

# Summons to attend meeting of Full Council



**Date:** Tuesday, 12 December 2017  
**Time:** 2.00 pm  
**Venue:** Council Chamber, City Hall, College Green  
Bristol BS1 5TR

**To: All Members of Council**

Members of the public attending meetings or taking part in Public forum are advised that all Full Council are now filmed for live or subsequent broadcast via the council's [webcasting pages](#). The whole of the meeting is filmed (except where there are confidential or exempt items) and the footage will be available for two years. If you ask a question or make a representation, then you are likely to be filmed and will be deemed to have given your consent to this. If you do not wish to be filmed you need to make yourself known to the webcasting staff. However, the Openness of Local Government Bodies Regulations 2014 now means that persons attending meetings may take photographs, film and audio record the proceedings and report on the meeting (Oral commentary is not permitted during the meeting as it would be disruptive). Members of the public should therefore be aware that they may be filmed by others attending and that is not within the council's control.

**Issued by:** Ian Hird, Democratic Services  
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**Date:** Monday, 4 December 2017



# Agenda

## 1. Welcome and safety information

Members of the public intending to attend the meeting are asked to please note that, in the interests of health, safety and security, bags may be searched on entry to the building. Everyone attending this meeting is also asked please to behave with due courtesy and to conduct themselves in a reasonable way.

Please note: if the alarm sounds during the meeting, everyone should please exit the building via the way they came in, via the main entrance lobby area, and then the front ramp. Please then assemble on the paved area between the side entrance of the cathedral and the roundabout at the Deanery Road end of the building.

If the front entrance cannot be used, alternative exits are available via staircases 2 and 3 to the left and right of the Council Chamber. These exit to the rear of the building. The lifts are not to be used. Then please make your way to the assembly point at the front of the building. Please do not return to the building until instructed to do so by the fire warden(s).

## 2. Apologies for absence

## 3. Minutes of previous meeting - 14 November 2017

To be confirmed as a correct record.

**(Pages 14 - 26)**

## 4. Declarations of interest

To note any declarations of interest from the Mayor and councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a disclosable pecuniary interest.

Any declaration of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.

## 5. Lord Mayor's business



## **6. Public forum (public petitions, statements and questions)**

Please note: Up to 30 minutes is allowed for this item. Public forum items should be e-mailed to [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

Public forum items can be about any matter the Council is responsible for or which directly affects the city.

Please note that the following deadlines apply to this meeting:

a. Public petitions and statements: Petitions and written statements must be received by 12 noon on Monday 11 December 2017 at latest. One written statement per member of the public is permitted.

b. Public questions: Written public questions must be received by 5.00 pm on Wednesday 6 December 2017 at latest. A maximum of 2 questions per member of the public is permitted.

## **7. Petitions notified by councillors**

Please note: Up to 10 minutes is allowed for this item.

Petitions notified by councillors can be about any matter the Council is responsible for or which directly affects the city.

The deadline for the notification of petitions to this meeting is 12 noon on Monday 11 December 2017 at latest.

## **8. Information item - Treasury Management mid-year report 2017-18**

**(Pages 27 - 40)**

## **9. Motions**

### **Note:**

**Under the Council's constitution, 30 minutes are available for the consideration of motions. In practice, this realistically means that there is usually only time for one, or possibly two motions to be considered. With the agreement of the Lord Mayor, motion 1 below will be considered at this meeting, and motion 2 is likely to be considered, subject to**



**time. Details of other motions submitted, (which, due to time constraints, are very unlikely to be considered at this meeting) are also set out for information.**

**Motion 1 - Austerity has failed: Bristol needs more money and more powers**

Motion to be moved by: Cllr Mike Davies, Labour, Ashley ward

“Full Council notes:

1. The Budget announced by the Conservative chancellor, Philip Hammond, on Tuesday 22 November.
2. Unprecedented pressure on adult social care, children’s social services, and the illogic of cutting support only to increase costs down the line; increasing deficits in Bristol’s schools and sixth forms, despite funds being found for new free schools in areas where there are already a surplus of places; and Avon & Somerset Police’s belief that they are at ‘tipping point’, having already been forced to make £65 million of cuts since 2010, including a reduction of 655 police officers, with another £17 million of cuts demanded by 2021/22.
3. The £108 million budget gap which Bristol faces over the next five years and the multi-billion-pound budget gap faced by local councils across the country.
4. That Bristol is the only city in the country other than London to make a net contribution to the Treasury, thanks to the ingenuity of local businesses small and large.
5. Growing local economies drives our national prosperity; investment in people, services, and key infrastructure creates opportunities for everyone to do well.
6. The Green Paper taken to Westminster by the Mayor, Marvin Rees, and leaders of the UK’s other Core Cities; Bristol’s backing for it in September; and the hard work of our city’s four Labour MPs to hold the Government to account for its austerity programme.

Full Council believes:

1. That Bristol deserves more money and the Chancellor’s budget missed a chance to provide local government with much-needed investment.
2. Austerity, voted through Tory and Lib Dem coalition and continued by the Tory government, has made life worse for ordinary Bristolians. It has failed.
3. That Bristol’s former Lib Dem and Tory MPs voted to abolish Bristol City Council’s Revenue Support Grant, worth £110 million as



recently as 2014/15.

4. Some of the Chancellor’s announcements were welcome, including new investment in house-building and infrastructure – both of which are core challenges for our city and the country.
5. Bristol’s Mayor, in conjunction with the West of England Combined Authority (WECA), has submitted an ambitious bid to the Housing Infrastructure Fund to unlock more than 4,000 new homes near Bristol Temple Meads.
6. Cities face challenges which national governments do not, and need more powers and flexibility than they currently have in order to succeed.
7. Bristol needs more powers to achieve its full potential, and a shift towards cities will help create more and better-paying jobs for Bristolians.

Full Council resolves:

1. To back the Mayor’s and WECA’s Housing Infrastructure Fund bid and welcome figures which show that Bristol’s numbers of new homes are on the up – including affordable ones and a generation of new council houses.
2. To continue to back calls for investment in Bristol, more power for cities, and an end to austerity.”

### **Motion 2 - Coffee cups cost the earth**

Motion to be moved by: Cllr Clare Campion-Smith, Liberal Democrat, Westbury-on-Trym & Henleaze ward

“Council notes growing concern about ‘single use’ drinking cups and the effect on the environment. Concerns are based on the following:

- To make takeaway coffee cups waterproof, the card is fused with polyethylene. This material cannot be separated out again at a standard recycling plant.
- There are only 2 highly specialised recycling facilities in the UK that are able to recycle such coffee cups.
- UK throws away 2.5 billion coffee cups a year, creating approximately 25,000 tonnes of waste.
- Only 0.25% of the 7 million coffee cups thrown away every day in the UK are recycled.
- Over 6.98 million coffee cups thrown away each day go to landfill or end up in the environment.
- Paper or cardboard coffee cups which are properly recyclable in the public waste disposal system do exist.



Council therefore calls on the Mayor:

To request the government to legislate for a small charge to be levied on such cups noting the success of the plastic bag charge in increasing the use of ‘bags for life’ and reducing plastic.

To require a small charge to be levied on the cups in use in the Council House and other venues controlled by the Council to initiate a change in habits for consumers and purveyors.”

Sources:

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/environmental-audit-committee/news-parliament-2015/disposable-packaging-coffee-cups-plastic-bottles-inquiry-launch-16-17/>

<http://www.bbc.co.uk/news/business-40951041>

<http://www.bbc.co.uk/news/magazine-36882799>

<https://www.theguardian.com/environment/2017/mar/30/reusable-incentives-could-slash-disposable-coffee-cup-waste>

## **Details of other motions submitted, (which, due to time constraints, are very unlikely to be considered at this meeting) are set out below for information:**

### **Motion 3 - Bristol’s housing shortage: providing key worker homes**

Motion submitted by: Cllr Mark Weston, Conservative, Henbury & Brentry ward

“This Council welcomes the moves made by the Chancellor to support the Housing market in the Autumn Statement whilst, at the same time, maintaining fiscal discipline aimed at reducing the budget deficit to 1.5% of national income by 2020-21.

