Steve Atkinson MA(Oxon) MBA FIoD FRSA
Chief Executive

Date: 19 August 2011

Hinckley & Bosworth
Borough Council

A Borough to be proud of

Dear Sir/Madam

I hereby summon you to attend a meeting of the **HINCKLEY & BOSWORTH BOROUGH COUNCIL** in the Council Chamber at these offices on **TUESDAY, 30 AUGUST 2011 at 6.30 pm.**

Yours faithfully

Miss RK Owen
Democratic Services Officer

A G E N D A

1. Apologies

2. To confirm the minutes of the meeting held on 5 July 2011, attached marked C13.

3. To be advised of any additional items of business which the Mayor decides by reason of special circumstances shall be taken as matters of urgency at this meeting.

4. To receive verbally from Members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the Agenda.

5. To receive such communications as the Mayor may decide to lay before the Council.

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6. To receive petitions in accordance with the Council's Petitions' Scheme.

   A petition has been received which meets the criteria for consideration by Council. This is dealt with at item 10 on the agenda.

7. To deal with questions under Council Procedure Rule number 11.1.

8. To receive the Leader of the Council's Position Statement.

9. To receive for information only the minutes of the Scrutiny Commission meeting held on 28 July 2011, attached marked C14.

10. To consider a petition under the Council's Petition Scheme.

    A petition with 130 signatures has been received from the residents of Congerstone:

    "We, the undersigned residents of Congerstone, call for the Barton Road field shown on the map (Ref. AS510) to be designated as a protected Green Space."

    Under the Council's Petition Scheme which was agreed by Council on 26 May 2010 this petition meets the criteria for Council debate by having a number of signatures equal to or greater than 2.34% of the electorate of that parish (in this case Shackerstone).

    The Council is recommended to request that the petition organiser re-submits the petition during the formal consultation period for the submission version of the Site Allocations DPD which is in accordance with the Town & Country Planning (Local Development) (England) Regulations 2004, as amended.

11. To consider the following reports:-

    (a) Prudential Indicators 2011-12, attached marked C15 (pages 1 - 22).

    (b) Dedication of part of the Argents Mead Site as a Queen Elizabeth II Field, attached marked C16 (pages 23 - 26).

    (c) Leicestershire and Rutland Sport Annual Update (to follow marked C17).

    (d) Hinckley Hub (to follow marked C18).

12. To appoint a Parish Representative to the Council's Standards Committee. The following Parish Councillors have expressed an interest in filling the vacancy: Mrs D Finney, Mr A Gough and Mr B Granger.

13. Date of next meeting: Members are reminded that there is a Special Council meeting on 21 September at 6.00pm.

14. To consider the following motions, notice of which have been received in accordance with Council Procedure Rules 13.1 and 13.2:-

(a) From Mr SL Bray

"This Council notes with dismay the recent Planning appeal decisions relating to Britannia Road, Burbage and Leicester Road, Hinckley. The Council asks that the Chief Executive writes to the Secretary of State to express our dissatisfaction with the decisions which seems to fly in the face of the Government's commitment to localism.

Furthermore, that letter should confirm this Council's belief that the Government should scrap its requirements for the five year land supply, which is forcing unwanted developments on local communities, and request that any requirement for a land supply should be based on 'approvals' only, not 'completions' over which the local council has absolutely no influence.

In addition, the Council asks that the Chief Executive approach the District Councils' Network and the Local Government Group for their support to this proposal."

(b) From Mr SL Bray

"The Council notes the uniqueness of the park land in the town centre known as Argents Mead, and the high regard it is held locally.

The Council re-states its commitment to protect and expand the green area of the site. The Council welcomes the application for the Queen Elizabeth II park status for the current park area and will seek to expand this once the Council Offices are demolished.

Furthermore, the Council will reject calls for any large-scale development on the site."

15. MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

To consider the passing of a resolution under Section 100A(4) of the Local Government Act 1972 excluding the public from the undermentioned item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Schedule 12A of the 1972 Act.

(a) The Crescent (Hinckley Bus Station) Compulsary Purchase Order, Financial Arrangement, attached marked 'C19' (pages 27 - 29).

To: All Members of the **HINCKLEY & BOSWORTH BOROUGH COUNCIL**
(other recipients for information).

REPORT NO C13

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

5 JULY 2011 AT 6.30 PM

PRESENT: MR R MAYNE - MAYOR
MR MB CARTWRIGHT - DEPUTY MAYOR

Mr R Allen, Mr JG Bannister, Mr PR Batty, Mr PS Bessant, Mr DC Bill, Mr CW Boothby, Mr SL Bray, Mrs R Camamile, Mrs T Chastney, Mr DS Cope, Mr DM Gould, Mrs A Hall, Mr PAS Hall, Mrs L Hodgkins, Mr MS Hulbert, Mr DW Inman, Mr C Ladkin, Mr KWP Lynch, Mr J Moore, Mr K Morrell, Mr T Mullaney, Mr K Nichols, Mr LJP O'Shea, Mrs J Richards, Mrs H Smith, Mrs S Sprason, Mr BE Sutton, Miss DM Taylor, Mr R Ward and Ms BM Witherford.

Officers in attendance: Mr S Atkinson, Mr Michael Brymer, Mr D Bunker, Mr B Cullen, Miss L Horton, Mr S Kohli and Miss R Owen.

40 PRAYER

Prayer was offered by Dr Reverend Robert Stephen.

41 APOLOGIES

Apologies for absence were submitted on behalf of Mr WJ Crooks and Mr MR Lay.

42 MINUTES (C1 & C2)

On the motion of Mr Bray, seconded by Mr Bill it was

RESOLVED – the minutes of the meetings held on 21 March and 17 May 2011 be confirmed and signed by the Mayor.

43 DECLARATIONS OF INTEREST

No interests were declared at this stage.

44 MAYOR'S COMMUNICATIONS

The Mayor referred to his recent visit to Le Grand Quévilly in France and to the forthcoming Youth Exchange which would start the following week.

45 QUESTIONS

a) Question asked by Councillor R Ward and addressed to Councillor SL Bray

"To avoid the possibility of a two centre town would the portfolio holder bring the council up to date on the initiatives in place to make certain this does not happen. The connection between the proposed Bus Station development and the main shopping centre of Castle Street will be key to the success of Hinckley Town Centre. The obvious route of Station Road between the two will require imaginative thought to deliver real connection between these key Town markets. Will the portfolio holder inform the members on the progress?"

Response from Councillor SL Bray

"Dear Councillor Ward

Thank you for your question and interest in the regeneration proposals for Hinckley Town Centre.

I am pleased to report that as part of a formal agreement with the Tin Hat Partnership, the Council has secured a major financial commitment of up to £300K to deliver improvements to Station Road and to introduce residents parking in the vicinity of the Bus Station site.

The plans for the improvements are being programmed to take place with the development of the Crescent scheme on the Bus Station site to ensure any disruption in the Town Centre is minimised and works are coordinated effectively. Full engagement with key stakeholders and businesses will take place during the development of the detailed scheme.

I am confident that with the measures I have explained above key improvements can be made to ensure enhanced connections are made between the new Crescent development and Castle Street."

In response to a supplementary question from Mr Ward, Mr Bray confirmed that all shopkeepers affected would be kept involved in the discussions and that Council would be informed of this.

b) Question asked by Councillor R Ward and addressed to Councillor DS Cope

"Would the portfolio holder inform the Council members of the progress made in carbon reduction and what initiatives are in place for cost saving combined with carbon reduction. Would the portfolio holder also inform the Council members all the costs involved in officer time and whether in these austere times these costs are justified?"

