

Central Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



please ask for Mel Peaston, Senior Democratic Services Officer

direct line 0300 300 6076

date 8 January 2010

NOTICE OF MEETING

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Date & Time

Monday, 18 January 2010 10.00 a.m.

Venue at

**Committee Room 2, Council Offices, High Street North,
Dunstable**

Richard Carr
Chief Executive

To: The Chairman and Members of the CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE:

Cllrs J G Jamieson (Chairman), J A E Clarke (Vice-Chairman), I Dalgarno,
P A Duckett, D J Hopkin, R W Johnstone, D Jones, Mrs J G Lawrence and
J Street

[Named Substitutes:

Cllrs: A R Bastable, L Birt, D Bowater, M Gibson and P Snelling]

All other Members of the Council - on request

**MEMBERS OF THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THIS
MEETING**

AGENDA

1. **APOLOGIES FOR ABSENCE**

To receive any apologies for absence and notification of any substitute members.

2. **MINUTES**

To approve as a correct record the minutes of the last meeting held on 10 December 2009

3. **DECLARATIONS OF INTEREST**

To receive from Members any declarations of interest and the nature thereof in relation to:-

- (a) personal interests in any agenda item;
- (b) personal and prejudicial interests in any agenda items;
- (c) any political whip in relation to an agenda item.

4. **CHAIRMAN'S ANNOUNCEMENTS AND MATTERS OF COMMUNICATION**

To receive any announcements from the Chairman and any matters of communication.

5. **PETITIONS**

To receive petitions in accordance with the scheme of public participation set out in Annex 2 of Part 4 of the Council's Constitution.

6. **PUBLIC STATEMENTS, QUESTIONS AND DEPUTATIONS**

This is an opportunity for questions, statements and depositions to be made by members of the public in accordance with the Public Participation Procedure set out in section 4 of the Council's Constitution.

7. **DISCLOSURE OF EXEMPT INFORMATION**

To consider proposals, if any, to deal with any item likely to involve the disclosure of exempt information as defined in the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 prior to the exclusion of the press and public.

8. **CALL-IN**

To consider any matter referred to the Committee in relation to the calling-in of a decision.

9. **REQUESTED ITEMS**

To consider any matter referred to the Committee at the request of a Member under Procedure Rule 3.1 of Part D2 of the Constitution.

Reports

Item	Subject	Page Nos.
10	Medium Term Accommodation Programme Update To consider a report proposing a revised programme and re-naming it the Interim Accommodation Plan.	* 41 - 46
11	Treasury Management Strategy To consider a report proposing a revised strategy in response to changes in two key codes and increased risk in investment markets.	* 47 - 88
12	Executive Forward Plan To consider the Executive Forward Plan for the period starting 1 February 2010.	* 89 - 114
13	Revised Work Programme To consider the Committee's revised programme of items for 2009/2010.	* 115 - 124
14	Date of Next Meeting The next meeting of the Committee will be held on 1 February 2010 in Room 15, Priory House, Chicksands starting at 10.00am.	

15. **EXCLUSION OF PRESS AND PUBLIC**

To consider whether to pass a resolution under section 100A of the Local Government Act 1972 to exclude the Press and Public from the meeting for the following item of business on the grounds that the consideration of the item is likely to involve the disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

Report

<i>Item</i>	<i>Subject</i>	<i>Exempt Para.</i>	<i>Page Nos.</i>
EX1	Disaggregation of the Assets of the Former Bedfordshire County Council To consider a report proposing the basis of an agreement with Bedford Borough Council on the division of the assets of the former Bedfordshire County Council.	* 3	125 - 146

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE** held at Room 15 Priory House, Monks Walk, Shefford on Thursday, 10 December 2009

PRESENT

Cllr J G Jamieson (Chairman)
Cllr J A E Clarke (Vice-Chairman)

Cllrs I Dalgarno
P A Duckett
D J Hopkin

Cllrs D Jones
Mrs J G Lawrence
J Street

Apologies for Absence: Cllrs R W Johnstone

Substitutes: Cllrs D Bowater (In place of R W Johnstone)

Members in Attendance: Cllrs M R Jones
D J Lawrence

Officers in Attendance: Mr M Bowmer Assistant Director Financial Services
Mr C Heaphy Director of Corporate Resources
Ms M Peaston Senior Democratic Services Officer
Miss C Powell Overview and Scrutiny Officer

CR/09/01 Apologies for Absence

Apologies for absence were received from Councillor Johnstone and Councillor Bowater was present as his substitute.

CR/09/02 Minutes

The minutes of the meeting held on 2 November 2009 were approved as a correct record and signed by the Chairman.

CR/09/03 Declarations of Interest

There were no declaration of interest.

CR/09/04 Chairman's Announcements and Matters of Communication

The Chairman advised the Committee that a date was being sought for a meeting in mid-January 2010 to replace the scheduled meeting at the beginning of January. He asked Members to complete the canvass sheet being passed round the meeting.

The Chairman altered the order in which items would be taken so that item 13, Review of Corporate Budget Proposals, would be considered before items 11 Quarter 2 Performance Report and 12 Quarter 2 Budget Management Report.

CR/09/05 **Petitions**

There were no petitions.

CR/09/06 **Public Questions, Statements and Deputations**

There were no public questions, statements or deputations.

CR/09/07 **Disclosure of Exempt Information**

No matters containing exempt information were anticipated.

CR/09/08 **Call-In**

There had been no matters of call-in.

CR/09/09 **Requested Items**

There were no requested items.

CR/09/010 **Departmental Update: ICT, Property and Assets**

The Committee agreed to defer this item to the next meeting in view of the relevant officer's absence from the meeting due to sickness.

CR/09/011 **Review of 2010/11 Corporate Budget Proposals**

Councillor Bowater declared a personal interest in matters in this item through being the Assistant Portfolio Holder for Social Care Health and Housing and therefore being involved in discussions for growth proposals in that area.

The Committee noted that all Members except Councillor Bowater had seen a presentation on the medium term financial plan 2010/11 – 2014/15 which provided background and an aid to understanding the budget. Councillor Bowater indicated that he was satisfied with having seen the slides for the presentation. The slides are attached to these minutes at **Appendix A**.

Members then considered the draft budget papers which had been considered by the Executive on 8 December 2009. The Chairman stated their intention as being to understand the budget at this stage rather than to challenge decisions as to spending.

The Director provided details of the context within which the budget should be considered. A comment was made about the level of local authority determination of the budget and it was noted that in principle a large proportion of the budget spend was governed by Government requirements and so services must be delivered in cost effective ways. All local authorities were being required to save 20%-30% over the next three years and as time went

on, the traditional approach to making savings would be replaced by an approach seeking more cross-cutting themes.

The Chairman commented that it was important to maximise grant income and indicated that this was a matter for the Committee's consideration at a future meeting.

Members asked a number of question and were provided with clarifying explanations. In several cases, questions were identified which could be answered at the other Overview and Scrutiny Committees when other Directors were present.

It was noted that all Overview and Scrutiny Committees could take the opportunity in the budget process to challenge on whether negative costs which had been identified had resulted in savings.

Members noted that guidance from this Committee to the other Overview and Scrutiny Committees for scrutinising the budget could be helpful. This could include:-

- Asking what a reduction in or loss of service would really mean to customers
- Asking how the service would be affected by a loss or reduction
- Looking at the growth proposals and considering whether they were reasonable.

It was noted that the status reporting (red, amber and green flagging) on the papers indicated implications for the customer at red, but not for amber or green. A significant proportion of efficiencies identified for Children's Services were marked as red, indicating service delivery implications.

In response to a number of suggestions from Members as to how the papers could be made more opaque when considering the budget next time round, the Assistant Director indicated that discussions would be held internally and with Members to improve the clarity of the reports. The Chairman also asked that it be made clear in the base budget if a matter was a clear saving or if there were ongoing costs associated with it.

A comment was made by the Chairman that managers should be enabled to manage the costs of employees within their remit and a suggestion was made that this matter be referred to the Constitution Working Group for consideration.

RESOLVED:-

1. to request the other Overview and Scrutiny Committees to consult and seek assurances from Officers that:-
 - a. items flagged as green had no service implications and could be delivered
 - b. items flagged as amber could be implemented with minimal impact on services and could be delivered
 - c. Officers clearly identify items flagged as red and their deliverability
 - d. Officers clearly identify all growth and pressure items that:-

1. relate to a loss of grant
 2. were previously funded by the transition budget in 2009/2010
 3. are discretionary in nature
 4. have an ongoing impact in future years
- e. to identify the ongoing impact of pressure/growth/savings on future years;
2. to ask the other Overview and Scrutiny Committees to identify where growth items could be optional, particularly where they were linked to a loss of funding, and to comment on the impact of their growth proposals on the other parts of the organisation;
 3. to ask the Social Care Health and Housing Overview and Scrutiny Committee to validate the figures in respect of the ageing population and transition and to review the costs of funding Adult Social Care on a sustainable basis;
 4. to ask the Social Care Health and Housing Overview and Scrutiny Committee to seek clarity in relation to the BUPA contract provision needs;
 5. to ask the Sustainable Communities Overview and Scrutiny Committee to clarify the projections in relation to transitional funds.

RECOMMENDED TO THE CONSTITUTION WORKING GROUP:-

1. **That consideration be given to the means by which managers managing employee budgets within the existing limits could still provide transparency on spending to Councillors.**

RECOMMENDED TO EXECUTIVE:-

1. **that consideration be given to the establishment of a central programme management resource to provide support across the whole council and reduce corporate risk, the resource to be funded through core savings to be identified by the Directors.**

CR/09/012 **Quarter 2 Performance Report**

The Committee considered the Quarter 2 Performance and the Quarter 2 Budget Management Report together.

Members noted that the budget overspend was coming down although there were still pressures in some areas. These included the difficulties in recruiting to posts for specialist lawyers in Adult Social Care.

RESOLVED to consider and note the detailed information.

CR/09/013 Quarter 2 Budget Management Report

This report was considered together with the previous item – see minute CR/09/012 above.

CR/09/014 Executive Forward Plan

The Committee noted the Executive's Forward Plan of Key Decision for the period 1 December 2009 to 30 November 2010 which was included with the agenda papers, and also the Forward Plan for the period 1 January 2010 to 31 December 31, which was included with the agenda papers for the Executive's meeting on 8 December 2009.

CR/09/015 Work Programme

The Committee considered its Work Programme and took into consideration items which had been included on the Executive's Forward Plan of Key Decisions, considered under the previous item.

A number of matters were identified which would be included in the amended Work Programme. These included:-

- Moving the People Strategy to an appropriate meeting
- The Capital Programme to be considered at the appropriate time
- Anything arising from the budget setting process which the Committee should consider
- The Asset Strategy and Guiding Principles, followed at a later meeting by a detailed Asset Management Plan
- Reviewing the arrangements for the budget process at the appropriate time, in advance of it starting for next year.

Members discussed the arrangements for looking at the budget during the current round of consideration. They were of the view that it would be appropriate for this Committee to comment on behalf of itself and the other Overview and Scrutiny Committees on the Executive report.

RESOLVED to take the appropriate action to enable the Corporate Resources Overview and Scrutiny Committee to comment on the Executive budget report.

Note: After the meeting Officers checked the procedures to enable this and established that the Committee could send a recommendation for the Overview and Scrutiny Co-ordination Panel to consider. This would propose that the Corporate Resources Overview and Scrutiny Committee be commissioned to carry out the budget report scrutiny referred to above on behalf of the other Committees, with the Chairmen of the other Committees present and enabled to take part in the discussion.

CR/09/016 **Date of Next Meeting**

The Committee noted that the scheduled meeting in January was not particularly timely and that it would be better to hold it later in the month. The February 1 meeting should also be held to consider budget matters only.

RESOLVED that the next meetings of the Committee would be held on 18 January 2010 and 1 February 2010 (budgetary matters only).

(Note: The meeting commenced at 9.00 a.m. and concluded at 1.30 p.m.)

Chairman:

Date:



Medium Term Financial Plan 2010/11 to 2014/15

Matt Bowmer

3 December 2009

MTFP 2011/11 to 2014/15



- Timetable
 - Issues/Priorities
 - Economy – Global/National/Local
 - Impact from legacy authorities
 - Budget Objectives
 - MTFP
 - Capital Programme
 - Consultation
-



Key Dates

July	<ul style="list-style-type: none"> • Draft Budget Strategy
August/ September	<ul style="list-style-type: none"> • Directors to identify revenue efficiencies • Capital Bids submitted
October	<ul style="list-style-type: none"> • Fees and Charges policy agreed • Individual Directorate challenge days and Corporate Challenge day to consider revenue options
November	<ul style="list-style-type: none"> • 2009/10 Capital Programme Reviewed • Fees and Charges agreed



Key Dates (2)

December	<ul style="list-style-type: none"> Local Government Finance Settlement Draft Revenue Budget to Executive
December/ January	<ul style="list-style-type: none"> Draft Revenue Budget to Scrutiny Public Consultation
January	<ul style="list-style-type: none"> Draft Capital Programme Asset Management Strategy agreed Treasury Management Policy agreed
February	<ul style="list-style-type: none"> Council approves Budget

Issues

Need to address:

- Priorities of Council
- Changes to the Medium Term Financial Plan
- The revenue budget for 2010/11, including reserves
- The Capital Programme for 2010/11
- The consultation process

Council Priorities



- Supporting and caring for an ageing population;
- Educating, protecting and providing opportunities for children and young people;
- Managing growth effectively;
- Creating safer communities; and
- Promoting healthier lifestyles

