



RUSHMOOR BOROUGH COUNCIL

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

*at the Council Offices, Farnborough on
Monday, 30th January 2023 at 7.00 pm*

To:

Voting Members

Cllr P.J. Cullum (Chairman)
Cllr Jessica Auton (Vice-Chairman)

Cllr A. Adeola
Cllr M.S. Choudhary
Cllr K. Dibble
Cllr A.H. Gani
Cllr Christine Guinness
Cllr Sarah Spall
Cllr Nem Thapa
Cllr S. Trussler
Cllr Jacqui Vosper

Non-voting Member

Mr Tom Davies – Independent Member (Audit)

STANDING DEPUTIES

Cllr C.P. Grattan
Cllr Mara Makunura

Enquiries regarding this agenda should be referred to the Committee Administrator –
Kathy Godden, Democracy Team, Tel. (01252 398829) or email
kathy.godden@rushmoor.gov.uk

A G E N D A

1. **MINUTES – (Pages 1 - 4)**

To confirm the Minutes of the Meeting held on 28th November 2022 (copy attached).

2. **ATTENDANCE AT MEETINGS OF THE COMMITTEE –**

Councillor Sarah Spall has been absent from consecutive meetings of the Committee held on 26th July, 26th September and 28th November 2022.

Under the Council's Standing Orders, Standing Order 4 (5) states that "if any Member shall be absent from three consecutive meetings of a Committee, he or she shall cease to be a Member thereof, unless he or she shall in the opinion of the Committee show reasonable grounds for their absence".

To consider whether there have been reasonable grounds for non-attendance by Councillor Sarah Spall. The Chairman to introduce this item.

3. **SELECTION OF THE MAYOR AND DEPUTY MAYOR 2023/24 – (Pages 5 - 8)**

To consider the Chief Executive's Report No. DEM2303 (copy attached), which sets out the outcome of the selection process for the selection of the Mayor and Deputy Mayor for the 2023/24 Municipal Year.

4. **ANNUAL CAPITAL STRATEGY 2023/24 – (Pages 9 - 24)**

To consider the Executive Head of Finance's Report No. FIN2303 (copy attached), which seeks approval of the Council's Annual Capital Strategy for the year 2023/24 for submission to the Council on 23rd February 2023.

5. **ANNUAL TREASURY MANAGEMENT STRATEGY AND ANNUAL NON-TREASURY INVESTMENT STRATEGY 2023/24 – (Pages 25 - 60)**

To consider the Executive Head of Finance's Report No. FIN2302 (copy attached) which seeks approval of the Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy for the year 2023/24 for submission to the Council on 23rd February 2023.

6. **ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPINION 2019/20 - UPDATE NO. 4 –**

To receive an update on the current situation from the Executive Head of Finance.

7. **INTERNAL AUDIT - AUDIT UPDATE – (Pages 61 - 66)**

To receive the Audit Manager's Report No. AUD2301 (copy attached) which provides an update on audit work and outstanding issues.

8. **SECTION 106 AGREEMENTS - FOLLOW-UP FROM PREVIOUS AUDIT ACTIONS**

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To receive an update from the Internal Audit Manager on the arrangements for following up areas of risk highlighted in the internal audit of Section 106 Agreements.

9. **CONSTITUTION UPDATES – (Pages 67 - 126)**

To consider the Corporate Manager - Democracy Report No. DEM2302 (copy attached) which sets out proposed updates and a summary of amendments to the Council's Constitution since the last major review.

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm two working days prior to the meeting.

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CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Monday, 28th November, 2022 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr P.J. Cullum (Chairman)
Cllr Jessica Auton (Vice-Chairman)

Cllr A. Adeola
Cllr M.S. Choudhary
Cllr K. Dibble
Cllr A.H. Gani
Cllr Christine Guinness
Cllr Nem Thapa
Cllr S. Trussler
Cllr Jacqui Vosper

Non-Voting Member

Mr. Tom Davies – Independent Member (Audit)

Apologies for absence were submitted on behalf of Cllr Sarah Spall.

20. MINUTES

The minutes of the meeting held on 26th September 2022 were agreed and signed as a correct record of the proceedings.

21. TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2022-23

The Committee received the Executive Head of Finance Report No. FIN2235 setting out the treasury management and non-treasury investment operations and prudential indicators for the first half of the 2022-23 financial year, which was a statutory requirement under the CIPFA Code of Practice on Treasury Management.

The Committee noted that the Council's treasury team continued to concentrate primarily on the security of investments, taking due regard for the returns available whilst managing liquidity. In relation to borrowing, the treasury team continually reviewed the borrowing strategy, weighing up interest rate levels and risk of refinancing. During the 2022-23 financial year, short-term interest rates had increased and were forecast to increase further. However, borrowing levels had remained the same. The Committee noted that all treasury management decisions had been taken with due regard to refinancing risk.

The Committee was also advised that total borrowing as at 30th September 2022 was £100 million, which was no change from the 31st March 2022 year-end position. Year-end borrowing was forecast to be £118.6 million, which was below the estimated levels due to slippage on the Capital Programme. The lower level of borrow but higher interest rates had resulted in a forecast interest cost of borrowing increasing by £0.05 million. The Council was forecast to have non-treasury investments risk exposure of £134.1 million, of which £118.6 million was funded via external loans. The Committee was also advised that the return of non-treasury investments was forecast to be below the estimated return for 2022-23 due to the deferral of interest on the Farnborough International loan until June 2023.

During discussion, Members sought updated information on investment activity, values of pooled funds as at November 2022 together with information on the impact of the recent mini budget. This information would be sent to the Committee by Philippa Dransfield, Finance Manager and Deputy Section 151 Officer.

RESOLVED: That the Executive Head of Finance Report No. FIN2235 be noted.

22. ANNUAL STATEMENT OF ACCOUNTS - EXTERNAL AUDIT OPINION - UPDATE NO. 3

The Committee received an update from the Executive Head of Finance on the current situation on the Annual Statement of Accounts – External Audit Opinion for 2019/20. It was explained that, due to different methodologies used by the Council's asset valuer and those used by the Council's External Auditor, there was a difference of opinion regarding the valuations of the Council's assets. As things stood, this meant that the current draft External Audit Opinion showed that a qualified opinion would be given on the Council's Statement of Accounts for 2019/20. If the Council did not adjust its valuations to be in line with the External Auditor, resulting in a qualified opinion, this would present a challenge to the Council going forward as each year the same situation would arise in the External Audit Opinion. It was noted that a qualified opinion could have several impacts on the Council, including limiting its ability to borrow money.

The Executive Head of Finance advised the Committee that, following discussion with the Chairman, his recommendation was that the Council should move its valuation position to be in line with the External Auditor to enable an unqualified opinion to be issued by the External Auditor. The Committee was further advised that the re-alignment of asset valuations would not result in any cost to the Council Tax payers. This recommendation was agreed by the Committee. It was further agreed that the Council would work more closely with the External Auditors to understand the different methodologies used in valuing assets. The Council would also work more closely with its valuers to advise them of the different methodologies used by EY. The Committee hoped that, in the future, there would be greater clarity on procedures and processes to bring about stability in achieving timely production of audited accounts and the External Auditor's Opinion going forward.

RESOLVED: That

- (i) the Executive Head of Finance and Section 151 Officer's report be noted; and
- (ii) approval be given to the re-alignment of asset valuations by the Council, as recommended by the Executive Head of Finance and Section 151 Officer in his report.

23. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD2213, which set out the work completed by Internal Audit since the previous report and also gave an update on the 2022/23 Audit Plan and on outstanding audit issues.

During discussion on outstanding high risk issues, the Committee agreed that it reserved the right to call in Heads of Service to explain why there had been delays in completing outstanding audit issues and what was going to be done to resolve this.

RESOLVED: That

- (i) the audit work completed since the last update be noted;
- (ii) the update to the expected deliverables for Quarter 3 be noted; and
- (iii) the outstanding audit issues be noted.

24. **INTERNAL AUDIT - AUDIT CHARTER**

The Committee considered the Audit Manager's Report No. AUD2214 which set out an updated Internal Audit Charter for approval. The Internal Audit Charter detailed the purpose, authority and responsibility of Internal Audit within the Council, which was a requirement of the Public Sector Internal Audit Standards.

RESOLVED: That the updated Internal Audit Charter, as set out in the Audit Manager's Report No. AUD2214, be endorsed.

25. **PROTOCOL FOR THE SELECTION OF THE MAYOR AND DEPUTY MAYOR**

The Committee considered the Chief Executive and Executive Director's Report No. DEM2201, which set out the results of work undertaken to review the criteria for the selection of the Mayor and Deputy Mayor to ensure that they continued to be effective in supporting the mayoral selection process.

It was noted that a survey of Members had been carried out in July – August 2022 to understand more about councillors' interest and considerations in taking on the role of Mayor. In October 2022, a group of Members appointed by the Committee (comprising Cllrs. P.J. Cullum, Christine Guinness, M.S. Choudhary and A. Gani) had met to consider the survey outcomes and had discussed the proposals for loosening the selection criteria to reflect the higher turnover of councillors and to

ensure that those councillors who were interested in taking on the role had reasonable opportunity to be nominated without breaking the criteria.

The Report set out the proposed amendments to the criteria for the selection of the Mayor and Deputy Mayor. It was proposed to retain the use of order of seniority, determined by length of service, to decide the selection, within eligibility. Under revised arrangements, it was proposed that each year the process would begin with the Chief Executive inviting all Members to advise if they were interested in taking on the role of Deputy Mayor, progressing through to the position of Mayor. The seniority and eligibility criteria, as set out in Appendix 2 to the Report, would then be applied to all Members who had notified their interest. The Councillor who was highest up the seniority list would then be considered for the appointment, subject to the eligibility requirements and the Chief Executive would then follow up by consulting all Members to ensure a broad base of support for the appointment.

During discussion, it was agreed that to assist Members, the Mayoral protocol containing guidance on the role and commitments involved in the mayoral role should be provided to Members wishing to put their name forward to become Mayor.

The Committee **RECOMMENDED THE COUNCIL** to approve the amendments to the criteria for the selection of the Mayor and Deputy Mayor, as set out in the Chief Executive and Executive Director Report No. DEM2201.

The meeting closed at 8.40 pm.

CLLR P.J. CULLUM (CHAIRMAN)

**CORPORATE GOVERNANCE,
AUDIT AND STANDARDS
COMMITTEE**

CHIEF EXECUTIVE

30TH JANUARY, 2023

REPORT NO. DEM2303

SELECTION OF MAYOR AND DEPUTY MAYOR 2023/24

1. INTRODUCTION

1.1 This Report sets out the outcome of the selection process for the Mayor and Deputy Mayor 2023/24.

2. BACKGROUND

2.1 Following a review of the process and criteria for the selection of the Mayor and Deputy Mayor which was led by this Committee, the Council adopted a revised protocol for the Selection of the Mayor and Deputy Mayor on 8th December 2022. A copy of the updated criteria is attached at **Appendix 1**.

2.2 In accordance with the updated procedure, all councillors have been invited to indicate their interest in the role of Deputy Mayor in 2023/24, progressing through to Mayor in 2024/25.

3. PROPOSALS FOR NOMINATIONS

3.1 The Deputy Mayor, Cllr C.P. Grattan, has confirmed his wish to proceed through normal progression to the position of Mayor for 2023/24.

3.2 Cllr Mara Makunura has expressed her interest in the mayoralty role and, from amongst those who submitted their interest, was the councillor who best met the criteria by order of seniority and eligibility.

4. RECOMMENDATION

4.1 The Committee recommends to Council that:

- (i) Cllr C.P. Grattan be appointed as Mayor-Elect for the 2023/24 Municipal Year; and
- (ii) Cllr Mara Makunura be appointed as Deputy Mayor-Elect for the 2023/24 Municipal Year.

