (1-14) and have no comment to make - other than - I agree with the proposed changes. The changes reduce red tape as well as improving standards. Summary 10. please be aware that the meters have not been programmed correctly in St Edmundsbury for larger vehicles.

Since the latest meter changes the fares are wrong;

1. Bank holiday in August..stayed single fare
- 2.Change of method of calculating fares leading to many conflicts with public of which licensing aware.

3.Fares have been reduced by up to 40 percent and the new meter system is more open to over charging due to separate add ons

I can see problems when the Black/Yellow livery is imposed on Bury Hackneys Parking without bookings.

Taxis and private hire park in places they shouldn't i.e. outside mama pizza in Bury.

1) They block the street can't see through

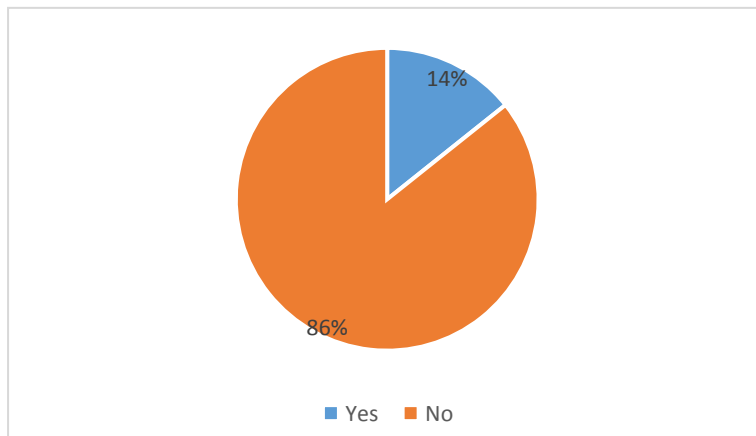
2) People congest out there because of taxis as on Saturday night fight broke out.

The Haverhill zone must of been conveniently left in the hand book so an admin mistake which does not mean it never existed. I was 100% told by yourself that it does exist so keep it so!!

Proposing these new age restrictions is likely to put self-employed drivers out of work, several already now have to rely on leasing cars from private hire operators rather than running their own vehicles. This can lower maintenance standards/ These age limits seem to exist purely to massage the egos of district councillors, rather than common sense.

10. Impact on those with a protected characteristic

54 respondents believed the proposals would not have an impact on those with a protected characteristic compared with nine who did.



Reasons given as to why the proposals will impact on those with a protected characteristic include:

- Taxis in West Suffolk will refuse to pick up wheelchair users if the Taxi happens to be in the wrong part of the council.
- Those who are not English from birth find it harder to get loans...newer vehicles will probably require finance.

- By encouraging the use of smaller cars the disabled will encounter additional problems getting into a car.
- Forest Heath has a very high percentage of Asian Hackney drivers and this is particularly noticeable in Newmarket. The proposed policy prevents these Asian drivers from working in Bury St Edmunds and Haverhill. The Zones are also discriminatory against persons with disability as Hackneys can refuse to pick them up because they are in the wrong zone.

11. Additional comments

Five respondents left additional comments:

I find this a bit of a waist of time as you will do what you want to do regardless as always Hackney Carriages should still come in all sizes and types of vehicles not just a disabled access vehicle

Consistency is essential in making this policy work

Taxi policy changes cannot safely go ahead unless the meter system is reviewed and changed.

We expect all the changes to come in as outlined because regardless of people's opinion, the Council will do whatever it sees fit. People's livelihoods are not something they consider.

We pay high fees for the privilege of operating within St Edmundsbury, yet absolutely nothing is given in return. We don't even get notified of any changes to conditions and instead find out by rumours. There is no policing of the system, even though there is a duty to provide it, and the idea of the PH and Hackney system in Bury being Fair and Reasonable is a joke. Everything at the moment is playing into the hands of the big operators at the expense of the small, and UBER have already been seen operating in Bury.

We are expected to spend thousands on cars which are then smashed to bits on the roads the council have no intention of maintaining or repairing. We struggle every day against the congestion caused by the haphazard roadwork popping up all over with no apparent planning.

There is already a shortage of drivers, as can be seen by the amount of outside cars (FHDC, Uttlesford, Cambridge and even Norwich) picking up in Bury. It's not only the shortage, but Bury has a bad reputation for cab drivers. Girls in particular will call a car from their home town rather than take a chance with a Bury Driver.

