

Public Document Pack

TENDRING DISTRICT COUNCIL

AGENDA

For the meeting to be held on Tuesday, 27 March 2018

Prayers

1 Summons to Council (Pages 1 - 2)

2 Apologies for Absence

The Council is asked to note any apologies for absence received from Members.

3 Report of the Returning Officer on the District Council By-Election - St Pauls Ward (Pages 3 - 4)

The Council will receive the Returning Officer's Report on the by-election held on 15 February 2018 in the St Pauls Ward.

4 Minutes of the Last Meeting of the Council (Pages 5 - 12)

The Council is asked to approve, as a correct record, the minutes of the Council Meeting held on Tuesday 6 February 2018.

5 Declarations of Interest

Councillors are invited to declare any disclosable pecuniary interests, or other interest, and the nature of it, in relation to any item on the agenda.

6 Announcements by the Chairman of the Council

The Council is asked to note any announcements made by the Chairman of the Council.

7 Announcements by the Chief Executive

The Council is asked to note any announcements made by the Chief Executive.

8 Statements by the Leader of the Council

The Council is asked to note any statements made by the Leader of the Council.

Councillors may then ask questions of the Leader on his statements.

9 Statements by Members of the Cabinet

The Council is asked to note any statements made by Members of the Cabinet (Portfolio Holders).

Councillors may then ask questions of the Portfolio Holders on their statements.

10 Annual State of the Tendring District Statement by the Leader of the Council

The Council will receive the annual State of the Tendring District Statement from the Leader of the Council.

11 Petitions to Council

The Council will consider any petition(s) received in accordance with the Scheme approved by the Council.

There are none on this occasion.

12 Questions Pursuant to Council Procedure Rule 10.1 (Pages 13 - 14)

Subject to the required notice being given, members of the public can ask questions of the Leader of the Council, Portfolio Holders or Chairmen of Committees.

The Chairman shall determine the number of questions to be tabled at a particular meeting in order to limit the time for questions and answers to half an hour.

Three questions have been received on notice from members of the public.

13 Questions Pursuant to Council Procedure Rule 11.2 (Pages 15 - 16)

Subject to the required notice being given, Members of the Council can ask questions of the Chairman of the Council, the Leader of the Council, Portfolio Holders or Chairmen of Committees or Sub-Committees.

The time allocated for receiving and disposing of questions shall be a maximum of 45 minutes. Any question not disposed of at the end of this time shall be the subject of a written response, copied to all Members unless withdrawn by the questioner.

Four questions have been received, on notice, from Members.

14 Report of the Leader of the Council - Urgent Cabinet or Portfolio Holder Decisions

The Council will receive a report on any Cabinet decisions taken as a matter of urgency in accordance with Access to Information Procedure Rule 17.4, Budget and Policy Framework Procedure Rule 6(b) and/or Overview and Scrutiny Procedure Rule 18(i).

There is no such report on this occasion.

15 Minutes of Committees (Pages 17 - 50)

The Council will receive the minutes of the following Committees:

- (a) Community Leadership and Partnerships of Monday 8 January 2018;
- (b) Service Development and Delivery of Monday 15 January 2018;
- (c) Standards of Monday 22 January 2018;
- (d) Audit of Thursday 25 January 2018;
- (e) Corporate Management of Monday 29 January 2018;
- (f) Community Leadership and Partnerships of Monday 19 February 2018;
- (g) Council Tax of Wednesday 21 February 2018;
- (h) Corporate Management of Monday 26 February 2018; and
- (i) Corporate Management Committee of Monday 12 March 2018;

NOTES: (1) Subject to (2) below, the above minutes are presented to Council **for information only**. Members can ask questions on their contents to the relevant Chairman but questions as to the accuracy of the minutes **must** be asked at the meeting of the Committee when the relevant minutes are approved as a correct record; and

(2) There is a recommendation to Council in Minute 20 of the Standards Committee Minutes of 22 January 2018 which Council will need to consider.

16 Motions to Council - Staging Road Motor Rally And Racing Events In Towns And Villages In The District Of Tendring (Pages 51 - 52)

The Council will consider a motion, notice of which has been given by Councillor Bush, pursuant to Council Procedure Rule 12.

17 Motion to Council - "Predatory Parking Companies" (Pages 53 - 54)

The Council will consider a motion, notice of which has been given by Councillor Everett, pursuant to Council Procedure Rule 12.

18 Motion to Council - "Highways Repairs Arrangements" (Pages 55 - 56)

The Council will consider a motion, notice of which has been given by Councillor Pemberton, pursuant to Council Procedure Rule 12.

19 Motion to Council - "Members' Attendance at Meetings" (Pages 57 - 58)

The Council will consider a motion, notice of which has been given by Councillor Calver, pursuant to Council Procedure Rule 12.

20 Recommendations from the Cabinet - Annual Treasury Strategy 2018/2019 (including Prudential and Treasury Indicators) (Pages 59 - 144)

Council's approval is sought in respect of the Annual Treasury Strategy for 2018/2019.

Cabinet considered the Strategy at its meeting held on 16 February 2018 and its recommendation to Council is contained in Minute 151 which is included within the Council Book. The Report of the Finance and Corporate Resources Portfolio Holder which Cabinet considered is also included.

21 Reports Submitted to the Council by an Overview and Scrutiny Committee

The Council is asked to consider any reports submitted to it by an Overview and Scrutiny Committee.

There are none on this occasion.

22 Report of the Head of Governance and Legal Services - A.1 - Committee Structure Review (Pages 145 - 162)

To consider the recommendations made by the Electoral Review Working Group in relation to the ongoing implementation of a new committee structure.

23 Urgent Matters for Debate

The Council will consider any urgent matters submitted in accordance with Council Procedure Rules 3(xvi), 11.3(b) and/or 13(q).

24 Exclusion of Press and Public

The Council is asked to consider the following resolution:

“That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 25 on the grounds that it involves the likely disclosure of exempt information as defined in the relevant paragraph(s) of Part 1 of Schedule 12A, as amended, of the Act.”

25 Exempt Minute of the Meeting of the Audit Committee held on Thursday 25 January 2018 (Pages 163 - 164)

The Council will receive the exempt minute of the meeting of the Audit Committee held on Thursday 25 January 2018.

NOTE: The above minute is presented to Council **for information only**. Members can ask questions on its content to the relevant Chairman but questions as to the accuracy of the minutes **must** be asked at the meeting of the Committee when the relevant minute is approved as a correct record.

Date of the Next Scheduled Meeting of the Council

Tuesday, 24 April 2018 at 7.30 pm - Princes Theatre, Town Hall, Clacton-on-Sea, CO15 1SE

INFORMATION FOR VISITORS

PRINCES THEATRE FIRE EVACUATION PROCEDURE

There is no alarm test scheduled for this meeting. In the event of an alarm sounding, please calmly make your way out of any of the four fire exits in the auditorium and follow the exit signs out of the building.

Please follow the instructions given by any member of staff and they will assist in leaving the building.

Please do not re-enter the building until you are advised it is safe to do so by the relevant member of staff.

The assembly point for the Princes Theatre is in the car park to the left of the front of the building as you are facing it. Your calmness and assistance is greatly appreciated.

PUBLIC ATTENDANCE AT TENDRING DISTRICT COUNCIL MEETINGS

Welcome to this evening's meeting of Tendring District Council.

This is an open meeting which members of the public can attend to see Councillors debating and transacting the business of the Council. However, please be aware that, unless you are included on the agenda to ask a public question, members of the public are not entitled to make any comment or take part in the meeting. You are also asked to behave in a respectful manner at all times during these meetings.

Members of the public do have the right to film or record council meetings subject to the provisions set out below:-

Rights of members of the public to film and record meetings

Under The Openness of Local Government Bodies Regulations 2014, which came into effect on 6 August 2014, any person is permitted to film or record any meeting of the Council, a Committee, Sub-Committee or the Cabinet, unless the public have been excluded from the meeting for the consideration of exempt or confidential business.

Members of the public also have the right to report meetings using social media (including blogging or tweeting).

The Council will provide reasonable facilities to facilitate reporting.

Public Behaviour

Any person exercising the rights set out above must not disrupt proceedings. Examples of what will be regarded as disruptive, include, but are not limited to:

- (1) Moving outside the area designated for the public;
- (2) Making excessive noise;
- (3) Intrusive lighting/flash; or
- (4) Asking a Councillor to repeat a statement.

In addition, members of the public or the public gallery should **not** be filmed as this could infringe on an individual's right to privacy, if their prior permission had not been obtained.

Any person considered being disruptive or filming the public will be requested to cease doing so by the Chairman of the meeting and may be asked to leave the meeting. A refusal by the member of the public concerned will lead to the Police being called to intervene.

Agenda Item 1

TENDRING DISTRICT COUNCIL

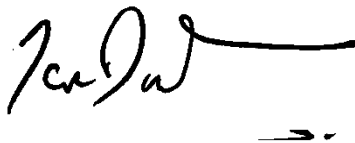
Committee Services
Town Hall
Station Road
Clacton-on-Sea
Essex
CO15 1SE

19 March 2018

Dear Councillor

I HEREBY SUMMON YOU to attend the meeting of the Tendring District Council to be held in the Princes Theatre, Town Hall, Station Road, Clacton-on-Sea at 7.30 p.m. on Tuesday 27 March 2018 when the business specified in the accompanying Agenda is proposed to be transacted.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Davidson', with a long horizontal flourish extending to the right.

Ian Davidson
Chief Executive

To: All members of the
Tendring District Council

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COUNCIL

27 MARCH 2018

RETURNING OFFICER'S REPORT

DECLARATION OF RESULT OF POLL

ST PAULS WARD

The result of the by-election in the St Pauls Ward of the District held on 15 February 2018 was as follows:-

Stephen Bradley Andrews	160 votes
Robert John George Cockcroft	20 votes
William Anthony Edward Hones	134 votes
Susan Anne Honeywood	378 votes
Rosie-Roella Kevlin	114 votes
Keith James Stuart Malcolm Pitkin	79 votes
Michael Colin Vaughan-Chatfield	71 votes

Susan Anne Honeywood was duly elected a Councillor for the St Pauls Ward of the District of Tendring and has since made a Statutory Declaration of Acceptance of Office.

Councillor Honeywood has also given notice that she wishes to be treated as a member of the Conservative Group for the purposes of the Local Government and Housing Act 1989. The notice was counter-signed by the Deputy Leader of the Conservative Group, Councillor G V Guglielmi.

This item is submitted for **INFORMATION ONLY**.

IAN DAVIDSON
RETURNING OFFICER

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**MINUTES OF THE MEETING OF THE TENDRING DISTRICT COUNCIL,
HELD ON TUESDAY 6 FEBRUARY 2018 AT 7.32 PM
IN THE PRINCES THEATRE, TOWN HALL, CLACTON-ON-SEA**

Present: Councillors Platt (Chairman), Yallop (Vice-Chairman), Alexander, Amos, Baker, Bennison, Bray, B E Brown, M Brown, Bucke, Callender, Calver, Chapman, Chittock, Coley, Cossens, Davis, Everett, Fairley, Fowler, Griffiths, G V Guglielmi, V E Guglielmi, Heaney, I J Henderson, J Henderson, Hones, Honeywood, Khan, Land, McWilliams, Miles, Newton, Nicholls, Pemberton, Poonian, Porter, Raby, Scott, Skeels Jnr., Skeels Snr., Steady, Stephenson, Stock OBE, Talbot, Turner, Watson, White, Whitmore and Winfield

In Attendance: Chief Executive (Ian Davidson), Corporate Director (Corporate Services) (Martyn Knappett), Corporate Director (Planning and Regeneration) (Ewan Green), Head of Governance and Legal Services & Monitoring Officer (Lisa Hastings), Head of Finance, Revenues and Benefits & Section 151 Officer (Richard Barrett), Committee Services Manager (Ian Ford), Communications and Public Relations Manager (Will Lodge) and Committee Services Officer (Katie Sullivan)

118. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Broderick, J A Brown, Bush, Cawthron, Ferguson, Gray and King.

119. MINUTES OF THE LAST MEETING OF THE COUNCIL

RESOLVED, that the minutes of the ordinary meeting of the Council, held on Tuesday 23 January 2018, be approved as a correct record and signed by the Chairman.

120. DECLARATIONS OF INTEREST

With regard to the Council's consideration of the budget and Council Tax proposals the Chief Executive reminded Members of the following advice that had been recently circulated to them by the Council's Monitoring Officer -

"In accordance with the Council's Member Code of Conduct adopted in November 2013, paragraph 8.2 (vi) confirmed that Members do not have a disclosable interest which relates to the function of setting the Council Tax under the Local Government Act 1992. Therefore, under the declarations of interest agenda item, you are not required to disclose an interest based on the fact you live in the District and therefore have to pay Council Tax.

However, Members are reminded of section 106 of the Local Government Finance Act 1992, which provides that any Member, who is in arrears by at least 2 months with their Council Tax payments cannot vote on matters concerning either the level of, or administration of, Council Tax. It is important to note that this also covers Council Tax liabilities outside of the District and property which may not be your main residence. If present at the meeting, a Member to whom this provision applies must disclose the fact and may speak on the item, but cannot vote. Non-compliance with this section is a criminal offence. Therefore, should this provision apply to any Member, this should be disclosed at the declarations of interest agenda item."

There were no declarations of interest made at this time.

121. ANNOUNCEMENTS BY THE CHAIRMAN

The Chairman welcomed Will Lodge, the Council's newly appointed Communications Manager, to this his first meeting of the Council.

Members welcomed Will with a round of applause.

122. ANNOUNCEMENTS BY THE CHIEF EXECUTIVE

The Chief Executive formally reported that, on 29 January 2018 and in accordance with the wishes of the Leader of the Conservative Group, he had exercised his delegated powers and had appointed Councillor Watson to serve on the Licensing (General Purposes) Sub-Committee in the stead of Councillor Massey.

Council noted the foregoing.

123. STATEMENTS BY THE LEADER OF THE COUNCIL

The Leader read out the following statement –

“As Members will recall this Council recently applied to the High Court for permission to judicially review the Planning Inspector’s decision on the Sladburys Lane appeal, whereby he granted planning permission for the development of 132 homes.

We have received notification from the Planning Court that unfortunately permission has not been granted to seek a judicial review and the Council has been ordered to pay the Secretary of State’s costs.

The Judge’s reasons for her decision, taken without holding a hearing, are that there has been no error of law and consideration of the planning merits and planning judgements exercised by Inspectors are not appropriate for judicial analysis.

Our external Counsel has reviewed the Judge’s refusal and confirmed that whilst disappointing, the Planning Court have, over the last 6-12 months, been very dismissive of any claims which stray into the planning merits at all, even if there is an arguable error of approach or law. There is no increased prospect of success in persuading the Court that an arguable error of law exists by proceeding further.

When we decided to take legal action to challenge the Inspector’s decision it was done based on solid reasons and it is unfortunate that on this occasion we have not been successful. The Inspector’s decision was based on the specific information presented to the Inquiry about this particular application and I am determined that it will not alter the Council’s resolve to present robustly the housing land supply position and defend its decisions as necessary.

I have requested that Officers circulate a detailed briefing note as soon as is practicable providing more information on this case.”

124. STATEMENTS BY MEMBERS OF THE CABINET

There were no statements by members of the Cabinet on this occasion.

125. REPORT OF THE CABINET – A.1 - EXECUTIVE’S PROPOSALS – GENERAL FUND BUDGET AND COUNCIL TAX 2018/2019

The Council gave consideration to the Cabinet’s General Fund budget proposals for 2018/19 and the amount of Council Tax for District and Town and Parish Council services for the financial year 2018/19, for each category of dwellings within the District of Tendring, to support the proposed level of expenditure.

Members were aware from Minute 135 (A.3) of the meeting of the Cabinet held on 19 January 2018, that the Corporate Director (Corporate Services), in consultation with the Leader of the Council and the Finance and Corporate Resources Portfolio Holder, had been authorised to submit a report to this meeting in respect of the formal draft resolutions necessary to implement the Cabinet’s budget proposals, together with any late information, or notifications received from the Ministry for Housing, Communities and Local Government, as may necessarily affect the budget.

The Council was advised of all the resolutions made by the Cabinet on 19 January 2018, together with the additional recommendations necessary to set the Council Tax levy. Those resolutions and recommendations were before the Council, as contained within item A.1 of the Report of the Cabinet.

The Council was aware that the Cabinet’s proposed budget had been subject to the Council’s Budget and Policy Framework Procedure Rules, which had included scrutiny by the Council’s Corporate Management Committee.

Members were also aware that the Town and Parish Councils within the District had met to set their precepts and those precepts were contained within Appendix G to the Report of the Cabinet, which detailed the Precepts on the Collection Fund. The Council was also aware from Appendix F that the average District and Parish Council Tax for a Band D property would increase to £198.96.

The Leader of the Council (Councillor Stock) made the following budget statement -

“When I introduced the budget last year, I explained that our underlying principle when we put together the budget each year was always to protect front line services wherever possible. Up until this year our focus has been on working more efficiently and reducing our staffing and overhead costs alongside modest changes to service delivery. This approach has seen in excess of £13 million being taken out of the budget over recent years with only minimal impact on front line services.

I also went on to say last year that given the scale of savings required over the coming two years, this line would be increasingly difficult to hold.

About 9 to 10 months ago, when we sat down to discuss the budget for 2018/19 – when we started to plan this budget - we were presented with a savings target of £3.4 million over two years. In the context of protecting frontline service we had a choice - accept what felt like a bit of a fait accompli given the traditional short-term approach to the budget that Local Authorities normally take, or to think quite differently.

I am glad we were brave enough to choose the latter course as otherwise the budget presented tonight would have reflected the inevitable reductions in services – I am proud to say that there are no service reductions proposed within the budget in front of us, something that many Councils are unlikely to be able to say this year.

As we all already know, the pace of the reductions in Revenue Support Grant from the

Government has meant that local authorities have not had the space and time to become self-sufficient.

However, this Council has always made it clear that it is committed to 'growing' its own income via regeneration and economic development initiatives for example.

We therefore needed a way to create the time and space to allow our local income to grow, and even if we are only partially successful, it would give the Council a fighting chance to emerge from the current difficult financial environment we currently face in good shape with only minimal reductions in service provision compared with the more traditional alternative of making significant and short-term cuts to services.

The longer-term approach to the forecast that we adopted will enable us time to identify various actions that can be developed to deliver the underlying income growth required to offset changes in expenditure. If we get this right we aim to be delivering budget surpluses in the not too distant future, which we would then be available to reinvest in services.

The budget presented tonight achieves the first step within this new longer-term approach by delivering a balanced budget with only minimal use of the Forecast Risk Fund, and as I have just stated, there are no reductions in services proposed.

Whilst mentioning the Forecast Risk Fund, it is important to highlight at this point that we chose to set aside £1.434 million from the outturn position in 2016/17 to underwrite the financial risks going forward. This is therefore paying off and in fact we have been able to contribute an additional £454,000 to this fund from the 2017/18 revised budget, so we can move onto the 2019/20 budget over the coming months with growing confidence.

You may think financial survival is enough to occupy our time over the next few years, but we have also taken the opportunity to make significant financial commitments to a number of projects. We have identified in excess of £7.5 million to fund a number of projects such as:

- *£2million for Garden Communities*
- *£1million for Harwich Public Realm*
- *£500,000 for housing in Jaywick Sands*
- *£1.5million for office transformation and channel shift*
- *Over £2million on regeneration and economic development projects*
- *Nearly £600,000 on repairs to key assets*

These are not promises to fund projects in the future if we can raise the money – these are cash-backed with the money already in the bank.

And on top of the above we have set aside £1.5 million to support the cost of the recharging of the new beaches from Clacton to Holland so we don't need to find this money over the coming years we have already got it.

Although not part of the general fund budget tonight, we are also investing over £6 million every year in our housing stock, which is despite the Government requiring us to reduce the rent we charge by 1% a year over 4 years.

We want investment to also support our on-going financial position, so we are looking for a return on our money to provide income or to reduce cost pressures that may emerge in the later years of the forecast.

We are therefore being as commercial as we can be within the increasingly frustrating rules set out by the Government. Now, Chairman, Members will have heard me repeat this mantra many times before and I do not apologise for doing so again; if the Government wants us to be financially self-sufficient – and by scrapping the Revenue Support Grant we have to assume that they do – then they should allow us to do just that; Parliament needs to remove the legislative shackles which currently forbid us from being entrepreneurial or innovative in so many ways and which restrict how we can operate as an organisation. We have in this country one of the most centralised systems of government anywhere in the world and all I am proposing is that Westminster just needs to trust local councils to know what is best and to do what is right in their own local area.

But Chairman, coming back to this budget, let me also mention redesigning service delivery. I recall in the past the cynical view being expressed that this phrase is just short-hand for cutting services; but let me use our waste and recycling service as an example to explain why that is fundamentally not the case.

Our existing contract has a break clause at year 7 with the option to extend for up to a further 7 years. The cost of providing waste and refuse services has increased greatly over the life of our existing contract such that if we did nothing and just carried on with the same service for a further 7 years, we would be looking at increases in costs of between £300,000 and £400,000 every year. The only way to find that kind of money would either be a massive hike in Council Tax or by making cuts to other services. And Chairman, neither of those options are acceptable to me.

So, what we are doing, and believe me, this isn't easy, is looking at how we can find a less-expensive way to collect rubbish and recyclables – a way in which we actually hope to provide what people regard as an improved service. We are currently working on finalising options which can deliver on those objectives whilst preventing as far as possible the need to make cuts to other services within the Council to pay for it.

That is what redesigning service delivery is all about – being creative, thinking differently and doing more with less.

Another good example of where we are taking a positive, yet pragmatic view is when we allocate funding to particular service areas in the budget.

The Council is committed to providing the same level of funding year on year to deliver specific areas of the budget. However, we recognise that the same amount of money may not buy as much as it did in the past. Providing real-term increases in funding across the diverse range of services that the Council provides is unlikely to be possible given the reductions in Government funding, so we just need to be honest about this. However, what I am sure about is that this will spur us into continuing to find different ways of delivering our services, a challenge we have lived up to in the past and one we will continue to meet.

I think we all agree that this Council continues to punch above its weight. I see Members and Officers working really closely together at this Council to make this possible.

I see a genuine passion, from Members and Officers alike, to deliver for our residents, businesses and visitors, something that is so clear to me and demonstrated week in week out.

This is something we should not simply take for granted as I believe it is one of the key things that sets us apart from other Councils up and down the country and it will see us

through this challenging period.

And this is something we should not simply take for granted as I believe it is one of the key things that sets us apart from other Councils up and down the country and it will see us through this challenging period. Once we are fully financially self-sufficient there will be no stopping us, but we do need to keep laying down those foundations each year. We need to keep developing our ideas and have a mix of things up our sleeve to keep delivering against the forecast.

Sometimes we will be doing this in partnerships and sometimes we will be doing it alone.

In terms of looking past 2018/19 and the budgets that lay ahead, I genuinely want to include the views of as many Members as possible – hopefully you will recall the promise I made to all Members recently when I asked you all to put forward things that you may like to see in the budget or conversely removed from the budget. Please do take me up on this offer and feed your thoughts and ideas into the forecast and budget setting process during the year ahead.

Before we hear from other Members I just want to repeat really how proud I am to be able to present the budget tonight with no proposed cuts to services and with over £7.5 million pounds of investment in the District planned.

Chairman, this Budget epitomises the ethos and spirit that underpins so much of what we are about at this Council:

- it is about doing more with less by being innovative and creative.*
- it is about facing down financial pressures with a dauntless positivity and confident optimism.*
- it is about coming together for the greater good, because I see that despite our many and varied political backgrounds we do want to deliver the very best we can for the residents of this great district of Tendring.*

Chairman I strongly commend the motion to Council and I call on all Members to support the 2018/19 budget that is being proposed and to vote in favour of it tonight.”

It was moved by Councillor Stock that the recommendations set out on pages 15 and 16 of the Council Book be approved. In doing so, Councillor Stock also incorporated within his motion as an addition to those recommendations the following amendment which had been circulated prior to the commencement of the meeting by the Labour Group –

vii) that a one-off big society budget of £100,000 be included within the 2018/19 budget, funded by a transfer from the 2017/18 Fit for Purpose budget.”

Councillors Fowler, I J Henderson, Miles and G V Guglielmi all spoke to Councillor Stock's motion.

The Chief Executive reminded Members that The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 required local authorities to hold a named vote on the Budget motion and all amendments thereto.

The Chief Executive also informed Members that, as the Cabinet's budget proposals had now been amended, the provisions of Budget and Policy Framework Procedure 3 would now apply and Council would only be able to make an “in principle” decision.

In respect of Councillor Stock's motion the vote resulted as follows:

<u>Councillors For</u>	<u>Councillors Against</u>	<u>Councillors Abstaining</u>	<u>Councillors Not Present</u>
Alexander Amos Baker Bennison Bray B E Brown M Brown Bucke Callender Calver Chapman Chittock Coley Cossens Davis Everett Fairley Fowler Griffiths G V Gugliemi V E Guglielmi Heaney I J Henderson J Henderson Hones Honeywood Khan Land McWilliams Miles Newton Nicholls Platt Poonian Raby Scott M J Skeels M J D Skeels Steady Stephenson Stock OBE Talbot Turner Watson White Whitmore Winfield Yallop	Porter	Pemberton	Broderick J A Brown Bush Cawthron Ferguson Gray King Massey Watling MP

Councillor Stock's motion was declared **CARRIED** and it was therefore:-

RESOLVED that, having had regard to the Chief Finance Officer's (Section 151 Officer)

report on the Robustness of Estimates and Adequacy of Reserves, in accordance with the requirements under Section 25 of the Local Government Act 2003, and having taken account of the responses to the budget consultation process, the Council approves, in principle, the budget proposals (based on a £5 Band D council tax increase for district services) and agrees, in principle,:

- i) that the total General Fund net revenue budget for 2018/19 be set at £13.902m and revised net budget for 2017/18 of £13.487m (a council tax requirement of £7.602m and £7.229m respectively excluding parish precepts);
- ii) that the General Fund capital programme be approved totalling £0.857m in 2018/19;
- iii) that the detailed General Fund budgets be as per the Cabinet's budget proposals of 19 January 2018, as set out in Appendix B to item A.1 of the Report of the Cabinet;
- iv) the calculation of the Council's Council Tax requirement, Special Expenses and Parish/Town Council precepts, as set out at Appendix D to item A.1 of the Report of the Cabinet;
- v) the Council Tax for District and Parish/Town Councils' services, as set out at Appendix G to item A.1 of the Report of the Cabinet and that these are the amounts to be taken into account for the year in respect of the categories of dwellings listed in different valuation bands;
- vi) that if budget adjustments are required following the late notification of external / grant funding, then in consultation with the Finance and Corporate Resources Portfolio Holder, budgets be adjusted accordingly with no net impact on the overall budget or capital programme set out above; and
- vii) that a one-off big society budget of £100,000 be included within the 2018/19 budget, funded by a transfer from the 2017/18 Fit for Purpose budget.

