

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



**please ask for** Helen Bell  
**direct line** 0300 300 4040  
**date** 14 November 2013

## **NOTICE OF MEETING**

### **CENTRAL BEDFORDSHIRE COUNCIL**

Date & Time

**Thursday, 28 November 2013 6.30 p.m.**

Venue at

**Council Chamber, Priory House, Monks Walk, Shefford**

Richard Carr  
**Chief Executive**

To: The Chairman and Members of the CENTRAL BEDFORDSHIRE COUNCIL

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

# AGENDA

## Prayers

Pastor Jumbo Isong will take prayers.

1. **Apologies**

Apologies for absence to be received.

2. **Minutes**

To approve the minutes of the Council meeting held on 12 September 2013

(Attached pages 7 to 14)

3. **Members' Interests**

To receive from Members any declarations of interest.

4. **Questions, Statements and Deputations**

To receive any questions, statements and deputations from members of the public in accordance with the Public Participation Procedure as set out in Annex 1 of part A4 of the Constitution. (This session will be held at the Chairman's discretion and will normally last no longer than 15 minutes.

5. **Petitions**

To receive and discuss petitions if any, in accordance with the Public Participation Procedure as set out in Annex 2 of part A4 of the Constitution.

6. **Chairman's Announcements and Communications**

The Chairman to announce any matters of communication.

7. **Leader of the Council's Announcements and Communications**

The Leader of the Council to announce any matters of communication.

8. **Executive Member Presentations**

To receive reports from up to three Executive Members on recent matters of interest and ask questions on matters contained in the reports.

9. **Recommendations from the Executive**

To consider recommendations from:

(i) the meeting of the Executive, 5 November 2013 and answer questions asked under Rule No. 13.1.

(a) Central Bedfordshire Draft Equality and Diversity Strategy 2013-16.

(Attached page 15)

(b) Implementation of the Leisure Facilities Strategy, including findings of the Flitwick Leisure Centre Invest to Save Feasibility Study.

(Attached page 17)

(ii) the meeting of the Executive, 27 November 2013 and answer questions asked under Rule No. 13.1.

(c) Roker Park, Stotfold.

(To follow )

10. **Report of the Bedfordshire Fire and Rescue Authority**

To receive and consider the report of the Bedfordshire Fire and Rescue Authority and ask questions relating to the report under Rule No 13.1.

(Attached pages 19 to 21)

11. **Report of the Bedfordshire Police and Crime Panel**

To receive and consider the report of the Bedfordshire Police and Crime Panel and ask questions relating to the report under Rule No 13.1.

(Attached pages 23 to 33)

## 12. **Notice of Motion**

To consider any motions on notice from members of the Council under Rule 17, in the order received.

### 1. Notice of Motion from Councillor Nigel Aldis –

The Council recognises that even in these difficult financial times it has a duty of care and responsibility towards the Town and Parish Councils which are the bedrock of our democracy. Accordingly it asks the Executive, when preparing the Council's draft revenue budget for 2014-15, to include a grant to Town and Parish Councils equivalent to 80% of the Transition and Mitigation Grant for the financial year 2013-14.

Unless directed otherwise by Central Government, the Council proposes that in future years the level of this grant will be reduced by 20% each year (60% of 2013-2014 level in 2015-2016; 40% in 2016-2017; 20% in 2017-2018)

The Council recognises that these arrangements will considerably assist local councils in those areas where the change in the Council Tax system is most acute.

## 13. **Written Questions**

To answer written questions from Members of the Council under Rule No. 13.2.

The following written questions have been received from Councillor Aldis:

What is the annual cost to this Authority of Concessionary Bus Passes over and above the grant paid by the Government?

What percentage of residents in Central Bedfordshire hold a bus pass?

How many journeys are made in the average year and which way is the trend?

In the last year how many new Concessionary Bus Passes have been issued by this Authority?

Of the total number how many were:

- a. New applicants
- b. Replacements for lost or stolen cards. Replacements for damaged cards?

In what circumstances is the £10 charge for replacement cards not enforced?

14. **Open Questions**

To answer Open Questions asked by Members of the Council under Rule No. 13.7.

15. **Monitoring Treasury Management Six Months to 30 September 2013**

To consider a report of Councillor Maurice Jones, Executive Member for Corporate Resources on Managing Treasury Management six months to 30 September 2013.

(Attached pages 35 to  
52)

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**CENTRAL BEDFORDSHIRE COUNCIL**

At a meeting of the **CENTRAL BEDFORDSHIRE COUNCIL** held in the Council Chamber, Priory House, Monks Walk, Shefford on Thursday, 12 September 2013.

**PRESENT**

Cllr Ms C Maudlin (Chairman)  
Cllr D Bowater (Vice-Chairman)

Cllrs	P N Aldis Mrs A Barker A R Bastable R D Berry L Birt A D Brown Mrs C F Chapman MBE N B Costin I Dalgarno A L Dodwell Mrs R J Drinkwater P A Duckett Dr R Egan Mrs R B Gammons C C Gomm Mrs S A Goodchild	Cllrs	Ms A M W Graham Mrs D B Gurney C Hegley P Hollick D J Hopkin J G Jamieson R W Johnstone D Jones M R Jones D J Lawrence Mrs J G Lawrence K C Matthews D McVicar J Murray Mrs M Mustoe R B Pepworth	Cllrs	J A G Saunders A Shadbolt N J Sheppard I Shingler M A Smith Miss A Sparrow B J Spurr R C Stay A M Turner Mrs P E Turner MBE M A G Versallion N Warren B Wells T Woodward J N Young A Zerny
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**Apologies for Absence**

Cllrs	M C Blair Mrs S Clark Mrs G Clarke	Cllrs	K Janes T Nicols B Saunders	Cllrs	R D Wenham P Williams
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Officers:	Mr J Atkinson	–	Head of Legal and Democratic Services
	Miss H Bell	–	Committee Services Officer
	Mr R Carr	–	Chief Executive
	Ms D Clarke	–	Director of Improvement and Corporate Services
	Mr M Coiffait	–	Community Services Director
	Mr A Fleming	–	Service Director - Business Services
	Mrs J Ogle	–	Director of Social Care, Health and Housing
	Ms M Peaston	–	Committee Services Manager

C/13/30

**PRAYERS**

Prayers were taken by Father Richard Moroney, St Peter's Roman Catholic Church, Biggleswade.

C/13/31 **Minutes**

**RESOLVED**

**That the minutes of the meeting held on 13 June 2013 be confirmed and signed by the Chairman as a correct record.**

C/13/32 **Members' Interests**

None were declared.

C/13/33 **Questions, Statements and Deputations**

No questions, statements or deputations were received.

C/13/34 **Petitions**

No petitions were received.

C/13/35 **Chairman's Announcements and Communications**

The Council stood in silent tribute to the memory of Councillor Denise Green who had died recently.

The Chairman advised Members that Agenda item No 14, additional report, relating to the Secretary of State's decision on the planning appeal for a Gypsy and Traveller Site at Mile Tree Road, Heath & Reach, Leighton Buzzard had been withdrawn. Councillor Young, Executive Member for Sustainable Communities - Strategic Planning and Economic Development would provide an update under Agenda Item No 8, in his Executive Member presentation.

The Chairman also advised that she intended to vary the order of business at the meeting and take Item 12 before item 13 'Open Questions'.