Council has previously endorsed the region’s ambitious house building target of 105,500 new dwellings in the Joint Spatial Plan. Whilst supportive of the Mayor’s pledge to supply 2,000 homes a year (800 affordable) by 2020, and the steps taken through the housing delivery company, Council believes much more needs to be done to meet the accommodation needs of the relatively low paid.

Bristol is now one of the least affordable cities in the UK, with the cost of buying a home requiring an income multiplier of ten times the national average wage.

Accordingly, Council calls on the Mayor to conduct an audit of the Authority’s property portfolio, with a view to identifying those buildings –classified as brownfield or previously developed sites – which could be converted for the exclusive or predominant purpose of providing ‘key



worker' homes.

Two possible candidates for such conversion would be the two historic ('A' and 'B') bonded warehouses near to the Cumberland Basin. These huge structures have enormous potential to create hundreds of units for rent or affordable purchase and are ideally located near to the city centre. The feasibility of this proposal should be fully explored.

Council considers such a change-of-use would help to alleviate a chronic housing shortage and recognise the vital contribution that professionals such as nurses, teachers and the police etc., make to the continuing success of the Bristol economy."

#### **Motion 4 - Senior management severance settlements**

Motion submitted by: Cllr Richard Eddy, Conservative, Bishopsworth ward

"Council is increasingly concerned that the role of its Human Resources committee is being weakened particularly in the recruitment and removal processes followed for its most senior management posts.

Whilst private settlement agreements or confidentiality clauses can be expedient or useful for employers and departing employees alike, this practice also fosters frustration, suspicion and cynicism towards how local government is run.

Confidential severance payments are contrary to the Mayor's professed long-held commitment to achieving greater transparency, openness and accountability in decision-making bodies. Indeed, it is often the case that even the existence of such a deal – let alone its contents - is deemed highly confidential and subject to legal redress.

Whatever the merits/demerits of these kinds of contractual terms, it is this Council's considered view that there should be very limited circumstances for the application of these compromise arrangements especially in relation to early redundancy or severance of first and second tier officers.

Moreover, these expensive exercises are damaging to the reputation of this cash-strapped Authority and in reality are rarely successful in remaining concealed.

Accordingly, Council calls on the administration to limit the use of such settlement agreements and to make appointments more open and transparent in the future."



**Motion 5 - Post of Mayor of Bristol**

Motion submitted by: Cllr Gary Hopkins, Liberal Democrat, Knowle ward

“Noting the Mayor’s apparent unwillingness to work with those who do not completely agree with him on everything, this Council believes that the post of Mayor of Bristol should be abolished at the earliest opportunity. Many people in this city hold the opinion that the post of Mayor has become hostage to those following their own egotistical agendas and is damaging this city.”

**Motion 6 - Supporting the Financial Transactions Tax (FTT) (also known as the Robin Hood Tax)**

Motion submitted by: Councillor Carla Denyer, Green, Clifton Down ward

“Full Council notes that:

1. According to the Institute for Fiscal Studies, English councils have had their revenue budgets cut by £15bn (in today’s prices) between 2009-10 and 2016-17;1
2. According to the Local Government Association, English local government still faces a challenging overall funding gap of £5.8 billion by 2019/20;2
3. In introducing a Robin Hood Tax/FTT - by closing much-abused loopholes around the existing Stamp Duty on share transactions, and modernising it to include other, more speculative transactions (such as derivatives) - the Treasury could raise more than £5bn of additional revenue in the UK every year;3
4. At least 10 European nations including France, Germany, Italy and Spain are moving ahead with FTTs on shares, bonds and derivatives estimated to raise £19bn a year.

Full Council believes that:

1. By 2020, local government will have seen a 7% decrease in government grant funding every year for a decade;4
2. Local government deserves to receive a significant proportion of FTT revenues, making an important contribution to both capital and revenue expenditure such as reversing cuts to adult social care;
3. Whilst an FTT might have a negligible effect on jobs in the City of London, investing FTT revenues in a smart and progressive way would see a significant increase in employment levels in other sectors.

Full Council resolves that:

1. The UK government should extend the current FTT on shares to other asset classes, such as bonds and derivatives.





Full Council further resolves to ask the Mayor to:

1. Write to the Prime Minister, Deputy Prime Minister, Leader of the Opposition, Chancellor and Shadow Chancellor of the Exchequer, and Secretary of State for Communities and Local Government stating this council’s support for extending FTTs;
2. Write to all local MPs outlining the Council’s position;
3. Support or host a meeting to discuss the ways of supporting this proposal.”

Notes:

1. <https://www.ifs.org.uk/uploads/Presentations/British%20Local%20Government%20Finance%20in%20the%202010s%2C%20David%20Phillip.pdf>
2. [https://www.local.gov.uk/sites/default/files/documents/5.20%20budget%20submission\\_06.pdf](https://www.local.gov.uk/sites/default/files/documents/5.20%20budget%20submission_06.pdf)
3. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2908464](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2908464)
4. <https://www.nao.org.uk/wp-content/uploads/2016/11/Overview-Local-government.pdf>

Background:

In a nutshell, the big idea behind the Robin Hood Tax is to generate billions of pounds – hopefully even hundreds of billions of pounds. That money will fight poverty in the UK and overseas. It will tackle climate change. And it will come from fairer taxation of the financial sector.

The Financial Transactions Tax –also known as the ‘Robin Hood’ or ‘Tobin’ Tax – would roll out the current tax on the purchase of shares to other financial assets, such as bonds and derivatives. This could raise £25 billion of additional revenue every five year parliament, potentially providing a new source of funding for local councils.

The FTT would also help encourage traditional longer term approaches to investment as opposed to extremely short-term, speculative behaviour that characterised the conditions that led to the financial crisis. Changing such behaviour is necessary to create a more responsible and stable financial system going forward. The UK already has an FTT on share sales, but loopholes mean a large portion of this is lost.

Extending the FTT would not require an entirely new system to be introduced.

### **Motion 7 - Closing the cold homes loophole**

Motion submitted by: Cllr Martin Fodor, Green, Redland ward

“Full Council notes:

1. The private rented sector is a major source of housing for families in the city, with many living in fuel poverty due to poor energy efficiency standards. Fuel poverty is defined by having to spend at



least 10% of income after housing costs on fuel bills. For many it means a choice of ‘heat or eat’. An estimated 25,000 people in Bristol are classed as being in fuel poverty, many in the private rental sector.

2. After many years of delay, Government regulations will now require landlords of poorly insulated properties to upgrade them in order to make life more comfortable for their tenants and to cut carbon emissions. Homes rated in energy bands F and G (e.g. the coldest) must be brought up to band E.
3. However, an exemption exists allowing landlords to not undertake this work if it will cost them money - which it almost certainly will since government energy efficiency schemes that they could have applied to have mostly closed or been significantly scaled down. As long as this loophole is open, the hardest to heat homes in the city will be left uninsulated.
4. Living in a cold home is bad for your physical and mental health; it damages children's educational development and affects many families in the city as well as many older people who then risk hypothermia.
5. The Mayor has done commendable work so far in bringing together Fuel Poverty stakeholders and with winter approaching more must now be done.