Response from Councillor DS Cope

"The Council has committed to a 20% reduction in the Carbon Dioxide (CO_2) it produces from its own operations by 2014 from a baseline in 2008-09. This is both to show a lead to the community in climate change mitigation and to also to reduce the costs of providing our services. The Council adopted a Carbon Management Plan in 2009 which helps identify measures to be taken to achieve this target. This plan is currently being refreshed due to the changes in proposals for council buildings and fleet, which will make a significant contribution to ensuring our targets can be met by 2014.

Measures already taken and continuing:

- Hinckley Leisure Centre- Pool covers, variable speed drives for pumps and ventilation fans, low energy lighting upgrades, temperature control changes, staff training
- Reconfigured heating at Middlefield Lane Depot
- Improvement of server rooms reducing server energy demand
- Replacement of leachate pumping station rising main.
- Upgrading of lighting at Sheltered Housing schemes funded through no interest SALIX funding.
- General staff awareness training and campaigns to ensure equipment is turned off.
- Trackers on vehicle fleet, rationalisation of rounds and fuel management, new fleet with better fuel consumption

Actions proposed

- Early move to Hinckley Hub which will have reduced floor space and a high efficiency building, release of Florence House, Depot and Argents Mead.
- Further Salix funded lighting upgrades
- Boiler replacement at Sheltered Housing as required

The Councils overall performance is currently severely affected by the performance of the Hinckley Leisure Centre which is operated by SLM. This single old building produces some 43% of the council's total CO_2 emissions for buildings. The cold winters have increased gas consumption at HLC by over 9% since 2008. Excluding the Leisure Centre the rest of the councils operations have achieved a credible minus 4.4% reduction despite the weather (Minus 8.1% weather corrected) including minus 11.4% in electricity consumption. These reductions equate to a direct saving to this authority of over £51,000 each year and as energy prices continue to rise, reduces additional pressures on the budget.

We currently have 1 fte Officer responsible for co-ordinating our work on environmental matters including reducing CO2 emissions and we continue to make it "part of the day job" for other staff involved in the procurement or operation of services. This should be regarded as good management of the facilities and services we deliver."

Mr Ward asked a supplementary question with regard to the cost in officer time of this work. Mr Cope agreed to provide a written response.

c) Question asked by Councillor PS Bessant and addressed to Councillor SL Bray

"Will the leader inform the Council how many Parish Councils have been consulted by this authority on the Government's 'Planning for Traveller Sites' consultation?"

Response from Councillor SL Bray

"Cllr Bessant. Thank you for your question.

It is not this Council's job to consult on Government Planning Policy but to respond to it. You will however be pleased to note we have ensured that it was forwarded to all Parish Council's on 9 June 2011.

The Government deadline for responses has just been extended until 3 August 2011 and I urge all Parish Councils to make their views known."

d) Question asked by Councillor PS Bessant and addressed to Councillor SL Bray

"Given the uncertainty around the financial split between Borough and Parishes in relation to the New Homes Bonus, what can the leader do to assure local residents that he will do whatever he can to ensure that our communities receive as much benefit from developers as possible?"

This question was answered with e) below.

e) Question asked by Councillor K Morrell and addressed to Councillor SL Bray

"Will the leader inform the Council how much, if any, extra income to date has been generated from the Government's changes to planning around the New Homes Bonus and what has this authority used this extra revenue for?"

Response from Councillor SL Bray to questions d & e

"Cllr Besant and Cllr Morrell. Thank you for your questions. I've combined my response to address the points your raise on the New Homes Bonus.

You will be aware that the Minister for Housing and Local Government, in February 2011, announced the final design of the New Homes Bonus scheme which he confirmed was to address the disincentive within the local government finance system for local areas to welcome growth. He claimed that the scheme would remove this disincentive by providing local authorities with the means to mitigate the strain the increased population causes. In doing so, he claimed the New Homes

Bonus should help engender a more positive attitude to growth, and create an environment in which new housing is more readily accepted.

In simple terms, the way the scheme works is that the Government, through this New Homes Bonus, match the additional Council Tax potential from increases in housing stock created for the following six years. An additional element is included for affordable homes.

This Council was allocated £349,762 New Homes Bonus settlement for 2011/12.

Whilst this is to be welcomed, Members should be aware that there has been a far greater reduction in the Council's RSG settlement for 2011/12 (reduction of £908,250) and 2012/13 (further reduction of £700,331). It is, therefore, important to consider this in the wider context of the Council budget which underpins service delivery for our communities.

Despite this, I am pleased to confirm that I am considering allocating a proportion of the New Homes Bonus specifically for Parish development initiatives. I have commissioned a report which will be brought to a future meeting of this Council on how this scheme will operate, building on the much valued Parish Initiative Fund that is operated by the Council.

In addition to this, a joint report is being prepared for all Districts in Leicester in conjunction with the County and City Councils linked to developing a Strategy for the introduction of a Community Infrastructure Levy; a further initiative introduced by the Coalition Government to secure benefits for local residents in communities that accommodate new development. This is important going forward, was there will be further limitations to the extent of planning gain that can be secured through traditional S106 Planning Agreements.

It will be interesting to understand if Leicestershire County Council will be committing a proportion of its share of the Bonus Fund which has been top sliced from the local allocation."

In response to a supplementary question from Mr Bessant, Mr Bray stated that funding had been received but not yet allocated and work was currently being undertaken to formalise arrangements with Parish Councils.

Mr Morrell asked a supplementary question about the funding going to the relevant parish rather than into the Parish and Community Initiative Fund. Mr Bray reminded the Council that the Government had originally announced that the loss of the revenue support grant would be offset by the New Homes Bonus.

f) Question asked by Councillor JS Moore to Councillor SL Bray

"Will the leader explain why no summer activities for children and young people have been planned for the rural areas this year as in previous years the 'what's going down' initiative was Borough wide? This year the only FREE events are being offered by the County Council library service apart from those taking place in Hinckley so where is the funding coming from to provide these FREE Hinckley events".

Response from Councillor MT Mullaney

"Thank you Cllr Moore, for your question. Despite your pessimism, I can confirm that there is a good range of activities planning for young people across the Borough this summer.

For clarification, the What's Going Down brochure is a partnership publication that relies on the submission of activities throughout the summer from a range of external partners and **not just** HBBC led activities.

It is important to point out that the What's Going Down information that you have seen in the Borough Bulletin is a '*snapshot*' of the activities that are being publicised. As page 9 of the Bulletin states *"The Full Booklet is available to download from www.hinckley-bosworth.gov.uk from 4 July",* and there are a variety of activities Borough wide, including the rural areas, in the Full Version.

There are over 30 activity schemes promoted in the booklet ranging from half days, morning or afternoon sessions e.g. Desford Tennis Club to comprehensive programmes across four weeks of the summer holidays (Earl Shilton Community House), Barwell Community House is running a five week programme.