The Chairman made the following announcements:

- The Chairman had written a letter on behalf of residents, Councillors and Officers to the Duke and Duchess of Cambridge on the occasion of the birth of their son. A letter of response had been received expressing gratitude and best wishes.
- Over 200 people had taken part in the Broom Quarry Sponsored stroll and had so far raised £3600 for the Chairman's charity.
- The Chairman's Civic reception would be held on 23 October 2013 and would be combined with the 'You Make a Difference Awards'.



The Chairman invited Councillor Maurice Jones to say a few words to John Atkinson, Head of Legal Services who would be leaving Central Bedfordshire Council in November.

Councillor Jones reflected upon his time spent working with John Atkinson, thanked him for his services in his role as Head of Legal Services and Monitoring Officer and expressed best wishes on behalf of the Council.

John Atkinson responded with his thanks and best wishes to the Council.

C/13/36

### **Leader of the Council's Announcements and Communications**

The Leader reported upon:

- The successful GCSE results across Central Bedfordshire. Students achieving 5 A\*-C grades in Maths and English had risen by 58.6%, the number achieving 5 A\*-C grades had increased to 82.3%
- Economic activity in Central Bedfordshire, further to the news that 'Prologis' had announced its intention to invest in Dunstable which would create approximately 500 jobs, along with the news that Center Parcs had started to recruit, and the opening of the Luton Busway
- The official opening of Chiltern School.

C/13/37

### **Executive Member Presentations**

Councillor Mrs Turner, Executive Member for Partnerships, focused her presentation on the work of the Central Bedfordshire Together Board and The Health and Wellbeing Board. Both the Central Together Board and Health and Wellbeing Board involved partnership working. She outlined some of the long term strategies that both of the Boards were working towards.

Councillor Mrs Turner responded to questions.

Councillor Young, Executive Member for Sustainable Communities-Strategic Planning and Economic Development reported on recent developments within his portfolio area including:

- the Development Management Committee had granted permission for 5,150 homes land to the northern edge of Houghton Regis North
- on going negotiations to secure monies for the A5/M1 Link Road
- work on the A1 roundabout at South Biggleswade, which was progressing

- planning permission for Homebase, Biggleswade to relocate to new premises in order for development of a new retail park to commence had been granted by the Development Management Committee
- the Luton and Dunstable Busway was due to open on 25 September 2013
- the Department for Transport had awarded £5m for the Woodside Link road whilst the Planning Inquiry decision regarding its national significance was anticipated on 8 October 2013.

Councillor Young provided Council with an update on the current position regarding the Gypsy and Traveller site at Mile Tree Road, Heath & Reach. The Secretary of State had supported the Inspector's decision to grant temporary planning permission for 6 pitches at Mile Tree Road.

The Inspector had made criticisms about Central Bedfordshire's site provision plans as follows:

- Flawed assumptions in the 2013 Gypsy and Traveller Accommodation Assessment (GTAA) and therefore an underestimation of need for a variety of reasons; and
- The lack of evidence to explain the decision making process that resulted in the shortlist of 7 sites from a long list of 32 sites (at the Overview and Scrutiny Committee).

The Council had been advised that the Secretary of State's decision could be challenged and would consider the position with the Gypsy and Traveller Local Plan in the light of developments.

C/13/38

## **Recommendations from the Executive**

### **(i) Community Engagement Strategy 2013-2016**

The Council considered a recommendation from the meeting of the Executive held on 25 June 2013 which set out the proposed Community Engagement Strategy (CES 2013-2016). Members were advised that the Strategy had been amended as it would be dated from June 2013 to the end of May 2016 and that activity relating to vulnerable and minority groups had been rewritten to include gypsies and travellers.

#### **RESOLVED**

**that the final draft of the Community Engagement Strategy 2013-2016 be approved, as amended and that the supporting policy documents be adopted.**

### **(ii) East West Rail**

The Council considered a recommendation from the meeting of the Executive held on 25 June 2013 outlining the benefits and implications of a new East West rail route and the contribution required to support the project, following discussions with the Network Rail, the Department for Transport and the East West Rail consortium.

**RESOLVED**

**that the Council's contribution to the East West Rail Western Section project of an estimated £5.180 million be included in future updates of the Capital Programme.**

C/13/39 **Motions**

Notice had been received from Councillor Stay of a Motion under Procedure Rule No 17 as follows:

“Central Bedfordshire Council, as a local Registration Authority for births, deaths and marriages, views with dismay proposals to introduce birth certificates stamped with the EU logo.

The UK is a sovereign nation; it has the power and the authority to issue birth certificates, driving licences and passports. This authority believes that these key documents should display the UK flag, not the 12-star logo of the EU, which has no place on UK personal identity papers.

The Leader of the Council is requested to write to the Prime Minister and the Minister for Europe expressing this authority's opposition to the proposed introduction of EU birth certificates.”

The motion having duly been seconded by Councillor Mrs Gammons was debated and voted upon.

The motion was carried.

**RESOLVED**

Central Bedfordshire Council, as a local Registration Authority for births, deaths and marriages, views with dismay proposals to introduce birth certificates stamped with the EU logo.

The UK is a sovereign nation; it has the power and the authority to issue birth certificates, driving licences and passports. This authority believes that these key documents should display the UK flag, not the 12-star logo of the EU, which has no place on UK personal identity papers.

The Leader of the Council is requested to write to the Prime Minister and the Minister for Europe expressing this authority's opposition to the proposed introduction of EU birth certificates.

Notice had been received from Councillor Young of a Motion under Procedure Rule No 17 as follows:

“The Council believes that substantial improvements need to be made to the part of the A1 running through Central Bedfordshire and south-east of Bedford Borough (A421 area), and to that end RESOLVES to request the Executive to take all steps necessary to secure Government support for such improvements and their priority in the programme of A1 improvements.”

The Motion having been duly seconded was debated and voted upon.

The Motion was carried.

### **RESOLVED**

The Council believes that substantial improvements need to be made to the part of the A1 running through Central Bedfordshire and south-east of Bedford Borough (A421 area), and to that end RESOLVES to request the Executive to take all steps necessary to secure Government support for such improvements and their priority in the programme of A1 improvements.

#### **C/13/40 Written Questions**

No written questions had been received.

#### **C/13/41 Treasury Management Outturn Report**

The Council received and considered a report of the Deputy Leader, Executive Member for Corporate Resources which provided a review of the Treasury Management activities for the year ended 31 March 2013.

### **RESOLVED**

**that the Treasury Management and Prudential Indicators performance for the year ended 31 March 2013 be noted.**

#### **C/13/42 Secretary of State's decision on the planning appeal for Gypsy and Traveller site at Mile Tree Road, Heath & Reach, Leighton Buzzard**

The Executive Member for Sustainable Communities - Strategic Planning and Economic Development had provided an update of the current position on the Secretary of State's decision on the planning appeal for a Gypsy and Traveller site at Mile Tree Road, Heath & Reach in his presentation under agenda item No 8 (Minute C/13/37 refers), therefore the item was withdrawn.

#### **C/13/43 Open Questions**

The Chairman invited the Minority Group Leaders to ask a question each prior to the consideration of questions that had been placed in the Open Questions receptacle.

1. Councillor Murray sought assurance about the economic benefits of the Luton Bus way.

The Executive Member for Sustainable Communities - Strategic Planning and Economic Development referred to the planned investment and development in Dunstable and how this would be supported by the Busway.

2. Councillor Aldis asked a question about the current position following a decision to implement parking restriction schemes in Sandy.

The Deputy Member for Sustainable Communities explained that several Traffic Orders had been made but some had not been processed due to financial costs. He confirmed that he would investigate this issue further.