There is a great deal of work to do before Licensing has the trust of drivers.

Additional Officer Comments

Some of the suggestions and other comments above are not discussed anywhere else in the committee report or consultation documents so officer comments have been provided below.

Please note that all comments relating to hackney carriage fares or taximeters are being reviewed separately as they relate to a decision being made by the Forest Heath and St Edmundsbury Licensing and Regulatory committees.

Query	Officer comment
Why are Haverhill taxis not using meters as it states meters must be on when taxi pulls away with customer in taxi?	This is an enforcement issue

Liveries should be abolished	Liveries will be consulted upon within 2 years with a more comprehensive review
Taxis and private hire park in places they shouldn't i.e. outside mama pizza in Bury: <ul style="list-style-type: none"> i. They block the street can't see through ii. People congest out there because of taxis as on Saturday night fight broke out. 	This is an enforcement issue
Consistency is essential in making this policy work	We hope the proposals are consistent and fair
Expected to pay council a lot for the privilege of operating in St Edmundsbury when the roads are damaged by the roads 'the council' should be maintaining	The maintenance of road surfaces is managed by Suffolk County Council.
There is already a shortage of drivers, as can be seen by the amount of outside cars (Forest Heath, Uttlesford, Cambridge and even Norwich) picking up in Bury. It's not only the shortage, but Bury has a bad reputation for cab drivers. Girls in particular will call a car from their home town rather than take a chance with a Bury Driver. There is a great deal of work to do before Licensing has the trust of drivers.	We have anecdotal evidence to suggest there is saturation of taxis with St Edmundsbury and some to suggest otherwise. This why we would like to retain the licensing areas while we undertake a full review including collating evidence on supply and demand

TAXI POLICY HARMONISATION

TRADE DROP IN SESSIONS

Licensees took up the opportunity to ask questions on the changes to taxi policy and hackney carriage fare review. Since the decision on hackney carriage fares is being taken separately by the Licensing and Regulatory committees, these comments have been excluded from this summary.

In addition to asking questions, the trade raised the following specific points:

Hackney carriage licensing areas (and livery)

<ul style="list-style-type: none"> • Can licensees choose between 'zones'? • Do we want to keep the livery?
<ul style="list-style-type: none"> • Retain rank zones • No to branding colour
<ul style="list-style-type: none"> • Do not abolishing Haverhill zone
<ul style="list-style-type: none"> • Drivers were told the number of vehicles registered would be allocated based on a survey of supply and demand. Survey evidence is needed but this has been ignored.
<ul style="list-style-type: none"> • Not concerned about using each other's ranks • 7 plates (1 electric vehicle) • Does not want to keep yellow/black • Customers in this area not concerned by colour/branding • Clients actually refuse to use at times as they want a less obvious vehicle e.g. wedding, races etc. • Happy with a single colour option
<ul style="list-style-type: none"> • Prefer to have no zones
<ul style="list-style-type: none"> • Logo • No liveries • Abolish all zones • Non-rank space

Maximum age of vehicles upon first licensing

<ul style="list-style-type: none"> • 17 S Class Mercs – to replace will cost £30k, should be based on condition
<ul style="list-style-type: none"> • Testing should be stricter and not allow vehicles to pass with dents
<ul style="list-style-type: none"> • Agree 5 year age limits (private hire vehicles and saloon hackney carriage vehicles)
<ul style="list-style-type: none"> • Happy with WAVs at 3 years 3 months
<ul style="list-style-type: none"> • All age limits should be 5 years
<ul style="list-style-type: none"> • Hackney and Private Hire vehicles – minimum 5 years , preferably 7
<ul style="list-style-type: none"> • Drivers cannot afford to lower age of cars at first registration

Other (excluding hackney carriage fares)

<ul style="list-style-type: none"> • Christmas Fayre – leave the traverse open as is because it is dangerous to reverse
<ul style="list-style-type: none"> • Lack of electric charging points in Newmarket
<ul style="list-style-type: none"> • Even during the winter when it is cold cars discouraged from running engine in ranks. Electric cars, no emissions and silent running should encouraged. Hence, more charging points needed

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DRAFT WEST SUFFOLK TAXI HANDBOOK POLICY – SUMMARY OF PROPOSED CHANGES

Introduction and background

West Suffolk Councils (Forest Heath and St Edmundsbury Councils) have responsibility for licensing Hackney Carriage and Private Hire proprietors and operators within the areas of Forest Heath District Council and St Edmundsbury Borough Council.

