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To The Members of the Council

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Date 02 April 2012

AGENDA SUPPLEMENT

Dear Sir/Madam

COUNCIL - THURSDAY 12 APRIL 2012

I refer to the agenda for the above-mentioned meeting and enclose the following items:

Item No	Report Title	Page Nos
5.	Cabinet Minutes Unconfirmed minutes of the Cabinet meeting held on 27 March 2012.	68 - 78
10.	Audit Committee Unconfirmed minutes of the meeting of the Audit Committee held on 23 March 2012.	79 - 84

Yours faithfully

Julie Britton

Senior Committee Officer

BRECKLAND COUNCIL

At a Meeting of the

CABINET

**Held on Tuesday, 27 March 2012 at 9.30 am in
Norfolk Room, The Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr J.W. Nunn (Chairman)	Mr P.D. Claussen
Mr A.C. Stasiak (Vice-Chairman)	Mr M.A. Kiddle-Morris
Mr S. Askew	Mr W.H.C. Smith

Also Present

Mr F.J. Sharpe	Mrs E. M. Jolly
Mr S.G. Bambridge	Mr W. R. J. Richmond
Councillor C Bowes	Mr M. S. Robinson
Mrs D.K.R. Irving	Mr I. Sherwood
Mr T. J. Jermy	Mr M. A. Wassell

In Attendance

Terry Huggins	- Chief Executive
Vicky Thomson	- Assistant Director - Democratic Services
Julie Britton	- Senior Committee Officer
Mark Finch	- Assistant Director of Finance
John Chinnery	- Solicitor & Standards Consultant
Darryl Smith	- Principal Housing Officer (Strategy and Enabling)

Action By

39/12 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 14 February 2012 were confirmed as a correct record and signed by the Chairman subject to the name of the Clinical Discussion Group being amended to Clinical Commissioning Group (see page 5, paragraph 4 of the Minutes).

40/12 APOLOGIES (AGENDA ITEM 2)

Apologies for absence were received from Lynda Turner, Philip Cowen and Phillip Duigan.

41/12 DECLARATION OF INTEREST (AGENDA ITEM 4)

The Executive Member for Planning & Environmental Health and the Executive Member for Internal Services declared a personal and

Action By

prejudicial interest in agenda item 17 by virtue of them being non-executive Directors of the Anglia Revenue Partnership Trading Board. Both left the room whilst this item was being discussed.

**42/12 NON-MEMBERS WISHING TO ADDRESS THE MEETING
(AGENDA ITEM 5)**

Mesdames C Bowes, D Irving and E Jolly and Messrs G Bambridge, T Jermy, W Richmond, M Robinson, F Sharpe, I Sherwood and M Wassell.

**43/12 ATTENDANCE REPORT - MRS P QUADLING (AGENDA ITEM
6)**

The Senior Committee Officer presented the report which concerned non-attendance of a Member at meetings.

According to the Council's Constitution, if a Member fails to attend any scheduled meeting of a Committee or Standing Sub-Committee to which he/she was appointed for 6 months, starting with the date of the first meeting missed, the situation would be reported to Cabinet who should, after consideration of the facts, recommend to Full Council whether that Member should be debarred from that Committee for the remainder of the Council year.

Mrs P Quadling had exceeded the 6 months; however, Members were informed of the mitigating circumstances that had prevented Mrs Quadling from attending the General Purposes Committee meetings. They were also informed that if the Member was to be debarred only one meeting remained before the end of the Council year. It was noted that Mrs Quadling had stated that she would attend this particular meeting.

From a personal point of view, the Executive Member for Internal Services felt that the Member's non-attendance had not been *fatal* to the Committee and that it would be difficult to appoint another Independent; therefore, he would not be in support of the debarment.

The Vice-Chairman and Executive Member for Performance & Business Development felt that some of the circumstances given for the non-attendance had been for medical reasons and he would also not support the debarment.

Mr Sherwood reminded the Cabinet that when an elector voted for a Councillor, he or she was expected to attend meetings at a certain level and should advise, at the time, their reasons of absence; this was why Members' attendances were monitored.

The Chairman mentioned the fact that attendance had been one of the issues discussed with the Independent Remuneration Panel. He also mentioned that a basic allowance was paid to all Members for carrying out such duties.

The Executive Member for Internal Services stated that he had asked the HR department to look into Members' performance.