**PAUL SHACKLEY
CHIEF EXECUTIVE**

Contact: Jill.shuttleworth@rushmoor.gov.uk Corporate Manager – Democracy

BACKGROUND PAPERS

[Report to Council – Protocol for the Selection of Mayor and Deputy Mayor, 8th
December 2022](#)

5. SELECTION OF THE MAYOR AND DEPUTY MAYOR

The Council has established criteria for selecting the Mayor and Deputy Mayor. The Corporate Governance, Audit and Standards Committee keeps the criteria under regular review. The arrangements are as follows:

Each year, the Chief Executive will invite all Members to advise if they are interested to take the role of Deputy Mayor beginning the next municipal year, progressing through to the position of Mayor the following year. The Chief Executive shall also check that the Deputy Mayor wishes to progress through to Mayor. This will usually be in early December and with a deadline for Members to advise their interest by early January.

The following criteria will then be applied to determine the position from the interested Members:

- 1) The position of the Mayor and Deputy Mayor of the Borough will be determined by order of seniority from amongst all interested Members of the Council as notified to the Chief Executive and will be calculated in accordance with the procedure adopted by the Council on 20th May 1976 as follows:

“The order of seniority of Members of the Council shall be determined by the length of previous local government service with the Council, including past service with the former Aldershot Borough Council and Farnborough Urban District Council. In the case where two or more Members have the same length of service, then priority between such Members shall be determined by the number of votes received by each Member expressed as a percentage of the total number of ballot papers issued at the most recent election held in their respective Wards.”
- 2) The normal progression through the Mayoralty will be by the holding of the position of Deputy Mayor and then progressing to the position of Mayor the following year.
- 3) A Member will not be eligible for selection until that Member has served a full four-year term.
- 4) Where a Member has not been Mayor before, that Member shall be given priority in the selection process.
- 5) Past Mayors will not normally be considered for the position of Mayor or Deputy Mayor until eight years after the completion of the end of their Mayoral Year.
- 6) A Member may be selected as Deputy Mayor when they are seeking re-election at that year's Borough Council Election. The position would be contingent on a successful re-election. However, a Member will not normally be selected when they are seeking re-election which would fall between their year as Deputy Mayor and Mayor.
- 7) The Offices of Mayor and Deputy Mayor must at all times be apolitical and should not be used for political advantage.

- 8) A Member should recognise the time required in carrying out the duties and responsibilities of the Mayor and be able to allocate that time during their year of office.
- 9) Those considered for appointment:
 - must demonstrate a broad base of support amongst Members of the Council and all Members will be contacted in writing by the Chief Executive for their views on the proposed candidate.
 - should be able to demonstrate some experience of chairing meetings
- 10) The Mayor-Elect and Deputy Mayor-Elect will be selected at the Corporate Governance, Audit and Standards Committee on the basis of the selections being submitted to Council by the end of March.
- 11) The Mayor must sign their acceptance of the Mayoral Protocol before beginning their term of office

**CORPORATE GOVERNANCE, AUDIT
AND STANDARDS COMMITTEE**

**EXECUTIVE HEAD OF FINANCE
REPORT NO. FIN2303**

30 JANUARY 2023

KEY DECISION? YES/NO

ANNUAL CAPITAL STRATEGY 2023/24

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

The Council is required to approve a Capital Strategy for 2023/24 before 1 April 2023.

The Capital Strategy 2023/24 (Appendix 1) is in accordance with CIPFA's "Prudential Code" and the "Treasury Management Code of Practice" 2017, and the Ministry of Housing, Communities and Local Government (MHCLG) guidance on Local Government Investment.

RECOMMENDATION:

Members are requested to recommend to Council:

- (i) Approval of the Capital Strategy for 2023/24 to 2025/26 and Prudential Indicators for 2023/24 (subject to (ii) below);
- (ii) The Prudential Indicators for 2023/24 will be reviewed by the Councils Treasury Management advisors Arlingclose for completeness with any update included in the report to Council on 23 February 2023.

1 INTRODUCTION

- 1.1 This report sets out the proposed Capital Strategy for the year 2023/24 to 2025/26, including the Prudential indicators for capital finance for 2023/24.
- 1.2 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.3 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

- 1.4 The Council follows best practice by adhering to the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017* (the CIPFA Code), incorporating any subsequent revised guidance. Subsequently the Council approves both a Capital Strategy and the related Treasury Management Strategy before the start of each financial year.

2 PURPOSE

- 2.1 The purpose of the Capital Strategy is to give an overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 2.2 The purpose of investment management operations is to ensure that all investment decisions that are made primarily to generate a profit have a suitable level of security and liquidity. Ensuring risks and rewards are monitored regularly.
- 2.3 The second main function of the Capital Strategy is to set the Prudential indicators for affordable, prudent and sustainable capital investment.
- 2.4 Appendix 1 sets out the Capital Strategy for 2023/24 to 2025/26 and fulfil key legislative requirements as follows:
- The **Capital Strategy** sets out a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in accordance with CIPFA's Code of Practice on Treasury Management, the CIPFA Prudential Code and MHCLG guidance on local government investments.

These policies and parameters provide an approved framework within which officers undertake the day-to-day capital, treasury and non- treasury investment activities.

3 SCOPE

- 3.1 This report covers the Council's capital management activities as set out in paragraphs 2.1 to 2.3 above. A summary of Treasury Management and commercial investments and the Council's borrowing requirements to fund the Capital strategy are set out. Prudential indicators are identified to set measures for affordability, prudent and sustainable. The funds invested consist of short-term cash available due to timing of income and expenditure, prudential borrowing and the Council's capital receipts.

- 3.2 The Council has incurred prudential borrowing of £105.4m in relation to its capital expenditure. Further borrowing to support the financing of its approved capital programme in 2022/23 will also be required. It therefore commences the year 2023/24 in a position where its investment holdings continue to remain significant, but it also carries some accumulating debt. In so far as future expenditure is not supported by Capital Receipts there will be an inevitable requirement to incur some further borrowing to service capital expenditure in future years.
- 3.3 In November 2020 the Public Works and Loan Board (PWLB) issued new Lending Terms that were subject to further clarification in August 2021. This makes it a condition of access to the PWLB funding that Local Authorities have no intention to buy investment assets primarily for yield in the current and following two financial years. No expenditure has been incurred on the acquisition of such assets since November 2020 and the Council does not plan to incur expenditure on investment assets primarily for yield within the capital programme. The s151 Officer is required on application to the PWLB to submit strategic capital and financial plans covering a 3-year period.
- 3.4 Careful observation of the “gross debt v capital financing requirement” indicator will need to be undertaken progressively throughout the financial year.
- 3.5 Where a material change occurs to the attached strategies during the year a revised strategy will be presented to full council before the change is implemented.

BACKGROUND DOCUMENTS:

1. *Treasury Management in the Public Services (CIPFA) 2017 Edition*
2. *The Prudential Code for Capital Finance (CIPFA)2017 Edition*
3. *SI 2003/3146 - Local Authorities (Capital Finance and Accounting) (England) Regulations 2003*
4. *SI 2004/3055 - Local Authorities (Capital Finance and Accounting) (Amendment)*
5. *Capital Finance: Guidance on local government investment (third edition) (Issued under section 15 (1)(a) of the Local Government Act 2003)*
6. *Prudential Property Investment 2019*

CONTACT DETAILS:

Report Author and Head of Service:
Simon Little – Interim Executive Head of Finance
01252 398440
simon.little@rushmoor.gov.uk

CAPITAL STRATEGY 2022/23**1 INTRODUCTION**

- 1.1 This capital strategy is a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed, and the implications for future financial sustainability.
- 1.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report

2 CAPITAL EXPENDITURE AND FINANCING

- 2.1 Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £20,000 (land and buildings) and £10,000 (plant, vehicles and equipment) are not capitalised and are charged to revenue in year. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred
- 2.2 In 2023/24, the Council is planning capital expenditure of £19.3m as summarised below:

Table 1: Prudential Indicator: Estimate of Capital Expenditure in £ millions

	2021/22 Actual	2022/23 Forecast **	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund services	9.06	25.5	45.0	11.0	1.5
TOTAL	9.06	25.5	45.0	11.0	1.5

** The forecast for 2022/23 is based the revised capital programme for 2022/23 and reflects the estimated out turn on all projects.

APPENDIX 1

- 2.3 The main General Fund capital projects in 2023/24 includes Regeneration activity across 2 main sites - Union Yard (Aldershot) and The Meads (Farnborough). The capital programme for 2023/24 includes a further £11.6m of regeneration expenditure including loans to Rushmoor Homes Ltd of £5.9m.
- 2.4 In November 2020 the Public Works and Loan Board (PWLB) issued new Lending Terms that were subject to further clarification in August 2021. This makes it a condition of access to the PWLB funding that Local Authorities have no intention to buy investment assets primarily for yield in the current and following two financial years. No expenditure has been incurred on the acquisition of such assets since November 2020 and the Council does not plan to incur expenditure on investment assets primarily for yield within the capital programme.
- 2.5 The Council's capital programme is predominantly historically financed through prudential borrowing. The Council has adopted a strategy to generate capital receipts to as far as possible mitigate the current financing position given forecast level of prudential borrowing set out in the Treasury Management Strategy.
- 2.6 Several assets have been identified for disposal (subject to market appraisal) that would generate future capital receipts. The Council's Regeneration scheme in Farnborough (Civic Quarter) will require an approach to financing that will bring in capital receipts to provide funding for the infrastructure requirements and to facilitate and cash flow the wider site development.
- 2.7 Whilst the Council has undertaken an initial assessment of the potential capital receipts, there is considerable uncertainty around the timing and value therefore at this stage have not been included in the projections for capital receipts.
- 2.8 **Governance:** For service led capital projects Service managers prepare working papers to include projects in the Council's capital programme in line with the budget development timeline. The Finance service calculate the financing cost (which can be nil if the project is fully externally financed) so that the full cost of the project is understood. Larger property and regeneration projects are managed through the Council's regeneration and Property and Major Works programmes. These projects undergo scrutiny and review by the Project Board at different stages (e.g. feasibility, design, planning, due diligence) and costs and financing are reviewed by the finance service. All projects to be recommended for inclusion in the Capital programme appraised by the Executive Team before being included in the draft budget. The final capital programme is then presented to Cabinet early February and to Full Council in late February each year.

APPENDIX 1

Variation to capital bids and new capital bids can be received during the year, usually on the basis of a business case or in relation to urgent and unforeseen works.

- For full details of the Council's Capital Programme, including the project appraisals undertaken, see: Appendix 3, FIN Revenue Budget, Capital Programme and Council Tax, as presented to Cabinet on 17 February 2023.

2.9 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
External sources	5.26	3.4	4.5	1.5	1.0
Own resources	0.4	0.1	4.0	9.5	00.5
Debt	3.4	22.0	36.5	0.0	0.0
TOTAL	9.06	25.5	45.0	11.0	1.5

2.10 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue, which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance in £ millions

	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Own resources	2.5	2.7	2.4	2.6	3.4

- The Council's full Minimum Revenue Provision statement is available in Appendix 3, FIN2302 - Annual Treasury Management Strategy and Non-Treasury Investment Strategy

2.11 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase to £157.9m during 2023/24. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
General Fund services	125.2	147.2	183.7	183.7	183.7
MRP	-2.5	-2.7	-2.4	-2.6	-3.4
IFRIC 4 Lease Adjustment	-0.4	-0.4	-0.4	-0.4	-0.4
TOTAL CFR	122.3	144.1	180.9	180.7	179.9

2.12 **Asset management:** The Council uses experienced asset managers (currently Lambert Smith Hampton Investment Management (LSHIM)) to provide services to support the Council's property portfolio. A new fixed asset management module within the finance system Integra is planned to go live during 2023 and will support the review and delivery of the Council's asset management plan. The plan will help ensure that the Council's capital assets are properly maintained and developed and continue to contribute effectively to the delivery of the Council's services, support the local economy or provide income in line with expectations

2.13 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects for a further 2 years until 2024/25 (subject to guidance from Government). Repayments of capital grants, loans and investments also generate capital receipts. The Council is forecasting to receive the following capital receipts over the medium term. Paragraphs 2.5 to 2.7 reference the Council's position around capital receipts.