Full Council believes:

1. With colder weather on the way, the campaign to close the loophole that allows private rented sector landlords to duck their obligations to make their homes warmer is very timely.
2. There should be a replacement for the Green Deal Finance scheme which enabled investment to be made to upgrade homes at no upfront cost to the landlord or owner (with financing costs being paid for out of savings gained for the occupier from improved energy efficiency and lower bills – this is known as a Pay As You Save Scheme).

Full Council resolves to call on the Mayor to:

1. Support a national campaign by climate change charity 10:10 which is campaigning to close the loophole.
2. Write to all the local MPs and ask them to press the government to remove the exemption and provide a source of finance for landlords to upgrade their homes as required by the legislation.
3. Look into what the Council can do to further alleviate fuel poverty and encourage insulation through the Private Housing team.
4. Support Warm Up Bristol to play a role in this.”

### **Motion 8 - Action on residents parking**

Motion submitted by: Councillor Stephen Clarke, Green, Southville ward

“Full Council notes:



1. That the Mayor has recently refused to allow an extension of the Southville RPS scheme across to the South side of North St in Southville to include a small number of roads with terraced houses such as Friezwood Rd, Carrington Rd and Truro Rd.
2. This refusal is despite many requests that local councillors have received from residents in these roads to protect them from overspill from the Southville RPS schemes and traffic from the football and rugby crowds at Ashton Gate.
3. The recent consultation on changes to the Southville RPS also demonstrated strong support from the residents of these roads to an RPS extension to cover their area.
4. The problem is exacerbated by the fact that these few roads are squeezed between the Southville RPS scheme and newer housing that has off street parking.

Full Council believes that:

1. When residents of a specific area ask for help from the council in this way they should be listened to, otherwise they will perceive the whole process of consultation as being a meaningless tick-box exercise.
2. Inevitably there is going to be spillover problems from many existing RPS schemes but this is a specific area of only a few streets where intense problems have been caused by a council decision regarding parking. At very little expense this could now be solved by the council listening to the residents' request.
3. If a change is not made now it will probably not be made for many years.

Full Council resolves to call on the Mayor to:

1. Carry out a swift review of the situation in this specific area.
2. Depending on the results of that review, implement a strictly limited extension to the Southville RPS to cover the relevant roads.
3. Explain to the local residents what is happening and why such a clear request from residents and local councillors (who are supposed to be in charge of the process) has been ignored for so long."

### **Motion 9 - Expansion of Bristol International Airport and climate change**

Motion submitted by: Councillor Charlie Bolton, Green, Southville ward

"Full Council notes:

1. The consultation being run by Bristol Airport over the preparation of a new master plan which could cover the period up to the mid-2040s.
2. The master plan could result in a more-than-doubling of passenger numbers from the current figure of 8 million to 20



million.

3. That air travel remains the most climate-damaging form of travel, and significant expansion of air travel will therefore have a significant climate impact.
4. That such an increase will lead to an enormous increase in the number of journeys to get to the airport to meet the increased usage – a fact which in itself will lead to significant issues around congestion, pollution and infrastructure.
5. The commitment – in Bristol – to be carbon-neutral by 2050, and the Climate Change Act which requires an 80% cut in emissions across the UK.
6. The Joint Spatial Plan – which includes North Somerset and the geographical area covered by the airport– contains an explicit commitment to making a 50% cut in emissions by 2036.

Full Council believes that:

1. The airport must conform to the commitment contained in the Joint Spatial Plan, and such a commitment should include emissions from the aircraft using it.

Full Council resolves to call on the Mayor to:

1. Pass on these views to the airport, North Somerset Council, WECA, the Joint Committee; and
2. Respond directly to the consultation making the points above.”

### **Motion 10 - National Joint Council pay and conditions and the public sector pay freeze**

Motion submitted by: Cllr Mark Brain, Labour, Hartcliffe & Withywood ward

“Full Council notes that:

1. For most workers in local government and schools, pay and other terms and conditions are determined by the National Joint Council (NJC) for local government services.
2. On average, across the country, NJC basic pay has fallen by 21% in real terms since 2010.
3. NJC workers had a three-year pay freeze from 2010-2012 and have received only 1% pay increase annually since then.
4. NJC pay is the lowest in the public sector.
5. Differentials in pay grades are being squeezed and distorted by bottom-loaded NJC pay settlements needed to reflect the increased Statutory National Living Wage.
6. The likelihood of rising inflation following the vote to leave the European Union will worsen the current public sector pay inequality.
7. The drastic ongoing cuts to local government funding and calls on the Government to provide all additional resources to ensure local authorities can fund a decent pay rise for NJC employees and the



pay spine review.

Full Council believes:

1. That the NJC pay claim for 2018, submitted by Unite, UNISON and the GMB on behalf of council and school workers should be supported and calls for the immediate end of public sector pay restraint. NJC pay cannot be allowed to fall further behind other parts of the public sector.
2. That the joint review of the NJC pay spine to remedy the turbulence caused by bottom-loaded pay settlements is welcome.

Full Council resolves:

1. To call on the Mayor to write to the LGA asking it to make urgent representations to Government to fund the NJC claim and the pay spine review.
2. To write to the Prime Minister and Chancellor supporting the NJC pay claim and seeking the additional resources needed to fund a decent pay rise and the pay spine review.
3. Write to local NJC union representatives to convey support for the pay claim and the pay spine review.”

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Signed



Proper Officer  
Monday, 4 December 2017



## Bristol City Council Minutes of the Full Council

14 November 2017 at 6.00 pm



### **Present:**

Lesley Alexander, Lord Mayor; Marvin Rees, Mayor of Bristol

**Councillors:** Peter Abraham, Donald Alexander, Nicola Beech, Nicola Bowden-Jones, Harriet Bradley, Mark Bradshaw, Mark Brain, Charlie Bolton, Fabian Breckels, Tom Brook, Clare Champion-Smith, Tony Carey, Craig Cheney, Barry Clark, Jos Clark, Stephen Clarke, Harriet Clough, Eleanor Combley, Asher Craig, Chris Davies, Mike Davies, Carla Denyer, Kye Dudd, Richard Eddy, Jude English, Martin Fodor, Helen Godwin, Paul Goggin, Geoff Gollop, John Goulandris, Margaret Hickman, Claire Hiscott, Helen Holland, Gary Hopkins, Chris Jackson, Hibaq Jama, Carole Johnson, Steve Jones, Anna Keen, Tim Kent, Sultan Khan, Gill Kirk, Cleo Lake, Mike Langley, Jeff Lovell, Brenda Massey, Olly Mead, Matt Melias, Graham Morris, Anthony Negus, Paula O'Rourke, Steve Pearce, Celia Phipps, Ruth Pickersgill, Kevin Quartley, Liz Radford, Jo Sergeant, Afzal Shah, Paul Smith, Clive Stevens, Jerome Thomas, Mhairi Threlfall, Estella Tincknell, Jon Wellington, Mark Weston, Lucy Whittle, Chris Windows and Mark Wright

**Aldermen/women:** M Bailey, A Massey, J McLaren, C Smith, J Smith, S Townsend, R Walker

### **1. Welcome and safety information**

The Lord Mayor welcomed all attendees to the meeting, and made a safety announcement in relation to the fire/emergency evacuation procedure.

### **2. Apologies for absence**

Apologies for absence were received from Councillor Hance.

### **3. Minutes of previous meeting - 18 July 2017**

On the motion of the Lord Mayor, seconded by Councillor Denyer, it was



**RESOLVED:**

**That the minutes of the meeting of the Full Council meeting held on 18 July 2017 be confirmed as a correct record and signed by the Lord Mayor.**

**4. Declarations of interest**

The Lord Mayor advised the Full Council that it was noted that a number of councillors had non-pecuniary interests in local parks and libraries groups in their wards but the legal advice was that this would not preclude them from debating these items under the relevant agenda items at this meeting.