Just as an example, projects funded through HBBC's Summer Activities Fund 2011, will be able to view in the full version. A breakdown of localities being supported to put on activities is as follows:-

Parish Area	**Organisation**	**Activity**	**Grant Received (£)**
Desford	Desford Lawn Tennis Club	Junior Tennis Programme	200
Desford	Desford Free Church	Summer Playscheme activities	199
Sheepy magna	Sheepy Magna Memorial hall	Theatre and Drama workshop	200
Hinckley (Wykin)	Red River Theatre / Redmoor High School	Filming and scripting activities	200

Market Bosworth	Market Bosworth Playscheme	Zumba and kickboxing	200
Newbold Verdon and Desford surrounding villages (based at Bosworth College)	Coach Unlimited	Sports Coaching programme	200
Earl Shilton	Earl Shilton Town Council	Play and crafting activities at Shilton by the Sea event	200
Stoke Golding	Lychgate Activity Club	Junior Fishing programme	200
Hinckley (Westfield)	Westfield Junior School	Sports Coaching and Olympic sessions	200
Burbage	Conkers Activity Club	It's a knockout day	200

As we are in an era of reduction in services, ultimately some summer activities for children and young people delivered by our **partners** will be affected. For example the recent restructure of Leicestershire County Councils Youth Service means that this has affected the planning of their Summer Programme. To date we do not have this information and so it will not be possible to promote through the What's Going Down Brochure.

National Play Week Celebrations, which is the FREE Hinckley event that is being referred to is a partnership event with contributions and support from Volunteers, Library Services, Young People, local playschemes, Hinckley and Bosworth Youth Council, SLM and parent help which is coordinated by ourselves (HBBC) on behalf of the Hinckley & Bosworth Play Partnership."

Mr Moore asked a supplementary question about whether the football club would again be running an Academy of Excellence at their own expense. Mr Mullaney agreed to respond in writing.

g) Question asked by Councillor Mrs S Sprason and addressed to Councillor SL Bray

"Will the leader update members on the development of 'Extra Care Housing' schemes as Hinckley is the only council in Leicestershire not to have a scheme, this denies older people this preferred choice in the Hinckley and Bosworth area?"

Response from Councillor DS Cope

"Thank you Cllr Sprason for your question. Firstly, can I correct your inaccurate statement. There are currently 5 extra care schemes in the county, in Market Harborough, Melton, Charnwood and Blaby. We are one of three districts, including North West Leicestershire and Oadby and Wigston which currently do not have provision.

The council remains committed to supporting the development of extra care housing and appreciates the contribution it makes to the wellbeing of older people. A bid was made for NHS funding to convert a council sheltered scheme to extra care in 2008 but unfortunately this was unsuccessful. Negotiations have taken place with developers regarding bringing an extra care scheme forward, most recently on the Spa Lane site in Hinckley. On this particular site HCA funding could not be secured to progress the provision.

The council will continue to work with developers, the county council and other funders to identify opportunities for the development of extra care, including consideration of the conversion of our own sheltered accommodation should the opportunities arise."

Mr Cope agreed to respond outside of the meeting to Mrs Sprason's supplementary question about whether the New Homes Bonus would be used to fund the scheme.

h) Question asked by Councillor CW Boothby and addressed to the Administration

"Given the incredible budgetary pressures public services are under I am aware the Partnership of which this Authority is a member is looking at the financial shortfall currently existing within the provision of Traffic Enforcement Officers and that this service is currently under review and consultation.

I believe these Enforcement officers provide a valuable service, with Ratby a case in point having just received double yellow lines along Main St and in the village centre. Cllr O'Shea and I negotiated directly to have TEO's patrol in the village to enforce the new traffic regulations.

Would the Administration let Councillors know what actions they as active members of this partnership have taken as part of this consultation process?"

Response from Councillor SL Bray

"Leicestershire County Council (LCC) have advised that they intend to undertake market testing on their on street parking enforcement responsibility. The current arrangements stand until July 2012. Ian Drummond, Assistant Director for Highways at LCC has given a commitment that "no traffic restriction will never be enforced".

Meanwhile the District Councils who currently provide on street enforcement on behalf of the County Council have been working to identify where efficiencies can be made in order that the districts can submit a bid to continue providing this service. This bid will be based on a specification provided by Leicestershire County Council.

The level of enforcement provided for on street enforcement across the county is a decision for the County Council and as such Cllr Boothby is advised to raise this issue with the County Council."

46 LEADER'S POSITION STATEMENT

In presenting his position statement the Leader congratulated officers on removing the recent gypsy incursion and noted the progress on plans for Hinckley Hub. He acknowledged the ongoing MIRA project which would bring employment into the area and the work with Swanswell to find alternative suitable premises.

Mr Bray referred to the financially sound position of the authority and the fact that it was the best performing in the county, with the lowest council tax. He went on to report back from the recent LGA Conference and District Councils Network Assembly.

Mr Bessant responded by welcoming the new Councillors and supporting Mr Bray in his thanks to officers regarding the gypsy incursion and support for MIRA.

47 MINUTES OF THE SCRUTINY COMMISSION (C3 & C4)

The minutes of the Scrutiny Commission meetings held on 9 March and 14 April 2011 were received for information. In presenting these, Mr Hall reminded Members about the Scrutiny workshop on 7 July.

48 FINAL OUTTURN 2010/11 (C5)

Approval was sought for the General Fund Outturn for 2010/11. During discussions reference was made to disabled adaptations and the recent increase in waiting time following the initial success in reducing waiting times. In response it was clarified that the recommendation regarding housing repairs' waiting lists was to reduce several waiting lists including kitchens, and did not refer only to disabled adaptations.

Concern was expressed regarding the fund for future capital projects and felt this should be available for other purposes. In response the Executive Member explained that the reserve would ensure a continuing capital programme into the future.

A Member referred to appendix 1 and the entry for UG&C Netherley Court. At this juncture Mr Bray and Mr Mullaney declared personal interests as property owners on the site.

On the motion of Mr Lynch, seconded by Mr Bray it was

RESOLVED –

(i) the General Fund Outturn for 2010/11 and transfers to earmarked reserves and balances be approved;

(ii) the carry forward to 2011/12 of the specific underspends on the General Fund incurred in 2010/11 be approved;

(iii) the transfer of the year end underspend on the Housing Revenue Account to the HRA fund balance be approved;

(iv) the year end outturn for the General Fund Capital Programme and the Housing Revenue Account Capital Programme be approved.

49 APPROVAL TO FUND COST OF VOLUNTARY REDUNDANCY (C7)

Members were presented with a report which sought approval to fund requests for voluntary redundancy and capital costs of early retirement from General Fund Revenue Balances. It was explained that this followed on from the loss of 23 posts as part of the recent restructures.

It was moved by Mr Lynch, seconded by Mr Bray and

RESOLVED - the redundancy costs and capital cost of early retirement as outlined in the report be funded from General Fund Revenue Balances.

50 REGENERATION SERVICE BUDGET ARRANGEMENTS (C6)

Formal approval was sought for the budget arrangements for the authority's regeneration team following the setting up of an agreement between this Council and Oadby & Wigston Borough Council for shared working. Members welcomed the positive regeneration work undertaken by Officers and supported the shared arrangements between the authorities.

On the motion of Mr Bray, seconded by Mr Bill it was

RESOLVED – the arrangements outlined be endorsed.

51 STANDARDS COMMITTEE ANNUAL REPORT 2010/11 (C8)

Approval was sought of the second annual report of the Standards Committee which looked at the work of the committee, the future planned work and work programme and complaints statistics. Concern was expressed that the standards regime was costly in terms of officer time and was not the most effective way of dealing with breaches of the Code of Conduct. In response to further concerns it was confirmed that a report on the new local code of conduct would be put to Council before implementation.

With regard to the local complaints procedure, Members felt that the subject Member should be notified of a complaint against them at the earliest stage. It was moved by Mrs Hall and seconded by Mr Bessant that this be taken back to the Standards Committee.

It was moved by Mrs Hall, seconded by Mr Inman and

RESOLVED –

(i) the Standards Committee Annual Report 2010/11 be approved;

(ii) the Standards Committee be requested to reconsider the process for notifying a subject member of a complaint against them.

