STROUD DISTRICT COUNCIL
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Council Offices Ebley Mill Ebley Wharf Stroud Gloucestershire GL5 4UB

To all Members of Stroud District Council 13 February 2018

You are hereby summoned to attend a meeting of the **STROUD DISTRICT COUNCIL** in the Council Chamber, Ebley Mill on **THURSDAY 22 FEBRUARY 2018 at 7.00 pm.**

David Hagg
Chief Executive

Please Note: This meeting will be filmed for live or subsequent broadcast via the Council's internet site (www.stroud.gov.uk). By entering the Council Chamber you are consenting to being filmed. The whole of the meeting will be filmed except where there are confidential or exempt items, which may need to be considered in the absence of the press and public.

AGENDA

1 **APOLOGIES**
To receive apologies for absence.

2 **DECLARATIONS OF INTEREST**
To receive declarations of interest.

3 **MINUTES**
To approve the Minutes of the Council held on 19 October 2017 and 25 January 2018.

4 **ANNOUNCEMENTS**
To receive announcements from the Chair of Council and the Chief Executive.

5 **PUBLIC QUESTION TIME**
The Chairs of Committees will answer questions from members of the public submitted in accordance with the Council's procedures.

DEADLINE FOR RECEIPT OF QUESTIONS
Noon on Monday, 19 February 2018

Questions must be submitted to the Chief Executive, Democratic Services, Ebley Mill, Ebley Wharf, Stroud and sent by post or email (democratic.services@stroud.gov.uk)

6 RECOMMENDATION FROM AUDIT AND STANDARDS COMMITTEE – 6 FEBRUARY 2018

Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2018/19 (A&S Agenda Item 12)
The relevant committee report is available on the website page for this Council meeting.

The Chair of Audit and Standards Committee will present this item.

The Audit and Standards Committee makes the following recommendations to Council:

i) adopt the Prudential Indicators and limits for 2018/19 to 2020/21;

ii) approve the Treasury Management Strategy 2018/19 and the Treasury Prudential Indicators;

iii) approve the Investment Strategy 2018/19 and the detailed criteria for specified and non-specified investments; and

iv) approve the MRP Statement 2018/19.

7 SETTING THE AMOUNT OF COUNCIL TAX FOR 2018/19

The Leader of the Council will present the item.

The report on this item will not be available until after notification from Gloucestershire County Council of its precept requirement. The Council Tax for the Stroud District must be set by 22 February 2018 otherwise the tax cannot lawfully be collected from 1 April 2018.

8 STONEHOUSE NEIGHBOURHOOD DEVELOPMENT PLAN

To consider a report on whether the Stonehouse Neighbourhood Development Plan should be made part of the Development Plan, following the referendum.

9 STROUD TOWN CENTRE – PROPERTY INVESTMENT BY THE COUNCIL

To consider investing in a proposed development at Merrywalks, Stroud.

10 MEMBERS' QUESTIONS

See Agenda Item 5 for the submission deadlines.

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COUNCIL MEETING

3

19 October 2017

7.05 pm – 8.20 pm

Council Chamber, Ebley Mill, Stroud

Minutes

Membership:

Martin Baxendale	P	Nick Hurst	P	Sue Reed	A
Dorcas Binns	P	Julie Job	P	Mark Reeves	P
Catherine Braun	P	Haydn Jones	P	Steve Robinson	P
Chris Brine	P	John Jones	P	Mattie Ross	P
George Butcher	P	Norman Kay	P	Tom Skinner	P
Miranda Clifton	P	Stephen Lydon	P	Nigel Studdert-Kennedy	P
Nigel Cooper	P	John Marjoram	P	Haydn Sutton	A
Doina Cornell	A	Phil McAsey	P	Brian Tipper	P
Gordon Craig	P	Karen McKeown	P	Chas Townley	P
Rachel Curley	P	Jenny Miles*	P	Jessica Tomblin	P
Stephen Davies	P	Dave Mossman	P	Ken Tucker	P
Paul Denney	P	Gill Oxley	P	Martin Whiteside	P
Jim Dewey	P	Keith Pearson	P	Tim Williams	A
Jonathan Edmunds	A	Simon Pickering	P	Tom Williams	A
Chas Fellows	P	Gary Powell**	P	Penny Wride	P
Colin Fryer	P	Nigel Prenter	A	Debbie Young	P
Alison Hayward	P	Skeena Rathor	P		

**Chair * Vice-Chair P = Present A = Absent

Officers Present:

Chief Executive
Head of Legal Services and Monitoring Officer
Accountancy Manager (Acting Section 151 Officer)
Democratic Services Officer

The Chair requested all present to stand for a minute's silence in memory of former Councillor Elizabeth Peters. Tributes were paid from across the chamber.

CL.022 APOLOGIES

Apologies for absence were received from Councillors Doina Cornell, Jonathan Edmunds, Nigel Prenter, Sue Reed, Haydn Sutton, Tim Williams and Tom Williams.

CL.023 DECLARATIONS OF INTEREST

There were none.

CL.024 MINUTES

RESOLVED That the minutes of the Meeting held on 20 July 2017 are confirmed and signed as a correct record.

CL.025 ANNOUNCEMENTS

The Chair confirmed that after the meeting the Canals Project Manager would give a presentation on the Canals Project.

The Leader confirmed that he would be arranging two meetings with Group Leaders to discuss the submission for the 2018 Parliamentary Boundary Review – Revised Proposals and would submit a report to the Strategy and Resources Committee on 5 December 2017. Following discussions he would also write to the Prime Minister following the recent government announcements regarding housing in Stroud.

A letter received from Marcus Jones MP, Minister for Local Government was read out providing an update on the Business Rate Relief Scheme.

CL.026 PUBLIC QUESTION TIME

A question was received from Mrs S Lunnon and answered by the Chair of Environment Committee. The question and answer was published on the Council's Website using the following link: Item 5 – Public Question Time. The Chair replied to a supplementary question which is available on the Council's webcast of the meeting.

CL.027 RECOMMENDATIONS FROM STATEGY AND RESOURCES COMMITTEE – 12 OCTOBER 2017

The Leader outlined the two reports which had been debated and agreed at the above meeting.

a. 100% Business Rates Retention Pilots

Committee had agreed an amendment to the original recommendation to Council. Members unanimously

RESOLVED Subject to confirmation of the potential financial benefits outweighing risks, the Council agrees to be part of the Gloucestershire bid for business rate pilot status for 2018/19, arising from the NHS trusts appeal. The bid should make clear that it is submitted on the basis that it is conditional on there being no financial detriment to Gloucestershire in 2018/19 arising from the NHS trusts appeal. Should subsequent analysis or the terms of the Government's proposed scheme change, this matter be brought back to Strategy and Resources Committee and Council for further consideration before proceeding with a pilot.

b. Local Council Tax Support Scheme

On the recommendation as set out in the Agenda members unanimously

RESOLVED That it adopts the Local Scheme as the scheme for Stroud District Council for the period 01 April 2018 to 31 March 2019.

CL.028 HARDWICKE NEIGHBOURHOOD DEVELOPMENT PLAN

The Chair of Environment Committee outlined the above report. It was noted that the turn out for the referendum was only 1 in 8 of the electorate. On the recommendation as set out in the report being moved and seconded it was

RESOLVED **a. The Hardwicke Neighbourhood Development Plan is made part of the Development Plan for the Stroud District.**

b. Delegated authority be given to the Director of Development Services, in agreement with the Qualifying Body, to correct any minor spelling, grammatical or typographical errors, and make any improvements from a presentational perspective.

CL.029 MEMBERS' QUESTIONS

Questions were received from Councillors Nigel Cooper, Haydn Jones, John Jones and Penny Wride and answered by the Leader of Council. The questions and answers are published on the Council's Website using the following link: Item 8 – Public Question Time. The supplementary questions are available on the Council's webcast of the meeting.

The meeting closed at 8.20 pm.

Chair of Council

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COUNCIL MEETING

3

25 January 2018

7.00 pm – 9.35 pm

Council Chamber, Ebley Mill, Stroud

Minutes

Membership:

Martin Baxendale	P	Nick Hurst	P	Skeena Rathor	P
Dorcas Binns	P	Julie Job	P	Sue Reed	P
Catherine Braun	P	Haydn Jones	P	Mark Reeves	P
Chris Brine	P	John Jones	P	Steve Robinson	P
George Butcher	P	Norman Kay	P	Mattie Ross	P
Miranda Clifton	P	Darren Loftus	P	Tom Skinner	P
Nigel Cooper	P	Stephen Lydon	P	Nigel Studdert-Kennedy	P
Doina Cornell	P	John Marjoram	P	Haydn Sutton	P
Gordon Craig	P	Phil McAsey	A	Brian Tipper	P
Rachel Curley	P	Karen McKeown	P	Chas Townley	P
Stephen Davies	P	Jenny Miles*	P	Jessica Tomblin	P
Paul Denney	P	Dave Mossman	P	Ken Tucker	P
Jim Dewey	P	Gill Oxley	P	Martin Whiteside	A
Jonathan Edmunds	P	Keith Pearson	A	Tim Williams	A
Chas Fellows	A	Simon Pickering	P	Tom Williams	P
Colin Fryer	P	Gary Powell**	P	Penny Wride	P
Alison Hayward	P	Nigel Prenter	P	Debbie Young	P

**Chair * Vice-Chair P = Present A = Absent

Officers Present:

Chief Executive
Head of Legal Services and Monitoring Officer
Accountancy Manager (Acting Section 151 Officer)
Democratic Services Officer

CL.030 APOLOGIES

Apologies for absence were received from Councillors Fellows, McAsey, Pearson, Whiteside and Tim Williams.