Table 5: Capital receipts in £ millions

	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Asset sales	0	0.5	4.10	13.40	0.0
TOTAL	0	0.5	4.10	13.40	0.0

3 TREASURY MANAGEMENT

- 3.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.2 Due to decisions taken in the past, the Council currently has £105.4m borrowing at an average interest rate of 0.19% and £41.8m treasury investments at an average rate of 2.45%.
- 3.3 **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between lower-cost short-term loans (currently available at around 3.75%) and long-term fixed rate loans where the future cost is known but higher (currently 4.5% to 5.5%).
- 3.4 Projected levels of the Council's total outstanding debt (which comprises borrowing and leases are shown below, compared with the capital financing requirement (table 4).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

Gross Debt and the Capital Financing Requirement in £ millions	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt (incl. leases)	105.4	127.4	163.9	163.9	163.9
Capital Financing Requirement	122.3	144.1	180.9	180.7	179.9
Difference	-16.9	-16.7	-17.0	-16.8	-16.0

3.5 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

3.6 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity, minimise credit risk and maintain Market in Financial Instrument Directive II (MiFID II) status. This benchmark is currently £114.3m and is forecast to rise to £174.6m over the next three years.

Table 7: Borrowing and Liability Benchmark in £ millions

	2021/22 Actual	2022/23 Forecast	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Outstanding borrowing	105.4	127.4	163.9	163.9	163.9
Investment minimum	-10.0	-10.0	-10.0	-10.0	-10.0
Investments held that can be redeemed	-4.8	-23.9	-23.9	-23.9	-23.9
Liability benchmark	114.3	141.8	171.9	174.6	174.6

3.7 The table shows that the Council expects to remain borrowed below its liability benchmark.

3.8 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external

debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and Operational Boundary for External Debt in £ millions

	2022/23 limit	2023/24 limit	2024/25 limit	2025/26 limit
Authorised limit – total external debt	143.2	170.7	200.8	203.5
Operational boundary – total external debt	138.2	165.7	195.8	198.5

- Further details on borrowing are contained in the Treasury Management Strategy – Appendix 1 FIN2302 Annual Treasury Management Strategy and Non-Treasury Investment Strategy being considered at the meeting of Corporate Governance, Audit and Standards Committee on 30 January 2023

3.9 **Treasury Management Investment Strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

3.10 The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 9: Treasury Management Investments in £ millions

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Near-term investments	2.0	2.0	2.0	2.0	2.0
Longer-term investments	21.9	21.9	21.9	21.9	21.9
TOTAL	23.9	23.9	23.9	23.9	23.9

3.11 **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses

- Further details on Treasury Investments are contained in the Treasury Management Strategy - Appendix 1 FIN2302 Annual Treasury Management Strategy and Non-Treasury Investment Strategy being considered at the meeting of Corporate Governance, Audit and Standards Committee on 30 January 2023.

- 3.12 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Executive Head of Finance and staff, who must act in line with the treasury management strategy approved by Full Council. Year-end report and half-yearly reports on treasury management activity are presented to Corporate Governance, Audit and Standards Committee. CGAS committee is responsible for scrutinising treasury management decisions.

4 NON-TREASURY INVESTMENTS FOR SERVICE PURPOSES

- 4.1 The Council makes investments to assist local public services, including making loans to local businesses to promote economic growth, the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to break-even / generate a profit after all costs.

- 4.2 **Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Executive Head of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on Service Investments are contained in the Investment Strategy: Appendix 2 FIN2302 Annual Treasury Management Strategy and Investment Strategy being considered at the meeting of Corporate Governance, Audit and Standards Committee on 30 January 2023

5 COMMERCIAL ACTIVITIES

- 5.1 Between 2016 and 2021 in the context of central government financial support for local public services declining, the Council undertook some investment in commercial properties purely or mainly for financial gain. These investments were acquired and managed in line with the Council's Commercial property strategy. Total commercial investments for 2023/24 are forecast to be £132.1m, the portfolio providing a net return after all costs of 3.5%.

- 5.2 With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures for commercial investments include level of competition, barriers to entry/exit, and future market prospects. For commercial properties, risks include quality and financial security of tenants, building quality and relevance.

These risks are managed by:

- Assessment of the relevant market sector(s) including the level of competition, barriers to entry/exit, future market prospects
- Assessment of exposure to particular market segments to ensure adequate diversification
- Appointment of external advisor to manage designated commercial property investments
- Use of further external advisors if considered appropriate by the Executive Head of Finance
- Full and comprehensive report on all new investments to Cabinet
- Continual monitoring of risk across the whole portfolio and specific assets

5.4 With the introduction of revised PWLB lending terms the Council can confirm it has no intention to acquire investment assets primarily for yield in the current and following two financial years.

5.5 The Council will during 20223/24 revise its strategy to increasingly focus its commercial activities on housing and regeneration in line with the new code

5.5 **Governance:** Decisions on the day-to-day management of commercial investments are made by the Head of Service responsible for the Council's Property and Estates functions in line with the criteria and limits as set out in the Council's constitution. Property and most other commercial investments are also capital expenditure and will therefore also be approved as part of the capital programme approval process or as a result of a specific proposal or business case considered by the Cabinet and Council.

- Further details on Commercial Investments and limits on their use are contained in of the Investment Strategy: Appendix 2 FIN2302 Annual Treasury Management Strategy and Investment Strategy being considered at the meeting of Corporate Governance, Audit and Standards Committee on 30 January 2023.

6 LIABILITIES

6.1 In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit. It has also set aside funds to cover risks of Business Rate Appeals.

- 6.2 **Governance:** Decisions on incurring new discretionary liabilities are taken by service managers in consultation with the Executive Head of Finance. The risk of liabilities crystallising and requiring payment is monitored by Finance and reported quarterly to committee. New liabilities exceeding £2m are reported to full council for approval/notification as appropriate.

7 REVENUE BUDGET IMPLICATIONS

- 7.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, Business Rates and general government grants.

Table 10: Prudential Indicator: Proportion of Financing Costs to Net Core Revenue Stream in £ million

	2022/23 Actual	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Financing Costs	2.0	2.2	2.5	2.5	3.2
Proportion of Net Core Revenue Stream	17.1%	19.1%	20.2%	22.4%	29.1%

Note: The indicator above shows that the proportion of financing costs to the net core revenue stream increases significantly from 2026/27. This is due to (a) the estimate of retained business rates being reduced down to the current baseline level and (b) the impact gross financing cost includes interest costs of the regeneration programme that in the construction phase are likely to be capitalised and from 2025/26 will be supported by income from the regeneration assets.

- 7.2 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Interim Executive Head of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because the net budget demand on the Council and the risks within the programme have been reviewed and are within the Council's risk appetite and tolerances.

8 KNOWLEDGE AND SKILLS

- 8.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Executive Head of Finance is a qualified accountant (Chartered Institute of Public Finance and Accountancy) with 20 years' experience of local government finance, the Property and Estates Service and Regeneration teams include permanent and contract resources who are appropriately qualified and including and number of Chartered Surveyors). The Council pays for staff to study towards relevant professional qualifications including CIPFA, ACT (treasury) and RICS..
- 8.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and Lambert Smith Hampton Investment Management Ltd (LSHIM) as commercial property consultants as required depending on the nature of the professional advice sought This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

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30 January 2023

KEY DECISION? ~~YES~~/NO**ANNUAL TREASURY MANAGEMENT STRATEGY AND ANNUAL NON-
TREASURY INVESTMENT STRATEGY 2023-24****SUMMARY AND RECOMMENDATIONS:****SUMMARY:**

The Council is required to approve a Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2023-24 before 1 April 2023.

The attached Treasury Management Strategy Statement (TMSS) for 2023-24 (Appendix 1) and Non-Treasury Investment Strategy (Appendix 2) is prepared in accordance with the "Prudential Code" and the "Treasury Management Code of Practice" in 2017, and the Ministry of Housing, Communities and Local Government (MHCLG) revised guidance on Local Government Investment.

RECOMMENDATION:

Members are requested to recommend to Council:

- (i) Approval of the Treasury Management Strategy 2023-24, Annual Borrowing Strategy 2023-24 attached at Appendix 1, and
- (ii) Approve Annual Non-Treasury Investment Strategy attached 2023-24 at Appendix 2;
and
- (iii) Approval of the Minimum Revenue Provision (MRP) Statement set out in Appendix 3.
- (iv) Prudential Indicators for 2023-24 will be reviewed by the Council's Treasury Management advisors Arlingclose for completeness with any update included in the report to Council on 17 February 2023

1 INTRODUCTION

- 1.1 This report sets out the proposed Treasury Management Strategy and Non-Treasury Investment Strategy for the year 2023-24, including the borrowing and investment strategies and treasury management indicators for capital finance for 2023-24 and the Minimum Revenue Provision Statement.
- 1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires approval of a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3 The CIPFA Treasury Management Code of Practice 2021 Edition, requires the Authority to have a separate Non-Treasury Investment Strategy (Appendix 2) which must be approved before April 2022.
- 1.4 Local authorities are also required by regulation to 'have regard to' the provisions of the Prudential Code for Capital Finance in Local Authorities (Prudential Code) 2021.

2 PURPOSE

- 2.1 The primary purpose of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's low risk approach, pursuing optimum performance while ensuring that security of the investment is considered ahead of investment return. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure.
- 2.2 The secondary function of the treasury management operation is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure the Council can meet its capital spending obligations. The management of longer-term cash may involve the arrangement of long and/or short-term loans (external borrowing) or may use longer term cash flow surpluses in lieu of external borrowing (internal borrowing).
- 2.3 Accordingly, the Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as: *"The management of the Council's borrowing, 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"*.

Appendix 1

- 2.4 The primary purpose of non-treasury investment management operations is to ensure that all investment decisions that are made primarily to generate a profit have a suitable level of security and liquidity. Ensuring risks and rewards are monitored regularly.
- 2.5 The secondary function of investment management is to generate potential returns and monitor performance of returns on a regular basis.
- 2.6 The purpose of the indicators is to set a framework for affordable, prudent and sustainable capital investment.
- 2.7 The appendices (1 to 3) set out the Treasury Management Strategy, Investment Strategy and Minimal Revenue Provision Statement for 2023-24 and fulfil key legislative requirements as follows:

Appendix 1

- The **Treasury Management Strategy** which sets out how the Council's treasury operation will support capital decisions taken during the period, the day-to-day treasury management and the limitations on activity through treasury prudential indicators, in accordance with CIPFA's Code of Practice on Treasury Management and Prudential Code;
- The **Annual Borrowing Strategy** which sets out the Council's objectives for borrowing together with the approved sources of long and short-term borrowing and;
- **Annual Treasury Management Investment Strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss, in accordance with CIPFA's Code of Practice on Treasury Management.

Appendix 2

- The **Non-Treasury Investment Strategy** sets out the Council's investment decisions taken during the period and monitors performance and security, in accordance with MHCLG Investment Guidance.

Appendix 3

- The Council's **Minimum Revenue Provision (MRP) Statement**, which sets out how the Council will pay for capital assets through revenue each year, as required by the Local Government Act 2003 (Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003).

- 2.8 These policies and parameters provide an approved framework within which officers undertake the day-to-day capital, treasury and non-treasury investment activities.