126. URGENT MATTERS FOR DEBATE

There were none on this occasion.

The meeting was declared closed at 8.08 p.m.

Chairman

Questions pursuant to Council Procedure 10.1

The following questions have been received, on notice, from members of the public:

Question One

From Mary Nolan of Stones Green to Councillor Stock OBE, Leader of the Council:

“I am a retired pensioner and I live on the Stones Green 'red route' of the proposed Tendring Motor Rally. It is not clear that the MSA insurance policy sent to me for perusal covers damage to me or my property, as promised by the event organisers. It would appear to be a standard business insurance for professional indemnity against their negligence, not for speeding competition driver error. In fact, the drivers are required by organiser to sign disclaimers for any accident or damage and they have no requirement at all to be insured on the competition routes where they will be speeding. This, despite European directive that the 'VNUK' law should be applied and that they should now in fact have cover for all circumstances. Claiming from the MSA in the event of a competitor accident does not therefore appear to be possible when the drivers are all but uninsurable when speeding along the red routes.

Given that the Council has a duty of care to its residents, how does the Council plan to protect property from damage and from future substantially increased insurance premiums for the significantly higher risk of living on a racing track, other than to ensure that the event does not go ahead?”

Question Two

From Caroline Lindsay of Little Oakley to Councillor Stock OBE, Leader of the Council:

“I strongly believe that there is a very grave national security concern surrounding the staging of the Tendring rally event on the 22nd April or similar events that follow in the future. Neither the drivers nor the marshals are required to be criminal or mental health checked and anyone can enrol as a marshal with an hour's online training and no formal identification. The policing will largely be taken on by these lay people. A car could easily be maliciously driven at high speed into the crowds by an aberrant driver on the day.

Given that the Council has a duty of care to its residents, how does the Council plan to fully protect them from malicious attack other than to ensure that the event does not go ahead?”

Question Three

From Neil O'Hare of Little Oakley to Councillor Stock OBE, Leader of the Council:

"I am concerned about the safety controls for this event in relation to the marshalling of the event. I presume there is a Risk Assessment that the organisers have provided for the rally, in order for this to be "Suitable and Sufficient" the Risk Assessment would, I expect, include the minimum number of marshals required to safely police the event, their locations, duties and level of qualification required. As the event is stretched over a considerable portion of the day it would seem reasonable that there would be sufficient additional marshals to relieve people who have been at their posts for long periods or who need to step away for other reasons. My concern is that I have seen comments in the public press reported as being made by the organisers stating that "between 500 and 1000" marshals (presumably suitably trained and registered as appropriate) would be available.

This is obviously a wide range and gives no indication of what the absolute safe minimum of marshals is. Presumably the Risk Assessment is explicit about this.

In relation to these concerns, my question is as follows:

Has TDC had access to the Risk Assessment and has this been examined by a suitable person who is qualified to comment as to its suitability and sufficiency? Does the Risk Assessment include a minimum number of marshals required to safely run the event and what would happen if the level of marshals available fell below the minimum level before or during the event?"

Questions pursuant to Council Procedure 11.2

The following questions have been received, on notice, from Members:

Question One

From Councillor Richard Everett to Councillor Lynda McWilliams, Portfolio Holder for Health and Education:

“Is the Portfolio Holder aware that in the past month two ambulance technicians one located at Harwich one located in Weeley have died whilst in service. A local ambulance technician - associate practitioner Ian Carter is currently gauging support for a 999 memorial garden for Essex to remember all police fire and ambulance personnel that die in service. Currently Essex does not have such a memorial garden for 999 personnel although other counties do.

Does the Portfolio Holder think that this Council could support such a scheme?”

Question Two

From Councillor Maria Fowler to Councillor Neil Stock OBE, Leader of the Council:

“The Leader of the Council will be aware of the dreadful state of the road surface of the A120 between Harwich and Horsley Cross and the lobbying carried out by Harwich Town Council to end the delays in its resurfacing.

Will he please agree to write to Highways England on behalf of Tendring District Council in order to place TDC’s voice alongside that of Harwich Town Council in seeking immediate action?”

Question Three

From Councillor Ivan Henderson to Councillor Neil Stock OBE, Leader of the Council:

“Will the Leader of the Council consider commissioning an impact study into the possible effect Brexit may have on the residents and businesses living and trading within the District of Tendring?”

Question Four

From Councillor Jo Henderson to Councillor Mick Skeels Snr., Portfolio Holder for Leisure and Tourism:

“Will the Portfolio Holder for Leisure confirm when the closed off lane at Dovercourt Swimming pool will be reopened for the public to use on a permanent basis?”

MINUTES OF THE MEETING OF THE COMMUNITY LEADERSHIP AND PARTNERSHIPS COMMITTEE, HELD ON MONDAY 8 JANUARY 2018 AT 7.30 PM IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY

Present:	Councillors Land (Chairman), Baker (Vice-Chairman), Amos, Chittock, Davis, I Henderson, Newton, Poonian, Raby and Yallop
Also Present:	Councillor McWilliams (Health and Education Portfolio Holder)
In Attendance:	Karen Neath (Head of Leadership Support and Community), Rebecca Morton (Executive Projects Manager) and Katie Sullivan (Committee Services Officer)
Also In Attendance:	Chris Bird (Treasurer - Citizens Advice Tendring), Melanie Hammond (Operations Director - Citizens Advice Tendring) and Clare Munday (Manager - Tendring Mental Health Hub)

32. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were apologies for absence received from Councillor Broderick (with no substitute).

33. MINUTES OF THE LAST MEETING

The minutes of the last meeting of the Committee, held on Monday 13 November 2017, were approved as a correct record and signed by the Chairman.

34. DECLARATIONS OF INTEREST

There were none.

35. MENTAL HEALTH HUB

Chris Bird (Treasurer - Citizens Advice Tendring), Melanie Hammond (Operations Director - Citizens Advice Tendring) and Clare Munday (Manager - Tendring Mental Health Hub) were in attendance and provided the Committee with a presentation on the Mental Health Hub. The presentation included information on the following:

- (1) Clients with mental health problems;
- (2) Help provided and interventions;
- (3) Benefit sanctions;
- (4) Mental Health Hub functions;
- (5) Client journeys;
- (6) Case study;
- (7) Statistics;
- (8) Solving practical problems saves money;
- (9) Achievements 2017/18; and
- (10) Next steps.

Following on from the presentation Members were given the opportunity to ask questions.

The Chairman thanked Chris Bird, Melanie Hammond and Clare Munday for the information that they had provided and also for all of their hard work.

Following discussion, it was **RECOMMENDED** to **CABINET** that the Council should:

- (a) Make contact with the Mental Health Trust in order to establish if they would consider being partners in this successful scheme;
- (b) investigate whether as a partnership, access to Leisure Centres could be offered to those suffering from mental health problems in the District; and
- (c) investigate if any help or intervention for those with mental health issues is offered by the Council's Housing Section to those who are affected by benefit sanctions and are threatened with homelessness.

36. GREAT BENTLEY PRIMARY SCHOOL WELL-BEING HUB

The Council's Executive Projects Manager (Rebecca Morton) was in attendance and informed the Committee that Tracey Caffull (Executive Head Teacher - Great Bentley and Frinton Primary Schools) and Tracey Cooke (Deputy Head Teacher - Great Bentley Primary School) were unable to attend the meeting and apologised on their behalf.

The Executive Projects Manager provided the Committee with information on the Great Bentley Primary School Well-Being Hub which included the following:

- (1) Overview of the Well-Being Hub;
- (2) Training provided for staff;
- (3) Recognising and expressing emotions;
- (4) Skills, tools and techniques;
- (5) Removing barriers to enable children to learn;
- (6) Dealing with challenges faced in the future;
- (7) Themed groups as part of the pilot – Play, Art, Construction and Science; and
- (8) Evaluation of the first full term.

A presentation provided by Tracey Caffull (Executive Head Teacher – Great Bentley and Frinton Primary Schools) was circulated to the Committee and the Executive Projects Manager provided information on each section. The presentation covered the following:

- (1) The pressure to be perfect;
- (2) Action;
- (3) Results;
- (4) Summary;
- (5) What is needed next; and
- (6) Moving forward.

The Council's Health and Education Portfolio Holder (Councillor McWilliams) informed the Committee that she had visited the Well-Being Hub on a few occasions and she thought that it was very interesting and encouraged Members to visit to take a look.

The Health and Education Portfolio Holder further informed the Committee that she had visited during one of the first sessions and again to one of the later sessions and had been amazed at the positive changes.

The Committee was given the opportunity to ask questions which were responded to by the Executive Projects Manager.

The Committee thanked the Executive Projects Manager for all the information that she had provided.

Following discussion, it was **RECOMMENDED / COMMENTED** to **CABINET** that:

- (a) contact be made with Essex County Council in order to request that full funding is provided to enable further Well-Being Hubs across the District; and
- (b) the Committee would like to congratulate those involved in introducing the Well-Being Hub and the success that had been achieved so far and that the Committee fully supports it.

The meeting was declared closed at 9.17 pm

Chairman

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**MINUTES OF THE MEETING OF THE SERVICE DEVELOPMENT AND DELIVERY
COMMITTEE, HELD ON MONDAY 15 JANUARY 2018 AT 7.30 PM
IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY**

Present:	Councillors Griffiths (Chairman), V E Guglielmi (Vice-Chairman), Alexander, Amos, Chapman, Ferguson, Fowler and Whitmore
Also Present:	Councillors R J Bucke, P B Honeywood (Portfolio Holder for Housing) and M J D Skeels (Portfolio Holder for Leisure and Tourism)
In Attendance:	Lisa Hastings (Head of Governance and Legal Services), Mark Westall (Head of Customer and Commercial Services), Tim Clarke (Head of Housing and Environmental Health), Ian Taylor (Head of Public Realm) and David Black (Housing Manager)

14. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

An apology for absence was received from Councillor Miles (with Councillor Alexander substituting).

15. MINUTES OF THE LAST MEETING

The minutes of the last meeting of the Committee, held on Monday 9 October 2017, were approved as a correct record and signed by the Chairman.

16. DECLARATIONS OF INTEREST

Councillor V E Guglielmi declared that she lived next door to Honeycroft in Lawford, which formed part of item 4;

Councillor Alexander declared a Non-Pecuniary Interest in item 5, as he is a member of the Bee Society and he wished to ask a question on the item, which the Chairman indicated he would allow; and

Councillor Amos advised that he was part of the working party where the approach to the Public Conveniences was discussed.

17. HONEYCROFT AND SPENDELLS SHELTERED HOUSING SCHEMES REVIEW

The Committee was requested to formally respond to the consultation on the principle of closing the Spendells and Honeycroft Sheltered Housing Schemes.

Members had before them for their reference and information the related report of the Portfolio Holder for Housing which had been submitted to the meeting of the Cabinet held on 10 November 2017.

The Head of Housing (Tim R Clarke) gave a presentation to the Committee on the review of the Spendells and Honeycroft Sheltered Housing Schemes. The presentation covered the following matters:-

-
- a) the statutory consultation with the tenants at both Spendells and Honeycroft schemes had commenced;
 - b) Cabinet had concluded that it was no longer financially viable to continue with the schemes at both Honeycroft and Spendells for the reasons set out in the report;
 - c) water testing at Honeycroft had identified unsatisfactory results and subsequently, as part of the consultation process all residents had relocated to alternative properties with secure tenancies, and an option to move again should they wish to do so; and
 - d) the tenants at Spendells had all requested to move out of the scheme and be relocated, with suitable properties being found for all 10 residents on secure tenancies with moves due to be completed over the next 3-4 weeks. During the consultation, 2 responses were received, one being positive and the Town Council had expressed a concern to the scheme closing;

Members expressed a concern that the schemes would remain vacant for some time pending a decision from Cabinet on the future options for redevelopment.

Having discussed this matter it was **RESOLVED** that Cabinet be informed that this Committee supports the recommendations to Cabinet in its report of 10 November 2017 in that:

- (i) the Spendells and Honeycroft Sheltered Housing schemes had proven to be unpopular for several years due to their shared facilities and dated design and that it was economically unviable for the Housing Revenue Account to continually subsidise the on-going and increasing revenue loss of rental income at the schemes;
- (ii) the commencement of formal consultation on the principle of closing both the schemes with residents in accordance with Section 105 of the Housing Act 1985;
- (iii) the Portfolio Holder for Housing had attended to present the outcome of the viability work for each scheme to the Committee, during the consultation period;
- (iv) the outcome of formal consultation along with more detail on the costs associated with closure will be reported back to Cabinet to inform the final decisions on the future of these schemes;
- (v) an associated budget of £200,000 within the HRA in 2017/18, to support residents throughout the whole process, funded from the HRA General Reserve had been established;
- (vi) officers had been authorised to commence preparations to secure alternative accommodation for affected residents in the event that Cabinet decides to close the schemes, including holding open voids at other sheltered schemes;
- (vii) further work be undertaken by officers exploring the provision of alternative sheltered type housing accommodation after detailed financial modelling within the HRA;
- (viii) in addition, the Committee were pleased to note that there had been successful and proposed relocation of the residents at both schemes to alternative properties on secure tenancies; and

- (ix) that Cabinet ensures that the properties at both Honeycroft and Spendells are not left vacant for longer than necessary and are made safe until final decisions are made as to their future.

18. THE PUBLIC CONVENIENCE STRATEGY AND THE PROGRESS TOWARDS MEETING ITS KEY AIMS AND OBJECTIVES

The Committee received an update from the Head of Public Realm (Ian Taylor) on the Council's Public Convenience Strategy and the progress being made towards meeting its key aims and objectives.

Since Cabinet had identified 10 public conveniences for closure, across the District, the following 9 had been actioned:

- Ipswich Road, Holland-on-Sea
- Westcliff Gents, Clacton-on-Sea
- Magdalen Green, Clacton-on-Sea
- Garden Road, Clacton-on-Sea
- Old Way, Frinton-on-Sea
- Mill Lane, Walton-on-the-Naze
- The Naze, Walton-on-the-Naze
- Cemetery, Dovercourt; and
- The Cliff, Dovercourt

The facilities in High Street Car Park would remain open whilst refurbishment of those in Rosemary Road were completed where provision for charging is also under consideration. Refurbishment at the Quay, Harwich was ongoing. Refurbishment at Promenade Way Brightlingsea was also underway with design work currently being sought and refurbishment planned for completion before summer 2018 as well as other new schemes such as a further Changing Place facility in Walton.

The closure and refurbishment programmes had been delivered during the same period the cleaning and repair and maintenance services contracts for public toilets had returned to being provided in-house.

The target for savings would be met and discussions were ongoing around the varied future uses of the buildings in accordance with the Property Dealing Procedure.

The Committee expressed their thanks and appreciation to the Officers for their hard work.

Having discussed this matter it was **RESOLVED** that Cabinet be informed that the Committee supports Cabinet's approach and it's Public Convenience strategy including the continuation of exploring charging at further facilities where appropriate to do so.

The meeting was declared closed at 8.40 pm

Chairman

**MINUTES OF THE MEETING OF THE STANDARDS COMMITTEE,
HELD ON MONDAY 22 JANUARY 2018 AT 10.00 AM
IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY**

Present:	Councillors Heaney (Chairman), Honeywood (Vice-Chairman), Bray, J Brown, Nicholls, Scott and Steady
In Attendance:	Lisa Hastings (Head of Governance and Legal Services & Monitoring Officer) and Katie Sullivan (Committee Services Officer)
Also In Attendance:	John Wolton and Clarissa Gosling (Independent Persons)

15. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were received from Councillor Bucke (with Councillor Scott substituting).

16. MINUTES OF THE LAST MEETING

The Monitoring Officer (Lisa Hastings) informed the Committee that the original published draft minutes had stated that Councillor Davis had said in her declaration of interest that she was a 'friend' of Councillor Bennison however this was deleted shortly after publication following representations made by Councillor Davis who had denied using the word 'friend'. The declaration of interest was amended and the draft minutes were re-published.

The Monitoring Officer confirmed that the minutes before the Chairman were the same as those published in the agenda pack and those were the amended re-published minutes.

The minutes of the meeting of the Standards Committee, held on 27 September 2017, were then approved as a correct record and signed by the Chairman.

17. DECLARATIONS OF INTEREST

The Monitoring Officer informed the Committee that she had decided that it was reasonable on this occasion to grant a blanket dispensation to members of the Committee for agenda item 4, as it was reasonable to do so under Section 33 (b) and (e) the Localism Act 2011. The Monitoring Officer considered that without the dispensation the representation of different political groups on the Committee transacting item 4 would be so upset as to alter the likely outcome of any vote relating to the business and therefore, it was appropriate for the dispensation to be granted.

18. REPORT OF THE MONITORING OFFICER - A.1 - FAILURE TO COMPLY WITH THE MEMBERS' CODE OF CONDUCT - DISTRICT COUNCILLOR

There was submitted a report (A.1) by the Council's Monitoring Officer that, in accordance with the District Council's Complaints Procedure, reported the outcome of an investigation to the Committee, where an informal resolution had been reached, in consultation with the Council's Independent Person without the need for a hearing.

The Monitoring Officer reported that two separate complaints had been received in October 2017. One had been received from a member of the public, Mr William Hones

and the other had been received from District Councillor Baker. Their complaints had been received by the Monitoring Officer under the Members' Code of Conduct and Complaints Procedure alleging that the actions of District Councillor Anne Davis had breached the Members' Code of Conduct.

It was alleged in the complaints that Councillor Anne Davis had not had regard for four of the Seven Principles of Public Life namely:

- Selflessness - Holders of public office should act solely in terms of the public interest;
- Integrity - Holders of Public Office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships;
- Objectivity - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias; and
- Honesty - Holders of public office should be truthful.

Members were informed that although not expressly referring to the Rule, it was also alleged that Councillor Davis' actions had contravened Paragraph 10 of the Code of Conduct (*Effect of Other Pecuniary Interests on participation*) by remaining on the Committee after declaring that she had attended court with Councillor Bennison, who was the subject of an agenda item before the Committee on 27 September 2017.

The Monitoring Officer confirmed that on 1 November 2017, she had decided that it was reasonable and appropriate that the complaints merited further investigation and that an external investigator be appointed. All parties had been informed of this decision.

Members were reminded that Section 5 of the Complaints Procedure set out how an investigation was conducted and that under Section 5.6, the investigation report must contain a conclusion as to whether the evidence had supported a finding of failure to comply with the Code of Conduct. Annex E of the Complaints Procedure set out the Investigation Procedure.

The Committee was informed that Mr John Austin had been appointed as the external investigator and that, following a thorough investigation, he had concluded that there was sufficient evidence to show that Councillor Davis had breached Paragraph 10 of the Council's Code of Conduct, in remaining in the meeting and participating in the way that she had. The investigator had not however considered that this was a deliberate or conscious act.

In response to the allegations the external Investigator had provided a Summary of Findings in conclusion to the investigation which were:

- Given her attendance in court to support Councillor Bennison, Councillor Davis was correct in declaring a Non-Pecuniary Interest at the Standards Committee on 27 September 2017;

- There was no conclusive evidence that she had said that she was a friend when declaring the interest;
- Councillor Davis had stated that she would consider the matter with an open mind;
- She had also stated that she applied the public interest test when deciding to stay in the meeting;
- On the evidence in front of me, I am of the view that Councillor Davis made an error of judgement when applying the public interest test and under-estimated the strength of public perception in such matters. The fact that she had attended court would in my view cause people to think that she had an allegiance to Councillor Bennison over and above being a fellow councillor;
- I therefore find that there is sufficient evidence to show that Councillor Davis breached Paragraph 10 of the Council's Code of Conduct in remaining in the meeting and participating in the way that she did;
- I do not however think this was a deliberate or conscious act. She had nothing to gain personally. She took advice beforehand and felt that she followed it. I accept that her actions were borne firstly out of a genuine wish to support a council colleague who she felt needed help and secondly a misunderstanding of how her court attendance would be viewed by others given her role on the Standards Committee for the issue in question; and
- Given the passage of time since Councillor Davis' had had relevant training, and my view that she made an error of judgement partly based on a misunderstanding, I recommend that she be asked to undertake further training on the Council's Code of Conduct.

The Monitoring Officer informed the Committee that Paragraph 10.1 of the Members' Code of Conduct stated: "If you have a non-pecuniary interest in any business of your Authority which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest and you are present at a meeting of the authority at which such business is to be considered or is being considered you must:-

- (a) Disclose the existence and nature of the interest in accordance with paragraph 7.1 (but subject to paragraph 12);
- (b) Withdraw from the room or chamber where the meeting considering the business is being held, immediately after making your representations or in any other case when the business is under consideration, unless you have obtained a dispensation from your authority's Monitoring Officer.

The Monitoring Officer informed Members that all parties had had the opportunity to comment on the investigation report and the findings contained therein. One Complainant and the Council's Independent Person were in agreement with the outcome as appropriate and proportionate responses to the breach. In addition, the Council's Independent Person, John Wolton had been consulted.

The Monitoring Officer confirmed that if an investigation concluded that there was evidence of a failure to comply with the Code of Conduct, the Council's Complaints Procedure at Section 7.1 provided her with the authority to obtain an informal resolution, in consultation with the Independent Person, without the need for a hearing by the Standards Committee.

John Wolton's comments were as follows:

"Cllr Davis duly phoned (on 13th December) and advised me of her concern and the circumstances that she now faced. A lengthy phone call ensued.

Towards the end of our discussion I felt that an apology would be appropriate and Cllr Anne Davis agreed.

My thoughts on the situation are that Cllr. Anne Davis was by naivety incorrect in taking further steps to be present at the confidential meeting of the Standards Committee as rightly noted by the complainants.

It is also noted that the Standards Committee as a whole knew of her previous declaration of interest and could have advised her of the inappropriate attendance at that confidential meeting".

The Monitoring Officer informed Members that upon receipt of the external Investigator's draft report Councillor Davis had provided a written apology accepting that paragraph 10 of the Code of Conduct had been breached.

Councillor Davis' written apology stated the following:

"Dear Mr Austin,

As you are aware, I have read the content of all the papers concerning the complaint against me, and responded to the best of my ability.

Having objectively considered that evidence, I believe and accept that I may have inadvertently and unintentionally breached article 10 of the councillor's code of conduct, and certainly, that I could be perceived to have done so. For that, and the expense caused to the council by that mistake, I am very sorry.

Would you please accept and pass on my apology for so doing, and pass it on to all concerned? Thank you so much.

Yours sincerely, Anne"

The Monitoring Officer informed Members that upon further communication with Councillor Davis, she had agreed to undergo refresher training on the provisions of the Code of Conduct, especially in relation to declarations of interest and the effects on participation. The Monitoring Officer confirmed that a date had been agreed to carry out the training.

The Monitoring Officer further informed Members that she considered that those actions were both appropriate and proportionate responses to the investigator's findings and in the circumstances, had resolved the matter informally without the need for a hearing.

Following discussion, it was moved by Councillor Heaney, seconded by Councillor Nicholls and:

Unanimously **RESOLVED** that the Committee:

- (a) Noted the outcome of the investigation undertaken by Mr Austin on behalf of the Monitoring Officer in respect of Councillor Davis;
- (b) welcomed the acknowledgement by Councillor Davis that the Code of Conduct had been breached;
- (c) noted and endorsed the Informal Resolution reached in respect of:-
 - (i) Councillor Davis's written apology contained within the body of the Report; and
 - (ii) that Councillor Davis should undergo refresher Code of Conduct training; and
- (d) requested that all elected Members should ensure that their declarations of interest are clear and concise at the meeting and that the Monitoring Officer ensures particular care is taken in recording what Members say under the declarations of interest item on the agenda for the purposes of the minutes.

19. CASE REVIEW

The Monitoring Officer provided the Committee with information on external case reviews which included the following:

- (1) Case 1 – East Devon District Council Standards Committee v. Town Council;
- (2) Case 2 – Suspension still permitted in Wales;
- (3) Case 3 – FOI Request of a draft Investigation Report;
- (4) Case 4 – Developer launches JR over Councillor's interest in planning decision;
- (5) Case 5 – Challenge to Standards Procedure;
- (6) Case 6 – Investigation in leaked report;
- (7) Case 7 – Premature Standards Committee decision;
- (8) Case 8 – All members of a political group reported to the Monitoring Officer; and
- (9) Case 9 – Breach of Code of Conduct 12 times.

Following on from the information provided, Members were given the opportunity to ask questions which were responded to by the Monitoring Officer.

20. DISCUSSION TOPICS AND/OR UPDATES FROM THE MONITORING OFFICER

Quarterly Complaints Update

The Monitoring Officer circulated to the Committee the quarterly schedule, which gave general details of complaints received, without providing any names, and went through them with the Committee.

Requests for Dispensations

The Monitoring Officer informed the Committee that Councillor Bush had requested and had been granted a dispensation which had related to a Local Plan Report, as his land

was referred to in the evidence contained within the appendix, but the land was not the subject of any decisions. The declaration had been properly made at the meeting and recorded in the minutes. Details of the dispensation were also included on the Council's website, as the usual practice.

Lack of Sanctions

At its last meeting the Committee had been informed that two Local Authorities had considered motions to lobby the Government on the lack of sanctions which Councils had been left with since the introduction of the Localism Act 2011. A consultation had also been launched on extending the list of criminal convictions which would restrict an individual standing as a Councillor.

At that meeting, the Monitoring Officer, at the Committee's request, had agreed to bring this item back to the next meeting of the Committee for further consideration.

The Committee was aware that Tendring District Council had recently referred to the lack of sanctions in the consultation document from the DCLG on criminal orders and the eligibility to stand or remain as a Councillor.

The Committee discussed this issue further.

Following discussion, it was **RECOMMENDED** to **COUNCIL**:

That the Government be lobbied directly and via the Local Government Association for a review of the lack of sanctions available to the Standards Committee following criminal convictions of Elected Members.

The meeting was declared closed at 11.45 am

Chairman

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD**ON THURSDAY 25 JANUARY 2018****AT 7.30 P.M. IN THE COUNCIL CHAMBER, COUNCIL OFFICES, WEELEY**

Present: Councillors Coley (Chairman), Poonian (Vice-Chairman), Alexander, Hones and Scott

In Attendance: Head of Finance, Revenues & Benefits Services & Section 151 Officer (Richard Barrett), Committee Services Manager (Ian Ford) and Principal Auditor (Craig Clawson)

Also in Attendance: Chris Hewitt (Audit Manager – Ernst & Young)

15. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no apologies or substitutions on this occasion.

16. MINUTES OF THE LAST MEETING

The minutes of the meeting of the Committee held on 21 September 2017 were approved as a correct record and signed by the Chairman.

17. DECLARATIONS OF INTEREST

There were none on this occasion.

18. REPORT OF THE AUDIT AND GOVERNANCE MANAGER – A.1 – REPORT ON INTERNAL AUDIT – SEPTEMBER TO NOVEMBER 2017

The Committee had before it a periodic report (A.1) on the Internal Audit function for the period of September to November 2017.