CL.031 DECLARATIONS OF INTEREST

In the interests of openness, Councillor Wride declared an interest (as trustee of the Citizens Advice Bureau in Stroud) and took no part in the voting in relation to minute no. CL.034.

Councillor Pickering declared a pecuniary interest in minute no. CL.034(c) (as his wife works for the Citizens Advice Bureau in Stroud) and left the Council Chamber at the beginning of this item.

The Chair welcomed Councillor Loftus who had been elected in November for the Chalford Ward. His appointment by his Group Leader to Housing and Community Services and Licensing Committees in accordance with the Constitution was also noted.

CL.032 MEMBERSHIP OF STRATEGY AND RESOURCES COMMITTEE

Councillors Pickering, Cooper, Studdert-Kennedy and Ross thanked Councillor Lydon for all the hard work he had done as Leader and Chair of this committee. Councillor Lydon responded, thanking everyone for their kind words.

(a) To appoint a Chair of the Committee

Councillor Cornell was nominated as Chair by Councillor Lydon and seconded by Councillor Pickering.

RESOLVED Councillor Cornell is appointed Chair of Strategy and Resources Committee.

(b) To appoint a Vice-Chair of the Committee

Councillor Robinson was nominated as Vice-Chair by Councillor Cornell and seconded by Councillor Fryer.

RESOLVED Councillor Robinson is appointed Vice-Chair of Strategy and Resources Committee.

(c) To appoint a Committee Member

The appointment of Councillor Lydon to the Committee, by his Group Leader, was confirmed.

RESOLVED That the appointment of Councillor Lydon as committee member of Strategy and Resources Committee be noted.

CL.033 RECOMMENDATION FROM AUDIT AND STANDARDS COMMITTEE – 28 NOVEMBER 2017

Half Year Treasury Management Activity Report 2017/18

The Chair of the Audit and Standards Committee outlined the report which had been debated and agreed at the above meeting.

RESOLVED
- **i) That the Treasury Management Activity Half-year Report for 2017/2018 be approved; and**
- **ii) To make the amendment to investment duration to 2 years for up to £3million with government supported banks, as set out in paragraph 17 of the report to the committee on 28 November 2017.**

CL.034 RECOMMENDATIONS FROM STRATEGY AND RESOURCES COMMITTEE – 18 JANUARY 2018

The Chair of Strategy and Resources Committee outlined the following reports:

(a) Housing Revenue Account Budget 2018/19 and Medium Term Finance Plan 2018/19

Councillor Ross proposed to accept the recommendation; this was seconded by Councillor Townley. As this was a budget item the votes are recorded; please see voting records report.

RESOLVED
i) The revised HRA budget for 2017/18 and original budget for 2018/19 are approved; and
ii) The movement to and from balances and capital reserves as detailed in Appendices B and C are approved; and
iii) That from 1 April 2018:
a) Social rents and affordable rents are decreased by 1% (equivalent to 81pence at the average rent level), as calculated in accordance with legislation
b) Garage rents are increased by 3%
c) Landlord sheltered housing service charges are increased by 3%
d) Other landlord service charges are increased by 3%; and
iv) That the HRA Capital Programme for 2017/18 to 2021/22, as detailed in Appendix C of the report to the committee on 18 January 2018 (Agenda Item 8a), are included in the Council's Capital Programme.

(b) General Fund Revenue Estimates – Revised 2017/18 and Original 2018/19

Councillor Cornell proposed the recommendation which was seconded by Councillor Robinson.

Concern was expressed that the civic timetable indicated this cycle of committees was a budget cycle, although Community Services and Licensing Committee and Environment Committee had not received any budgets.

RESOLVED The estimates set out in the report be considered and approved for inclusion in the General Fund Revenue Budget 2018/19 and Medium Term Financial Plan report to Council.

As this was a budget item the votes are recorded; please see voting records report.

(c) The General Fund Budget 2018/19, Capital Programme and Medium Term Financial Plan

Councillor Cornell proposed the recommendation which was seconded by Councillor Robinson.

Concern was expressed over the possibility of introducing car parking charges across the Council's car parks in other market towns in the District. It was noted that the Community Services and Licensing Committee would discuss this at a future meeting.

Councillor Skinner proposed and presented to Councillors at the meeting, the following amendment, to parts (iv) and (v) of the motion, which was seconded by Councillor Cooper.

‘(iv) to approve the updated Medium Term Financial Plan as set out in Appendix B, subject to the budget saving from plans to reduce the revenue budget allocation for Subscription Rooms by £227,000 to be included in the MTFP from 2019/20 (subject to the recommendations of the second Subscription Rooms Task and Finish Group);

(v) to approve the Capital Programme, as set out in Appendix C and the Capital Financing Statement as shown in Appendix D subject to the following amendments:

- Delete paragraph 5.9 (proposed new car parking fees and charges) from the budget proposals; and
- That the proposal to retain a capital budget of £2 million (previously allocated Housing Initiatives/Homes for Rent) as per paragraph 6.8 "for other delivery options" be deleted and instead £2 million be used to invest in:

(A) 5 schemes to put more power in the hands of the local community, residents of Stroud District, ward councillors and Parish and Town Councils as well as significant investment to support the most vulnerable people in our District as follow:

(i) £1,000,000 to be set aside to develop ideas to help reduce homelessness across Stroud District and consider the long-term revenue implications for each proposal;

(ii) £200,000 incentive scheme to encourage Town and Parish Councils to install electric car and mobility scooter charging points in their area. Investment to match fund investment from the Town /Parish Council and, following installation, the charging points should be income generating, alleviating the need to charge shoppers for parking;

(iii) £204,000 to support an Environment and Community Improvement scheme (a discretionary ward budget of £2,000 for each councillor in alternate years; the grants are intended to support capital costs only and the projects must demonstrate a community and/or environment benefit);

(iv) £120,000 to match-fund any fundraising done to support Stroud Citizens' Advice, capped at £30,000 per year;

(v) £100,000 to match fund investment from Town and Parish Councils to invest in new 'smart-bins' across the district;

And

(B) As the current overall budget proposal for a "Housing Initiative" is £2,000,000 and the above 5 measures total £1,624,000, the remaining £426,000, together with the £227,000 budget reduction from the Subscription Rooms totalling £603,000, be retained in the General Fund to help future proof the Council against future risks, uncertainties and budget pressures.

(NB. no changes to the rest of the paragraph 6.8 which provides "ICT Investment, previously included in the capital programme, has been increased significantly to £1.8m reflecting the scale of ICT infrastructure renewal required to ensure the council can deliver more efficient and customer-focussed services in future years. A capital budget of £120k is proposed to enable the resurfacing of the top deck of the London Road Multi-Storey Car Park.")’

At this point in the meeting Councillor Pickering left the Council Chamber in view of his declared interest.

Member questions were answered and the motion debated.

On being put to the vote, there were 18 votes in favour and 26 votes against the motion; the amendment was not carried.

The original motion was put to the vote. There were 26 votes in favour and 18 votes against. As this was a budget item the votes are recorded; please see voting records report.

RESOLVED
- **i) To approve the service revenue estimates as set out in Appendix A**
- **ii) To approve the ICT and Invest to Save contingency for 2018/19 and subsequent years as set out in paragraph 4.5 as part of a balanced budget**
- **iii) To increase the council tax by 2.99% to £201.50 at Band D, an increase of less than 12p per week for the services provided by Stroud District Council;**
- **iv) to approve the updated Medium Term Financial Plan as set out in Appendix B;**
- **v) to approve the Capital Programme, as set out in Appendix C and the Capital Financing Statement as shown in Appendix D**
- **vi) to approve the changes to the reserves as set out in paragraph 5.16 of the report and Appendix E.**

(d) The Fair Pay and Senior Pay Policy Statement 2018/19

Councillor Cornell outlined the report and proposed the recommendation which was seconded by Councillor Marjoram.

Member questions were answered and the recommendation debated.

RESOLVED To approve the statement.