3 SCOPE

- 3.1 This report covers the Council's treasury management and investment activities as set out in paragraphs 2.1 to 2.5 above. The funds invested consist of short-term cash available due to timing of income and expenditure, prudential borrowing and the Council's capital receipts.
- 3.2 Arlingclose advice continues to indicate that the Council should diversify investment risk (spreading smaller amounts over an increasing number of counterparties) wherever possible.
- 3.3 The Council incurred no prudential code borrowing in 2021-22 in relation to its capital expenditure. Borrowing to support the financing of its approved capital programme in 2023-24 however will be required. The Council therefore commences 2023-24 in a position where its investment holdings continue to remain significant but also carries significant and accumulating debt. There will be an inevitable requirement to incur some further borrowing to service capital expenditure in future years.
- 3.4 Careful observation of the "gross debt v capital financing requirement" indicator will need to be undertaken progressively throughout the financial year.
- 3.5 Where a material change to the attached strategies occurs during the year a revised strategy will be presented to Full Council before the change is implemented.

BACKGROUND DOCUMENTS:

1. *Treasury Management in the Public Services (CIPFA) 2021 Edition*
2. *The Prudential Code for Capital Finance (CIPFA)2021 Edition*
3. *SI 2003/3146 - Local Authorities (Capital Finance and Accounting) (England) Regulations 2003*
4. *SI 2004/3055 - Local Authorities (Capital Finance and Accounting) (Amendment)*
5. *Capital Finance: Guidance on local government investment (third edition) (Issued under section 15 (1)(a) of the Local Government Act 2003)*
6. *Prudential Property Investment 2019*

CONTACT DETAILS:

Report Author and Head of Service:

Philippa Dransfield – Finance Manager & Deputy s151 Officer

01252 398037

07341522270

philippa.dransfield@rushmoor.gov.uk

Simon Little – Interim Executive Head of Finance

01252 398440

simon.little@rushmoor.gov.uk

TREASURY MANAGEMENT STRATEGY 2023-24

1 INTRODUCTION

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code. The Corporate Governance Audit and Strategy Committee is the nominated Committee responsible for the effective scrutiny of the Treasury Management Strategy and policies.
- 1.3 Investments held for service purposes or for commercial profit are considered in a separate part of this report, the Investment Strategy at **Appendix 2**.
- 1.4 This strategy covers:
- External context
 - Current borrowing and investment portfolio position
 - Annual Borrowing Strategy
 - Annual Investment Strategy
 - Performance Indicators

2 EXTERNAL CONTEXT

Economic background (6 January 2023)

- 2.1 The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

APPENDIX 1

- 2.2 The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022, this followed the 0.75% rise in November which was the largest single rate hike since 1989 and the eighth successive rise since December 2021. The December decision was voted for by a 63 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for no change at 3.0% rise and the one for just a larger rise of 0.75% rise.
- 2.3 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 2.4 The UK economy contracted by 0.3% between July and September 2022, but the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 2.5 CPI inflation is expected to peak at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets with a peak of 5.25%. However, the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.
- 2.6 The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.7%, driven mostly by a shrinking labour force. Earnings were up strongly in nominal terms by 6.1% for both total and regular pay but factoring in inflation means real pay for both measures was (2.7)%. Looking forward, the MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

- 2.7 Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25 - 4.5%. This rise follows the fourth successive 0.75% rise in a pace of tightening that has seen rates increase from 0.25 - 0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 2.8 Inflation has been rising consistently in the Euro Zone since the start of the year, hitting an annual rate of 10.6% in October 2022 before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of just 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.5% in December, following two consecutive 0.75% rises taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.

Credit outlook:

- 2.9 Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.
- 2.10 CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
- 2.11 The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.
- 2.12 There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

- 2.13 However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (December 2022)

- 2.14 The Authority's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
- 2.15 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.
- 2.16 Yields are expected to remain broadly at current levels over the medium-term, with 5,10 and 20 year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the 3-year period to September 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 2.17 A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
- 2.18 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 2.73%, and that new long-term loans will be borrowed at an average rate of 4.75%.

3 LOCAL CONTEXT

- 3.1 On 31 December 2022, the Council held £100.0m of short-term borrowing, long-term liabilities of £1.7m and £27.9m of investments. This is set out in further detail below in table 3. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

APPENDIX 1

Balance sheet (Capital Expenditure, Gross Debt and Capital Financing Requirement summary)	2021-22 Actual £m	2022-23 Forecast £m	2023-24 Budget £m	2024-25 Estimate £m	2023/24 Estimate £m
Debt (incl. leases)	101.7	115.4	128.7	128.2	128.0
Capital Financing Requirement	121.6	144.3	171.0	171.0	171.0
Difference	19.9	28.1	42.3	42.8	43.0
Investments	36.1	31.9	31.9	31.9	31.9

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3 The Council has an increasing CFR due to the capital programme, stable level of investments and will therefore be required to borrow up to £27m over the forecast period.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above shows that the Council expects to comply with this recommendation during 2023-24 and following two financial years.
- 3.5 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as in the table above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 3.6 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

APPENDIX 1

Liability Benchmark	2021-22 Actual	2022-23 Forecast	2023-24 Budget	2024-25 Estimate	2023/24 Estimate
Outstanding borrowing	100.0	115.0	128.0	128.0	128.0
Investment minimum	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Investments held that can be redeemed	(36.1)	(36.1)	(31.9)	(31.9)	(31.9)
Liability benchmark	73.9	73.1	86.1	86.1	86.1

- 3.7 Following on from the medium-term forecasts in the table above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £27m the first year, minimum revenue provision on new capital expenditure based on a 50-year asset life and income, expenditure and reserves all increasing by inflation of 4.25% a year.

Existing Investment & Debt Portfolio	Actual Portfolio at 31-Dec-22	Average Rate %
<u>External Borrowing</u>		
Local Authorities	100.0	0.63
Other Long-term Liabilities		
Leases	1.7	
Total Gross External Debt	101.7	
<u>Treasury Investments</u>		
Managed In-house		
Money Market Funds	6.0	0.97
Managed Externally		
CCLA LAMIT Property Fund	3.9	5.03
M&G Investments Strategic Corporate Bond Fund	5.0	2.53
UBS Multi-asset Fund	2.0	4.31
Kames Diversified Monthly Income Fund	4.0	2.21
Columbia Threadneedle Investments	5.0	4.55
Schroder Income Maximiser Fund	2.0	4.61
Total Investments		
Net Debt	27.9	2.73

4 CURRENT BORROWING & INVESTMENT PORTFOLIO POSITION

- 4.1 The Guidance on Local Government Investments in England gives priority to security and liquidity, and the Council's aim has been to achieve a yield commensurate with these principles. The Council continues to follow Arlingclose advice in the knowledge that whilst long-term interest rate forecasts remain low it should generate enhanced returns with counterparties other than banks and to invest across a diverse investment portfolio.

4.2 During 2021-22 the Council has generated returns from existing long-term pooled fund investments together with diversification within the Council's investment portfolio. The Council held the following investments on 31 December 2022:

- £22.2m in pooled funds (providing a balance across a range of 6 different types of funds).
- Various temporary investments of minor amounts held in Money Market funds all for durations of 6 months or less

The table above illustrates the Council's investment and debt portfolio position as at 31 December 2022.

5 ANNUAL BORROWING STRATEGY 2023-24

5.1 The Council currently holds £100.0m of loans, representing no change the previous year, as part of its previous strategy for funding prior years' capital programmes. The balance sheet forecast in table 1 shows that the Council expects to borrow up to £27m in 2023-24.

5.2 Capital expenditure in 2022-23 financial year includes expenditure on the Union Yard regeneration project. Prudential borrowing will therefore be required in order to achieve overall financing. The Council will incur some further borrowing during 2023-24 in order assist in the financing of its capital programme.

5.3 In order to manage the risk associated with borrowing to fund capital expenditure on 15 November 2022 Cabinet agreed new capital principles:

- All new capital investment priorities should be funded from either capital receipts or external sources (grants)
- The financing of new capital investment should focus on ensuring borrowing is limited to the lowest possible value

5.4 **Objectives:** The Council's chief objective when borrowing money will be to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

- 5.5 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is more cost effective to borrow in the short-term to either use internal resources, or to borrow short-term loans instead. The Council is anticipating undertaking refinancing of some of its existing debt portfolio as it becomes due and move a proportion of the debt to longer-term more stable interest rates.
- 5.6 By adopting this approach, the Council is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk. The benefits of internal/short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years, however long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023-24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 5.7 Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 5.8 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.
- 5.9 In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.
- 5.10 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are summarised below:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - Money market loans (long term & temporary)
 - Any bank or building society authorised to operate in the UK
 - UK Local Authorities
 - UK public and private sector pension funds (except the Local Government Pension Scheme administered by Hampshire County Council)
 - Capital market bond investors
 - UK Municipal Bond Agency plc and other special purpose companies created to enable local authority bond issues.
 - Lottery monies

5.11 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

5.12 The Council has previously raised the majority of its borrowing from Local Authorities, but it continues to investigate other sources of finance, that may be available at more favourable rates.

5.13 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment if the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

5.14 **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators in Section 7.

6 ANNUAL TREASURY MANAGEMENT INVESTMENT STRATEGY 2023-24

6.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. As at 31 December 2022 the Council's investment balance stood at £27.4m. The Council estimates that the level of investment held in Money Market Funds (MMFs) will increase to £10m at the financial year end. In future years the Council estimates to hold on average £25m.

- 6.2 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 6.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to maintain a diverse range of secure and/or higher yielding asset classes during 2023-24. the Authority expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 6.5 The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 6.5 **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 6.6 **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown. The schedule of approved counterparties is underpinned by a detailed list of named counterparties. This list is maintained within Financial Services for treasury management operational purposes.

Sector	Time limit Years	Counterparty Limit £m	Sector Limit £m
Local authorities & other government entities	25	10	Unlimited
Money market funds*	N/a	7	30
Strategic pooled funds	N/a	5	30

* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise, the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

6.7 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

6.8 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

6.9 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

- 6.10 Investments may be made with banks or any public or private sector organisations that meet the above credit rating criteria. The Council may also invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Council's treasury management adviser.
- 6.11 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 6.12 **Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £2 million on 31 March 2023. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £7 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries. Detail of investment limits are given in table 4 above.
- 6.13 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify the Council of changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made with that entity
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 6.14 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

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- 6.15 **Liquidity management:** The Council reviews cash flow daily to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.
- 6.16 **Other Information on the Security of Investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 6.17 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not reflected in general credit-ratings. In these circumstances, where the Council feels the whole market has been affected, it will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

7 TREASURY MANAGEMENT PRUDENTIAL INDICATORS

- 7.1 The Treasury Management Code requires that local authorities set a number of indicators for treasury management performance, which have been set as below. A voluntary measure for credit risk as set out in paragraph 7.2
- 7.2 **Credit Risk (Credit Score Analysis):** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

The advice from Arlingclose is to aim for an average A-, or higher, average credit rating, with an average score of 7 or lower. The scores are weighted according to the size of our deposits (value-weighted average) and the maturity of the deposits (time-weighted average).

Credit risk indicator	Target
Portfolio average credit rating	A-
Portfolio average credit score	7.0

- 7.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount cash available within a rolling three-month period, without additional borrowing

Liquidity risk indicator	Target
Total cash available within 3 months	£1m

- 7.4 **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£500,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£500,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

- 7.5 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity Structure	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

- 7.6 **Principal Sums Invested for Periods Longer than a Year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Principal Sums Invested	2023-24	2024-25	2025-26
Limit on principal invested beyond year end at any one time	£90m	£90m	£90m

8 RELATED MATTERS

8.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.

8.2 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk, and to reduce costs or increase income at the expense of greater risk. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

8.3 **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Executive Head of Finance believes this to be the most appropriate status.

- 8.4 **Investment Training:** The investment training needs of the Council's treasury management staff are assessed on a continuous basis, discussed as part of the staff development reviews and reviewed as the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

- 8.5 **Financial Implications - Investments:** The budget for investment income in 2023-24 is £1.25m (gross of borrowing interest), based on an average investment portfolio of £30m at interest rates ranging from 0.01% liquid MMF and other short-term investments to 6.9% on the highest yielding long-term pooled investment fund. Performance of investments against budget will be reviewed on an ongoing basis and as part of our quarterly budget monitoring process.