The Council's Principal Auditor (Craig Clawson) informed the Committee that ten audits had been completed in the period of which four had been given Substantial Assurance and six had been given Adequate Assurance.

The Committee was aware that The Public Sector Internal Audit Standards required the Audit and Governance Manager, in their role as Chief Audit Executive / Head of Internal Audit, to make arrangements for reporting periodically to senior management (Management Team) and to the board (Audit Committee). Following the recent retirement of the Audit and Governance Manager it was a requirement of the relevant CIPFA Code of Practice that the Council appointed an alternative Officer to undertake the role of Head of Internal Audit.

Members were informed that it was proposed to appoint the Head of Finance, Revenues and Benefits to the role of Head of Internal Audit for an interim period whilst a restructure of the Internal Audit Service was considered, which would, in turn, provide a longer term appointment to the role. However, in order to ensure the independence required of the role, it was proposed to delegate the day-to-day operation of delivering an effective Internal Audit Service to the Council's Principal Auditor via acting up arrangements to the role of Audit and Governance Manager.

The Committee was advised that the Head of Finance, Revenues and Benefits would support the Principal Auditor, where necessary, via a consultative approach, to enable him to independently undertake the relevant duties set out in the CIPFA Code of Practice. The Principle Auditor would therefore retain the required independence to report directly to the Chief Executive, Management Team and the Audit Committee as he felt necessary in order to ensure that there was no undue influence from the Head of Finance, Revenues and Benefits.

The Principal Auditor also informed the Committee of the current position in relation to:

- (i) Internal Audit Plan Progress – Proposed removal of Payments Received Audit, deferral of Corporate Counter-Fraud and Departmental Procurement audits;
- (ii) Quality Assurance;
- (iii) Outcomes of Internal Audit Work;
- (iv) Management response to Internal Audit Findings;
- (v) External Quality Assessment – Assessor's Final Report; and
- (vi) Internal Audit Budget 2018/19.

Following discussion and questions by Members, it was moved by Councillor Scott, seconded by Councillor Alexander and:

RESOLVED that –

- (a) the contents of the report be noted;
- (b) the changes to the Internal Audit Plan, as detailed in the report, be approved; and
- (c) the Committee approves the appointment of the Head of Finance, Revenues and benefits to the role of Head of Internal Audit in the interim period whilst the future structure of Internal Audit is decided.

19. CORPORATE RISK UPDATE

The Head of Finance, Revenues & Benefits Services & Section 151 Officer (Richard Barrett) presented to the Committee a report on the Risk Management Framework and the updated Corporate Risk Register.

It was reported that, within the period under review, no new risks had been added to the register, no risks had been removed, one risk score had been amended and there were no items that were currently under review. Risks had been amended in respect of –

- (1) 1b Catastrophic IT Network Failure;
- (2) 1c Ineffective Communication / Management of Information;
- (3) 2c Community Leadership Projects;
- (4) 5a Financial Straegy
- (5) 6c Disconnection from PCN Network; and
- (6) 7a Local Plan.

The Risk Score in respect of item 7a Local Plan had been reduced from 16 to 12 to reflect the latest position.

It was reported that during the year a review had been carried out by the Council's Internal Audit Team relating to Risk Management. The following table set out the recommendations identified and the current position against each of those actions:

Agreed Action	Current Position
<p>Management Team to promote the importance of operational risk management within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Corporate Fraud and Risk Manager.</p> <p>One to one meetings are to take place between Senior Managers and the Corporate Fraud and Risk Manager to identify and record key operational risks within their service areas. Support to be provided by Internal Audit if required.</p>	<p>Management Team are currently working with the Fraud and Risk Manager to effectively promote the importance of operational risk management within the Council. The Corporate Fraud and Risk Manager will be attending Management Team meetings on a quarterly basis and provide monthly updates.</p> <p>One to one meetings have been booked with senior managers and reviews of the Council's departmental risk registers are being undertaken.</p> <p>Any gaps identified will be included in the next corporate risk register update.</p> <p>Update to be provided at the next Audit Committee in June 2018.</p>
<p>Once all departmental risk registers are implemented, the Corporate Fraud and Risk Manager is to embed a quality control process for monitoring business risks and verifying the recorded mitigating controls. This should involve process walkthrough's, reviews of supporting documentation and assessments of target dates / resources required to implement controls</p>	<p>The Corporate Fraud and Risk Manager has arranged one to one meetings with senior managers to discuss business risks, once identified the findings will be reviewed on a more regular basis.</p> <p>Update to be provided at the next Audit Committee in June 2018.</p>

The Committee was informed that although no changes had been identified as being required at this time, the Risk Management Framework was included at Appendix A to the report for information purposes only.

After consideration of this item it was **RESOLVED** that -

- (a) the contents of the updates provided to the current Risk Register be noted; and
- (b) the Head of Finance, Revenues & Benefits Services requests the Head of IT and Corporate Resilience to consider providing training to Members on aspects of cyber security.

20. EXTERNAL AUDIT'S ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2017

There was submitted a report by the Council's Corporate Director (Corporate Services), which presented to the Committee the External Auditor's Annual Audit Letter 2016/17.

The Committee was informed that the Letter primarily summarised the outcomes from various audit activities undertaken during the year. The key messages set out in the letter

highlighted that the Council had received an unqualified opinion on both its financial statements and value for money arrangements.

It was reported that, whilst no significant concerns had been raised relating to 2016/17, risks highlighted in connection with financial resilience / sustainability and the Garden Communities project had been included within last year's Annual Governance Statement with on-going updates provided to the Committee.

Chris Hewitt (Audit Manager – Ernst & Young, the Council's External Auditor) highlighted the salient points in the Annual Audit Letter and, in particular, two issues to consider in the future. Responses to both those issues formed part of the work currently being undertaken to close the accounts and produce the Statement of Accounts for 2017/18 by the required deadlines. Those two issues were –

- (1) earlier deadline for the production and audit of the financial statements from 2017/18; and
- (2) forthcoming changes to accounting standards IFRS 9 (Financial Instruments), IFRS 15 (Revenue from contracts with customers) and IFRS 16 (Leases).

Mr Hewitt also highlighted that a final decision was still awaited from PSAA Ltd in relation to a scale fee variation for the Audit Fee for 2016/17.

After consideration of this item it was -

RESOLVED that the contents of the Annual Audit Letter for the year ended 31 March 2017 be noted.

21. AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

There was submitted a report by the Council's Corporate Director (Corporate Services) (A.4) which presented to Members the progress against outstanding actions identified by the Committee.

It was reported that there were no significant issues to bring to the attention of the Committee, with updates provided against individual items, as set out in Appendix A to item A.4 of the Report of the Corporate Director (Corporate Services), or elsewhere on the agenda where appropriate.

Updates on the actions identified within the latest Annual Governance Statement were set out in Appendix B to the aforementioned report with no significant issues to highlight at the present time.

In respect of the latest position in terms of the legionella issue experienced at the Frinton and Walton Lifestyles facility, the Head of Finance, Revenues & Benefits Services informed Members that the Council had now finalised a Legionella Policy alongside undertaking a range of actions / activities in response to this issue. However, the Health and Safety Executive's final report and recommendations was still awaited. Once that report was received, any further actions required would be reviewed and a further update provided to the Audit Committee.

The Head of Finance, Revenues & Benefits Services also informed the Committee that although work had progressed on the Counter Fraud Strategy the Department for Works and Pensions (DWP) had recently approached the Council to ask if it would be willing to work together and undertake joint fraud investigations where opportunities arose. Discussions remained on-going with the DWP and as this would have an impact on the

Counter Fraud Strategy it had been decided to defer this item until March 2018 in order to enable the associated arrangements to be finalised and reflected in the Strategy.

It was **RESOLVED** that the progress made against the outstanding issues be noted.

22. EXCLUSION OF PRESS AND PUBLIC

It was moved by Councillor Scott, seconded by Councillor Hones and –

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 9 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A, as amended, of the Act.

The meeting was declared closed at 8.39 p.m.

Chairman

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**MINUTES OF THE MEETING OF THE CORPORATE MANAGEMENT
SCRUTINY COMMITTEE HELD ON MONDAY 29 JANUARY 2018 AT 7.30 P.M. IN THE
COUNCIL CHAMBER, COUNCIL OFFICES, WEELY**

Present: Councillors Steady (Chairman), Baker (Vice-Chairman), Alexander, Chittock, Pemberton and Watson

In Attendance: Head of Finance, Revenues & Benefits Services (Richard Barrett), Head of People, Performance and Projects (Anastasia Simpson) and Committee Services Manager (Ian Ford)

45. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Skeels Jnr. There was no substitute.

46. MINUTES OF THE MEETING OF THE COMMITTEE HELD ON 18 DECEMBER 2017

The minutes of the meeting of the Committee, held on 18 December 2017, were approved as a correct record and signed by the Chairman.

The Head of Finance, Revenues & Benefits Services gave an update to Members on the following matters that had been raised at the meeting held on 18 December 2017, namely:-

- (1) action being taken in relation to an alleged fraud at the Princes Theatre;
- (2) demolition of Westleigh House, Clacton-on-Sea; and
- (3) provision of further beach huts.

The Chairman reminded the Committee that, at their last meeting, it had been agreed that, following the budget meeting of full Council in February 2019, an informal meeting of the Committee should be held in order to discuss ways in which the budget could be scrutinised within the proposed new committee structure. The Chairman now proposed that this meeting should be made a formal meeting in order that the Committee could submit any comments or recommendations etc. to Cabinet. After discussion it was:-

RESOLVED that a formal meeting of the Committee be held on Monday 26 February 2018 commencing at 10.00 a.m. in the Connaught Room, Town Hall, Station Road, Clacton-on-Sea.

47. DECLARATIONS OF INTEREST

There were none at this time.

48. ANNUAL TREASURY STRATEGY 2018/19 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)

The Committee's comments were sought on the Annual Treasury Strategy for 2018/19 (including the Prudential and Treasury indicators).

It was reported that on 19 January 2018, the Finance and Corporate Resources Portfolio Holder had agreed the Annual Treasury Strategy for 2018/19 (including the Prudential and Treasury Indicators) for consultation with the Corporate Management Committee.

Members were reminded that the Local Government Act 2003 and supporting regulations required the Council to set out its treasury strategy for borrowing, and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) that set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both those documents had been issued in December 2017 to be followed for 2018/19, where practicable.

The Committee was informed that the revised Prudential Code also required the Council to adopt a capital strategy and to update it annually. The Council had a Capital Strategy for 2016/17 to 2019/20 which had been approved by Cabinet on 9 September 2016. This would need to be revised and updated to meet the requirements of the revised Prudential Code and presented to Cabinet at a later date. For 2019/20, the Capital Strategy would need to be updated and approved by Council prior to 31 March 2019.

A copy of the report submitted to the Portfolio Holder together with the proposed Annual Treasury Strategy for 2018/19 was attached as an appendix to item A.1 of the Report of the Corporate Director (Corporate Services).

The Head of Finance, Revenues & Benefits Services informed the Committee that the minor textual differences between the current Strategy for 2017/18 and the proposed Strategy for 2018/19 were highlighted in grey for ease of reference.

RESOLVED that the Committee submits the following comments for the Cabinet's consideration:

"(a) the Committee is aware that risk currently appears low but that the policy going forward is robust insofar as the Council is investing in commercial property and is building on a long-term projection of continuing low interest rates; and

(b) that the Officers be congratulated on the quality of the Treasury Strategy and the Council's ongoing performance."

The meeting was declared closed at 8.07 p.m.

Chairman

MINUTES OF THE MEETING OF THE COMMUNITY LEADERSHIP AND PARTNERSHIPS COMMITTEE, HELD ON MONDAY 19 FEBRUARY 2018 AT 7.30 PM, IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY

Present:	Councillors Land (Chairman), Baker (Vice-Chairman), Amos, Chittock, Davis, Newton, Poonian, Raby and Yallop
In Attendance:	Karen Neath (Head of Leadership Support and Community) and Katie Sullivan (Committee Services Officer)
Also In Attendance:	Paul Oxley (Public Affairs Manager – Greater Anglia) and Phil Starling (Customer Service Manager – Greater Anglia)

37. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were apologies for absence received from Councillors Broderick and I Henderson (with no substitutes).

38. MINUTES OF THE LAST MEETING

The minutes of the last meeting of the Committee, held on Monday 8 January 2018, were approved as a correct record and signed by the Chairman.

39. DECLARATIONS OF INTEREST

There were none.

40. GREATER ANGLIA

Paul Oxley (Public Affairs Manager – Greater Anglia) and Phil Starling (Customer Service Manager – Greater Anglia) were in attendance and provided the Committee with a presentation on Greater Anglia services. The presentation included information on the following:

- (1) Introduction;
- (2) New trains – operating from Spring 2019;
- (3) Ticket and product improvements;
- (4) Mobile app;
- (5) Ticket vending machines;
- (6) Improvements to disruptions;
- (7) Staff training;
- (8) Ticket office changes;
- (9) Industrial relations;
- (10) Going forward – the next year.

Members were given the opportunity to ask questions throughout the presentation and the Chairman (Councillor Land) also invited those members of the public who were from the Local Rail Users' Group sitting in the public gallery to ask questions.

Questions which had been submitted prior to the meeting by Members together with responses thereto were circulated to the Committee.

The Chairman gave the Committee an overview of the key areas discussed and thanked Paul Oxley and Phil Starling for their attendance and for the information that they had provided.

41. WORK PROGRAMME 2018/19

The Council's Head of Leadership, Support and Community (Karen Neath) reminded the Committee that the Review of the Year 2017/18 for the Community Leadership and Partnerships Committee and the proposed Work Programme 2018/19 for the new Community Leadership Overview and Scrutiny Committee would be considered at its next meeting which was scheduled for 19 March 2018.

The Committee was informed that the new Community Leadership Overview and Scrutiny Committee would have fewer ordinary meetings but its work would be supplemented by task and finish groups.

The Committee was further informed that the agreed terms of reference for the new Committee set out a focus on the following:

- Community Safety;
- Health and Well-Being; and
- Economy, Skills and Educational Attainment.

The Head of Leadership, Support and Community discussed the proposed meeting format for 2018/19 and explained how the task and finish groups would work.

Members were given the opportunity to ask questions and had an initial discussion on the Work Programme for the 2018/19 municipal year for the new Community Leadership Overview and Scrutiny Committee.

The meeting was declared closed at 9.21 pm

Chairman

MINUTES OF THE MEETING OF THE COUNCIL TAX COMMITTEE
HELD ON 21 FEBRUARY 2018 AT 10.00 A.M. IN THE
CONNAUGHT ROOM, TOWN HALL, STATION ROAD, CLACTON-ON-SEA

Present: Councillors Miles (Chairman), Chittock, Nicholls and Whitmore

Also Present: Councillor Massey

In Attendance: Corporate Finance Manager (Richard Bull) and Committee Services Manager (Ian Ford)

1. ELECTION OF A VICE-CHAIRMAN OF THE COMMITTEE

The Committee considered electing one of its members to the vacant office of Vice-Chairman of the Committee.

It was moved by Councillor Nicholls, seconded by Councillor Whitmore and:-

RESOLVED that Councillor Chittock be elected Vice-Chairman of the Committee for the remainder of the municipal year.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no apologies for absence and there were no substitutions.

3. MINUTES OF THE LAST MEETING

The minutes of the meeting of the Committee held on 22 February 2017 were approved as a correct record and signed by the Chairman.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. FORMAL CONFIRMATION OF COUNCIL TAX AMOUNTS FOR 2018/19 FOLLOWING THE NOTIFICATION OF THE PRECEPTS FROM THE MAJOR PRECEPTING AUTHORITIES

The Committee's confirmation was sought in respect of the final Council Tax amounts for 2018/19 including the precepts issued for 2018/19 by Essex County Council, Essex Police Services and Essex Fire Services.

The Committee was aware that the District and Parish/Town Council precepts for 2018/19 had been approved, in principle, at the meeting of the Council held on 6 February 2018 and had subsequently come into effect in accordance with the provisions of Budget and Policy Framework Procedure Rule 3. Since that date the precepts from the major precepting authorities for 2018/19 had now been received. The table set out below showed the precepts issued for 2018/19 by Essex County Council, Essex Police Services and Essex Fire Services:

PRECEPTS ON THE COLLECTION FUND

2017/18			2018/19		
45,859.5		Council Tax Base	46,739.5		
Amount	Council Tax		Amount	Council Tax	Change in Tax
£'000	£		£'000	£	%
13,696	298.65	Total Net Budget	13,902	297.45	
(6,249)	(136.26)	Less Government Support/Business Rates	(5,648)	(120.85)	
7,447	162.39	Net District Council Expenditure	8,254	176.60	
(218)	(4.75)	Less Collection Fund (surplus)/deficit	(652)	(13.96)	
7,229	157.64	District Council Services	7,602	162.64	3.17%
6,723	146.61	District General Expenses	7,114	152.19	3.81%
506	11.03	District Special Expenses	488	10.45	-5.26%
7,229	157.64	Council Tax Requirement (TDC)	7,602	162.64	3.17%
1,600	34.88	Parish Council Services	1,697	36.32	4.13%
8,829	192.52	Council Tax Requirement (incl. parishes)	9,299	198.96	3.35%
53,367	1,163.70	County Council Services	57,104	1,221.75	4.99%
3,166	69.03	Essex Fire Services	3,290	70.38	1.96%
7,202	157.05	Essex Police Services	7,900	169.02	7.62%
72,564	1,582.30	Total Average District Tax	77,593	1,660.11	4.92%

Band	Essex	Essex	
	County	Fire	Essex Police
	Council	Services	Services
	£	£	£
A	814.50	46.92	112.68
B	950.25	54.74	131.46
C	1,086.00	62.56	150.24
D	1,221.75	70.38	169.02
E	1,493.25	86.02	206.58
F	1,764.75	101.66	244.14
G	2,036.25	117.30	281.70
H	2,443.50	140.76	338.04

It was moved by Councillor Chittock, seconded by Councillor Nicholls and:-

RESOLVED that

- (a) the precepts issued by Essex County Council, Essex Police and Essex Fire for 2018/19 be noted; and
- (b) the amounts of Council Tax for 2018/19 for each of the categories of dwellings, as shown in the table set out below, be confirmed:

COUNTY, FIRE, POLICE, DISTRICT AND PARISH/TOWN COUNCIL TAX AMOUNTS 2018/2019

Band	A	B	C	D	E	F	G	H
Multiplier	(6/9)	(7/9)	(8/9)	(9/9)	(11/9)	(13/9)	(15/9)	(18/9)
Parished or Unparished Area								
Unparished Area:								
Clacton	1,087.57	1,268.83	1,450.09	1,631.35	1,993.87	2,356.39	2,718.92	3,262.70
Parishes of:								
Alresford	1,144.05	1,334.73	1,525.40	1,716.08	2,097.43	2,478.78	2,860.13	3,432.16
Ardleigh	1,102.05	1,285.73	1,469.40	1,653.08	2,020.43	2,387.78	2,755.13	3,306.16
Beaumont-cum-Moze	1,096.47	1,279.21	1,461.96	1,644.70	2,010.19	2,375.68	2,741.17	3,289.40
Great Bentley	1,142.23	1,332.60	1,522.97	1,713.34	2,094.08	2,474.82	2,855.57	3,426.68
Little Bentley	1,094.32	1,276.71	1,459.09	1,641.48	2,006.25	2,371.03	2,735.80	3,282.96
Bradfield	1,162.61	1,356.38	1,550.15	1,743.92	2,131.46	2,519.00	2,906.53	3,487.84
Brightlingsea	1,115.17	1,301.03	1,486.89	1,672.75	2,044.47	2,416.19	2,787.92	3,345.50
Great Bromley	1,113.80	1,299.43	1,485.07	1,670.70	2,041.97	2,413.23	2,784.50	3,341.40
Little Bromley	1,086.96	1,268.12	1,449.28	1,630.44	1,992.76	2,355.08	2,717.40	3,260.88
Little Clacton	1,126.87	1,314.69	1,502.50	1,690.31	2,065.93	2,441.56	2,817.18	3,380.62
Elmstead	1,108.31	1,293.03	1,477.75	1,662.47	2,031.91	2,401.35	2,770.78	3,324.94
Frating	1,103.78	1,287.74	1,471.71	1,655.67	2,023.60	2,391.52	2,759.45	3,311.34
Frinton and Walton	1,123.11	1,310.29	1,497.48	1,684.66	2,059.03	2,433.40	2,807.77	3,369.32
Harwich	1,107.56	1,292.15	1,476.75	1,661.34	2,030.53	2,399.71	2,768.90	3,322.68
Lawford	1,112.58	1,298.01	1,483.44	1,668.87	2,039.73	2,410.59	2,781.45	3,337.74
Manningtree	1,097.57	1,280.50	1,463.43	1,646.36	2,012.22	2,378.08	2,743.93	3,292.72
Mistley	1,114.91	1,300.72	1,486.54	1,672.36	2,044.00	2,415.63	2,787.27	3,344.72
Great Oakley	1,110.84	1,295.98	1,481.12	1,666.26	2,036.54	2,406.82	2,777.10	3,332.52
Little Oakley	1,104.37	1,288.43	1,472.49	1,656.55	2,024.67	2,392.79	2,760.92	3,313.10
Ramsey and Parkeston	1,137.63	1,327.24	1,516.84	1,706.45	2,085.66	2,464.87	2,844.08	3,412.90
St Osyth	1,120.00	1,306.67	1,493.33	1,680.00	2,053.33	2,426.67	2,800.00	3,360.00
Tendring	1,104.45	1,288.52	1,472.60	1,656.67	2,024.82	2,392.97	2,761.12	3,313.34
Thorpe-le-Soken	1,113.52	1,299.11	1,484.69	1,670.28	2,041.45	2,412.63	2,783.80	3,340.56
Thorrington	1,103.53	1,287.45	1,471.37	1,655.29	2,023.13	2,390.97	2,758.82	3,310.58
Weeley	1,116.65	1,302.75	1,488.86	1,674.97	2,047.19	2,419.40	2,791.62	3,349.94
Wix	1,124.22	1,311.59	1,498.96	1,686.33	2,061.07	2,435.81	2,810.55	3,372.66
Wrabness	1,094.29	1,276.68	1,459.06	1,641.44	2,006.20	2,370.97	2,735.73	3,282.88

The meeting was declared closed at 10.02 a.m.

Chairman

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Corporate Management Committee

26 February 2018

**MINUTES OF THE MEETING OF THE CORPORATE MANAGEMENT COMMITTEE,
HELD ON MONDAY 26 FEBRUARY 2018 AT 10.12 A.M.
IN THE CONNAUGHT ROOM, TOWN HALL, STATION ROAD, CLACTON-ON-SEA**

Present:	Councillors Steady (Chairman), Baker (Vice-Chairman), Alexander, Amos, Chittock, Stephenson and Watson
Also Present:	Councillor Gray
In Attendance:	Martyn Knappett (Corporate Director (Corporate Services)) (except minute 52), Lisa Hastings (Head of Governance and Legal Services), Anastasia Simpson (Head of People, Performance and Projects), Richard Barrett (Head of Finance, Revenues and Benefits Services) (except minutes 49-51) and Debbie Bunce (Legal and Governance Administration Officer)

49. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Skeels Jnr (with Councillor Amos substituting).

50. MINUTES OF THE LAST MEETING

The Minutes of the meeting of the Committee, held on 29 January 2018, were approved as a correct record and signed by the Chairman.

51. DECLARATIONS OF INTEREST

There were none.

52. FUTURE SCRUTINY OF THE FINANCIAL FORECAST AND BUDGETS

The Committee discussed ways in which the financial forecast and budgets will be scrutinised with the proposed new committee structure and it was agreed that there were concerns about the number and length of meetings proposed in the new Municipal Year, bearing in mind the terms of reference for two Overview and Scrutiny Committees were being merged to form a new Resources and Services Overview and Scrutiny Committee. It was decided that the Committee Services Manager could be asked to schedule in some extra meetings into the Calendar of meetings throughout the year but that if these were not needed then they could be cancelled.

It was also noted that it would be useful to have Task and Finish Groups on specific topics outside of the ordinary meetings of the Committee with three Members on each Group. The Committee would decide what the Task and Finish Groups Terms of Reference would be and consult with Cabinet on this.

It was also agreed that training/workshops run by an external resource for both of the new Overview and Scrutiny Committees would be advantageous.

RESOLVED that the Committee submits the following comments for the Cabinet's consideration:

- (a) Portfolio Holders may be asked to attend meetings of the Resources and Services Overview and Scrutiny Committee, as and when required in order for the Committee to ask questions.
- (b) The Committee may need to schedule additional meetings throughout the year to ensure robust and thorough overview and scrutiny.
- (c) The aspirations for the year that the Leader referred to at full Council should feed into the Committee's work programme.
- (d) The Committee would like the opportunity to consult Cabinet and Officers about the terms of reference for Task and Finish Groups. The Committee would like to ensure that all members have a consistent understanding of the expectations and terms of reference for Task and Finish Groups.

The meeting was declared closed at 12.20 pm

Chairman

**MINUTES OF THE FINAL MEETING OF THE CORPORATE MANAGEMENT
COMMITTEE,
HELD ON MONDAY 12 MARCH 2018 AT 7.30 P.M.
IN THE COUNCIL CHAMBER, AT THE COUNCIL OFFICES, WEELEY**

Present:	Councillors Steady (Chairman), Baker (Vice-Chairman), Alexander, Chittock, Pemberton, Skeels Jnr., Stephenson (except items 53 - 55) and Watson
In Attendance:	Anastasia Simpson (Head of People, Performance and Projects), Richard Barrett (Head of Finance, Revenues and Benefits Services)(except items 57 and 58), Ian Ford (Committee Services Manager) and Katie Wilkins (Human Resources and Business Manager)

53. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were no apologies for absence and consequently there were no substitutions on this occasion.

54. MINUTES OF THE LAST MEETING

The Minutes of the meeting of the Committee, held on 26 February 2018, were approved as a correct record and signed by the Chairman.

55. DECLARATIONS OF INTEREST

There were none.

56. CORPORATE BUDGET MONITORING REPORT FOR THE THIRD QUARTER OF 2017/2018

The Committee had before it a report of the Corporate Director (Corporate Services), which presented it with an overview of the Council's actual financial position against the budget as at the end of December 2017.

The Committee was aware that, at its meeting held on 16 February 2018, Cabinet had considered the Corporate Budget Monitoring Report and Appendices for the third quarter of 2017/18 and had resolved (minute 150 referred) that –

(a) the financial position, as at the end of December 2017, be noted; and

(b) Business Investment and Growth revenue and capital budgets be merged in 2017/18, as set out in this report, which would remain subject to further decisions once potential uses of the funding are identified / proposed.

The Cabinet report and appendices referred to above were attached as Appendix A and Appendix B respectively to item A.1 of the Report of the Corporate Director (Corporate Services) for the Committee's consideration.

Councillor Baker had submitted, in advance of the meeting, a number of written questions, to which the Head of Finance, Revenues and Benefits Services (Richard Barrett) gave an oral response.