The current policies that govern the operation of Hackney Carriages and Private Hire vehicles, operators and drivers are set out in the current taxi handbooks of Forest Heath and St Edmundsbury.

These documents include both the elements required by law (through the Local Government Miscellaneous Provisions Act 1976 (for Private Hire) and the Town Police Clauses Act 1847 (for Hackney Carriages). They also include policies that are specific to West Suffolk. From 1 April 2019, Forest Heath and St Edmundsbury Councils will cease to exist and all their responsibilities will pass to the newly-created West Suffolk Council. We are therefore in the process of developing a single West Suffolk Taxi Licensing policy to replace to the two handbooks currently in use.

The new single policy is intended to ensure that both the trade and the public have a document that fully explains the new Council's Licensing requirements in context for all parties in a clear and transparent manner.

Consultation

West Suffolk councils are conducting a consultation to review the proposed changes to the policy that arise as a result of bringing the two handbooks together. This will ensure that the approach to taxi licensing across West Suffolk is as consistent as possible from 1 April 2019.

The consultation is open to the members of the taxi and private hire licensing trade, members of the public, businesses and other interested groups or organisations. The closing date for submitting consultation responses is the end of: **Monday 5 November 2018.**

All feedback is encouraged through completing the online survey. The results of the consultation exercise will be considered by Councillors in February 2019 when they consider the final policy document.

Summary of Proposals

We are consulting on proposed changes to the current handbooks, using a draft document with changes shown. These are also listed in the table below.

The original document on which the changes have been highlighted is a combined version of the two predecessor handbooks. The vast majority of the provisions had already been aligned between Forest Heath District Council and St Edmundsbury Borough Council but where there were additional provisions (that were included in the St Edmundsbury handbook), these are also shown.

Section	Issue No.	Para graph No.	Proposed Change Details
All	1.	N/A	Remove reference to byelaws, as it is proposed that these are revoked, and their content included in the new policy document.
Payment of Licence Fees	2.	N/A	Add additional means of payment (as well as cheques and card payments): new online payment portal due to be rolled out Spring 2019.
Private Hire Vehicle Operator's Licence	3.	1	Remove reference to the need for the address of the hirer - it is not necessary to record the hirer's home address, only the booked journey address.
	4.	3	Operators must obtain a licence from the local licensing authority for their home or office address.
	5.	13	Add new requirement, from Institute for Licensing best practice guidance: drivers to keep records or customer complaints and log with the licensing authority.
Hackney Carriage Vehicle Licences	6.	N/A 1,2	New West Suffolk policy on zoning to retain the two existing hackney carriage licensing zones for the former areas of Forest Heath District Council and St Edmundsbury Borough Council. We propose the other existing zone of Haverhill should be abolished. The Haverhill zone is not stated or described in the existing St Edmundsbury Licensing Handbook.
	7.	5	Roof sign guidance: add further clarification of existing policy
Hackney Carriage Vehicle Licences: Conditions	8.	1	Apply existing livery requirements to each zone. Apply new vehicle age restrictions to all zones
	9.	3	Add provisions on driver behaviour whilst on stand (derived from byelaws)
	10.	4	Add provisions on Taximeter behaviour (derived from byelaws)

	11.	14	Update provisions on In-Car Surveillance Systems – (CCTV) to reflect 2018 General Data Protection Regulations
	12.	16	Remove requirement for former St Edmundsbury licence holders to use St Edmundsbury Borough Council vehicle testing station. A list of approved testers will be provided.
	13.	26	Add reference to proposed new maximum age for vehicles
Private Hire Vehicles	14.	1	Add reference to proposed new maximum age for vehicles upon first licensing or replacement and stricter criteria for an exemption