Action By

Options

1. To recommend that Mrs P Quadling be debarred from the Committee in question for the remainder of the Council year.
2. To acknowledge any mitigating circumstances and take no action to remove Mrs P Quadling from the General Purposes Committee.

Reasons

To accord with the Council's Constitution.

RECOMMEND to Council that no action be taken to remove Mrs P Quadling from the General Purposes Committee for the remainder of the Council year.

44/12 ICT SECURITY POLICY (AGENDA ITEM 8)

The Executive Member for Internal Services informed Members that the ICT Security Policy had already been through various Committees and the only reason for it being included on the agenda was to take account of the minor changes that had been made. The ICT service was now provided in-house; therefore, all reference to the external contractor had been removed.

Members were bound by the terms and conditions of the Policy and the Executive Member for Internal Services asked that the amended version be circulated to all Members with a note requesting the receiver to acknowledge both receipt and acceptance of the Policy and its conditions. He felt that anyone who did not acknowledge both receipt and acceptance by Tuesday, 10 April 2012 should be disconnected from the Breckland ICT system.

Mr Richmond asked if Breckland was looking to align its security policies with South Holland District Council. Members were informed that South Holland already had its own arrangements but Breckland was hoping to join up its ICT services with Norfolk County Council and negotiations were already under way. It was noted that Great Yarmouth already used Norfolk County Council.

RESOLVED that:

- 1) the amendments to the ICT Security Policy be noted; and
- 2) the amended version of the ICT Security Policy be circulated to all Members with a note requesting the receiver to acknowledge both receipt and acceptance of the Policy and its conditions by Tuesday, 10 April 2012. Failure to acknowledge both receipt and acceptance could result in that Member being disconnected from the Breckland ICT system.

Action By

45/12 BRECKLAND COUNCIL ICT STRATEGY 2012/2014 (AGENDA ITEM 9)

The Executive Member for Internal Services presented the ICT Strategy for approval and thanked the Officers involved. He also thanked Gordon Bambridge for his part as Members' ICT Champion and Phillip Duigan as his Executive Support Member,

Having this Strategy in place would form part of the contract negotiations with Norfolk County Council.

Options

To approve or not approve the ICT Strategy for two years.

Reasons

No current Strategy existed.

RECOMMEND to Council that the ICT Strategy for 2012/2014 be approved.

46/12 CAPITAL PROGRAMME 2011/12 - REQUEST TO CARRY OVER FUNDING TO 2012/13 (AGENDA ITEM 10)

The Assistant Director of Finance presented the report which set out the expected position of Breckland's Capital Programme for 2011/12 and requested that, where indicated, an up to figure was carried over to 2012/13.

A number of schemes on the Capital Programme had already been approved by the Business Improvement & Projects Sub-Committee some of which were in progress. With this in mind, the Executive Member for Internal Services felt that the schemes that had not been implemented should be reviewed to confirm whether they were still required; if not the monies allocated could be put back into the pot.

The Overview & Scrutiny Commission Chairman drew Members' attention to the work that had been carried out on St Mary the Less Church. He felt that only 75% of the roof repairs had been carried out and the remainder of the roof was still open to the elements. He asked if this was still work in progress. The Assistant Director of Finance explained that the remedial work that had been carried out was to prevent the roof from falling into disrepair. Members were informed of the Historic Buildings Officer's struggle to persuade the owner to make good the property or sell it to someone who was willing to take on the repairs.

The Overview & Scrutiny Commission Chairman believed that English Heritage had funded 80% of the work but would be useless if it was still left exposed to the elements.

The Chief Executive agreed to speak to the Historic Buildings Officer about this matter.

Action By

The Vice-Chairman thought that there had been a fund started for the Church by Thetford Town Council. It was agreed that this would be investigated.

Referring back to all the projects listed on the Capital Programme, the Chairman asked all Portfolio Holders to provide a rationale as to why their projects should go forward for completion. The information requested would be reported back to a future Executive Board meeting.

Options

- 1) Agree to carry over funding as requested
- 2) Not to agree to carry over funding as requested

Reasons

To enable delivery of the Capital Programme as planned and to ensure that where projects have started, funding is available in 2012/13 to ensure continuity of delivery.

RESOLVED that:

- 1) the funding as requested be carried over to 2012/13 as detailed in Appendix A of the report; and
- 2) Portfolio Holders to provide a rationale as to why their projects (as listed in Appendix A of the report) should go forward for completion.