Economy

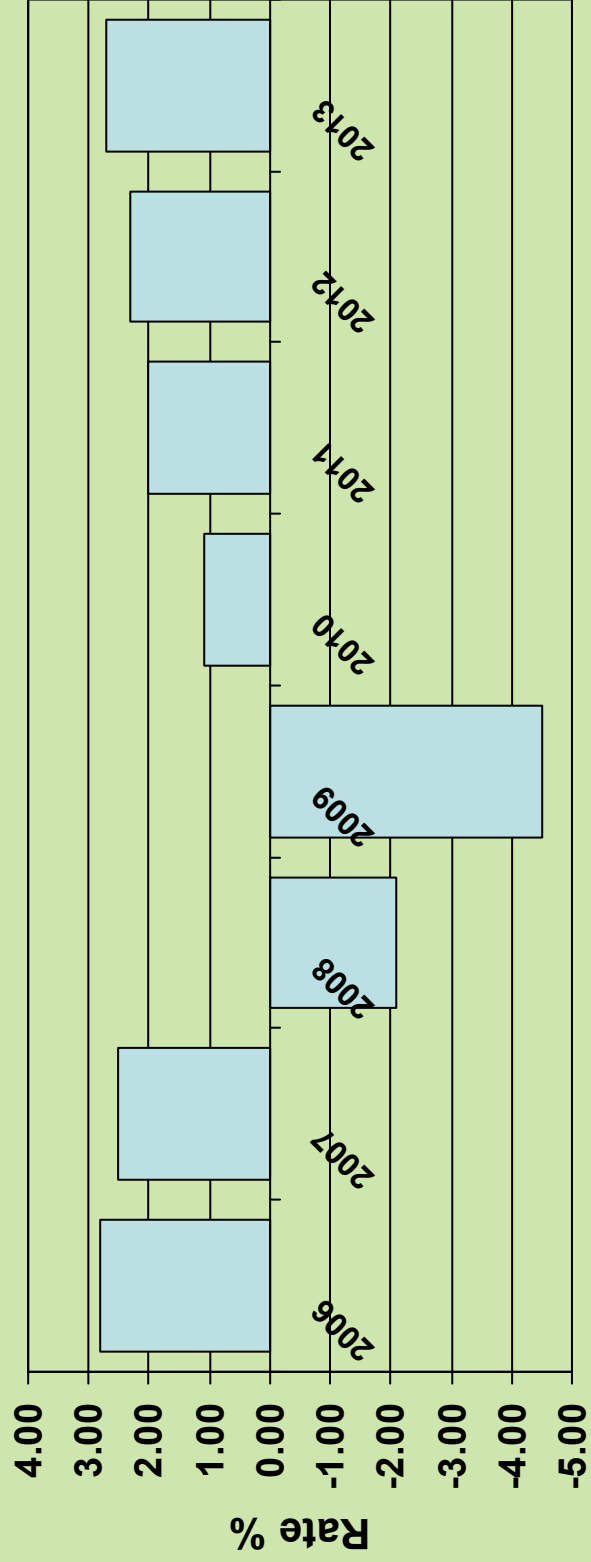


- GDP
- Inflation
- Interest rates
- Economic activity



Economy

GDP

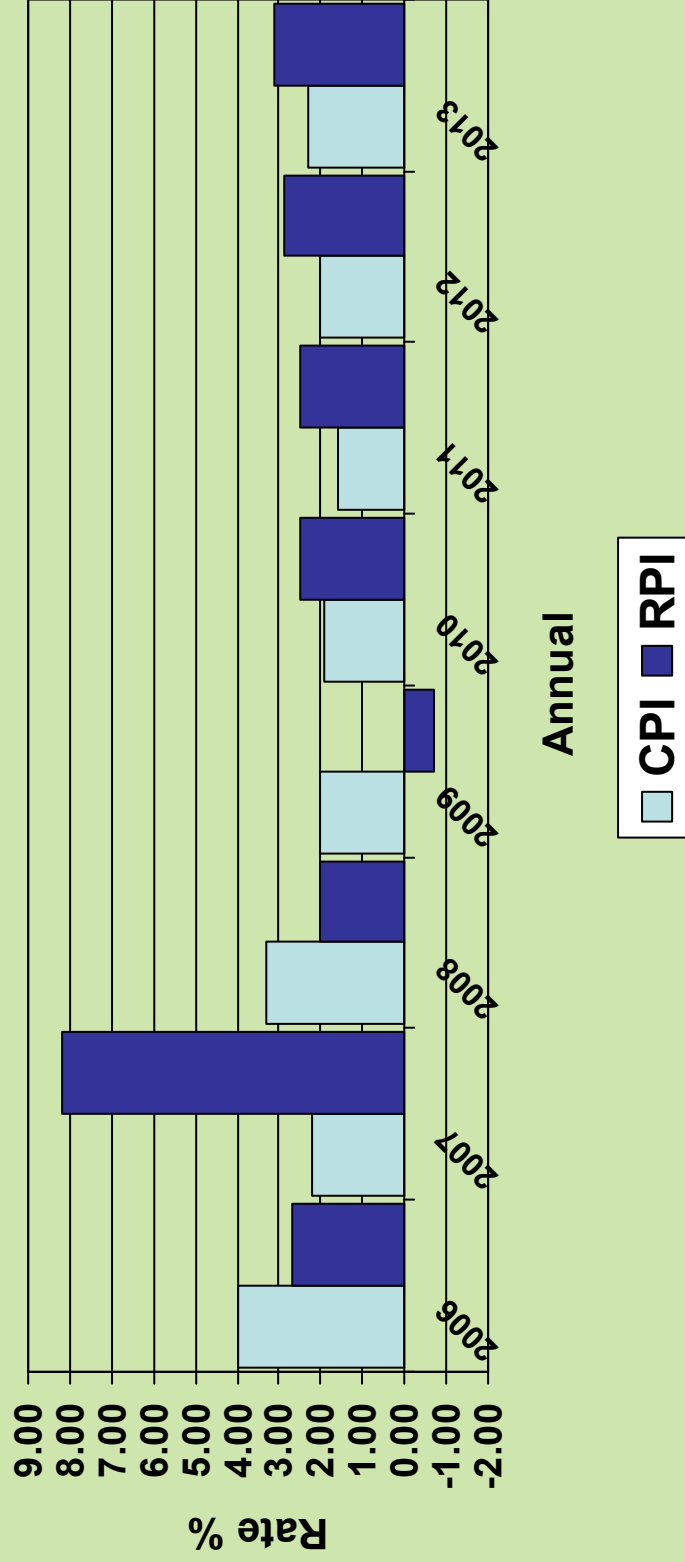


Annual Increase

Economy



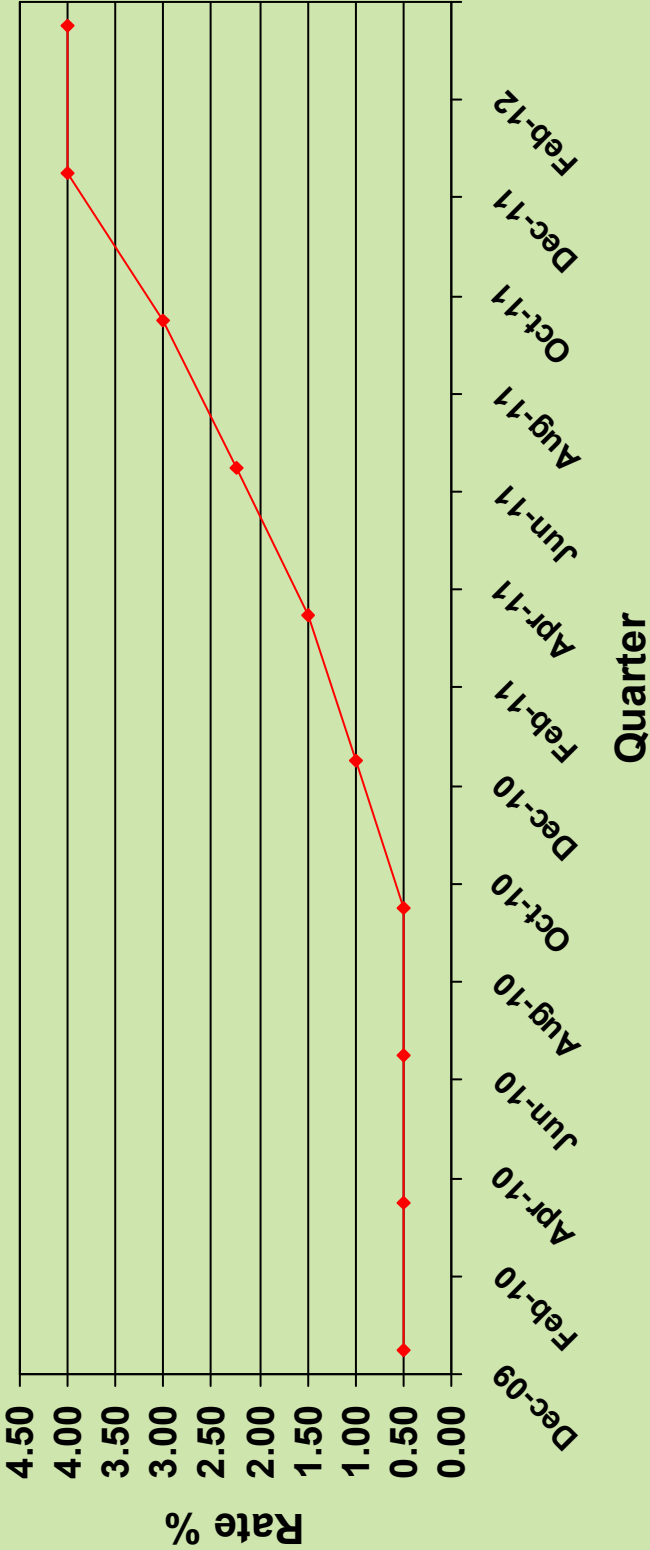
Inflation





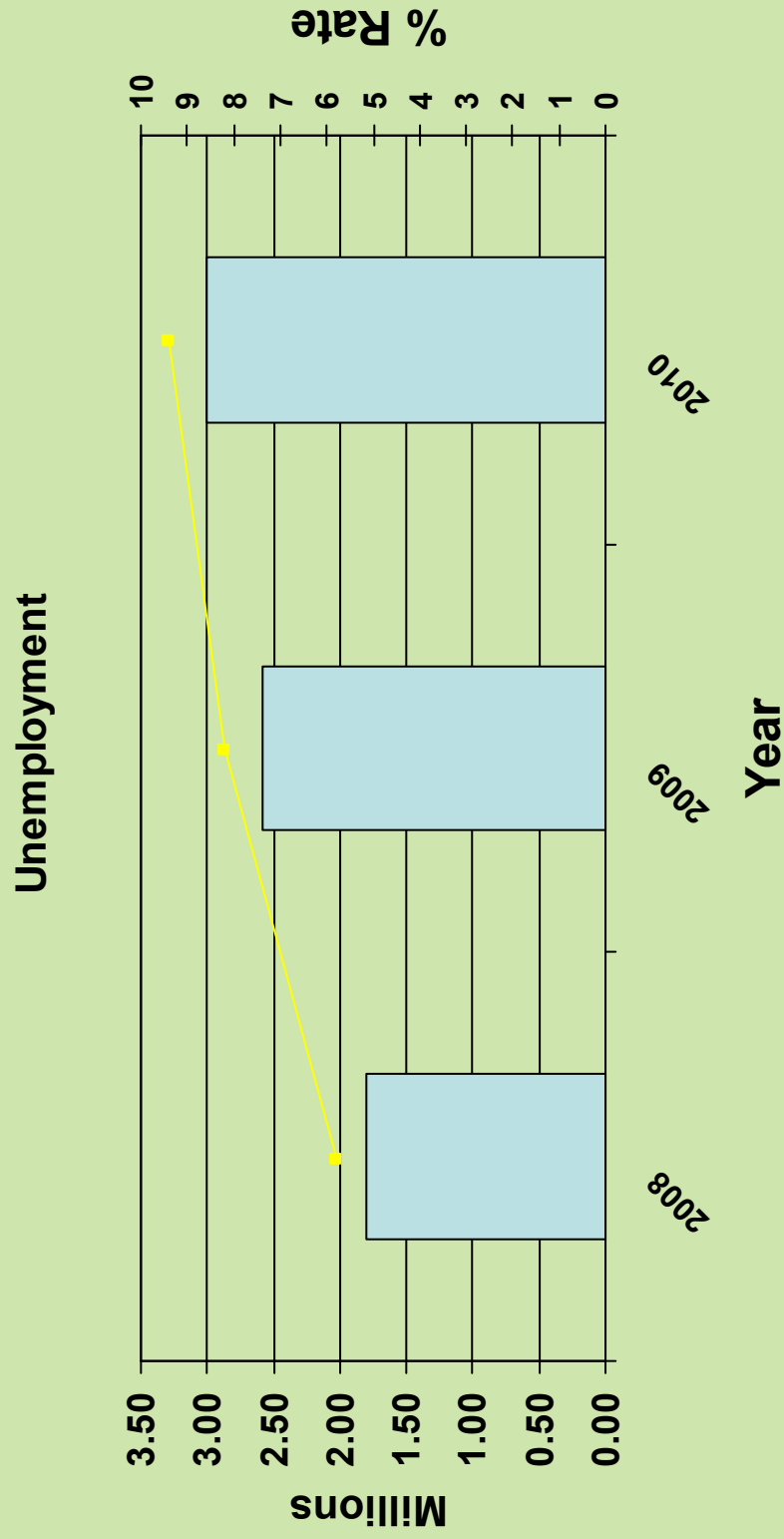
Economy

Base Rate





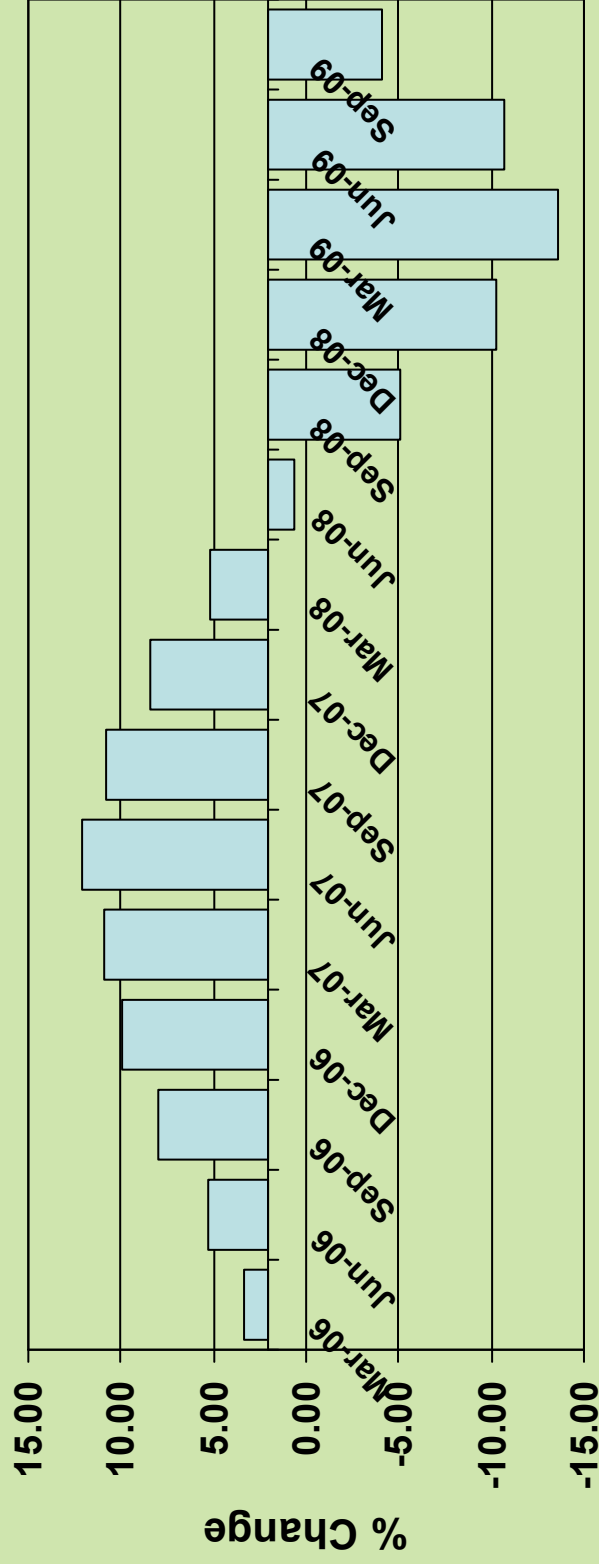
Economy





Economy

House Prices



Legacy Authority Impact



- General Fund Balances
- Earmarked reserves
- Capital
- Contingent liabilities

Budget Objectives



1. Sustainable plan which allow Council objectives to be met
2. Realistic spending year on year not dependent on reserves
3. Reserves maintained at agreed level
4. Council Tax increases constrained
5. Investing for transformation
6. Commitment to efficiency