The meeting closed at 9.35 pm.

Chair of Council

STROUD DISTRICT COUNCIL

AGENDA ITEM NO

AUDIT AND STANDARDS COMMITTEE

TO COUNCIL ON 22 FEBRUARY 2018

6

This is a copy of the Agenda Item 12 report to the Committee on 6 February 2018.

Report Title	**TREASURY MANAGEMENT STRATEGY, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY STATEMENT 2018/19**
Purpose of Report	This report outlines the Council's prudential indicators for 2018/19 – 2020/21 and sets out the treasury strategy for this period. It fulfils three key reports required by the Local Government Act 2003: • reporting prudential indicators required by the CIPFA Prudential Code for Capital Finance in Local Authorities; • a treasury management strategy in accordance with the CIPFA Code of Practice on Treasury Management; • an investment strategy in accordance with the MHCLG investment guidance. It also fulfils the statutory duty to approve a minimum revenue policy (MRP) statement for 2018/19.
Decision(s)	**The Audit and Standards Committee RECOMMEND that Council:** **1. adopt the prudential indicators and limits for 2018/19 to 2020/21;** **2. approve the treasury management strategy 2018/19, and the treasury prudential indicators;** **3. approve the investment strategy 2018/19, and the detailed criteria for specified and non-specified investments; and** **4. approve the MRP Statement 2018/19.**

Consultation and Feedback	Link Asset Services (LAS) formerly Capita Asset Services.
Financial Implications and Risk Assessment	This report sets out the expected activities of the Council's Treasury function for 2018/19 and recommends the investment instruments that are available to the council and the limits on these investments. The report also sets out the Council's borrowing strategy, limits and associated policies. Paragraph 5 of the report highlights changes in statutory guidance issued by Ministry of Housing, Communities and Local Government that will require the council to amend this strategy during the course of 2018/19. The Council has £106.717m of external borrowing (£112.521 including internal borrowing) and the Council's capital spending plans increase the borrowing to £113.213m by 31 March 2021. It is worth noting that the Council's proposed capital programme proposes a further £0.4m of borrowing in 2021/22, but this is not reflected in the prudential indicators in this report due to the differing timescales covered by the Treasury Management Strategy and the Capital Programme. It will be important to consider carefully, in conjunction with our Treasury Management advisers, the optimum timing and nature of any new borrowing to minimise the cost to the Council. An under borrowing position has been assumed in the short term to minimise the impact of the difference between borrowing and investment rates. This position will be kept under review in conjunction with our Treasury Management advisers as the council's balances are utilised over the medium term. The Council makes investments during the year as part of its management of treasury balances. The investment strategy sets out the Council's investment priorities and the criteria used to make those investments to ensure security of capital, liquidity and a return on investment. The Treasury Management Strategy is designed to protect the Council's finances through limiting exposure to risk. David Stanley, Accountancy Manager (Section 151) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk
Legal Implications	The report and recommendations do not raise any direct issues and concerns with regard to non-compliance with statutory requirements. Alan Carr, Solicitor Email alan.carr@stroud.gov.uk Tel 01453754357

Report Author	Graham Bailey, Principal Accountant Tel: 01453 754133 E-mail: graham.bailey@stroud.gov.uk
Chair of Committee	Councillor Nigel Studdert-Kennedy Tel: 01453 821491 E-mail: cllr.nigel.studdert-kennedy@stroud.gov.uk
Options	Full Council is required to adopt the prudential indicators and approve the annual treasury management strategy. These are largely determined by the Council's revenue and capital budget decisions when setting the 2018/19 Council Tax, Housing rent levels and the capital programme.
Performance Management Follow Up	A revised Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2018/19 will be presented as the half year report to fully comply with the recently revised CIPFA Prudential Code, CIPFA Treasury Management Code, as well as revised Ministry of Housing, Communities and Local Government (MHCLG) MRP and Investment guidance. Quarterly and annual Treasury Management reports of actual compared with estimated prudential indicators for 2018/19. Any breaches of the Prudential Code will be reported to the Audit and Standards Committee. A breach of the Authorised Borrowing Limit would require immediate investigation and reporting to Council.
Background Papers	Treasury Management Policy Statement Treasury Management Practices - Main Principles Treasury Management Practices – Schedules The Prudential Code for Capital Finance in Local Authorities (2017) Treasury Management in the Public Services Guidance Notes for Local Authorities (2011) Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (2017).
Appendices	A. Investments at 31 December 2017 B. Explanation of Prudential Indicators C. Economic Background D. Treasury Management Scheme of Delegation

Discussion

1. Under the Local Government Act 2003 (the Act) and supporting regulations the Council is required to “have regard to” the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

2. Council is required to approve an Annual Treasury Management Strategy Statement for borrowing, and an Investment Strategy which sets out the Council’s policies for managing its investments and for giving priority to security and liquidity of investments.

3. Both these CIPFA codes have been reviewed and revised and published in December 2017. This report is based on the new codes, with the exception of introducing a Capital Strategy, which will be presented to Strategy and Resources during 2018/19 and then on to Council, and included in the half-year report Treasury Management report, together with details of any Non-Treasury Investments.

4. Also, there is a statutory duty to approve a Minimum Revenue Provision (MRP) Policy Statement for the year and this is set out in paragraphs 2.6 – 2.11 of this report.

5. Ministry of Housing, Communities and Local Government (MHCLG) have consulted on changes to Statutory Guidance on Local Authority Investments and Statutory Guidance on Minimum Revenue Provision. The consultation closed on 22 December 2017, and the resulting revised guidance is applicable for financial year 2018/19, however it has not been issued at the time of the drafting of this report. Changes to be introduced concern firstly, a tightening up of perceived abuses of MRP, whereby Councils may have imprudently loaded debt repayment liabilities onto future council tax payers, and secondly to ensure that Councils conduct proper due diligence around more speculative investments, particularly around major property acquisitions and other investments funded by PWLB borrowing. This report is based on the pre-existing guidance. Full compliance with the newly revised guidance will be presented in the half-year report.

6. CIPFA Code of Practice on Treasury Management (revised December 2017) requires the Council to maintain a Treasury Management Manual, which is reviewed annually. This manual is a record of internal procedures and operational guidance, as such it is not subject to approval by Members. The manual incorporates the following documentation relating to Treasury management:

   - Treasury Management Policy Statement. This is reviewed annually.
   - Treasury Management Practices (TMP) – Main Principles. There are 12 practices which set out the manner in which this Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities. These are reviewed annually.

- Treasury Management Practices – Schedules. These schedules set out the details of how the TMPs are put into effect by this Council. This document is revised annually to include the latest detailed procedural documents. In future updates Non Treasury Investments will be included.
- Counterparty Lending List and lending criteria. The list used by the Council is provided by Link Asset Services (LAS), the Council's treasury advisors. A new list is provided weekly, and there are daily updates by email of any changes to ratings.

7. Other CIPFA requirements are:

- a Mid-year Report and an Annual Report covering activities during the previous year;
- delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. At this Council, delegation is to the Section 151 officer;
- delegation by the Council of the role of scrutiny of treasury management reports and strategy to a specific named body. For this Council the delegated body is the Audit and Standards Committee.

Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Statement 2018/19

1. INTRODUCTION

1.1 The Act and supporting regulations require the Council to ‘have regard to’ the CIPFA Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

1.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act). This sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 The 2018/19 strategy for the following aspects of the treasury management function is based upon the treasury officers’ views on interest rates, supplemented with market forecasts provided by the Council’s treasury advisor, LAS. The strategy covers:

- limits in force to mitigate the Council’s treasury risk;
- Prudential Indicators;
- current treasury position;
- borrowing requirement;
- prospects for interest rates;
- borrowing strategy;
- policy on borrowing in advance of need;
- investment strategy;
- creditworthiness policy;
- policy on use of external service providers;
- Minimum Revenue Provision (MRP) statement;
- treasury management scheme of delegation and section 151 role;
- miscellaneous treasury issues.

1.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges and minimum revenue provision caused by increased borrowing to finance additional capital expenditure, and

- any increases in running costs from new capital projects are limited to a level which is affordable for the foreseeable future.

2. CAPITAL PRUDENTIAL INDICATORS FOR 2018/19 TO 2020/21

2.1 Capital expenditure plans are a key driver of treasury management activity. There are prudential indicators that focus on the Council's capital spending plans.