**47/12 QUARTERLY GOVERNANCE AND PERFORMANCE
MONITORING REPORT COVERING THE PERIOD : 1ST
OCTOBER TO 31ST DECEMBER 2011 (AGENDA ITEM 11)**

The Vice-Chairman and Executive Member for Performance & Business Development advised that this new process would enable areas of poor performance to be identified sooner and any problems could be dealt with in a timely manner.

The Assistant Director of Democratic Services explained that the Performance Team had been working with all Managers on this new system and she anticipated that from 1 April 2012 everything would be reported through this new performance process.

Moving away from TENs, the Council's former performance system to Performance Plus, the Executive Member for Internal Services asked if the measurements would be the same and if the data provided would be like for like. Members were informed that it was not a requirement for such measurements or data to be carried forward and only key projects that were of importance to a service would be reported. Performance Plus would allow such reports to be provided automatically allowing more efficient use of Officer time analysing data as opposed to collecting and formatting it. The reporting would be done by exception and if not performing this would be reported to the Programme Board.

Action By

The Executive Member for Internal Services said that performance could not be bought but productivity could and asked if this could be built in. He also asked if an indicator was green but the trajectory was down would that qualify as an exception. The Assistant Director for Democratic Services explained that productivity would be built into the performance indicators and updated monthly. In response to the latter question, Members were informed that such matters would be discussed with Portfolio Holders. She further informed Members the meaning of the colour blue which was 'coasting'.

The Chief Executive advised that Council's had been freed by prescriptive indicators and could now set their own local measures that were meaningful.

The Executive Member for Planning & Environmental Services asked if the new system would be where outcomes for projects based on a business case would be measured. The Chief Executive advised that Performance Plus picked up transactional matters and all key projects would be measured supporting the Corporate Plan.

Mr Bambridge thought this was a brilliant idea but felt it should have some mechanism to report profit and loss. Members were informed that financial reporting did take place with Managers on a monthly basis. This system would produce quarterly reports to Cabinet which would be of general interest to communities of how well the Council was performing and what it had set out to achieve.

In response to a question, these quarterly reports would be available on the Council's website along with the Committee papers.

Mr Robinson said that he would like to see sight of year to date figures as well as quarterly.

The Executive Member for Internal Services pointed out that on page 104 of the report it did mention the Business Improvement & Projects Sub-Committee and asked if it was still in existence. The Chairman said that this matter would be discussed later in the meeting but all reference to this Committee should be removed from the appendix in question.

Options

- 1) To approve the recommendation
- 2) To approve the recommendation with amendments
- 3) Not to approve the recommendation

Reasons

To receive a report every three months that brought together financial and non-financial performance in summary form to ensure that progress against Breckland and South Holland District Council Corporate Priorities, Business Plans and Medium Term Financial Strategy was monitored and transparent.

Action By

RESOLVED that subject to all reference to the Business Improvement & Projects Sub-Committee being removed from the Joint Performance Framework (Appendix 2), the Quarter One 2012/13 Governance and Performance Monitoring report be separated into two reports:

- Quarterly Finance Report
- Quarterly Performance & Risk Report

48/12 ANGLIA REVENUES AND BENEFITS PARTNERSHIP (AGENDA ITEM 12)

RESOLVED that the Minutes of the Anglia Revenues and Benefits Partnership Joint Committee meeting held on 3 February 2012 be adopted.

49/12 BUSINESS IMPROVEMENT SUB-COMMITTEE (AGENDA ITEM 13)

The Chairman conveyed his thanks to the Members of the Business Improvement & Projects Sub-Committee for the work that they had done and had achieved over the years but unfortunately the meeting held on 28 February had been the last one. Any individual piece of ICT work would now be reported through to the Portfolio Holders then onto Cabinet for consideration.

RESOLVED that:

- 1) the Minutes of the meeting held on 28 February 2012 be adopted;
- 2) the Business Improvement & Projects Sub-Committee be dissolved; and
- 3) any future ICT projects or current pieces of work to be reported to the relevant Portfolio Holder followed by Cabinet for a decision.

50/12 MEMBER DEVELOPMENT PANEL (FOR INFORMATION) (AGENDA ITEM 14)

The Minutes of the Member Development Panel meeting held on 26 January 2012 were noted.