Having considered and discussed the budget monitoring report and appendices:-

It was **RESOLVED** that the contents of the report be noted.

The Chairman, on behalf of himself and the Committee, thanked Richard Barrett for all the help, assistance and advice that he had given to Members during his tenure as Chairman of the Committee.

57. PERFORMANCE REPORT – QUARTER THREE REPORT – OCTOBER 2017 TO DECEMBER 2017

The Committee had before it a report of the Corporate Director (Corporate Services) which presented the Performance Report for Quarter Three (October 2017 to December 2017), including the Corporate Plan and Priorities and Projects 2017/18. Appendix A to that report contained details of the 16 indicators and projects where performance was measured. Of those, 14 (88%) were on, or above, their expected target and 2 (12%) were not currently in line with the expected performance. Three of the indicators and projects highlighted in the report were deemed 'non-measurable' as this Council's role was that of influence only.

Members were informed that the performance report had been submitted to Cabinet at its meeting held 16 February 2018 (Minute 149 referred). Any feedback from the Committee would be presented to a future meeting of the Cabinet as a separate reference report.

The Human Resources and Business Manager (Katie Wilkins) gave a verbal update in respect of several indicators and projects.

Councillor Baker had submitted, in advance of the meeting, a number of written questions, to which the Human Resources and Business Manager circulated to Members written responses.

Officers responded to other questions raised by Members on various topics and where an answer was not immediately available, the Human Resources and Business Manager undertook to respond to Members as soon as possible after the meeting.

It was **RESOLVED** that the contents of the report be noted.

It was also **AGREED** that the Committee **COMMENTS TO CABINET** that:

- (1) The Committee is concerned at the continually revised target completion dates for the delivery of many aspects for the delivery of the transformation project including the £1.5million IT investment programme and requests that the project milestones be reviewed with a view to making them more realistic and that a full explanation for any revision of the target dates be given in future; and
- (2) The Committee hopes that all the necessary consent submissions for the physical changes required to Clacton Town Hall as part of the Office Rationalisation

programme have already been submitted in view of the time consuming process required to get Listed Building Consents.

The Chairman, on behalf of himself and the Committee, thanked Katie Wilkins for all the help and assistance that she had given to Members during his tenure as Chairman of the Committee.

58. REVIEW OF THE YEAR AND THE WORK PROGRAMME FOR 2018/19

There was submitted a report by the Corporate Director (Corporate Services), which provided the Committee with a review of the work it had carried out in the current municipal year and sought Members' approval to a draft Work Programme for the new Resources and Services Overview and Scrutiny Committee for the coming 2018/2019 Municipal Year for recommendation to the Annual Meeting of the Council to be held on 24 April 2018.

The Council's Head of People, Performance and Projects explained that Appendix A to the report was a summary of what had been discussed and agreed by the Committee in the municipal year thus far.

Members were aware that it had been agreed by Council that the Council would appoint two Overview and Scrutiny Committees for the Municipal Year 2018/19 and that Corporate Management Committee would be dissolved and its work would become part of the Resources and Services Overview and Scrutiny Committee. The Resources and Services Scrutiny Committee would have a number of "routine" items which would be vital to ensure the Council, as a whole, was performing efficiently and effectively, managing its resources in the very best interest of the community it served, and complying with the appropriate legislation and guidelines. This would include financial strategy, budget setting and performance.

Members were informed that the Resources and Services Overview and Scrutiny Committee would undertake evidenced reviews of the effectiveness of:

- The Financial Strategy
- Budget Setting (including the General Fund and the Housing Revenue Account)
- Service Delivery and Performance
- Procurement and Contract Management
- Transformation and Digital Strategies
- Customer Service and Standards

Meetings of task and finish groups could be called as required following the terms of reference being agreed by the Committee.

The Head of People, Performance and Projects stated that Appendix B was a suggested work programme for the new Committee and she invited the Committee to add any extra items it felt were required.

Following discussion by the Committee it was **RESOLVED** that:

- (a) the report on the review of the year municipal 2016 to 2017, as detailed in Appendix A to item A.3 of the report of the Corporate Director (Corporate Services), be noted; and

- (b) the draft 2018/19 Work Programme for the new Resources and Services Overview and Scrutiny Committee, as set out in Appendix B to the aforementioned report, be agreed and submitted to the Annual Meeting of the Council for approval, subject to the inclusion of the following items on the agenda for the meeting on 21 May 2018:
- deciding the items that will be considered by the Resources and Services Overview and Scrutiny Committee; those should be looked at by a Task and Finish Working Group; and those that should be the subject of an All Member Briefing;
 - deciding the terms of reference etc. for the Task and Finish Working Groups.

As this was the last ever meeting of the Corporate Management Committee, Councillor Stephenson, on behalf of himself and the Committee, thanked Councillor Steady for the courteous, efficient and inclusive way in which he had chaired the meetings of the Committee.

The Chairman, on behalf of himself and the Committee, thanked Anastasia Simpson and Ian Ford for all the help, assistance and advice that they had given to Members during his tenure as Chairman of the Committee.

The meeting was declared closed at 8.57 p.m.

Chairman

Councillor Mike Bush Motion To Council In Relation To Staging Road Motor Rally And Racing Events In Towns And Villages In The District Of Tendring

“ Motor rally sports events are recognised as perilous activities which continue to claim lives of both experienced and accomplished drivers and spectators, even with stringent safety and security measures in place. This is clearly evidenced with fatalities in UK organised events as recent as December 2017, the motor sports association (MSA) quoted “this is a stark reminder of the inherent danger in the sport we love”.

This Council demonstrates intolerance for speeding and advocates considerate safe driving in our towns and villages. To support staged road motor rally and unregulated high speed racing events in the Tendring District would conflict with the overarching ethos of this council and expose the Tendring residents and spectators to unprecedented risks.

Many of the rural roads within the district are renowned accident blackspots experiencing far too many fatalities and serious collisions, these events could create a legacy of carnage in their wake and the probability of encouraging future adrenalin fuelled aspiring racers to test their racing skills with potential fatal consequences.

*This motion to council requests that the leader of the council informs as soon possible the respective motor racing associations and governing bodies and organisers and Essex County Council Highways Authority, that Tendring District Council **DOES NOT** support or endorse staged motor rally events on the roads throughout the Tendring District”*

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COUNCILLOR RICHARD EVERETT’S MOTION TO COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE 12 – “PREDATORY PARKING COMPANIES”

“This Council wishes to put on record its disquiet at the actions of predatory parking companies in the Tendring District and organisations that are no more than apologists for them.

This Council instructs officers to:

- 1. Protest formally to the British Parking Association (BPA) about its wholly inadequate response to complaints made by this Council, and by an elected member, regarding the actions of Smart Parking and Debt Recovery Plus relating to the Ravensdale Car Park in Great Clacton.*
- 2. Resign from the British Parking Association by not renewing our membership for 2018.*
- 3. Investigate the possibility of withdrawing from the Safer Parking Scheme operated by the BPA.*
- 4. Champion the concept of Local Authorities licensing private parking companies and their activities – or at least the establishment of a single, genuinely independent regulator for the private parking sector that has no connection, financial or otherwise, with the wider parking industry – as part of the suite of regulatory measures proposed as part of a Private Members’ Bill currently progressing through Parliament.*
- 5. Research other councils in Essex and beyond, experiences over predatory parking companies activity in their locales and create a database of these experiences to help inform the committee stages of the Parking (Code of Practice) Bill currently progressing through Parliament.”*

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COUNCILLOR ANDY PEMBERTON'S MOTION TO COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE 12 – "HIGHWAYS REPAIRS ARRANGEMENTS"

"This Council requests that Essex County Council considers extending the arrangements currently in place with the Highways Rangers to cover minor highways repairs such as smaller pot holes, broken slabs/kerbs, cleaning out roadside drainage channels and removal/repairs to barriers and signage, to enable a quicker response to local issues. Such decisions should be made at district council level rather than the Local Highways Panel, which at present is only an advisory board for the County Council Portfolio Holder.

We could have our own committee to oversee the work."

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COUNCILLOR GARRY CALVER'S MOTION TO COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE 12 – "MEMBERS' ATTENDANCE AT MEETINGS"

"That Council resolves that -

Article 2 of the Council's Constitution, 'Members of the Council', be amended to include as an additional paragraph -

"2.06 Attendance

It is a requirement that a Member does not exceed 6 months without attending a meeting of the Council or attending a meeting of a committee or sub-committee of the council either as an appointed member of a committee/sub-committee or as a substitute member of a committee/sub-committee."

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151. REPORT OF FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER - A.7 - ANNUAL TREASURY STRATEGY FOR 2018/19 (INCLUDING THE PRUDENTIAL AND TREASURY INDICATORS) AND UPDATED TREASURY MANAGEMENT PRACTICES

There was submitted a report by the Portfolio Holder for Finance and Corporate Resources (Report A.7), which sought Cabinet's agreement for the Annual Treasury Strategy for 2018/2019 to be submitted to Council.

Cabinet recalled that the Finance and Corporate Resources Portfolio Holder had considered and agreed the Annual Treasury Strategy for 2018/2019, including Prudential and Treasury Indicators, on 19 January 2018 for submission to the Corporate Management Committee for review.

It was reported that the Corporate Management Committee had considered the Strategy at its meeting held on 29 January 2018 and had resolved that the Committee (minute 48 referred) submits the following comments for the Cabinet's consideration:

“(a) the Committee is aware that risk currently appears low but that the policy going forward is robust insofar as the Council is investing in commercial property and is building on a long-term projection of continuing low interest rates; and

(b) that the Officers be congratulated on the quality of the Treasury Strategy and the Council's ongoing performance.”

The Portfolio Holder for Finance and Corporate Resources thanked the Corporate Management Committee for its positive comments.

Having discussed the Strategy and the proposals contained therein and having considered the comments of the Corporate Management Committee:

It was moved by Councillor G V Guglielmi, seconded by Councillor Fairley and:

RESOLVED that

- (a) the comments of the Corporate Management Committee be noted; and that
- (b) the revised Treasury Management Practices attached as Appendix B to item A.7 of the Report of the Finance and Resources Portfolio Holder be approved.

RECOMMENDED TO COUNCIL that the Annual Treasury Strategy for 2018/2019 (including Prudential and Treasury Indicators), be approved and implemented.

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Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

16 FEBRUARY 2018

REPORT OF FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER

A.7 ANNUAL TREASURY STRATEGY FOR 2018/19 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS) AND UPDATED TREASURY MANAGEMENT PRACTICES

(Report prepared by Richard Barrett and Wendy Borgartz)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To agree the Annual Treasury Strategy for 2018/19 (including Prudential And Treasury Indicators) for submission to Council and to seek approval of updated Treasury Management Practices.

EXECUTIVE SUMMARY

- The Annual Treasury Strategy for 2018/19, including Prudential and Treasury Indicators, was approved by the Finance and Corporate Resources Portfolio Holder for consultation with the Corporate Management Committee.
- Corporate Management Committee considered the Strategy at its meeting on 29 January 2018 and agreed the following comments to Cabinet:
 - (a) the Committee is aware that risk currently appears low but that the policy going forward is robust insofar as the Council is investing in commercial property and is building on a long-term projection of continuing low interest rates; and*
 - (b) that the Officers be congratulated on the quality of the Treasury Strategy and the Council's ongoing performance."*
- The Annual Treasury Strategy has been subject to minor amendments to reflect the most up to date information along with the Prudential Indicators now taking into account the final budget for 2018/19 that was agreed by Council on 6 February 2018. Apart from these minor amendments the Strategy remains as presented to the Corporate Management Committee.
- After considering the comments of the Corporate Management Committee, Cabinet are required to agree the Annual Treasury Strategy for 2018/19 (including Prudential and Treasury Indicators) that is attached as **Appendix A** for recommending to Council in March 2018. The changes compared to previous years are highlighted in italics and shading within the appendix.
- Due to recent revisions to the Treasury Management Code of Practice and the Prudential Code it has been necessary to also update the Council's Treasury Management Practices (TMP's). Revised TMP's are attached as **Appendix B** for approval by Cabinet. The changes are highlighted in italics and shaded within the appendix. It is important to highlight that the changes reflect the new requirement to include non-treasury investment, such as commercial property, along with changes

to how financial institutions deal with the Council as an investor. In respect of the latter point, the TMP's now include a schedule which highlights where the Council has opted up to maintain its professional status for the purposes of investing with the relevant financial institution.

RECOMMENDATIONS

It is recommended that:

- **Cabinet notes the comment of the Corporate Management Committee and agrees that the Annual Treasury Strategy for 2018/19 (including Prudential And Treasury Indicators) attached at Appendix A be submitted to Council for approval; and**
- **Cabinet approves the revised Treasury Management Practices attached as Appendix B.**

APPENDICES

Appendix A – Annual Treasury Strategy for 2018/19 (including Prudential And Treasury Indicators)

Appendix B – Treasury Management Practices

Tendring
District Council



**ANNUAL TREASURY
STRATEGY FOR 2018/19**

Annual Treasury Strategy for 2018/19

The Annual Treasury Strategy has been prepared in accordance with the CIPFA Code and includes the following sections.

1. Background
2. Treasury Limits for 2018/19 to 2020/21
3. Prudential and Treasury Indicators for 2018/19 to 2020/21
4. Current Portfolio Position
5. Borrowing Requirement
6. Economic Position
7. Interest Rates
8. Borrowing strategy
 - 8.1 External v internal borrowing
 - 8.2 Gross and Net Debt Positions
 - 8.3 Policy on borrowing in advance of need
9. Debt Rescheduling
10. Annual Investment Strategy
 - 10.1 Investment Policy
 - 10.2 Creditworthiness Policy
 - 10.3 Credit Limits
 - 10.4 Country Limits
 - 10.5 Investment Strategy
 - 10.6 Allocation of Investment returns between GF and HRA.
 - 10.7 End of year investment report

1. Background

The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. Both CIPFA Codes were revised in December 2017 and this treasury strategy has been drawn up with regard to the revised Codes.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Council's risk appetite is low and it takes a risk-averse approach to Treasury Management, with the security and liquidity of the investment the prime concern, and the budget for income from investments being formulated on this basis. The Annual Strategy for 2018/19 is based on this risk-averse approach continuing.

For a number of years the Council has engaged the services of treasury advisors to provide its officers with advice on treasury management issues. The current advisors are Link Asset Services (formerly called Capita Asset Services, Treasury Solutions) (Capita). However the final decision and responsibility for the actions taken sits with the Council's own officers after considering that advice.

The details of the delegations and responsibilities for treasury management are contained within the Council's Constitution as follows:-

- Part 3 – delegated powers – The Executive / Finance and Corporate Services Portfolio Holder
- Part 5 – Financial Procedure Rules

2. Treasury Limits for 2018/19 to 2020/21

It is a statutory duty under Section 3 of the Act and supporting regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the Authorised Limit of external debt, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'. *Capital investment must be considered in the light of the overall strategy and resources available, with decisions made with sufficient regard to the long term financing implications and potential risks.*

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion in corporate financing include both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. Details of the Authorised Limit can be found in Annex 1 of this report.

The authorised limit reflects the additional borrowing requirement as part of the Housing Revenue Account (HRA) self-financing reforms. The Housing self-financing reforms also set an overall ‘debt cap’ for the HRA which in itself reflects an affordability level based on the Government’s model of how much debt can be supported by the HRA after considering the forecast of income from rents and management and maintenance costs over a 30 year period. The HRA debt cap for Tendring is £60,285,000.

3. Prudential and Treasury Indicators for 2018/19 to 2020/21

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated Treasury Management Strategy. ~~The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The latest revisions to the CIPFA Code of Practice on Treasury Management and to the CIPFA Prudential Code are~~ effectively adopted via the approval of this Strategy which reflects the most up to date codes and guidance.

4. Current Portfolio Position

The Council’s treasury position at the end of December 2017 comprised:

- GF borrowing from The Public Works Loan Board (PWLB) of £0.620m at fixed rates at an average rate of interest of 8.12%
- HRA borrowing from the PWLB of £43.726m at fixed rates at an average rate of 3.34%
- Investments of cash flow surpluses, which include reserves and capital receipts, on a short-term basis (less than 1 year) totalling £60.198m at an average rate of interest of 0.39%.

5. Borrowing Requirement

No new, alternative or replacement borrowing is currently reflected in the budgets for both the General Fund and HRA for the period 2017/18 to 2020/21. This position therefore excludes any assumptions on additional borrowing, which would be subject to further consideration as necessary set against the underlying principle of the Council’s borrowing requirement being kept under on-going review to respond to any new / future burdens or priorities and overall financial position.

6. Economic Position

The Council's Treasury Advisors provide economic updates during the year with the latest position set out as follows:

World economy

World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October 2017 the International Monetary Fund (IMF) upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018. Inflation prospects are generally muted and wage inflation has been subdued.

Economic growth in the Eurozone, the UK's biggest trading partner, picked up in 2016 and 2017, although inflation remains below the 2% target. Growth in the US has been erratic in 2017, with fluctuations each quarter. Unemployment in the US has fallen to its lowest level for many years, while wage inflation and inflationary pressures have been building. US interest rates have been increased gradually over the past 12-18 months, with this trend expected to continue in 2018.

UK economy

After strong economic growth in 2016, growth in 2017 has been disappointingly weak. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling, feeding increases in the cost of imports and a reduction in consumer spending power. This has particularly impacted on the services sector of the economy, which accounts for around 80% of GDP. However, more recently there have been encouraging statistics from the manufacturing sector, which is seeing strong growth in exports.

The September meeting of the Monetary Policy Committee (MPC) suddenly switched to a stronger warning that the bank rate needed to rise soon with the forecast peak for inflation revised to just over 3%. On 2 November the MPC increased the Bank Rate by 0.25% to 0.50% with forward guidance that they expected to increase the Bank Rate only twice more in the next three years to reach 1.0% by 2020.

Investment returns are therefore likely to remain low during 2018/19 and beyond. The policy of avoiding new borrowing by using cash balances has served well over the last few years. However, this needs to be carefully balanced to avoid incurring higher borrowing costs in later times, when authorities may not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt.

7. Interest Rates

The following table gives the Council's External Treasury Advisor's view on Bank Rate movements and their forecast for the PWLB new borrowing rate based on that view. The PWLB rates are based on the 'Certainty Rate' introduced by the Government for local authorities providing improved

information and transparency on their locally-determined long-term borrowing and associated capital spending plans. Investment returns are likely to remain low during 2018/19 and beyond.

	Bank Rate	LIBID (London Interbank Bid Rate)*			PWLB Borrowing Rate			
		3 month	6 month	12 month	5 yr.	10 yr.	25 yr.	50 yr.
Dec 2017	0.50	0.40	0.50	0.70	1.50	2.10	2.80	2.50
Mar 2018	0.50	0.40	0.50	0.80	1.60	2.20	2.90	2.60
Jun 2018	0.50	0.40	0.50	0.80	1.60	2.30	3.00	2.70
Sep 2018	0.50	0.40	0.60	0.90	1.70	2.40	3.00	2.80
Dec 2018	0.75	0.60	0.80	1.00	1.80	2.40	3.10	2.90
Mar 2019	0.75	0.60	0.80	1.00	1.80	2.50	3.10	2.90
Jun 2019	0.75	0.60	0.80	1.10	1.90	2.60	3.20	3.00
Sep 2019	0.75	0.70	0.90	1.10	1.90	2.60	3.20	3.00
Dec 2019	1.00	0.90	1.00	1.30	2.00	2.70	3.30	3.10
Mar 2020	1.00	0.90	1.00	1.30	2.10	2.70	3.40	3.20
Jun 2020	1.00	1.00	1.10	1.40	2.10	2.80	3.50	3.30
Sep 2020	1.25	1.20	1.30	1.50	2.20	2.90	3.50	3.30
Dec 2020	1.25	1.20	1.30	1.50	2.30	2.90	3.60	3.40
Mar 2021	1.25	1.20	1.40	1.60	2.30	3.00	3.60	3.40

* LIBID – the rate at which a bank is willing to borrow from other banks

8. Borrowing Strategy

8.1 External v Internal Borrowing

The main Prudential Indicator relevant to capital investment is the Capital Financing Requirement (CFR). This is the total outstanding capital expenditure that has not yet been funded from either revenue or capital resources and is therefore a measure of the Council's underlying borrowing need after taking into account the provision included in the revenue budgets for the repayment of outstanding debt.

The borrowing to finance the capital expenditure can be either from external sources or the Council can use its own internal resources.

The planned external debt compared to the CFR over 5 years is shown in the following table, the difference between the two being the amount the Council has funded from internal resources. This is also set out separately for the GF and the HRA. This excludes other long term liabilities such as long term creditors and pensions which form part of the separate Financial Strategy process of the Council from a prudential perspective.

Total External Debt

	Actual 2016/17	Revised 2017/18	Estimate 2018/19	Forecast 2019/20	Forecast 2020/21
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	48,118	45,870	43,898	42,076	40,312
Estimated change in debt	(2,248)	(1,972)	(1,822)	(1,764)	(1,720)
Estimated debt as at 31 March	45,870	43,898	42,076	40,312	38,592
CFR as at 31 March	51,257	49,347	47,447	45,556	43,674
Difference - internally financed	5,387	5,449	5,371	5,244	5,082

General Fund External Debt

	Actual 2016/17	Revised 2017/18	Estimate 2018/19	Forecast 2019/20	Forecast 2020/21
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	1055	771	464	306	206
Estimated repayment of debt	(284)	(307)	(158)	(100)	(56)
Estimated debt as at 31 March	771	464	306	206	150
CFR as at 31 March	6,158	5,913	5,677	5,450	5,232
Forecast of internal financing	5,387	5,449	5,371	5,244	5,082

HRA External Debt

	Actual 2016/17	Revised 2017/18	Estimate 2018/19	Forecast 2019/20	Forecast 2020/21
	£000's	£000's	£000's	£000's	£000's
Debt as at 1 April	47,063	45,099	43,434	41,770	40,106
Estimated repayment of debt	(1,964)	(1,665)	(1,664)	(1,664)	(1,664)
Estimated debt as at 31 March	45,099	43,434	41,770	40,106	38,442
CFR as at 31 March	45,099	43,434	41,770	40,106	38,442
Forecast of internal financing	0	0	0	0	0

In respect of the General Fund, the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external loans, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy remains prudent, as investment returns are low and counterparty risk is high, and will be continued.

The Council's officers have made an assessment, based on advice from treasury advisors, of the amount of internal resources that it is prudent to use to finance capital expenditure and it is felt, taking into account the Council's financial position, that approximately £4m-£5m would at the present time and over the medium term be an appropriate level of internal borrowing. A maturity loan of £1m fell due for repayment in 2014 but this was not replaced which has led to the current internal borrowing position running just ahead of the £5m level. However given the continuing low return on investments and no significant increases in PWLB interest rates in the immediate future, it is felt prudent to maintain this position in the short term although this will be kept under review in consultation with the Council's external advisors.

The use of internal resources is only a temporary solution as, in time, these reserves and capital receipts will be utilised to finance service initiatives and capital investment and at that point will not be available. This will need to be balanced against the replacement external borrowing which will be required at some point in the future which may attract higher rates of interest, so timing of such borrowing will need to consider forecasted rates of interest against the various types of borrowing structure to determine the most advantageous approach. Against this approach consideration may be required to borrow in advance of need, as set out in section 8.3 below, so as to reduce the need to borrow when interest rates may be higher.

8.2 Gross Debt v Investments

A comparison between the Council's gross and net borrowing position helps to assess the credit risk that would apply if the Council has surplus resources invested at a low interest rate which could be used to repay existing debt or to negate the need for additional new debt if at higher interest rates than that being achieved on the investments.

The table below sets out the Council's probable position taking account of both the individual GF and HRA debt figures.

Comparison of gross and net debt positions at year end	2016/17	2017/18	2018/19	2019/20	2020/21
	actual	Probable out-turn	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
General Fund external debt (gross)	771	464	306	206	150
HRA external debt (gross)	45,099	43,434	41,770	40,106	38,442
Investments	52,865	51,400	15,000	15,000	15,000
Net debt	(6,995)	(7,502)	27,076	25,312	23,592

The net debt positions show that the Council does not have excess resources which could be used to repay long term debt – the surpluses and high current investment figures represent carry forwards on spend and the current level of reserves.

If opportunity arises, external debt will be repaid early, although this is difficult under current arrangements as set out in section 9. If borrowing is required then any requirement will be considered whilst balancing internal resources and forecasted interest rates within the parameters previously set out.

Against this background caution will be adopted within the 2018/19 treasury operations. Interest rates will be monitored and a pragmatic approach adopted to changing circumstances with appropriate action taken in accordance with the Council's Financial Procedure Rules.

8.3 Policy on borrowing in advance of need

The Council cannot borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will;

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use;
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

9. Debt Rescheduling

Officers together with the treasury advisors examine on a regular basis the potential for undertaking early repayment of some external debt to the PWLB in order to maximise any potential financial advantages to the Council. However, the continuing and significant difference between new borrowing and repayment rates has meant that large premiums would be incurred by such action and cannot be justified on value for money grounds. This situation will be monitored in case the differential is narrowed by the PWLB or repayment rates change substantially.

As short term borrowing rates will be cheaper than longer term rates there may be some potential for some residual opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the size of premiums incurred, their short term nature, and the likely cost of refinancing these short term loans once they mature compared to the current rates of longer term debt in the existing portfolio.

Any opportunities for debt rescheduling will be considered if such action would be advantageous to the Council. The reasons for any rescheduling to take place will include:

- the generation of cash savings and/or discounted cash flow savings
- helping to fulfil the strategy outlined above
- enhance the balance of the portfolio

Consideration will also be given to identifying if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

10. Annual Investment Strategy

10.1 Investment Policy

The Council will have regard to the Department of Communities and Local Government's (CLG) Guidance on Local Government Investments, the latest CIPFA Treasury Management in Public Services Code of Practice and Guidance Notes (the Code) along with any relevant revisions or updates. The Council's investment priorities when investing are: -

- The security of capital and
- The liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with these main priorities. It is important to note that the borrowing of monies purely to invest or on-lend and make a return is unlawful.

Investment instruments identified for use in the financial year are listed in Annex 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

The majority of the Council's investments will be in Specified Investments although the Council has limited investments in Non- Specified investments.

During 2017/18 the Council purchased an investment property in Clacton, which is a Non-Specified investment. The historic cost (including stamp duty) of this asset was £3.245 million and it is financed from revenue. The property was purchased with the aim of yielding rental income and with the potential for capital gains. This investment does not have a defined maturity date and it is an illiquid investment as the Council would need to sell the underlying asset to redeem the investment.

The property will be subject to annual revaluation to reflect current value under the requirements of the Accounting Code of Practice and this will be reported in the Statement of Accounts. The accounting carrying value for the 2017/18 Statement of Accounts has yet to be determined by the Council's Valuer. The anticipated return on the property through rental income compared to the historic cost is forecast to remain in line with the figures included in the report to Cabinet where the decision to purchase was made.