2.2 The first prudential indicator is a summary of the Council's capital expenditure plans, shown in Table 1.

Table 1: Capital Expenditure

Capital Expenditure	2016/17 £000 Actual	2017/18 £000 Estimate	2018/19 £000 Estimate	2019/20 £000 Estimate	2020/21 £000 Estimate
Community Services	1,588	78	180	150	-
Environment	1,234	909	1,140	1,900	1,066
Housing General Fund	-	710	449	330	330
Strategy & Resources	7,706	3,148	2,820	1,582	900
General Fund	**10,528**	**4,845**	**4,589**	**3,962**	**2,296**
HRA	**10,975**	**9,189**	**11,720**	**6,414**	**6,489**
Total	**21,503**	**14,034**	**16,309**	**10,376**	**8,785**

2.3 Any shortfall of resources to finance the capital programme results in a borrowing need as set out in Table 2 below.

Table 2: Capital Financing

Capital Expenditure	2016/17 £000 Actual	2017/18 £000 Estimate	2018/19 £000 Estimate	2019/20 £000 Estimate	2020/21 £000 Estimate
General Fund	10,528	4,845	4,589	3,962	2,296
HRA	10,975	9,189	11,720	6,414	6,489
Total	**21,503**	**14,034**	**16,309**	**10,376**	**8,785**
Financed by:					
Capital receipts	2,761	2,755	2,184	304	400
Capital grants	1,561	838	2,146	812	330
Capital reserves	6,162	971	3,876	1,410	10
Revenue	208	7,286	7,153	5,750	6,729
Net Financing Need for the year	**10,811**	**2,184**	**950**	**2,100**	**1,316**

2.4 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic capital expenditure which has not yet been financed from either revenue or capital resources. It is the measure of the Council's underlying borrowing need. Any newly planned unfinanced capital expenditure will increase the CFR.

2.5 The Council is asked to approve the CFR projections below:

Table 3: The Council's borrowing need (Capital Financing Requirement)

Capital Financing Requirement	2016/17 £000 Actual	2017/18 £000 Estimate	2018/19 £000 Estimate	2019/20 £000 Estimate	2020/21 £000 Estimate
CFR - General Fund	15,715	16,779	16,438	17,431	17,471
CFR - HRA	95,742	95,742	95,742	95,742	95,742
Total CFR	111,457	112,521	112,180	113,173	113,213
Movement in CFR	10,252	1,064	-341	993	40

Movement in CFR represented by					
Net financing need for the year	10,811	2,184	950	2,100	1,316
Less MRP / VRP and other financing movements	-559	-1,120	-1,291	-1,107	-1,276
Movement in CFR	10,252	1,064	-341	993	40

Minimum Revenue Provision (MRP) Policy Statement 2018/19

2.6 The Council's MRP policy statement for 2018/19 is in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. MRP is only chargeable on General Fund outstanding capital liabilities.

2.7 An MRP charge is not currently required for the HRA. However, following on from the introduction of HRA self-financing the HRA is required to charge depreciation on its assets for financial years commencing April 2017. As a result, depreciation is a real cost to the HRA from financial year 2017/18. The regulations had allowed for the Major Repairs Allowance to be used as a proxy for depreciation until 31 March 2017.

2.8 The government has protected the General Fund from any adverse MRP liability arising from HRA self-financing borrowing. Consequently, as there was no General Fund MRP liability prior to HRA Self-Financing, there has been no General Fund MRP liability until financial year 2016/17. From 2016/17 General Fund borrowing in respect of The Pulse fitness extension, the Multi-Service contract vehicles, premises and equipment, and more recently the Littlecombe Business Units has resulted in a requirement to charge the General Fund with MRP, as a prudent provision for the repayment of that debt.

2.9 Additional planned borrowing arising from the capital budget set in February 2017, which has been revised in 2018 budget setting has created higher MRP and interest revenue cost pressures to the General Fund Medium Term Financial Planning period and beyond.

2.10 MRP will be charged under Option 3 of the MHCLG guidance. Option 3 is an MRP charge over a time period reasonably commensurate with the estimated useful life of a new asset. This is a prudent method of repaying the debt associated with particular assets. The Council is also permitted to make additional Voluntary Revenue Provisions (VRP), and it would be considered prudent to make such additional provisions for the repayment of debt.

2.11 The status of £2m of funding received from the HCA in respect of capital development works to Brimscombe Port is effectively a loan, although a future capital receipt arising from the property asset transferred to the Council as part of the development agreement should be sufficient to repay that loan. At this stage no MRP provision is being charged to the General Fund, as if all goes to plan no MRP will be necessary. However, this position will be kept under review.

2.12 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 4: Core Funds and Expected Investments

Year end resources	2016/17 £m Actual	2017/18 £m Estimate	2018/19 £m Estimate	2019/20 £m Estimate	2020/21 £m Estimate
Fund balances / reserves	24.381	21.328	19.256	17.563	16.124
Capital receipts	3.490	4.755	3.796	4.117	4.342
Provisions	0.525	0.665	0.665	0.665	0.665
Other	1.062	0.500	0.500	0.500	0.500
Total Core funds	**29.458**	**27.248**	**24.217**	**22.845**	**21.631**
Working capital	5.314	0.500	0.500	0.500	0.500
Under (-) / over borrowing	-4.740	-5.804	-4.463	-4.456	-3.496
Expected investments	**30.032**	**21.944**	**20.254**	**18.889**	**18.635**

Affordability of capital plans prudential indicators

2.13 A prudential indicator is required to assess the affordability of capital expenditure plans. This indicator provides an estimate of the impact of capital investment plans on the Council's overall finances. The Council is asked to approve the cost of capital expenditure plans as a ratio of the net revenue stream indicator shown in table 5.

Table 5: Ratio of financing costs to net revenue stream

	2016/17 Actual	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Non-HRA	-0.68%	-0.95%	-0.69%	-0.36%	0.08%
HRA	16.03%	16.17%	16.56%	17.05%	16.64%

3. BORROWING

3.1 Amongst the objectives of the treasury management function are ensuring that the Council's cash is managed in accordance with relevant professional codes and that sufficient cash is available at the right times to facilitate revenue and capital spending plans. Capital expenditure plans as set out in section 2 indicate if borrowing is required.

3.2 Table 6 shows the actual external debt (the treasury management operations), compared against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 6: Gross Debt compared with Capital Financing Requirement (CFR)

	2016/17 £m Actual	2017/18 £m Estimate	2018/19 £m Estimate	2019/20 £m Estimate	2020/21 £m Estimate
External Debt					
Debt at 1 April	104.717	106.717	106.717	107.717	108.717
Expected change in debt	2.000	-	1.000	1.000	1.000
Other long term liabilities at 1 Apr	-	-	-	-	-
Actual Gross Debt at 31 March	106.717	106.717	107.717	108.717	109.717
Capital Financing Requirement	111.457	112.521	112.180	113.173	113.213
Under / (-) over borrowing	4.740	5.804	4.463	4.456	3.496

3.3 Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not for revenue purposes.

3.4 The Section 151 officer reports that the Council complied with this prudential indicator in the current year and does not expect any breaches up to and including financial year 2020/21. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.5 There are two Treasury indicators set which limit external debt. The operational boundary is the limit that external debt should not normally exceed. If external debt were to exceed this figure then it should prompt an internal investigation to establish the reasons why the breach had occurred.

Table 7: Operational Boundary

Operational Boundary	2017/18 £m Estimate	2018/19 £m Estimate	2019/20 £m Estimate	2020/21 £m Estimate
Debt	120	122	122	122
Other Long Term Liabilities	-	-	-	-
Total	120	122	122	122

3.6 The Authorised Limit is set or revised by full Council, and must not be exceeded. It represents the level of debt that is unsustainable in the longer term. It is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control local government borrowing in total or for specific councils. This power has not been used to date.

3.7 The Council is asked to approve the following Authorised Limit:

Table 8: Authorised Limit for External Debt

Authorised Limit	2017/18 £m Estimate	2018/19 £m Estimate	2019/20 £m Estimate	2020/21 £m Estimate
Debt	128	130	130	130
Other Long Term Liabilities	-	-	-	-
Total	128	130	130	130

3.8 A separate control on the Council's borrowing is a limit on the maximum HRA CFR introduced as part of HRA self-financing. This Council had some headroom to borrow over and above the self-financing settlement amount. The borrowing headroom was used up by 31 March 2017. No further borrowing by the HRA is permitted. This is shown in the next table:

Table 9: HRA Debt Limit

HRA Debt Limit	2016/17 £m Actual	2017/18 £m Estimate	2018/19 £m Estimate	2019/20 £m Estimate	2020/21 £m Estimate
Actual HRA CFR	95.742	95.742	95.742	95.742	95.742
Limit	95.742	95.742	95.742	95.742	95.742
Headroom	-	-	-	-	-

3.9 Link Asset Services (LAS) are treasury advisers to the Council and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the latest LAS forecast as at November 2017.