MTFP 2010/11 to 2014/15

Funding

- Formula Grant
- Area Based Grant
- Council Tax

Spending

- Base Budget
- Inflation
- Corporate Measures
- Unavoidable Service Pressures
- Growth
- Efficiencies

Funding



Central
Bedfordshire

- **Formula Grant**
 - CSR2007
 - Local Government Finance Settlement
 - ‘New’ Government
- **ABG**
 - £12.8m in current year
 - Future prospects?
- **Council Tax**
 - Level of increase
 - Harmonisation



Council Tax

2010/11 2011/12 2012/13 2013/14 2014/15

Increase%

North 3.0 3.0
 South 2.0 0.1

2.5 1.6 1.0 1.0

Rate £

North 1,302 1,341
 South 1,340 1,341

1,319 1,341 1,354 1,368 1,382

Base Budget



- Address the base budget
- Primarily Adult Social Care
- Focus away from Transition costs to appropriate level of reserves

Corporate Measures



- Reinstatement of reserves
- Invest to Save
- Capital Financing

Unavoidable Service Pressures



- Increased benefits caseload
- Harmonisation
- Looked after Children
- Adult Social Care residential places contract
- Landfill Tax

Growth

- Demographic
- New statutory provision
- Choice



Efficiencies



£m

Red 5.812

Amber 6.474

Green 3.204

Medium Financial Term Plan

	10/11	11/12	12/13	13/14	14/15
	£m	£m	£m	£m	£m
Funding	175.4	178.3	180.4	182.5	184.7
Spending					
Base	171.6	175.4	178.3	180.4	182.5
Inflation	2.4	2.4	2.4	2.5	2.5
Growth	6.7	1.8	1.7	1.3	2.0
Pressures	11.0	2.0	1.9	1.4	1.3
	191.7	181.6	184.3	185.6	188.3
Efficiencies	-16.3	-3.3	-3.9	-3.1	-3.6
Net Expenditure	175.4	178.3	180.4	182.5	184.7

Beyond 2010/11



- Continued demographic pressure
- Pensions
- Area Based Grant
- Specific Grants

Capital Programme



- Limited resources in the short term
- Borrowing/unapplied capital receipts
- Funding £22m in 2010/11
- Prospects good for the longer term

HRA



- Strong business model in place

MTFP 2011/11 to 2014/15

The logo for Central Bedfordshire, consisting of a green circle with the text "Central Bedfordshire" inside, rotated 90 degrees counter-clockwise.

Central
Bedfordshire

- Timetable
 - Issues/Priorities
 - Economy – Global/National/Local
 - Impact from legacy authorities
 - Budget Objectives
 - MTFP
 - Capital Programme
 - Consultation
-

Conclusions/Issues



- Level of Council Tax
- ‘Red’ Efficiencies v Growth
- Realistic funding assumptions over medium term



Questions?

Meeting: Corporate Resources Overview & Scrutiny Committee
Date: 18 January 2010
Subject: Medium Term Accommodation Programme
Report of: Cllr Maurice Jones, Portfolio Holder for Corporate Resources
Summary: The report proposes approval of a revised programme and re-naming to the Interim Accommodation Plan

Contact Officers: Clive Heaphy, Director of Corporate Resources
Mark Bassett, Specialist Advisor - Property

Public/Exempt: Public

Wards Affected: All

Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Please see attached report of Executive

Financial:

Please see attached report of Executive

Legal:

Please see attached report of Executive

Risk Management:

Please see attached report of Executive

Staffing (including Trades Unions):

Please see attached report of Executive

Equalities/Human Rights:

Please see attached report of Executive

Community Safety:

Please see attached report of Executive

Sustainability:

Please see attached report of Executive

RECOMMENDATION:

1. **That the Corporate Resources Overview & Scrutiny Committee considers the attached report and submits comments to the Executive and full Council if considered necessary.**

Introduction

1. Attached is the Medium Term Accommodation Programme report submitted to the Executive at its meeting on 12 January 2010, when Members agreed the proposals contained within it.
2. Any comments or recommendations made by the Corporate Resources Overview & Scrutiny Committees regarding the Medium Term Accommodation Programme will be considered by the full Council at its January meeting.
3. Members of the Corporate Resources Overview & Scrutiny Committee are therefore requested to consider the attached report and submit comments and/or recommendations to full Council if considered necessary.

Appendices:

Appendix A – Summary Business Case (Exempt)

Background Papers: (open to public inspection)

None

Location of papers: Priory House, Chicksands

Meeting: Executive
Date: 8 December 2009
Subject: Medium Term Accommodation Programme Update
Report of: Cllr Maurice Jones , Portfolio Holder for Corporate Resources
Summary: The report proposes approval of a revised programme and re-naming to the Interim Accommodation Plan

Advising Officer: Clive Heaphy, Director of Corporate Resources
Contact Officer: Mark Bassett, Specialist Advisor - Property
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

The delivery of the Programme objectives and benefits supports the achievement of the Council's vision and priorities through ensuring availability of improved property and ICT infrastructure for officers and Members in the provision and delivery of services to customers.

Financial:

The Programme in its original forms remains within the agreed budget allocation (as at July 2009 Executive) and NPV neutral. A revised Programme will be compliant with agreed budget limits. Corporate Finance are represented on the core Programme Team.

Legal:

Colleagues from Legal Services are actively engaged on the Programme, providing professional legal advice on matters.

Risk Management:

Colleagues from Risk Management form part of the extended Programme Team. A Risk Register is maintained on an ongoing basis.

Staffing (including Trades Unions):

HR Professionals are part of the team working on the work plan and are continually reviewing any implications for staff. These proposals are likely to require a period of consultation with staff on changes to working conditions (particularly work base location).

Equalities/Human Rights:

An Equalities Impact Assessment has been completed for the Programme, and Programme team members are working closely with Equalities colleagues on this workplan.

Community Safety:

No issues to report.

Sustainability:

The recommendations contained in this report will have no significantly adverse environmental implications. Consideration of sustainability issues has been integrated within the tender process and the need to establish transport planning for the new accommodation arrangements

Summary of Overview and Scrutiny Comments:

This report has not been considered by the Overview and Scrutiny Committee.

RECOMMENDATION:

That the revised Interim Accommodation Plan is endorsed by Executive

<i>Reason for Recommendation(s):</i>	<i>To deliver agreed objectives and benefits through improvements to property and ICT infrastructure across the Central Bedfordshire Council office locations.</i>
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Background

1. The Medium Term Accommodation Programme approved by Executive in July 2009 provides an intermediate solution for ICT and accommodation with an improved medium term financial position. Work has progressed including negotiations for the acquisition of Technology House, Bedford (to allow rationalisation of accommodation and exit from Borough Hall).

Current Situation

2. Problematic discussions with the landlord for Technology House have delayed the achievement of the lease agreement which means that the original timescale could not be met. The achievement of the originally specified benefits as agreed by Executive is now subject to an anticipated 3 month delay.

3. The Programme Board has agreed to progress the Programme to a new timetable. A contract award for construction works will be presented in January 2010. Key Milestones for the Programme are now anticipated as:
 - Major ICT Applications Migrated: By March 2010
 - Single CBC Phone System in place for main offices: June 2010
 - Single CBC Network log in for users: June 2010
 - CBC Staff Exit Borough Hall: June 2010
 - Medium Term Accommodation Programme complete: June 2010
4. The Programme Board has also proposed that the Programme be re-named to the Interim Accommodation Plan. This name change recognises the activity that has now begun and is ongoing to develop the long term accommodation solution for the council.

Options Appraisal

5. Further to the decision by Executive to proceed with the acquisition of additional accommodation at Technology House, Bedford and the refurbishment of the Dunstable Main Office, a delay in the programme (related to the inability to agree the lease for Technology House in line with the original plan) caused the Programme Board to request a review of options which would still achieve the original Programme objectives and benefits.
6. Options remain those available in July. An added benefit opportunity has arisen which is the relocation of the data centre (currently located in Borough Hall) to a Central Bedfordshire site thereby significantly increasing control and reducing risk to the Council. This is now being actively progressed in a timeframe consistent with the revised Programme dates.
7. The options considered and the justification for pursuing the revised course of action may be found at Appendix A (commercially confidential).
8. Various options were considered in order to make recommendations to Executive as to their most beneficial Interim Accommodation Plan. Both qualitative and net revenue benefits were analysed over various options and the criteria used for assessment as below:
 - Timing impact
 - Risk impact
 - Cost impact
 - Benefits implications
 - Financial Business Case

Conclusions and Recommendation

9. The delay to the original programme and discussions at Programme Board have provided an opportunity to pro-actively review progress to date and the work that remains.
10. The Programme Board have considered the output from this review and conclude that the Programme is still relevant and in the interests of the Council to continue to undertake the work programme by pursuing a modified scope (by relocating the data centre to a Central Bedfordshire location) to a revised timeframe (accepting a 3 month delay to the original programme).
11. Executive is asked to approve the revised Interim Accommodation Plan.

Appendices:

Appendix A – Summary Business Case (Exempt)

Background Papers: (open to public inspection)

None

Meeting: Corporate Resources Overview & Scrutiny Committee
Date: 18 January 2010
Subject: Treasury Management Strategy
Report of: Cllr Maurice Jones, Portfolio Holder for Corporate Resources
Summary: The report proposes the revised strategy in response to changes in two key codes and increased risk in investment markets for consideration by the Committee.

Contact Officer: Matt Bowmer, Assistant Director Financial Services
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Please see attached report of Executive

Financial:

Please see attached report of Executive

Legal:

Please see attached report of Executive

Risk Management:

Please see attached report of Executive

Staffing (including Trades Unions):

Please see attached report of Executive

Equalities/Human Rights:

Please see attached report of Executive

Community Safety:

Please see attached report of Executive

Sustainability:

Please see attached report of Executive

RECOMMENDATION:

1. **That the Corporate Resources Overview & Scrutiny Committee considers the attached report and submits comments to the Executive and Council if considered necessary.**

Introduction

1. Attached is the Treasury Management Strategy report submitted to the Executive at its meeting on 12 January 2010, when Members agreed the proposals contained within it as a basis for consultation with the five Overview & Scrutiny Committees.
2. Any comments or recommendations made by the Corporate Resources Overview & Scrutiny Committees regarding the strategy will be considered by the full Council at its January meeting.
3. Members of the Corporate Resources Overview & Scrutiny Committee are therefore requested to consider the attached report and submit comments and/or recommendations to full Council if considered necessary.

Appendices:

Appendix A - Treasury Management Strategy Report to Executive

Appendix B - Treasury Management Policy

Appendix C - Treasury Management Strategy, February 2010

Background Papers (open to public inspection):

Treasury Management in the Public Sector Code of Practice, fully revised 2nd edition 2009

The Prudential code for Capital Finance in Local Authorities, fully revised 2nd edition 2009

Key changes to the Treasury Management Code of Practice and the Prudential Code

Location of papers: Priory House, Chicksands

Meeting: Executive
Date: 12 January 2010
Subject: Treasury Management Strategy
Report of: Cllr Maurice Jones, Portfolio Holder for Corporate Resources
Summary: The report proposed a revised strategy in response to changes in two key codes and increased risk in investment markets.

Advising Officer: Clive Heaphy, Director of Corporate Resources
Contact Officer: Matt Bowmer, Assistant Director Financial Services
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

Not applicable.

Financial:

None directly arising from the report.

Legal:

Central Bedfordshire's Strategy is in line with the requirements of the Treasury Management in the Public Sector Code of Practice and The Prudential Code for Capital Finance in Local Authorities, both revised 2009.

Risk Management:

The Strategy requires the consideration of risk in all treasury management undertakings.

Staffing (including Trades Unions):

None.

Equalities/Human Rights:

None.

Community Safety:

None.

Sustainability:

None.

Summary of Overview and Scrutiny Comments:

- Corporate Overview and Scrutiny will consider the Strategy at its meeting on 18 January 2010.

RECOMMENDATION(S):

That the Executive:

- 1. Recommends Council to approve the Treasury Management Policy and the Treasury Management Strategy**
- 2. Recommends Council to adopt the CIPFA Treasury Management in the Public Services Code of Practice 2009 and The Prudential Code for Capital Finance in Local Authorities.**

Reason for Recommendation(s): To put an effective treasury management framework in place for the Council.

Executive Summary

Central Bedfordshire agreed its Treasury Management Policy and Treasury Management Strategy as a new authority in February 2009. In response to the greater risk and uncertainty in investment markets CIPFA has revised both the Treasury Management Code of Practice and the Prudential Code for Capital Finance in Local Authorities. There is a greater focus on risk in the two codes and this is recognised in the revised strategy

Introduction

1. Local authority investments have been placed under greater scrutiny following the failure of the Icelandic Banks. In March 2009 the Audit Commission published their 'Risk and Return' report, the recommendations from which are addressed in the revised Treasury Management in the Public Sector Code of Practice. The Prudential code for Capital Finance in Local Authorities has also been revised in light of the greater risk now evident in investment markets.

2. Both Codes now have a greater focus on risk. The headline changes are set out in the paragraphs below and a background paper with a more detailed commentary is available. A revised Treasury Management Policy and Treasury Management Strategy are set out in Appendices A and B respectively.

Treasury Management in the Public Services Code of Practice

3. The key revisions are:
- Organisations must nominate a specific committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. For Central Bedfordshire this is proposed to be the Corporate resources Overview and Scrutiny committee.
 - Credit and counterparty risk are placed at the forefront of the eight risks.
 - Credit rating should only be used as a starting point when considering credit risk. Organisations should make use of generally available market information.
 - There are standards sets on reporting with a minimum of a mid year review of treasury activity. Central Bedfordshire will continue to review on a quarterly basis and more regularly where appropriate.
 - All benchmarking should consider risk as well as return. Central Bedfordshire is currently a member of the CIPFA benchmarking club and will be lobbying for performance measures which meet this criterion.
 - The overall responsibility for treasury management must always remain with the organisation. Central Bedfordshire is well served with advice through Arlingclose but they are no more than advisers.
 - Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures. These are in place through the Constitution and underpinning financial Procedures.
 - Consider any optionality in relation to borrowing. Central Bedfordshire has inherited one Lenders Option Borrowers Option (LOBO) loan and will be looking to refinance this when it is called in.
4. There is reassurance that Central Bedfordshire already has a number of processes and procedures in place which meet the requirements of the new Code.