The Council has adopted a Commercial Property Investment Policy which will be maintained as a separate document within the wider Treasury Strategy framework.

The Council does not intend to use derivative instruments as part of its treasury activities during the year.

10.2 Creditworthiness Policy and changes to the credit rating methodology

This Council uses credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors. In determining the appropriate credit rating the Council will use the lowest rating available to determine the investment limits both in terms of amount and period for a particular counterparty. This is in accordance with the recommendations of The Code. Counterparties rated by only one agency will not be used.

One of the credit rating agencies may be more aggressive in giving lower ratings than the other two agencies and this could result in the Council's counterparty list becoming too restrictive. If this happens the position will be discussed with the Council's treasury advisors and the Treasury Management Practices may need to be revised in accordance with delegated powers set out in the Council's Constitution.

- All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Creditworthiness Service provided by the Council's external advisors which is downloaded from Link Asset Services website each morning and uploaded to the Treasury Management system.
- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use for a new investment will be withdrawn immediately.

The Code also recommends that credit ratings are not the sole determinant of creditworthiness and therefore the Council will also use available market information from a variety of sources including

1. The Creditworthiness Service utilises movements in Credit Default Swaps against the iTraxx benchmark and other market data on a weekly basis. This creditworthiness service information will be used to confirm the assessed creditworthiness derived from the three ratings agencies. Where the information from this service indicates a lower standing for a particular counterparty than that derived via the credit ratings then the investment limits and length of investments applicable to that counterparty will be adjusted accordingly or the counterparty removed from the list.
2. Market data and information,
3. Information on government support for banks and the credit ratings of that government support

10.3 Credit Limits

Through its approved Treasury Management Practices the Council will set maximum limits for the amount that can be invested with any counterparty. This limit will be determined by reference to the counterparty's credit rating

and other criteria. In addition the amount invested in building societies and Certificates of Deposit is also limited to 50% of the total investment portfolio.

100% of the Council's investments may be in Treasury Bills or Gilts or invested with the Government's Debt Management Office (DMO). Although these sums are very secure the rate of interest is usually lower than the market rate, however Treasury Bills are a valuable tool in providing security and liquidity whilst the DMO offers a variety of investment terms and is a valuable source of investment should credit ratings of other financial institutions result in a reduction in the number of counterparties that meet the Council's minimum credit rating criteria. There is no limit on the amount that can be invested with other local authorities in total, although there is a limit of £6 million with each individual local authority.

10.4 Country Limits

The Council has determined that it will only use approved counterparties from the UK and those countries with a minimum sovereign credit rating of AA or equivalent from the relevant rating agencies.

In a similar way that individual counterparties have a maximum investment limit, countries other than the UK will also have a limit.

10.5 Investment Strategy

The Council's funds are managed in-house and are mainly cash flow based but there is a core balance that could be available for investment for longer periods (2-3 years). Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months) and in respect of commercial property investment, this will be limited to the amount included in the Capital Programme.

The bank rate rose in November 2017 but no further increases are forecast until the end of 2018 and then to rise steadily from thereon (see Section 7). The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile without compromising the Council's priority of security of the investments.

For 2018/19 the Council has budgeted for investment returns based on the principles set out in this strategy including the forecast position on interest rates.

For its cash flow generated balances the Council will seek to utilise its business reserve accounts and short dated deposits (overnight to three months) in order to benefit from the compounding of interest. At the present time these short dated deposits are paying interest rates below base rate but they provide a good level of liquidity to help manage the Council's cash flow.

10.6 Allocation of Investment returns between GF and HRA

As part of the introduction of HRA Self Financing a policy on the allocation of investments returns across the GF and HRA now forms part of the Annual Treasury Strategy.

The HRA holds balances and would benefit from cash flow advantages, which are amalgamated for the purposes of the overall investment activity of the Council. At the end of each year the transfer to the HRA of its share of the authority's overall investment returns will be agreed by the S151 Officer in consultation with the relevant officers based on the following principles:

- Equity
- Risk Sharing
- Minimising volatility between years

Returns from investing in commercial property will be allocated to the relevant fund where the Capital Programme / investment were made from.

10.7 End of year investment report

At the end of the financial year the Cabinet will receive a report on its investment activity.

GLOSSARY OF TERMS

Affordable borrowing limit – limit that the Council has to set under the CIPFA Prudential Code that shows how much the Council considers it can afford to borrow taking all its outgoings into consideration and how much income it considers it can generate.

Alternative financing arrangements – how the Council intends to finance its capital expenditure by other means besides borrowing.

Authorised limit – the amount the Council determines is the maximum that can be borrowed that is affordable and has been calculated in accordance with the legislation behind the CIPFA Prudential Code.

Borrowing requirement – how much the Council considers it needs to borrow to fund its spending plans.

CFR – Capital Financing Requirement – this calculation shows how much the Council needs to borrow or finance by some other measure to meet its planned capital spend.

Counterparty – the other party that participates when a loan or investment is placed.

CPI – Consumer Price Index – the Government's preferred measure of inflation, based on a set basket of goods and services. It excludes housing costs such as mortgage interest payments and council tax.

Credit arrangement – any quasi-loan, to ensure the legislation and Code pick up any unusual arrangements to provide funding other than from a straightforward loan

Credit default swap - A swap designed to transfer the credit exposure of fixed income products between parties. A credit default swap is also referred to as a credit derivative contract, where the purchaser of the swap makes payments up until the maturity date of a contract. Payments are made to the seller of the swap. In return, the seller agrees to pay off a third party debt if this party defaults on the loan. A CDS is considered insurance against non-payment. A buyer of a CDS might be speculating on the possibility that the third party will indeed default.

Credit limit – the maximum amount that can be lent to an individual organisation or group of organisations.

Credit rating – provided by one of the three credit rating agencies, an assessment of how likely the organisation is to repay any monies lent to it.

Creditworthiness - An assessment of the likelihood that a borrower will default on their debt obligations. It is based upon factors, such as their history of repayment and their credit score. Lending institutions also consider the availability of assets and extent of liabilities to determine the probability of default.

Debt cap (HRA) – the limit on the amount that can be borrowed by the HRA, set by central government.

Earmarked reserves – reserves that have been set aside for a specified purpose.

GDP – Gross Domestic Product – measures the output from the economy, if it rises then the economy is growing, if it falls the economy is in recession.

iTraxx - A group of international credit derivative indexes that are monitored by the International Index Company (IIC). The credit derivatives market that iTraxx provides allows parties to transfer the risk and return of underlying assets from one party to another without actually transferring the assets. iTraxx indexes cover credit derivatives markets in Europe, Asia and Australia.

Illiquid investment – An investment that cannot easily be sold or exchanged for cash without a substantial loss in value.

Non-specified investment – as defined in Annex 2.

Prudential indicators – a series of calculated figures specified in the CIPFA Prudential Code which are used to assess how affordable and realistic the Council's spending and financing plans are.

PWLB – Public Works Loans Board – central government lending to other public sector bodies, specifically local government.

PWLB Certainty Rate – The PWLB sets various rates for borrowing. From 1 November 2012 the Government reduced the interest rates on loans from PWLB to Councils who provide information as required on their planned long-term borrowing and capital spending by 0.20%. This reduced rate is called the Certainty Rate.

Replacement borrowing – borrowing taken out to replace other borrowing or other forms of credit that have been repaid.

RPI – Retail Price Index – another inflation index, this one includes the cost of housing.

Specified investments – as defined in Annex 2.

Proposed Prudential Indicators 2017/18 revised, 2018/19 and forecasts for 2019/20 to 2020/21

CAPITAL EXPENDITURE

This is an estimate of the amount of investment planned over the period. As can be seen, not all investment necessarily has an impact on the Council Tax, schemes funded by grants, capital receipts or external contributions mean that the effect on the Council Tax is greatly reduced.

Capital Expenditure - General Fund	2016/17	2017/18	2018/19	2019/20	2020/21
£000s	Actual	Revised	Estimate	Forecast	Forecast
Total Capital Expenditure	2,295	18,523	857	857	857
Financing - General Fund					
External contributions	(1)	(340)	-	-	-
Section 106	(64)	(87)	-	-	-
Coast protection grant	(74)	(4,888)	-	-	-
Other Government grants	(8)	(322)	-	-	-
Disabled Facilities Grant	(1,432)	(2,819)	(690)	(690)	(690)
Capital receipts	(62)	(1,730)	(67)	(67)	(67)
Direct revenue contributions	(104)	(3,773)	(100)	(100)	(100)
Earmarked reserves	(550)	(4,564)	-	-	-
Total Capital Financing	(2,295)	(18,523)	(857)	(857)	(857)
Net Financing need (External Borrowing)	0	0	0	0	0

Housing Revenue Account Capital Schemes	2016/17	2017/18	2018/19	2019/20	2020/21
£000	Actual	Revised	Estimate	Forecast	Forecast
Total Capital Expenditure	3,413	7,283	3,657	3,474	3,402
Financing - Housing Revenue Account					
Major repairs reserve	(3,262)	(4,111)	(3,176)	(3,176)	(3,176)
Direct revenue contributions	(32)	(2,837)	(481)	(298)	(226)
Section 106	(102)	-	-	-	-
Capital receipts	-	(156)	-	-	-
Government grant	(17)	(179)	-	-	-
Total Capital Financing	(3,413)	(7,283)	(3,657)	(3,474)	(3,402)
Net Financing need (External Borrowing)	0	0	0	0	0

CAPITAL FINANCING REQUIREMENT

Each year, the Council finances the capital programme by a number of means, one of which could be borrowing. The Capital Financing Requirement (CFR) represents the cumulative amount of borrowing that has been incurred to pay for the Council's capital assets, less amounts that have been set aside for the repayment of debt over the years. The Council is only allowed to borrow long term to support its capital programme. It is not allowed to borrow long term to support its revenue budget.

CAPITAL FINANCING REQUIREMENT	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
General Fund	6,158	5,912	5,676	5,449	5,231
Housing Revenue Account	45,099	43,435	41,771	40,107	38,443
Total	51,257	49,347	47,447	45,556	43,674

HRA LIMIT ON INDEBTEDNESS

The Council is required to report the level of the limit imposed (or subsequently amended) at the time of the implementation of self-financing by the Department for Communities and Local Government. This is to be compared to the Housing Revenue Account capital financing requirement.

PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Limit on indebtedness	60,285	60,285	60,285	60,285	60,285
Capital Financing Requirement	45,099	43,435	41,771	40,107	38,443
Headroom	15,186	16,850	18,514	20,178	21,842

GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT

This indicator compares the Capital Financing Requirement to the level of external debt and shows how much of the capital programme is financed from internal resources. The capital programme is partially funded in the short to medium term by internal resources when investment interest rates are significantly lower than long term borrowing rates. Net interest payments are, therefore, optimised.

PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Capital Financing Requirement	51,257	49,347	47,447	45,556	43,674
External debt	45,870	43,898	42,076	40,312	38,592
Internal borrowing	5,387	5,449	5,371	5,244	5,082

OPERATIONAL BOUNDARY AND AUTHORISED LIMIT

The Council must set an operational boundary and authorised limit for external debt. The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It reflects the decision on the amount of debt needed for the Capital Programme for the relevant year. It also takes account of other long term liabilities, which comprise finance leases, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt. The Council has none of these at present.

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Operational boundary - borrowing	71,538	72,934	66,868	66,805	66,828
Authorised limit - borrowing	79,486	81,038	74,298	74,228	74,253

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, net of investment income.

ESTIMATE OF THE RATIO OF FINANCING COSTS TO NET REVENUE	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Revised	Estimate	Forecast	Forecast
	%	%	%	%	%
General Fund	0.51	0.53	0.23	0.09	-0.04
Housing Revenue Account	47.52	71.98	48.65	47.49	47.11

INTEREST RATE EXPOSURE

Tendring District Council currently has all its borrowings at fixed rate and usually has a mixture of fixed and variable rate investments. This indicator is set to control the Council's exposure to interest rate risk.

PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Upper limit for Fixed Interest Rates on debt	51,257	49,347	47,447	45,556	43,674
Upper limit for Variable Interest Rates on debt (based on 30% of the fixed rate limit)	15,377	14,804	14,234	13,667	13,102

TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS (excluding property)

Interest rate risk is also affected by the proportion of the investments invested at fixed rates for longer periods, especially in a period when rates are expected to rise.

PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Revised	Estimate	Forecast	Forecast
	£000	£000	£000	£000	£000
Limits on the total principal sum invested to final maturities longer than 364 days	3,500	3,500	3,500	3,500	3,500

MATURITY STRUCTURE OF FIXED RATE BORROWING

This indicator is set to control the Council's exposure to refinancing risk. The limits are set for each age range to ensure that the Council avoids too many fixed rate loans being matured at one time and spreads the maturity across several periods. The percentages for the upper and lower limits do not add up to 100% as they do not represent an actual allocation.

PRUDENTIAL INDICATOR	Upper limit	Lower limit	Estimated outstanding debt maturity % at			
	%	%	31/03/2018	31/03/2019	31/03/2020	31/03/2021
Under 12 months	25	0	4.15%	4.19%	4.27%	4.33%
12 months and within 24 months	30	0	4.02%	4.09%	4.15%	5.76%
24 months and within 5 years	60	0	12.79%	12.63%	15.55%	16.76%
5 years and within 10 years	75	0	22.73%	22.92%	20.13%	17.57%
10 years and above	95	25				
10-20 years			18.81%	17.90%	16.89%	15.76%
20-30 years			3.33%	2.61%	1.82%	0.95%
>30 years			34.17%	35.65%	37.21%	38.87%

TREASURY INDICATOR - EXPOSURE TO CREDIT RISK

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) using the rating applicable when it is taken out and taking the arithmetic average, weighted by the size of each investment. Investments in government instruments such as DMO, treasury bills and in local authorities are scored as 1.

TREASURY INDICATOR	2016/17 Actual	2017/18 to 31 Dec	2018/19 Upper limit
Average credit score for investments	1.56	1.43	2.00

SPECIFIED AND NON-SPECIFIED INVESTMENTS

This schedule sets out the specified and Non-Specified investments the Council may use in 2018/19.

Investments may be in the form of direct deposits, Certificates of Deposits (CDs), property or the purchase of financial instruments such as Treasury Bills, Bonds and Gilts.

SPECIFIED INVESTMENTS:

An investment is a Specified Investment if all of the following apply

1. The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling
2. The investment is not a long term investment which is one that is due to be repaid within 12 months of the date on which the investment is made or one which the local authority may require to be repaid within that period.
3. The investment is not defined as capital expenditure by regulations
4. The investment is made with a body or in an investment scheme of high credit quality or the investment is made with the following public sector bodies.
 - a. UK Government
 - b. Local authority
 - c. Parish council or community council

Where an investment is being made with a UK nationalised or part nationalised bank this will be treated for the purposes of classification as a Specified or Non-specified investment as being invested with the UK Government.

High credit quality

For a counterparty to meet the high credit quality criteria for specified investments, that counterparty must meet as a minimum the ratings of the three credit rating agencies listed below, and not be the subject of any adverse indications from the following sources.

- Credit Default Swap index
- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

Ratings	Fitch	Moody's	Standard & Poors
Short term	F1	P-1	A-1
Long term	A-	A3	A

NON SPECIFIED INVESTMENTS

A maximum of £3.5m may be held, in aggregate, in Non-Specified Investments

The only Non-Specified investments that the Council will use in 2018/19 are investments for periods of longer than 12 months with any institution or investment instrument that would have been classed as a Specified Investment if the investment had been for less than 12 months or property. *The Council currently holds an investment property in Clacton. The historic cost of this property (including stamp duty) is £3.245 million.*

Tendring
District Council



TREASURY MANAGEMENT PRACTICES

Including the Council's

TREASURY MANAGEMENT POLICY STATEMENT

January 2018

TREASURY MANAGEMENT POLICY STATEMENT

This document contains the Treasury Management Policy Statement, which defines the policies and objectives of the Council's treasury management activities, together with the Treasury Management Practices (TMPs) which set out the manner in which the Council will seek to achieve the stated policies and objectives and prescribe how it will manage and control those activities set out in the Council's Treasury Management Policy statement.

The Treasury Management Policy Statement is as follows.

1. *The Council defines its treasury management activities as:
"The management of the 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".*
2. *The 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 focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.*
3. *The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management."*

MANAGEMENT PRACTICES FOR NON-TREASURY INVESTMENTS

These are as follows:

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

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Note:

The text in Italics within these Treasury Management Practices has been taken direct from The Code.

TMP1 Risk Management

The Code states

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources

The Code states

~~*This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it*~~ *This organisation will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its treasury management investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.*

1.1.1 Policy on the use of credit risk analysis techniques

1. The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
2. Credit ratings will be used as supplied from all three rating agencies - Fitch, Moodys and Standard & Poors
3. Treasury Management Advisors will provide regular updates of changes to all ratings relevant to the council.
4. Suitable criteria for assessing and monitoring the credit risk of investment counterparties will be used to construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits. The following table sets out the minimum credit ratings from each credit rating agency that counterparties must have in order to be on the Council's approved list.

Minimum ratings 1	Fitch	Moody's	Standard & Poors
Short term	F1	P-1	A-1
Long term	A-	A3	A-

An explanation of the credit ratings from the three agencies is set out in **Annex 1** of these TMPs

In determining whether counterparties should be on the list the lowest rating from those agencies providing a rating will be used, as long as there are a minimum of ratings from two (2) agencies. Counterparties with less than two ratings by the Credit Rating Agencies will not be considered.

Where a nationalised bank does not meet the above criteria a separate limit will apply

5. The Chief Financial Officer is responsible under the Council's Financial Procedure Rules for applying the approved credit rating criteria in determining approved counterparties.
6. **TMP Schedule A** will be maintained giving details of all counterparties that meet these criteria. Credit ratings for individual counterparties can change at any time and the schedule will be amended in accordance with the Council's Financial Procedure Rules.
7. Country credit rating – Besides individual financial institutions countries are also credit rated. A counterparty's host country (apart from UK banks) must have a minimum sovereign rating of AA for that counterparty to be placed on the Council's approved lending list. **TMP Schedule B** will be maintained of all countries that meet these criteria. Credit ratings for individual countries can change at any time and the schedule will be amended in accordance with the Council's Financial Procedure Rules.
8. The Council will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including: -
 - o The quality financial press
 - o Market data
 - o Information on government support for banks and
 - o The credit ratings of that government support
 - o In addition a credit default swap overlay is used as a further safeguard to give early warning of potential creditworthiness problems which may only belatedly lead to actual changes in credit ratings.

A credit default swap is a financial instrument very much like an insurance policy which is taken out by an investor to protect themselves against default by the borrower. If the borrower defaults the investor is paid a lump sum.

9. Maximum maturity periods and amounts to be placed in different types of investment instrument are as follows: -

Category	Organisation	Criteria	Max amount per counterparty	Max period
A	Deposits with banks and building societies	Minimum F1, P-1, A-1 short term backed up by A-, A3, A-, long term	£3,000,000	2 years
B	Deposits with banks and building societies	Minimum F1+, P-1, A-1+ short term backed up by AA-, Aa3, AA- long term	£4,000,000	3 years
C	The Council's bank	As the Council's bank monies may be held overnight in the Council's current accounts until such time as they are invested on the money market.	£1,000,000	On call
D	UK Government	Investments in UK Treasury Bills, Gilts, and UK Debt Management Office (DMO)	Unlimited	
E	UK Local Authorities		£6,000,000 per authority	1 year
F	UK nationalised banks	Where the banks credit rating does not meet the minimum levels set out in 4 above	£3,000,000	1 year
G	Money Market Funds	AAA long term rating backed up with lowest volatility rating	£4,000,000 per fund	n/a
H	Bonds issued by multilateral development banks (MDBs)	AAA or those institutions guaranteed by the UK government	£3,000,000	3 years
J	Investment schemes (e.g. bond funds)	AA-	£3,000,000	3 years

10. The Council will avoid concentrations of lending and borrowing by adopting a policy of diversification. It will therefore use the following: -

a. Group limits - where a number of institutions are under single ownership the maximum investment in that group will be £4m

b. Building Society sector limit – no more than 50% of the portfolio will be placed with building societies. The Chief Financial Officer may determine from time to time, after seeking advice from the Council's treasury advisors, a lower operational limit. However as some investments mature it is possible that the percentage invested with building societies is greater than 50%. In this situation no further investments will be made in building societies until the limit has been achieved.

c. Local Authority Limits – no more than £6m can be placed with any individual other Local Authority but an unlimited amount can be placed with the local authority group.

d. Certificates of Deposit (CDs) limit – No more than 50% of the investment portfolio will be in CDs. However as some investments mature it is possible that the percentage invested in CDs is greater than 50%. In this situation no further investments will be made in CDs until the limit has been achieved.

e. Country limits – except for UK counterparties a minimum sovereign rating of AA is required for any counterparty to be placed on the Council's approved list. In order to protect the Council's exposure there will be a limit as to how much is invested with counterparties from a particular country. The limit will depend on that Country's credit rating. The following limits will apply

AAA rated countries	£4m
AA+ rated countries	£3m
AA rated countries	£2m

- 11 The Council will place the majority of its investments in Specified Investments although a limited amount may be placed in Unspecified Investments.
- 12 The Prudential Indicators approved by council will set the limit as to be total sum that can be invested for greater than 365 days.
- 13 The Council will only invest in those instruments that the treasury staff are fully conversant with. No investments will be made in new instruments without a full assessment of those instruments and the appropriate training.

For investments that are not part of treasury management activity, the Council will ensure that relevant due diligence has taken place before sums are invested, such as in accordance with the Commercial Property Investment Strategy.

1.2 Liquidity Risk Management

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

The Code states

This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there

is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.2.1. Amounts of approved minimum cash balances and short-term investments

The Treasury Management officers shall seek to balance operational requirements with maintaining balances held in the Council's main bank accounts in accordance with the counterparty limit as appropriate at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim.

1.2.2. Details of:

a. Bank overdraft arrangements

The Council has no overdraft facility with Lloyds, but keeps up to £1 million with the bank overnight so this is not required..

b. Short-term borrowing facilities

The Council accesses temporary loans through approved brokers on the London money market. Any temporary borrowing will not result in the Council's Authorised limit as set out in the Prudential Indicators approved by Council being breached.

c. Insurance/guarantee facilities

There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.

d. Special payments

Arrangements are in place to ensure that treasury staff are advised well in advance of when any large payments are due to be paid or income received.

1.3 Interest Rate Risk Management

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

The Code states

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved ~~financing and investment~~ instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

1.3.1. Trigger points and other guidelines for managing changes to interest rate levels

Treasury officers will, with the assistance of the Council's treasury advisors, maintain knowledge of the financial market's views on future interest rates and take appropriate action if required.

1.3.2. Upper limit for fixed and variable interest rate exposure

The Council's limits are set out in the Treasury and Prudential indicators approved by Council each year as part of the Council's Annual Treasury Strategy.

1.3.3. Policies concerning the use of instruments for interest rate management.

a. Forward Dealing

Consideration will be given to dealing for forward periods dependant upon market conditions. Treasury Staff are able to agree forward deals of up to £2m for a maximum of 14 days in advance.

When forward dealing is more than £2m or more than 14 days forward then the approval of the Chief Finance Officer is required.

Where the counterparty is another Local Authority Treasury Staff are able to agree forward deals of up to £2m for a maximum of 3 months in advance. Any amounts or timescales over and above these figures then the approval of the Chief Finance Officer is required.

b. Callable Deposits

The Council will use callable deposits as part as of its Annual Investment Strategy (AIS).

c. LOBOS (borrowing under lender's option/borrower's option)

Although to date all of the Council's external debt is with the PWLB the use of LOBOS is an option that will be considered when any borrowing decisions are made. All borrowing will be undertaken in accordance with the Council's Financial Procedure Rules and delegated powers.

1.4 Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

The Code states

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

1.4.1 Approved criteria for managing changes in exchange rate levels

The Council invests in Sterling only and makes very few payments in other currencies. Some income is received in foreign currencies mainly in respect of Council tax payments from people living abroad. As the council has a low exposure to exchange rate fluctuations no specific action is needed.

1.5 Inflation risk management

The risk that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

The Code states:

The organisation will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

1.5.1 Guidelines for managing inflation risk

Inflation risks associated with treasury assets and liabilities will be assessed as part of the overall Financial Strategy process

1.6 Refinancing Risk Management

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The Code states

This organisation will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised is managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

1.6.1 Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- a) The generation of cash savings at minimum risk;
- b) To reduce the average interest rate;
- c) To amend the maturity profile and /or the balance of volatility of the debt portfolio.

Rescheduling will be determined by the Chief Financial Officer in consultation with the Finance Portfolio Holder after seeking the advice of the Council's treasury advisors. Any rescheduling will be included in the annual report on the Council's Treasury activities and performance for the preceding year.

1.6.2 Projected Capital Investment Requirements

The Council's Financial strategy will include plans for capital expenditure for the period of the strategy together with revenue implications of the projects including financing charges. The financial strategy covers a period in excess of 3years.

Under the new capital financing system, the definition of capital expenditure and long term liabilities used in the Code will follow recommended accounting practice (SORP).

1.6.3 Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax and housing rent levels. It will also take into account affordability in the longer term beyond this three year period.

The Council will use the definitions provided in the Prudential Code for borrowing (paragraph 77), capital expenditure (78), capital financing requirement (79), debt (80), financing costs (81), investments (82), net borrowing (83), net revenue stream (84), and other long term liabilities (85).

1.6.4. Capital Receipts Generated by the HRA

~~75% of Capital receipts generated by RTB (Right to Buy) and other dwelling sales are subject to will be pooling together with 50% of capital receipts from the sale of land without buildings (net of capital allowances), i.e. paid to the Secretary of State, with the exception of 'qualifying disposals' (e.g. large and small scale voluntary transfers of housing to social registered landlords).~~

1.7 Legal and Regulatory Risk Management

The risk that the Council itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

The Code states

This organisation will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in

respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This organisation recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.7.1 References to Relevant Statutes and Regulations

In addition to the Council's own regulations contained in

- The Council's Procurement Procedure Rules
- The Council's Financial Procedure Rules
- The Council's Scheme of Delegated Powers

The treasury management activities of the Council shall comply fully with legal statute, guidance, and Codes of Practice which are listed in **TMP schedule D**

1.7.2. Procedures for Evidencing the Council's Powers/Authorities to Counterparties

The Council's powers to borrow and invest are contained in legislation.

England and Wales

Investing: Local Government Act 2003, section 12

Borrowing: Local Government Act 2003, section 1

In addition, it will make available on the request of counterparties the following: -

- a. The Council's constitution includes the Delegated Powers and Financial Procedure Rules which set out the responsibilities for treasury activities.
- b. The document setting out which officers are authorised signatories.

Required Information on Counterparties

Lending shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Council's treasury advisers based upon credit ratings supplied by Fitch, Moodys and Standard & Poors.