52 OVERVIEW & SCRUTINY END OF TERM REPORT 2007-2011 INCORPORATING ANNUAL REPORT 2010/11 (C9)

It was noted that this item had been deferred to the next Council meeting.

53 AMENDMENTS TO CONSTITUTION (C10)

Proposed amendments to the Constitution, some of which had been agreed at Annual Council on 17 May, were presented to the Council and it was reported that these constituted mainly staffing changes, minor word changes and changes to the Overview & Scrutiny function. Further proposed changes would be put to the Council in due course.

It was moved by Ms Witherford, seconded by Mr Bray and

RESOLVED –

(i) the proposed amendments be approved and adopted with immediate effect;

(ii) the Constitution be updated at its next annual review date.

54 CALENDAR OF MEETINGS 2011/12 (C11)

Members were provided with the proposed calendar of meetings which had been revised following changes agreed at Annual Council. With regard to the. Finance, Audit & Performance Committee it was agreed that, to avoid lengthy agendas, the previous 6-weekly cycle of meetings be reinstated.

On the motion of Mr Bray, seconded by Mr Bill it was

RESOLVED – the calendar of meetings 2011/12 be approved, but with the frequency of meetings of the Finance, Audit & Performance Committee being retained at the existing six-weekly cycle.

55 MEMBERSHIP OF THE PLANNING COMMITTEE

On the motion of Mr Bray, seconded by Mr Bill it was

RESOLVED – Mr O'Shea replace Mr Lay on the Planning Committee.

56 REPRESENTATION ON CHARITABLE BODIES

It was moved by Mr Bray, seconded by Mr Bill and

RESOLVED – the following be appointed as the Council's representatives on the bodies indicated:-

(1) The Dixie Educational Foundation (revision) – Mrs JM Glennon, Mr AJ Goodwin, Mr BE Sutton and Mr R Ward (until May 2014);

(2) Poors Platt Charity Barwell – Mrs E Hemsley and Mr M Hulbert (from August 2011 to August 2015).

57 MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

On the motion of Mr Bray, seconded by Mr Bill, it was

RESOLVED - in accordance with Section 100A(4) of the Local Government Act 1972 the public be excluded from the undermentioned item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part I of Schedule 12A of that Act.

58 IMPROVEMENT TO RECYCLING CONTAINERS (C12)

Approval was sought to make improvements to the recycling service through the use of new containers. Members sought clarification on the scheme and the containers which would be in use should the improvements take place.

It was moved by Mr O'Shea, seconded by Mr Hulbert and

RESOLVED – the recommendations contained within the report be approved.

(The meeting closed at 8.07 pm)

REPORT NO C14

HINCKLEY & BOSWORTH BOROUGH COUNCIL

SCRUTINY COMMISSION

28 JULY 2011 AT 6.30 PM

PRESENT:	Mr MR Lay	-	Chairman
	Mr PAS Hall	-	Joint Vice-Chairman
	Mr C Ladkin	-	Joint Vice-Chairman

Mr PR Batty, Mr PS Bessant, Mrs L Hodgkins, Mr M Hulbert, Mr DW Inman, Mr JS Moore, Mr K Nichols, Mrs S Sprason and Miss DM Taylor.

Mr Cartwright was also in attendance for item 9 on the agenda (minute 86 refers)

Officers in attendance: Mr S Atkinson, Mr Michael Brymer, Mr M Evans, Miss L Horton, Mr S Jones, Mr P Langham, Mr S Merry, Ms J Neachell, Miss R Owen and Ms J Sturley.

83 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Mrs Hall and Mr Morrell with the substitutions of Mr Hulbert for Mrs Hall and Mr Moore for Mr Morrell authorised in accordance with Council Procedure Rule 4.3.

84 MINUTES (SC1)

On the motion of Mrs Sprason, seconded by Mr Nichols, it was

> RESOLVED – the minutes of the meeting held on 14 April 2011 be confirmed and signed by the Chairman.

85 DECLARATIONS OF INTEREST

Mrs Sprason declared a personal interest in report SC7 as a Council tenant.

86 MEMBERS' ICT UPDATE (SC4)

Members were updated on the current status of the Members' IT project and heard that, whilst there were 12 Members currently on the pilot, electronic delivery of information was not being enforced. It was reported that a meeting to review the project was planned for the following week.

During discussion, Members expressed the following concerns:

- that laptops were not being used in meetings which meant that the savings were reduced as paper copies were still required;
- that the project required clear objectives;

- that an IT skills audit for Members was required;
- that information was currently duplicated and sent on paper and by email.

The Scrutiny Commission requested that the review group take account of the concerns expressed and feed back to the Commission.

87 CLIMATE CHANGE STRATEGY AND ACTION PLAN 2011-14 (SC3)

The Scrutiny Commission received the draft Climate Change Strategy and Action Plan 2011-14 which was a refresh of the existing 2008-11 strategy.

In response to Members' questions the following was noted:

- the aim for the new council offices was an 'excellent' BREEAM rating for sustainability and cost effective operation;
- meetings were being held with planning officers to ensure they were taking the Climate Change Strategy into account in their considerations;
- HBBC's performance in relation to climate change measures was similar to other authorities.

RESOLVED – the Climate Change Strategy and Action Plan 2011-14 be endorsed.

88 MEMBERSHIP OF THE SCRUTINY ENVIRONMENT GROUP

The Commission was reminded that the group had previously been appointed by the Scrutiny Commission but any interested non-Executive Member could become a member of the group. It was agreed that Political Group leaders would be asked to nominate members to the group and to inform the Democratic Services Officer of these nominees.

89 ENVIRONMENTAL IMPROVEMENT PROGRAMME (SC2)

The Environmental Improvement Programme for 2011/12 was outlined for Members. The Commission expressed concern that funding for the scheme had been reduced due to reductions in county council funding. Information was requested on the amount that the County Council had withdrawn from the programme and any amount withdrawn by the Borough Council. Members were also concerned about the large number of schemes on the reserve list and whether the position of these would be further affected when the Burbage and Hinckley Conservation Areas had been reviewed over the next few months.

RESOLVED –

(i) information on the breakdown of withdrawn funding be provided to the Commission;

(ii) the Scrutiny Commission's concern with regard to the reduction in funding be expressed to the County Council.

90 CAPITAL PROJECTS

Members were provided with updates on the Atkins development, Greenfields, Council Offices, Argents Mead enhancements, the Bus Station redevelopment, Hinckley Club for Young People and the Leisure Centre.

Atkins Building

The Estates & Asset Manager reported that the first tenant had moved into the building in August 2010, the offices were 76% occupied and there was a waiting list for Creative Hinckley units. Members requested information on the financial breakdown before the next meeting of the Commission. Concern was expressed that businesses had moved from other parts of the borough to move into the Atkins Building which had been detrimental to the economy outside of Hinckley.

Greenfields

The units were fully occupied and receiving further interest. Members requested information on the yield of the development. Members suggested offering an incentive for businesses from outside of the borough moving into a unit at Greenfields. However in response it was suggested that this may discourage new businesses moving to the units.

Council Offices

It was intended that this would be a gateway development to the town and would be a shared location with other agencies. Strong disappointment was expressed that the Police Authority had not supported a move to the site despite agreements having been met with regard to the requests they had made. It was stated however that there were many other interested partners and discussions were continuing with them.