- 8.6 **Financial Implications - Borrowing:** The budget for interest costs in relation to borrowing in 2023-24 is £4.6m (not including IFRIC 4 lease accounting interest). It is determined using the current average rate of interest on borrowing incurred for 2022-23 and taking into account recent interest rate movements and the borrowing strategy. The Council's actual borrowing at the end of 2023-24 is estimated to be in the region of £127m

- 8.7 **Other Options Considered:** The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Executive Head of Finance continues to believe that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

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Borrow short-term or variable loans instead of long-term fixed rates

Debt interest costs will initially be lower

Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain

Reduce level of borrowing

Saving on debt interest is likely to exceed lost investment income

Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Arlingclose Economic and Interest Rate Forecast – December 2022

Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short-term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy but will be reluctant to do so until wage growth eases. We see rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

PWLB Standard Rate (Maturity Loans)

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

ANNUAL NON-TREASURY INVESTMENT STRATEGY 2023-24

1 INTRODUCTION

- 1.1 The Council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.2 This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

2 SERVICE IMPROVEMENTS: LOANS

- 2.1 **Contribution:** The Council lends money to its subsidiaries, local businesses, and its employees to support local public services and stimulate local economic growth. The Council is a funding partner of Farnborough International Limited. The loans have enabled the development of the Farnborough International exhibition and conference centre. Expanding the exhibition and conferencing capabilities in Farnborough brings increased economic capacity to the Borough and is a reinvestment in local business. The Council established a Wholly Owned Company (WOC) subsidiary, Rushmoor Homes Limited (RHL), in April 2020. The Council will lend to RHL at a commercial rate to enable procurement of property.
- 2.2 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Loans for service purposes in £ millions

	2021-22	2022-23	2023-24
	Actual	Forecast	Estimate
Category of Borrower	£m	£m	£m
Local businesses	6.7	6.7	6.7
Subsidiaries & Partnerships	0.7	1.2	3.0
Employees	0.1	0.1	0.1
Total	7.5	8.0	9.8

- 2.3 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 2.4 **Risk assessment:** The Council assesses the risk of loss before entering into lending agreements and whilst holding service loans by assessing the counterparty's resilience, the service users' needs that the loan is designed to help meet and how these will evolve over-time. During the life of the loan any change in original assumptions will be monitored. The Council will use external advisors if felt appropriate by the Executive Head of Finance. All loans will be subject to contract agreed by the Corporate Manager – Legal Services. All loans must be approved by full Council and will be monitored by the Executive Head of Finance.
- 2.5 **FIL loan interest deferral:** The Council has two loan agreements with FIL. As reported to members in the Revenue Budget Monitoring Report for P1 (FIN2115) the Council and the other funding consortium funding partners as part of the original FIL loan agreed to defer interest payments to provide cashflow support to Farnborough International Limited (FIL) following the cancellation of the 2020 Airshow. A revised Intercreditor Agreement was signed during 2021 that includes the capitalisation of interest and deferral of repayments to the public sector funding partners by 2 years. The first loan repayments will now be due in June 2026 with a further payment in June 2028. Therefore, the Council will not receive the full payment of interest covering the period from March 2020 to March 2022 until March 2024 subject to the covenant agreements within the agreement being met.

3 SERVICE INVESTMENTS: SHARES

- 3.1 **Contribution:** The Council invests in the shares of its subsidiary Rushmoor Homes Limited and holds a financial share in a development partnership, Rushmoor Development Partnership (RDP), as vehicles which can be used to support development in housing and regeneration and support local public services and stimulate local economic growth.
- 3.3 The Rushmoor Development Partnership (RDP) was established to assist the Council to redevelop sites in Farnborough and Aldershot. In particular, it directly contributes to the delivery of the following Place Making strategic objective which underpins the Vision: “Great Places to Live – to make Aldershot and Farnborough town centres great places to live with a wide variety of quality new homes attractive to a diverse range of people”
- 3.4 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Shares held for service purposes in £’s

Category of company	2022-23 Forecast £	2023-24 Estimate £
Subsidiaries and Partnerships	100	100

- 3.5 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding shares in line with paragraph 41 of *Capital Finance: Guidance on local government investment (third edition)*
- 3.6 The Council has good knowledge of the RDP intended developments. RDP is effectively a closed market, and it will provide development in accordance with agreement between the Council and the developer. Competition has effectively been evaluated at the time of the creation of RDP. The Council considers that RDP (an LLP) is an appropriate mechanism to undertake development. Hence, the barriers to entry have been lifted (by creation of RDP) and barriers to exit are eliminated because RDP has a specific set of defined initiatives and project plans from the RDP need to be agreed by the Council.
- 3.8 The Council used three external advisors regarding the potential for creation and development of the WOC and development of the RDP. These three advisors are Freeths (legal and financial advice), Regenco (housing and economic advice) and Arlingclose (treasury management and financial advice).

- 3.9 The Council observes strict procedure regarding its procurement of external advisors. They are appointed utilising specific competitive tendering procedure processes, relevant to the category of advice and guidance that is sought. Maintenance of the quality of advice is reviewed within the relatively frequent tender engagement process.
- 3.10 In the circumstances of RDP no credit ratings have been used.
- 3.11 The RDP Investment Team will monitor developments undertaken by the RDP to ensure minimisation of risk. Developments would not be agreed if there were considerations that insufficient financial return would be delivered. The developer would not participate in any venture that did not deliver financial return. Both partners are insistent on the creation of specific and clearly defined development plans for all sites. Experience and advice from the developer is paramount to assess and monitor risk for each development.
- 3.12 **Liquidity:** RDP funds will be committed for an estimated period of 10 years.
- 3.13 **Non-specified Investments:** Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Council's upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

4 COMERCIAL INVESTMENTS: PROPERTY

- 4.1 **Contribution:** The Council has investments in local and regional commercial and residential property with the intention of making a profit that will be spent on local public services.
- 4.2 In November 2020 the Public Works and Loan Board (PWLB) issued new lending terms (subsequently clarified in August 2021) making it conditional that Local Authorities have no intention to buy investment assets primarily for yield in the current and follow two financial years. To access this facility the Council revised its capital programme and will not be acquiring any further investment assets primarily for yield.

Property held for investment purposes in £millions

Property by type	31-Mar-22 Actual		
	Purchase Cost £m	Gains / (Losses) £m	Value in Accounts £m
Industrial Units	51.8	7.5	59.3
Offices	36.6	(3.9)	32.7
Retail	31.6	(4.9)	26.7
Caravan Park	0.3	3.1	3.4
Petrol Stations	2.3	0.3	2.6
Waste Recycling	1.0	0.2	1.2
Mixed Use	0.2	0.2	0.4
Other	0.3	-	0.3
Total	124.1	2.5	126.6

Property by type	31-Mar-23 Expected		
	Purchase Cost £m	Gains / (Losses) £m	Value in Accounts £m
Industrial Units	51.8	-	59.3
Offices	35.9	-	32.1
Retail	31.6	-	26.7
Caravan Park	0.3	-	3.4
Petrol Stations	2.3	-	2.6
Waste Recycling	1.0	-	1.2
Mixed Use	0.2	-	0.4
Other	0.3	-	0.3
Total	123.9	-	126.0

The change in office purchase cost and value in the accounts relates to the sale of Wellesley House in December 2022

- 4.4 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 4.5 *Where value in accounts is at or above purchase cost:* A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment.

- 4.6 Should the 2021/22 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to Full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
- 4.7 *Where value in accounts is below purchase cost:* The fair value of the Council's investment property portfolio is no longer sufficient to provide security against loss, and the Council will therefore take mitigating actions to protect the capital invested. These actions include:
- Quarterly review of the portfolio
 - Consideration of advice from the Council's commercial property advisers by the Council's Property Investment Advisory Group (PIAG). Currently is agreed that the best course of action is to hold the majority of the assets as values will increase over the long term and most assets within the portfolio are considered sound with strong covenants/dependable income streams. Assets identified for disposal will be taken forward to market.
- 4.8 **Risk assessment:** The Council assesses the risk of loss before entering and whilst holding property investments by:
- Assessment of the relevant market sector(s) including the level of competition, barriers to entry/exit, future market prospects
 - Assessment of exposure to particular market segments to ensure adequate diversification
 - Use of external advisors if considered appropriate by the Executive Head of Finance
 - Full and comprehensive report on all new investments to Cabinet
 - Continual monitoring of risk across the whole portfolio and specific assets
- 4.9 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert into liquid asset at short notice and will be subject to market conditions in terms of timescales involved. However, to ensure that invested sums could be accessed when they are needed the portfolio will be regularly reviewed and prioritised to ensure that commercial property could be sold as a going concern within a period of six months.

5 LOAN COMMITMENTS AND FINANCIAL GUARANTEES

- 5.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.
- 5.2 The Council has contractually committed £6.8m of loans to RHL for 2023-24 and £2.9m for 2023/24.

6 PROPORTIONALITY

- 6.1 The Council has become increasingly dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Council is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy. Should it fail to achieve the expected net profit, the Council has earmarked reserves available to cover any immediate shortfall in income. The Head of Service responsible for the Council's property and estates functions would review the cause of any shortfall and identify any actions needed to ensure the income shortfall is mitigated or remedied.
- 6.2 With the introduction the revised PWLB lending terms, the Council has no intention to purchase investment assets primarily for yield in the current and following two financial years. With no further expenditure planned on investment assets primarily for yield the proportion of investment to Gross service expenditure will fluctuate as a result of changes in investment income from existing holdings and changes in Gross service expenditure.

7 BORROWING IN ADVANCE OF NEED

- 7.1 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.
- 7.2 The Council may, in supporting the delivery of the Council's Capital Programme, borrow in advance of need where it is expected to demonstrate the best longer-term value for money position. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated (ie: the cost of holding does not outweigh the benefits of early borrowing) and that the Council can ensure the security of such funds.
- 7.3 The Council is aware that it will be exposed to the risk of loss of the borrowed sums, and potential interest rate changes. These risks will be managed as part of the Council's overall management of its treasury risks and will be reported through the standard reporting method.

8 CAPACITY, SKILLS AND CULTURE

- 8.1 **Elected members and statutory officers:** The Council recognises that those elected Members and statutory officers involved in the investment decision making process must have appropriate capacity, skills and information to enable them to:
- take informed decisions as to whether to enter into a specific investment;

- to assess individual assessments in the context of the strategic objectives and risk profile of the Council; and
- to enable them to understand how new decisions have changed the overall risk exposure of the Council.

The Council will ensure that the relevant officers and the Members of Cabinet have appropriate skills, providing training and advisor support where there is a skills gap.

- 8.2 **Agents:** Lambert Smith Hampton Investment Management (LSHIM) were appointed as the Council's external investment advisor during 2019/20. LSHIM manage property investment portfolios for institutions, local authorities, and private family offices. The LSHIM investment team are all RICS qualified and have significant combined commercial experience. The assigned investment team can call on the wider expertise and resource of the parent company (Lambert Smith Hampton-LSH) that have offices throughout the UK
- 8.3 **Commercial deals:** The Council will ensure that the Cabinet, officers and agents negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate.
- 8.4 **Corporate governance:** Any investment decisions will be scrutinised by Executive Leadership Team, Property Investment Activity Group (PIAG) and Cabinet before final approval. The Overview and Scrutiny committee review all decisions made by the Cabinet. Although after the event the Committee can make any recommendations to the Council if it sees fit.