3. Councillor Barker asked a question about the inclusion of Looked After Children in free swimming lessons during the summer holidays.

The Deputy Member for Sustainable Communities confirmed that free swimming lessons throughout the summer holiday had been made available for children, including Looked After Children, between the ages of 11-18 and that there was an ongoing swimming scheme for Looked After Children.

4. Councillor Berry invited the Executive Member for Children's Services to comment upon the opening of the Greenleas School.

The Executive Member for Children's Services commented on the success of the new Greenleas School.

5. Councillor Dalgarno asked a question about a speculative planning application made in his ward which did not fall within the Local Development Framework.

The Executive Member for Sustainable Communities - Strategic Planning and Economic Development advised it would be considered in accordance with relevant policies of the Local Development Framework.

6. Councillor Matthews asked the Deputy Executive Member for Sustainable Communities to provide an update on the current Metal Theft Legislation in respect of Central Bedfordshire.

The Deputy Member for Sustainable Communities advised that there would be 2 types of licences available, a Site Licence or Collectors'

Licence, the administration of which would help minimise the theft of metal.

7. Councillor Aldis asked a question about plans to reduce waste arising from plastic water bottles, including by encouraging residents to drink tap water.

The Deputy Member for Sustainable Communities commented that whilst the Council employed Waste Officers this specific suggestion was not within the remit of this Council.

8. Councillor Murray asked a question about the installation of new desks at Watling House.

The Deputy Leader and Executive Member for Corporate Resources undertook to provide a written answer.

9. Councillor Murray asked what connection Central Bedfordshire Council has with Bromford.

The Executive Member for advised that the Council has a contract with Bromford which provides support services to vulnerable people.

(Note: The meeting commenced at 6.30 p.m. and concluded at 8.45 p.m.)

Chairman .....

Dated .....

**COUNCIL MEETING – 28 NOVEMBER 2013**

**Recommendation to Council from the Executive meeting  
held on 5 November 2013**

**E/13/59 Central Bedfordshire Draft Equality and Diversity Strategy 2013 - 16**

The Executive considered a report from the Deputy Leader and Executive Member for Corporate Resources that set out the draft Equality and Diversity Strategy. The Strategy had been refreshed in line with the requirements of the Equality Act 2010 to enable the Council to continue to adopt a robust approach to equality issues across all of its activities.

In response to a question, the Director of Improvement and Corporate Services advised Members that protection for whistle blowers was covered by the Public Interest Disclosure Act 1998 and was not part of the remit for the Equality and Diversity Strategy.

Reason for decision: To ensure that the Council complies with its statutory obligations.

***RECOMMENDED to Council***

***that the Draft Equality and Diversity Strategy for Central Bedfordshire be adopted.***

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**COUNCIL MEETING – 28 NOVEMBER 2013**

**Recommendation to Council from the Executive meeting  
held on 5 November 2013**

**E/13/67 Implementation of the Leisure Facilities Strategy, including findings of the Flitwick Leisure Centre Invest to Save Feasibility Study**

The Executive considered a report from the Executive Member for Sustainable Communities – Services concerning the implementation of the Leisure Facilities Strategy, including the findings of the Flitwick Leisure Centre invest to save feasibility study. The independent feasibility study on the redevelopment of Flitwick Leisure Centre had been concluded, with a recommendation for a facility mix which was affordable whilst meeting public expectations of new and modern public sector leisure provision.

The current Flitwick Leisure Centre was not fit for purpose as it needed renovation and was unable to cope with increased demand emanating from the increase in housing in Flitwick and the surrounding areas.

Members noted that the revised recommendations excluded the provision of meetings rooms in the proposed redevelopment of Flitwick Leisure Centre.

**RESOLVED**

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

Members discussed the financial elements of the redevelopment of Flitwick Leisure Centre and the information that had been provided to the Sustainable Communities Overview and Scrutiny Committee.

The Executive Member for Sustainable Communities – Services moved a revised recommendation for 3 (c), which was duly seconded:-

‘that the grant of a lease at a peppercorn rent for the management and operation of the Flitwick football facility (including pitches and pavilion) for 25 years to Flitwick Eagles Football Club be approved, subject to them providing an appropriate business case.’

**RESOLVED**

**to reopen the meeting to the Press and Public.**

Reason for decision: To enable the redevelopment of Flitwick Leisure Centre, a priority in the Leisure Facilities Strategy, to be delivered.

**RESOLVED**

- 1. that Flitwick Leisure Centre redevelopment invest to save scheme be supported;**
- 2. *RECOMMENDED to Council***
  - a) a total gross expenditure budget of £11,925,000 be included in the capital programme in 2014/15 and 2015/16; and***
  - b) that the capital receipts arising from the disposal of surplus land adjoining the redevelopment Flitwick Leisure Centre be applied to reduce the Council's prudential borrowing.***
- 3. subject to approval by Council of recommendation in 2 above;**
  - a) that a virement in 2013/14 of £436,900 to the Flitwick Leisure Centre redevelopment invest to save scheme from an identified underspend in the 2013/14 £830,000 Leisure Strategy Implementation Invest to Save Project be approved;**
  - b) that the development of the Flitwick Football facility approved by Executive on 18 March 2013 would continue and the award of contract for the construction of a pavilion would be made in accordance with the Council's Code of Procurement Governance be noted;**
  - c) that the grant of a lease at a peppercorn rent for the management and operation of the Flitwick football facility (including pitches and pavilion) for 25 years to Flitwick Eagles Football Club be approved, subject to them providing an appropriate business case;**
  - d) that a land exchange between Central Bedfordshire Council and Flitwick Town Council to facilitate the redevelopment of Flitwick Leisure Centre be approved; and**
  - e) that in accordance with the Council's Code of Procurement Governance approve the procurement of a building contractor to redevelop Flitwick Leisure Centre.**



## **BEDFORDSHIRE FIRE AND RESCUE AUTHORITY**

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### **REPORT OF BEDFORDSHIRE FIRE AND RESCUE AUTHORITY FROM ITS MEETING ON 22 OCTOBER 2013 TO CENTRAL BEDFORDSHIRE BOROUGH COUNCIL**

Bedfordshire Fire and Rescue Authority (FRA) held a meeting on 22 October 2013 at Dunstable Community Fire Station. The major issues discussed at the meeting are summarised below:

#### **1. COMMUNICATIONS**

Members were advised of the launch of the community based publicly accessible defibrillator project which had taken place at Bromham Village Hall on 14 October 2013. Of the initial 40 defibrillators provided with funding from the Fire and Rescue Service and Bedford Borough Council, 27 had been installed with the other 13 in progress.

The proposed strike which had been arranged for 19 October 2013 had been called off as a result of the progress made in negotiations. The point in dispute currently under negotiation related to retirement for fire fighters between the ages of 55-60 as in the 2006 and proposed scheme fire fighters were required to work until the age of 60 to access their full pension.

This issue had been referred by Communities and Local Government to the National Employers, and a meeting of Fire Authority Chief Officers and Chairs had been arranged for 24 October 2013 to consider an 11 point plan.

#### **2. CORPORATE SERVICES POLICY AND CHALLENGE GROUP 17 SEPTEMBER 2013**

Members were advised that progress was being made on indicators relating to vehicles and property. The Policy and Challenge Group had also scoped its review on service delivery models.