**5. Lord Mayor's business**

**Former Councillor Tom Ahmed**

The Lord Mayor referred to the recent death of former Councillor Tom Ahmed.

Councillor Shah then addressed the Full Council, in remembrance of former Councillor Ahmed.

The Full Council then stood and observed a minute's silence in remembrance of former Councillor Ahmed.

**6. Public forum (public petitions, statements and questions)**

**Public petitions:**

The Full Council received and noted the following petitions:

Petition PP 01 – "Save Whitchurch airport, Hengrove"

Petition organiser – Daniel Fear

Petition PP 02 – "Keep library provisions in Sea Mills"

Petition organiser – Stephen Finch

**Public statements:**

The Full Council received and noted the following statements (which were also referred to the Mayor for his consideration/information):

PS 01 - David Redgewell – Transport issues

PS 02 - Terrence Wookey – Parks (Blaise Castle/Westbury-on-Trym)

PS 03 - Frances Beech – Parks / green spaces

PS 04 - Paula Davis – Parks (Victoria Park)

PS 05 - Jilly Edwards – Parks (Bedminster Green)

PS 06 - Mike Bond – Parks (Barton Fields Trust)



- PS 07 - Mike Ingham – Parks / green spaces
- PS 08 - A Watson – Parks
- PS 09 - Derek Browne – Parks (Eastwood Farm)
- PS 10 - Stephen Finch – Sea Mills library
- PS 11 - Sue Perrin – Parks
- PS 12 - Lydia Lawson – Parks
- PS 13 - Nicollette Vincent – Parks
- PS 14 - Moira McMurrin – Parks
- PS 15 - Martha Carroll – Parks
- PS 16 - Jan Hamilton – Parks
- PS 17 - Isabel Rossi – Parks
- PS 18 - Prof. John Briggs & Mrs Joyce Briggs – Parks
- PS 19 - Robert Maclean – Parks
- PS 20 - Sue Black – Parks
- PS 21 - Josie Miller-Webb – Parks
- PS 22 - Jennifer Gilmore – Parks
- PS 23 - Becky Cridford – Parks
- PS 24 - Amy Whitfield – Parks
- PS 25 - Helen Carlyle – Parks
- PS 26 - Sally Reay – Parks
- PS 27 - Laura Cramer – Parks
- PS 28 - Nikki Maloney – Parks
- PS 29 - Cath Pullinger – Parks
- PS 30 - Rachel Reveley – Parks (St George's Park)
- PS 31 - Frith Trezevant – Parks
- PS 32 - Maureen Johnson – Saving Whitchurch airport
- PS 33 - Andy McBride-Coogan – Parks (Nightingale Valley / St Anne's woods)
- PS 34 - Barrie Sadler – Parks
- PS 35 - Ken Booth – Parks
- PS 36 - Malindi Myers – Parks / green spaces
- PS 37 - Amy Rose – Parks
- PS 38 - Nicola Hodges – Parks (St Andrews Park)
- PS 39 - Brenda Lalonde – Parks
- PS 40 - Susan Acton-Campbell – Protect our Parks petition (Friends of Troopers Hill)
- PS 41 - Laura Fenton – Parks
- PS 42 - Kate Usher – Parks
- PS 43 - Jan Armstrong – Parks (Horfield common / St Andrews Park)
- PS 44 - Bex Rose – Parks
- PS 45 - Sue Ryall – Parks
- PS 46 - Richard Hall – Stockwood library
- PS 47 - Kate Clements – Bristol parks (Eastville Park)
- PS 48 - Margaret Macey – Stockwood library
- PS 49 - Prof. Alan Preece & Mrs Sheila Preece – Motion 1- Securing the future of Bristol's library service





- PS 50 - Rob Bryher – Parks
- PS 51 - Sarah Murch – Library service
- PS 52 - Paul Wheeler – Pay Policy Statement / Living wage
- PS 53 - Michael Owen – Bristol arena / balloon fiesta
- PS 54 - Alan Aburrow – Protect our parks petition (Badock’s Wood)
- PS 55 - Sue Western – Parks
- PS 56 - Hugh Holden – Parks – Mina Road Park
- PS 57 - Peter and Rosalie Hill – Stockwood library
- PS 58 - Angela Stansbie / David Mckeown - Parks (Brandon Hill)
- PS 59 - Sian Parry – Parks (Badock’s Wood)
- PS 60 - Frances Robertson – Parks (Formal submission of Friends of Badock’s wood)
- PS 61 - Keith Way – Parks (wildlife)
- PS 62 - Friends of Bristol Suburban Railways (Julie Boston) – Let Bristol breathe, let Bristol move
- PS 63 - Paul Skinner – Parks (Victoria Park)
- PS 64 - Neill Talbot, Bristol Friends of the Earth – Parks
- PS 65 - Robbie Gillett – Outdoor digital advertising
- PS 66 - Merche Clark, Clifton Down Community Association – Mitigation of university expansion
- PS 67 - Julie Boston – Libraries
- PS 68 - Kevin Gummett – Canford Lane crossing
- PS 69 - Marjorie Caw – Libraries
- PS 70 - Caroline Stevenson – Libraries
- PS 71 - Len Wyatt – Parks (Northern slopes)
- PS 72 - Isobel Young – Libraries
- PS 73 - Susan Carter – Parks (Ramblers)
- PS 74 - Derek and Cheryl Hawkins – Parks
- PS 75 - Nicola Hawkes – Canford Lane crossing
- PS 76 - Lloyd Roberts – Redland library
- PS 77 - Paul Bullivant and Martin Weitz – Parking problems in the St Andrews area
- PS 78 - Kay Galpin – Impact of RPZ
- PS 79 - Esther Giles – Budget
- PS 80 - Julie Hart – Parks (Redland May fair)
- PS 81 - Eileen Lepine – Redland library
- PS 82 - Katherine Gale, Jacquie MacDonald, Pat Fitton – Impact of RPZ
- PS 83 - Deborah Doyle - Road Safety on the edge of RPS in North Bristol
- PS 84 - Mark Logan – Parks (Snuff Mills)
- PS 85 - Alison Bromilow – Parks (Redland and Cotham Amenities Society)
- PS 86 - Christina Biggs – Transport / rail
- PS 87 - Ornella Saibene – Budget / public services
- PS 88 - Hilary Long – Westbury-on-Trym and other libraries
- PS 89 - Morwenna Sanders – Parks
- PS 90 - Stuart Phelps – Easton Safer Streets Initiative
- PS 91 - Thomas Pearce – Budget consultation



Within the time available, statements were presented by individuals present at the meeting.

**Public questions:**

The Full Council noted that the following questions had been submitted:

PQ 01 - Road safety - Question from Mike Frost

PQ 02 - Impact of Cribbs Patchway new neighbourhood - Question from Graham Donald

PQ 03 - Parks and green spaces - Question from Len Wyatt

PQ 04 - Cost of neighbourhoods consultation - Question from Lloyd Roberts

PQ 05 - Council finances - Question from Barry Cash

PQ 06 - Metrobus - Question from Barry Cash

PQ 07 - Parking income and RPZ consultation - Question from Edward Bowditch

PQ 08 - Safe crossing in Canford Lane - Question from Nicola Hawkes

PQ 09 - Library service - Question from Roger Gimson

PQ 10 - Library service - Question from Ian Goodenough

PQ 11 - Library service - Question from Lloyd Roberts

Within the time available, the Mayor responded verbally to questions PQ 02, PQ 03, PQ 04 and PQ 05, also responding to supplementary questions where asked.