51/12 REFERENCE FROM THE STANDARDS COMMITTEE (AGENDA ITEM 14A)

The Solicitor & Standards Consultant explained that the date of implementation for the new standards regime under the Localism Act 2011 was proposed to be 1st July 2012 but as yet no confirmation of an exact date had been received. The new regime made fundamental changes to the system of regulation of standards of conduct for elected and co-opted Councillors and the Council must have a new Code in place.

Action By

A new Register of Interests must also be in place but the information was still awaited.

The Council had discretion as to what it included within its new Code of Conduct. It could be based on the existing Code or on any other model coming forward including a Norfolk based or National based Code.

There would be no requirement for a Standards Committee. However, there would still be a need to deal with standards issues and the Standards Committee Members had requested that they would like to see something similar to what was already in existence or an alternative could be for standards issues to be tagged onto a normal Committee of the Council.

Members' views were sought.

Mr Wassell asked what would happen if the decision was not to have a Standards Committee. Members were informed that the current co-opted Independent Members would cease to hold office but the Act had stated that there must be a requirement to establish an Independent Person. The existing Independent Members could not be appointed as the Independent Person.

Mr Sherwood felt that the Localism Bill allowed democracy and most cases, under the new regime, would end up being reported to the Police. The Standards Board had cost each council in the region of £55k and to replace a Standards Board with another Board would be complete nonsense. This regime could be shared between Breckland, South Holland and possibly Yarmouth to save on costs. Standards, as far as he was concerned, had been badly introduced and he hoped that Members would use this opportunity to replace this old regime with something else.

Mr Sharpe who was currently a Member of the Standards Committee stated that 96% of the work was in relation to Parish Councillor and Town Councillor matters. Of those, a vast majority were vexatious and according to the new rules and regulations, the District Council was still obliged to assess these matters then refer them back to the Town or Parish Council. In his opinion, the Standards Committee could quite easily be absorbed into another Committee and then a system could be put in place to wheedle out the irrelevant complaints.

Mr Bambridge agreed with the aforementioned comments and felt that most of the vexatious complaints that had been dealt with had been a complete waste of time and money.

The Solicitor and Standards Consultant said that the residual function of Standards would have to remain as it had been re-introduced into the Act and there was still a requirement to have a Code; therefore, all Councils would still be stuck with certain functions including dealing with complaints against Town and Parish Councillors. Money would be saved as the Council would be allowed to cut out vexatious complaints. All this could be combined with an existing Committee.

The Chief Executive advised that the problem with the new regime was

Action By

there was a danger that any new committee could end up dealing with matters in the same way. This would be a good opportunity to have a fresh start. As far as the Independent Person was concerned, the characteristics of this person for this role needed to be robust.

Members were informed that the Council was about to advertise for a new Independent Person and that that individual would not have any voting powers only an advisory capacity. He or she could be involved at an early stage with the Monitoring Officer.

The Chairman agreed with the Chief Executive's comments on the personal specifications. He mentioned the Nolan Principles that basically held Members to good account and those who did not would be brought down very heavily. He did not believe that the Council should have another committee but it should have a Code that was Norfolk based, not Breckland based. He suggested that the current Standards Committee should be closed down, an Independent Person should be appointed and work should be carried out on a new Code of Conduct for Norfolk.

The Assistant Director for Democratic Services, who was also the Monitoring Officer for both Breckland and South Holland District Council, stated that as the new regulations were still awaited and the current Standards Committee had to continue to deal with any issues that came in. The Solicitor and Standards Consultant pointed out that the Council would continue to have responsibility for dealing with standards complaints against elected and appointed members of Parish Councils. The Government had stated that there would be a transitional period for the determination of any outstanding complaints under the current Code for at least two months, with the existing Standards Committee.

The Executive Member for Internal Services said that he would prefer a Norfolk based Code as the world was a different place and the public expected a form of redress. Democracy and accountability were not perfect and it would be useful to have someone from outside as the Independent Person could add strength to the committee's decision.

Mr Sherwood was not convinced about having an overriding Code of Conduct and had seen examples of such Codes coming through the Local Government Association. His main concern was how Breckland Councillors behaved and not others

The Chairman said that Breckland Council should work with Norfolk County Council collectively.