The Prudential Code for Capital Finance in Local Authorities

5. The key revisions are:
- Where there is a significant difference between the net and the gross borrowing position, the risk and benefits associated with this strategy should be clearly stated in the annual strategy.

- Housing Revenue Account Performance Indicators are to be listed separately.
 - Performance Indicators on treasury management (variable rate, fixed rate and investments of less than 365 days) are moved to the Treasury Management Code.
 - There is a refocus on risk management: security is paramount and should be considered ahead of liquidity then yield.
 - Authorities should consider carefully whether they can consider value for money in borrowing in advance of need and can ensure the security of such funds.
 - Treasury Management should be led by a clear and integrated forward treasury management strategy, and recognition of the pre-existing structure of the authority's borrowing and investment portfolios.
6. The change in focus is possibly most marked in the consideration of advance borrowing, where authorities previously took advantage of a small benefit in interest rates to lend out surplus cash. Given the primacy of security this now only undertaken in the most certain circumstances.

Treasury Management Policy

7. No major changes are proposed for the Treasury Management Policy adopted by the Council in February 2010. The Policy has been updated for references to the revised Codes.

Treasury Management Strategy

8. As set out above the current strategy and practices reflect the greater focus on risk demanded in the revised Codes. There are two key areas of change to be made – amendments to lending limits and a revision to the operational boundary.
9. It will be some time before confidence in the investment markets is restored and the number of institutions to whom the Council can lend is restrictive. It is appropriate to raise the lending limits in the following instances:
- (i) Up the counter-party limits as this is currently restrictive.
 - (ii) Money Market Funds increase to £10m per fund.
 - (iii) Lime Property Fund up to £10m (based on value).
10. The operational borrowing limit in the existing strategy was based on an early assessment of the legacy authority's potential balance sheets and Central Bedfordshire's caretaker role for the County Council's assets and liabilities. A more accurate assessment has now been possible with the closure of accounts and disaggregation of the County's Balance Sheet.

11. The Code of Financial Governance in the Council's Constitution makes provision for detailed Financial Procedures. The day to day operational guidance on treasury management practices are set on in Financial Procedure 16: Treasury Management.

Appendices:

Appendix A Treasury Management Policy

Appendix B Treasury Management Strategy, February 2010

Background Papers (open to public inspection):

Treasury Management in the Public Sector Code of Practice, fully revised 2nd edition 2009

The Prudential code for Capital Finance in Local Authorities, fully revised 2nd edition 2009

Key changes to the Treasury Management Code of Practice and the Prudential Code

Location of papers: Priory House, Chicksands

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TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION

In accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Treasury Management (Revised 2009), this Council defines the policies and objectives of its treasury management activities as follows:

- 1.1 This Council defines its treasury management activities as:
“The management of the authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 1.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will include their risk implications for the Council.
- 1.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its Medium Term Financial Strategy. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 1.4 The Director of Corporate Resources will produce for adoption by Full Council prior to the commencement of each financial year an annual Treasury Management Strategy Statement which will set out the borrowing and investment strategy to be adopted for the for the year ahead along with the associated Prudential Indicators, in compliance with the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 1.5 The Director of Corporate Resources will maintain suitable Treasury Management Practices (TMPs) which will set out the manner in which this Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

2. Objectives

- 2.1 The principal objectives of this Treasury Management Policy Statement are to provide a framework within which: -

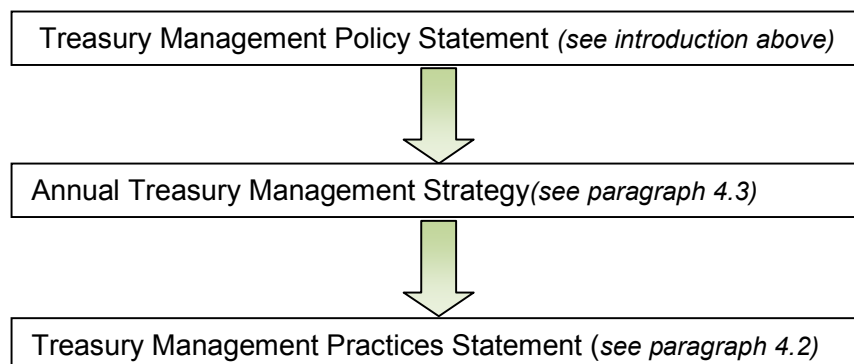
- i) Risks which might affect the Council's ability to fulfill its responsibilities or which might jeopardise its financial security can be identified and managed;
- ii) Borrowing costs can be minimised whilst ensuring the long term security and stability of the Council's financial position;
- iii) Investment returns can be safely maximised and capital values maintained;
- iv) The use of assets as loan security is minimised.

3. Review Period

It is the Council's responsibility to approve a Treasury Management Policy Statement on a periodic basis. This policy will be reviewed every three years or whenever legislative, regulatory or best practice changes materially affect the effectiveness of the current policy. The next scheduled date for review is therefore February 2013.

4. Documentation

This document forms part of a suite of Treasury documents intended to govern and regulate treasury management activity. The hierarchy of documents is set out below and the role of each is explained



4.2 The Treasury Management Practices Statement sets out that detailed application the lies behind the policy and sets out the manner in which the organisation will seek to achieve the policy objectives, describing how it will manage and control the activities listed below:

- Treasury Risk Management

Appendix A

- Best value and performance measurement
- Decision making and analysis
- Approved instruments, methods and techniques
- Organisation, clarity and segregation of responsibilities; dealing arrangements
- Reporting requirements, Management information arrangements
- Budgeting, Accounting and Audit Arrangements
- Cash and Cash Flow Management
- Money Laundering
- Staff training and qualifications
- Use of external service providers
- Corporate governance

4.3 The Annual Treasury Management Strategy integrates with the Prudential Indicators being set and will include the following:

- Links to Capital Financing and Treasury Management Prudential Indicators for the current and ensuing year
- Strategy for financing new borrowing requirements (if any) and refinancing maturing borrowing (if any) over the next year and for restructuring of debt
- the extent to which surplus funds are earmarked for short term requirements
- the investment strategy for the forthcoming year (*see below*)
- the minimum to be held in short term/specified investment during the coming year
- the interest rate outlook against which the treasury activities are likely to be undertaken.

4.4 Based on the DCLG Guidance on Investments, the Council will produce as part of the Annual Treasury Management Strategy, an investment strategy that sets out

- the objectives, policies and strategy for managing its investments;
- the determination of which Specified and Non Specified Investments the Council will utilise during the forthcoming financial year(s) based on the Council's economic and investment outlook and the expected level of investment balances;
- the limits for the use of Non-Specified Investments.

5. Basis of Policy

5.1 The Council will adhere to the regulatory framework set out in the following documents: -

- a) CIPFA Code of Practice on Treasury Management (Revised 2009);
- b) The 2009 Prudential Code for Capital Finance (the 2003 document having first introduced requirements for the manner in which capital spending plans are to be considered and approved and in conjunction with this, the development of an integrated Treasury Management Strategy;
- c) The Council's Constitution, Code of Financial Governance and the scheme of Officer Delegations.

5.2 Copies of the documents listed above are available from the Director of Corporate Resources if required. The Council will be bound by the requirements of any successor documents to those listed above unless a subsequent review of this policy deems them no longer to be appropriate.

5.3 In arriving at treasury management decisions, due cognisance will be taken of written and verbal advice provided by Funding Advisors but neither the Council nor its officers will be bound by such advice.

5.4 The Director of Corporate Resources will only transact with brokers, funders and counterparties who have accepted the principles set out in the current "London Code of Conduct" issued by the Financial Services Authority.

APPENDIX B

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

Template

Contents

- 1. Background**
- 2. Balance Sheet and Treasury Position**
- 3. Outlook for Interest Rates**
- 4. Borrowing Requirement and Strategy**
- 5. Debt Rescheduling**
- 6. Investment Policy and Strategy**
- 7. Balanced Budget Requirement**
- 8. 2010/11 MRP Statement**
- 9. Reporting**
- 10. Other Items**

Appendices

- A. Current and Projected Portfolio Position
- B. Prudential Indicators
- C. Interest Rate Outlook: Arlingclose's, the Council's fund managers' outlook
- D. Specified Investments for use by the Council
- E. Non- Specified Investments for use by the Council

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

1. Background

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") requires local authorities to determine the Treasury Management Strategy Statement (TMSS). This statement also incorporates the Investment Strategy. Together, these cover the financing and investment strategy for the forthcoming financial year.

In response to the financial crisis in 2008 and the collapse of the Icelandic banks, CIPFA has revised the TM Code and Guidance Notes as well as the Prudential Indicators. Communities and Local Government (CLG) is also in the process of revising and updating the Investment Guidance. Changes required to be made to this Strategy and/or documentation will be placed before members for consideration at the next Executive meeting.

- 1.2 CIPFA has defined Treasury Management as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 1.3 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of its treasury management activities. The main risks to the Council's treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal & Regulatory Risk

- 1.4 The strategy also takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Appendix A), the Prudential Indicators (Appendix B) and the outlook for interest rates (Appendix C).

- 1.5 The purpose of this Treasury Management Strategy Statement is to approve:
- Treasury Management Strategy for 2010-11 (Borrowing - Section 4, Debt Rescheduling - Section 5, Investments - Section 6)
 - Prudential Indicators – Appendix B (NB - PI No. 6 - The Authorised Limit is a statutory limit)
 - MRP Statement – Section 8
 - Use of Specified and Non-Specified Investments – Appendices D & E

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

2. Balance Sheet and Treasury Position

2.1 The underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) together with Balances and Reserves are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue budget and Capital Programmes, are set out below:

	31 Mar 10 Estimate £m	31 Mar 11 Estimate £m	31 Mar 12 Estimate £m	31 Mar 13 Estimate £m
CFR	187.0	192.5	221.7	247.7
Balances & Reserves	(4.9)	(6.9)	(9.9)	(12.9)
Net Balance Sheet Position	182.1	185.6	211.8	234.8

2.2 The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at Appendix A. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position.

2.3 As the CFR represents the level of borrowing for capital purposes and revenue expenditure cannot be financed from borrowing, net physical external borrowing should not exceed the CFR other than for short term cash flow requirements. It is permissible under the Prudential Code to borrow in advance of need up to the level of the estimated CFR over the term of the Prudential Indicators. Where this takes place the cash will form part of its invested sums until the related capital expenditure is incurred. This being the case net borrowing should not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years other than in the short term due to cash flow requirements.

2.4 The move to International Financial Reporting Standards (IFRS) has implications for the Capital Financing Requirement components on the Balance Sheet. Analysis of the Council's Private Finance Initiative (PFI) schemes and Operating leases against IFRS requirements is currently being undertaken and may result in the related long term assets and liabilities being brought onto the Council's Balance Sheet. The estimates for the CFR and Long Term Liabilities will therefore need to take into account such items which may need to be revised once this analysis has been completed. This will influence the determination of the Council's Affordable Borrowing Limit and Operational Boundary which may, in turn, also need revision.

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

- 2.5 The Department for Communities and Local Government has recently consulted on proposals to reform the council housing subsidy system. The proposed Self-financing option would require a one-off reallocation of housing debt. As the consultation period has only recently ended and the mechanism for debt transfer has not been determined, the estimates set out in this strategy do not take into account any potential debt transfer that may arise in future years.
- 2.6 The estimate for interest payments in 2010/11 is £6.3m and for interest receipts is £1.6m. The calculations exclude any assumptions in respect of debt premia and Minimum Revenue Provision (MRP).

3. Outlook for Interest Rates

The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Appendix C to the Strategy. Financial markets remain reasonably volatile as the structural changes necessary within economies and the banking system evolve. This volatility provides opportunities for active treasury management. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

4. Borrowing Requirement and Strategy

- 4.1 The Council's underlying need to borrow for capital purposes is measured by reference to its Capital Financing Requirement (CFR) – see Appendix B. The CFR represents the cumulative capital expenditure of the local authority that has not been financed. To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision for Debt Redemption (MRP) from within the Revenue budget each year.
- 4.2 Capital expenditure not financed from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR (the underlying need to borrow) and in turn produce an increased requirement to charge MRP in the Revenue Account.
- 4.3 Physical external borrowing may be greater or less than the CFR, but in accordance with the Prudential Code, the Council will ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

- 4.4 The cumulative estimate of the maximum long-term borrowing requirement is estimated by comparing the projected CFR with the profile of the current portfolio of external debt and long term liabilities over the same financial horizon, as follows:

	31/03/2010 Estimate £m	31/03/2011 Estimate £m	31/03/2012 Estimate £m	31/03/2013 Estimate £m
Capital Financing Requirement	187.0	192.5	221.7	247.7
Less: Existing Profile of Borrowing and Other Long Term Liabilities	(156.3)	(156.3)	(155.6)	(150.6)
Cumulative Maximum External Borrowing Requirement	30.7	36.2	66.1	97.1
Balances & Reserves	(4.9)	(6.9)	(9.9)	(12.9)
Cumulative Net Borrowing Requirement/Investments	25.8	29.3	56.2	84.2

strategy is to maintain maximum control over its borrowing activities as well as flexibility on its loans portfolio. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Council's Prudential Indicators.

- 4.6 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the options it has in borrowing from the PWLB, the market and other sources identified in the Treasury Management Practices Schedules up to the available capacity within its CFR and Affordable Borrowing Limit (defined by CIPFA as the Authorised Limit).

The outlook for borrowing rates:

- 4.7 Short-dated gilt yields are forecast to be lower than medium- and long-dated gilt yields during the financial year. Despite additional gilt issuance to fund the UK government's support to the banking industry, short-dated gilts are expected to benefit from expectations of lower interest rates as the economy struggles through a recession. Yields for these maturities will fall as expectations for lower interest rates mount.
- 4.8 The differential between investment earnings and debt costs, despite long term borrowing rates being around historically low levels, remains acute and

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

this is expected to remain a feature during 2010/11. The so-called “cost of carry” associated with long term borrowing compared to temporary investment returns means that the appetite for new long term borrowing brings with it additional short-term costs. It is not surprising that the use of internal resources in lieu of borrowing has been the most cost effective means of financing capital expenditure but, at some stage, internal resources will become depleted and require topping up.