9 INVESTMENT INDICATORS

- 9.1 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 9.2 **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

APPENDIX 2

Total Investment Exposure £m	31-Mar-22 Actual	31-Mar-23 Forecast	31-Mar-24 Forecast
Treasury Management Investments	36.1	27.9	27.9
Service Improvement: Loans	7.8	7.9	7.9
Service Improvement: Shares	-	-	-
Commercial Investments: Property	126.6	126.0	126.0
Total	170.5	161.8	161.8

- 9.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing £m	31-Mar-22 Actual	31-Mar-23 Forecast	31-Mar-24 Forecast
Treasury management investments	-	-	-
Service investments: Loans	7.8	27.8	27.8
Service investments: Shares	-	-	-
Commercial investments: Property	92.2	92.2	92.2
Total	100.0	120.0	120.0

- 9.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return £m	2021-22 Actual	2022-23 Forecast	2023-24 Forecast
Treasury management investments			
Service investments: Loans			

Commercial investments:

Property

All Investments

- 9.5 Treasury management returns are forecast to continue to recover in 2022-23 due to increased interest rates. Service investment loan returns are forecast to remain low during 2023-24 due to the interest deferral on Farnborough International Limited loan, which the Council entered into as part of a funding consortium.

MINIMUM REVENUE PROVISION STATEMENT 2023-24

- 1.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.
- 1.2 The broad aim of the MHCLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3 The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. This statement only incorporates options recommended in the Guidance.
- 1.4 For any unsupported capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure for all other assets or on capital expenditure not related to fixed assets but which has been capitalised by regulation or direction (revenue expenditure financed by capital under statute), will be charged over the useful economic life (UEL) of the asset up to a maximum of 50 years. MRP will be applied in the year following expenditure was incurred.
- 1.5 For assets acquired by finance lease or private finance initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 1.6 Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard
- 1.7 Where loans are made to other bodies and designated as capital expenditure, no MRP will be charged. However, the capital receipts generated by the repayments on those loans will be set aside to repay debt instead.

APPENDIX 3

- 1.8 At the commencement of 2022-23 the Council had, a Capital Financing Requirement (CFR) of £121.9m in relation to a specific elements of capital expenditure incurred in the previous financial year (2021-22). The Council has incurred further amounts of capital expenditure in 2022-23 and will need to engage in an element of Prudential Code borrowing in that financial year to achieve total financing of its capital programme. It is inevitable therefore that the borrowing that is required in 2022-23 will require MRP to be charged to the Council's General Fund Revenue Account in 2023-24 and future years.
- 1.9 Capital expenditure incurred during 2023-24 will not be subject to MRP charge until 2024-25
- 1.10 Based on the Council's latest estimate of its capital financing requirement (CFR) on 31 March 2023, the MRP budget for 2023-24 has been set at (£2.0m).
- 1.11 **Overpayments:** In earlier years, the Authority has made voluntary overpayments of MRP that are available to reduce the revenue charges in later years. No further overpayment is planned.

MRP Overpayments	£m
Actual balance 31-Mar-22	0.45
Approved overpayment 2022-23	nil
Expected balance 31-Mar-23	0.45
Planned overpayment 2023-24	nil
Forecast balance 31-Mar-24	0.45

**CORPORATE GOVERNANCE
AUDIT AND STANDARDS COMMITTEE**

**AUDIT MANAGER
REPORT NO. AUD 23/01**

30th JANUARY 2023

INTERNAL AUDIT – AUDIT UPDATE

SUMMARY:

This report describes:

- The work completed by Internal Audit since the last report;
- A progress update on the 2022/23 Audit Plan; and
- An update on outstanding audit issues.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work completed since the last update.
- ii. Note the update to the deliverables for Quarters 4.
- iii. Note the outstanding audit issues.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work completed since the update provided to the Committee in November 2022;
- A progress update on the 2022/23 Audit Plan;
- A schedule of work to be delivered in Q4; and
- An update on the outstanding audit issues, highlighting any significant risk exposures or control issues.

2 Audit Work Completed

2.1 The table below provides an overview of the assurance opinion, given to the completed audit since the last update:

Audit Title	Assurance Opinion	Recommendations by Priority		
		High	Medium	Low
2022/23 Internal Audit Plan				
Financial Grants to Organisations	Substantial	0	0	0
Cyber Security	Reasonable	3	16	4

2.2 Below is a summary of the key findings from the audits.

Financial grants to organisations

The four grant schemes that local organisations can apply for are well managed and soundly run. There are defined processes that include a robust assessment of applications, independent review and approval, and verification that the funds are being used for the intended purpose.

There are four value-added observations which have been provided to enhance the current good processes in operation.

Cyber Security

The Council has a comprehensive, multiyear Cyber Plan, setting out a range of interlinked initiatives to enhance its cyber defences over the medium term, based on National Cyber Security Centre (NCSC) guidance. However, the Plan needs to be finalised (as planned).

The most recent assessments to support Public Services Network (PSN) assurance are positive regarding the strength of firewalls, user management infrastructure (Active Directory) and the Virtual Private Network (VPN). However, there were vulnerabilities and outstanding actions, which pose risks to the Council until addressed and these need to be better captured/documentated.

The Council's Patching Policy needs to be finalised with zero-day and cyber response processes/ plans documented and tested.

For systems that are managed outside of IT, good practice is for there to be a clear segregation of duties (SoD) for key technical processes: requesting, authorising and granting access to systems. Arrangements for a sample of systems were reviewed, with very limited SoD observed. This represents a clear risk with potential for access to systems to be manipulated, which would be unlikely to be detected in a timely manner.

Finally, the escalation route from cyber issues/risks being identified and assessed, to being reported to Senior Management, as the ultimate accountable body, needs to be made clearer, so that these are sufficiently visible and understood. This includes refining the Information Governance Group's purpose to devote time to IT systems issues periodically and act as the decision-making forum for escalation to the Executive Team (ELT).

Progress towards the 2022/23 Audit Plan

2.2 Since the last update to the Committee, there has been no further changes to the audits set out within the 2022/23 Audit Plan.

2.3 The table below provides a summary of progress to date (19/01/23):

Audit/ Audit follow up status	Number of reviews	%
Finalised	6	28.6
Draft report	5	23.8
In progress	7	33.3
	18	85.7%
Audits to be started Q4	3	14.3
Total	21	100%

NB: The figures within the table include 2 audits carried forward from the 2021/22 audit plan.

2.4 Currently the audit plan is on track to be completed by the end of the financial year.

4. Expected Deliverables for Q4 2022/23

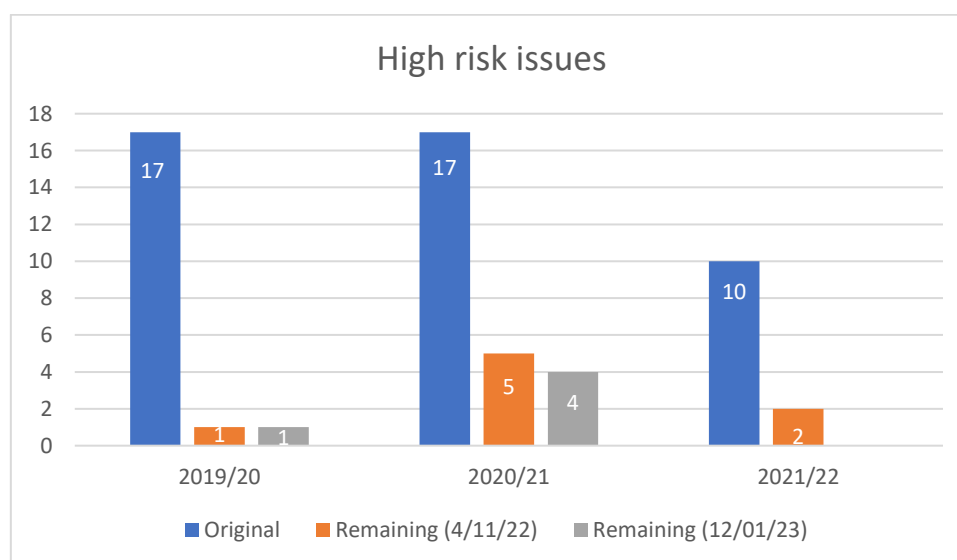
4.1 The work expected to be delivered in quarter 4 is detailed within the table below. It should be noted that 10 of these audits have already commenced with 4 at draft report stage. These audits can be subject to change due to the evolving auditing environment. Updates on these will be provide at the next committee meeting:

Service	Audit/ follow up/descriptor
HR&OD	Staff Recruitment & Retention – <i>A review over staff vacancies, especially key positions, and the measures taken to retain staff</i>
ACE	Procurement - <i>A review of the procurement process in the Council and the interaction with Portsmouth CC under the Service Level Agreement.</i>
Finance	Cash Receipting – <i>A review over key financial system</i>
Finance	Council Tax Billing, Collection & Recovery – <i>A review of Council Tax with a focus on debtors and recovery</i>
Economy, Planning and Strategic Housing	Suitable Alternative Natural Green Space (SANGS) - <i>A follow-up of the audit from 2019/20</i>
Finance	Treasury Management - <i>A review over key financial system</i>
Operations	Taxi Licensing follow up audit – <i>A follow up on the previous audit carried out.</i>
Property, Estates and Technical Services	Concerto Property System – PIR Audit – <i>A review of the implementation of the new property system.</i>

Service	Audit/ follow up/descriptor
ACE	Performance Management
ELT	CREP – <i>A review of the value for money of the investment in the development of the Council's CREP savings programme</i>
Operations	CCTV – <i>Transfer of CCTV</i>
Legal Services	Information Governance – <i>A review of the Council's information Governance framework</i>
IT Services	Application Patch Management follow up audit – <i>A follow up of the previous audit carried out.</i>
IT Services	IT Development – <i>Reviewing the IT Digital teams development work.</i>

5. Outstanding High Risk Audit Issues

5.1 The high-risk issues identified are ones which require focus by the organisation in order to implement the actions agreed to mitigate the high-risk issues identified. Below the graph shows the number of high-risk issues identified against the number implemented as of January 2023.



5.2 It is in the Audit Manager's opinion that sufficient progress is being made towards the high-risk recommendations and there is nothing to draw to the Committee's attention in relation to these.

5.3 The table below shows the expected completion date for these outstanding high risks.

Year recommendations made	Service Area	Audit	No. of high-risk recommendations	Expected implementation date	Total
2019/20	Finance/IT	PCI DSS	1	31/7/23	
					1
2020/21	IT	Application Patch Management	1	31/5/23	
2020/21	Finance	Purchase Ledger	2	28/2/23	
2020/21	ACE	Contract Management	1	31/3/23	
					4

6. Recommendation

6.1 Members are requested to note the information provided within the report in relation to the progress of Audit work to date towards the 2022/23 audit plan, the expected deliverables for Q4 and the outstanding high risk audit issues.

AUTHOR: Nikki Fleming, Audit Manager
07867 377484

nikki.fleming@rushmoor.gov.uk

HEAD OF SERVICE: Simon Little, Interim Executive Head of Financial Services and S151 Officer

References: *Internal Audit – Audit Plan 2022/23*, presented to the Committee on 28 March 2022.