Table 10: Interest Rate Forecast

Month	Bank Rate	PWLB Borrowing Rates		
		5 year	25 year	50 year
Dec-17	0.5	1.5	2.8	2.5
Mar-18	0.5	1.6	2.9	2.6
Jun-18	0.5	1.6	3	2.7
Sep-18	0.5	1.7	3	2.8
Dec-18	0.5	1.8	3.1	2.9
Mar-19	0.75	1.8	3.1	2.9
Jun-19	0.75	1.9	3.2	3
Sep-19	0.75	1.9	3.2	3
Dec-19	0.75	2	3.3	3.1
Mar-20	1	2.1	3.4	3.2

Borrowing Strategy

3.10 Currently the Council has £106.717m of borrowing, compared with a Capital Financing Requirement (CFR) of £111.457m. This means that the capital borrowing need (the CFR), is greater than loan debt by £4.740m. The Council has taken no borrowing during the 2017/18 financial year.

3.11 There is a limit on HRA borrowing set by the Government in the Localism Act 2011 known as the HRA debt cap. The Council's HRA debt cap is £95.742m. This cap is the absolute limit for HRA borrowing under the Prudential Code, even if the Council considers further borrowing is affordable by the HRA. The 2017/18 HRA CFR is £95.742m and borrowing is £95.742m, this means that borrowing ‘headroom’ following HRA self-financing has been fully utilised measured against the cap, as shown by table 9.

3.12 HRA capital plans can include no further borrowing in 2018/19 and subsequent years, whilst General Fund capital plans include borrowing of £6.55m up to 2020/21. The Section 151 officer will decide on the length and type of borrowing, as well as the optimum time to borrow in consultation with LAS, and take into account the latest projections for interest rates and other relevant factors including any benefits arising from internal borrowing.

3.13 There is a £1m PWLB loan due for repayment in Mar 2018, and a £2m loan from Hampshire County Council due for repayment in February 2019. The HRA will refinance these loans as there is no budgetary provision within the HRA medium term financial plan for the loan repayment.

3.14 At the end of 2017/18 there is an estimated internal borrowing position of £5.804m. Internal borrowing is currently beneficial because it reduces the financial impact of the differential between borrowing and investment interest rates. This position is projected as continuing through the period to 2020/21. Although, with the MTFP forecasting the running down of balances, and possible future changes in interest rate forecasts the Section 151 officer will keep this under review, and adjust the strategy as necessary in consultation with our Treasury advisers LAS.

Treasury management limits on activity

3.15 The purpose of treasury management limits are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs or improve performance. The indicator is maturity structure of borrowing. The gross limits are set to reduce the Council’s exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits

3.16 The Council is asked to approve the following treasury indicators and limits:

Table 11: Maturity structure of borrowing

Maturity structure of new fixed and variable rate borrowing during 2018/19	Upper Limit	Lower Limit
Under 12 months	25%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Table 12: Non-specified investment limit

Upper Limit for total principal sums invested for over 364 days	2016/17	2017/18	2018/19	2019/20	2020/21
Investments	£8m	£8m	£7m	£6m	£5m

Policy on borrowing in advance of need

3.17 The Council will not borrow more than, or in advance of, need purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates as required by the Prudential Code (see paragraph 3.3). Decisions to borrow will seek to ensure value for money and security of funds.

3.18 The Council will consider borrowing up to 12 months ahead of capital spend:

- If such capital spend is considered very likely to occur within 12 months;
- treasury advisers demonstrate that rates are particularly low and likely to move higher within 12 months;
- treasury advisers evaluate a net saving after assessing cost of carry;
- a trigger rate(s) will be set by s151 officer in consultation with treasury advisers and treasury officers;
- borrowing will be conducted in parcels – eg £4m could be split into 4 x £1m or 2 x £2m;

- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been fully considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use;

3.19 The foregoing usual procedure will not prevent the s151 officer from forward borrowing to the fullest extent permitted by the Prudential Code, CFR for the current year plus the following two years, if extraordinary conditions arise in the short term to make such action in the interests of the authority.

Debt rescheduling

3.20 Now that the Council has £106.7m of debt, the Section 151 officer will keep under review opportunities for debt rescheduling. Debt rescheduling is reported to Council at the next meeting after it occurs.

4. ANNUAL INVESTMENT STRATEGY

Investment Policy

4.1 The Council will have regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to that guidance such as the March 2010 revision, and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA Treasury Management Code"). The Council's investment priorities in order are:

1) security of capital
2) liquidity of investments
3) rate of return

4.2 In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what the ratings mean for each agency. LAS's bank ratings service enables real-time monitoring of a bank's rating. Daily emails are sent to the Council to notify of any significant change to a bank rating, and are available on the Passport online portal.

4.3 Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector. Assessment will also take account of information reflecting the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" (CDS). Other information sources used will include the financial press, share price and other such information about the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4.4 The intention of the strategy is to provide security of investment and minimisation of risk.

4.5 The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of investments, however this does not preclude the consideration and implementation of higher risk investments as part of a balanced portfolio of investments, subject to proper due diligence in line with the changes to be introduced by MHCLG.

4.6 Borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

4.7 'Specified' and 'Non-Specified' Investments categories identify investment instruments for use during the financial year.

Specified Investments

4.8 All specified investments will be sterling denominated, with maturities up of 1 year or less (including any forward deal time), subject to LAS's colour coding rating system as set out in creditworthiness policy paragraphs 4.16 – 4.21.

Table 13: Specified Investments

Type of Investment	Minimum 'High' Credit Criteria	Max Sum** per institution / group
Debt Management Agency Deposit Facility	*	£45m
Term deposits – local authorities	*	£8m
Term deposits – banks and building societies	Colour coded as per CAS Weekly counterparty listing (AA- countries & UK only)	£8m
UK Government Gilts	*	£12m
Bonds issued by multilateral development banks	*	£8m
Bonds issued by a financial institution which is guaranteed by the UK government	*	£8m
Treasury Bills	*	£12m
Certificates of deposits issued by banks and building societies	Colour coded as per CAS Weekly counterparty listing (AA- countries & UK only)	£8m
Money Market Funds	AAA	£4m per MMF & £12m total in MMFs
Enhanced Money Market Funds	AAA	£4m per MMF & £12m total in MMFs

Non-Specified Investments

4.9 All investments will be sterling denominated.

Table 14: Non-specified Investments - Maturities in excess of 1 year

Financial instrument / institution	Minimum Credit Criteria	Max. maturity period	Max. Sum**
Term deposits – banks and building societies	Colour coded as per CAS Weekly counterparty listing (AA- countries & UK only)	3 years	£8m
Certificates of deposits issued by banks and building societies	Colour coded as per CAS Weekly counterparty listing (AA- countries & UK only)	3 years	£8m
Property Funds	***	25 years	£3m
Corporate Bonds	AA-	3 years	£3m
UK Local Authorities	*	3 years	£8m
UK Government Gilts	*	3 years	£8m
Bonds issued by multilateral development banks	*	3 years	£8m
Bonds issued by a financial institution which is guaranteed by the UK government	*	3 years	£8m

* Government institutions have the highest security, although they are not formally rated.

** A maximum sum refers to the combined total of specified and non-specified investments with a particular bank, or group if specified.

*** Any investment would be subject to an evaluation process and a report to Strategy and Resources Committee.

Investment Strategy

4.10 Cash flow forecast requirements and the outlook for short-term interest rates are important factors considered when making investments. During 2017 base interest rate was 0.25% until November when the base interest rate rose to 0.5%. This was the first base interest rate rise since 2007.

4.11 In 2018-19 the Council will continue to invest for the longest permitted duration with quality counterparties to maximise return without compromising security, or liquidity. In particular instances the Section 151 Officer will authorise investments in the LAS blue category (see para 4.16) for a period of up to two years, which is currently longer than the LAS recommended duration of one year. Otherwise, the length of investments permitted will vary if necessary in line with LAS advice subject to the Council's 3-year upper limit.

Table 15: Investments maturing after the end of the current financial year.

Financial Institution	Amount £	Maturity	Rate
Goldman Sachs	2,000,000	01/06/2018	0.50%
Lloyds	2,000,000	22/05/2018	0.65%
RBS	1,000,000	20/07/2018	0.64%
RBS	2,000,000	10/09/2018	0.57%

4.12 Bank Rate is currently forecast to continue on a rising trend with further 0.25% increases forecast for March 2019 and March 2020, this would take base rate up to 1% in March 2020.

4.13 The Council will primarily make short-dated deposits of up to a year with appropriately rated banks or UK local authorities rather than utilising call accounts or money market funds in order to maximise interest. Transaction costs will be taken into account in any investment decision for smaller sums, which means balances of up to £1m may be retained in lower interest rate accounts. This will be done to save transaction costs, where transaction costs would exceed interest earned.

4.14 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Creditworthiness policy

4.15 This Council applies the creditworthiness service provided by LAS. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

4.16 This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- **Yellow** 3 years

- **Dark pink** 3 years for Enhanced money market funds with credit score of 1.25
- **Light pink** 3 years for Enhanced money market funds with credit score of 1.5
- **Purple** 2 years
- **Blue** 1 year (only applies to nationalised or semi nationalised UK Banks)
- **Orange** 1 year
- **Red** 6 months
- **Green** 100 days
- **No colour** not to be used

4.17 This creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, does not give undue impact to just one agency's ratings.