- 4.9 PWLB variable rates have fallen below 1%. They are expected to remain low as the Bank Rate is maintained at historically low levels to enable the struggling economy emerge from the recession. Against a backdrop of interest rates remaining lower for longer and a continuation of the cost of carry backdrop, then a passive borrowing strategy i.e. borrow long term funds as they are required may remain appropriate. Equally, variable rate funds (that avoid the cost of carry) or EIP (equal instalments of principal) that mitigate the impact are both active considerations.
- 4.10 Decisions to borrow at low, variable rates of interest will be taken after considering the absolute level of longer term interest rate equivalents and the extent of variable rate earnings on the Council’s investment balances. When longer term rates move below the cost of variable rate borrowing any strategic exposure to variable interest rates will be reviewed and, if appropriate, reduced.
- 4.11 The PWLB remains the preferred source of borrowing given the transparency and control that its facilities continue to provide.
- 4.12 The Council has £13.5m loans which are LOBO loans (Lender’s Options Borrower’s Option) which will be in their option stage in FY 2010/11. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider (a) the terms being provided and (b) also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB.
- 4.13 The Council will undertake a financial options appraisal process to establish how it has arrived at its ‘value for money’ judgement in the use of resources.

5. Debt Rescheduling

- 5.1 The Council has rescheduled debt in FY 2009-10 and will continue to maintain a flexible policy for debt rescheduling. Market volatility and the steep yield curve may provide opportunities for rescheduling debt from time to time. The rationale for rescheduling would be one or more of the following:
 - Savings in interest costs with minimal risk
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
 - Amending the profile of maturing debt to reduce any inherent refinancing risks.

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

- 5.2 In September 2009, the PWLB issued a Consultation document, entitled 'PWLB Fixed Rates', where the PWLB is reviewing the frequency of rate setting (currently daily) and could move to a live pricing basis. The deadline for the consultation period is 08/01/2010. The likely outcome of this is a reduction in the extent of the margins between premature repayment and new borrowing rates, particularly for longer maturities.
- 5.3 Any rescheduling activity will be undertaken within the Council's treasury management policy and strategy. The Council will agree in advance with Arlingclose the strategy and framework within which debt will be repaid/rescheduled if opportunities arise. Thereafter the Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Arlingclose and discussed with the Council's officers.
- 5.4 All rescheduling activity will comply with the accounting requirements of the local authority SORP and regulatory requirements of the Capital Finance and Accounting Regulations (SI 2007 No 573 as amended by SI 2008/414).
- 5.5 Borrowing and debt rescheduling activity will be reported to the next Executive meeting.

**6. Investment Policy and Strategy
Background**

- 6.1 Guidance from CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.

Investment Policy

- 6.2 To comply with the CLG's guidance, the Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:
- security of the invested capital;
 - liquidity of the invested capital;
 - an optimum yield which is commensurate with security and liquidity.
- The CLG's recent (draft) revised Guidance on investments reiterates security and liquidity as the primary objectives of a prudent investment policy. The speculative procedure of borrowing purely in order to invest is unlawful.
- 6.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Appendix D.
- 6.4 The credit crisis has refocused attention on the treasury management priority of security of capital monies invested. The Council will continue to maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength as outlined in paragraph 6.12.

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

6.5 The Council's current level of investments is presented at Appendix A.

Investment Strategy

6.6 The global financial market storm in 2008 and 2009 has forced investors of public money to reappraise the question of risk versus yield. Income from investments is a key support in the Council's budget.

6.7 The UK Bank Rate has been maintained at 0.5% since March 2009. **Short-term money market rates are likely to remain at very low levels which will have a significant impact on investment income.** The Council's strategy must however be geared towards this development whilst adhering to the principal objective of security of invested monies.

6.8 The Director of Corporate Resources, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the Executive meeting.

Investments managed in-house:

6.9 The Council's shorter term cash flow investments are made with reference to the outlook for the UK Bank Rate and money market rates.

6.10 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office.

6.11 Currently the Council has restricted its investment activity to:

- The Debt Management Agency Deposit Facility (The rates of interest from the DMADF are significantly below equivalent money market rates. However, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure)
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV)
- Deposits with other local authorities
- Business reserve accounts and term deposits. *In 2009/10 these have been primarily restricted to UK institutions that are rated at least AA- long term, and have access to the UK Government's 2008 Credit Guarantee Scheme (CGS)*
- Bonds issued by Multilateral Development Banks
Please see Appendix E for a breakdown of current counterparties, instruments and limits used.

6.12 Conditions in the financial sector have begun to show signs of improvement, albeit with substantial intervention by government authorities. In order to diversify the counterparty list, the use of comparable non-UK Banks for investments is now considered appropriate.

The sovereign states whose banks are to be included are Australia, Canada, Finland, France, Germany, Netherlands, Spain, Switzerland and the US.

Treasury Management Strategy Statement and Investment Strategy 2010/11 to 2012/13

These countries, and the Banks within them (see Appendix E/F), have been selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term AA-)
- Credit Default Swaps
- GDP; Net Debt as a Percentage of GDP
- Sovereign Support Mechanisms/potential support from a well-resourced parent institution
- Share Price

The Council has also taken into account information on corporate developments and market sentiment towards the counterparties. The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.

We do remain in a heightened state of sensitivity to risk. Vigilance is key. This modest expansion of the counterparty list is an incremental step. In order to meet requirements of the revised Code of Practice on Treasury Management, the Council is focusing on a range of indicators (as stated above), not just credit ratings.

Limits for Specified Investments are set out in Appendix E/F.

6.13 To protect against a prolonged period of low interest rates, 1-year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see Appendix D). The longer-term investments will be likely to include: *(please select /amend as appropriate)*

- **Supranational bonds (bonds issued by multilateral development banks):** The joint and individual pan-European government guarantees in place on these bonds provide security of the principal invested. Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
- **UK government guaranteed bonds and debt instruments issued by banks/building societies:** The UK Government's 2008 Credit Guarantee Scheme permits specific UK institutions to issue short-dated bonds with an explicit government guarantee. The bonds are issued at a margin over the underlying gilt and would be a secure longer-term investment option. *(Please note that these bonds would, under existing statute, be capital expenditure investments.)*

Investments managed externally

Funds managed on a segregated basis

6.14 The Council's funds are also managed on a discretionary basis by Investec as listed in Appendix A. The fund's remit allows the managers scope to add value through the use of investments contained in Appendix D/E and within the parameters and guidelines set for the Council's fund. Performance is

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

monitored and measured against the benchmark set for the fund, prevailing economic conditions and investment opportunities.

- 6.15 The fund manager's expectation on the range of returns is based on their economic outlook and their forecasts for gilt/bond yields and money market rates. These are in Appendix C.

Collective Investment Schemes (Pooled Funds)

- 6.16 The Council has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.
- 6.17 Investments in pooled funds will be undertaken with advice from Arlingclose.

Investments which constitute capital expenditure

- 6.18 Investments meeting the definition of capital expenditure can be financed from capital or revenue resources. They are also subject to the CLG's Guidance on "non-specified investments". Placing of such investments has accounting, financing and budgetary implications. Whilst it is permissible to fund capital investments by increasing the underlying need to borrow, it should be noted that under the CLG's MRP Guidance, MRP must be applied over a 20 year period.
- 6.19 The Council has determined a maximum of £10m limit to investments which constitute capital expenditure. This includes the Council's existing investment in the Lime Property Fund.
- 6.20 All investment activity will comply with the accounting requirements of the local authority SORP.

7. Balanced Budget Requirement

- 7.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

8. 2010/11 MRP Statement

The Annual MRP Statement is subject to Council approval and may therefore be reported separately to Council instead of being incorporated into the TMSS.

- 8.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

**Treasury Management Strategy Statement
and Investment Strategy 2010/11 to 2012/13**

8.2 The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

NB This does not preclude other prudent methods.

The 2009 SORP and IFRS may result in PFI schemes and leases being brought on balance sheet. Where this is the case the CFR will increase, which will lead to an increase in the MRP charge to revenue. MRP for these items will match the annual principal repayment for the associated deferred liability.

8.3 MRP in 2010/11: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

8.4 The MRP Statement will be submitted to Council before the start of the 2010/11 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

8.5 The Council will apply Option 1 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.

MRP in respect of PFI and leases brought on Balance Sheet under the 2009 SORP and IFRS will match the annual principal repayment for the associated deferred liability.

9. Reporting on the Treasury Outturn

The Portfolio Holder - Resources will report to the Executive on treasury management activity / performance as follows:

- (a) quarterly against the strategy approved for the year.
- (b) The Council will produce an outturn report on its treasury activity no later than 30th September after the financial year end.

**10. Other items
Member Training**

It is expected that CIPFA's revised Code will require the Director of Corporate Resources to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Treasury Management Strategy Statement
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APPENDIX A

EXISTING PORTFOLIO PROJECTED FORWARD

	Current Portfolio £m	%	31 Mar 10 Estimate £m	31 Mar 11 Estimate £m	31 Mar 12 Estimate £m	31 Mar 13 Estimate £m
External Borrowing:						
Fixed Rate – PWLB	123.2	78.9	123.2	123.2	122.6	117.5
Fixed Rate – Market	13.5	8.6	13.5	13.5	13.5	13.5
Variable Rate – PWLB						
Variable Rate – Market	19.5	12.5	19.5	19.5	19.5	19.5
Other long-term liabilities						
IFRS long-term liabilities (to be determined):						
- PFI (2009/10)	0	0.0	0	0	0	0
- Operating Leases (2010/11 onwards)	0	0.0	0	0	0	0
Total External Debt	156.2	100.0	156.2	156.2	155.6	150.5
Investments:						
<i>Managed in-house</i>						
- Deposits and monies on call and Money Market Funds	101.0	90.6	92.0	92.0	92.0	92.0
- Supranational bonds						
- Corporate bonds						
<i>Managed externally</i>						
- Segregated cash and gilt funds (Investec)	5.5	4.9	5.6	5.8	5.9	6.1
- Lime Fund	5.0	4.5	5.0	5.0	5.0	5.0
Total Investments	111.5	100.0	102.6	102.8	102.9	103.1
(Net Borrowing Position)/ Net Investment position	(44.7)		(53.6)	(53.4)	(52.7)	(47.4)

Variable debt will be under constant review and it will be fixed if deemed appropriate.

Analysis of the Council's Private Finance Initiative (PFI) schemes and Operating leases against IFRS requirements is currently being undertaken and may result in the related long term assets and liabilities being brought onto the Council's Balance Sheet.

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APPENDIX B

PRUDENTIAL INDICATORS 2010/11 TO 2012/13

1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. It should be noted that CIPFA undertook a review of the Code in early 2008. The outcome from that review has yet to be published.

2. Net Borrowing and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

The Director of Corporate Resources reports that the authority had no difficulty meeting this requirement in 2009/10, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

No . 1	Capital Expenditure	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
	Non-HRA	50.0	60.0	52.6	41.8
	HRA	5.7	4.9	5.0	5.1
	Total	55.7	64.9	57.6	46.9

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3.2 Capital expenditure will be financed as follows:

Capital Financing	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
Capital receipts	10.5	11.8	6.2	2.8
Government Grants	24.5	26.2	5.3	1.6
Major Repairs Allowance	3.6	3.8	3.8	4.0
Revenue contributions	0.4	0.4	0.4	0.4
External Contributions	7.9	11.3	6.5	4.9
Contribution Reserves	0.0	0.3	0.3	0.3
Supported borrowing	8.8	11.0	34.9	32.9
Unsupported borrowing	0.0	0.0	0.0	0.0
Total	55.7	64.8	57.4	46.9

Note: the element to be financed from borrowing impacts on the movement in the Capital Financing Requirement.

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 87 of the Prudential Code.

4.2 The ratio is based on costs net of investment income.

No. 2	Ratio of Financing Costs to Net Revenue Stream	2009/10 Revised %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
	Non-HRA	5.8	5.8	6.3	6.9
	HRA*	0.4	0.4	0.4	0.4
	Total	5.1	5.2	5.6	6.1

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5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure**.

No. 3	Capital Financing Requirement	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m	<i>* if appl icab le</i>
	Non-HRA	194.7	200.2	229.4	255.4	
	HRA*	(7.7)	(7.7)	(7.7)	(7.7)	<i>** in line</i>
	Total CFR	187.0	192.5	221.7	247.7	

with CIPFA's guidance, any investments or other items not falling within the classification of fixed or intangible assets, but financed from capital resources must be included within the CFR for the purposes of this calculation.

Note: The CFR can be a negative amount in situations where resources were required to be set aside under the 1989 Act regime that exceeded the underlying need to borrow.

5.2 The year-on-year change in the CFR is due to the following

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Capital Financing Requirement	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
Balance B/F	174.4	187.0	192.5	221.7
Capital expenditure financed from borrowing (per 2.2)	17.6	11.0	34.9	32.9
Revenue provision for debt Redemption.	(5.0)	(5.5)	(5.7)	(6.9)
Deferred Liability Add : PFI brought on Balance Sheet Less : PFI Principal Repayment (to be determined)	0.0	0.0	0.0	0.0
Deferred Liability Add : Operating Lease brought on B/S Less : Operating Lease Principal Repayment (to be determined)	0.0	0.0	0.0	0.0
Other items (<i>specify</i>)	0.0	0.0	0.0	0.0
Balance C/F	187.0	192.5	221.7	247.7

Analysis of the Council's Private Finance Initiative (PFI) schemes and Operating leases against IFRS requirements is currently being undertaken and may result in their inclusion in the table above.

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No.	Actual External Debt as at 31/03/2009	£m
4		
	Borrowing	156.3
	Other Long-term Liabilities	0.0
	Total	156.3

7. Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

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No	Incremental Impact of Capital Investment Decisions	2009/10 Estimate £	2010/11 Estimate £	2011/12 Estimate £	2012/13 Estimate £
5	Increase in Band D Council Tax	1.06	2.12	9.46	8.40
	Increase in Average Weekly Housing Rents	0.39	0.33	0.91	1.21

7.2 Impact of Capital Plans

The increase in Band D council tax/average weekly rents reflects the increases in running costs and/or increases in the provision for Capital Financing Charges.

8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

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No. 6	Authorised Limit for External Debt	2009/10 Approved £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
	Borrowing	360	221	232	243
	Other Long-term Liabilities	0	0	0	0
	Total	360	221	232	243

8.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Director of Corporate Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Executive.

9. Adoption of the CIPFA Treasury Management Code:

No. 7	Operational Boundary for External Debt	2009/10 Approved £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
	Borrowing	350	211	222	
	Other Long-term Liabilities	0	0	0	
	Total	350	211	222	

9.1 This indicator

demonstrates that the Council has adopted the principles of best practice.

No. 8	Adoption of the CIPFA Code of Practice in Treasury Management
	The Council approved the adoption of the CIPFA Treasury Management Code at its Shadow Executive meeting on 17 th February 2009

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on (*select as appropriate*) net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on

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the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

		2009/10 Approved %	2009/10 Revised %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
No. 9	Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100
No. 10	Upper Limit for Variable Interest Rate Exposure	50	50	35	35	35

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

10.4 As the Council's investments are substantially in excess of its borrowing, these calculations have resulted in a negative figure.