[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 28th March, 2022, 7.00 pm - Rushmoor Borough Council](#)

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**CORPORATE GOVERNANCE,
AUDIT AND STANDARDS
COMMITTEE****CORPORATE MANAGER - DEMOCRACY****30TH JANUARY, 2023****REPORT NO. DEM2302****UPDATES TO THE CONSTITUTION****1. INTRODUCTION**

- 1.1 The Council's Constitution sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.
- 1.2 The Council has a responsibility to monitor its Constitution, and to ensure that it is kept up to date. The last major review of the document was carried out in 2019/20 and since then several updates have been made, including a revised Code of Conduct for Councillors, new provisions to strengthen the Corporate Governance, Audit and Standards Committee, changes to the criteria for the selection of the Mayor and Deputy Mayor and updates to reflect changes to staffing structures and responsibilities within the organisation.
- 1.3 Further to the monitoring responsibility, this report proposes updates to the following parts of the Constitution for recommendation to Council:
 - Standing Orders for the Regulation of Business (**Appendix 1**)
 - Scheme for the Appointment of Standing Deputies (**Appendix 2**)
- 1.4 This report also confirms that at its meeting on 18th January, 2023, the Development Management Committee considered and recommended proposed updates to the Scheme for Public Speaking at Development Management Committee (**Appendix 3**), proposals for Standing Deputies (as set out in Appendix 2) and a minor update to its Terms of Reference.
- 1.5 The proposals that are referenced in paragraphs 1.3 and 1.4 above, were considered and supported by the Constitution Working Group at its meeting in December 2022. The Constitution Working Group is appointed by this Committee and was attended by councillors P.J. Cullum, Sue Carter, Christine Guinness and S. Trusler.
- 1.6 This Report also sets out for monitoring purposes, a schedule which summarises the updates which have been made to the Constitution since the last report to the Council in May 2020 (**Appendix 4**). This includes:

- Changes that have been made following Council/Committee approval
- Changes arising from revised staffing structures and role responsibilities as directed by the Chief Executive
- Minor clerical updates to correct or clarify provisions under delegated powers

1.7 A complete copy of the Constitution, showing track changes made to the document in relation to the most recent staffing changes is available to view on the Members SharePoint site, with the link to be shared separately with Members.

2. **SUMMARY OF PROPOSED NEW UPDATES**

2.1 At its meeting in December 2022, the Constitution Working Group considered and recommended proposals in relation to the following matters which had been raised for discussion:

- (1) Arrangements for dealing with Notices of Motion with financial implications outside of the approved budget
- (2) The number of Standing Deputies appointed to committees
- (3) Public speaking at Development Management Committee

Notices of Motion

2.2 Currently, Standing Orders do not prescribe arrangements for dealing with Notices of Motion for Council Meetings which, if agreed, would have financial implications outside of the approved budget. Further to research, some Councils in the local area have Standing Orders which specify their process in such circumstances. Under existing Standing Orders, this may be dealt with by requiring the Motion to be reworded before it is accepted, or the matter can be referred without discussion to a relevant body. To help put in place clearer procedures, it is proposed that an update be made to Standing Orders to determine that Notices of Motion submitted under SO 9(1) containing proposals which would increase capital and/or financial expenditure outside of the approved budget must first be referred to the Cabinet or other appropriate body prior to consideration by the Council. In addition, for clarity, Notices of Motion should not seek to take a decision on executive matters, other than to make a recommendation. A copy of the proposed amendment is attached in SO 9(7) and 9(8) in **Appendix 1**.

Standing Deputies

- 2.3 The Scheme for Standing Deputies is a part of Standing Orders and applies to the Development Management Committee, Corporate Governance Audit and Standards Committee, Overview and Scrutiny Committee and Policy and Project Advisory Board. It currently allows for the attendance of one named substitute member per political group when an appointed Member cannot be present at a meeting.
- 2.4 It is proposed that the scheme be amended to allow the attendance of up to **two nominated substitutes per political group** in future. This will help to increase resilience for cover, and ensure quorum, on occasions when more than one Member from a political group is unable to attend a meeting. Research on provisions at other authorities in the local area shows that most authorities have a more generous provision for standing deputies than Rushmoor's current scheme.
- 2.5 A copy of the proposed amendments to the scheme for Standing Deputies showing track changes is attached at **Appendix 2**.

Scheme for Public Speaking at Development Management Committee

- 2.6 The Development Management Committee has considered proposals for change to the Scheme for Public Speaking at Development Management Committee, which are also recommended for approval by Council. These are changes to enable greater public participation and can be summarised as follows:
- (i) to increase the number of public speakers on planning applications at Committee to allow two people to speak against the applications and two people to speak for the application
 - (ii) to put in place provisions to allow a greater number of public speakers in the case of major planning applications where there is expected to be high level of public interest and the decision is expected to have a significant impact on the Borough as a whole.
- 2.7 A copy of the proposed amendments to the Scheme for Public Speaking at the Development Management Committee is attached at **Appendix 3**. Additional comments raised by DMC will be reported verbally to the meeting.

3. SCHEDULE OF UPDATES MADE SINCE LAST MAJOR REVIEW

- 3.1 **Appendix 4** to the report contains a schedule which summarises all the updates that have been made to the Constitution since the last major review and the report to Council in May 2020. This includes all the updates made to

reflect the changes that have been made to the senior staffing structure, job titles and officer responsibilities as determined by the Chief Executive.

- 3.2 As part of this, amendments have been made throughout the document, and in Standing Orders, to reflect the change to responsibilities following the departure of the Head of Democracy and Community.

4. **CONCLUSIONS**

- 4.1 The Council has a responsibility to monitor its Constitution and it is timely to update the document to ensure that the provisions continue to facilitate council business and meet the needs of the organisation. The updates also incorporate recent changes to the senior staffing structure to ensure formal responsibilities are up to date and clear.

- 4.2 The Committee is invited to consider the proposals described in section 2 of the report above.

5. **RECOMMENDATIONS**

- 5.1 Subject to any amendments agreed by the Committee, it is recommended to the Council that a revised and updated Constitution be adopted.

The revisions to comprise: -

- (1) All proposed new amendments to the Constitution as set out in Appendices 1, 2 and 3; and
- (2) All previously agreed amendments and updates to the Constitution since the last major review in May 2020 as described in the schedule in Appendix 4

The Committee is recommended to agree that any further minor amendments required to finalise the report to Council be agreed by the Executive Director and Corporate Manager – Democracy in consultation with the Chairman of the Corporate Governance, Audit and Standards Committee.

CORPORATE MANAGER - DEMOCRACY

Contact: jill.shuttleworth@rushmoor.gov.uk

STANDING ORDERS FOR THE REGULATION OF BUSINESS

INTRODUCTION

The Council Procedure Rules (known as Standing Orders) set out the rules of debate and procedure for the conduct of meetings of the Council, including where necessary their application to committees, sub-committees and other bodies.

The Standing Orders are:

1. Meetings of the Council
2. Order of Business – Annual Meeting
3. Appointment of Relevant Bodies
4. The Cabinet and Other Bodies
5. Election of Chairmen and Vice-Chairmen
6. Order of Business – Ordinary Meetings
7. Minutes
8. Questions
9. Notices of Motion
10. Reports of Relevant Bodies
11. Voting
12. Motions and Amendments which may be moved without notice
13. Rules of Debate for Council Meetings
14. Quorum
15. Closure and Adjournment of Meetings
16. Motions Affecting Persons Employed by the Council
17. Disorderly Conduct
18. Disturbance by Members of the Public
19. Recission of Preceding Resolution
20. Confidentiality of Certain Business

21. Petitions
22. Deputations and Memorials
23. Interpretation of Standing Orders
24. Sealing of Documents
25. Authentication of Documents for Legal Proceedings
26. Standing Orders to Apply to Relevant Bodies
27. Meetings of Relevant Bodies
28. Sub-Committees
29. Variation and Revocation of Standing Orders
30. Suspension of Standing Orders
31. Standing Orders to be given to Members

Where the term “relevant body” is mentioned under the Standing Orders it relates to the Cabinet, committees, sub-committees or Policy and Project Advisory Board and this item shall be construed as appropriate.

The Council Procedure Rules contain some mandatory standing orders and other standing orders to reflect local custom and practice. Mandatory standing orders are also reflected in the other Procedure Rules set out in this Constitution.

Members and officers shall comply with these Standing Orders at all times.

MEETINGS OF THE COUNCIL

Annual Meeting

1. (1) In a year when there is an ordinary election of councillors, the Annual Meeting will take place within 21 days of the retirement of the out-going councillors. The meeting shall normally be held on a Tuesday as near as possible to 20th day of May in each year, unless the Mayor, in consultation with the Chief Executive ~~and Head of Democracy and Community~~ determines otherwise.

Ordinary Meetings

- (2) In addition to the Annual Meeting of the Council and any meetings convened by the Mayor or by Members of the Council, meetings for the transaction of general business shall be set out in a calendar by the ~~Corporate Manager – Democracy~~ Head of Democracy and Community to ensure the effective transaction of business.

Time of Meetings

- (3) Meetings of the Council shall be held at seven o'clock in the evening, unless the Mayor, in consultation with the Chief Executive ~~Head of Democracy and Community~~ determines otherwise.

Extraordinary Meetings

- (4) An Extraordinary Meeting may be called by the Chief Executive ~~Head of Democracy and Community~~ at the request of:
 - (a) the Council by resolution
 - (b) the Mayor
 - (c) any five Members of the Council by notice which has been signed by those Members and specifies the business proposed to be transacted.

Notice of and Summons to Meetings

- (5) ~~The Head of Democracy and Community will give n~~Public notice of meetings will be given to the public of the time and place of any meeting in accordance with the Access to Information Rules. At least five clear working days before a meeting, ~~the Head of Democracy and Community will send~~ a summons signed from the Chief Executive will be sent by him or her to every Member of the Council. The summons will give the date, time and place of each meeting and specify the business to be transacted and will be accompanied by such reports as are available.

ORDER OF BUSINESS – ANNUAL MEETING

2. (1) The order of business of the Annual Meeting of the Council shall normally be to:
 - (a) elect the Mayor and Deputy Mayor of the Borough;
 - (b) approve the minutes of the last meeting;
 - (c) receive any announcements from the Mayor and/or the Chief Executive;
 - (d) appoint the Leader of the Council;
 - (e) note the appointment of the Deputy Leader and other Members appointed to the Cabinet by the Leader;
 - (f) appoint to the Committees and the Policy and Project Advisory Board as appropriate;
 - (g) appoint the Chairman and Vice-Chairman of the Development Management Committee and Corporate Governance, Audit and Standards Committee, and the Chairman of the Overview and Scrutiny Committee and the Policy and Project Advisory Board; and
 - (h) consider any other business set out in the summons.

APPOINTMENT OF RELEVANT BODIES

3. (1) The Council shall at the Annual Meeting appoint the relevant bodies specified in Standing Order 4 and shall determine the composition of the voting Members of each relevant body, and may at any time appoint such other relevant bodies as are necessary to carry out the work of the Council but, subject to any statutory provision in that behalf:
 - (a) shall not give effect to the appointment of any Member of a relevant body so as to hold office later than the next Annual Meeting of the Council;
 - (b) may at any time dissolve a relevant body; and
 - (c) may suspend a Member from membership of a relevant body for a specified period.
- (2) Where the Members of the Council are divided into political groups, the Council shall, at the Annual Meeting and at such other times as appropriate, review the allocation of seats on relevant bodies between the political groups.

- (3) The ~~Corporate Manager – Democracy Head of Democracy and Community~~ shall set out in a report to the Council the allocation of seats to political groups in accordance with the requirements of the Local Government and Housing Act, 1989 and the Local Government Act, 2000, upon which the Council shall determine the allocation of seats accordingly.
- (4) Subject to Standing Orders 3 (2) and (3) and Standing Order 4 (7), the Council shall make appointments to relevant bodies so as to give effect to the wishes of the political groups as appropriate.
- (5) The arrangements to secure political balance and the provisions set out in Standing Orders 3, 4 and 28 shall be undertaken in accordance with the provisions of the Local Government and Housing Act, 1989 or any subsequent amending legislation, and Regulations made thereunder from time to time by the Secretary of State.
- (6) For the purpose of these Standing Orders, the term 'political group' means two or more Councillors who wish to be treated as a political group for the purposes of the provisions of the Local Government and Housing Act, 1989 or any subsequent amending legislation, and regulations made thereunder from time to time by the Secretary of State.