#### **3. SERVICE DELIVERY POLICY AND CHALLENGE GROUP 19 SEPTEMBER 2013**

Members noted that dates for the Community Risk Management Plan public forums had been set for 10 (Kempston) and 11 (Luton) December 2013. Members were encouraged to attend.

**4. AUDIT AND STANDARDS COMMITTEE 26 SEPTEMBER 2013**

Members approved revised Financial Regulations and Standing Orders. Paragraphs relating to the orders for goods, works and services and the section on contracts had been moved from the Financial Regulations to the Standing Orders and a requirement for the Procurement Manager to be involved in any procurements over £50,000 had been included in the Standing Orders.

**5. 2013/14 REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING REPORT**

Members noted that as at 31 August 2013, the current forecast salary underspend to the year end was £299,000 and the total forecast underspend was £469,000. Any underspend would be transferred to the Transformation Earmarked Reserve at year end to assist with future budgetary pressures.

There were no issues to report in relation to Capital Programme, as all items were on target for completion by year end.

**6. DISPOSAL OF ASSETS UNDER THE SCHEME OF DELEGATED AUTHORITY**

Members were informed of vehicle assets which had either been redeployed or sold for more than £10,000.

**7. COMMUNITY BASED PUBLICLY ACCESSIBLE DEFIBRILLATORS**

Members of Central Bedfordshire and Luton Borough Councils were asked to pursue match-funding for the provision of defibrillators in their areas at Member level. It was noted that any additional funding provided by the Service may be spent throughout Bedfordshire, as it had in the initial allocation.

**8. VEHICLE FLEET - RESCUE PUMPS**

Members endorsed the action taken by the Chief Fire Officer, in consultation with the Executive Members, to commit the Service to the procurement exercise for the years 2013 to 2016 as part of the Eastern Region Fire Services consortium. The Service did not commit to the procurement exercise for the financial year 2016/17 and beyond at this stage, due to the current and predicted financial uncertainties.

It was noted that, due to the timescales of the project, action had to be taken prior to the meeting of the Authority.

**9. INFORMATION AND COMMUNICATIONS TECHNOLOGY SHARED SERVICES**

Members received an update on progress in relation to the Information and Communications Technology Shared Service Project being undertaken in collaboration with Cambridgeshire Fire and Rescue Service and authorised the

formal Shared Service Agreement to be completed. Both Services had upgraded their server environments and data back-up facilities. This had significantly improved the business continuity arrangements of both Services.

**COUNCILLOR McVICAR  
CHAIRMAN OF BEDFORDSHIRE FIRE AND RESCUE AUTHORITY**

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**Bedford Borough Council-Full Council**

**16 October 2013**

**Report of the Bedfordshire Police and Crime Panel**

**SUBJECT: BEDFORDSHIRE POLICE AND CRIME PANEL'S BI-ANNUAL REPORT**

**1 INTRODUCTION**

- 1.1 This report details the Panel's first bi-annual report. The purpose of this report is to provide the three top level Councils, Bedford Borough, Central Bedfordshire, and Luton Borough with summary information on the activity of the Bedfordshire Police and Crime Panel from its formation in summer 2012 to July 2013.

**2 RECOMMENDATIONS**

- 2.1 **That Full Council receives the bi-annual report of the Bedfordshire Police and Crime Panel.**

**3 IMPLICATIONS**

Legal

- 3.1 There are no legal implications arising from this report.

Policy

3.2 There are no policy implications arising from this report.

Risk

3.3 There are no risk implications arising from this report.

Resource

3.4 There are no resource implications arising from this report.

Environmental

3.5 There are no environmental implications arising from this report.

Equality

3.6 In preparing this report, due consideration has been given to the Panel's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010.

3.7 This activity has no relevance to the Panel's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. An equality analysis is not needed.



## 4 DETAILS

### **Bedfordshire Police and Crime Panel Bi-annual Report:**

#### 4.1 Introduction:

The purpose of this report is to provide the three top level Councils, Bedford Borough, Central Bedfordshire, and Luton Borough with summary information on the activity of the Bedfordshire Police and Crime Panel from its formation in summer 2012 to July 2013.

Nine meetings of the Panel have taken place during the period covered by this report.

#### 4.2 The Role and Responsibilities of the Bedfordshire Police and Crime Panel

The Police Reform and Social Responsibility Act 2011 introduced significant changes in police governance and accountability. The Act **replaced the former Police Authorities** with a **directly elected Police and Crime Commissioner** for each Police area and also required the **establishment of a Police and Crime Panel** for each Police area whose role is to scrutinise and hold the Commissioner to account as a 'critical friend'.

The Panel is a Joint Committee of Bedford Borough, Central Bedfordshire and Luton Borough Councils. Its membership comprises Councillors appointed by each of those three authorities and two Co-opted Independent Members.

Bedford Borough Council is the host local authority for the Panel and is responsible for providing administrative and other support to the Panel and its Members.

The Panel's functions are to:

- ⇒ review and report/make recommendations to the PCC in respect of his/her draft Police and Crime Plan and report/make recommendations to the PCC on his/her annual report;

- ⇒ review or scrutinise decisions made, or other action taken, by the PCC in connection with the discharge of his/her functions and make reports or recommendations to the PCC with respect to the discharge of those functions;
- ⇒ review and report back to the PCC on appointments s/he proposes to make to the following posts:
  - the Commissioner's Chief Executive;
  - the Commissioner's Director of Finance;
  - the Deputy Police and Crime Commissioner;
  - the Chief Constable.
- ⇒ review and report/make recommendations to the PCC on his/her proposed precept for the financial year;
- ⇒ review and report/make recommendations to the PCC on any proposal by him/her to call on the Chief Constable (CC) to retire or resign.

The Panel also has the power:

- ⇒ to suspend the PCC if s/he has been charged with an offence (in the UK, the Channel Islands or the Isle of Man) which carries a maximum term of imprisonment exceeding two years;
- ⇒ appoint an acting PCC where the incumbent PCC is incapacitated, resigns or is disqualified;
- ⇒ require the relevant PCC and members of his/her staff to attend before the Panel (at reasonable notice) to answer any questions that the Panel considers necessary in order to carry out its functions;
- ⇒ require the PCC to respond in writing within a reasonable period determined by the Panel, to any report or recommendation the Panel has made to the PCC.

Further details about the Panel's constitution and working arrangements are set out in the following documents, which are available on the Panel's website at the links below:

- ⇒ [Bedfordshire Police and Crime Panel Arrangements](#)
- ⇒ [Bedfordshire Police and Crime Panel Procedure Rules](#)

### 4.3 Arrangements, Procedures, Strategies and Plans

During the initial period of operation, a series of arrangements, procedures and strategies/plans were required to be put in place in order to help the Panel operate in a smooth and efficient way. These included:

⇒ [Bedfordshire Police and Crime Panel Arrangements](#)

The Panel's Arrangements were considered and approved by the Panel at the 6 September 2012 meeting and subsequently by the three constituent Councils and the Panel has decided to review these arrangements at the 25 November 2013 meeting and any recommendations for change will be reported to the next available meetings of the constituent authorities for consideration.

⇒ [Bedfordshire Police and Crime Panel Procedure Rules](#)

The Panel's Procedure Rules were also considered and approved by the Panel at the 6 September 2012 meeting, and the Panel has decided to review these arrangements at the 25 November 2013 meeting.

⇒ [Appointment of Independent Co-opted Members](#)

The Panel's membership is required by law to include two Co-opted Independent Panel Members. Following an open advertisement, as a result two Members were appointed at the 11 October 2012 meeting, for a period of four years from the date of the meeting.