Mrs Jolly had concerns about the Independent Person sifting through complaints. This person would not be elected and would not have any official remit; however, if the right person was appointed he or she could assist the towns and parishes.

The Chairman mentioned the core competencies that had been part of the management review and felt that the person appointed should fit into them.

The Executive Member for Assets & Strategic Development agreed with

Action By

Mr Sherwood's comments but did have concerns with regard to the filtering process.

Mr Sherwood felt that the Council should charge town and parish councils for dealing with complaints.

The Assistant Director for Democratic Services reminded Members that the Independent Person would have to be appointed by Council and a Panel of Members would be required to carry out the interviews. The Chairman said that he would like to task the Chief Executive and the Monitoring Officer to create some core competencies within the interview process. Members were informed that this had already been done and one Member of the Cabinet had already been invited to sit on the Panel. The Chairman felt that all Cabinet should be on the Interview Panel and if the Chairman of the current Standards Committee wished to do so too he could. He did not see the point of the Standards Committee conducting the interviews if it was being abolished.

It was suggested that a Panel might be required for short-listing purposes, the outcome of which could be reported to Cabinet on 8 May 2012. The Chairman disagreed and put forward his earlier suggestion that all Cabinet Members should be on the Interview Panel followed by a recommendation from Cabinet to Council.

Mr Sharpe said that a new Code of Conduct should be agreed as soon as possible.

The Executive Member for Assets and Strategic Development felt that Standards were trying to drive an agenda forward for something that Breckland Council did not want and thought that the advert should be withdrawn.

The Solicitor and Standards Consultant said that many of the requirements for the Independent Person were stipulated in the Act itself but Breckland would be adequately covered if Cabinet was asking for it to come forward for consideration. There still had to be a standards function for Breckland and it could be tacked on to another Committee.

It was agreed that a report should be produced on all options available for the Cabinet meeting in May.

RESOLVED that:

- 1) the recommendations as listed in the report **not** be approved;
- 2) the Monitoring Officer to produce a report for the Cabinet meeting in May suggesting alternative options;
- 3) the Independent Person be appointed by Cabinet; and
- 4) a decision be made as to what Code the Council should adopt - to be considered at a later date when draft codes were available.

Action By

52/12 NEXT MEETING (AGENDA ITEM 15)

The arrangements for the next meeting on Tuesday, 8 May 2012 were noted.

53/12 EXCLUSION OF PRESS AND PUBLIC (AGENDA ITEM 16)

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the press and the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 1 of the Act.

54/12 REPORT HOUSING REGISTER CONTRACT REVIEW (AGENDA ITEM 17)

The Executive Member for Internal Services and the Executive Member for Planning & Environmental Services left the room whilst this item was being discussed.

The Principal Housing Officer for Strategy and Enabling provided Members with a detailed overview of the report and the reasons for the recommendations being put forward.

The report had also been presented to the General Purposes Committee as some matters were not part of the Cabinet's remit.

The options were highlighted and the financial aspects contained within the Proforma B were explained.

It was emphasised that if the recommendations were approved it would not be for financial gain but it would allow the Council to improve and deliver a better service to its customers.

Options

To approve or not to approve the recommendations as listed in the report.

Reasons

See report.

RECOMMEND to Council that the recommendations as listed in the report be approved.

The meeting closed at 11.05am

CHAIRMAN

BRECKLAND COUNCIL

At a Meeting of the

AUDIT COMMITTEE

**Held on Friday, 23 March 2012 at 10.00 am in
Norfolk Room, Conference Suite, Elizabeth House, Dereham**

PRESENT

Mr R.P. Childerhouse
Lady Fisher

Mr C.R. Jordan (Chairman)

Also Present

Mr K. Stevens
Mr T. Ludlow

Mrs S.C. King
Mr. R. Murray

In Attendance

Mark Finch
Sandra C. King
Helen McAleer
Robert Murray

- Assistant Director of Finance
- Head of Internal Audit
- Senior Committee Officer
- District Auditor, Audit Commission

12/12 MINUTES (AGENDA ITEM 1)

The Minutes of the meeting held on 3 February 2012 were confirmed as a correct record and signed by the Chairman.

The following matters were noted:

- Mr Childerhouse referred to previous discussions about the Capita Contract. This would be added to the work programme for consideration at the 15 June meeting. A copy of the contract would be circulated to Members before that date.
- Information on the financial impact on the General Reserve Fund from the Breckland Leisure Centre and the square footage and income received relating to commercial properties were outstanding actions from the previous meeting and the information would be reported to the next meeting.