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Equality Screening Form

Question	Response
Q1) Name of the strategy, policy, programme or project being assessed.	Draft West Suffolk Taxi Licensing Policy Handbook
Q2) In no more than five lines and using Plain English, summarise the purpose of the policy or proposal, and its desired outcomes.	<p>To harmonise the current Forest Heath and St Edmundsbury taxi policies ahead of the creation of a single authority for West Suffolk in April 2019.</p> <p>This EQIA considers the impacts on all groups who use, drive or own taxi vehicles throughout West Suffolk.</p>
Q3) Who should benefit from the proposal and in what way?	West Suffolk Council will have a single harmonised policy for hackney carriages and private hire businesses and users.
<p>Q4 Is there any evidence or reason to believe that in relation to this proposal, there may be a difference in:</p> <ul style="list-style-type: none"> • Levels of participation • Uptake by different groups • Needs or experiences of different groups • Priorities • Other areas? 	<p>There may be a small negative financial impact on some businesses as follows:</p> <ul style="list-style-type: none"> • Private Hire and Hackney businesses in the current SEBC area, who could previously use vehicles which were 7 years old at first licence and it is proposed their vehicles must be 5 years old. • Meanwhile, there is a positive benefit to private hire businesses from the point of view of creating a level playing field across West Suffolk in terms of their requirements. <p>A very small number of survey responses (9 out of 63) thought the proposed policy changes would have an impact on those with</p>

a protected characteristic. In summary, the reasons are related to zones and age of vehicle requirements:

- 'Zones' could mean that hackneys refuse to pick up those with a disability in some areas of the council
- Not all disabled persons need a disabled access vehicle
- Encouraging use of smaller cars could make it harder for disabled persons to get an accessible taxi

It should be noted that the continuation of current licensing areas maintains the current situation so there should be no change in the supply of accessible vehicles in any area of West Suffolk. The rationale for this is set out in the committee report. Refusal to pick up disabled passengers is against the law and is an enforcement issue.

All newly plated vehicles must wheelchair accessible, meaning only that they are capable should a passenger require disabled access.

The maximum age of vehicle requirements have been updated post consultation meaning that the changes do not include any reduction in age for larger vehicles. Therefore, this review is not expected to encourage use of smaller vehicles over larger wheelchair accessible vehicles.

Given the demographic of PHV and Hackney drivers, the changes to the policies should not disproportionately impact on those with a protected characteristic.

It is useful to consider the demographic profile of operators and users of Taxi and Private Hire Vehicles:

Taxi and Private Hire Vehicle drivers (PHVs)

- Recent data from the Department for Transport found that in 2016/17, the average age of a taxi driver was 48 and 97% of drivers were male¹.
- The two main ethnic groups of drivers at the national level were White and Asian or Asian British, making up 47% and 38% of drivers respectively. Data is not available for West Suffolk as a whole, but given the ethnic composition of the area, the proportion of Asian and Asian British drivers is likely to be considerably smaller (SEBC White British (Eng/Scot/Welsh/NI – 91.6%; FHDC – 77.2% (NB presence of US Visiting Forces)).

There was an increase in the proportion of non-UK nationals working as drivers in England, rising to 21% in 2016/17, compared to 8% in 2006/07.

Although taxi drivers and PHV drivers are likely to be from an ethnic minority, the proposed changes to the policies will not affect this group disproportionately.

Users of Taxis and Private Hire Vehicles (PHVs)

- The same data from the Department of Transport found that, in 2015 (the latest dataset on mobility), those with

¹ <https://www.gov.uk/government/statistics/taxi-and-private-hire-vehicles-statistics-england-2017>

	<p>mobility difficulties used Taxis and PHVs more than people who do not (16 trips per person versus 10 trips per person). These figures have remained stable since 2010. Taxis and PHV usage made up 3% of their trips, compared to just 1% without mobility difficulties.</p> <ul style="list-style-type: none"> • Further, in 2016, on average, women made more Taxi or PHV trips than men since 2002. • Although this suggests women are more likely to use Taxis and PHVs, the proposed harmonisation of the taxi policies will not disproportionality affect this group.
<p>Q5) Using the evidence listed above, fill in the table below to highlight the groups you think this policy or proposal has the potential to impact upon:</p> <p>(i) Is there any potential for negative impact? Yes or No</p> <p>(ii) Are there opportunities for positive impact or to promote equality of opportunity?</p>	<p>(i) A very small potential negative impact on SEBC Private Hire and Hackney vehicles where vehicle licensing requirements have been tightened in order to align them across West Suffolk</p> <p>(ii) There are opportunities for positive impact for all individuals. The proposal to log and report all customer complaints to the council could increase public safety. The proposals to relax some vehicle licensing requirements should</p>
<p>Q6) Considering your answers to questions 1-5, do you believe a Full Equality Impact Assessment is needed?</p>	<p>No.</p>
<p>Q7) Considering our duty to proactively tackle disadvantage and promote equality of opportunity, list the actions required.</p>	<p>A small negative impact on those with a physical disability is identified and an action is in place to mitigate this.</p>