⇒ [Protocol Governing the relationship between the Police & Crime Commissioner and the Police & Crime Panel, Including the Information Sharing Protocol and Media Protocol](#)

These Protocols were considered and approved by the Panel at the 4 December 2012 meeting, and are also due to be reviewed at the 26 September 2013 meeting.

⇒ [Arrangements for dealing with complaints about the conduct of the PCC](#)

These arrangements were approved by the Panel at the 4 December 2012 meeting where five members were also appointed to the Complaints Sub-Committee. This Sub-Committee will consider any recorded complaints against the PCC that will not be referred to the Independent Police Complaints Commission (the IPCC).

⇒ [The Panel's Improvement and Development Plan](#)

As part of the development of the Police and Crime Panel, Members identified the need for an Improvement and Development Plan to give a structure to the various ways it carries out its roles and responsibilities. As a result a draft Plan was produced for consideration by Panel Members at an informal workshop held on 28 February 2013. The modified plan was then considered and approved by members at the 30 April 2013 meeting. Progress against the actions identified will be reviewed regularly and further actions identified and included as necessary.

⇒ [The Panel's Communications Strategy](#)

An important part of the Panel's role is to communicate regularly the activity of the Panel to various audiences ranging from the general public to the Police and Crime Commissioner. As a result members decided to produce a Communications Strategy to give a structure and direction to the Panel's public relations activity. This Strategy was considered and approved by members at the 30 April 2013 meeting, and will be reviewed on an annual basis. Details of the activities carried out to date are included in section 5.5 of this report.

⇒ [Monitoring of the Panel's Recommendations](#)

The proposed processes which will ensure that any recommendations the Bedfordshire Police and Crime Panel (PCP) makes are recorded and followed up in a timely manner were considered and approved by the Panel at the 30 April 2013 meeting. This process was subsequently accepted by the PCC, and is now in use.

#### 4.4 Panel Reports and Recommendations to the Commissioner

Once the arrangements, procedures and strategies detailed above were in place, then the Panel were able to embark on their role of scrutinising and holding the Commissioner to account.

Panel Members had the opportunity to exercise their role in relation to confirmation hearings very early on regarding the appointment of the [Deputy Police and Crime Commissioner](#)

The Panel carried out a confirmation hearing on 17 December 2012, which resulted in the Panel's unanimous confirmation of the appointment of Tafheen Sharif as the Deputy Police and Crime Commissioner for Bedfordshire.

The Panel's report also made a number of other recommendations which the Panel considered would help strengthen and underpin the Deputy Commissioner's role and the support that the role could provide to the Commissioner. The Commissioner generally welcomed these suggestions. Details of the recommendations and the Commissioner's responses are available in a [report](#) submitted to the 24 July 2013 Panel meeting.

In February 2013 the Panel scrutinised the Commissioner's [Draft Police and Crime Plan](#) and the proposed [Precept](#).

The Panel was prepared to support the draft plan as submitted, acknowledging that the limited time available in which to produce this initial plan so that it could inform the Commissioner's budget for 2013/14, meant that it contained less detail than either the Commissioner or the Panel would ordinarily wish to see.

In expressing its support, the Panel asked however that once discussions with the Chief Constable to agree the framework for assessing performance against the Plan had been concluded, the proposed framework be submitted to the Panel for its consideration. This was considered at the 30 April 2013 meeting

Regarding the Precept, the Panel decided not to propose any changes, and did not exercise its power to veto the proposed precept. The report produced by the Panel advised the Commissioner that the Panel supported the proposed precept for 2013/14 as submitted.

More recently the Panel has carried out a confirmation hearing for the appointment of the new [Chief Constable of Bedfordshire Police](#).

On 24 May 2013 the Panel's Secretariat received formal notification of Ms Paul's proposed appointment. By law the Panel is required to hold a confirmation hearing (a meeting of the Panel held in public at which the candidate for appointment is requested to appear for the purpose of answering questions relating to that appointment) in sufficient time to enable it to submit its report and recommendations in respect of the appointment to the Commissioner within 3 weeks of the day on which it received notification.

The confirmation hearing into this appointment was held at 3.00pm on Tuesday 4 June 2013 at Borough Hall, Bedford, and the Panel's report, subsequent to this hearing, recommended that Colette Paul be appointed Chief Constable of Bedfordshire.

A detailed [report](#) containing all the recommendations made to date to the Commissioner and full details of his responses was submitted to the 24 July 2013 Panel meeting.

This showed that of the 12 recommendations made to the Commissioner, 11 have been accepted and implemented.

#### 4.5 Communications Strategy

The Panel's Communications Strategy (Available at this [page](#) of the Panel's website) was approved by the Panel at the 30 April 2013 meeting, and is being progressively implemented.

The objectives of the Communications Strategy are two-fold:

- ⇒ To raise the level of key stakeholder and general public awareness of the Bedfordshire Police and Crime Panel, its role in the new governance arrangements for policing and community safety and its membership.
- ⇒ To publicise the ongoing work of the Panel and the recommendations it makes to the Commissioner so that the public and partners know what the Panel is doing and the opportunities that are available for them to contribute to and help shape its work.

The following Communications Tools are being used by the Panel:

⇒ [Panel webpages](#)

As host authority Bedford Borough Council provides dedicated web pages which provide information for the public on:

- The role of the Police and Crime Panel
- Panel membership and contact details
- Panel meetings and agendas, reports and minutes
- Panel reports to the Commissioner
- Panel Press Releases
- The role of the Police and Crime Commissioner
- Complaints

The Panel's website, [www.bedford.gov.uk/bedspcp](http://www.bedford.gov.uk/bedspcp), is maintained regularly to ensure it is an up to date knowledge base for the public to access. There is close co-operation and links with the PCC's office to ensure consistent channels of communication with the public.

⇒ **Panel Reports to the Commissioner**

The Police Reform and Social Responsibility Act 2011 requires the Panel to make written reports and recommendations to the Commissioner on the following:

- The proposed precept for any year

- The proposed Police and Crime Plan and any proposed variations

- The Commissioner's Annual Report

- The outcome of confirmation hearings for the positions of Deputy Police and Crime Commissioner, Chief Executive, Director of Finance and Chief Constable.

Details of the Panel reports to the Commissioner are contained in section 4.4 of this report.

⇒ **Press releases**

Press releases are a key means of making the public aware of the Panel and its work and the activity of the Panel has been publicised with the following Press releases:

[Panel meets PCC for the first time 6 Dec 12](#)

[Panel's support for Deputy PCC's appointment 21 Dec 12](#)

[Panel's support for Commissioner's Police and Crime Plan 8 Feb 13](#)

[Confirmation Hearing with proposed new Chief Constable 28 May 13](#)

[Panel's support for Chief Constable's appointment 7 Jun 13](#)

In support of the Press Releases, the social media website "[Twitter](#)" is used for additional publicity.

There is good liaison between the PCC's office and the Panel in ensuring that communication material is consistent from both bodies, and that where appropriate it is issued simultaneously. An example of this was the confirmation hearing for the new Chief Constable (See Press Release dated 7 June 2013 above).



#### 4.6 Conclusion

The first year of operation of the Panel has been very much a year of developing an understanding of the Panel's role and relationship building with the PCC's office. Panels across the Country have experienced similar processes.

In Bedfordshire the Panel has been particularly proactive in carrying out and developing their role, as demonstrated by a recent "Away Day".