1.7.3 Statement on the Council's Political Risks and Management of Same

The Chief Financial Officer shall take appropriate action with the Council, the Chief Executive and the Executive Leader to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

1.7.4 . Monitoring Officer

The monitoring officer is the Legal Services Manager; the duty of this officer is to ensure that the treasury management activities of the Council are lawful.

1.7.5. Chief Financial Officer

The Chief Financial Officer's duty is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if there are concerns as to the financial prudence of its actions or its expected financial position.

1.8 Fraud, Error and Corruption, and Contingency Management

The risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

The Code states

This organisation will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Council will therefore:-

- a) Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- b) Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- c) Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.

Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.8.1. Details of Systems and Procedures to be Followed, Including Internet Services

Authority

- The Council's constitution which includes the Financial Procedure Rules sets out the responsibilities for treasury management activities.

Procedures

- The Council uses the current account banker's online service, a direct link to the Bank's computer, for making CHAPS payments to counterparties. The system can only be accessed by officers approved by the Chief Financial Officer, with different access levels dependent on need.
- CHAPS payments are input by a treasury officer. They must then be approved by a second officer before the payment can be transmitted.

- The Council uses Logotech District Council's Treasury Management (DCTM) system to manage its treasury activities. The data is held on a server and is accessible by all users of the system, although only one concurrent access is permitted.
- The treasury management system can only be accessed by officers approved by the Chief Financial Officer.

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained in the DCTM system.
- Investments in deposit accounts which are at call are placed directly by treasury staff and checked to the bank statement when received.
- For all other investments a written acknowledgement or Email of each deal is sent promptly to the lending or borrowing institution where transactions are done directly with the organisation.
- Written confirmation or Email is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the Chief Financial Officer and resolved by the Senior Finance Manager.
- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately are reported to the Chief Financial Officer and resolved by the Senior Finance Manager.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- The DCTM system prompts the Senior Finance Manager that money borrowed or lent is due to be repaid.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution that the Council invests with.
- Brokers have a list of named officials authorised to agree deals.
- The treasury section is very small and no officer deals with treasury matters on a full time basis. Wherever possible there is a separation of duties in the section between the staff placing investments/deals and the checking and authorization of all deals.
- The Council's bank holds a list of Council officials who are authorised signatories for treasury management transactions.
- No member of the treasury management team is an authorised signatory.
- Payments to counterparties other than via the current account banker's online system can only be authorised in a formal letter by two authorised signatories, the list of signatories having previously been agreed with the current provider of our banking services. The DCTM system can only be accessed by a password.
- There is adequate insurance cover for employees involved in loans management and accounting.

Checks

- The bank reconciliation is carried out monthly from the bank statement to the financial ledger.
- The DCTM system balances are proved to the balance sheet ledger codes at the end of each quarter and at the financial year end.
- A debt charge/investment income listing is produced every month at which point a review is undertaken against the budget for interest earnings and debt costs.

Calculations

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the DCTM system.
- The DCTM system automatically calculates periodic interest payments of PWLB and other long term loans. This is used to check the amount paid to lenders.

1.8.2. Emergency and Contingency Planning Arrangements Disaster Recovery Plan.

The Council's Contingency Plan takes into account the need to maintain treasury management activities.

Emergency manual procedures are available in the event of a breakdown of the Bank's system.

All members of the treasury management team are familiar with this plan and new members will be briefed on it.

All DCTM system' data files held on the server are backed up daily. This allows for recovery of data in the event of an emergency or hardware failure.

1.8.3 Insurance Cover Details

Fidelity Insurance

The Council has "Fidelity Guarantee" insurance Policy which covers the loss of cash by fraud or dishonesty of employees.

Indemnity Insurance

The Council also has an "Officials Indemnity" insurance policy which covers loss to the Council from the actions and advice of its officers which are negligent and without due care.

Business Interruption

The Council also has a 'Business Interruption' policy together with a specialist "DataGuard" cover to meet the additional costs in respect of re-instating IT systems in the event of a disaster.

Full details of the cover afforded by these policies are held within Finance and Procurement. The cover is reviewed annually on renewal.

1.9 **Market Price Risk Management**

The risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Code states

This organisation will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

1.9.1 **Details of Approved Procedures and Limits for Controlling Exposure to fluctuations in the capital value of Treasury Bills, Gilts, and Certificates of Deposit (CDs)**

These instruments are very liquid in that they can be cashed before their maturity date. To be guaranteed a full return on the initial investment these instruments have to be left to mature naturally.

However if it is necessary to realise the investment prior to maturity date the price received will vary depending on the market for those instruments at the time. The market value will in the main be dependent upon the current interest rates compared to the coupon rate of the investment. In some cases the redemption value will result in achieving a profit, but there is a risk that there will be a loss.

In order to combat this, a limit has been placed on the total proportion of the investment portfolio that can be invested in CDs.

No limit has been placed on Treasury Bills and Gilts because

- They may need to be used when the sums cannot be invested elsewhere, either as a result of falling credit ratings, reaching the limit for a counterparty, or group, or simply that the approved counterparties are not in the market to take investments at that time.
- The state of the financial markets is such that security is the most important factor.

It is not intended that all investments are held in Treasury Bills or Gilts, but the limit has been set at 100% to cover emergencies. Day to day operational limits for normal scenarios will be set by the Chief Financial Officer.

In addition to restricting the amount of the portfolio that can be invested in CDs the aim is to have sufficient resources invested at call to cover the most likely scenario.

The Council will invest in Specified and Non-Specified Investments. An explanation of the two types of investments and the limit that can be invested in Non-Specified Investments is agreed as part of the Annual treasury strategy for the forthcoming year as an appendix. This appendix is reproduced in **TMP Schedule F**.

TMP 2 PERFORMANCE MEASUREMENT

Performance management is a process designed to calculate the effectiveness of a portfolio's or manager's investment returns or borrowing costs, and the application of the resulting data for the purposes of comparison with the performance of other portfolios or managers, or with recognized industry standards or market indices.

The Code states

This organisation is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

2.1 Evaluation and Review of Treasury Management Decisions

The Council has a number of approaches to evaluating treasury management decisions: -

- a. Periodic reviews during the financial year
- b. Reviews with the Council's treasury management advisors
- c. Annual review after the end of the year as reported to full council
- d. Treasury performance is included in the Corporate Budget monitoring (CBM) report to Cabinet and Corporate Management Committee
- e. Review by Corporate Management Committee of the Annual Treasury Strategy

2.1.1. Periodic reviews during the financial year

The Chief Financial Officer conducts treasury management reviews with the treasury management officers on an ongoing basis to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts.

This will include:

- a) Total debt (both on-and off balance sheet) including average rate and maturity profile
- b) Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.

2.1.2. Reviews with the Council's treasury management consultants

The treasury management team discusses treasury management issues with our advisors on a regular basis.

2.1.3. Annual Review after the end of the financial year

The Chief Financial Officer will report to Cabinet at the earliest opportunity after 31 March in any year on the Council's Treasury Management performance and activities in the preceding financial year. This report will contain a commentary on at least the following: -

- a) Total debt and investments at the beginning and close of the financial year and average interest rates
- a) Borrowing strategy for the year compared to actual strategy
- a) Investment strategy for the year compared to actual strategy
- a) Explanations for variance between original strategies and actual
- a) Debt rescheduling done in the year or confirmation that no debt rescheduling has taken place.
- a) Actual borrowing and investment rates available through the year

- a) Comparison of return on investments to any investment benchmark
- a) Compliance with Prudential and Treasury Indicators

2.1.4 Comparative reviews

When data becomes available, comparative reviews will be undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used will be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- Any benchmarking data that the Council has contributed to.

2.2 Benchmarks and Calculation Methodology:

2.2.1. Debt management

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average rate on internal borrowing
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

2.2.2. Investment.

The performance of investment earnings are measurable against the 7 day LIBOR.

2.3 Policy Concerning Methods for Testing Value for Money in Treasury Management

2.3.1. Advisory services

The Council's uses both professional treasury management advisors and leasing advisors to assist treasury management staff. The appointment will be in accordance with the Council's Procurement Procedure Rules.

Details of the Council's treasury advisors are detailed in **TMP Schedule E**

2.3.2. Banking services

The contract for the supply of banking services to the Council will be awarded in accordance with the Council's Procurement Procedure Rules. The length of the contract will be that considered appropriate by the Chief Financial Officer.

Details of the Council's bankers are detailed in **TMP Schedule E**

These arrangements will also apply to the performance and success of non-treasury investments, with the criteria used based on those in the appendix to the current Capital Strategy.

2.3.3. Money-broking services

In addition to dealing directly with counterparties, the Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

An approved list of brokers will be established which takes account of both prices and quality of services.

TMP schedule E sets out the list of approved money brokers and the services they are authorised to provide.

2.3.4. Policy on External Managers (Other than relating to Superannuation Funds)

The Council's policy does not use external investment fund managers.

TMP 3 DECISION-MAKING AND ANALYSIS

The Code states

This organisation will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and practices to be pursued in reaching decisions are detailed below.

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques:

3.1.1 Records to be kept

The Treasury section has a computerised treasury management system in which all investment and loan transactions are recorded. Full details of the system are covered in the user manual. The following records will be retained: -

- Daily cash balance forecasts
- Dealing slips for all money market transactions
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly
- PWLB loan confirmations
- PWLB debt portfolio schedules.
- Certificates for market loans, local bonds and other loans

3.1.2 Processes to be pursued

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger reconciliation
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).

3.1.3 Issues to be addressed.

3.1.3.1. In respect of every treasury management decision made the Council / Council's officers will:

- a) Above all be clear about the nature and extent of the risks to which the Council may become exposed
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded

- e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

3.1.3.2 In respect of borrowing and other funding decisions, the Council / Council's officers will:

- a) Consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
- b) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund
- c) Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships
- d) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.

3.1.3.3 In respect of investment decisions, the Council / Council's officers will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions;
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital;

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Code states.

This organisation will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP 1 Risk Management

4.1 Approved Activities of the Treasury Management Operation

- Borrowing;
- Lending;
- Debt repayment and rescheduling;
- Consideration, approval and use of new financial instruments and treasury management techniques;
- Managing the underlying risk associated with the council's capital financing and surplus funds activities;
- Managing cash flow;
- Banking activities;
- Leasing.

4.2 Approved Instruments for Investments

The Council will follow the guidelines issued by CLG. The current instruments are detailed in the schedule to this document.

4.3 Approved Techniques

- Forward dealing
- The use of structured products such as callable deposits

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003, and within this limit the Council has available a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
EIB	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●

Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●

Other Methods of Financing

Government and EU Capital Grants
 Grants from external organisations
 Lottery monies
 PFI/PPP
 Operating leases

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Chief Financial Officer has delegated powers in accordance with the Council's Delegated Powers and Financial Procedure Rules and the Annual Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

TMP 1.1 sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

4.7 Second Markets in Financial Instruments Directive (MiFID II)

This EU directive came into force on 3 January 2018 and is concerned with how financial institutions deal with customers and the level of expertise of their customers. All local authorities were categorised as retail clients under MiFID II (previously they were all categorised as professional clients), but with the option to choose to opt up to professional status, provided criteria were met around the size of the portfolio held, the number of deals completed, the governance arrangements of the authority and the level of experience of the treasury management staff.

There are more safeguards over the status of retail clients, with much more information required to be provided by the financial institution, and additionally certain instruments such as certificates of deposit and treasury bills only able to be purchased by professional clients (who also have to have a Legal Entity Identifier (LEI) issued by the London Stock Exchange). However, all the brokers the Council uses required the Council to opt up to professional status to be able to access their services and the treasury advisors also required the Council to opt up, as have some individual financial institutions with whom the Council places fixed term deposits.

***TMP Schedule G** sets out the organisations where the Council has opted up to professional status. The consideration of skills and experience of staff dealing with these organisations is especially critical.*

It is understood that this opting up process may need to be renewed annually, to confirm that the Council still meets the requirements to opt up.

TMP 5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

The Code states

This organisation considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, and the audit and review of the treasury management function.

If and when this organisation intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting arrangements and management information arrangements, and the implications are properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the organisations policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

5.1 Allocation of responsibilities

The responsibilities are set out in the Councils constitution.

5.2 Principles and Practices Concerning Segregation of Duties

5.2.1 The Council does not have a full time treasury team. The day to day treasury activities are undertaken by a small team of 2 in addition to other duties. The following duties will wherever possible be undertaken by separate officers: -

- | | |
|---------|---|
| Dealing | <ul style="list-style-type: none"> ○ Negotiation and approval of deal. ○ Receipt and checking of brokers confirmation note against loans diary. ○ Reconciliation of cash control account. ○ Bank reconciliation |
|---------|---|

Accounting Entry	○ Production of transfer note.
Input/Payment of Deal	○ Processing of accounting entry
Authorisation of Deal	○ Entry onto system.
	○ Payment.
	○ Approval of payment

5.3 Treasury Management Organisation

Post	Responsibilities
Chief Financial Officer	Overall responsibility for treasury management
↓	
Corporate Finance Manager	Management of treasury management activity and advice to Chief Financial Officer
↓	
Senior Finance Manager	All day to day operations including placing of investments; management of cash flow; reviewing credit ratings and complying with TMPs
↓	
Finance and Procurement Officer	Assistance to Senior Finance Manager and day to day operations in absence of Senior Finance Manager

Additional back up in the event of holidays and emergencies is provided by the Finance and Procurement Assistant.

5.4 Statement of the treasury management duties/responsibilities of each treasury post

5.4.1. The Chief Financial Officer

- The Chief Financial Officer has professional responsibility for the financial affairs of the Council. Responsibilities in respect of the treasury management function are detailed in the Council's Financial Procedure Rules.
- The Chief Financial Officer will also ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.4.2. Corporate Finance Manager

The responsibilities of this post will be: -

- The management of the treasury management services

- b) Advising the Chief Financial Officer on treasury management issues, policies and practices
- c) Ensuring that the Council's external service providers are meeting the needs of the Council.

5.4.3. Senior Finance Manager

The responsibilities of this post will be: -

- a) execution of transactions
- b) adherence to agreed policies and practices on a day-to-day basis
- c) maintaining relationships with counterparties and external service providers
- d) supervising treasury management staff
- e) monitoring performance on a day-to-day basis
- f) submitting management information reports
- g) identifying and recommending opportunities for improved practices

5.4.4 The Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented
- b) Ensuring that the Chief Finance Officer reports regularly to the Council or Cabinet, as appropriate, on treasury policy, activity and performance.

5.4.5 The Monitoring Officer – the Legal Services Manager

The responsibilities of this post will be: -

- a) Ensuring compliance by the Chief Finance Officer with the treasury management policy statement and treasury management practices and that they comply with the law.
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.
- c) Giving advice to the Chief Financial Officer when advice is sought.

5.4.6 Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practices.
- b) Reviewing operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

5.5 Absence Cover Arrangements

The Council has a small treasury operation, as a result of which it is necessary for the Senior Finance Manager and Finance and Procurement Officer to make arrangements between themselves regarding leave. In the event of an emergency other officers have been trained to provide basic cover for the day to day activities.

5.6 Dealing Limits

The following posts are authorised to deal: -

- Senior Finance Manager
- Finance and Procurement Officer
- Finance and Procurement Assistant

- Chief Financial Officer

There are no dealing limits for individual posts

5.7 List of Approved Brokers

A list of approved brokers is maintained within the treasury team on **TMP Schedule E** and a record of all transactions recorded against them. The performance of brokers is reviewed by the Senior Finance Manager every 6 months to see if any should be taken off the approved list and replaced by another choice and will make appropriate recommendations to change the approved brokers list to the Chief Financial Officer.

5.8 Policy on Brokers' Services

It is this Council's policy to rotate business between brokers.

5.9 Policy on Taping of Conversations

It is not this Council's policy to tape conversations with brokers.

5.10 Direct Dealing Practices

The Council will deal direct with counterparties if it is appropriate and the Council believes that better terms will be available. There are certain types of accounts and facilities where direct dealing is always required, as follows;

- Business Reserve Accounts:
- Call Accounts:
- Money Market Funds.

5.11 Settlement Transmission Procedures

For payments a transfer will be made through the Financial Director system to be completed by 3.00 pm on the same day.

In the event of a system failure Relationship Manager at the bank would be contacted and the transfer completed via email with scanned signed authorisation.

5.12 Documentation Requirements

For each deal undertaken a record is prepared within the DCTM system giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

5.13 Non-treasury investments

The governance requirements for decision making and the arrangements to ensure that appropriate due diligence is carried out to support decision making for non-treasury investments are set out in the Commercial Property Investment Strategy.

TMP 6 Reporting Requirements and Management Information Arrangements

The Code states

This organisation will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities, and on the performance of the treasury management function.

As a minimum

The organisation (i.e. full board/council) will receive:

- *An annual report on the strategy and plan to be pursued in the coming year*
- *A mid year review*
- *An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.*

The committee/board/council will receive regular reports on treasury management activities and risks.

The body responsible for scrutiny, such as audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector-specific guidance notes

The present arrangements and the form of these reports are detailed in the schedule to this document.

6.1 Annual programme of reporting

The reporting programme is set out in the Council's Financial Procedure Rules

6.2 Annual Treasury Management Strategy Statement

1. The Annual Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Cabinet and Corporate Management Committee and then to the full Council for approval before the commencement of each financial year.
2. The formulation of the Annual Treasury Strategy for any year involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates.
3. The Annual Treasury Strategy is concerned with the following elements:
 - a) Prudential and Treasury Indicators
 - b) Current Treasury portfolio position
 - c) Borrowing requirement
 - d) Prospects for interest rates
 - e) Borrowing strategy
 - f) Policy on borrowing in advance of need
 - g) Debt rescheduling
 - h) Investment strategy covering

- i. The Council's risk appetite in respect of security, liquidity and optimum performance
 - ii. The definition of high credit quality to determine what are specified investments as distinct from non specified investments
 - iii. Whether the Council will use non specified instruments
 - iv. Whether investments are carried out in house or by external managers.
 - v. The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
 - vi. Which credit rating agencies the Council will use
 - vii. How the Council will deal with changes in ratings, rating watches and rating outlooks
 - viii. Limits for individual counterparties and group limits
 - ix. Country limits
 - x. Interest rate outlook
- i) Creditworthiness policy
 - j) Policy on the use of external service providers
 - k) The expected move in interest rates against alternatives highlighting sensitivities to different scenarios
 - l) Any extraordinary treasury issues

6.3 The Annual Minimum Revenue Provision Statement

This statement will set out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted in advance of or at the same time as the Budget Report.

6.4 Policy on Prudential and Treasury Indicators

1. The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.
2. The Chief Financial Officer is responsible for incorporating these limits into the Annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Chief Financial Officer shall submit the changes for approval to the full Council

6.5 Mid year review

A review of the Council's treasury management activities and strategy will be carried out by the Chief Financial Officer after 30 September in any year and reported to members in accordance with the Council's Financial Procedure Rules. This review will consider the following: -

- a) Activities Undertaken
- b) Variations (If Any) From Agreed Policies/Practices
- c) Interim Performance Report
- d) Regular Monitoring
- e) Monitoring Of treasury management indicators for local authorities.

6.6 Annual Review Report on Treasury Management Activity

An annual report will be presented to the Cabinet at the earliest practicable meeting after the end of the financial year. This report will include the following: -

- a) transactions executed and their revenue (current) effects
- b) report on risk implications of decisions taken and transactions executed
- c) compliance report on agreed policies and practices, and on statutory/regulatory requirements
- d) performance report
- e) report on compliance with CIPFA Code recommendations
- f) monitoring of treasury management indicators

6.7 Management Information Reports

The Chief Financial Officer will report during the course of the financial year on the Council's Treasury Management performance and activities. Such reports to be considered by Cabinet and the Corporate Management Committee

These reports will contain at least the following information: -

- a) A summary of transactions executed measurements of performance including effect on loan charges/investment income;
- b) Degree of compliance with original strategy and explanation of variances.
- c) Any non compliance with Prudential Limits or other treasury management limits.

6.8 Non-treasury investments

Monitoring of these investments and reporting will be included within the Treasury Management Strategy Statement, the corporate budget monitoring reports and the annual review report on Treasury Management Activity and in accordance with the Commercial Property Investment Policy.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The code states

The responsible officer will prepare, and this organisation will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Performance measurement and TMP4 Approved instruments, methods and techniques. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

This organisation will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

7.1 Statutory/Regulatory Requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Council's treasury management activities.

7.2 Accounting Practices and Standards

Due regard is given to the relevant and Accounting Standards as they apply to Local Authorities in Great Britain.

7.3 Sample Budgets / Accounts / Prudential and Treasury Indicators

The Chief Financial Officer will, based on the Council's Financial strategy, prepare Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. The Chief Financial Officer will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators, and will report upon and recommend any changes required in accordance with TMP6.

7.4 List of Information Requirements of External Auditors.

It is normal practice for the external auditor to have access to all papers supporting and explaining the operation and activities of the treasury management function. The auditor will be expected to enquire as to whether the Code has been adopted, and whether its principles and recommendations have been implemented and adhered to.

The following are some of the areas that the external auditors may review and seek explanation from council officers

- a. Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- b. Maturity analysis of loans outstanding

- c. Certificates for new long term loans taken out in the year
- d. Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- e. Calculation of loans fund interest and debt management expenses
- f. Details of interest rates applied to internal investments
- g. Calculation of interest on working balances
- h. Interest accrual calculation
- i. Principal and interest charges reports from the DCTM system
- j. Analysis of any deferred charges
- k. Calculation of loans fund creditors and debtors
- l. Annual Treasury Report
- m. Treasury Management Strategy Statement and Prudential and Treasury Indicators
- n. Review of observance of limits set by Prudential and Treasury Indicators
- o. Calculation of the Minimum Revenue Provision
- p. External fund manager(s) valuations including investment income schedules and movement in capital values.

7.5 Corporate Budget Monitoring Report

Quarterly Corporate Budget Monitoring reports are produced for Cabinet, and Corporate Management Committee. The report is intended to highlight any variances between budgets and spend in order that the Council can assess its financial position. Details of treasury management activities will be included within this report.

TMP 8 Cash and Cash Flow Management

The Code states

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1(2) liquidity risk management.

8.1 Arrangements for Preparing/Submitting Cash Flow Statements

An annual cash flow projection is made for the forthcoming year based on the Council's approved budget for that year taking into account the previous years' cash flow records, adjusted for known changes in levels and timing of income and expenditure. This cash flow is used to draw up a daily cash flow projection which is monitored daily and amended on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known. *Where capital expenditure and investment is financed initially through internal cash reserves, allowing the requirement for borrowing to be deferred to future years, the impact on future liquidity is considered.*

8.2 Bank Statements Procedures

The Council obtains bank statements each day from the current account banker's online system and a daily download of data from its bank. All amounts on the statement are checked to source data from Payroll, Creditors etc.

A bank reconciliation is undertaken on a monthly basis by the Finance Officer.

8.3 Payment Scheduling and Agreed Terms of Trade With Creditors

The Council's policy is to pay creditors within 20 days of the invoice date and this effectively schedules the payments. Certificated payments to sub-contractors must be paid within 7 days.

8.4 Arrangements for Monitoring Debtors / Creditors Levels

Departments have been asked to notify treasury staff as soon as they receive an invoice or request for payment of £25,000 or more and to advise them of the amount, to whom the payment is to be made and the date it will be paid.

Similar information has also been requested for invoices raised by the Council and where requests for payment of grants from outside bodies have been made.

8.5 Procedures for Banking of Funds

All money received by an officer on behalf of the Council will without unreasonable delay be either passed to the cashiers to deposit in the Council's banking accounts or paid in direct to the bank. The cashiers will notify the Senior Finance Manager each morning of cash and cheques banked the previous day so that the figures can be taken into account in the daily cash flow.

8.6 Practices Concerning Prepayments to Obtain Benefits

The Council has no formal arrangement in place. Where such opportunities arise, the prepayment would be sought and authorised by the responsible officer.

TMP 9 Money Laundering

The Code states

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made are detailed in the schedule to this document.

9.1 Proceeds of Crime Act 2002

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property.

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

Details of the Council's response to these obligations is set out in the Council's Financial Procedure Rules.

9.2 The Terrorism Act 2000

This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

9.3 The Money Laundering Regulations 2007

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FSA) are required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal

procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions. In December 2007 the UK Government published the Money Laundering Regulations 2007, which replaced the Money Laundering Regulations 2003.

9.4 Local authorities

a) Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the POCA, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. The Council's Financial Procedure Rules incorporate a section on Money laundering.

9.5 Procedures for Establishing Identity / Authenticity Of Lenders

It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, there is a need for due diligence and this will be effected by following the procedures below.

The Council will not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on www.fca.org.uk.

When repaying loans, the procedures in 9.6 will be followed to check the bank details of the recipient.

9.6 Methodologies for Identifying Deposit Takers

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000.

All transactions for making deposits or repaying loans will be carried out by BACS or CHAPS.

TMP 10 Training and Qualifications

The Code states

This organisation recognises the importance of ensuring that all staff involved in treasury management functions are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals: -

- a) Treasury management staff employed by the Council
- b) Members charged with governance of the treasury management function

All treasury management staff will receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a staff development and appraisal system which will identify training needs and has also achieved IIP gold status.

It may be appropriate that training is provided on the job and it will be the responsibility of the Senior Finance Manager to ensure that all staff assisting in treasury activities receive the level of training appropriate to their duties. This will also apply to those members of staff that, from time to time, cover for absences from the treasury management team.

10.1 Details of Approved Training Courses

Treasury management staff and members will have the opportunity to attend courses provided by our treasury management advisors, CIPFA, money brokers etc.

10.2 Records of Training Received by Treasury Staff

The Senior Finance Manager will maintain records on all staff and the training they receive.

10.3 Statement of Professional Practice (SOPP)

Where the Chief Financial Officer is a member of CIPFA, there is a professional need for them to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.6 Member training records

Records will be kept by the service responsible for member training of all training in treasury management provided to members.

10.7 Members charged with governance

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

10.8 Non-treasury investments

Records will be kept by the Assets Team of their staff and the training they receive to support the Commercial Property Investment Strategy.

TMP 11 Use of External Service Providers

The Code states

This organisation recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or retender arrangements legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

This Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external advisors to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in house treasury management team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

The main external service providers are in respect of

Banking services
 Treasury advisory services
 Leasing advisory services
 Money Brokers

A schedule of the external service providers is set out in TMP Schedule E

Other advisory services may be employed on short term contracts as and when required.

11.2 Credit Rating Agency

The Council receives a credit rating service through its treasury management consultants, the costs of which are included in the consultant's annual fee.

11.3 Procedures and Frequency for Tendering Services

The Chief Financial Officer will determine the length of any contract for the provision of services by external providers.

TMP 12 Corporate Governance

The Code states

This organisation is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity, and accountability.