Action By

Mark
Finch

Chris
Brooks,
Ralph
Burton

13/12 APOLOGIES (AGENDA ITEM 2)

Apologies had been received from Mr Jermy, Mr Kybird, Mr Rogers and Emma Patchett.

14/12 URGENT BUSINESS (AGENDA ITEM 3)

None.

Action By

15/12 DECLARATION OF INTEREST (AGENDA ITEM 4)

None.

16/12 NON-MEMBERS WISHING TO ADDRESS THE MEETING (AGENDA ITEM 5)

None.

17/12 AUDIT OPINION PLAN 2011/12 (AGENDA ITEM 6)

Mr Rob Murray presented the Audit Opinion Plan.

The Plan set out the auditor's responsibilities and covered all the required areas. It ensured shared understanding of the scope of the audit. No significant risks had been identified.

With regard to fees Mr Murray noted that the fees had decreased since the previous year and in light of recent outsourcing and changes to the regime, further reductions were expected in the future.

Mr Childerhouse asked for the definition of 'significant risk' and how it was assessed.

The definition was set out on page four of the Plan. External and internal risks were considered and an assessment was made of how they would be managed. The concept of materiality was flagged. Another aspect taken into account was how normal audit procedures covered risk.

Mr Ludlow sought clarification on whether the Plan had relied on the work of the internal auditors as page five contained inconsistencies. Mr Murray agreed to check the details on that.

Mr Stevens asked about the 'assumptions' referred to on page 11 of the Plan. Mr Murray advised that if the Council did not agree that additional work was required there were various methods that could be used to come to an agreement, including having a Qualification of Opinion or asking the Internal Auditors to do additional work.

Lady Fisher asked what sort of cushion was used in valuing the property portfolio and Mr Murray advised that materiality was not an easy definition and that Auditors used a rule of thumb, balancing public perception and officer opinions. Generally speaking it was based on 1% of gross revenue expenditure. The same difficulty applied to gauging value for money. He noted that Ernst & Young might apply a different principle.

Mr Childerhouse was pleased to hear that fees could be reduced by up to 40%. He referred to page 11 of the report and was surprised

Action By

that no actions had been identified to reduce the fees. He challenged that.

Mr Murray explained that nothing had been identified at this stage. He was required to report on actions that could be taken. Some organisations of similar size to the Council had much larger fees and could be advised on how to reduce them. The Council however, was approaching the base level of fee required to produce the audit.

The Director of Finance noted that over the years the Council had improved the quality of working papers provided to the auditors and now provided many electronically which reduced the amount of on-site work required.

The Head of Internal Audit added that they worked closely with the External Auditor and were very open in sharing reports.

The Chairman thanked Mr Murray for his presentation.

18/12 2010/11 CERTIFICATE OF CLAIMS AND RETURNS - ANNUAL REPORT (AGENDA ITEM 7)

Mr Murray also presented the Certificate of Claims and Returns on behalf of Emma Patchett who was not able to attend.

The regime for dealing with claims was set out on page three of the report. Only three claims had needed work out of the £66million expenditure. Of those, one had had issues requiring a minor amendment and a qualification letter which was referred to in the fees section on page seven of the report.

Mr Stevens asked if a sampling process was used. Mr Murray advised that they looked at one in 40 claims. Even one error required a large amount of work and if an error was found another 40 claims would be looked at.

The report was noted.

19/12 TREASURY MANAGEMENT POLICY & STRATEGY (AGENDA ITEM 8)

The Assistant Director – Finance presented the Treasury Management Policy & Strategy.

He advised that the Treasury Management Strategy set out the expected Capital activities for the following year and included the Prudential Indicators which the Committee had delegated authority to approve. A review would be brought back to Committee mid-year (on the work programme for November).

Action By

Many of the Prudential Indicators were set at nil as the Council was a debt-free authority. Borrowing needs were reported as zero as the only money required would be for the bank overdraft to cover unexpected cashflow problems.

Two options were offered to Members in respect of counterparty selection. The current method was solely based on credit ratings and since the Icelandic Bank failures investments had only been placed with UK based banks.

The other option would be to look at a broader counterparty structure which took other market conditions into account which would add to the list of available counterparty organisations and provided the potential to look beyond UK based banks.