This day was attended by Panel members as well as the Commissioner and the Assistant Commissioner. As well as further developing the relationship with the Commissioner, agreement was reached on ways the Panel could assist the Commissioner as a "critical friend" in developing his future strategies. **This agreement includes looking at certain key areas of pre-scrutiny starting with the Estates Strategy of Bedfordshire Police.**

The Panel now looks forward to working closely with the Commissioner in order to assist in providing the best possible Policing Service to the people of Bedfordshire.

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**Meeting:** Council  
**Date:** 28 November 2013  
**Subject:** **Monitoring Treasury Management six months to 30 September 2013**  
**Report of:** **Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources**  
**Summary:** In compliance with relevant codes of practice adopted by the authority this report provides a review of the implementation of the treasury strategy approved by Council for six months to 30 September 2013. The report explains how the strategy was implemented, the state of the financial markets, what action has been taken to address the challenges and the results of that action.

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**Advising Officer:** Charles Warboys, Chief Finance Officer and Section 151 Officer  
**Contact Officer:** Charles Warboys, Chief Finance Officer and Section 151 Officer  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Council

#### **CORPORATE IMPLICATIONS**

##### **Council Priorities:**

Effective management of the Council's financial resources and the associated risks is a cornerstone to the delivery of the Council's priorities.

##### **Financial:**

1. The Council's Treasury Management strategy and prudential indicators underpin the Medium Term Financial Plan (MTFP). Performance against the strategy and the prudential indicators is explained within the body of this report.

##### **Legal:**

2. The Council's treasury management activities are regulated by statute, professional codes and official guidance. The Local Government Act 2003 (the Act) provides the powers to borrow and invest as well as providing controls and limits. Under the Act, Communities and Local Government has issued Guidance on Local Government Investments (revised March 2010) to structure and regulate the Council's investment activities. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 – Statutory Instrument (SI) 3146 (plus subsequent amendments), develops the controls and powers within the Act. The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (the Code of Practice).
3. CIPFA revised the Code of Practice in November 2011 following developments in financial markets and the introduction of the Localism Act for English local authorities. The revised Code was adopted by Council on 29<sup>th</sup> November 2012.

**Risk Management:**

4. The approved strategy aims to manage the risks to the Council's finances from instability in financial markets.

**Staffing (including Trades Unions):**

5. Not Applicable

**Equalities/Human Rights:**

6. Not Applicable.

**Public Health**

7. Not Applicable.

**Community Safety:**

8. Not Applicable.

**Sustainability:**

9. Not Applicable.

**Procurement:**

10. Not applicable.

**RECOMMENDATIONS:**

**The Council is asked to:**

1. **Acknowledge the satisfactory performance on Treasury Management and Prudential Indicators for the six months ended 30 September 2013**

## **Background**

20. Treasury management is defined by the CIPFA Code of Practice for Treasury Management in the Public Services as: “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
21. The Council’s Treasury Management Strategy has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management 2011, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.
22. The Code also recommends that all members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority has adopted best practice in accordance with CIPFA’s recommendations. Local arrangements require the Overview and Scrutiny Committee to receive, on a quarterly basis, treasury management performance reports and every year to scrutinise the proposed revised strategy.
23. Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council’s treasury management objectives.
24. This report provides members with a summary of the treasury management activity during the six months ending 30 September 2013. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

## **Treasury Activities for the period 1 April 2013 to 30 September 2013**

### **Borrowing**

25. The Council’s underlying need to borrow as measured by the Capital Financing Requirement (CFR) was £399.4m. At 30 September 2013 £316.2m had been externally borrowed, with the remainder borrowed internally from the Council’s own cash balances. The Council will continue to utilise cash balances to fund capital expenditure in lieu of borrowing externally, but expects that external borrowing will be required from 2014/15.
26. The Council has £165m of borrowing relating to the Housing Revenue Account (HRA) which was arranged as part of HRA Self Financing, introduced by Central Government in the 2011/12 financial year.

27. Most of the Council's borrowing (94%) is from the Public Works Loan Board (PWLB), a borrowing facility provided to Local Authorities by Central Government. The rate at which Councils can borrow from this facility is determined by the rate the Government obtains on UK Gilts, directly tied to current economic conditions. An economic summary for the period 1 April – 30 September 2013 is included in Appendix A.
28. No new borrowing has been undertaken to finance capital expenditure in the current financial year. However the Council has borrowed short term to support daily cash flow management. As at 30 September 2013 the Council had borrowed £5m for this purpose, to be repaid on 10 October 2013. Debt management activities for the period are outlined in Appendix B.

### **Investments**

29. The Council only places funds with counterparties with the highest creditworthiness and restricts time periods for investments. Priority is given to security and liquidity over yield.
30. At 30 September 2013 the Council held £61.3m in investments. Forecasted investment income is £0.7m for the current financial year, with short term money market rates very low and forecasted to remain low over the medium term.
31. Counterparties the Council can invest with are approved annually by Council as part of the Treasury Management Strategy. Investment Activities for the period are detailed in Appendix C.

### **Prudential Indicators**

32. The CIPFA Prudential Code for Capital Finance in Local Authorities requires performance against specified key indicators to be measured and reported. The purposes of these indicators are to demonstrate prudence, affordability and sustainability.
33. The Council has complied with its prudential indicators for the period 1 April 2013 to 30 September 2013. Explanations of the prudential indicators and performance against these is included in Appendix D. Key points include:
  - The Council has remained within its authorised and operational borrowing limits
  - Borrowing is less than the capital financing requirement, demonstrating that all long term borrowing has been undertaken for capital purposes in line with the Prudential Code
  - The Council is within its limits regarding the maturity profile of its fixed rate borrowing, ensuring that too much debt does not all mature in the same year.
  - The Council is within its limits regarding its exposure to variable interest rates and thus its exposure to interest rate fluctuations.

## **Conclusion**

34. Whilst UK economic activity is displaying some positive signs of growth, the outlook is for official interest rates to remain low for an extended period, meaning the Council will continue to earn minimal returns on its investments. On the other hand rates of borrowing from the Public Works Loan Board (PWLB) have increased from 1 April – 30 September 2013.
35. The Council continues to prioritise the security and liquidity of its investments and has continued to internally borrow from its balances to fund capital expenditure in lieu of additional external borrowing.
36. The Council can confirm that it has complied with its prudential indicators for the 1 April – 30 September 2013 period.

## **Appendices:**

Appendix A – Economic Background 1 April 2013 – 30 September 2013 (Arlingclose Ltd)

Appendix B – Debt activities 1 April 2013 – 30 September 2013

Appendix C – Investment Activities 1 April 2013 – 30 September 2013

Appendix D – Prudential Indicators 1 April 2013 – 30 September 2013

## **Background Papers:** (open to public inspection)

The Chartered Institute of Public Finance & Accountancy – The Prudential Code for Capital Finance in Local Authorities (2011 Edition)

The Chartered Institute of Public Finance & Accountancy – Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance notes (2011 Edition)

The Chartered Institute of Public Finance & Accountancy – Treasury Management in the Public Services, Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (2011 Edition)

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## Appendix A

### Economic Background 1 April 2013 to 30 September 2013

**Growth:** The UK economy showed some improvement, with consumer spending boosting growth. GDP for the first quarter of 2013 was revised up to +0.4% and for the second quarter was +0.7%. Recent data suggests a stronger rate in quarter three. Revisions by the Office of National Statistics to GDP back-data showed the UK avoided a double-dip recession in 2012, but that the downturn in 2008-09 was deeper than previously estimated. Growth is now still over 3% below its peak back in 2007.