11. Maturity Structure of Fixed Rate borrowing:

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

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No. 11	Maturity structure of fixed rate borrowing	Upper Limit %
	under 12 months	100
	12 months and within 24 months	100
	24 months and within 5 years	100
	5 years and within 10 years	100
	10 years and within 20 years	100
	20 years and within 30 years	100
	30 years and within 40 years	100
	40 years and within 50 years	100
	50 years and above	100

12. Upper Limit for total principal sums invested over 364 days:

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No. 12	Upper Limit for total principal sums invested over 364 days	2009/10 Approved £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
		20	20	20	20

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APPENDIX C

Arlingclose's Economic and Interest Rate Forecast

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Official Bank Rate										
Upside risk				+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.50	0.50	0.50	1.00	1.50	2.25	3.00	4.00	4.00
Downside risk					-0.50	-0.50	-0.50	-0.25	-0.25	-0.25
1-yr LIBID										
Upside risk				+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	1.25	1.25	1.25	1.50	2.00	2.75	3.50	4.00	4.25	4.25
Downside risk					-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt										
Upside risk		+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	2.60	2.70	2.80	2.90	3.00	3.25	3.50	3.75	4.00	4.25
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt										
Upside risk			+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25
Central case	3.60	3.75	3.75	4.00	4.00	4.25	4.25	4.50	4.50	4.75
Downside risk			-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt										
Upside risk		+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25
Central case	4.10	4.25	4.50	4.75	4.75	5.00	5.00	5.00	5.00	5.00
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt										
Upside risk	+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	4.00	4.25	4.50	4.50	4.50	4.75	4.75	4.75	4.75	4.75
Downside risk			-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- The recovery in growth is likely to be slow and uneven, more “W” than “V” shaped. The Bank of England will stick to its lower-for-longer stance on policy rates.
- Gilt yields will remain volatile; yields have been compressed by Quantitative Easing and will rise once QE tapers off and if government debt remains at record high levels.
- Central banks will eventually wind down and exit their emergency liquidity provisions and shrink their balance sheets, but official interest rates in the UK, Eurozone and US will stay low for some while.
- There are significant threats to the forecast from potential downgrades to sovereign ratings and/or political instability.

Assumptions

- The Bank of England has increased **Quantitative Easing** (QE) to £200bn to insure against the downside risks to growth and stimulate the economy.

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- The Bank forecasts **GDP** to grow by 4% in 2011 but concedes growth could be impeded by corporate and consumer balance sheet adjustments, restrictions in bank credit and consumers' cautious spending behaviour. This is an optimistic forecast in our view; evidence of recovery is scant with weak real economic data and rising unemployment.
- Looming bank regulation and liquidity and capital requirements will curb banking lending activity. The Bank retains the option to reduce the rate on commercial banks' deposits to encourage them to lend.
- The **employment** outlook remains uncertain. Pay freezes and job cuts will continue into 2010.
- **Inflation** is not an immediate worry. The Bank's forecast is for CPI to rise in the next few months from higher commodity prices and VAT reverting to 17.5%, but is forecast to remain below 2% in the short term, only surpassing the target in 2012. There is a risk that inflation overshoots in 2010 prompting a letter from the Bank's Governor to the Chancellor.
- The **UK fiscal deficit** remains acute. Cuts in public spending and tax increases are now inevitable and more likely to be pushed through in 2010 by a new government with a clear majority.
- The net supply of gilts will rise to unprecedented levels in 2010. Failure to articulate and deliver on an urgent and credible plan to lower government borrowing to sustainable levels over the medium term will be negative for gilts.
- The Federal Reserve Chairman Bernanke's diagnosis of a weak U.S. economy and labour market signal that the Fed's "extended period" of low rates may get even longer. The outlook the Eurozone is more optimistic but the European Central Bank will only increase rates after a durable upturn in growth.

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APPENDIX D

Specified and Non Specified Investments

Please note the CLG is in the process of undertaking a review of the Investment Guidance for Local Authorities in England and this section would therefore be subject to review and amendment

Specified Investments identified for use by the Council

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high” credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

1. ** Investments in these instruments will be on advice from the Council’s treasury advisor.*
2. *The use of the above instruments by the Council’s fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.*

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For credit rated counterparties, the minimum criteria will be the highest short-term and a long-term rating (equivalent of AA- or higher) assigned by various agencies which may include Moody's Investors Services, Standard & Poor's, Fitch Ratings.

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

New specified investments will be made within the following limits:

Instrument In-house	Country	Counterparty	Maximum Limit of Investments %/£m
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK	Abbey	25
Term Deposits/Call Accounts	UK	Bank of Scotland/Lloyds	25
Term Deposits/Call Accounts	UK	Barclays	25
Term Deposits/Call Accounts	UK	Clydesdale	25
Term Deposits/Call Accounts	UK	HSBC	25
Term Deposits/Call Accounts	UK	Nationwide	25
Term Deposits/Call Accounts	UK	Royal Bank of Scotland/Natwest	30
Term Deposits/Call Accounts	Australia	Australia and NZ Banking Group	5
Term Deposits/Call Accounts	Australia	Commonwealth Bank of Australia	5
Term Deposits/Call Accounts	Australia	National Australia Bank Ltd	5
Term Deposits/Call	Australia	Westpac Banking Corp	5

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Accounts			
Term Deposits/Call Accounts	Canada	Bank of Montreal	5
Term Deposits/Call Accounts	Canada	Bank of Nova Scotia	5
Term Deposits/Call Accounts	Canada	Canadian Imperial Bank of Commerce	5
Term Deposits/Call Accounts	Canada	Royal Bank of Canada	5
Term Deposits/Call Accounts	Canada	Toronto-Dominion Bank	5
Term Deposits/Call Accounts	Finland	Nordea Bank Finland	5
Term Deposits/Call Accounts	France	BNP Paribas	5
Term Deposits/Call Accounts	France	Calyon (Credit Agricole Group)	5
Term Deposits/Call Accounts	France	Credit Agricole SA	5
Term Deposits/Call Accounts	Germany	Deutsche Bank AG	5
Term Deposits/Call Accounts	Netherlands	Rabobank	5
Term Deposits/Call Accounts	Spain	Banco Bilbao Vizcaya Argentaria	5
Term Deposits/Call Accounts	Spain	Banco Santander SA	5
Term Deposits/Call Accounts	Switzerland	Credit Suisse	5
Term Deposits/Call Accounts	US	JP Morgan	5
Gilts	UK	DMO	No limit

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Bonds	EU	For example, European Investment Bank/ Council of Europe	
AAA rated Money Market Funds	UK/Ireland/ Luxembourg	CNAV MMFs	40%
Other MMFs and CIS	UK	Collective Investment Schemes	
Instrument External		Counterparty	Maximum Limit of Investments %/£m
Deposits, Certificates of Deposits,	Fund Managers	Min AA-long term category and F1+ short term rating or equivalent	15% per counterparty
	Lime Fund	N/A	£10m

NB Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity.

NB Our advice is that non-UK banks should be restricted to a maximum exposure of 40%.

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Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573) but which are not credit rated	treasury advisor)		not have a defined maturity date		
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies (e.g. govt bonds issued by HBOS / RBS / Nationwide, etc)	✓ (on advice from treasury advisor)	✓	<u>10 years</u>	<u>£5m</u>	Yes
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	✓	✓	<u>10 years</u>	<u>£5m</u>	Yes
Collective Investment Schemes (Pooled funds) which do not meet the definition	✓ (on advice from treasury advisor)	✓	These funds do not have a defined maturity date	<u>£10m</u>	Yes

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of collective investment schemes in SI 2004 No 534 or SI 2007 No 573					
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1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

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Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 18 January 2010
Subject: Forward Plan of Key Decisions
Report of: Cllr Maurice Jones, Portfolio Holder for Corporate Resources
Summary: The report provides Members with the current Forward Plan of Key Decisions in order to consider any items, which the Committee may wish to add to its work programme.

Contact Officer: Cheryl Powell, Overview and Scrutiny Officer
Public/Exempt: Public
Wards Affected: All
Function of: Council

RECOMMENDATION:

1. that the Corporate Resources Overview and Scrutiny Committee notes the Forward Plan of Key Decisions and considers any amendments it may wish to make to its work programme.

Reason for Recommendation: So that Members of the Corporate Resources Overview and Scrutiny Committee can ensure their work programme includes all those items Members wish to receive or that task forces have been established to consider items in a timely manner.

Options and Issues

1. Members attention is drawn to the following items listed on the Forward Plan of Key Decisions published on the 7th January 2010 that are not currently listed on the Committee's work programme but that are within the remit of the Corporate Resources Overview and Scrutiny Committee.
2. In considering whether items should be added to the agenda Members should be mindful of
 - their current work programme;
 - the number of items currently listed for each agenda;
 - the level of public interest in the item;
 - the potential for impact;
 - whether there is poor performance in relation to a particular item; and

- whether the matter is being considered elsewhere.
3. Members should be sure not to overload their agenda by adding too many items and should ensure that where an item is added to the agenda the Committee is able to provide input in a timely manner.

Appendix:

Appendix A – Forward Plan of Key Decisions

**Central Bedfordshire Council
Forward Plan of Key Decisions
1 February 2010 to 31 January 2011**

- 1) During the period from **1 February 2010 to 31 January 2011**, Central Bedfordshire Council plans to make key decisions on the issues set out below. “Key decisions” relate to those decisions of the Executive which are likely:
- to result in the incurring of expenditure which is, or the making of savings which are, significant (namely £200,000 or above per annum) having regard to the budget for the service or function to which the decision relates; or
 - to be significant in terms of their effects on communities living or working in an area comprising one or more wards in the area of Central Bedfordshire.
- 2) The Forward Plan is a general guide to the key decisions to be determined by the Executive and will be updated on a monthly basis. Key decisions will be taken by the Executive as a whole. The Members of the Executive are:

Member	Portfolio
Cllr Mrs Tricia Turner MBE	Chairman of the Executive and Leader of the Council
Cllr Richard Stay	Vice-Chairman of the Executive and Deputy Leader of the Council and Portfolio Holder for Business Transformation
Cllr Mrs Rita Drinkwater	Portfolio Holder for Housing
Cllr Mrs Carole Hegley	Portfolio Holder for Social Care and Health & Portfolio Champion for Business Transformation
Cllr Maurice Jones	Portfolio Holder for Corporate Resources
Cllr Mrs Anita Lewis	Portfolio Holder for Children’s Services
Cllr Steve Male	Portfolio Holder for Culture and Skills & Portfolio Champion for Business Transformation
Cllr Ken Matthews	Portfolio Holder for Economic Growth and Regeneration
Cllr David McVicar	Portfolio Holder for Safer and Stronger Communities
Cllr Tom Nicols	Portfolio Holder for Sustainable Development & Portfolio Champion for Business Transformation

3) Those items identified for decision more than one month in advance may change in forthcoming Plans. Each new Plan supersedes the previous Plan. Any person who wishes to make representations to the Executive about the matter in respect of which the decision is to be made should do so to the officer whose telephone number and e-mail address are shown in the Forward Plan. Any correspondence should be sent to the contact officer at the relevant address as shown below. General questions about the Plan such as specific dates, should be addressed to the Head of Democratic Services, Priory House, Monks Walk, Chicksands, Shefford SG17 5TQ.

4) The agendas for meetings of the Executive will be published as follows:

Meeting Date	Publication of Agenda
12 May 2009	01 May 2009
23 June 2009	15 June 2009
21 July 2009	13 July 2009
18 August 2009	10 August 2009
15 September 2009	7 September 2009
13 October 2009	5 October 2009
10 November 2009	2 November 2009
8 December 2009	30 November 2009
12 January 2010	4 January 2010
9 February 2010	1 February 2010
9 March 2010	1 March 2010
6 April 2010	25 March 2010

Central Bedfordshire Council

Forward Plan of Key Decisions for the period 1 February 2010 to 31 January 2011

Key Decisions

Date of Publication:

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
1.	Lets Rent -	To approve the innovative private sector housing option that allows households a choice to access a regulated private sector home, with all requisite support mechanisms for tenancy sustainment, if required.	9 February 2010		Report	Cllr Mrs Rita J Drinkwater Comments by 10/01/10 to Contact Officer: Julie Ogley, Director of Social Care, Health and Housing julie.ogley@centralbedfordshire.gov.uk Tel: 0300 300 4330
2.	3rd Quarter Budget Management 2009/10 -	To consider the quarterly Budget Monitoring Report and agree the latest position.	9 February 2010		Report	Cllr Maurice R Jones Comments by 10/01/10 to Contact Officer: Matt Bowmer, Assistant Director Financial Services matt.bowmer@centralbedfordshire.gov.uk Tel: 0300 300 6147

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
3.	<p>Refurbishment of Timberlands Gypsy and Traveller Site at Pepperstock -</p>	<p>To approve the refurbishment of Timberlands Gypsy and Traveller site.</p>	<p>9 February 2010</p>		<p>Report and Outline Business Case</p>	<p>Cllr Mrs Rita J Drinkwater Comments by 10/01/10 to Contact Officer: Mr T Keaveney, Assistant Director Housing Services tony.keaveney@centralbedfordshire.gov.uk Tel: 0300 300 5210</p>
4.	<p>Local Area Agreement (LAA) Refresh -</p>	<p>We will be reviewing the LAA following the publication of the CAA area assessment for Central Bedfordshire to determine whether delivery plans for certain matters have to be strengthened or otherwise amended and we have an opportunity to add in any additional indicators / targets or, in exceptional circumstances, to renegotiate existing targets following the LAA review.</p>	<p>9 February 2010</p>		<p>Report</p>	<p>Cllr Richard Stay Comments by 10/01/10 to Contact Officer: Ian Porter, Assistant Director Service Policy, Partnerships & Performance ian.porter@centralbedfordshire.gov.uk Tel: 0300 300 6529</p>

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
5.	Electricity Supply Contract for Streetlighting -	To approve the recommendations for re-tendering the streetlighting electricity supply contract.	9 February 2010	AD Highways - options paper to be prepared by 23/12/09	Report	Cllr David McVicar Comments by 11/01/2010 to Contact Officer: Robert Gregan, Head of Procurement robert.gregan@centralbedfordshire.gov.uk Tel: 01234 276570
6.	The Gambling Act 2005 - Gambling Policy -	To recommend the adoption of the Policy for Gambling Act 2005.	9 February 2010		Report	Cllr David McVicar Comments by 10/01/2010 to Contact Officer: nicola.preston@centralbedfordshire.gov.uk
7.	Approach to Business Transformation -	To set out the strategic approach for transformation and improvement of the Council to meet it's corporate plan vision.	9 February 2010		Report	Cllr Richard Stay Comments by 10/01/10 to Contact Officer: Clive Jones, Assistant Director Business Transformation & Customer Services clive.jones@centralbedfordshire.gov.uk Tel: 0300 300 4168