**7. Petitions notified by councillors**

The Full Council received and noted the following petition:

Petition CP 01 – “Save Bristol’s libraries”

Petition presented by Councillor Tim Kent

Petition organiser – Councillor Tim Kent

**8. Petition debate - "Save Clifton library"**

The Full Council considered a report of the Service Director - Legal and Democratic Services setting out details of a petition entitled “Save Clifton Library.” The petition had reached the 3,500 signature threshold to qualify for a Full Council debate.

Catherine Howie, speaking on behalf of the petition organiser Mike Barton, was invited by the Lord Mayor to present the objectives of the petition.

The Full Council then debated the petition.

Following the debate, it was

**RESOLVED:**



**That the petition be noted and referred to the Mayor / Deputy Mayor for Communities for consideration and response.**

#### **9. Petition debate - "Save Redland library"**

The Full Council considered a report of the Service Director - Legal and Democratic Services setting out details of a petition entitled "Save Redland library." The petition had reached the 3,500 signature threshold to qualify for a Full Council debate.

Merche Clark, the petition organiser, was invited by the Lord Mayor to present the objectives of the petition.

The Full Council then debated the petition.

Following the debate, it was

**RESOLVED:**

**That the petition be noted and referred to the Mayor / Deputy Mayor for Communities for consideration and response.**

#### **10. Petition debate - "Bristol needs libraries"**

The Full Council considered a report of the Service Director - Legal and Democratic Services setting out details of a petition entitled "Bristol needs libraries." The petition had reached the 3,500 signature threshold to qualify for a Full Council debate.

Jill Kempshall, the petition organiser, was invited by the Lord Mayor to present the objectives of the petition.

The Full Council then debated the petition.

Following the debate, it was

**RESOLVED:**

**That the petition be noted and referred to the Mayor / Deputy Mayor for Communities for consideration and response.**

#### **11. Petition debate - "Protect our parks"**

The Full Council considered a report of the Service Director - Legal and Democratic Services setting out details of a petition entitled "Protect our parks." The petition had reached the 3,500 signature threshold to qualify for a Full Council debate.



Rob Acton-Campbell, the petition organiser, was invited by the Lord Mayor to present the objectives of the petition.

The Full Council then debated the petition.

Following the debate, it was

**RESOLVED:**

**That the petition be noted and referred to the Mayor / Deputy Mayor for Communities for consideration and response.**

**ADJOURNMENT** – At this point the Lord Mayor advised that the Full Council meeting would adjourn for a 15 minute refreshment break.

## **12. Motions**

### **Motion 1 – Securing the future of Bristol’s library service**

Councillor Negus moved the following motion:

“Council notes the proposals by the Mayor to reduce the amount of libraries in Bristol from 27 to 10 libraries.

Council understands the difficult financial situation that Bristol City Council faces and the need to reduce costs during a time of reducing budgets and increasing demographic demand.

Council welcomes the petition by Love Bristol Libraries, various other library groups and campaigners, and believes there is strong public support for maintaining Bristol’s library provision.

Council notes the report from the Libraries Task and Finish Scrutiny Group, notes that it had input from all political parties and that the recommendations have the support of councillors from Conservative, Green, Labour and Liberal Democrat parties. The report also received the endorsement of OSMB.

Council endorses the central proposal to begin work on creating a mutual model for delivery of a comprehensive library service that will be professionally led, volunteer supported and ensures a network of branch libraries is maintained across the city. These proposals will also guarantee the jobs of professional library staff providing them with a secure future working alongside volunteers.

Council calls on the Mayor to bring forward new proposals based on the long term future of Libraries, an important principle for the ambitions of a Learning City. This new proposal to have a strategic approach



that delivers a professionally led mutual model that embraces volunteers and secures the future of the library network.”

Councillor Clough seconded the motion.

Following debate, upon being put to the vote, the motion was CARRIED (32 members voting in favour, 31 against, with 1 abstention), and it was then

**RESOLVED:**

**Council notes the proposals by the Mayor to reduce the amount of libraries in Bristol from 27 to 10 libraries.**

**Council understands the difficult financial situation that Bristol City Council faces and the need to reduce costs during a time of reducing budgets and increasing demographic demand.**

**Council welcomes the petition by Love Bristol Libraries, various other library groups and campaigners, and believes there is strong public support for maintaining Bristol’s library provision.**

**Council notes the report from the Libraries Task and Finish Scrutiny Group, notes that it had input from all political parties and that the recommendations have the support of councillors from Conservative, Green, Labour and Liberal Democrat parties. The report also received the endorsement of OSMB.**

**Council endorses the central proposal to begin work on creating a mutual model for delivery of a comprehensive library service that will be professionally led, volunteer supported and ensures a network of branch libraries is maintained across the city. These proposals will also guarantee the jobs of professional library staff providing them with a secure future working alongside volunteers.**

**Council calls on the Mayor to bring forward new proposals based on the long term future of Libraries, an important principle for the ambitions of a Learning City. This new proposal to have a strategic approach that delivers a professionally led mutual model that embraces volunteers and secures the future of the library network.**

**Motion 2 – Protecting our parks**

Councillor Weston moved the following motion:

“Council is convinced that the Mayor’s ‘new ways of delivering parks and open spaces’ strategy is based on a totally flawed and unworkable cost neutral funding model.



It has long been realised that parks and green spaces are treasured public assets which provide a wide range of health benefits, places for leisure and relaxation, as well as helping to improve the urban environment.

Previous threats to Bristol's substantial amount of accessible green space (1500 hectares), contained in the controversial 20-year Parks & Green Space Strategy (P&GSS) were fiercely opposed in our city, and this experience should act as a warning to any politician who dismantles or inadvertently damages this precious Victorian heritage.

Council recognises that there are huge financial pressures on local authorities, and many competing demands on limited resources. For this reason, it is accepted that greater commercialisation and income generation has to be a part of helping to maintain the city's diverse mix of parks and play spaces. Here, volunteers and community groups will also perform a critical role.

However, Council believes the £3.92m savings proposal currently adopted or applied is simply unachievable. Instead, this Council calls on the Mayor to set a realistic reduction target and provide this much-valued service with an adequate or far more sensible revenue budget. In addition, regarding income generation measures, Council requests that any increased hire rate for parks should not be applied to voluntary community groups."

Councillor Melias seconded the motion.

Following debate, upon being put to the vote, the motion was LOST (30 members voting in favour, 37 against, with 3 abstentions).

### **SUSPENSION OF STANDING ORDERS**

At this point, on the motion of the Lord Mayor, it was agreed that standing orders be suspended to allow the meeting to continue for a further 30 minutes.

### **13. West of England Joint Spatial Plan**

The Full Council considered a report seeking approval for the publication of the West of England Joint Spatial Plan for consultation.

Councillor Beech moved the report and the recommendations contained therein.

Councillor Threlfall seconded the report.

Following debate, upon being put to the vote it was:

**RESOLVED (59 members voting in favour, 9 against with 2 abstentions):**



**That Full Council agrees that:**

**1. The draft West of England Joint Spatial Plan (JSP) in Appendix A to this report be published for consultation under regulations 19, 20 and 35 of the Town and Country Planning (Local Planning) England) Regulations 2012.**

**2. If the JSP is ready for independent examination, it be submitted to the Secretary of State before the end of March 2018 under regulation 22 of the regulations along with the other submission documents required by regulations; and**

**3. The Service Director for Planning, or any other Director with responsibility for Strategic Planning, is delegated the authority, in consultation with the Cabinet Member for Strategic Planning and City Design and in co-ordination with Bath and North East Somerset, South Gloucestershire and North Somerset Councils, to:**

- a) make modifications to the JSP if needed, either prior to publication or prior to submission; and**
- b) respond to issues arising during the examination, including making modifications to the JSP.**

**14. The Council's Pay Policy Statement for the period 15 November 2017 - 31 March 2019**

The Full Council considered a report seeking adoption of the Council's Pay Policy Statement.

