

Dear Member

COUNCIL - MONDAY, 11 SEPTEMBER 2017

Please find attached, for consideration at the Council meeting on Monday, 11 September 2017, the following report that was unavailable when the agenda was printed.

Please bring this document with you to the meeting.

Agenda No Item

5. **Report of the Cabinet (Pages 1 - 4)**

To consider the Report of the Cabinet dated 6 September 2017.

Yours sincerely

**023 8028 5588 - ask for Melanie Stephens
Committee Administrator**

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REPORT OF CABINET

(Meeting held on 6 September 2017)

1. ORGANISATIONAL STRATEGY (MINUTE 25)

The Cabinet has approved, for consultation, a draft Organisational Strategy to cover the period 2017 to 2022. The consultations will be through the Employee Engagement Panel and the Corporate Overview and Scrutiny Panel. In addition there will be briefing meetings for all staff with the Chief Executive. The Strategy sets out the Council's approach and plans for the future delivery of services, demonstrating how this will support the Corporate Plan. The context within which the Council is operating, with significant reductions in government funding, and consequent reductions in the staffing establishment, is also set out. The Leader has emphasised that this is the start of the process leading up to the adoption any final Strategies. There is no doubt that the Council, as an organisation, faces challenging times as, with the Council having so far maintained high quality front line services, in the face of the tightening financial climate, the public expectation is that the same level of services will continue to be provided in the future. The scope for efficiencies is now limited, although efficiencies will continue to sought, in tandem with looking at how services can be delivered in an alternative way, perhaps at the same time achieving improvements. The Council will need to continue to prioritise the services provided, while still living within the budgets available.

2. TREASURY MANAGEMENT MID-YEAR MONITORING REPORT 2017/18 (MINUTE 26)

In accordance with best practice, the Cabinet considered a mid-year monitoring report on treasury management performance. This is in the wider economic context within which investment decisions are being made, as set out in Section 2 of the report.

The Cabinet is recommending that the Council should opt to apply for status as "professional clients" in the light of Market in Financial Instruments Directive which will come into force on 3 January 2018.

The Council is currently investing in accordance with the low risk, high quality lending list outlined in the Treasury Management Strategy. It is intended to further diversify into more secure and/or higher yielding asset classes for surplus cash, recognising the increasing risk associated with short-term unsecured bank deposits, certificates of deposit and money market funds. The Council is currently achieving a return of 0.99%, with the asset value having increased to £73.2 million as of 31 July 2017. Exposure to unsecured bank and building society investments has been reduced, with greater investment in local authorities and pooled property fund assets and pooled multi-asset funds, which should also achieve greater returns. These pooled funds achieve better returns when held for the medium term, which is the Council's intention.

The Council has not taken on any new external borrowing, with it being more cost effective to fund new capital expenditure through internal borrowing. No additional external borrowing is planned.

A change to the rules on how local authorities can access regulated financial services means that, with effect from 3 January 2018, the default position will be that they will be treated as “retail clients”, the same as individuals and small or medium sized businesses. The Council can however “opt up” to return to “professional client” status. This will allow continued access to the current asset classes without the increased fees that retail asset classes demanded. The Council will not then be able to take advantage of some of the protections available to retail clients, as set out in Appendix 1 to Report Item 5 to the Cabinet, but this is the current position. Section 5 of the report sets out the further considerations that will need to be taken into account.

For the year to date the Council has operated within the Prudential Indicators and Treasury Management Indicators which were set in February 2017 as part of the Medium Term Financial Plan.

RECOMMENDED:

- (a) That applications for elected professional client status be commenced immediately with all relevant institutions in order to ensure the Council can continue to implement an effective investment strategy;**
- (b) That authority be delegated to the Section 151 Officer for the purposes of completing the applications and determining the basis of the application with respect to professional client status as either full or single service; and**
- (c) That in electing for professional client status it be acknowledged and agreed that the Council will forgo the protections available to retail clients, as set out in Appendix 1 to Report Item 5 to the Cabinet.**

3. LOCAL DEVELOPMENT SCHEME (MINUTE 27)

The Cabinet received a presentation on the timetable and programme for the review of the Local Plan. The timetable, known as the Local Development Scheme, was set out, and Members’ attention was drawn to 3 potential risks.

Firstly, the forecast traffic growth from the Local Plan proposals, together with development from outside the Districts has reached a threshold where further investigations may be necessary as part of the Appropriate Assessment to ensure internationally protected habitats are not significantly affected. The first stage of results will be received towards the end of September and, if potential harmful effects are noted, there may need to be additional work that could delay the process.

Secondly, work to update the Strategic Flood Risk Assessment has resulted in changes to the mapping of areas at risk of flooding. This means that potential site allocations may now be considered to be in a flood plain. Further work is necessary to establish whether the sites, for a total of 700 homes, can be safely developed and therefore included in the Local Plan. The timetable for the completion of the necessary modelling work is still somewhat uncertain, and it could lead to a delay of up to 2 months for the Local Development Scheme.

The Government has also indicated that they will shortly be bringing forward changes to the National Planning Policy Framework. Of particular relevance is the introduction of a standardised method for assessing local housing need. There is currently no indication as to how the new approach will work and this issue will need to be taken into account as the Plan moves forward.

The aspiration in the Local Development Scheme remains for the Local Plan to be submitted to the Cabinet in December.

**COUNCILLOR B RICKMAN
CHAIRMAN**

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