This organisation has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

It has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are public documents and are available for public inspection either in hard copy as part the agenda for public meetings and/ or are published on the Council's website.: -

- Treasury Management Policy Statement
- Treasury Management Strategy Statement
- Annual Investment Strategy
- Minimum Revenue provision policy statement
- Annual Treasury Performance Report
- Treasury Management monitoring reports to Cabinet and Corporate Management Committee
- Annual accounts and financial instruments disclosure notes
- Annual budget
- Capital Programme
- Minutes of Council / Cabinet / committee meetings

Explanation of Credit ratings used by each of the three Credit Rating Agencies

Fitch

1. Long Term Rating

These generally cover maturities of up to five years. Given the larger time horizon over which the long-term rating is determined, the emphasis is on the assessment of the ongoing stability of the institution's prospective financial condition, for example, the sensitivity to fluctuations in market conditions, the capacity for maintaining profitability or absorbing losses in a difficult operating environment.

2. Short Term Rating

These cover obligations which have an original maturity not exceeding one year. The short-term rating places greater emphasis on the liquidity necessary to meet financial commitments.

The Far Eastern crisis in 1997 demonstrated that the short-term rating could be insufficient when viewed in isolation. The long-term rating adds an important dimension in evaluating the vulnerability of an institution to rapid changes in economic conditions and therefore gives a better perspective on overall creditworthiness.

It must be remembered, though, that the long-term rating of any financially weak institution with strong external support is susceptible to any diminution, actual or perceived, in that support, as occurred when the state guarantee to the German Landesbanks was terminated on 18 July 2005.

Moody's

1. Long Term Rating

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised.

2. Short Term Rating

Moody's short-term ratings are opinions of the ability of issuers to honour short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Standard & Poor's

1. Long Term Rating

Long Term credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default

2. Short Term Rating

Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations.

Comparison of Agencies' ratings

Each rating agency uses a different coding system. The table below gives the comparative ratings for each of the agencies. However S&P do not provide individual ratings and only Fitch supply support ratings.

The shaded ratings are those that meet the minimum rating for inclusion in the approved Counterparty list.

Long Term

Fitch	S&P	Moody's
AAA	AAA	Aaa
AA+	AA+	Aa1
AA	AA	Aa2
AA-	AA-	Aa3
A+	A+	A1
A	A	A2
A-	A-	A3
BBB+	BBB+	Baa1
BBB	BBB	Baa2
BBB-	BBB-	Baa3

Short Term

Fitch	S&P	Moody's
F1+	A-1+	-
F1	A-1	P-1
F2	A-2	P-2
F3	A-3	P-3

TMP Schedule A - Approved Counterparties - January 2018											
	KEY	Country or counterparty type/grouping meeting minimum rating criteria			Banks meeting minimum rating criteria	Multi Lateral Development Banks					
				Fitch Rating		Moody's		S&P			
Country/Counterparty	Max duration as per TMPs subject to HOFS agreement	Limit £m	Country Rating	L Term	S Term	L Term	S Term	L Term	S Term	CDS Status	Sector Suggested Duration (CDS Adjusted)
U.A.E (Sovereign limit based on lowest rating of the three agencies)		2	AA		-	Aa2	-	AA	-	-	Not Applicable
First Abu Dhabi Bank PJSC	36	2	AA-	F1+	Aa3	P-1	AA-	A-1+	-	-	0-12 months
Australia		4	AAA		-	Aaa	-	AAA	-	Monitoring	Not Applicable
Australia and New Zealand Banking Group Ltd	36	4	AA-	F1+	Aa3	P-1	AA-	A-1+	In Range	-	0-12 months
Commonwealth Bank of Australia	36	4	AA-	F1+	Aa3	P-1	AA-	A-1+	In Range	-	0-12 months
Macquarie Bank Ltd	24	3	A	F1	A2	P-1	A	A-1			6 months
National Australia Bank Ltd	36	4	AA-	F1+	Aa3	P-1	AA-	A-1+	In Range	-	0-12 months
Westpac Banking Corporation	36	4	AA-	F1+	Aa3	P-1	AA-	A-1+	In Range	-	0-12 months

TMP Schedule A - Approved Counterparties - January 2018											
	KEY	Country or counterparty type/grouping meeting minimum rating criteria			Banks meeting minimum rating criteria	Multi Lateral Development Banks					
				Fitch Rating		Moody's		S&P			
Country/Counterparty	Max duration as per TMPs subject to HOFS agreement	Limit £m	Country Rating	L Term	S Term	L Term	S Term	L Term	S Term	CDS Status	Sector Suggested Duration (CDS Adjusted)
Canada		4	AAA		-	Aaa	-	AAA	-	-	Not Applicable
Bank of Montreal	24	3		AA-	F1+	A1	P-1	A+	A-1	-	0-12 months
Bank of Nova Scotia	24	3		AA-	F1+	A1	P-1	A+	A-1	-	0-12 months
Canadian Imperial Bank of Commerce	24	3		AA-	F1+	A1	P-1	A+	A-1	-	0-12 months
National Bank of Canada	24	3		A+	F1	A1	P-1	A	A-1	-	6 months
Royal Bank of Canada	24	3		AA	F1+	A1	P-1	AA-	A-1+	-	0-12 months
Toronto Dominion Bank	36	4		AA-	F1+	Aa2	P-1	AA-	A-1+	-	0-12 months
Denmark		4	AAA		-	Aaa	-	AAA	-	In Range	Not Applicable
Danske Bank	36	3		A	F1	Aa3	P-1	A	A-1		6 months
Finland		3	AA+		-	Aa1	-	AA+	-	In Range	Not Applicable
OP Corporate Bank Plc	36	3				Aa3	P-1	AA-	A-1+	-	0-12 months
France		2	AA		-	Aa2	-	AA	-	Monitoring	Not Applicable
BNP Paribas	24	2		A+	F1	Aa3	P-1	A	A-1	In Range	6 months

TMP Schedule A - Approved Counterparties - January 2018											
	KEY	Country or counterparty type/grouping meeting minimum rating criteria			Banks meeting minimum rating criteria	Multi Lateral Development Banks					
				Fitch Rating		Moody's		S&P			
Country/Counterparty	Max duration as per TMPs subject to HOFS agreement	Limit £m	Country Rating	L Term	S Term	L Term	S Term	L Term	S Term	CDS Status	Sector Suggested Duration (CDS Adjusted)
Credit Agricole Corporate and Investment Bank	24	2		A+	F1	A1	P-1	A	A-1	In Range	6 months
Credit Industriel et Commercial	24	2		A+	F1	Aa3	P-1	A	A-1	-	6 months
Credit Agricole SA	24	2		A+	F1	A1	P-1	A	A-1	In Range	6 months
Societe Generale	24	2		A	F1	A2	P-1	A	A-1	Monitoring	6 months
Germany		4	AAA		-	Aaa	-	AAA	-	In Range	Not Applicable
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	36	4		AA-	F1+	Aa1	P-1	AA-	A-1+	-	12 months
Landesbank Baden Wuerttemberg	24	3		A-	F1	Aa3	P-1	-	-	-	6 months
Landesbank Hessen-Thueringen Girozentrale (Helaba)	24	3		A+	F1+	Aa3	P-1	A	A-1	In Range	0-12 months
Landwirtschaftliche Rentenbank	36	4		AAA	F1+	Aaa	P-1	AAA	A-1+	-	24 months

TMP Schedule A - Approved Counterparties - January 2018											
	KEY	Country or counterparty type/grouping meeting minimum rating criteria			Banks meeting minimum rating criteria	Multi Lateral Development Banks					
				Fitch Rating		Moody's		S&P			
Country/Counterparty	Max duration as per TMPs subject to HOFS agreement	Limit £m	Country Rating	L Term	S Term	L Term	S Term	L Term	S Term	CDS Status	Sector Suggested Duration (CDS Adjusted)
NRW.Bank	36	4		AAA	F1+	Aa1	P-1	AA-	A-1+		24 months
Luxembourg		4	AAA		-	Aaa	-	AAA	-	-	Not Applicable
Netherlands		4	AAA		-	Aaa	-	AAA	-	In Range	Not Applicable
ABN AMRO Bank N.V	24	3		A+	F1	A1	P-1	A	A-1	-	6 months
Bank Nederlandse Gemeenten	36	4		AA+	F1+	Aaa	P-1	AAA	A-1+	-	24 months
Cooperatieve Rabobank U.A.	24	3		AA-	F1+	Aa2	P-1	A+	A-1	In Range	0-12 months
ING Bank NV	24	3		A+	F1	Aa3	P-1	A+	A-1	In Range	0-12 months
Singapore		4	AAA		-	Aaa	-	AAA	-	-	Not Applicable
DBS Bank Ltd	36	4		AA-	F1+	Aa1	P-1	AA-	A-1+	-	0-12 months
Oversea Chinese Banking Corporation Ltd	36	4		AA-	F1+	Aa1	P-1	AA-	A-1+	-	0-12 months
United Overseas Bank Ltd	36	4		AA-	F1+	Aa1	P-1	AA-	A-1+	-	0-12 months
Sweden		4	AAA		-	Aaa	-	AAA	-	In Range	Not Applicable

TMP Schedule A - Approved Counterparties - January 2018											
	KEY	Country or counterparty type/grouping meeting minimum rating criteria			Banks meeting minimum rating criteria	Multi Lateral Development Banks					
				Fitch Rating		Moody's		S&P			
Country/Counterparty	Max duration as per TMPs subject to HOFS agreement	Limit £m	Country Rating	L Term	S Term	L Term	S Term	L Term	S Term	CDS Status	Sector Suggested Duration (CDS Adjusted)
Nordea Bank AB	36	4		AA-	F1+	Aa3	P-1	AA-	A-1+	-	0-12 months
Skandinaviska Enskilda Banken AB	24	3		AA-	F1+	Aa3	P-1	A+	A-1	-	0-12 months
Swedbank AB	36	4		AA-	F1+	Aa3	P-1	AA-	A-1+	-	0-12 months
Svenska Handelsbanken AB	36	4		AA	F1+	Aa2	P-1	AA-	A-1+	-	0-12 months
Switzerland		4	AAA		-	Aaa	-	AAA	-	-	Not Applicable
Credit Suisse AG	24	3		A	F1	A1	P-1	A	A-1	In Range	6 months
UBS AG	24	3		AA-	F1+	Aa3	P-1	A+	A-1	In Range	0-12 months
U.K		4	AA		-	Aa2	-	AA	-	In Range	Not Applicable
Barclays Bank Plc	24	3		A	F1	A1	P-1	A	A-1	In Range	6 months
Close Brothers Ltd	24	3		A	F1	Aa3	P-1				6 months
Goldman Sachs International Bank	24	3		A	F1	A1	P-1	A+	A-1	Monitoring	6 months
HSBC Bank plc	36	4		AA-	F1+	Aa3	P-1	AA-	A-1+	In Range	0-12 months

TMP Schedule A - Approved Counterparties - January 2018											
	KEY	Country or counterparty type/grouping meeting minimum rating criteria			Banks meeting minimum rating criteria	Multi Lateral Development Banks					
				Fitch Rating		Moody's		S&P			
Country/Counterparty	Max duration as per TMPs subject to HOFS agreement	Limit £m	Country Rating	L Term	S Term	L Term	S Term	L Term	S Term	CDS Status	Sector Suggested Duration (CDS Adjusted)
Lloyds Banking Group plc	24	3	A+	F1	Aa3	P-1	A	A-1	-	-	0-12 months
Bank of Scotland Plc	24	3	A+	F1	Aa3	P-1	A	A-1	-	-	0-12 months
Lloyds Bank Plc	24	3	A+	F1	Aa3	P-1	A	A-1	-	-	0-12 months
Santander UK Plc	24	3	A	F1	Aa3	P-1	A	A-1	-	-	6 months
Standard Chartered Bank	24	3	A+	F1	A1	P-1	A	A-1	In Range	-	6 months
Sumitomo Mitsui Banking Corporation Europe Ltd	24	3	A	F1	A1	P-1	A	A-1	In Range	-	6 months
UBS Ltd	24	3	AA-	F1+	A1	P-1	A+	A-1	In Range	-	0-12 months
Building Societies											
Coventry	24	3	A	F1	A2	P-1			-	-	6 months
Nationwide	24	3	A+	F1	Aa3	P-1	A	A-1	-	-	6 months
UK Nationalised/part nationalised banks											
Royal Bank of Scotland Group plc	12	3	BBB+	F2	A2	P-1	BBB+	A-2	-	-	Not Applicable

TMP Schedule A - Approved Counterparties - January 2018											
	KEY	Country or counterparty type/grouping meeting minimum rating criteria			Banks meeting minimum rating criteria	Multi Lateral Development Banks					
				Fitch Rating		Moody's		S&P			
Country/Counterparty	Max duration as per TMPs subject to HOFS agreement	Limit £m	Country Rating	L Term	S Term	L Term	S Term	L Term	S Term	CDS Status	Sector Suggested Duration (CDS Adjusted)
National Westminster Bank Plc	12	3		BBB+	F2	A2	P-1	BBB+	A-2	-	Not Applicable
The Royal Bank of Scotland Plc	12	3		BBB+	F2	A2	P-1	BBB+	A-2	-	Not Applicable
U.S.A		3	AAA		-	Aaa	-	AA+	-	In Range	Not Applicable
Bank of America NA	24	3		A+	F1	Aa3	P-1	A+	A-1	-	0-12 months
Bank of New York Mellon, The	36	3		AA	F1+	Aa1	P-1	AA-	A-1+	-	24 months
Citibank, NA	24	3		A+	F1	A1	P-1	A+	A-1	In Range	0-12 months
JP Morgan Chase Bank NA	24	3		AA-	F1+	Aa2	P-1	A+	A-1	In Range	0-12 months
Multi Lateral Development Banks											
European Investment Bank	36	4		AAA	F1+	Aaa	P-1	AAA	A-1+	-	24 months

Appendix B TMP Schedule B

Schedule of Countries meeting the Council's minimum Sovereign rating limit

Fitch Rating	Country	Date approved for Inclusion on List	Approved By
AAA			
	Australia	21/4/2010	K Neath
	Canada	21/4/2010	K Neath
	Denmark	21/4/2010	K Neath
	Germany	21/4/2010	K Neath
	Luxembourg	21/4/2010	K Neath
	Netherlands	21/4/2010	K Neath
	Norway	21/4/2010	K Neath
	Singapore	21/4/2010	K Neath
	Sweden	21/4/2010	K Neath
	Switzerland	21/4/2010	K Neath
AA+			
	Hong Kong	21/4/2010	K Neath
	Finland	21/4/2010	K Neath
	U.S.A	21/4/2010	K Neath
AA			
	Belgium	21/4/2010	K Neath
	France	1/3/2013	R Barrett
	Kuwait	7/4/2014	R Barrett
	New Zealand	7/4/2014	R Barrett
	Qatar	7/4/2014	R Barrett
	UAE	21/4/2010	K Neath
	U.K	01/03/2013	R Barrett

Appendix B TMP Schedule C

Terms and Conditions of Bank Overdraft

The Council does not currently have a bank overdraft arrangement, but does plan to keep close to £1m with Lloyds in the current accounts.

Appendix B
TMP Schedule D

List of legal statute, guidance, Codes of Practice under which the Council's treasury activities will be carried out.

- Local Government Act 2003
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- Guidance on Investments ODPM 12.3.2004
- Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006 Statutory Instrument No. 521
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP
- S.I. 2008 no. 414 f(Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- S.I. 2009 no. 321 (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance And Accounting) (England) (Amendment) (No.2) Regulations 2009
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009

- Guidance on Housing Capital Receipts Pooling ODPM 23.3.2004
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.

- Allocation of financing costs to the HRA (housing authorities) – annual determination by Secretary of State
- Definition of HRA capital expenditure - Local Government and Housing Act 1989 section 74 (1)
- CIPFA's Treasury Management Codes of Practice (2017) and Guidance Notes (2011)
- CIPFA Prudential Code for Capital Finance in Local Authorities revised 2017
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- LAAP Bulletins
- SORP – Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- PWLB circulars on Lending Policy
- Bank of England UK Money Markets Code 2017 (this succeeds the Non Investment Products Code (NIPS)) - for principals and broking firms in the wholesale markets.
- Financial Conduct Authority's Code of Market Conduct

Appendix B TMP Schedule E

Schedule of External Service Providers.

External service providers are used
 Money Brokers
 Banking Services
 Treasury Advisors
 Leasing Consultancy Advisors

Money Brokers and services they are authorised to provide.

Broker	Authorised to provide the following services	Regulatory status	Date approved for Inclusion	Approved by
King & Shaxson	Treasury Bills, CDs, Gilts, and any other financial instrument where electronic custody is required	Financial Services Authority. Member of London Stock Exchange and OFEX.	16 Nov 2007 Decision No. 1449	Finance Portfolio Holder
Tullett Prebon	Fixed term Deposits with counterparties or short term loans	Financial Services Authority.	December 2003 Decision No. not on COMAD	Finance Portfolio Holder
Sterling	Fixed term Deposits with counterparties or short term loans	Financial Services Authority.	December 2003 Decision No. not on COMAD	Finance Portfolio Holder
RP Martin	Fixed term Deposits with counterparties or short term loans, also Treasury Bills and associated custodial services	Financial Services Authority.	16 Nov 2007 Decision No. 1449	Finance Portfolio Holder
Tradition (UK) Ltd	Fixed term Deposits with counterparties	Financial Services Authority.	24 Aug 2012	Head of Resource Management

	or short term loans			
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Broker	Contact Number	Contact name(s)
King & Shaxson	0207 9298524	Robert den Hollander
Tullett Prebon	0207 2007393	Nick Mordey
Sterling	0207 8947742	Steve Clark
RP Martin	0207 8948698	Henry Street
Tradition (UK) Ltd	0207 4223566	Richard Mourgue

Banking Services

- a) Name of supplier of service is Lloyds Bank plc
- b) Regulatory status – banking institution authorised to undertake banking activities by the FCA
- c) The branch address is:
 - 1 West Avenue
 - Clacton on Sea
 - Essex
 - CO15 1QP
- d) The banking agreement has been tendered for a minimum of 3 years from 1 December 2014 with option to extend for 2 years, *which was taken up in 2017*. The agreement shall continue after the expiry of the minimum period unless and until terminated by either party giving not less than 6 months written notice, such notice to expire on or after the expiry of the minimum period.
- e) Cost of service is variable depending on schedule of tariffs and volumes
- f) Payments due monthly for the various charges

Treasury Advisory Services

- g) *Name of supplier of the service is Link Asset Services. Their address is 6th Floor, 65 Gresham Street, London EC2V 7NQ Tel: 0207 204 7624*
- h) Regulatory status: investment adviser authorised by the FCA
- i) Contract commenced 1 September 2017 and runs for 3 years until 31 August 2020, with an option to extend for a further 2.
- j) Cost of service is £6,000 in 2017/18 rising by £250 per annum.
- k) Payments due annually in advance.

Leasing Consultancy Services

- a) Name of supplier of the service is Capita Asset Services. Their address is:
The Square, Basing View, Basingstoke, Hampshire RG21 4EB.
Tel: 0333 300 1922
- b) Regulatory status: authorised and regulated by the Financial Conduct Authority
- c) This is an annual contract.
- d) There is no direct fee as the costs are included within the annual lease payments if any leases are taken out.

(Reproduced from the Annual Treasury Strategy for 2018/19)

SPECIFIED AND NON-SPECIFIED INVESTMENTS

This schedule sets out the specified and Non-Specified investments the Council may use in 2018/19.

Investments may be in the form of direct deposits, Certificates of Deposits (CDs), property or the purchase of financial instruments such as Treasury Bills, Bonds and Gilts.

SPECIFIED INVESTMENTS:

An investment is a Specified Investment if all of the following apply

1. The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling
2. The investment is not a long term investment which is one that is due to be repaid within 12 months of the date on which the investment is made or one which the local authority may require to be repaid within that period.
3. The investment is not defined as capital expenditure by regulations
4. The investment is made with a body or in an investment scheme of high credit quality or the investment is made with the following public sector bodies.
 - a. UK Government
 - b. Local authority
 - c. Parish council or community council

Where an investment is being made with a UK nationalised or part nationalised bank this will be treated for the purposes of classification as a Specified or Non-specified investment as being invested with the UK Government.

High credit quality

For a counterparty to meet the high credit quality criteria for specified investments, that counterparty must meet as a minimum the ratings of the three credit rating agencies listed below, and not be the subject of any adverse indications from the following sources.

- Credit Default Swap index
- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

Ratings	Fitch	Moody's	Standard & Poors
Short term	F1	P-1	A-1
Long term	A-	A3	A

NON SPECIFIED INVESTMENTS

A maximum of £3.5m may be held, in aggregate, in Non-Specified Investments

The only Non-Specified investments that the Council will use in 2018/19 are investments for periods of longer than 12 months with any institution or investment instrument that would have been classed as a Specified Investment if the investment had been for less than 12 months or property. *The Council currently holds an investment property in Clacton. The historic cost of this property (including stamp duty) is £3.245 million.*

Organisations with which the Council has opted up to professional status under MiFIDI at their request

Tendring District Council has currently opted up to professional status (from presumed retail status) with the following organisations:

- *Link Asset Services*
- *BGC Partners (holding company for Martin Brokers and Sterling Brokers)*
- *Tradition Brokers*
- *King and Shaxson, who have also obtained a Legal Entity Identifier (LEI) for the Council to continue to purchase treasury bills and certificates of deposit through them*
- *Coventry Building Society*

COUNCIL

27 MARCH 2018

REPORT OF HEAD OF GOVERNANCE AND LEGAL SERVICES

A.1 COMMITTEE STRUCTURE REVIEW

(Report prepared by Ian Ford, Karen Neath, Lisa Hastings and Martyn Knappett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To consider the recommendations made by the Electoral Review Working Group in relation to the ongoing implementation of a new committee structure.

EXECUTIVE SUMMARY
<p>Council, at its meeting held on 23 January 2018 (Minute 116 refers), considered a report of the Head of Governance and Legal Services (A.6) which had provided the recommendations made by the Electoral Review Working Group in respect of –</p> <ul style="list-style-type: none"> a) <i>the proposed terms of reference for the two new overview and scrutiny committees be approved;</i> b) <i>the names of the two new overview and scrutiny committees be the Community Leadership Overview and Scrutiny Committee and the Resources and Services Overview and Scrutiny Committee;</i> c) <i>the Chairman of the Resources and Services Overview and Scrutiny Committee be a member of a political group that is not represented on the Cabinet;</i> d) <i>eight ordinary meetings of the Resources and Services Overview and Scrutiny Committee be held in any municipal year;</i> e) <i>the size of the Community Leadership Overview and Scrutiny Committee and the Resources and Services Overview and Scrutiny Committee be set at eleven (11) members each for the 2018/2019 municipal year (with a review of that number of seats to be undertaken in readiness for the 2019/2020 municipal year);</i> f) <i>provisional work programmes for the two new overview and scrutiny committees be presented to the Annual Meeting of the Council in April 2018 with the new overview and scrutiny committees, at their respective inaugural meetings, considering those provisional work programmes, as appropriate, and determining their actual work programmes and the role that task and finish groups will take to implement those work programmes; and</i> g) <i>suggestions made in respect of the terms of reference for the new overview and scrutiny committees.</i> <p>The Working Group had also agreed that further consideration was required for 2019 in relation to –</p> <ul style="list-style-type: none"> (1) <i>cross-membership of the Local Plan and Planning Committees;</i> (2) <i>whether the Planning Committee should meet in the daytime; and</i> (3) <i>training of Members, the related rights to attend certain committees of the Council and the implications for the Council's Constitution.</i> <p>It had been noted that further work would be undertaken by the Monitoring Officer to review the Overview and Scrutiny Procedure Rules in order to ensure consistency and that should any amendments be required to those Procedure Rules, they would be reported to</p>

this meeting of the Full Council.

Council had **RESOLVED** that, with effect from the Annual Meeting of the Council on 24 April 2018, -

- (a) *the proposed terms of reference for the two new overview and scrutiny committees, as set out in the Appendix to item A.6 of the Report of the Head of Governance and Legal Services, be approved; and*
- (b) *the other recommendations made by the Electoral Review Working Group, as detailed in the Executive Summary of the report referred to above, be adopted.*

Members of the Electoral Review Working Group attended a meeting held on 6 March 2018 when they conducted a “tidying up” exercise of the remaining issues with a view to finalising their review of the Council’s committee structure.

The key issues considered were:-

1. Names of Committees/Sub-Committees (other than the already agreed names for the two new O & S Committees);
2. The size of membership for Committees/Sub-Committee in 2018/19 (other than the new Resources and Services O & S Committee)
3. The Terms of Reference for the existing Human Resources Committee and the Council Tax Committee to be combined without any changes for the proposed Human Resources & Council Tax Committee;
4. The Terms of Reference for the other non-O & S Committees;
5. The proposed reduction in the number of Premises/Personal Licences Sub-Committees from three to one;
6. The proposal that the membership of the P/P Licences Sub-Committee will be chosen on a rota basis for each meeting from the trained membership of the Licensing and Registration Committee;
7. Noting the proposed meeting dates of the new overview and scrutiny committees;
8. A half-year review of the new Committee Structure to be undertaken and reported in accordance with the Constitution to Full Council; and
9. A review of the Overview and Scrutiny Procedure Rules to ensure consistency.

The outcomes of the Working Group’s deliberations are set out below.

On completion of the business set out below the Electoral Review Working Group will focus solely on the outcome of the Community Governance Reviews.

The half-year review of the committee structure and associated constitutional matters will be undertaken by the Finance and Corporate Resources Portfolio Holder’s Constitution Review Working Party.

RECOMMENDATION

It is recommended to Council that –

(a) with effect from the Annual Meeting of the Council on 24 April 2018:-

- (1) the names of the non-overview and scrutiny committees and sub-committees in the new committee structure be as follows:-**

Audit Committee

**Human Resources and Council Tax Committee
Licensing and Registration Committee
Local Plan Committee
Planning Committee
Standards Committee
Miscellaneous Licensing Sub-Committee
Premises/Personal Licences Sub-Committee
Town and Parish Councils Standards Sub-Committee**

- (2) the size of membership of committees and sub-committees in the new committee structure be confirmed as follows:**

**Audit Committee (7 Members)
Human Resources and Council Tax Committee (11 Members)
Licensing and Registration Committee (11 Members)
Local Plan Committee (15 Members)
Planning Committee (11 Members)
Standards Committee (7 Members)
Miscellaneous Licensing Sub-Committee (8 Members)
Premises/Personal Licences Sub-Committee (3 Members)
Town and Parish Councils Standards Sub-Committee (3 TDC Members + 3 Parish Members)**

- (3) the terms of reference of the non-overview and scrutiny committees and sub-committees in the new committee structure remain as they are at present with the exception of the new Human Resources and Council Tax Committee whose proposed terms of reference will be formed by the combination, with no changes made, of the terms of reference for the existing Human Resources Committee and the Council Tax Committee**
- (4) the number of Premises/Personal Licences Sub-Committees be reduced to from three to one and that its membership be chosen on a rota basis for each meeting from the trained membership of the Licensing and Registration Committee**
- (5) the Overview and Scrutiny Procedure Rules be amended to reflect:**
- (i) the number of committees;**
 - (ii) the number of ordinary meetings to be scheduled annually for each committee;**
 - (iii) the general role and principles of the overview and scrutiny functions; and**
 - (iv) clearer reference to Task and Finish Review Groups.**

The proposed amendments are shown in Appendix A.