Councillor Dudd moved the report and the recommendation contained therein.

Councillor O'Rourke seconded the report.

#### **SUSPENSION OF STANDING ORDERS**

At this point, on the motion of the Lord Mayor, it was agreed that standing orders be suspended to allow the meeting to continue for a further 30 minutes.

On the motion of Councillor Abraham, seconded by Councillor Breckels, it was

#### **RESOLVED:**

**That the report recommendation be put to the vote.**

On being put to the vote, it was

**RESOLVED (43 members voting in favour, 18 against, with 4 abstentions):**

**That the Pay Policy Statement for the period 15 November 2017 – 31 March 2017 be adopted.**



## **15. Designation of Head of Paid Service**

The Full Council considered a report seeking approval for the Head of Paid Service designation being rotated on an interim basis between the current Strategic Directors on a 3 month cycle until a permanent designation is made.

Councillor Dudd moved the report and the recommendation contained therein.

Councillor O'Rourke seconded the report.

Following debate, it was:

**RESOLVED (42 members voting in favour, 18 against with 4 abstentions):**

**That the Head of Paid Service designation be rotated on an interim basis between the current Strategic Directors on a 3 month cycle until a permanent designation is made.**

## **16. Licensing Committee - membership changes**

The Full Council considered a report seeking approval of changes to the membership of the Licensing Committee.

The Lord Mayor moved the report and the recommendation contained therein.

Councillor Jackson seconded the report.

Following debate, it was:

**RESOLVED:**

**That the resignation of Councillor Beech from the Licensing Committee be noted, and that Councillor Pearce be appointed to serve on the Licensing Committee.**

## **17. Information report - Treasury Management Annual Report 2016-17**

Councillor Cheney, Deputy Mayor for Finance, Governance and Performance moved the report.

Councillor Stevens seconded the report.

**RESOLVED:**

**That the report be noted.**





**18. Information report - Decisions taken under special urgency provisions**

The Lord Mayor moved the report.

Councillor Smith, Cabinet member for Housing seconded the report.

**RESOLVED:**

**That the report be noted.**

**19. Information item - Exception to call-in procedure**

The Lord Mayor moved the report.

The Mayor seconded the report.

**RESOLVED:**

**That the report be noted.**

**20. Information item - Report of Local Government Ombudsman in respect of the Council  
2016-17**

The Lord Mayor moved the report.

Councillor Champion-Smith seconded the report.

**RESOLVED:**

**That the report be noted.**

**21. Information item - Valuation process review - sale of Port freehold**

Councillor Jos Clark, Chair of the Audit Committee, moved the report.

Councillor Stevens, Vice-Chair of the Audit Committee seconded the report.

**RESOLVED:**

**That the report be noted.**



Meeting ended at 10.37 pm

**CHAIR** \_\_\_\_\_





# Full Council

12 December 2017

**Report of:** Service Director - Finance

**Title:** Treasury Management Mid-Year Report 2017/18

**Ward:** Citywide

**Member Presenting Report:** Deputy Mayor – Finance, Governance and Performance

## Recommendation

That the Mid-Year Treasury Management report for 2017/18 is noted.

## Summary

This report meets the treasury management regulatory requirement that the Council receive a Mid-Year Treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans.

## The significant issues in the report are:

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes. The authority has identified a medium term borrowing requirement of £360m and is planning on borrowing £100m to support the delivery of the Capital Programme.



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## Policy

1. There are no policy implications as a direct result of this report.

## Consultation

2. **Internal**  
Strategic & Service Directors, Audit Committee and Deputy Mayor – Finance, Governance & Performance.
3. **External**  
The Council's Treasury Management advisers

## Purpose / Context of the report:

4. This report meets the treasury management regulatory requirement that the Council receive a mid-year treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).
5. That the mid-year report is structured to highlight:
  - The economic outlook;
  - The actual and proposed treasury management activity (borrowing and investment);
  - The key changes to the Council's capital activity (the prudential indicators {PIs}).

## Background

6. Treasury management is defined as:

*“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

7. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Treasury management operations aim to ensure that cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
8. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

## Introduction

9. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised in 2011) has been adopted by this Council. The primary requirements of the Code are:
  - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;

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- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
  - Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship 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;
  - Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated bodies are Overview and Scrutiny Management Board and Audit Committee.
10. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the 2017/18 financial year to 30 September 2017;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - A review of the Council's investment portfolio for 2017/18;
  - A review of the Council's borrowing strategy for 2017/18;
  - A review of any debt rescheduling undertaken or planned during 2017/18;
  - The Council's capital expenditure and (prudential indicators);
  - A review of compliance with Treasury and Prudential Limits for 2017/18.

### **Key Changes to the Treasury and Capital Strategies**

11. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes.
12. The 2017–2020 Treasury Strategy (approved 21<sup>st</sup> February 2017) identified a medium term net borrowing requirement of £360m to support the existing and future Capital Programme with the debt servicing costs met from revenue savings from capital investment and the economic development fund. The Council's agreed policy is to defer borrowing while it has cash balances (£84m at September 2017, £40m estimated for March 2018). The authority is planning on borrowing £100m towards the end of the financial year from the PWLB / alternative market providers based on forecasts within the period 6 Finance Monitoring report, with the net financing costs contained within the existing capital financing budget. No further borrowing is anticipated in the current financial year, unless:
- short term investments fall at a higher pace than expected increasing the liquidity risk of the authority and or;
  - there is a significant change in markets (debt financing costs continue to be at historic low levels) and long term borrowing is deemed advantageous the authority will borrow over

periods determined as the most appropriate to reduce the authorities exposure to interest rate risk.

### Analysis of Debt and Investments

13. A summary of the of the Council's debt and Investment position as at 30<sup>th</sup> September 2017 (including forecast at 31<sup>st</sup> March 2018) compared with 31<sup>st</sup> March 2017 is shown in the table below:

Debt & Investments	31 <sup>st</sup> March 2017		31 <sup>st</sup> September 2017		31 <sup>st</sup> March 2018	
	Actual		Actual		Forecast	
	£m	Rate% <sup>*b</sup>	£m	Rate% <sup>*b</sup>	£m	Rate% <sup>*b</sup>
Long Term Debt – PWLB	311	5.09	311	4.91	411	4.75
Long Term Debt – Market – LOBO <sup>*a</sup>	100	4.11	100	4.11	100	4.11
Long Term Debt – Market – Fixed	23	4.24	20	3.85	20	3.85
Short Term Borrowing	-	-	-	-	-	-
<b>Total Debt</b>	<b>434</b>	<b>4.81</b>	<b>431</b>	<b>4.68</b>	<b>531</b>	<b>4.58</b>
Investment	70	0.57	84	0.44	40	0.50
<b>Net Borrowing Position</b>	<b>364</b>		<b>347</b>		<b>491</b>	

<sup>\*a</sup>Lender option Borrower option, <sup>\*b</sup> reflects the average rate for the year taking account of new loans and repayments.

We are currently achieving a return of 0.44% on our investments for the period to 30<sup>th</sup> September 2017. The return for the year is anticipated to rise following the recent change in base rate to 0.50% on the 2<sup>nd</sup> of November with investment rates gradually rising in line with this change. The authority's advisors are also forecasting the next rise in base rate to 0.75% around the turn of the following calendar year (December 2018). Long term interest rates are expected to remain at or around 2.75% (for 25 year term) for the remainder of the year.