4.18 Typically the minimum credit ratings criteria the Council uses will be a short term rating (Fitch or equivalents) of short term rating F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings, but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

4.19 All credit ratings will be monitored prior to making an investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the LAS creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via LAS's Passport website. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

4.20 The Council will not place sole reliance on the use of this external service. In addition this Council will use market data and market information, and information on external support for banks to help support its decision making process.

Country limits

4.21 The Council will only invest in the UK and countries with a sovereign rating of AA- or higher. The following countries currently have sovereign ratings of AA- or higher, and also have banks operating in sterling markets which have credit ratings of green or above in LAS credit worthiness service.

AAA	AA+	AA	AA-
Australia	Finland	Abu Dhabi (UAE)	Belgium
Canada	Hong Kong	France	Qatar
Denmark	USA	UK	
Luxemburg			
Germany			
Netherlands			
Norway			
Singapore			
Sweden			
Switzerland			

5. MISCELLANEOUS TREASURY ISSUES

Use of external service providers

5.1 Link Asset Services (LAS) formerly Capita Asset Services, are the Council's treasury management advisers. However, responsibility for treasury management decisions remains with the Council at all times, therefore undue reliance will not be placed upon our external treasury management advisers. The current contract has an end date of 30 September 2018, together with an option to extend until 30 September 2020.

MiFID II

5.2 The second Markets in Financial Instruments Directive (MiFID II) is now effective commencing 3 January 2018. In order to maintain the range of investments available to the Council there has been an administrative exercise to opt up from retail to professional classification for all counterparties where this has been required.

Member Training

5.3 The CIPFA Code requires the Section 151 officer to arrange the provision of adequate training for members. Member training was held on 1 November 2017. Training is necessary to enable Audit and Standards Committee members to fulfil their role more effectively.

STROUD DISTRICT COUNCIL

COUNCIL

22 FEBRUARY 2018

AGENDA ITEM NO

8

Report Title	**STONEHOUSE NEIGHBOURHOOD DEVELOPMENT PLAN**
Purpose of Report	To decide whether the Stonehouse Neighbourhood Development Plan should be made part of the Development Plan for Stroud District following the positive outcome of the referendum held on Thursday, 23rd November 2017.
Decision(s)	**Council RESOLVES:** **1. that the Stonehouse Neighbourhood Development Plan is made part of the Development Plan for Stroud District**. **2. to delegate to the Strategic Head (Development Services), in agreement with the Qualifying Body, the correction of any further minor spelling, grammatical or typographical errors together with any improvements from a presentational perspective.**
Consultation and Feedback	A Referendum relating to the adoption of the Stonehouse Neighbourhood Development Plan was held on Thursday 23rd November 2017. The question which was asked in the Referendum was: "Do you want Stroud District Council to use the Neighbourhood Plan for Stonehouse to help it decide planning applications in the neighbourhood area?" The result was as follows: • Yes = 523 votes (85.2%) • No = 90 votes (14.7%) • Turnout = 10% All neighbourhood development plans are required to gain a majority of 50% plus one in favour at a local referendum in order to become part of the Development Plan. They are then required to be 'made'/ adopted by the local planning authority. If the plan received a positive result the local planning authority has a legal duty to bring the plan into force.

Financial Implications and Risk Assessment	No direct financial implications arising from this development plan. It is a legal requirement to bring the plan into force, not adopting it would lead to costs associated with legal challenge. Adele Rudkin, Accountant Tel: 01453 754109 Email: adele.rudkin@stroud.gov.uk
Legal Implications	The legal position in respect of adopting the Neighbourhood Plan is correctly summarised in paragraph 8 of this report. Alan Carr, Solicitor Tel: 01453 754357 Email: alan.carr@stroud.gov.uk
Report Author	Simon Maher, Neighbourhood Planning Officer Tel: 01453 754339 Email: simon.maher@stroud.gov.uk
Options	The Council has a legal duty to bring the plan into force following a positive result at the local referendum. The only circumstances in which the Council could not make the Neighbourhood Plan would be if it considers that the Neighbourhood Plan, including its preparation, breaches and would otherwise be incompatible with any EU obligation or any Convention rights (within the meaning of the Human Rights Act 1998)
Performance Management Follow Up	The Neighbourhood Plan, when 'made', will continue to form part of the Development Plan for the District and will be used to determine planning applications. The implementation of the Plan will be monitored by the Town Council. A key measure of success will be the extent to which planning permissions granted in the Parish reflect the policies in the Plan. It is hoped that by monitoring the Plan, the Town Council will be able to ascertain where changes may need to be made when the Plan is updated.
Background Papers/ Appendices	Appendix A – Stonehouse Neighbourhood Development Plan

BACKGROUND

1. The Stonehouse Neighbourhood Area was designated by resolution of the Council's Environment Committee on 12th September 2013.

2. The preparation of the Stonehouse Neighbourhood Development Plan (SNDP) was led by Stonehouse Town Council ('the qualifying body').

3. A submission version of the SNDP was accepted by the Council on 17th March 2017, under regulation 15 of the Neighbourhood Planning (General) Regulations 2012 (as amended) ('the regulations'). As prescribed by 'the regulations', the

Council consulted on the plan for six weeks and arranged for the plan to be examined.

4. The Council appointed Andrew Ashcroft MRTPI as independent examiner of the SNDP.

5. The examination concluded on 27th August 2017 with the submission of the Examiner's Report, which recommended that the SNDP, once modified, should proceed to a referendum.

6. The Council's Environment Committee decided on 14th September 2017:

    1. to accept all recommended modifications of the Examiner's Report
    2. that 'the plan', as modified, meets the basic conditions, is compatible with the Convention rights, complies with the definition of a neighbourhood development plan (NDP) and the provisions that can be made by a NDP; and
    3. to take all appropriate actions to progress the plan to referendum on the 23rd of November 2017.

7. Following the positive result at referendum, the SNDP became part of the Development Plan for the Stroud District

CONSIDERATION

8. Neighbourhood planning is not a legal requirement but a right which communities in England can choose to use. Under section 38A (4) of the Planning and Compensation Act 2004 (as amended), local planning authorities have a legal duty to make a neighbourhood development plan following a positive referendum result. This is subject to the limited exception, in sub section (6), whereby the council need not adopt the plan if it considers that it would be incompatible with any European Union obligations or Human Rights conventions. In this regard, Environment Committee on 14th September 2017 determined that such requirements had been considered and satisfied. Therefore to not make/adopt the Stonehouse Neighbourhood Development Plan would be in breach of these statutory provisions.

NEXT STEPS

9. The Council must publish a statement setting out its decision and the reason for making it.

10. Once made, the Plan continues to form part of the statutory Development Plan for the District. The NPPF (paragraph 198) states: "Where a planning application conflicts with a neighbourhood plan that has been brought into force, planning permission should not normally be granted."

11. As soon as possible the Council should publish the plan, details of when and where it can be inspected and notify any person who has asked to be notified that it has been made and where and when it may be inspected.

STROUD DISTRICT COUNCIL **AGENDA ITEM NO**

COUNCIL **9**

22 FEBRUARY 2018

Report Title	**STROUD TOWN CENTRE - PROPERTY INVESTMENT BY THE COUNCIL**
Purpose of Report	To outline the basis for the Council to invest in a key property development in Stroud Town Centre and set out the terms and conditions associated with that investment. The investment has important public benefit by helping sustain and enhance the town centre. The proposal is for the investment to be made on commercial terms, thereby providing a commensurate financial return to the Council and ensuring there is no concern of 'state aid'.
Decision(s)	**The Council RESOLVES:** **(1) To provide a £2 million loan to Stroud Regeneration Ltd on commercial terms for a 5 year period to enable the company to purchase the Merrywalks Centre as part of the Council's continuing efforts to sustain and enhance Stroud town centre for the benefit of Stroud District** **(2) The loan offer is subject to specific conditions;** **a) that Dransfield Properties Ltd, through its subsidiary, Stroud Regeneration Ltd will invest £10m over 5 years in the centre's refurbishment and enhancement** **b) the loan is secured as a second charge on the property acquired by Stroud Regeneration Ltd and appropriate clauses included in the legal agreement that ensure no additional charges or conditions can be put in place without the Council's prior approval** **c) the public benefit identified in this report is delivered in respect of the town centre** **d) completion of due diligence in respect of the Dransfield company arrangement, its financial status and cashflow and the property valuation** **(3) That authority is delegated to the Chief Executive, Head of Legal Services and Acting Section 151 Officer, in consultation with the Chairs and Vice Chairs of Strategy & Resources Committee and Audit & Standards Committee to agree the rate of interest and terms of the commercial loan offered to Stroud Regeneration Ltd.**