Some positive signs for household spending emerged. The deterioration in real earnings growth (i.e. earnings less inflation) slowed, which implied a slower erosion of purchasing power. Consumer confidence improved. Household savings rates remained high, which is unsurprising given the uncertain economic outlook, but appear to be on a downward track, suggesting spending was being driven by borrowing or lower savings. This raises questions about the sustainability of the recovery at these rates of growth.

**Inflation:** Annual CPI for August (published September) was 2.7%. Inflation fell in line with expectations and is expected to remain close to this level throughout the autumn. Further out, inflation should fall back towards the 2% target as external price pressures fade and a revival in productivity growth curbs domestic cost pressures. The oil price (Brent Crude) climbed above \$100/barrel on the back of political unrest in Egypt and the unresolved crisis in Syria.

**Monetary Policy:** There was no change to UK monetary policy with official interest rates and asset purchases maintained at 0.5% and £375bn respectively. The main development for UK monetary policy was the start of Mark Carney's tenure as Governor and the implementation of forward guidance. Within the August Inflation Report, the Bank stated its forward guidance, the main element of which is to defer monetary tightening at least until the ILO Unemployment Rate falls to a threshold of 7% (among a raft of caveats). The Bank projected that the probability of this happening would remain below 50% until 2016. The Governor has had to defend the Bank's guidance in the face of rising financial market expectations of an earlier rate rise on the back of the encouraging economic data.

In his testimony to Congress on 22<sup>nd</sup> May the US Federal Reserve Chairman Ben Bernanke stated that, if the nascent recovery in the US economy became established, the Fed would reduce its \$85bn monthly asset purchase programme (QE). The apparent movement by the Fed towards tapering its open-ended QE programme prompted extreme asset price volatility in bonds and equities, as investors sought to crystallise gains driven by excessive liquidity. As a consequence, government bond yields spiked. There had been a growing expectation that the Federal Reserve would seek to commence 'tapering' in September but they took markets by surprise and maintained asset purchases at the existing level.

**Global:** Whilst the outlook for the global economy appeared to have improved over the first half of calendar 2013/14, significant economic risks remain, particularly in China and the Eurozone. The Chinese banking system is facing tighter liquidity conditions as officials seek to slow down rampant credit growth, and, despite the time gained by the ECB to allow individual members and the Eurozone as a whole to reform their economies, the Eurozone debt crisis has not gone away. The region appears to be dragging itself out of recession and September's German general election passed with little incident but political uncertainties, particularly in Italy, could derail any progress towards a more balanced and stable regional economy. The US recovery appeared to be in train, but a lack of agreement on the federal budget by the end of September caused a partial government shutdown at the start of October, which could have an effect on GDP growth. Political risks also remain regarding the debt ceiling.

## Appendix B

### Debt Management activities from 1 April 2013 to 30 September 2013

	Balance on 01/04/2013 £m	Debt Maturing £m	New Borrowing £m	Balance on 30/09/2013 £m
Capital Financing Requirement (CFR)	399.4			
Short Term Borrowing <sup>1</sup>	7.6	4.4	0.0	3.2
Temporary Borrowing	0.0	4.9	9.9	5.0
Long Term Borrowing	308.0	0.0	0.0	308.0
<b>TOTAL BORROWING</b>	<b>315.6</b>	<b>9.3</b>	<b>9.9</b>	<b>316.2</b>
Other Long Term Liabilities	17.5	0.0	0.0	17.5
<b>TOTAL EXTERNAL DEBT</b>	<b>333.1</b>	<b>9.3</b>	<b>9.9</b>	<b>333.7</b>

#### **Public Works Loan Board (PWLB) Certainty Rate Update**

The Authority qualifies for borrowing at the 'Certainty Rate' (0.20% below the PWLB standard rate) for a 12 month period from 01/11/2012. In April the Authority submitted its application to the CLG along with the 2013-14 Capital Estimates Return to access this reduced rate for a further 12 month period from 1<sup>st</sup> November 2013.

#### **Public Works Loan Board (PWLB) Borrowing**

The PWLB remained an attractive source of borrowing for the Authority as it offers flexibility and control. As concerns mounted over the timing of the removal or 'tapering' of Quantitative Easing (QE) by the US Federal Reserve, gilts sold off and yields rose in May and June. The sharp rise in gilt yields led to a corresponding rise in PWLB rates, with the most pronounced increase was for 10 year loans where rates as at 30th September were 0.83% higher than 1st April. Affordability and the "cost of carry" remained important influences on the Authority's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing.

For the Authority the use of internal resources in lieu of borrowing has, therefore, continued to be the most cost effective means of funding capital expenditure. This

<sup>1</sup> Loans with maturities less than 1 year.

has lowered overall treasury risk by reducing both external debt and temporary investments. However, the Authority acknowledges that this position will not be sustainable over the medium term and the Authority expects it will need to borrow for capital purposes from 2014/15. Borrowing options and the timing of such borrowing will continue to be assessed in conjunction with the Authority's treasury advisor.

## Appendix C

### Investment Activities from 1 April 2013 to 30 September 2013

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

#### Investments

<b>Investments</b>	Balance on 01/04/2013 £m	Investments Made £m	Maturities/ Investments Sold £m	Balance on 30/09/2013 £m
Short Term Investments	36.7	281.3	261.4	56.6
Long Term Investments	0.0	0.0	0.0	0.0
Investments in Pooled Funds	4.7	0.0	0.0	4.7
<b>TOTAL INVESTMENTS</b>	<b>41.4</b>	<b>281.3</b>	<b>261.4</b>	<b>61.3</b>

Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14. New investments can be made with the following institutions:

- Other Local Authorities;
- AAA-rated Money Market Funds;
- Call Accounts, Certificates of Deposit (CDs) and Term Deposits with select UK and non-UK Banks and Building Societies.
- Pooled funds (collective investment schemes);

Counterparty credit quality is assessed and monitored with reference to: Credit Ratings (the Authority's minimum long-term counterparty rating of A- or equivalent across rating agencies Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms /potential support from a well-resourced parent institution; share price.

#### Credit Risk

##### Counterparty Update

In April Fitch downgraded the UK's long-term sovereign rating by one notch from AAA to AA+, the second of the rating agencies to do so (Moody's had downgraded the UK's ratings in February to Aa1). Where assigned, local authorities' ratings,

which benefit from an uplift due to their close and direct links to central government, were also downgraded.

The proposed sale of 632 Lloyds' branches to the Co-op Bank – referred to as Project Verde – fell through in April. These branches were transferred in September to TSB Bank, a new bank which will be sold through a listing on the stock market in 2014.

In May Moody's downgraded the long-term rating of Co-op Bank by six notches from A3 to Ba3 which is sub-investment grade. The downgrade reflected the agency's opinion that the bank faced the risk of further substantial losses in its non-core portfolio. In June the Co-op announced it had a £1.5bn regulatory capital shortfall requiring a recapitalisation via burden-sharing with junior creditors and asset disposals of its parent's insurance businesses. Moody's downgraded the bank's long-term rating a further four notches to Caa1 whilst Fitch downgraded the long-term from BBB- to BB-.

In the Chancellor's Mansion House speech on 19<sup>th</sup> June he signalled his intention to sell the government's stake in the Lloyds Banking Group reasonably soon and a 6% stake was indeed sold to institutional investors on 17<sup>th</sup> September at a price of 75p. In a positive move, Fitch upgraded Lloyds' viability rating to bbb+. The situation was more complicated with RBS since its problems were greater and reflected in its share price. It appeared that a 'good bank' and 'bad bank' split for RBS was being favoured by the Chancellor and sat behind the announcement concerning the departure of RBS Chief Executive, Stephen Hester, who disagreed with that route.