Argents Mead Enhancements

It was reported that consultation on this site was moving forward. Those Members who had previously sat on the Finance & Audit Services Select Committee expressed concern that the recommendation of the Select Committee to secure a substantial capital receipt had not been implemented and the financial target which was required to fund a future capital programme would not be met. Members also felt they had not been given the opportunity to see the options or to scrutinise the plans. It was requested that details be brought to the next meeting.

Bus Station redevelopment

It was noted that the development was due to open in 2014 and an agreement had already been made with the anchor tenants.

Hinckley Club for Young People

The Cultural Services Manager reported that the facility had opened on time and on budget and now had a large membership. It had received two awards for the best community facility in the East Midlands and had been shortlisted for a national award. Members offered their congratulations on the success of the project. During discussion the following issues were raised:

- The possibility that the wide membership of the Club could detract from smaller facilities outside of Hinckley;
- The ongoing maintenance of the building, bearing in mind the fact that the construction company was no longer operating;
- The financial information for the operation not having been made available to Members.

Mr Nichols, who had recently been appointed to the Management Committee of the Club, stated that the accounts would be prepared in September, and it was agreed that these would be requested for a future meeting when available subject to the consent of the HC4YP charity.

Leisure Centre

It was reported that options for the procurement of a new leisure centre were currently being scoped as the current contract would expire in 2015. Concern was expressed that whilst the lifespan of the current Leisure Centre had been extended slightly following a recent investment, there would still be a need for a new facility or for a significant sum to be spent on the current Centre. It was agreed that a report would be brought to a future meeting outlining the options and timescales.

RESOLVED –

(i) The Scrutiny Commission be provided with information on the yield of the Greenfields Development;

(ii) The options with regard to Argents Mead Enhancements and the Leisure Centre be brought to the next meeting of the Commission;

(iii) A financial summary for Hinckley Club for Young People be brought to a future meeting of the Commission.

91 BARWELL & EARL SHILTON SCRUTINY GROUP (SC5)

Members were reminded of the Terms of Reference of the Barwell and Earl Shilton Scrutiny Group to facilitate a discussion on the future of the group. It was agreed that there was a continued need for the group and that the Ward Councillors for Barwell and Earl Shilton should meet to discuss objectives for the group and consider any changes required to the Terms of Reference.

92 SCRUTINY COMMISSION WORK PROGRAMME 2011/12

Following the Scrutiny Workshop held on 7 July members were thanked for their input and informed of the next stage of the process in prioritising highlighted topics for review by the Commission. It was agreed that the areas highlighted as priorities would be considered by the Chairman and Vice-Chairmen and the list of priority topics would be sent to Members as soon as available and would be used to create a work programme.

93 FORWARD PLAN OF EXECUTIVE AND COUNCIL DECISIONS (SC6)

Members received the Forward Plan of Executive and Council decisions. It was requested that items on Regent Street, Charnwood Forest Regional Park and the Protocol for Section 106 contributions be brought to the Commission before any final decision was made.

RESOLVED – the Forward Plan be noted and the abovementioned items be brought to the Commission.

94 MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

RESOLVED - in accordance with Section 100A(4) of the Local Government Act 1972 the public be excluded from the following item of business on the grounds that it involves the disclosure of exempt information as defined in Paragraphs 3, 4 and 10 of Part I of Schedule 12A of that Act.

95 INTERNAL DELIVERY OF THE RESPONSIVE REPAIRS CONTRACT (SC7)

Members were advised of progress regarding the future delivery of an in-house responsive repairs service. It was reported that benefits would not only be financial, but also tangible, particularly in reducing time taken to manage the partnership arrangements which were currently in operation. Information was requested on the options for use of any money saved as a result of the changes. It was agreed that an update would be brought back to the Commission on a six monthly basis.

RESOLVED –

(i) the report and progress be noted;

(ii) an update be brought to the Scrutiny Commission in six months.

(The meeting closed at 9.11 pm)

REPORT NO C15

COUNCIL – 30 AUGUST 2011

REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES – SETTING OF PRUDENTIAL INDICATORS 2011/12 AND TREASURY MANAGEMENT STRATEGY 2011/12

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1. PURPOSE OF REPORT

This report outlines the Council's prudential indicators for 2011/12 – 2013/14 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of the **prudential indicators,** setting out the expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities - Appendix A). The treasury management prudential indicators are now included as treasury indicators in the CIPFA Treasury Management Code of Practice;
- The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007 – Also Appendix A);
- The **treasury management strategy statement** which sets out how the Council's treasury service will support the capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the **Authorised Limit**, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code and shown at Appendix B;
- The **investment strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance. And also shown in Appendix B.

The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

2. RECOMMENDATIONS

Council is recommended to approve each of the key elements of these reports:

1. The Prudential Indicators and Limits for 2011/12 to 2013/14 contained within Section 3 Part A of the report, including the Authorised Limit Prudential Indicator.
2. The Minimum Revenue Provision (MRP) Statement contained within Section 3 Part A which sets out the Council's policy on MRP.
3. The Treasury Management Strategy 2011/12 to 2013/14, and the treasury Prudential Indicators contained within Section 3 Part B.

4. The Investment Strategy 2011/12 contained in the treasury management strategy Part 3 Section B and the detailed strategy in Appendix 1.

3. **BACKGROUND**

A The Capital Prudential Indicators 2011/12 – 2013/14

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, reflecting the outcome of the Council's underlying capital appraisal systems. This report updates currently approved indicators and introduces new indicators for 2013/14.
2. Within this overall prudential framework there is an impact on the Council's treasury management activity – as it will directly impact on borrowing or investment activity. As a consequence the treasury management strategy for 20011/12 to 2013/14 is included as Appendix B to complement these indicators. Some of the prudential indicators are shown in the treasury management strategy to aid understanding.

The Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This unsupported capital expenditure needs to have regard to:
   - Service objectives (e.g. strategic planning);
   - Stewardship of assets (e.g. asset management planning);
   - Value for money (e.g. option appraisal);
   - Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
   - Affordability (e.g. implications for the council tax and rents);
   - Practicality (e.g. the achievability of the forward plan).
4. The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources.
5. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need.
6. The key risks to the plans are that the level of Government support has been estimated and is therefore maybe subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. For instance anticipated asset sales may be postponed due to the poor condition of the property market.
7. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

Table 1

Capital Expenditure £'000	2010/11 Original	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Non-HRA	6,539	9,134	2,025	1,266	928
HRA	2,824	3,152	2,594	2,594	2,594
Total	9,363	12,286	4,619	3,860	3,522
Financed by:					
Capital receipts	3,976	3,403	1,557	978	640
Capital grants	1,992	3,517	305	165	165
Capital reserves	0	0	0	0	0
Revenue	2,101	2,275	2,092	2,052	2,052
Net financing need for the year	**1,294**	**3,091**	**665**	**665**	**665**

The Council's Borrowing Need (the Capital Financing Requirement)

8. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above which has not immediately been paid for will increase the CFR.
9. The Council is asked to approve the CFR projections below:

Table 2

£'000	2010/11 Original	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Capital Financing Requirement					
CFR – Non Housing	11,524	13,490	11,182	10,919	10,656
CFR - Housing	2,487	1,970	2,512	3,054	3,596
Total CFR	**14,011**	**15,460**	**13,694**	**13,973**	**14,252**
Movement in CFR	**938**	**2,648**	**-1,766**	**279**	**279**

Movement in CFR represented by					
Net financing need for the year (above)	1,294	3,091	665	665	665
Less MRP/VRP and other financing movements	356	443	2,431	386	386
Movement in CFR	**938**	**2,648**	**-1,766**	**279**	**279**

10. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). No revenue charge is required for the HRA.