### Economic Update

14. **UK** – The UK surprised with strong growth in 2016 but growth in 2017 has been weak; quarter 1 +0.3% (+1.7% y/y) and quarter 2 +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, increasing the cost of imports. This has resulted in a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. Growth in the EU, our main trading partner has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole.
15. The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by suddenly switching to a more aggressive tone in terms of its words around warning that Bank Rate will need to rise. The Bank of England Inflation Reports during 2017

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have clearly flagged up that they expected CPI inflation to peak at just under 3% in 2017, before falling back to its target rate of 2% in two years' time. Inflation was 2.9% in August, so the Bank revised its forecast for the peak to over 3%. This marginal revision does not justify why the MPC became more aggressive with its wording; rather, the focus was on an emerging view that with unemployment falling to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour e.g. in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.

It was originally anticipated that the next likely rise in base rate to 0.50% would either be November 2017 or February 2018, with the first rate rise in 10 years being November 2017. The big question will be whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate. The governor of the bank of England has indicated two more rates rises over the next two years to reach 1.0% by 2020.

At the start of November, short sterling rates are indicating that financial markets do not expect a second increase until September 2018 with a third increase in September 2019. However, some forecasters are expecting growth to improve significantly in 2017 and into 2018, as the fall in inflation will bring to an end the negative impact on consumer spending power while a strong export performance will compensate for weak services sector growth. If this scenario were to materialise, then the MPC would have added reason to start a series of slow but gradual increases in Bank Rate during 2018. While there is much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too "early" to be confident about how the next two years will materialise.

16. **USA.** The American economy has been volatile in 2015 and 2016. 2017 is following a similar path with quarter 1 1.2% and quarter 2 rebounding to 3.1%, resulting in an overall annualised figure of 2.1% for the first half year. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures, and inflationary pressures in general, have been increasing. The Federal Reserve has started gradually lifting rates with three increases since December 2016; and there could possibly be one more rise in 2017 which would lift the central rate to 1.25 – 1.50%, with a possibility of another four increases in 2018. At its June meeting, the Federal Reserve hinted that it would soon begin to unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.
17. **Europe.** Economic growth in the EU, (the UK's biggest trading partner), has faltered for several years since the financial crisis despite the European Central Bank eventually cutting its main rate to -0.4% along with a significant Quantitative Easing programme. Growth picked up in 2016 and now looks to have gathered strength and momentum as a result of this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter (2.3% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its

2% target and in August inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.

### Interest rate forecasts

18. The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	NOW	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
<b>BANK RATE</b>	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00
<b>3 month LIBID</b>	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.70	0.90	0.90
<b>6 month LIBID</b>	0.45	0.50	0.50	0.50	0.60	0.80	0.80	0.80	0.90	1.00	1.00
<b>12 month LIBID</b>	0.65	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.10	1.30	1.30
<b>5 yr PWLB</b>	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10
<b>10 yr PWLB</b>	2.10	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70
<b>25 yr PWLB</b>	2.70	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40
<b>50 yr PWLB</b>	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20

19. Capita Asset Services undertook its last review of interest rate forecasts on 7<sup>th</sup> November after the Bank of England Meeting where bank rate was increased to 0.50% and indicated a further rises to 1.0% by 2020.
20. The overall trend is for gilt yields and PWLB rates to rise gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates.
21. The overall balance of risks to economic recovery in the UK is currently to the downside but large variables over the coming few years exist including what the final form Brexit will take and when.

The downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate
- Weak growth or recession in the UK's main trading partners - the EU and US.
- Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.

22. The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for



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longer term PWLB rates include: -

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up within the UK economy, which then requires a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The pace and timing of increases in the Federal Reserve funds rate causing a reassessment by investors of the risks of holding bonds as opposed to equities and leading to a major move from bonds to equities.

### **Investment Portfolio 2017/18**

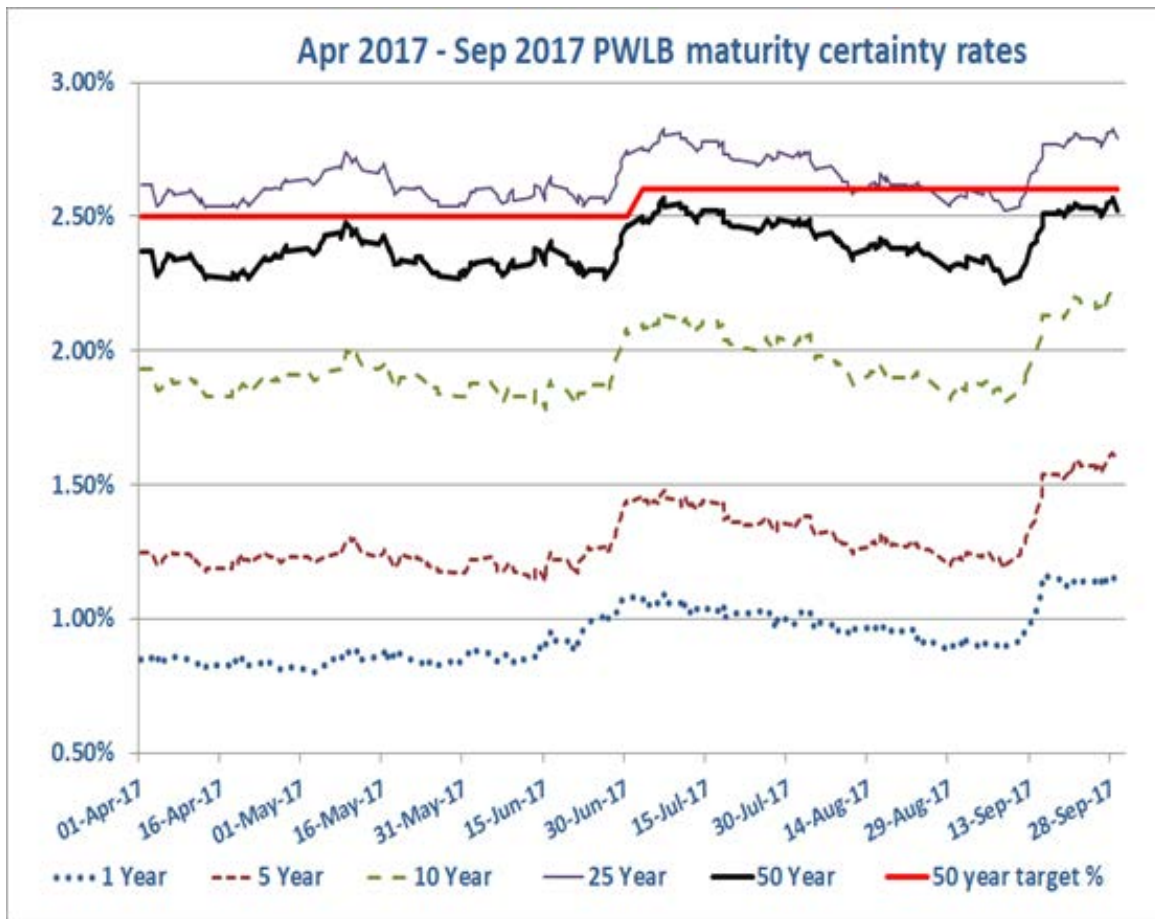
23. In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in the "Economic Update" it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.50% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment investment returns are likely to remain low.
24. The Council held £84m of investments as at 30 September 2017 (£70m at 31 March 2017) with an average maturity of 75 days. These investments are predominately with UK banks, local authorities and money market funds. The investment portfolio yield for the first six months of the year is 0.44%. The standard comparator for investment performance is the benchmark 7 day rate (LIBID)<sup>1</sup> which for the period was 0.11%. The benchmark for 3 month deposits was 0.18%.  
1LIBID – London Interbank Bid rate is a recognised reference rate to benchmark short-term investment interest rates.
25. The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2017/18.