Moody's placed the RBS's long-term of A3 and standalone financial strength rating of D+ on review for downgrade on 5<sup>th</sup> July 2013, amid concerns about the impact of any potential breakup of the bank on creditors. Although the probability of losses remains low there is a possibility of capital impairment especially as the government has clearly indicated that it will not put up any further taxable funds.

### **Budgeted Income and Outturn**

The Authority's budgeted investment income for the year has been estimated at £0.7m and short term investments at 30 September 2013 were £56.6m.

The UK Bank Rate has been maintained at 0.5% since March 2009 and is not expected to rise until 2016/2017. Consequently short-term money market rates have remained at very low levels throughout the period.

## Appendix D

### Compliance with Prudential Indicators

The Authority can confirm that it has complied with its Prudential Indicators for 2013/14, approved by Council on 24<sup>th</sup> January 2013 as part of the Authority's Treasury Management Strategy Statement.

### Borrowing in Comparison to the Capital Financing Requirement

Estimates of the Authority's cumulative maximum external borrowing requirement for 2013/14 to 2015/16 are shown in the table below:

	31/03/2013 Actual £m	31/03/2014 Estimate £m	31/03/2015 Estimate £m	31/03/2016 Estimate £m
Gross CFR	399.4	429.1	451.6	490.9
Less: Other Long Term Liabilities	17.5	17.1	16.3	15.7
<b>Borrowing CFR</b>	<b>381.9</b>	<b>412.0</b>	<b>435.3</b>	<b>475.2</b>
Less: Existing Profile of Borrowing	315.5	308.0	291.6	282.2
<b>Gross Borrowing Requirement/Internal Borrowing</b>	<b>66.4</b>	<b>104.0</b>	<b>143.7</b>	<b>193.0</b>

### Usable Reserves

Estimates of the Authority's level of Usable Reserves for 2013/14 to 2015/16 are as follows:

	31/03/2013 Actual £m	31/03/2014 Estimate £m	31/03/2015 Estimate £m	31/03/2016 Estimate £m
Usable General Reserves	14.2	14.2	14.2	14.2

**(a) Gross Debt and the Capital Financing Requirement**

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt 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.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with **gross** external debt.

The Authority has had no difficulty meeting this requirement nor are any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

	31/03/2013 Actual £m	31/03/2014 Estimate £m	31/03/2015 Estimate £m	31/03/2016 Estimate £m
CFR	399.4	429.1	451.6	490.9
Gross Debt	333.0	325.1	307.9	297.9
<b>Difference</b>	<b>66.4</b>	<b>104.0</b>	<b>143.7</b>	<b>193.0</b>
<b>Borrowed in excess of CFR? (Yes/No)</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>

**(b) Estimates of Capital Expenditure**

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits.

<b>Capital Expenditure</b>	<b>2013/14 Approved £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>
Non-HRA	80.2	60.5	76.5
HRA	11.0	14.8	10.9
<b>Total</b>	<b>91.2</b>	<b>75.3</b>	<b>87.4</b>



Capital expenditure will be financed or funded as follows:

<b>Capital Financing</b>	<b>2013/14 Approved £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>
Capital receipts	1.7	6.5	12.1
Government Grants	43.8	24.1	16.9
Revenue contributions	10.8	14.6	10.7
Borrowing	35.0	30.1	47.7
<b>Total Financing and Funding</b>	<b>91.2</b>	<b>75.3</b>	<b>87.4</b>

**(c) Ratio of Financing Costs to Net Revenue Stream:**

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 financing costs. The definition of financing costs is set out in the Prudential Code.

The ratio is based on costs net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2013/14 Approved %</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>
Non-HRA	7.2	8.5	10.6
HRA	14.4	13.9	13.3
<b>Total</b>	<b>8.1</b>	<b>9.3</b>	<b>11.1</b>

**(d) Capital Financing Requirement**

The Capital Financing Requirement (CFR) measures the Authority'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 financing.

<b>Capital Financing Requirement</b>	<b>2013/14 Approved £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>
Non-HRA	264.1	286.6	325.9
HRA	165.0	165.0	165.0
<b>Total CFR</b>	<b>429.1</b>	<b>451.6</b>	<b>490.9</b>

**(e) Authorised Limit and Operational Boundary for External Debt**

The Local Government Act 2003 requires the Authority to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.

The Authority confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2013/14; borrowing at its peak was £316.1m.

	Authorised Limit (Approved) as at 31/03/2014 £m	Operational Boundary (Approved) as at 31/03/2014 £m	Actual External Debt as at 30/09/2013 £m
Borrowing	446.0	436.0	316.1
Other Long-term Liabilities	24.6	22.1	17.5
<b>Total</b>	<b>470.6</b>	<b>458.1</b>	<b>333.6</b>

**(f) Adoption of the CIPFA Treasury Management Code**

This indicator demonstrates that the Authority has adopted the principles of best practice.

<b>Adoption of the CIPFA Code of Practice in Treasury Management</b>
The Council approved the adoption of the CIPFA Treasury Management Code at Full Council meeting on 29 <sup>th</sup> November 2012

*The Authority has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.*

**(g) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

- These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Approved Limits for 2013/14 %	Maximum during 2013/14 %
<b>Upper Limit for Fixed Rate Exposure</b>	100	74.5
Compliance with Limits:		Yes
<b>Upper Limit for Variable Rate Exposure</b>	40	25.5
Compliance with Limits:		Yes

**(h) Maturity Structure of Fixed Rate Borrowing**

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 30/9/2013 £m	% Fixed Rate Borrowing as at 30/9/2013	Compliance with Set Limits?
<12 months	20	0	13.5	5.9	Yes
12 months - 24 months	20	0	0	0.0	Yes
24 months - 5 years	60	0	0	0.0	Yes
5 years - 10 years	100	0	1.6	0.7	Yes
10 years - 20 years	100	0	133.1	57.7	Yes
20 years - 30 years	100	0	20.0	8.7	Yes
30 years - 40 years	100	0	25.2	10.9	Yes
40 years - 50 years	100	0	37.2	16.1	Yes
50 years and above	100	0	0	0.0	Yes

**(i) Upper Limit for Total principal sums invested for periods longer than 364 days**

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

Upper Limit for total principal sums invested over 364 days	2013/14 Approved £000s	30/9/2013 Actual £000s	31/03/2014 Estimate £000s	31/03/15 Estimate £000s
	<b>25</b>	<b>0</b>	<b>25</b>	<b>25</b>

**(j) HRA Limit on Indebtedness**

This indicator reports on the level of the limit imposed by the CLG at the time of the self-financing settlement (or subsequently amended) to which the HRA Capital Financing Requirement is compared.

	2013/14 Approved £000s	31/03/20 14 Estimate £000s	31/03/15 Estimate £000s	31/03/16 Estimate £000s
HRA Debt Cap	<b>165.0</b>	<b>165.0</b>	<b>165.0</b>	<b>165.0</b>
HRA CFR	<b>163.9</b>	<b>165.0</b>	<b>165.0</b>	<b>165.0</b>
Difference	<b>1.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
HRA Debt (Actual)	<b>165.0</b>	<b>165.0</b>	<b>165.0</b>	<b>165.0</b>



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