11. CLG Regulations have been issued which require full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement

12. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
    - **Existing practice** - MRP will follow the existing practice outlined in former CLG Regulations (Option 1);

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

13. From 1 April 2008 for all unsupported borrowing (including PFI and Finance Leases) the MRP policy will be
    - **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)

These options provide for a reduction in the borrowing need over approximately the asset's life.

The Use of the Council's Resources and the Investment Position

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

Table 3

Year End Resources £'000	**2010/11 Original**	**2010/11 Revised**	**2011/12 Estimate**	**2012/13 Estimate**	**2013/14 Estimate**
Fund balances	3,139	3,415	2,938	2,834	2,731
Capital receipts	0	650	0	0	0
Earmarked reserves	3,039	2,626	2,236	2,102	1,998
Provisions	318	308	206	104	0
Contributions unapplied	460	182	121	61	0
Total Core Funds	**7,956**	**7,181**	**5,501**	**5,101**	**4,729**
Working Capital*	1,000	1,000	1,000	1,000	1,000
Under borrowing	8,211	9,160	7,394	7,673	7,952
Expected Investments	**745**	**0**	**0**	**0**	**0**

*Working capital balances shown are estimated year end; these may be higher mid year

Affordability Prudential Indicators

15. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are

required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

16. **Actual and Estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table 4

%	2010/11 Original	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Non-HRA	0.06	4.6	4.3	4.3	4.3
HRA	20.1	39.8	39.2	39.2	39.2

17. The estimates of financing costs include current commitments and the proposals in this budget report.

18. **Estimates of the incremental impact of capital investment decisions on the Council Tax** – This indicator identifies the revenue costs associated with ***proposed changes*** to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

19. **Incremental impact of capital investment decisions on the Band D Council Tax**

Table 5

£	Original 2010/11	Proposed Budget 2010/11	Forward Projection 2011/12	Forward Projection 2012/13	Forward Projection 2013/14
Council Tax - Band D	0.63	1.83	-2.18	0.07	0.30

20. **Estimates of the incremental impact of capital investment decisions on Housing Rent levels** – Similar to the Council tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

21. **Incremental impact of capital investment decisions Housing Rent levels**

Table 6

£	Original 2009/10	Proposed Budget 2009/10	Forward Projection 2010/11	Forward Projection 2011/12	Forward Projection 2012/13
Weekly Housing Rent levels	0.00	0.00	0.00	0.00	0.00

22. This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls

B. Treasury Management Strategy 2011/12 – 2013/14

1. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Appendix A consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets its balanced budget requirement under the Local Government Finance Act 1992. .
2. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 30 June 2003
3. As a result of adopting the Code the Council also adopted a Treasury Management Policy Statement (30 June 2003). This adoption is the requirements of one of the prudential indicators.
4. The Constitution require an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year, and a new requirement of the revision of the Code of Practice is that there is a mid-year monitoring report.
5. This strategy covers:
    - The Council's debt and investment projections;
    - The Council's estimates and limits on future debt levels;
    - The expected movement in interest rates;
    - The Council's borrowing and investment strategies;
    - Treasury performance indicators;
    - Specific limits on treasury activities;

Debt and Investment Projections 2011/12 – 2013/14

6. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. The table below shows this effect on the treasury position over the next three years. The expected maximum debt position during each year represents the Operational Boundary prudential indicator, and so may be different from the year end position. The table also highlights the expected change in investment balances.

Table 7

£'000	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
External Debt				
Debt at 1 April	12,812	15,460	13,694	13,973
Expected change in debt	2,648	-1,766	279	279
Debt at 31 March	15,460	13,694	13,973	14,252
Operational Boundary	**15,460**	**13,694**	**13,973**	**14,252**
Investments				
Total Investments at 31 March	**0**	**0**	**0**	**0**
Investment change	**0**	**0**	**0**	**0**

7. The related impact of the above movements on the revenue budget are:

Table 8

£'000	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Revenue Budgets				
Interest on Borrowing	140	-93	15	15
Related HRA Charge	31	29	29	29
Net General Fund Borrowing Cost	109	-122	-14	-14
Investment income	**0**	**0**	**0**	**0**

Limits to Borrowing Activity

8. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits
9. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2010/11 and the following two financial years (the relevant comparative figures are highlighted). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Table 9

£'000	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Gross Borrowing	15,460	13,694	13,973	14,252
Less Investments	0	0	0	0
Net Borrowing	15,460	13,694	13,973	14,252
CFR*	15,460	13,694	13,973	14,252

* - Under the Prudential Code revision any falls in the CFR are ignored.

10. The Deputy Chief Executive (Corporate Direction) reports that the Council complied with this prudential indicator in the current year and does not

envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

11. The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
12. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.
13. The Council is asked to approve the following Authorised Limit:

Table 10

Authorised limit £'000	**2010/11 Revised**	**2011/12 Estimate**	**2012/13 Estimate**	**2013/14 Estimate**
Borrowing	19,460	17,694	17,973	18,252
Other long term liabilities	92	56	28	0
Total	19,552	17,750	18,001	18,252

14. Borrowing in advance of need – The Council has some flexibility to borrow funds this year for use in future years. The Deputy Chief Executive (Corporate Direction) may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Deputy Chief Executive (Corporate Direction) will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance will be made within the constraints that:
    - It will be limited to no more than 20% of the expected increase in borrowing need (CFR) over the three year planning period; and
    - Would not look to borrow more than 12 months in advance of need.
15. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

Expected Movement in Interest Rates

Table 11

Medium-Term Rate Estimates (averages)

Annual Average %	**Bank Rate**	**Money Rates**		**PWLB Rates***		
		3 month	**1 year**	**5 year**	**25 year**	**50 year**
2010/11	0.5	0.7	1.5	2.6	4.6	4.7
2011/12	0.7	0.9	1.8	3.5	5.3	5.3
2012/13	1.7	1.9	2.8	4.0	5.4	5.4
2013/14	3.1	3.3	3.8	4.8	5.6	5.6

2014/15	4.0	4.2	4.5	5.6	5.6	5.8
2015/16	4.0	4.2	4.2	5.3	5.5	5.5

- Borrowing Rates

16. There is significant uncertainty with economic forecasts. Whilst short-term rates are expected to remain on hold through most of 2011, inflationary concerns are increasing. Inflation has been above the 2% target for so long the credibility of the MPC may become a greater focus. This will make the MPC's decisions during 2011 a difficult judgment; control inflation or continue to aid the recovery? The MPC will be particularly concerned that the public's inflation expectations could become unhinged. There is a risk that the MPC may feel they will need to take action earlier than Q4, i.e. Q3, in order to reinforce its credibility.
17. The recovery in the economy is well underway; however, the strong rates of growth we have seen are unlikely to be sustained. The Government's determination to cut the size of the public sector deficit will be a drag upon activity in the medium term. The void left by significant cuts in public spending will need to be filled by a number of alternatives – corporate investment, rising exports (assisted by the fall in the value of sterling) and consumers' expenditure. In terms of sheer magnitude, the latter is the most important and strong growth in this area is by no means certain. The combination of the desire to reduce the level of personal debt, lack of access to credit and continued job uncertainty is likely to weigh heavily upon spending. This will be amplified by fiscal policy tightening, in the Comprehensive Spending Review. Without growth in personal spending remaining robust, any recovery in the economy is set to be weak and protracted.
18. Fiscal support in the US through the extension of tax cuts and monetary support through the extension of quantitative easing (QEII, with the potential for further easing), has had an adverse effect on world bond markets. Following the recent sell off the outlook for long-term interest rates is favourable in the near term, but is set to deteriorate again in the latter part of 2011. The increase in yields will be suppressed by continued investor demand for safe haven instruments following the uncertainties and unfolding tensions within the entire Eurozone. In addition to this, the market has been underpinned by evidence of moderating activity in major economies and the coalition government's determination to deal with the parlous state of public sector finances. These two factors will restrict any deterioration in longer term fixed interest rates in the near term.
19. However, while the UK's fiscal burden will almost certainly ease, it will be a lengthy process and deficits over the next two to three financial years will still require a very heavy programme of gilt issuance. The latest Bank Inflation Report suggests the market will not be able to rely upon Quantitative Easing indefinitely to alleviate this enormous burden.
20. Eventually, the absence of the Bank of England as a continued buyer of gilts will shift the balance between supply and demand in the gilt-edged market. Other investors will almost certainly require some incentive to continue buying government paper.
21. This incentive will take the form of higher yields. The longer end of the curve will suffer from the lack of support from the major savings institutions – pension funds and insurance companies - who will continue to favour other investment instruments as a source of value and performance.