Impacts Table				
	Is there potential for negative impact? YES or NO	Are there opportunities for positive impact? YES or NO	If YES, please provide details of the impact below	
			Positive Impact	Negative Impact
All groups or society generally	NO	YES	<p>As outlined above, the proposal to log and report all complaints to the council may increase public safety, thus benefitting all users of PHVs.</p> <p>Mainly consistent policy across West Suffolk (with the exception of zones) which could contribute towards make taxi licensing more accessible and easily enforceable.</p>	<p>There is the potential for a small financial impact for some Private Hire and Hackney businesses in the current SEBC area, who could previously use vehicles which were 7 years old at first licence and it is proposed their vehicles must now be 5 years old.</p>

<p>Age - Older or younger people</p>	<p>NO</p>	<p>YES</p>	<p>Tighter criteria for the maximum age exemption for vehicles in good condition will apply to private hire vehicles commonly used as school buses, so should further ensure the safety of these vehicles for school children</p>	
<p>Disability - People with a disability</p>	<p>NO</p>	<p>YES</p>	<p>Relaxed maximum age limit (from brand new to 3 years and 3 months) compared to current St Edmundsbury conditions meaning there could be more applications for wheelchair accessible hackney vehicles.</p>	
<p>Sex - Women or men</p>	<p>NO</p>	<p>NO</p>		

APPENDIX E

Pregnancy or maternity - including expectant or new parents i.e. pregnancy and maternity	NO	NO		
Marriage and civil partnership – including same sex couples	NO	NO		
Race - People who are black or from a minority ethnic background (BME)	NO	NO		
Religion - People with a religion or belief (or who choose not to have a religion or belief)	NO	NO		
Sexual Orientation - People who are lesbian, gay or bisexual (LGB) or in a Civil Partnership	NO	NO		
Gender Reassignment - People who are transitioning from one gender to another	NO	NO		
<i>Families and those with parenting or caring responsibilities (The Families Test)</i>	NO	YES	The new operator guidelines helps bring our policy up to the national benchmark in terms of ensuring public safety in taxis	
<i>Individuals on low income</i>	NO	NO		

<p><i>Those suffering rural isolation</i></p>	<p>NO</p>	<p>YES</p>	<p>Retaining the hackney carriage zones comprising of the areas of Forest Heath and St Edmundsbury should maintain the status quo in terms of supply and demand and therefore availability of taxis should not adversely affected by the creation of a single West Suffolk Council</p>	
<p><i>Those who do not have English as a first language</i></p>	<p>NO</p>	<p>NO</p>		

Action Plan

Equality group/ characteristic	Action/milestone	Responsibility (Project manager or partner organisation)	Achievement date	Monitoring arrangements
Disabled users of hackney carriages or private hire vehicles	Undertake an unmet demand survey to review the number and proportion of wheelchair accessible vehicles across West Suffolk	David Collinson	April 2020	Ongoing monitoring of licence application numbers Work with the disability forum to ensure we are notified if there is a noticeable reduction in availability of Wheelchair Accessible Vehicles as result of any of the policy proposals.
Hackney carriage drivers/proprietors on low income	Schedule a future review and consultation to understand the benefits of retaining or abolishing hackney carriage zones in the long term	David Collinson	April 2020	Look into holding future taxi forums as part of policy review
Drivers with English as a second language	Ensure changes are communicated effectively to those for whom English is not their first language	David Collison	March 2019	Ongoing engagement with taxi businesses

Sign off section

This Screening Level EqIA was completed by:

Name

Job Title

Signature

Date

On completion, please submit this document with the policy or proposal. Guidance and advice on draft and final versions can be obtained from:

Corporate Policy Team

01284 757633

policy@westsuffolk.gov.uk

18 December 2018

Decisions Plan

Report No: EXC/SA/19/010

Key Decisions and other executive decisions to be considered

Date: 1 February 2019 to 6 May 2019

Publication Date: 7 January 2019

The following plan shows both the key decisions and other decisions/matters taken in private, that the Shadow Executive (Cabinet) or Officers under delegated authority, are intending to take up to 6 May 2019. This table is updated on a monthly rolling basis and provides at least 28 clear days' notice of the consideration of any key decisions and of the taking of any items in private.