Consultation and Feedback	Oral reports were made to Strategy & Resources Committee on 13th June 2017 and 18th January 2018. Regular updates have also been provided to the Investment & Development Panel and to Group Leaders. Dransfield Properties Ltd presented to the Investment & Development Panel on 15th January and to a Members Information Evening on 12th February. Because of the commercial sensitivities, the Council has not carried out any external consultation, with the exception of GFirst LEP (Gloucestershire's Local Enterprise Partnership). Dransfield Properties Ltd has already undertaken some consultation with town centre traders and users as part of its preliminary research and survey work. It intends consulting the Town Council, Chamber of Trade and Civic Society. Part of Merrywalks is in the town centre conservation area and the company is concerned to ensure there is an appropriate elevational treatment of the Kings Street frontage.
Financial Implications	The report sets out the proposed £2m commercial loan facility that would be provided to Stroud Regeneration Ltd for the acquisition of the Merrywalks Shopping Centre. In deciding whether to provide the commercial loan, members must weigh-up the financial risk that the Council would be exposed to, and the wider financial and non-financial benefits that may accrue to the District from the regeneration. The interest rate charged to Stroud Merrywalks Ltd over the loan term, should reflect the additional risk the Council is bearing as secondary charge on the asset. There is a risk of capital loss should the company not be in a position to repay the loan at the end of the loan term. Mitigation measures can be put in place (by setting aside an equivalent amount to the loan in an earmarked reserve for the duration of the loan term). However, this will impact on the level of resource available to support other council priorities over that same period It is proposed that the loan is financed from the Council's internal resources. External borrowing is not appropriate for this investment activity given recent updated statutory guidance from the government on Local Government Investments. This may displace internal funding allocated against the Council's Capital Programme, thereby increasing the need to borrow externally. This, in turn, would increase the revenue cost associated with financing the capital programme from those stated in the Medium Term Financial Plan. David Stanley, Accountancy Manager/Acting Sec 151 Officer Tel: 01453 754100 Email: david.stanley@stroud.gov.uk

Legal Implications	The arrangement outlined in the report is lawful subject to appropriate terms of the loan being agreed. In particular, it is essential that the proposal to provide a loan to the company is provided on market terms (including a market rate of interest) to avoid breaching State Aid requirements. Advice has been provided on the terms which the loan agreement could and should not include to meet such requirement and also to avoid the arrangement inadvertently falling within the realms of a public works contract for which there are specific procurement requirements. The level of risk associated with the loan arrangement (e.g. LTV and priority of the Council's charge against the property; basis of other external funding which might impact on the prospects of the development proceeding to completion) will also have an impact on the appropriateness of the loan terms. Karen Trickey, Head of Legal Services Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk (Comment on legal implications from Legal Services)
Report Author	David Hagg, Chief Executive Tel: 01453 754290 Email: david.hagg@stroud.gov.uk
Risk Assessment	As with any property investment lending, there is a risk. Nevertheless, previous schemes undertaken by Dransfield Properties Ltd have been successful – as evidenced by the company's audited accounts, very high occupancy rates in its developments and the willingness of Lloyds Bank to finance successive schemes over 22 years. Without request, Dransfield Properties Ltd has provided full details of costs, rents and management arrangements for other schemes. Any loan involves risk. The Council is mitigating some risk by taking a second charge on the property. The Council will require appropriate clauses to be included in the legal agreement that ensure no additional charges or loan conditions can be put in place without the Council's prior approval, so reducing collateral risk. David Hagg, Chief Executive Tel: 01453 754290 Email: david.hagg@stroud.gov.uk
Options	The Council can decide to do nothing. This is private property and the Council could leave it to the property market to determine its future. By doing nothing, the risk is that the centre declines and/or lacks investment leading to a detrimental impact on the whole town centre. Currently, 45% of units in the centre are vacant and the leases of a further 16% expire in 2018/19. Without investment, c.60% of units could be vacant in a few years.
Performance Management Follow Up	The Council will, alongside Lloyds Bank, receive quarterly reports on the company's progress in carrying out the development programme as well as the company's overall financial position

Background Papers	No background papers were used in the preparation of this report

1. Merrywalks Centre, Stroud

1.1 Merrywalks is a 218,418 sq ft retail and leisure complex in the centre of Stroud. It has been owned by Streetlands Ltd, a subsidiary of Wrather & Co., for over 20 years. The centre was extended in 2003-4 to provide new retail floorspace, a six-screen cinema and bowling alley. Such leisure and entertainment facilities are not often found in a town the size of Stroud and its catchment area. 83% of the centre's income is secured against national covenants including Wilko, New Look, Argos, Home Bargains and Vue Cinema.

1.2 The Council has been concerned about Merrywalks for some considerable time due to its deteriorating condition, poor management and lack of investment. The nature and scale of Merrywalks means it impacts on the whole town centre. Its status and viability affect the nature of the town's shopping 'offer' and environment. It is also a critical ingredient in determining Stroud's comparative attractiveness and reputation as a retail centre.

1.3 The Council took over the management of the multi-storey car park in 2013 from NCP. It replaced the obsolete and increasingly inoperative ticketing machines and has carried out some limited work to the car park. However, the Council has been frustrated as car park operators as key investment decisions have not been taken by Streetlands Ltd. In addition, some new Merrywalks tenancies have created management and enforcement difficulties for the Council as car park operator. The Council's annual management fee has included an appropriate income sharing element.

1.4 Over the past three years, Merrywalks has been offered 'off market' to selected purchasers including the Council. In 2015, the Council was invited to consider acquiring the property 'off market' for an asking price of £20m. This figure reflected Streetland's substantial bank loans with Rothschild and Santander. The Council commissioned Carter Jonas who provided a valuation of £13-14m, albeit the retail valuation consultants were unable to obtain full information from the vendor. During 2016, Streetlands Ltd, through its agents Knight Frank, continued to approach those who may have an interest in purchase.

1.5 Streetlands Ltd has found it difficult to sell Merrywalks. The property value has been affected by general retailing trends and the post Brexit impact on this particular type of retail property. The initial asking price has been reduced over the past two years from £20m, to £17.5m then to £14m. We understand offers in the order of £12m were being sought late last year.

1.6 Members of the Investment & Development Panel (previously the Housing & Development Panel) have been informed and updated over this period. The Investment and Development Panel's membership includes the four Group Leaders (Cllrs. Cornell, Cooper, Tucker and Whiteside). Throughout, the Council has respected the commercial confidentiality requested by Streetlands Ltd and its agents and recognising the potential reputational damage to the town of what has been a long drawn out process by Streetlands Ltd and the banks. The Council's concerns about the management and investment of Merrywalks and its impact on the town centre have not lessened throughout this time.

2. Dransfield Properties Ltd

2.1 Dransfield Properties Ltd (DPL), is a Sheffield based family company with 25 years experience of regenerating town centre schemes. The company's website www.dransfield.co.uk provides details of the company and the town centre schemes it has undertaken.

2.2 In undertaking many of these town centre developments, DPL has worked closely with local authorities. In the case of Fox Valley, Sheffield, and Penistone One, Penistone this has involved public funding in the form of a European Regional Development Fund (ERDF) grant. With the Gainsborough town centre development, DPL has formed a joint venture company with West Lindsey District Council.

2.3 DPL was introduced to Merrywalks in early 2017 by Rothschild, one of the lenders to Streetlands Ltd. DPL first approached the Council in March 2017.

2.4 Media coverage of Dransfield's interest in acquiring and developing Merrywalks received local media coverage. The company submitted an objection to out-of-town retail developments which was referred to at the Development Control Committee meeting.

2.5 As part of its preliminary assessment, DPL met the Council and GFirst LEP in May 2017. Following this, DPL made a proposal to the banks who decided instead to undertake further marketing of Merrywalks.

2.6 DPL approached the Council and GFirst LEP about financing and the potential for joint venture. A meeting was held in November 2017 between the parties. DPL made an application to GFirst LEP for a £4m capital grant. The Chief Executive provided a letter of support (attached).

2.7 Mark Dransfield and some of his senior team presented the company's track record in town centre regeneration and its plans for Merrywalks to an Investment and Development Panel on 15th January and answered Panel members' questions. A Members Information Evening was held on the 12th February at which DPL provided an outline of the company, its proposals for Merrywalks, and the investment timescale. This was followed by a question and answer session.

2.8 Knight Frank, on behalf of Streetlands Ltd and the banks, has accepted DPL's offer to purchase Merrywalks. This offer is subject to surveys and due diligence.