22. Although the FSA has recently delayed implementation of their liquidity requirements, the regulator will still look to ensure banks have necessary short term liquidity. The front end of the curve will benefit from this and will ensure the steeply-positive incline of the yield curve remains intact.

Borrowing Strategy 2011/12 – 2013/14

23. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
24. Long-term fixed interest rates are at risk of being higher over the medium term, and short term rates are expected to rise, although more modestly. The Deputy Chief Executive (Corporate Direction), under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide lower cost opportunities in the short/medium term.
25. With the likelihood of long term rates increasing, debt restructuring is likely to focus on switching from longer term fixed rates to cheaper shorter term debt, although the Deputy Chief Executive (Corporate Direction) and treasury consultants will monitor prevailing rates for any opportunities during the year.
26. Following the Comprehensive Spending Review the PWLB increased borrowing interest rates by approximately 1%, without changing debt redemption interest rates. This will make PWLB debt rescheduling more problematic in the future.
27. The option of postponing borrowing and running down investment balances will also be considered. This would reduce counterparty risk and hedge against the expected fall in investments returns.

Investment Strategy 2011/12 – 2013/14

28. **Key Objectives -** The Council's investment strategy primary objectives are safeguarding the re-payment of the principal and interest of its investments on time, then ensuring adequate liquidity, with the investment return being the final objective. Following the economic background above, the current investment climate has one over-riding risk, counterparty security risk. As a result of these underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.
29. **Risk Benchmarking** – A development in the revised Codes and the CLG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature. Additional background in the approach taken is attached at Annex B2.
30. These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

31. Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:
    - 0.24% historic risk of default when compared to the whole portfolio.
32. Liquidity – In respect of this area the Council seeks to maintain:
    - Bank overdraft - £1m
    - Liquid short term deposits of at least £1m available with a week's notice.
    - Weighted Average Life benchmark is expected to be 0.75 years, with a maximum of 1 year.
33. Yield - Local measures of yield benchmarks are:
    - Investments – Internal returns above the 7 day LIBID rate
34. And in addition that the security benchmark for each individual year is:

Table 12

	1 year	2 years	3 years	4 years	5 years
Maximum	0.24%	0.78%	1.48%	2.24%	3.11%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

35. **Investment Counterparty Selection Criteria -** The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:
    - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
    - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
36. The Deputy Chief Executive (Corporate Direction) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered high quality the Council may use rather than defining what its investments are.
37. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.
38. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

For instance a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

39. The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

- **Banks 1 - Good Credit Quality** – the Council will only use banks which:
    i. Are UK banks; and/or
    ii. Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA

  And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
    i. **Short Term** – F1
    ii. **Long Term** – A
    iii. **Individual / Financial Strength** – C (Fitch / Moody's only)
    iv. **Support** – 3 (Fitch only)
- **Banks 2 – Guaranteed Banks with suitable Sovereign Support** – In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
  - (a) wholesale deposits in the bank are covered by a government guarantee;
  - (b) the government providing the guarantee is rated "AAA" by all three major rating agencies (Fitch, Moody's and Standard & Poors); and
  - (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
- **Banks 3 – Eligible Institutions** - The organisation was considered an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008, with the necessary short and long term ratings required in Banks 1 above. These institutions were subject to suitability checks before inclusion.
- **Banks 4** – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
- **Building Societies**– the Council will use all Societies which:
    i. meet the ratings for banks outlined above

    Or are both:

    ii. Eligible Institutions; and
    iii. Have assets in excess of £500m.
- **Money Market Funds** – AAA
- **UK Government** (including gilts and the DMADF)
- **Local Authorities, Parish Councils etc**
- **Supranational institutions**

A limit of 100% will be applied to the use of Non-Specified investments.

40. **Country and sector considerations -** Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:

- no more than 5% will be placed with any non-UK country at any time;
- limits in place above will apply to Group companies;

- Sector limits will be monitored regularly for appropriateness.

41. **Use of additional information other than credit ratings** – Additional requirements under the Code of Practice require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.
42. **Time and Monetary Limits applying to Investments** - The time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

Table 13

	Fitch (or equivalent)	Money Limit	Time Limit
Limit 1 Category	AAA	£5m	3yrs
Limit 2 Category	AA	£5m	3yrs
Limit 3 Category	A	£3m	2yrs
Other Institution Limits	-	£2m	1yr
Guaranteed Organisations	-	£2m	6mths

43. The proposed criteria for Specified and Non-Specified investments are shown in Annex B1 for approval.
44. In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
45. The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will also be limited by the longer term investment limits.
46. **Economic Investment Considerations** - Expectations on shorter-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in mid/late-2011. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.
47. **The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Deputy Chief Executive (Corporate Direction) may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly the time periods for investments will be restricted.**

48. Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

Sensitivity to Interest Rate Movements

49. Future Council accounts will be required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

Table 14

£m	**2011/12 Estimated + 1%**	**2011/12 Estimated - 1%**
Revenue Budgets		
Interest on Borrowing	0	0
Net General Fund Borrowing Cost	0	0
Investment income	0	0

Treasury Management Limits on Activity

50. There are four further treasury activity limits, which were previously prudential indicators. The purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:
    - Upper limits on variable interest rate exposure – This identifies a maximum limit for variable interest rates based upon the debt position net of investments
    - Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
    - Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits
    - Total principal funds invested for greater than 364 days – These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

51. The Council is asked to approve the limits:

Table 15

£m	2011/12	2012/13	2013/14
Interest rate Exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	16	16	16
Limits on variable interest rates based on net debt	4	4	4
Maturity Structure of fixed interest rate borrowing 2011/12			
		Lower	**Upper**
Under 12 months		0%	100%
12 months to 2 years		0%	100%
2 years to 5 years		0%	100%
5 years to 10 years		0%	100%
10 years and above		0%	100%
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£5m	£5m	£5m

Performance Indicators

52. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:
    - Debt – Borrowing - Average rate of borrowing for the year compared to average available
    - Debt – Average rate movement year on year
    - Investments – Internal returns above the 7 day LIBID rate

   The results of these indicators will be reported in the Treasury Annual Report.

Treasury Management Advisers

53. The Council uses Sector as its treasury management consultants. The company provides a range of services which include:
    - Technical support on treasury matters, capital finance issues and the drafting of Member reports;
    - Economic and interest rate analysis;
    - Debt services which includes advice on the timing of borrowing;
    - Debt rescheduling advice surrounding the existing portfolio;
    - Generic investment advice on interest rates, timing and investment instruments;
    - Credit ratings/market information service comprising the three main credit rating agencies;
54. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on

treasury matters remains with the Council. This service is subject to regular review.