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
8.	Medium Term Financial Plan 2010/11 to 2014/15 -	To recommend a Medium Term Financial Plan to Council for approval.	9 February 2010		None.	Cllr Maurice R Jones Comments by 10/01/2010 to Contact Officer Matt Bowmer, Assistant Director Financial Services matt.bowmer@centralbedfordshire.gov.uk Tel: 0300 3006147
9.	Asset Management Plan -	To agree the CBC Asset Management Strategy and the CBC Asset Management Plan.	9 February 2010		Report	Cllr Maurice R Jones Comments by 10/01/10 to Contact Officer: Caroline Carruthers, Assistant Director Property & ICT caroline.carruthers@centralbedfordshire.gov.uk Tel: 01234 288595 / 07825034761
10.	'Transforming People's Lives' - Transforming Care and Support Through Personalisation -	To approve the strategy	9 February 2010		Report	Cllr Mrs Carole Hegley Comments by 10/01/10 to Contact Officer: Mr D Jones, Assistant Director Commissioning david.jones@centralbedfordshire.gov.uk Tel: 01234 228649

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
11.	Capital Programme 2010/11 to 2014/15 -	To recommend a Capital Programme to Council for approval.	9 February 2010		None.	Cllr Maurice R Jones Comments by 10/01/2010 to Contact Officer: Matt Bowmer, Assistant Director Financial Services matt.bowmer@centralbedfordshire.gov.uk Tel: 0300 300 6147
12.	Conservation Area Reviews -	To approve the Conservation Area Approvals for the wards of Toddington, Dunstable, Barton, Egington, Linslade, Streatley, Shefford, Millbrook and Heath and Reach.	9 February 2010		Report	Cllr Tom Nicols Comments by 10/01/10 to Contact Officer: Andrew Davie, Head of Development Management (North) andrew.davie@centralbedfordshire.gov.uk Tel: 0300 300 4426
13.	Approval of Core Funding for Luton Gateway 09/10 -	To approve the core funding for the Luton Gateway 09/10.	9 February 2010	Relevant Ward Members by email	Report	Cllr Ken C Matthews Comments by 10/01/10 to Contact Officer: Helen Shore, Head of Business Growth helen.shore@centralbedfordshire.gov.uk Tel: 01234 276063

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
14.	Creasey Park Community Football Development Centre -	To award the building contract to build the Football Development centre.	9 March 2010	Stakeholder group Ward members PFH	Football Foundation Grant Conditions	Cllr Stephen F Male Comments by 10/02/10 to Contact Officer: Jill Dickinson, Community Services Manager jill.dickinson@centralbedfordshire.gov.uk Tel: 0300 300 2258
15.	Internal Business Plan - Central Bedfordshire, Energy and Recycling Project (CBEaR) -	To approve the Internal Business Plan for the CBEaR Project for the procurement of an integrated waste treatment facility.	9 March 2010	Consultation will take place with Parish Councils, Ward Members, Portfolio Holders for Safer and Stronger Communities and Corporate Resources and Sustainable Communities Overview and Scrutiny Committee.	Report to Executive and Internal Business Plan	Cllr Budge Wells Comments by 10/02/10 to Contact Officer: Alan Fleming, Project Director, Sustainable Communities alan.fleming@centralbedfordshire.gov.uk Tel: 0300 300 6968
16.	Transforming Teaching and Learning: Central Bedfordshire's Educational Vision -	To approve Central Bedfordshire's Educational Vision which sets out the challenges to learning transformation and options for the future realisation of our aspirations.	9 March 2010		Report	Cllr Mrs Anita M Lewis Comments by 10/02/10 to Contact Officer Patrick Shevlin, Assistant Director Learning & Schools Support patrick.shevlin@centralbedfordshire.gov.uk Tel: 0300 300 6821

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
17.	EU Programmes Report -	<p>The Executive to approve the Central Bedfordshire European Programme for 2010-13. The programme will include the European Social Fund (ESF), European Regional Development Fund (ERDF) and will give members an update on other activity such as the Rural Development Programme for England (RDPE) and the Framework 7 European funds that support research and development in enterprises to benefit economic growth in Central Bedfordshire.</p>	9 March 2010	LSP and Thematic Partnership for Environment and Economy EEDA Members' Bulletin and Cabinet Briefing Note Consultation Events	Report	<p>Clr Ken C Matthews Comments by 10/02/10 to Contact Officer Sarah Hughes, Head of Regeneration and Skills Sarah.hughes@centralbedfordshire.gov.uk Tel: 0300 300 6166</p>

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
18.	People Strategy -	To request the Executive to sign off the People Strategy for Central Bedfordshire.	9 March 2010	Draft Strategy will go through consultation with key stakeholders during November and early December 2009	People Strategy	Cllr Maurice R Jones Comments by 10/02/10 to Contact Officer: Gordon McFarlane, Acting Assistant Director Human Resources and Organisational Development gordon.mcfarlane@centralbedfordshire.gov.uk Tel: 0300 300 6651
19.	Home to School Transport Policy -	To approve changes to the Home to School Transport Policy.	9 March 2010	28 day consultation using Internet and consultation meetings starting 6 January 2010.	Revised Policy	Cllr Mrs Anita M Lewis Comments by 10/02/10 to Contact Officer: Sylvia Gibson, Interim Assistant Director, Policy, Planning and Commissioning sylvia.gibson@centralbedfordshire.gov.uk Tel: 0300 300 5522
20.	Social Care and Health Prevention Strategy -	To approve the consultation of the strategy prior to submission to Council.	9 March 2010		Report	Cllr Mrs Carole Hegley Comments by 10/02/10 to Contact Officer: Mr M Janes, Interim Assistant Director, Commissioning mark.janes@centralbedfordshire.gov.uk

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
21.	Homelessness Strategy -	To recommend adoption of statutory strategy for Central Bedfordshire	9 March 2010		Report	Cllr Mrs Rita J Drinkwater Comments by 10/02/2010 to Contact Officer: Julie Ogley, Director of Social Care, Health and Housing julie.ogley@centralbedfordshire.gov.uk Tel: 0300 300 4221
22.	Adoption of Central Bedfordshire Council Private Sector Housing Renewal Policy -	To adopt the renewal policy to meet legislative requirements.	9 March 2010		Draft document	Cllr Mrs Rita J Drinkwater Comments by 10/02/2010 Nick Costin, Head Private Sector Housing nick.costin@centralbedfordshire.gov.uk Tel: 0300 300 5219

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
23.	Highways Contract Novation	Following the paper received on 14 April 2009, this paper updates the Executive on progress made on negotiations with Bedford Borough Council (BBC) to secure highways services in Central Bedfordshire. The paper will inform members of expected dates for novating the existing highways contract and identify any risks/costs to service provision.	9 March 2010		Report	Cllr David McVicar Comments by 10/02/10 to Contact Officer: Basil Jackson, Assistant Director Highways basil.jackson@centralbedfordshire.gov.uk Tel: 01234 228601

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
24.	Child Poverty Strategy -	To agree the strategy which sets out how the Local Authority and its partners intend to reduce child poverty by 2020. This includes 4 targets (relative low income, material deprivation, absolute poverty and persistent poverty). This includes a needs assessment to describe the characteristics of child and family within Central Bedfordshire and a joint child poverty strategy which will outline the steps and accountability for the Local Authority and partners.	9 March 2010		Report	Cllr Mrs Anita M Lewis Comments by 10/02/10 Glen Denham, Assistant Director Integrated Services 0-19 glen.denham@centralbedfordshire.gov.uk Tel: 0300 300 6125

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
25.	Transitions Policy -	To agree the policy which sets out how the Local Authority will work with children transferring from Children's Specialist Services either to service provision within Adult Social Care or to independent adult life to ensure that they are given the support necessary as they move into adulthood.	9 March 2010		Report	Cllr Mrs Anita M Lewis Comments by 10/02/10 to Contact Officer: Martin Pratt, Deputy Director Children Families and Learning and Assistant Director Specialist Services martin.pratt@centralbedfordshire.gov.uk Tel: 0300 300 4484
26.	Care Matters Pledge -	To adopt the care Matters pledge which sets out the minimum standards and commitments of Central Bedfordshire to children in its care in line with the Children Act 1989, the Children and Young Persons Act 2008 and the Leaving Care Act 2000.	9 March 2010	Children and Young People Children in Care Council Corporate Parenting Panel	Report	Cllr Mrs Anita M Lewis Comments by 10/02/10 to Contact Officer: Martin Pratt, Deputy Director Children Families and Learning and Assistant Director Specialist Services martin.pratt@centralbedfordshire.gov.uk Tel: 0300 300 4484

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
27.	Review of Eligibility Criteria for Fair Access to Care Services -	To adopt the policy as recommended.	9 March 2010	<p>Members of the Social Care, Health & Housing Overview & Scrutiny Committee (by way of consultative report and final report.</p> <p>Staff within Social Care & Health (by way of intranet, staff newsletter 'Connect' and management briefings</p> <p>Partner agencies and voluntary and charitable organisations (by way of correspondence and relevant business meetings already programmed to occur)</p> <p>Existing and potential services users/all adults in Central Bedfordshire (in collaboration with the Council's Communication Team, use some of the pre-arranged consultative forums and contacts; an item on the website inviting feedback and item in the Council's free magazine 'News Central'.</p>	Report	<p>Cllr Mrs Carole Hegley</p> <p>Comments by 10/02/2010 to Contact Officer:</p> <p>Althea Mitcham, Head of Business Infrastructure</p> <p>althea.mitcham@centralbedfordshire.gov.uk</p>

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
28.	Agreement of Statutory Public Protection Plans -	To agree the Plans for food law, health & safety and underage sales.	9 March 2010	tbc	Report	Cllr David McVicar Comments by 10/02/10 to Contact Officer: Susan Childerhouse, Head of Public Protection (North) susan.childerhouse@centralbedfordshire.gov.uk Tel: 01462 611394
29.	Agreement of Statutory Community Safety Plans -	To agree the Community Safety Plans and associated plans and strategies including domestic abuse, drugs and alcohol.	9 March 2010	Thematic Partners Key Stakeholders Responsible Authorities	Report	Cllr David McVicar Comments by 10/02/10 to Contact Officer: Jeanette Keyte, Community Safety Manager jeanette.keyte@centralbedfordshire.gov.uk Tel: 0845 849 6252
30.	Contaminated Land Strategy -	To agree the risk rating for contaminated land sites in Central Bedfordshire and approve the strategy.	9 March 2010	tbc	Report and Strategy	Cllr David McVicar Comments by 10/02/10 to Contact Officer: Susan Childerhouse, Head of Public Protection (North) susan.childerhouse@centralbedfordshire.gov.uk Tel: 01462 611394

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
31.	Climate Strategy -	Adoption of the Climate Strategy and approach of the Council to tackling climate change. Agreement and adoption of carbon footprint reduction targets for the Council's services and operations.	9 March 2010	Business Transformation Overview & Scrutiny Committee - 21 December 2009 Key staff consulted via Climate Change Management Board	Report and supporting documents	Cllr Richard Stay Comments by 10/02/10 to Contact Officers: Elaine Malarky, Head of Policy elaine.malarky@centralbedfordshire.gov.uk Stephen.mooring@centralbedfordshire.gov.uk
32.	Community Engagement Strategy and Delivery Plan -	Approval of the finalised Strategy and Delivery Plan which follows the key principles agreed at the October Executive.	9 March 2010		Report	Cllr Richard Stay Comments by 10/02/10 to Contact Officer: Ian Porter, Assistant Director Service Policy, Partnerships & Performance ian.porter@centralbedfordshire.gov.uk Tel: 0300 300 6529

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
33.	Development of a Uniformed Presence for Central Bedfordshire -	To consider the options available for Central Bedfordshire to undertake enforcement of a range of environmental and community safety legislation (including the Environmental Protection Act (EPA) and Clean Neighbourhoods and Environment Act (CNEA)) and exploring the role that a uniformed team has in that respect.	6 April 2010	Relevant Portfolio Holders Key Stakeholders Sustainable Communities Overview & Scrutiny Committee – 25 March 2010	Report	Cllr David McVicar Comments by 10/03/10 to Contact Officer: Jane Moakes, Assistant Director Community Safety & Public Protection jane.moakes@centralbedfordshire.gov.uk Tel: 0300 300 5441
34.	Consultation on the Draft East of England Plan to 2031 -	To agree the Council's response to the draft plan.	6 April 2010		Report	Cllr Tom Nicols Comments by 10/3/10 to Contact Officer: Richard Fox, Head of Development Plan richard.fox@centralbedfordshire.gov.uk Tel: 0300 300 4105

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
35.	Flitwick Community Football Development Centre and Flitwick Leisure Centre Redevelopment -	To approve a detailed business case for football development, and an outline business case for the provision of the leisure centre. To award design and build contract for football development.	6 April 2010	Sport England Redborne Upper School Flitwick Eagles Football Club The Football Association Flitwick Town Council meeting with PFH on 16 July 2009 agreed current approach to citing the football facilities.	Report	Cllr Stephen F Male Comments by 10/03/10 to Contact Officer Roy Waterfield, Assistant Director Leisure and Culture, Libraries, Adult and Community Learning roy.waterfield@centralbedfordshire.gov.uk Tel: 0300 300 4239
36.	Child in Need Policy -	To agree the policy which sets out the eligibility criteria for services based on the levels of need of children and their families. It responds to the statutory duties to support children in need.	6 April 2010		None.	Cllr Mrs Anita M Lewis Comments by 10/03/10 to Contact Officer: Martin Pratt, Deputy Director Children Families and Learning and Assistant Director Specialist Services martin.pratt@centralbedfordshire.gov.uk Tel: 0300 300 4484

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
37.	Equalities Scheme -	Approval of the Council's Equality and Diversity Scheme which sets out the Council's vision and approach to ensuring all sections of the community get high quality services appropriate to their need and also sets out how the Council will meet its legal responsibilities to ensure equality and diversity is integrated in to its service planning, delivery and human resource systems.	4 May 2010	Portfolio Holder for Business Transformation Divisional Management Teams CBC Equalities Forum Officer Workshops (June - October 2009) The development of the Scheme has included consideration of national and local consultation evidence relating to the nature of inequality.	Report Draft Scheme and Action Plan	Cllr Richard Stay Comments by 07/04/10 to Contact Officer: Elaine Malarky, Head of Policy elaine.malarky@centralbedfordshire.gov.uk Tel: 01234 228269
38.	Safeguarding Annual Report of the Local Safeguarding Children Board -	To receive the report of the LCSB which sets out how the Central Bedfordshire and Partners have met their statutory duties of the authority and how we will work with partner agencies locally to ensure that children are safe.	4 May 2010		Report	Cllr Mrs Anita M Lewis Comments by 07/04/10 to Contact Officer: Martin Pratt, Deputy Director Children Families and Learning and Assistant Director Specialist Services martin.pratt@centralbedfordshire.gov.uk Tel: 0300 300 4484