### **Borrowing**

26. The Capital Financing Requirement (CFR) denotes the Council's underlying need to borrow for capital purposes. The Council's CFR at 31 March 2018 is estimated to be £876m. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing).
27. The balance of borrowing between external and internal is generally driven by market conditions and forecasts of future cash flows and interest rates. At the 31<sup>st</sup> March 2017 the Council had external borrowings of £580m and has utilised £253m of internal cash in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require on-going monitoring in the event that upside risk to gilt yields prevails.
28. However, internal borrowing is a temporary measure that takes advantage of low interest rates and will ultimately be replaced by more expensive external borrowing as the cash used is

required elsewhere. The timing and amount of new external borrowing is therefore dependent on capital spending decisions, future cash flows and forecasts of interest rates.

29. The Council are planning on borrowing £100m at the end of the financial year from the PWLB or Capital markets to fund the Capital Programmes. The net financing costs of such borrowing will be contained within the existing capital financing budget.
30. Should debt financing costs continue to historic low levels, and with a significant capital programme predominately financed by borrowing the Council will consider further borrowing if rates continue to fall or are anticipated to rise at a higher pace than expected. This will enable the authority to take advantage of a low interest rate environment and reduce the interest rate risk of the authority.
31. The trend in interest rates was a rise during the first six months of the year, across all maturity bands. The graph below show the movement in PWLB (certainty) rates for the first six months of the year to 30<sup>th</sup> September 2017:



### Debt Rescheduling

32. Debt rescheduling opportunities have been limited in the current economic climate given the consequent structure of interest rates. The authorities debt portfolio is made up of long dated loans (PWLB £311m, Market Debt (LOBOS) £100m and Market Debt (Fixed) £20m) averaging 34

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years. The estimated penalty to repay the PWLB loans early is £223m, taking the total cost to £534m. In respect of the market loans, where indicative prices have been provided, a similar level of penalty has been quoted.

The total life cycle cost of rescheduling loans on a discounted cash-flow basis has been reviewed with no loans providing a positive cash-flow benefit to the authority. This would in part be due to large early repayment penalties that the authority will incur.

For these reasons no debt rescheduling has been undertaken during the first six months of the year and none is anticipated for the remainder of the year.

### **Ethical Policy**

33. An Ethical Investment Policy is incorporated within the Treasury Management Practice Statements (TMPS). The City Council currently invest surplus funds with Banks and Building Societies either directly or via the Money Markets in the form of instant access cash deposit accounts, money market funds or on fixed term deposit and with other local authorities. The City Council's ethical investment policy is based on the premise that the City Council's choice of where to invest should reflect the ethical values it supports in public life. The City Council will not knowingly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the City Council.

### **Other**

34. **Revised CIPFA Codes**

The Chartered Institute of Public Finance and Accountancy, (CIPFA), is currently consulting local authorities on revising the Treasury Management Code and the Prudential Code, with a view to issuing revised codes late autumn.

A particular focus of this is how to deal with local authority investments which are not treasury type investments such as investing in commercial property investments that historically over time tend to generate higher level income streams than typical treasury investments. One recommendation is that local authorities should produce a new report to members to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the authority have been apportioned between treasury and non-treasury investments. Officers are monitoring developments and will report to members when the new codes have been agreed and issued and on the likely impact.

35. **MIFID II (Markets in Financial Instruments Directive)**

The European Union has now set a deadline of 3 January 2018 for the introduction of regulations under MIFID II. These regulations will govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. This will have little effect on this authority apart from the completion on annual forms sent by each institution dealing with this authority and for each type of investment instrument that we currently use apart from standard cash deposits with banks and building societies.

### **The Council's Capital Position (Prudential Indicators)**

36. This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

#### Prudential Indicator for Capital Expenditure

37. This table shows the latest estimates for capital expenditure:

Capital Expenditure by Service	2017/18 Original Estimate £m	2017/18 Period 6 Forecast £m
Non-HRA	173	150
HRA	41	34
<b>Total</b>	<b>214</b>	<b>184</b>

38. The latest capital monitoring report for the end of September 2017 sets out a capital forecast of £184m as detailed within the period 6 monitoring report also presented to Cabinet on the 12<sup>th</sup> December 2017.

#### Financing of the Capital Programme

39. The table below draws together the capital expenditure plan and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2017/18 Original Estimate £m	2017/18 Period 6 Forecast £m
<b>Total spend</b>	<b>214</b>	<b>184</b>
Financed by:		
Capital receipts	3	2
Capital grants	39	40
Revenue / Reserves	17	20
HRA – Self Financing	25	25
Prudential Borrowing – Increase in Capital Financing Requirement	130	97
<b>Total financing</b>	<b>214</b>	<b>184</b>

### Capital Financing Requirement (CFR) & Operational Boundary

40. The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose and it also shows the expected debt position over the period. This is termed the Operational Boundary.

	2017/18 Original Estimate £m	2017/18 Revised Estimate £m
<b>Capital Financing Requirement</b>		
CFR – non housing	667	631
CFR – housing	245	245
<b>Total CFR</b>	<b>912</b>	<b>876</b>
<b>External Debt (Operational Boundary)</b>		
Borrowing	565	531
Other long term liabilities*	152	152
<b>Total debt 31 March</b>	<b>717</b>	<b>683</b>

\* On balance sheet PFI schemes and finance leases etc.

41. The revised Capital Financing Requirement is based on the actual CFR as at 31 March 2017 (£787m) increased by in-year capital expenditure financed by borrowing (£97m) and reduced by the minimum revenue provision (MRP) for repayment of debt (£8m).

### Limits to Borrowing Activity

42. The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2017/18 Original Estimate £m	2017/18 Revised Estimate £m
Gross borrowing	565	531
Plus other long term liabilities*	152	152
Gross borrowing & long term Liabilities	<b>717</b>	<b>683</b>
CFR* (year-end position)	912	876

\* Includes on balance sheet PFI schemes and finance leases etc.

43. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.
44. A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

<b>Authorised limit for external debt</b>	<b>2017/18 Original Indicator</b>	<b>2017/18 Revised Indicator</b>
<b>Total Borrowing</b>	<b>930</b>	<b>900</b>

#### **Proposal**

45. That the Mid-Year Treasury Management report for 2017/18 is noted.

#### **Other Options Considered**

46. None

#### **Risk Assessment**

47. Borrowing and lending activity is reported to the Mayor.

The principal risks associated with treasury management are:

<b>Risk</b>	<b>Mitigation</b>
Loss of investments as a result of failure of counterparties	Limiting the types of investment instruments used, setting lending criteria for counterparties, and limiting the extent of exposure to individual counterparties
Increase in the net financing costs of the authority due to borrowing at high rates of interest / lending at low rates of interest	Planning and undertaking borrowing and lending in light of assessments of future interest rate movements, and by undertaking most long term borrowing at fixed rates of interest (to reduce the volatility of capital financing costs)

#### **Public Sector Equality Duties**

48. a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need

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to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
    - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
  - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - tackle prejudice; and
    - promote understanding.
- b) There are no proposals in this report, which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

## **Legal and Resource Implications**

### **Legal**

The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to its borrowing and lending strategy. A wide range of local authority financial activities, including borrowing, lending, financial management, and the approval of types of investment vehicle are governed by legislation and various regulations. The Council is obliged to comply with these.

**(Legal advice provided by Shahzia Daya - Service Director - Legal and Democratic Services)**

### **Financial**

#### **(a) Revenue**

The financing costs arising from planned borrowing are provided for in the revenue budget and medium term financial plan. Any additional operating costs will have to be contained within the revenue budget of the relevant department.

**(Financial advice provided by Jon Clayton (Principal Accountant))**

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**(b) Capital**  
Not applicable

**Land**  
Not applicable

**Personnel**  
Not applicable

**Appendices:**  
None

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**Background Papers:**  
None