4. FINANCIAL IMPLICATIONS

These are contained in the body of the report

5. LEGAL IMPLICATIONS

There are none arising directly from this report

6. CORPORATE PLAN IMPLICATIONS

Delivery of the Prudential Indicators contributes to the achievement of Strategic Objective 3: "Deliver the Councils Medium Term Financial with a sustained focus on the Council's priorities whilst working to resolve the continuing pressure of service requirements in the context of available resources".

7. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decision were identified from this assessment:

Management of Significant (Net Red) Risks		
Risk Description	Mitigating Actions	Owner
Failure to achieve planned level of capital expenditure on the Capital Programme	Monitor expenditure via Budget Monitoring process and Capital Forum	Ilyas Bham
Failure to generate sufficient Capital Receipts and/or grants and other external funding to support the proposed programme	Look to revise the programme to bring spend into line with available resources	Ilyas Bham

8. KNOWING YOUR COMMUNITY- EQUALITY AND RURAL IMPLICATIONS

Schemes in the Capital Programme cover all services and all areas of the Borough including rural areas

9. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety Implications
- Environmental Implications
- ICT Implications
- Asset Management Implications
- Human Resources Implications
- Voluntary Sector Implications

Background Papers
Capital Programme 2010/11 to 2013/14
The CIPFA Prudential Code
Treasury Management Policy
Revenue Budget 2011/12

Contact Officer: David Bunker, Accountancy Manager ext 5609
Executive Member – Cllr KWP Lynch

Appendix 1

Treasury Management Practice (TMP) 1 – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 30 June 2003 and will apply its principles to all investment activity. In accordance with the Code, the Deputy Chief Executive (Corporate Direction) has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers

pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

5. A body that is considered of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	**Limit (£)**
a.	**Supranational Bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds** - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	AAA long term ratings £3m £3m
b.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£3m
c.	**The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.**	£3m
d.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £500m, but will restrict these type of investments to £2m	£2m
e.	Any **bank or building society** that has a minimum long term credit rating of A, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£5m
f.	Any **non rated subsidiary** of a credit rated institution included in the specified investment category. These	£2m

	institutions will be included as an investment category subject to a limit of £2m for a period of 6 months	

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Deputy Chief Executive (Corporate Direction), and if required new counterparties which meet the criteria will be added to the list.

Appendix 2

Security, Liquidity and Yield Benchmarking

Benchmarking and Monitoring Security, Liquidity and Yield in the Investment Service - A proposed development for Member reporting is the consideration and approval of security and liquidity benchmarks.

These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons in the Annual Treasury Report.

Yield – These benchmarks are currently widely used to assess investment performance. Local measures of yield benchmarks are :

- Investments – Internal returns above the 7 day LIBID rate

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. However they have not previously been separately and explicitly set out for Member consideration. Proposed benchmarks for the cash type investments are below and these will form the basis of future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.

Liquidity – This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (CIPFA Treasury Management Code of Practice). In respect of this area the Council seeks to maintain:

- Bank overdraft **-** £1m
- Liquid short term deposits of at least £1m available with a week’s notice.

The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:

- WAL benchmark is expected to be 0.75 years, with a maximum of 1 year**.**

Security of the investments – In context of benchmarking, assessing security is a much more subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody’s and Standard and Poors). Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council’s investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch/Moody’s Standard and Poors long term rating category over the period 1990 to 2009.

Years	1	2	3	4	5
AAA	0.00%	0.01%	0.05%	0.10%	0.17%
AA	0.03%	0.06%	0.08%	0.14%	0.20%
A	0.08%	0.22%	0.37%	0.52%	0.70%
BBB	0.24%	0.68%	1.19%	1.79%	2.42%
BB	1.22%	3.24%	5.34%	7.31%	9.14%
B	4.06%	8.82%	12.72%	16.25%	19.16%
CCC	24.03%	31.91%	37.73%	41.54%	45.22%

The Council's minimum long term rating criteria is currently "A", meaning the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.08% of the total investment (e.g. for a £1m investment the average loss would be £800). This is only an average - any specific counterparty loss is likely to be higher - but these figures do act as a proxy benchmark for risk across the portfolio.

The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- 0.055% historic risk of default when compared to the whole portfolio.

And in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.24%	0.68%	1.19%	1.79%	2.42%

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Investment Annual Report. As this data is collated, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

REPORT NO C16

COUNCIL – 30 AUGUST 2011

REPORT OF CHIEF OFFICER, BUSINESS, CONTRACT & STREET SCENE SERVICES

RE: DEDICATION OF PART OF THE ARGENTS MEAD SITE AS A QUEEN ELIZABETH II FIELD

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1. PURPOSE OF REPORT

To seek Council approval to dedicate part of Argents Mead as a Queen Elizabeth II Park.

2. RECOMMENDATION

That Council agree to part of Argents Mead shown in plan 1, being dedicated as a Queen Elizabeth II park.

That Council delegate authority to the Leader of the Council and the Public Space Manager to progress this dedication and make minor amendments to boundary line should the need arise.

3. BACKGROUND TO THE REPORT

3.1 Fields in Trust are running the Queen Elizabeth II Fields challenge as part of the Diamond Jubilee programme. Led by the Duke of Cambridge the challenge aims to protect 2012 open spaces by 2012.

3.2 The dedication protects the site from development in perpetuity as provides a legacy to mark both the Diamond Jubilee and the London 2012 Olympics.

3.3 Future funding from Sport England, Sita and other sponsors of the challenge will favour Queen Elizabeth II Parks, and it is intended that a nationally run Diamond Jubilee Fields Fund will be established to support further improvements.

3.4 The indicative boundary of the dedication is shown on the attached plan. It excludes the war memorial area, castle mound and moat as these areas are already dedicated and are a historic monument. The boundary is set by the current Council Offices building and the area of the Argents Mead regeneration. Once the Argents Mead regeneration is completed it may be possible to extend the dedicated area to include the new areas of park created.

3.5 A plaque will be installed on the site to mark the dedication.

3.6 Fields In Trust are intending to organise a national celebration on all Queen Elizabeth II parks called “Have a field day” over the Jubilee weekend 2-5 June 2012. They will be encouraging local communities to organise events on this date. Cultural Services will organise a Jubilee concert as park of the Music on the Park programme at the Argents Mead bandstand to mark this event.

4. **FINANCIAL IMPLICATIONS (TO)**

The cost of applying for this dedication is £150 per site plus officer time. This can be met from existing budgets.

5. **LEGAL IMPLICATIONS (AB)**

The dedication of the park will require the Council to enter into a legal restriction not to sell or otherwise dispose of the land without the consent of Fields in Trust. The land identified is already bound by a restrictive covenant for it not to be used for any purpose other than a public park and it is therefore considered that the further restriction would not be an onerous additional burden on the Council's asset.

6. **CORPORATE PLAN IMPLICATIONS**

Cleaner Greener neighbourhoods are a corporate plan priority, along with improving our parks and open spaces.

7. **CONSULTATION**

No consultation has taken place about this proposal. However once the nomination for dedication is submitted, members of the public due have the opportunity to go on to the Fields In Trust website and support this dedication.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

No specific implications have been identified.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Indicative plan of Argents Mead and area for dedication.

Contact Officer: Caroline Roffey

Executive Member: Cllr Stuart Bray