3. Funding Request

3.1 The GFirst LEP Board will consider DPL's application for £4 million of financial support at its meeting on 20th February. At the time of preparing this report, it is known that the application has been looked upon favourably for an indicative allocation. If successful, the allocation would be subject to the normal due diligence processes. A further report to the GFirst Board on 27th April would confirm that the due diligence has been completed and the necessary legal agreements are in place for completion. The Chief Executive of GFirst LEP will provide an update on the status of the application following the 20th February meeting and ahead of our Council meeting.

3.2 At its meeting on the 31st January, Lloyds Bank's Credit Committee approved £12m loan facilities to Dransfield. Lloyds Bank has previously provided loans for other DPL schemes and for these to be with a company specifically set up by Dransfield Properties Ltd to acquire and manage the property. A subsidiary company will be set up to acquire and manage Merrywalks. One of Lloyd's conditions is that there is public funding in the form of the GFirst LEP capital grant.

3.3 DPL has requested a £2m commercial loan from us towards acquisition costs. The overall funding package is as follows;

Purchase of Merrywalks

Funder	Amount	Notes
Lloyds Bank	£6m	Maximum 60% loan to value and first charge
Stroud District Council	£2m	Contribution to purchase and second charge
Dransfield Properties Finance Ltd	£2m*	Funding for acquisition
Total	£10m	

**DPL will meet other costs additional to its £2m. These include Stamp Duty Land Tax (£300,000), Due Diligence (£250,000), Legal and other costs (no estimate provided)*

Development (Works to multi-storey car park, retail units and access, frontages to King Street in conservation area)

Funder	Amount	Notes
Lloyds Bank	£6m	Maximum 60% loan to value and first charge
GFirst LEP	£3m grant £1m loan	Capital grant and loan. Loan provided on basis of third charge. GFirst LEP Board to approve 'indicative allocation' on 20th February
Total	£10m	

4. The Basis of a Commercial Loan by the Council

4.1 It is important for Members to recognise that this is a loan at a commercial rate. It is not a capital grant, nor is it at the expense of the projects included in the

Council's capital programme approved in January. Finance of this nature cannot be used for revenue budgets.

4.2 The Council has not previously provided a commercial loan though it is not uncommon for councils to do so. Under the recently published 'Statutory Guidance on Local Government Investment' (Ministry of Housing, Communities and Local Government, 2nd February 2018) a loan is now classed as an investment.

4.3 The Council has taken external advice about the terms and conditions of a loan offer and also taken independent advice regarding the property valuation. Our Treasury Management advisers, Link Asset Services, view a commercial loan as high risk for a number of reasons;

- The Council is a secondary charge on the asset
- Lack of a parent company guarantee in the event of a capital shortfall
- Stroud Regeneration Ltd being a newly formed company with limited or no collateral
- Loan repayment or financing dependent on 5 year capital asset growth

Depending on the level of collateral, Link Asset Services indicate an interest of 4.73%-10.73% would be appropriate. This advice has been provided without the benefit of an assessment of cashflows or likely asset values over the course of the project.

4.4 There is a risk with any loan. The nature and form of this are set out elsewhere in this report but by taking a second charge some of this is mitigated. The level of interest charged by the Council will have regard to the additional risk faced by the Council as a secondary charge on the asset.

4.5 The Council is recommended to deal with this loan facility as;

- a service based investment
- apply a commercial rate not less than that provided by Lloyds Bank and with a premium in recognition of it being a second charge, so mitigating concern about 'state aid'
- apply appropriate arrangement expenses to the loan agreement
- apply the appropriate treasury management and capital accounting measures

4.6 The Council can generate a net income from the loan; the precise amount depending on how the Council finances the loan and the interest rate charged. In treasury management terms, the loan is likely to be made using internal resources. It is therefore important to deduct the interest forgone on Treasury activities (say 0.50%) from the interest gained on the commercial loan. The net income to the Council is estimated to be in the order of £400,000 over the five year period (£80,000 per annum).

4.7 Against this must be balanced the risk of capital loss. In treasury management terms and to mitigate this, an equivalent amount to the loan will be set aside in an earmarked reserve for the duration of the loan term.

4.8 The public benefit includes;

- Investment in key town centre development (the fortunes of Merrywalks are linked to the success of the whole town centre)

- Resolving longstanding drawbacks with the centre which hamper public access, including pedestrian connectivity between Merrywalks and King Street and overall centre management
- Upgrading the multi-storey car park with benefits in respect of personal/community safety
- Providing an uplift to the appearance of the conservation area and the public realm
- Introducing an improved shopping offer and retailer mix that complements independent shops as against greater competition
- The conversion of King Street upper floors to housing and the potential for new affordable housing units in the three storey part of the centre
- Reversing the centre's continuing decline
- Additional jobs, footfall and business rate income (in DPL's bid to GFirst LEP, an increase of 1,000 jobs and £20m gross added value to the local economy have been cited)

4.9 The Council is recommended to approve a £2m commercial loan on terms set out under Decision at the start of the report.

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Our Ref : DJH/JMR/DOwen

10 November 2017

Mr D Owen
Chief Executive
GFirst LEP
The Growth Hub
Oxstalls Campus
Oxstalls Lane
Gloucester
GL2 9HW

Dear David,

Growth Deal - Capital Grant – Merrywalks, Stroud

I am writing in support of the application being made by Dransfield Properties Ltd (DPL) for a capital grant of £4m towards a £20m acquisition and development project. The £4m request is towards a redevelopment programme to be carried out within 3 years.

Policy Context

This project is consistent with the Strategic Economic Plan, the Stroud District Local Plan and our Jobs and Growth Plan 2013-18. Stroud is the only principal town centre in Stroud District and there are clear, sustainable Council policies to maintain and enhance the vitality and viability of the District's town centres. In addition, the Council is currently committing £150,000 towards town centres schemes over a three year period from its limited capital programme. The schemes will generate match funding representing an overall programme of £300,000.

The Council takes seriously its stewardship role for town centres. Recognising current trends in retailing and the changing nature of the 'high street', we commissioned a study in 2015 looking at the long term future of our town centres. We have also participated in the innovative project 'The Great Gloucestershire High Streets' commissioned by GFirst LEP and the establishment of high street digital hubs. As such, you are therefore well placed to know the issues affecting Stroud town centre and the significance of the Merrywalks centre in respect of its future prospects. Merrywalks contains important non-retail facilities such as the 6 screen cinema and the 12 lane bowling alley – both features that are not often found in a market town the size of Stroud.

Market Viability of Merrywalks Centre

The Council was approached by DPL in late April this year. At that stage, DPL had been invited by Rothschild to consider making proposals for the acquisition and redevelopment of the centre. Rothschild is one of two lenders (other being Santander) to Streetlands Ltd, the current owners of the Centre.

Dransfield Properties Ltd met you, me and senior officer colleagues on 5th May and provided a detailed prospectus of their company proposals. We understand that Rothschild and Santander subsequently decided not to sanction a disposal in June but recently asked Knight Frank to market the property again.

Again, Rothschild identified DPL as a suitable company to approach. Based on continuing interest by DPL and dialogue with ourselves, we held a further meeting with the company and its specialist team last Friday (3rd November) at which GFirst LEP was represented.

Interestingly, we have had no other approaches from developers or retail specialists over the two years that the property has been for sale. Enquiries might have been expected given our role as local planning authority and the operator of the multi-storey car park.

The Proposal

The centre has been poorly managed and marketed for many years. We have become increasingly concerned over recent years at the nature of the Merrywalks retail offer, the condition of the shopping environment and its impact on the town centre and the local economy. The lack of investment is evident and this is having an impact on its future viability and the whole town centre.

The DPL proposal provides for a transformation of the retail environment - upgrading the customer experience, improving footfall connectivity, introducing a fashionable clothing element and creating residential units. The scale of the residential component is subject to further detailed design and survey work.

We are willing to consider making a financial commitment to the purchase of the centre, based on the programme of redevelopment/refurbishment outlined in the DPL prospectus. DPL has raised with us the potential for a joint venture. We are willing to look at this. The Council is updating its valuation of the property and has previously commissioned specialist advisers.

The Need for 'Growth Deal' Finance

We consider there is clear evidence of market failure and that it is important for there to be support using public finance.

We are concerned that without this financial support there will be further attrition of the town centre with consequent detriment to our jobs and growth agenda. With support, this project will generate a range of jobs both at the centre but also in the wider economy. The findings of our town centre review support these potential outcomes as does the track record of DPL in respect of other centres throughout England e.g. Morpeth in Northumberland, Stocksbridge in Sheffield, Selby in North Yorkshire and more recently Gainsborough in West Lindsey, Lincolnshire.

The project has an ambitious yet realistic timetable. DPL is due to make an offer shortly to acquire Merrywalks subject to surveys and due diligence. However, the project cannot proceed without a capital grant of £4m towards the redevelopment.

We strongly support the proposal by Dransfield Properties Limited.

Yours sincerely,

David

David Hagg
Chief Executive