- (b) a review of the new committee structure and associated constitutional matters be undertaken after its first six months of operation (i.e. in November 2018) and that its outcome be reported in accordance with the Constitution to Full Council at its meeting due to be held on 22 January 2019. Such review will include considering, and making recommendations on, the size of the membership of Committees/Sub-Committees post the May 2019 District Elections when the number of Councillors on Tendring District Council will be reduced from 60 to 48.**

- (c) the Centre for Public Scrutiny be invited to give their input on the operation of the new committee structure
- (d) the potential cross-membership of the Planning Committee and the Local Plan Committee and the potential for daytime meetings of the Planning Committee be included as part of the half-year review
- (e) issues around the training of Members and their rights to sit on certain Committees e.g. Audit, Licensing & Registration, Planning and Standards be also included as part of the half-year review

PART 2 – SUPPORTING INFORMATION

THE DELIBERATIONS OF THE ELECTORAL REVIEW WORKING GROUP

Names of Committees and Sub-Committees

The Working Group had regard to the, in principle, decision taken by Full Council at its meeting held on 21 November 2017 (Minute 94 refers) in respect of the proposed new committee structure and Council's subsequent decision taken at its meeting held on 23 January 2018 (Minute 116 refers) to name the two new overview and scrutiny committees the Community Leadership O & S Committee and the Resources and Services O & S Committee.

After discussion, the Working Group recommended that the names of the other committees and sub-committees in the new committee structure be confirmed as follows:-

Audit Committee
 Human Resources and Council Tax Committee
 Licensing and Registration Committee
 Local Plan Committee
 Planning Committee
 Standards Committee
 Miscellaneous Licensing Sub-Committee
 Premises/Personal Licences Sub-Committee
 Town and Parish Councils Standards Sub-Committee

Size of Membership of Committees and Sub-Committees

The Working Group was aware that Full Council on 23 January 2018 had also fixed the membership of the new Community Leadership Overview and Scrutiny Committee and the new Resources and Services Overview and Scrutiny Committee at 11 Members each.

After discussion, the Working Group recommended that the size of membership of the other committees and sub-committees in the new committee structure remain unchanged with the exception of the Audit Committee which will have seven members (up from the current five members, the Human Resources & Council Tax Committee which will have eleven members (reduced from the current fourteen members) and the Licensing & Registration Committee which will have eleven members (reduced from the current fifteen members).

Terms of Reference of the non-overview and scrutiny committees and sub-committee

The Working Group had regard to the Council's decision taken at its meeting held on 23 January 2018 (Minute 116 refers) in respect of the terms of reference of the two new overview and scrutiny committees (the Community Leadership O & S Committee and the Resources and Services O & S Committee).

After discussion, the Working Group noted that the terms of reference of the non-overview and scrutiny committees and sub-committees in the new committee structure would remain as they are at present with the exception of the new Human Resources and Council Tax Committee whose proposed terms of reference will be formed by the combination, with no changes made, of the terms of reference for the existing Human Resources Committee and the Council Tax Committee.

Number and Composition of the Premises/Personal Licences Sub-Committees

The Working Group was aware that there are currently three Premises/Personal Licences Sub-Committees of three members each with their respective memberships appointed at the Annual Meeting of the Council each year. In the light of the current workload of these Sub-Committees the Working Group recommended that the number of Premises/Personal Licences Sub-Committees be reduced to one and that its membership be chosen on a rota basis for each meeting from the trained membership of the Licensing and Registration Committee.

Draft Programme of Meetings for the 2018/2019 Municipal Year

The Working Group noted the proposed meeting dates of the new overview and scrutiny committees in the 2018/2019 municipal year which were as follows:-

Community Leadership Overview and Scrutiny Committee

Monday 4 June 2018
Monday 3 September 2018
Monday 3 December 2018
Monday 4 March 2019

Resources and Services Overview and Scrutiny Committee

Monday 21 May 2018
Monday 25 June 2018
Monday 30 July 2018
Monday 17 September 2018
Monday 19 November 2018
Monday 17 December 2018
Monday 11 February 2019
Monday 18 March 2019

Half-Yearly Review of the implementation of the new Committee Structure

The Working Group recommended that a half-year review of the new committee structure be undertaken after its first six months of operation (i.e. in November 2018) and its outcome reported in accordance with the Constitution to Full Council at its meeting due to be held on 22 January 2019. The Working Group also agreed that the review should also

consider and make recommendations on the size of the membership of Committees/Sub-Committees post the May 2019 District Elections when the number of Councillors on Tendring District Council would be reduced from 60 to 48.

The Working Group also recommended that The Centre for Public Scrutiny be invited to give their input on the operation of the new committee structure.

Potential cross-membership of the Planning Committee and the Local Plan Committee and the potential for daytime meetings of the Planning Committee

The Working Group was aware that these issues would be looked at as part of the half-year review of the new committee structure.

Training of Members and rights to sit on certain Committees e.g. Audit, Licensing & Registration, Planning and Standards

The Working Group was aware that these issues would be looked at as part of the half-year review of the new committee structure.

Overview and Scrutiny Procedure Rules

The Working Group gave consideration to suggested amendments to the wording of the Overview and Scrutiny Committees which had been drawn up by the Monitoring Officer and attached as Appendix A.

The Working Group recommended that, subject to the further amendments put forward by Members of the Working Group, the amended Overview and Scrutiny Procedure Rules be approved and implemented with effect from the Annual Meeting of the Council.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A: Amended Overview and Scrutiny Procedure Rules (proposed amendments shown in red or purple)

OVERVIEW AND SCRUTINY PROCEDURE RULES

1. OVERVIEW AND SCRUTINY COMMITTEES

The Council will have ~~three~~ two Overview and Scrutiny Committees (“the Committees”), which together will perform all overview and scrutiny functions on behalf of the Council. They will each consist of eleven members, who will be appointed by the full Council at its annual meeting. Their terms of reference and functions will be as set out in **Part 2, Article 6 of the Constitution**.

2. MEMBERSHIP

All Councillors except Cabinet members may be members of the Overview and Scrutiny Committees. However, no Member may be involved in scrutinising a decision in which they have been directly involved in making.

3. CO-OPTED MEMBERS (WITHOUT VOTING RIGHTS)

Each Overview and Scrutiny Committee shall be entitled to appoint people as Co-opted Members (without voting rights) as considered appropriate to enable them to perform their overview and scrutiny functions. The duration of the appointment will be determined by the Committee. In addition, the Council may determine which groups or bodies should be represented on a particular Committee by Co-opted Members (without voting rights).

4. MEETINGS OF THE COMMITTEE

There will be ~~six~~ eight ordinary meetings of the **Resources and Services Overview and Scrutiny Committee** in each year. **The Community Leadership Overview and Scrutiny Committee will meet quarterly**. In addition, extraordinary meetings may be called from time to time as and when appropriate. An Overview and Scrutiny Committee meeting may be called by the Chairman of the relevant Committee, or by the Committee Services Manager, if considered necessary or appropriate.

5. QUORUM

The quorum for the Committee shall be as set out in Part 4 (**Council Procedure Rules**).

6. CHAIRMEN

The Chairmen of the Committees shall be appointed as set out in Part 4 (**Council Procedure Rules**).

The Chairmen of the Overview and Scrutiny Committees will meet with the Committee Services Manager and appropriate Heads of Service or relevant officer to co-ordinate the business of the relevant Committees and determine which Committee will assume responsibility for any particular issue.

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7. WORK PROGRAMME

Each Overview and Scrutiny Committee will submit a work programme for the year ahead and a review of the previous year's activities to the Annual Meeting of the full Council for approval. In addition, it will be responsible for co-ordinating and prioritising its work programme on an ongoing basis.

In preparing, co-ordinating and prioritising its programme, each Overview and Scrutiny Committee will take into account:-

- **The General Role and Principles of undertaking its functions, as set out in Part 2 Article 6**
- the planned work on the preparation of elements of the Budget and Policy Framework as set out in the Council's Business Plan;
- the need for statutory timetables to be met;
- the wishes of all members of the committee;
- requests from the Cabinet to carry out reviews; and
- requests from Group Leaders in accordance with Rule 8.

8. AGENDA ITEMS

Any member of an Overview and Scrutiny Committee shall be entitled to give notice to the Committee Services Manager that they wish an item relevant to the terms of reference and the functions of the Committee to be included on the agenda for the next meeting of that Committee. Such notice must be given by delivering it, in writing (or by personal e-mail) to the Committee Services Manager no later than midday seven working days before the day of the meeting. On receipt of such a notice the Committee Services Manager will ensure that the item is included on the agenda.

Any such request by Members will be considered at the next available meeting here the Committee will decide if the item should form part of the work programme.

The Leader of any political group may request that an item be included on the Overview and Scrutiny work programme. The relevant Overview and Scrutiny Committee will consider the request on the agenda and determine at its meeting, whether the item is appropriate for inclusion on the work programme.

The relevant Overview and Scrutiny Committee will respond, as soon as their work programme permits, to requests from the Council and if it considers appropriate, the Cabinet

to review particular areas of Council activity. Such referrals will be accompanied by Council/Cabinet's view on the matter under consideration to assist the relevant Overview and Scrutiny Committee in effective investigation of the matter. Where they do so, the relevant Overview and Scrutiny Committee shall report their findings and any recommendations back to the Cabinet and/or Council. The Council and/or Cabinet shall consider the report at its following meeting.

9. COUNCILLORS CALL FOR ACTION

The Councillors Call for Action (CCfA) is an additional means for Councillors to raise issues of local community concern, for consideration by the Council's overview and scrutiny function, on behalf of residents. A Councillor Call for Action should only be raised where other means of resolving the matter have been exhausted.

- (a) Any Member of the Council may raise a Councillor Call for Action, which should be sent to the Council's Committee Services Manager.
- (b) Once the Councillor Call for Action is received, the matter must be considered by the relevant Overview and Scrutiny Committee, whose terms of reference the matter falls within and they must endeavour to consider the matter within a reasonable timescale. Where the matter falls within the terms of reference of more than one Committee, the Chairmen of the Committees will determine the most appropriate Committee to deal with the matter, except where the matter relates to a crime and disorder issue where all such matters must be considered by the Overview and Scrutiny Committee responsible for crime and disorder matters.
- (c) If a Councillor Call for Action is deemed not to be valid, a letter will be sent to the Member concerned informing them of the reasons for this. Where the issue has been deemed not to be valid because other methods of resolution have not been exhausted, the Call for Action may be re-submitted, if necessary, once the Councillor concerned has pursued the matter further.

10. PROCEDURE AT COMMITTEE MEETINGS

- (a) The Committees shall consider the following business:
 - (i) Minutes of the last meeting;
 - (ii) Declarations of Interest;
 - (iii) Questions raised on the Forward Plan in accordance with Rule 13;
 - (iv) Responses of the Cabinet to reports of the Overview and Scrutiny Committee;
 - (v) Responses of the Cabinet to **called-in decisions referred for reconsideration**;

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- (vi) Consideration of any matter referred to the Committee for a decision in relation to the call-in of a decision; and
 - (vii) The business otherwise set out on the agenda for the meeting.
- (b) Where an Overview and Scrutiny Committee **undertakes researched and evidence reviews on a specific topic, on a task and finish basis**, ~~conducts investigations~~ (e.g. with a view to policy development), the relevant Committee may also ask people to attend to give evidence at the **Task and Finish Group** ~~Committee~~ meetings that are to be conducted in accordance with the following principles:
- (i) **the terms and reference of any Task and finish Group must be agreed by the relevant Overview and Scrutiny Committee prior to its commencement;**
 - (ii) **consideration being given to the Council's priorities and resources when making researched and evidenced **recommendations** and referral decisions as an outcome of the scrutiny;**
 - (iii) ~~that the investigation~~ reviews be conducted fairly and all members of the ~~Committee~~ **Task and Finish Group** be given the opportunity to ask questions of attendees, and to contribute and speak;
 - (iv) ~~that those assisting the Committee~~ **Task and Finish Group** by giving evidence be treated with respect and courtesy; and
 - (v) ~~that the investigation~~ **review by Task and Finish Group** be conducted so as to maximise the efficiency of the investigation or analysis.
- (c) Following any ~~investigation or~~ **Task and Finish** review, the Committee shall prepare a report, for submission to the Cabinet and/or Council as appropriate and shall make its report and findings public.

11. POLICY REVIEW AND DEVELOPMENT

- (a) The role of the Overview and Scrutiny Committees in relation to the development of the Council's Budget and Policy Framework is set out in detail in the Budget and Policy Framework Procedure Rules within this Constitution.
- (b) In relation to the development of the Council's approach to other matters not forming part of its Budget and Policy Framework, each Overview and Scrutiny Committee may make proposals **or act as consultee** to the Cabinet for developments in so far as they relate to matters within their terms of reference.
- (c) Each Overview and Scrutiny Committee where relevant to their terms of reference, may, as resources permit, ~~hold enquiries and~~ **agree to form a specific Task and Finish Group to** investigate the available options for future direction in policy development and may appoint advisers and assessors to assist them in this process. They may go on

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site visits, conduct public surveys, hold public meetings, commission research and do all other things that they reasonably consider necessary to inform their deliberations. They may ask witnesses to attend to address them on any matter under consideration and may pay to any advisers, assessors and witnesses a reasonable fee and expenses for doing so.

12. REPORTS FROM AN OVERVIEW AND SCRUTINY COMMITTEE

- (a) Specific evidence based recommendations on proposals for development from an Overview and Scrutiny Committee will be submitted by way of a formal report for consideration by Cabinet. If the proposals would involve a change to the existing Budget and/or Policy Framework, the Cabinet will consider the matter and make a recommendation to Full Council. The report will be drafted by Officers and agreed by the relevant Chairman in respect of the proposals from the relevant Overview and Scrutiny Committee.
- (b) If an Overview and Scrutiny Committee cannot agree on one single final report to the Cabinet or Council, the report may refer to the contrary views of a Member, if the Member concerned specifically requests this.
- (c) The Cabinet shall consider the report from the relevant Overview and Scrutiny Committee at the next meeting of the Cabinet for which the agenda has not yet been published.
- (d) In addition to making recommendations on specific proposals for development, the Overview and Scrutiny Committees may make more general comments/suggestions regarding matters they have considered, which they would like the relevant Cabinet Member to consider and take appropriate action. In such instances, a copy of the relevant minute will be sent to the Cabinet Member.
- (e) Where specific evidence-based recommendations on proposals for development from the Overview and Scrutiny Committees relate to matters that are the responsibility of Partner Authorities and organisations, notice in writing by way of a formal report will be provided to the relevant Partner Authority or organisation requiring them to have regard to the recommendations. The Partner or organisation will be requested to respond to the relevant Committee within two calendar months setting out action, if any, that is to be taken in response to the recommendations.
- (f) On occasions, matters may be referred to Overview and Scrutiny from Council. On such occasions, the Chairman of the relevant Overview and Scrutiny Committee will respond to the request, be this via an Overview and Scrutiny Committee or a Task and Finish Review Group. Upon concluding the necessary work, the matter and any recommendations made by the Overview and Scrutiny Committee will be referred to the Cabinet for consideration. The matter, along with the recommendations of the

Overview and Scrutiny Committee, and any comments or recommendations of the Cabinet shall be referred back to Full Council for consideration.

13. SCRUTINY OF PROPOSED DECISIONS

The Overview and Scrutiny Committees will, at their ordinary meetings, review the new and/or amended items relevant to their terms of reference contained in the latest Forward Plan. If they wish to enquire into any forthcoming decisions, such an enquiry might consist of questioning members of the Cabinet and Officers, and seeking the views of local stakeholders and/or other interested parties. The Cabinet will take into account any recommendations expressed by the relevant Overview and Scrutiny Committees when determining the final decision and record their response within any report and/or decision.

Matters may only be raised on the Forward Plan at Committee meetings where the Member has notified the Committee Services Manager in writing (or by personal email) of the question they wish to ask, no later than Midday, seven working days before the day of the meeting.

14. RIGHTS OF COMMITTEE MEMBERS TO DOCUMENTS

- (a) In addition to their rights as Councillors, members of the Overview and Scrutiny Committees in fulfilling their functions have the right to documents, and as provided for in the Access to Information Procedure Rules (the Regulations).

The Regulations include the following rights of Members of Overview and Scrutiny Committees (Upon Request):

- The Cabinet must make available any material relating to business in respect of past decisions (and within 10 days);
- Exempt information where this relates to an action or decision that the Member is scrutinising or to any review in a relevant Overview and Scrutiny Committee's work programme. (Such Members are not entitled to any exempt material which contains advice provided by a political adviser or assistant); and
- If Cabinet refuses, it must set out reasons for doing so, in writing.

- (b) Nothing in this paragraph prevents more detailed liaison between the Cabinet and any Committee as appropriate.

15. MEMBERS AND OFFICERS GIVING ACCOUNT

- (a) It shall be for each Corporate Director to determine which Officers attend to provide advice to Overview and Scrutiny Committees, subject to each Committee being able to supplement this as thought necessary through (b), (c) and (d) below:

- (b) Any Overview and Scrutiny Committee may scrutinise and review decisions made or action taken in connection with the discharge of any Council functions. As well as reviewing documentation, in fulfilling the Overview and Scrutiny role, it may require any

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Cabinet Member, or any Senior Officer to attend before it to explain in relation to matters within their remit.

- (i) any particular decision or series of decisions (excluding decisions made by Planning, Licensing, Audit or Standards Committee); and/or
 - (ii) the extent to which the actions taken implement Council policy.
- (c) Where any Cabinet Member or Senior Officer is required to attend a meeting of the relevant Overview and Scrutiny Committee, at least seven working days notice of the meeting at which they are required to attend shall be given. The notice will state the nature of the item on which they are required to attend to give account and whether any papers are required to be produced for the relevant Committee. Where the account to be given to the Committee will require production of a report, then the Member or Officer concerned will be given sufficient notice to allow for the preparation of that document.
- (d) Where, in exceptional circumstances, the Cabinet Member or Senior Officer is unable to attend on the required date, the Chairman of the relevant Committee, shall, in consultation with the Member or Officer, arrange a substitute or an alternative date for attendance.
- (e) Participation by any Cabinet Member(s) in the general debate of the Overview and Scrutiny Committees will be at the discretion of the relevant Chairman (this rule does not apply when the Committee is considering a call-in).

16. ATTENDANCE BY OTHERS

Each Overview and Scrutiny Committee may, in so far as it relates to matters within their terms of reference, invite people other than those referred to in paragraph 15 above to address them, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and Members and Officers in other parts of the public sector and may invite such people to attend. Attendance by those invited is entirely optional but encouraged in the spirit of partnership working and community engagement.

17. CALL-IN

When a decision is made by the Cabinet, or an individual member of the Cabinet, the decision is published, normally within five working days of being made. The Chairman of the relevant Overview and Scrutiny Committee will be sent copies of the records of all such decisions within the same timescale, by the person responsible for publishing the decision. Decisions will also be sent to all Members.

That notice will include the date on which it is published and will specify that the decision will come into force, and may then be implemented, on the expiry of five working days after the publication of the decision, unless the decision is called-in.

- (a) The rules applying to call-in are:
- (i) All executive decisions taken at Cabinet meetings, or by individual Cabinet Members or by Officers, may be called-in, subject to the exceptions outlined in Procedure Rule 18;
 - (ii) Prior to holding a call-in, all Members of the Council are expected to attempt to resolve the matter through informal mediation, together with the relevant Cabinet Member and/or the Leader of the Council, if appropriate to do so;
 - (iii) The Committee Services Manager, will process call-in notices received from:
 - a. The Chairman of the relevant Overview and Scrutiny Committee; or
 - b. Three Non-Cabinet Members of the Council.
- All valid call-in notices will be referred to the relevant Overview and Scrutiny Committee for determination and the decision-maker will be notified of the call-in.
- (iv) A notice of call-in must be made on the appropriate prescribed form or email (so long as the email addresses the relevant information required) and must be received within five working days of the date of publication of the decision. Use of the prescribed form is encouraged, and should be completed in full, with reference to the criteria for submitting call-in requests and stating the reasons why the issue needs to be scrutinised.
 - (v) Only Cabinet decisions (including decisions by individual Cabinet Members) are eligible for call-in. Individual decisions taken by non-Cabinet and Committees (such as Planning and Licensing) cannot be the subject of call-in; and
 - (vi) Any decision can only be called-in once.
- (b) Those seeking to call-in a decision shall be required to state their reasons, in accordance with the criteria set, in the call-in notice form based on one or more of the following seven assessment criteria. These seven criteria are as follows:
- (i) The decision-maker has failed to consult relevant people, or bodies, in contravention of defined Council policies or procedures.
 - (ii) The decision is contrary to the Council's Budget or Policy Framework.

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- (iii) The decision is not consistent with Council policy.
 - (iv) The decision-maker did not take into account relevant considerations or other material factors and therefore, the decision is unreasonable.
 - (v) The decision is contrary to a previously agreed decision made in Full Council, which has not been superseded by a subsequent decision.
 - (vi) The decision is inconsistent with a previous Overview and Scrutiny recommendation that has been accepted by Cabinet or Council and that recommendation has not been superseded by a subsequent decision.
 - (vii) The decision was not taken in accordance with the principles set out in Article 13 (Decision-Making) of the Constitution.

Those seeking to call-in a decision shall state when providing their reasons in the call-in notice, confirmation whether they wish to enter into formal mediation with the relevant Cabinet Member and if so, what element of the decision and/or further information would they wish to discuss as part of the mediation. Once those seeking the call-in have provided this information, the relevant Cabinet Member must respond and confirm whether they wish to engage with the mediation process. Upon confirmation that the parties wish to mediate, Committee Services will set up an informal mediation, at which an Officer can attend to assist with providing or clarifying any information and to record the outcome of the mediation discussion.

- (c) The submission of a call-in notice shall have the effect of suspending the implementation of the decision pending consideration of the matter by the relevant Overview and Scrutiny Committee, who must meet to consider the matter within 15 working days from the date following receipt of the call-in notice.

If the relevant Committee does not meet within this period, the decision shall take effect on the expiry of the 15 working day period. The Chairman of the relevant Overview and Scrutiny Committee is under an obligation to ensure that the meeting is held within 15 days.

- (d) At the meeting to consider the call-in notice, the Overview and Scrutiny Committee shall limit its consideration to the reasons stated in the call-in notice.
 - (i) The layout of the meeting will provide separate tables for both the callers-in and the relevant Cabinet Member to sit at for the item of the call-in.
 - (ii) Stage One of the meeting – the Councillor(s) requesting the call-in shall attend and explain their objections to the decision and the reasons for the call-in against the stated criteria.

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- (iii) Stage Two – the decision-maker (relevant Cabinet Member) shall establish the reasons behind the decision and can determine whether it should be referred back to the decision-maker for consideration.
- (iv) Stage Three – Questions can be asked by:
- a. the callers-in;
 - b. The relevant Cabinet Member; and
 - c. The Committee

All questions will be at the discretion of the Chairman, taking account of relevance to the subject matter.

- (e) It should be noted that, although a decision may be deemed to meet the criteria for call-in, this does not automatically mean the matter should be referred back to the decision-maker. There may be compelling reasons for the decision being made and all evidence should be heard before determining what action should be taken.
- (f) Both the callers-in and the decision-maker are permitted to stay at the meeting whilst the Committee debates and decides what action to take at the discretion of the relevant Chairman.
- (g) Participation in the general debate will not be permitted but the callers-in and relevant Cabinet Member may answer questions or points of clarification arising through the debate, at the discretion of the relevant Chairman.
- (h) On considering the matter, the Committee will decide whether or not to ask the decision-maker to reconsider its decision.
- (i) If, having had regard to the advice of the Monitoring Officer, which will be summarised within the Report, the Committee considers the executive decision is contrary to the Budget or Policy Framework; the Committee may refer the matter to the next practicable meeting of the Council, subject to the provisions of Council Procedure Rules.
- (j) If the relevant Overview and Scrutiny Committee decides to ask the decision-maker to reconsider their decision, the decision-maker shall be required to do so within 15 working days following the meeting of the relevant Overview and Scrutiny Committee.
- (k) If the Overview and Scrutiny Committee decides that it does not wish to refer the matter back to the decision-maker or to Council, the decision shall be confirmed and take effect immediately following the meeting of the Committee.
- (l) If the matter is referred to Council, who do not object to the decision, the subject of call-in, no further action is necessary and the decision will be effective on the date of the Council meeting. If Council does object, it only has authority to make decisions where it is considered contrary to the Budget and Policy Framework. The Council

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must refer any decision relating to Cabinet Functions, to which it objects, back to the decision-maker, together with the Council's views on the decision. The decision-maker shall, within a further 15 working days, choose whether to amend the decision or not before reaching a final decision and implementing it.

(m) **Decisions referred back to the Decision Maker**

The comments and views provided by Council or the relevant Overview and Scrutiny Committee when referring a decision back to reconsideration shall be final and no further representations shall be made to the decision-maker.

The decision-maker will send a report to the relevant Overview and Scrutiny Committee, once a decision has been reconsidered, and that report should include the reason why the decision-maker has either reconfirmed the original decision or why the decision has changed.

18. EXCEPTIONS TO CALL-IN

The call-in procedure set out above shall not apply in respect of Cabinet decisions regarding the following:

(i) Urgent Decisions

A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interests. The record of the decision, and notice by which it is made public, shall state whether in the opinion of the decision-making person, or body, the decision is an urgent one and why, and therefore not subject to call-in.

The Chairman of the relevant Overview and Scrutiny Committee must agree that the proposed decision is reasonable in all its circumstances and that it should be treated as a matter of urgency. In the absence of the Chairman, the Vice-Chairman's consent shall be required. In the absence of both, the Head of Paid Service or his/her nominee's consent shall be required.

Decisions taken as a matter of urgency must be reported to the Leader to the next practicable ordinary meeting of the Council, together with the reasons for urgency.

(ii) Other Exceptions

- (a) "Provisional" or "in principle" decisions where the issue is to be referred to an Overview and Scrutiny Committee for comment.
- (b) Recommendations from Cabinet to Council.
- (c) Decisions by the Cabinet where the issue has been referred to them by the Council or an Overview and Scrutiny Committee for their view or comment shall not be subject to call-in.

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- (d) Where Full Council has delegated to the Cabinet the ability to approve additional information in respect of the Corporate Plan to ensure that statutory publishing deadlines are met, such decisions shall be construed as urgent for the purposes of Rule 18(i) above. In such circumstances the Chairman of the relevant Committee, or other Chairman or Vice-Chairman so authorised to act in his absence, will only be required to agree that the proposed decision is reasonable in all the circumstances.
 - (iii) The operation of the provisions relating to call-in and urgency shall be monitored in accordance with **Part 2**, Article 15 of this Constitution and a report submitted to Council with proposals for review if necessary.

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

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