Executive decisions are taken at public meetings of the Shadow Executive (Cabinet) and by other bodies provided with executive decision-making powers. Some decisions and items may be taken in private during the parts of the meeting at which the public may be excluded, when it is likely that confidential or exempt information may be disclosed. This is indicated on the relevant meeting agenda and in the '*Reason for taking the item in private*' column relevant to each item detailed on the plan.

Members of the public may wish to:

- make enquiries in respect of any of the intended decisions listed below;
- receive copies of any of the documents in the public domain listed below;
- receive copies of any other documents in the public domain relevant to those matters listed below which may be submitted to the decision taker; or
- make representations in relation to why meetings to consider the listed items intended for consideration in private should be open to the public.

In all instances, contact should be made with the named Officer in the first instance, either on the telephone number listed against their name, or via email using the format firstname.surname@westsuffolk.gov.uk or via Democratic Services, West Suffolk House, Western Way, Bury St Edmunds, Suffolk, IP33 3YU.

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Shadow Executive Member Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
Not before 5 February 2019 Page 226	Applications for Community Chest Grant Funding 2019/2020 Following allocation of grants during the initial consideration of applications for Community Chest Funding, the FHDC and SEBC Portfolio Holders for Families and Communities may be asked to consider making further recommendations for Community Chest funding for the 2019/2020 year, utilising unallocated Community Chest funds.	Not applicable	(D)	Shadow Executive (Cabinet)	Robert Everitt Families and Communities 01284 769000 Robin Millar Families and Communities 07545 423782	Davina Howes Assistant Director (Families and Communities) 01284 757070	All Wards	Report to FHDC's and SEBC's Portfolio Holders for Families and Communities, as applicable.
	West Suffolk Council Induction / Member Development Package This item has been removed from the Decisions Plan as has now been determined that formal Shadow Executive approval is not required.				Ruth Bowman J.P. Future Governance 01638 510896 Carol Bull Future Governance 01953 681513	Leah Mickleborough Service Manager (Democratic Services) 01284 757162		

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Shadow Executive Member Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
05/02/19 Page 227	<p>Budget and Council Tax Setting 2019/2020 and Medium Term Financial Strategy</p> <p>The Shadow Executive will be asked to consider the proposals for the 2019/2020 budget (and beyond) and Medium Term Financial Strategy for the West Suffolk Council, prior to its approval by the Shadow Council. This report includes the Minimum Revenues Provision (MRP) Policy and Prudential Indicators.</p>	Not applicable	(R) – Shadow Council 19/02/19	Shadow Executive/ Shadow Council	<p>Stephen Edwards Resources and Performance 07904 389982</p> <p>Ian Houlder Resources and Performance 07970 729435</p>	Greg Stevenson Service Manager (Finance and Resources) 01284 757264	All Wards	Report to Shadow Executive with recommendations to Shadow Council
05/02/19	<p>Annual Treasury Management and Investment Strategy 2019/2020 and Treasury Management Code of Practice</p> <p>The Shadow Executive will be asked to recommend to the Shadow Council, approval of the Treasury Management and Investment Strategy 2020/2021 and Treasury Management Code of</p>	Not applicable	(R) – Shadow Council 19/02/19	Shadow Executive/ Shadow Council	<p>Stephen Edwards Resources and Performance 07904 389982</p> <p>Ian Houlder Resources and Performance 07970 729435</p>	Greg Stevenson Service Manager (Finance and Resources) 01284 757264	All Wards	Report to Shadow Executive with recommendations to Shadow Council