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
39.	Bedfordshire Music Service -	To consider options with regard to future governance and management arrangements for the Bedfordshire Music Service	4 May 2010		Report	Cllr Stephen F Male Comments by 07/04/10 to Contact Officer: Roy Waterfield, Assistant Director Leisure and Culture, Libraries, Adult and Community Learning roy.waterfield@centralbedfordshire.gov.uk Tel: 0300 300 4239
40.	Cultural Strategy -	To agree the strategy which encapsulates the vision for cultural entitlement for all citizens in Central Bedfordshire moving to a strategic commissioning and entitlement model and recognises the cross cutting nature of cultural entitlement.	8 June 2010		Report	Cllr Stephen F Male Comments by 12/05/10 to Contact Officer: Roy Waterfield, Assistant Director Leisure and Culture, Libraries, Adult and Community Learning roy.waterfield@centralbedfordshire.gov.uk Tel: 0300 3004239

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
41.	CCTV Service Options -	To consider options available to move to a common approach to the provision of a CCTV service within Central Bedfordshire.	8 June 2010	Portfolio Holder (Safer and Stronger Communities) Key Stakeholders Sustainable Communities Overview and Scrutiny Committee – May 2010	Report	Cllr David McVicar Comments by 12/05/10 to Contact Officer: Jane Moakes, Assistant Director Community Safety & Public Protection jane.moakes@centralbedfordshire.gov.uk Tel: 0300 300 5441
42.	Adoption of the Central Bedfordshire Housing Strategy 2010 -	The Executive are asked to give approval for the adoption of the strategy and the detailed action plan following consideration of the following points: 1. draft Central Bedfordshire Housing Strategy 2010 2. the consultation responses 3. whether the Housing Strategy will meet the housing needs for Central Bedfordshire 4. any recommendation by the Overview and Scrutiny Committee for Sustainable Communities	8 June 2010	15 January 2010: Key Stakeholders and Partners 28 January 2010: members consultation event Web based consultation December 2009 - February 2010	The Central Bedfordshire Housing Strategy 2010	Cllr Tom Nicols Comments by 12/05/10 to Contact Officer: Zoe Cox, Housing Research & Policy Officer zoe.cox@centralbedfordshire.gov.uk Tel: 0300 300 4479

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
43.	Sustainable Community Strategy for Central Bedfordshire -	To agree the Sustainable Community Strategy for Central Bedfordshire which sets out the Local Strategic Partnership Board's vision and priorities for the Central Bedfordshire area.	8 June 2010	Wide range of consultation activity with residents, partners and stakeholders, including through: Town & Parish Council Conference (4/11/09), Central Bedfordshire Forum (14/01/10), MORI Residents' Panel (23/1/10) and Third Sector Assembly (3/2/10).	The Central Bedfordshire Sustainable Community Strategy	Cllr Mrs Patricia E Turner MBE Comments by 12/05/10 to Contact Officer: Peter Frazer, Head of Partnerships & Community Engagement peter.frazer@centralbedfordshire.gov.uk Tel: 0300 300 6740
44.	Gypsy and Traveller DPD for Submission -	To agree the Gypsy and Traveller DPD for Submission. This relates to the LDF North area.	14 September 2010	Stakeholders Members of the public Sustainable Communities Overview and Scrutiny Committee	Report and draft document	Cllr Tom Nicols Comments by 1708/2010 to Contact Officer: Richard Fox, Head of Development Plan richard.fox@centralbedfordshire.gov.uk Tel: 0300 300 4105

Postal address for Contact Officers: Central Bedfordshire Council, Priory House, Monks Walk, Chicksands, Shefford SG17 5TQ

**Central Bedfordshire Council
Forward Plan of Decisions on Key Issues**

The following table sets out the dates on which the Central Bedfordshire Council Forward Plan will be published in 2009/10:

Date of Publication	Period of Plan
08.05.09	1 June 2009 – 31 May 2010
15.06.09	1 July 2009 – 30 June 2010
15.07.09	1 August 2009 – 31 July 2010
13.08.09	1 September 2009 – 31 August 2010
10.09.09	1 October 2009 – 30 September 2010
08.10.09	1 November 2009 – 31 October 2010
05.11.09	1 December 2009 – 30 November 2010
03.12.09	1 January – 31 December 2010
07.01.10	1 February 2010 – 31 January 2011
04.02.10	1 March 2010 – 28 February 2011
04.03.10	1 April 2010 – 31 March 2011
31.03.10	1 May 2010 – 30 April 2011

Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 18 January 2010
Subject: Work Programme 2009-2010
Report of: Cllr Maurice Jones, Portfolio Holder for Corporate Resources
Summary: The report provides Members with details of the currently drafted work programme following initial discussion of the subject at the Committee's first meeting on the 13th July 2007.

Contact Officer: Cheryl Powell, Overview & Scrutiny Officer
Public/Exempt: Public
Wards Affected: All
Function of: Council

RECOMMENDATIONS:

- 1. That the Corporate Resources Overview and Scrutiny Committee considers and approves the work programme attached, subject to any further amendments it may wish to make; and**
- 2. That the Corporate Resources Overview and Scrutiny Committee considers whether it wishes to add any further items to the work programme and/or establish any Task Forces to assist it in reviewing specific items.**

Reason for Recommendation: So that Members of the Corporate Resources Overview and Scrutiny Committee can further refine its work programme for the municipal year 2009 - 2010.

CORPORATE IMPLICATIONS

Council Priorities:

The work programme of the Corporate Resources Overview & Scrutiny Committee will contribute indirectly to all 5 Council priorities.

Financial:

n/a

Legal:

n/a

Risk Management:

n/a

Staffing (including Trades Unions):

n/a

Equalities/Human Rights:

n/a

Community Development/Safety:

n/a

Sustainability:

n/a

Work Programme

1. At its first meeting, the Committee received a presentation which provided an overview of the work of the Corporate Resources directorate and the key issues and challenging facing it.
2. At this meeting, and with the support of the officers in attendance, Members highlighted a number of priority items for inclusion in an initial Committee work programme, a summary of which is attached at Appendix A.
3. The Committee is now requested to consider further the work programme attached and amend and/or add to it if considered necessary. This will allow officers to plan accordingly but will not preclude further items being added during the course of the year if Members so wish and capacity exists.

Task Forces

4. In addition to further consideration of the work programme, Members will also need to consider how each item will be reviewed i.e. by the Committee itself (over one or a number of Committee meetings) or by establishing a Member Task Force to review an item in greater depth and report back its findings.

Conclusion

5. Members are requested to consider and agree the attached work programme, subject to any further amendments/additions they may wish to make and highlight those items within it where they wish to establish a Task Force to assist the Committee in its work.
-

Draft Work Programme for Corporate Resources Overview & Scrutiny Committee 2009 – 2010

Ref	Indicative OSC Meeting Date	Report Title	Issue to be considered	Lead Officer(s)	Comment
1.	1 st February 2010	People Strategy		Gordon MacFarlane	
2.		Quarter 3 Budget & Performance Information	To receive the Budget and Performance information for the Corporate Resources Directorate.	Matt Bowmer	The Committee will receive a statement of the position Directorate's financial performance against budget for Q4
3.	1 st March 2010	Department Overview: Legal and Democratic Services	To receive an overview of the Legal and Democratic Services function in light of any updates / refresh of directorate strategies and plans	Barbara Morris	The Committee will receive an overview of how the Legal and Democratic Services Department operates within the Corporate Resources Directorate, taking account of the Council Priorities and the Directorates Service Plans. The overview will outline the <ul style="list-style-type: none"> • Key issues; • Challenges; and • Tasks facing the directorate in delivering the Council's priorities
4.	29 th March 2010	No Business			
5.	26 th April 2010	No Business			

Ref	Indicative OSC Meeting Date	Report Title	Issue to be considered	Lead Officer(s)	Comment
6.	24 th May 2010	Quarter 4 Budget & Performance Information	To receive the Budget and Performance information for the Corporate Resources Directorate.	Matt Bowmer	The Committee will receive a statement of the position Directorate's financial performance against budget for Q4

Previous Work Programme Items

7.	18 th January 2010	Medium Term Accommodation Programme Update			The Committee will receive a report proposing the approval of a revised programme and re-naming to the Interim Accommodation Plan
8.		Treasury Management Strategy			The Committee will receive a report proposing a revised strategy in response to changes in two key codes and increased risk in investment markets
9.		Disaggregation of the Assets of the former Bedfordshire County Council		Clive Heaphy / Matt Bowmer	The Committee will receive a report proposing the basis of an agreement with Bedford Borough Council on the split of assets of the former County Council.
10.	10 th December 2009	Department Update: ICT, Property and Assets	To receive an update of the ICT, Property and Assets function.	Caroline Carruthers / Mark Bassett	The Committee will receive an update of how the ICT, Property and Assets Department operates within the Corporate Resources Directorate, taking account of the Council Priorities and the Directorates Service Plans. The update will outline the <ul style="list-style-type: none"> • Key issues; • Challenges; and • Tasks facing the directorate in delivering the Council's priorities

11.		Quarter 2 Budget & Performance Information	To receive the Budget and Performance information for the Corporate Resources Directorate.	Clive Heaphy and Matt Bowmer	The Committee will receive a statement of the position Directorate's financial performance against budget for Q2
12.		Review of 2010/11 Corporate Budget Proposals	To receive the high level position of the 2010/11 Corporate budget proposals	Clive Heaphy	
13.	2 nd November 2009	Department Overview: Audit & Risk	To receive an overview of the Audit & Risk function in light of the update and refresh of directorate strategies and plans, namely the <ul style="list-style-type: none"> • Health and Safety Audit of CBC properties • Insurance Review of CBC properties 	Nick Murley	The Committee will receive an overview of how the Audit & Risk Department operates within the Corporate Resources Directorate, taking account of the Council Priorities and the Directorates Service Plans. The overview will outline the <ul style="list-style-type: none"> • Key issues; • Challenges; and • Tasks facing the directorate in delivering the Council's priorities
14.		Quarter 2 Budget & Performance Information	To receive the Budget and Performance information for the Corporate Resources Directorate.	Matt Bowmer	The Committee will receive a statement of the position Directorate's financial performance against budget for Q2
15.		Task Force Feedback: Review of the Procurement Strategy	To receive feedback from the Task Force's meeting held on the 16 th September	n/a	The Committee will receive an update of the Task Force's work on the development of the Procurement Strategy. This will encompass the suggestions from the Task Force's investigation of the Strategy with a view to these proposals being included into the strategy's development prior to its receipt at Executive on the 10 th November 2009

16.	5 th October 2009	Department Overview: Human Resources & Organisational Development	<p>To receive an overview of the Human Resources & Organisational Development function in light of the update and refresh of directorate strategies and plans, namely the</p> <ul style="list-style-type: none"> • HR operating model; • Workforce strategy; • Organisational development strategy ; • Learning and development plan; and • Employee engagement plan 	Gordon MacFarlane	<p>The Committee will receive an overview of how the Human Resources & Organisational Development Department operates within the Corporate Resources Directorate, taking account of the Council Priorities and the Directorates Service Plans. The overview will outline the</p> <ul style="list-style-type: none"> • Key issues; • Challenges; and • Tasks facing the directorate in delivering the Council's priorities
17.		Update of the Budget Outturn	To consider the details of the current budget outturn position	Clive Heaphy	To request Members of the Corporate Resources Overview & Scrutiny Committee consider how they wish to scrutinise the budget during 2009/10 and what lessons can be learnt and applied to the scrutiny process for 2010/2011.

18.		Review of the Capital Programme	To seek the views of the Committee in respect of the schemes proposed for inclusion in the Capital Programme prior to recommendation to Executive.	Matt Bowmer	The Corporate Resources Overview & Scrutiny Committee would welcome a report advising them on the proposals for the updated capital programme and the formal capital budget for the current financial year The formulation and review of the capital programme is a policy framework matter and requires formal referral to the Corporate Resources Overview & Scrutiny Committee for review prior to recommendations being made to the Executive.
19.	10 th August 2009	Procurement Strategy	To receive a presentation / overview of Central Bedfordshire Council's Procurement process To consider the strategy To consider the code of practice for contract management	Rob Gregan	The committee may wish too consider a presentation and complementary report setting out the Council's position and a way forward.
20.		Medium Term Budget Strategy	To consider the Medium Term Budget Strategy	Clive Heaphy & Matt Bowmer	
21.		Medium Term Accommodation Plan	To receive a report / update on the Intermediate solution to Office Accommodation	Caroline Carruthers	
22.		Accommodation Strategy	To consider Central Bedfordshire Council's plan for office accommodation	Caroline Carruthers	
23.		ICT Strategy	To consider the ICT Strategy To consider the plan for rationalisation and migration of ICT	Caroline Carruthers	

24.		Performance Monitoring Reports	Property Acquisitions and Disposals Monitoring: Quarterly basis monitoring and reporting of all property transactions	Mark Bassett	
25.		Review of the Work programme		Overview & Scrutiny Officer	
26.	7 th September 2009	Department Overview: Financial Services	To receive an overview of the Financial Services function	Matt Bowmer	<p>The Committee will receive an overview of how the Financial Services Department operate s within the Corporate Resources Directorate, taking account of the Council Priorities and the Directorates Service Plans. The overview will outline the</p> <ul style="list-style-type: none"> • Key issues; • Challenges; and • Tasks facing the directorate in delivering the Council's priorities
27.		Budget Setting Process 2010 / 2011	To receive an overview of Central Bedfordshire Council's budget setting process for 2010 / 2011	Matt Bowmer	<p>The Committee will receive an overview setting out the Council's approach to setting the Budget for the year 2010 / 2011. The overview will outline the</p> <ul style="list-style-type: none"> • The national context for local government finance; • The impact of MTFP on the Council's priorities and objectives • CBC's financial situation with a focus pressures and challenges for the future.

28.		Quarter 2 Budget & Performance Information	To receive the Budget and Performance information for the Corporate Resources Directorate.	Matt Bowmer	The Committee will receive a statement of the position Directorate's financial performance against budget for Q1
29.		Task Force Feedback: Review of the Procurement Strategy	To receive feedback from the Task Force's meeting	n/a	The Committee will receive an update of the Task Force' investigation into the Procurement Strategy.
30.		Review of the Work programme	To consider the Corporate Resources Overview & Scrutiny Committee's Work Programme with a view to further refine its work for the municipal year 2009 - 2010.	Overview & Scrutiny Officer	The Corporate Resources Overview & Scrutiny Committee considers will need to continually refine and approve its work programme in order to add any further items to the work programme and/or establish any Task Forces to assist it in reviewing specific items.

Executive Dates:

8th December 2009; 12th January 2010; 9th February 2010

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