Lady Fisher was not happy about investing in banks. The rate of inflation was eroding income as interest rates were so low. She thought that money should be kept out of Europe and opportunities should be sought for commercial management of money. Some Government Bonds were yielding more attractive returns. She referred to the figures in the report which showed that the Council was losing money on bank deposits.

Mr Ludlow pointed out that that would be against current Policy.

The Chairman thought that it was reasonable to look into alternatives to try to increase returns. If the opportunity was there it might mean that a change of policy was required.

The Assistant Director – Finance noted that the key criteria had always been security. He agreed to explore the matter further with Sector and check the legality of other potential investments and bring the details back to Committee.

Mark
Finch

Mr Stevens referred to the table on page 45 and asked who Sector was? The Assistant Director – Finance advised that they were the Council's external Treasury Management advisors.

He agreed that there were a number of Bonds with higher yields, but some did not meet the Council's criteria and others limited the amount of investment and might require additional resources to manage.

Mr Ludlow then raised a number of questions. He pointed out some typographical and cross-referencing errors. The following amendments were agreed:

- All references to the CLG should be amended to DCLG for consistency
- Point 26 (page 47 of the agenda) the final sentence should read "... criteria will *result in a counterparty being* suspended

Action By

from use...”

- Point 44 (page 51 of the agenda) should refer to paragraph 35 not 36.
- Annex B1 (page 53 of the agenda) at point 4 under Specified Investments – move the sentence commencing ‘For category 5 ...’ to be the second sentence of point 5.
- Page 54 – the TMP 4 table headings to be brought into line with those of the table on page 66 to allow cross referencing.
- Page 65 – final sentence to be clarified.
- Page 67 – add heading to clarify what points 1 and 2 are referring to.
- Page 68 – remove **Article II** between 5th and 6th paragraphs.
- Page 74 – amend second sentence to read “... ensure it does so for reasons ...”

The following points were also noted:

- MMFs were Money Market Funds
- the PFI was being paid off over 33 years
- the reduction in expected investments in the table on page 41 of the agenda was due to money being used to fund projects
- Members were notified of the current position regarding the Icelandic banks investments.

It was **RESOLVED** that, subject to the amendments noted above, the following items were approved:

- (1) the Prudential Indicators and Limits for 2012/13 to 2014/15 contained within Appendix A of the report;
 - (2) the Minimum Revenue Provision (MRP) Statement contained within Appendix A which set out the Council’s policy on MRP;
 - (3) the Treasury Management Strategy 2012/13 to 2014/15 and the Treasury Prudential Indicators contained within Appendix B;
 - (4) the Investment Strategy 2012/13 contained in the Treasury Management Strategy (Appendix B), and the detailed criteria included in Appendix B1;
 - (5) the Treasury Management Policy at Appendix B2;
 - (6) to continue with Option 2, the current approach to counterparty selection based solely on credit rating criteria (see (a) below);
 - (7) to continue NOT to use non-UK banks even though the Treasury Strategy allows (see (b) below).
- (a) The Assistant Director – Finance was asked to look into Option 1 and explore other possible investment opportunities and bring details back to the Committee.
- (b) The Assistant Director – Finance to provide the Committee with more information on the use of non-UK banks.

Mark
Finch

Mark
Finch

20/12 APPOINTMENT OF EXTERNAL AUDITOR (AGENDA ITEM 9)

The Assistant Director – Finance advised that this item had been included on the agenda to provide an update on the current situation.

The Chairman noted that Members had had an interesting discussion with the auditors at a pre-meeting. He suggested that there should be a standing item on the Agenda – Monitoring of the External Audit Situation.

Mr Murray advised that Ernst & Young would be holding an introductory event to which a representative of the Audit Committee would be invited. He expected invitations to be received before the next meeting.

21/12 WORK PROGRAMME (AGENDA ITEM 10)

An updated programme was tabled.

The Review of the Capita Contract would be added to the 15 June meeting. A copy or summary of the contract would be circulated to Members before the meeting.

Mr Ludlow and Mr Stevens would be invited to the training session in September.

22/12 NEXT MEETING (AGENDA ITEM 11)

The arrangements for the next meeting on 15 June 2012 were noted.

Action By

Julie
Britton

The meeting closed at 11.15 am

CHAIRMAN