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Shadow Executive Member Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
	Practice for West Suffolk Council, which must be undertaken before the start of each financial year.							
05/02/19 Page 228	West Suffolk Taxi Policy Handbook The Shadow Executive will be asked to consider a revised taxi policy in order to harmonise the existing FHDC and SEBC taxi policies. Consultation will take place with the FHDC and SEBC Licensing and Regulatory Committees on the proposed content of the policy.	Not applicable	(D)	Shadow Executive	Susan Glossop Planning and Growth 01284 728377 Lance Stanbury Planning and Growth 07970 947704	David Collinson Assistant Director (Planning and Regulatory) 01284 757306	All Wards	Report to Shadow Executive with revised policy.
05/02/19 or later <i>(This item was originally due to be considered by the Joint Executive (Cabinet) Committee; however, as the strategy will now not become</i>	Asset Management Strategy and Asset Management Plan The Cabinets will be asked to consider the recommendations of the FHDC and SEBC Overview and Scrutiny Committees regarding the adoption of a new Asset Management Strategy and associated Asset Management Plan.	Possible Exempt Appendices: Paragraph 3	(R) – Shadow Council 19/02/19	Shadow Executive/ Shadow Council	Lance Stanbury Planning and Growth 07970 947704 John Griffiths SEBC Leader 07958 700434	Julie Baird Assistant Director (Growth) 01284 757613	All Wards	Recommendations of the Overview and Scrutiny Committees to Shadow Executive and Shadow Council with the possibility of Exempt Appendices.

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Shadow Executive Member Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
<i>effective until after 1 April 2019, it is now considered appropriate for the item to be considered by the Shadow Executive (Cabinet) instead).</i>								
05/02/19	West Suffolk Customer Access Strategy The Shadow Executive will be asked to consider and adopt a new Customer Access Strategy as part of making improvements to West Suffolk Council's customer service. The Strategy will also have been previously considered by the SEBC and FHDC Overview and Scrutiny Committees.	Not applicable	(D)	Shadow Executive	Robert Everitt Families and Communities 01284 769000 Robin Millar Families and Communities 07545 423782	Davina Howes Assistant Director (Families and Communities) 01284 757070 Lisa Grove Service Manager (Customer Services and Transformation) 01638 719320	All Wards	Report to Shadow Executive with strategy document.

NOTE 1: DEFINITIONS OF EXEMPT INFORMATION: RELEVANT PARAGRAPHS

In accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended)

The public may be excluded from all or part of the meeting during the consideration of items of business on the grounds that it involves the likely disclosure of exempt information defined in Schedule 12(A) of the Act, as follows:

PART 1

DESCRIPTIONS OF EXEMPT INFORMATION: ENGLAND

- Page 230
1. Information relating to any individual.
 2. Information which is likely to reveal the identity of an individual.
 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
 - Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
 - Information which reveals that the authority proposes –
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.
 7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

In accordance with Section 100A(3) (a) and (b) of the Local Government Act 1972 (as amended)

Confidential information is also not for public access, but the difference between this and exempt information is that a Government department, legal opinion or the court has prohibited its disclosure in the public domain. Should confidential information require consideration in private, this will be detailed in this Decisions Plan.

NOTE 2: KEY DECISION DEFINITION

- (a) A key decision means an executive decision which, pending any further guidance from the Secretary of State, is likely to:
 - (i) be significant in terms of its effects on communities living or working in an area in the Shadow Council; or
 - (ii) result in any new expenditure, income or savings of more than £100,000 in relation to the Shadow Council's revenue budget or capital programme;
 - (iii) comprise or include the making, approval or publication of a draft or final scheme which may require, either directly or in the event of objections, the approval of a Minister of the Crown.
- (b) A decision taker may only make a key decision in accordance with the requirements of the Shadow Executive procedure rules set out in Part 4 of the Shadow Constitution.

NOTE 3: MEMBERSHIP OF BODIES MAKING KEY DECISIONS

(a) Membership of the Shadow Executive (Cabinet):

Shadow Executive (Cabinet) Member
Councillor John Griffiths (Leader)
Councillor James Waters (Deputy Leader)
Councillor Ruth Bowman J.P.
Councillor David Bowman
Councillor Carol Bull
Councillor Andy Drummond
Councillor Stephen Edwards
Councillor Robert Everitt
Councillor Susan Glossop
Councillor Ian Houlder
Councillor Sara Mildmay-White
Councillor Robin Millar
Councillor Joanna Rayner
Councillor Lance Stanbury
Councillor Peter Stevens

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Leah Mickleborough
Service Manager (Democratic Services) and Monitoring Officer
Date: 7 January 2019