THE CABINET AND OTHER BODIES

Membership

4. (1) The decision-making structure of the Council shall consist of the bodies set out below, together with a Leader and Cabinet. The Council shall appoint the Members of each of the relevant bodies, which shall not exceed the number of Members specified below:

Relevant Body	Maximum Number of Voting Members
Development Management Committee	11
Corporate Governance, Audit and Standards and Committee	11
Overview and Scrutiny Committee	11
Policy and Project Advisory Board	11

- (2) The Council shall appoint standing deputies to the Development Management Committee, Corporate Governance, Audit and Standards Committee, Overview and Scrutiny Committee and Policy and Project Advisory Board, in accordance with the provisions for the appointment of standing deputies contained in Appendix 1 to these Standing Orders.

- (3) The Member of the Cabinet with responsibility for matters relating to planning policy shall be an ex officio Member of the Development Management Committee PROVIDED that the Member shall only be entitled to vote if appointed with full voting rights in accordance with the political balance arrangements.
- (4) The Overview and Scrutiny Committee and the Policy and Project Advisory Board may appoint such non-voting Members and advisers as they consider fit.

Vacancies in Membership

- (5) If any Member shall be absent from three consecutive meetings of a Committee or the Policy and Project Advisory Board, he or she shall cease to be a Member thereof, unless he or she shall, in the opinion of the Committee or Board, show reasonable grounds for his or her absence.
- (6) On a vacancy arising on the Corporate Governance, Audit and Standards Committee or the Development Management Committee, the ~~Corporate Manager – Democracy Head of Democracy and Community~~ shall give notice thereof in the summons calling the next Council meeting, so as to enable the Council to fill such vacancy.
- (7) On a vacancy arising on the Overview and Scrutiny Committee or the Policy and Project Advisory Board, such vacancy shall be filled by the appropriate Leader of a Political Group where it falls within that Group. In all cases the appointment shall be reported on the agenda of the following meeting of the body. Where the vacancy is not part of the allocation of a political group, it shall be filled by the ~~Corporate Manager – Democracy Head of Democracy and Community~~.

APPOINTMENT OF CHAIRMEN AND VICE-CHAIRMEN

Appointment of Leader of the Council

5. (1) The Leader of the Council shall be appointed at the Annual Meeting of the Council. On a vacancy arising, or at the end of the Municipal Year, ~~the Head of Democracy and Community nominations~~ shall ~~seek nominations be sought~~ from Members and ~~give~~ notice ~~given~~ in the summons calling the next Council meeting so as to enable the Council to fill such vacancy. The Leader of the Council shall Chair meetings of the Cabinet and references to Chairman in these Standing Orders shall be construed accordingly.

Appointment of Chairmen and Vice-Chairmen

- (2) Chairmen and Vice-Chairmen of the Development Management and Corporate Governance, Standards and Audit Committees shall

be appointed at the Annual Meeting of the Council for the ensuing year.

Chairmen of the Overview and Scrutiny Committee and the Policy and Project Advisory Board shall also be appointed at the Annual Council Meeting.

Vice-Chairmen of the Overview and Scrutiny Committee and the Policy and Project Advisory Board shall be appointed at the first meeting of the appropriate Committee/Board in each Municipal Year.

On a vacancy arising, the appropriate Committee or Board will be asked to fill the vacancy at its next meeting. In the absence from a meeting of the Chairman and Vice-Chairmen, a Chairman for that meeting shall be appointed.

Chairman of Meeting

- (3) Any power or duty of the Mayor or a chairman in relation to the conduct of a meeting may be exercised by the person presiding at the meeting.

ORDER OF BUSINESS – ORDINARY MEETINGS

6. (1) The order of business at every meeting of the Council shall normally be to:
 - (a) choose a person to preside if the Mayor and Deputy Mayor are absent;
 - (b) deal with any business required by statute to be done before any other business;
 - (c) approve as a correct record and sign the Minutes of the last meeting of the Council. No motion or discussion shall be allowed on the Minutes except as to their accuracy and any objection on that ground must be made by motion;
 - (d) deal with any business expressly required by statute to be done;
 - (e) receive any Mayor's announcements;
 - (f) dispose of business (if any) remaining from the last meeting;
 - (g) answer questions asked under Standing Order 8;
 - (h) authorise the sealing of documents;
 - (i) receive any petitions submitted under Standing Order 21;

- (j) consider motions in the order in which notice has been received;
- (k) receive and consider matters for decision submitted by relevant bodies;
- (l) consider matters for debate raised by the relevant bodies;
- (m) answer questions for the Cabinet in accordance with the agreed procedure;
- (n) receive Reports submitted by the Cabinet, Corporate Governance, Audit and Standards Committee and Development Management Committee and answer questions asked under Standing Order 8 (2);
- (o) other business, if any, specified in the Summons; and
- (p) receive Reports submitted by the Overview and Scrutiny Committee and the Policy and Project Advisory Board.

Variation of Order of Business

- (2) Business falling under Items (a), (b) or (c) of Standing Order 6 (1), shall not be displaced, but, subject thereto, the foregoing order of business may be varied by:
 - (a) the Mayor at his or her discretion; or
 - (b) resolution passed on a motion (which need not be in writing) duly moved and seconded, which shall be moved and put without discussion.

Mayor-Elect and Deputy Mayor-Elect

- (3) The Corporate Governance, Audit and Standards Committee shall recommend to the Council a Mayor-Elect and a Deputy Mayor-Elect at least one month before the end of the Municipal Year.

MINUTES

Approval of Minutes

- 7. (1) The Mayor shall put the question that the Minutes before the meeting be approved as a correct record.

Minutes not to be discussed

- (2) No discussion shall take place upon the Minutes, except upon their accuracy, and any question of the accuracy shall be raised by motion. If no such question is raised, or if it is raised then as soon as it has been disposed of, the Mayor shall sign the Minutes.

Extraordinary Meetings

- (3) The Council shall approve as a correct record the Minutes of the proceedings of an Extraordinary Meeting of the Council called under Standing Order 1(4) at the next following Ordinary Meeting of the Council and they shall be signed by the Mayor.

QUESTIONS BY MEMBERS

Questions for the Cabinet

8. (1) A Member of the Council may ask a Cabinet Member any question upon any matter dealt with under the executive arrangements, in accordance with the procedure contained in Appendix 2 to these Standing Orders.

Questions relating to Reports

- (2) A Member of the Council may ask a Committee Chairman or a Cabinet Member any question upon an item in the Report of a relevant body (Standing Order 6(1)(n)) when that item is under consideration by the Council.

Questions relating to other matters

- (3) A Member of the Council may:
- (a) if ten clear working days' notice in writing has been given to the Corporate Manager – Democracy, Head of Democracy and Community, ask the Mayor, the Chairman of the Corporate Governance, Audit and Standards Committee, the Chairman of the Development Management Committee or a Cabinet Member any question on any matter in relation to which the Council has powers or duties or which affects the Borough, PROVIDED that the number of questions permitted to be asked shall be limited to three for each political group or Member, in the case that the Member is not part of a political group.

Urgent Questions

- (b) with the permission of the Mayor, put to him or her or a Chairman or Cabinet Member any question relating to urgent business, of which such notice has not been given; but a copy of any such question shall, if possible, be delivered to the Corporate Manager – Democracy, Head of Democracy

~~and Community~~ not later than five o'clock in the afternoon of the day of the meeting.

Length of Questions

- (4) No question asked under 3 (a) or (b) above shall exceed 100 words in length including any document appended thereto.

Answers not to be discussed

- (5) No speech or discussion shall, without the consent of the Council, be allowed on any question so put, or on any answer thereto.

Forms of Answer

- (6) An answer may take the form of:-
- (a) a direct oral answer; or
 - (b) where the desired information is contained in a publication of the Council, a reference to that publication; or
 - (c) where the reply to the question cannot conveniently be given orally, a written answer circulated to Members of the Council; or
 - (d) a reference to the fact that the question relates to a confidential matter and as such can only be answered when the Council has resolved to exclude the public.

Questions to the Chairman of the Overview and Scrutiny Committee

- (7) A Member of the Council may ask the Chairman of the Overview and Scrutiny Committee any question on a matter relating to the Committee's responsibilities during consideration of the Annual Report of the Overview and Scrutiny Committee to the Council, in accordance with the procedure contained in Appendix 3 to these Standing Orders.

NOTICES OF MOTION

Notice to be in writing

9. (1) Notice of every motion, other than a motion which under Standing Order 12 may be moved without notice, shall be given in writing or sent electronically including the name of the Member or Members of the Council giving the notice, and delivered, at least ten clear days before the meeting to which it relates, to the Corporate Manager – Democracy ~~Head of Democracy and Community~~.

Inclusion of Motions in Summons

- (2) The ~~Corporate Manager – Democracy Head of Democracy and Community~~ shall set out in the Summons for the appropriate meeting of the Council, the motions of which notice has been duly given in the order in which they have been received, unless the Member giving notice of the motion shall have withdrawn it or indicated that he or she proposes to move it at a later meeting.
- (3) The number of new motions permitted to be considered at each meeting of the Council shall be limited to one per political group or one per Member, in the case that a Member is not part of a political group. (Previously SO 9 (6))
- (4) Each Motion shall be considered by the Chief Executive ~~and Head of Democracy and Community~~ prior to inclusion on an agenda to ensure that the provisions of these Standing Orders and any other legislation and/or guidance, have been met. (Previously SO 9 (10))

Motions Submitted – Length and Content

- (5) No motion, other than a motion which may be moved without notice under Standing Order 12, shall exceed 200 words in length including any document appended thereto. (Previously SO 9 (8))
- (6) A Motion should be expressed in positive terms to either adopt a certain course of action, carry out some act or to declare a particular view. (Previously SO 9 (9))
- ~~(7)~~ Every motion shall be relevant to some matter in relation to which the Council has powers or duties, and shall not seek to take a decision in respect of a matter which is the responsibility of the Cabinet or other statutory body, other than to make a recommendation.
- ~~(7)~~(8) Motions containing proposals which would increase capital and/or revenue expenditure outside the approved budget must first be referred to the Cabinet or other appropriate body prior to consideration by the Council.

Motions not moved considered withdrawn

- (9) If a motion thus set out in the Summons be not moved either by a Member who gave notice thereof or by another Member on his or her behalf it shall, unless postponed by consent of the Council, as appropriate, be treated as withdrawn and shall not be moved without fresh notice. (Previously SO 9 (3))

Motions referred to a Relevant Body

(10) Where a motion has been included in the Summons and moved and seconded, the Mayor may direct that it be referred to the relevant body and not further debated at that meeting of the Council. (Previously SO 9 (4))

(11) A motion considered by a relevant body shall be submitted with a recommendation for decision to the Cabinet or a Committee or, if appropriate, to the Council. (Previously SO 9 (5))

REPORTS OF RELEVANT BODIES

Submission and Form of Reports

10. (1) As soon as is practicable following a meeting of a relevant body, it shall submit a Report to the Council. Relevant bodies shall, as appropriate:
- (a) submit proposals containing recommendations which require approval by the Council;
 - (b) submit Reports which relate to matters of information or to decisions taken; and
 - (c) submit items for debate on which the Council's views are sought.

Transfer of Matters Contained in Reports

- (2) At a meeting of the Council, any Member, immediately following the relevant page of a Report of the Cabinet or Committee being called over, may move that an item contained in the Report be discussed at the meeting and, upon being seconded, any such motion shall be put to the meeting without discussion, PROVIDED that the proposer may, when putting his motion, indicate briefly his or her reasons for so moving and the Chairman or Cabinet Member may respond thereto.

Reports not to be discussed

- (3) No discussion (other than a question asked or answered in accordance with Standing Order 8) shall take place upon any matter contained or referred to in a Report of a relevant body submitted under Standing Order 10(1)(b) above.

VOTING

Majority

11. (1) Unless this Constitution provides otherwise, any matter will be decided by a simple majority of those Members voting and present

in the room at the time the question is put. The mode of voting at meetings of the Council shall be by show of hands or, if there is no dissent, by the affirmation of the meeting.

Mayor to have casting vote

- (2) In the event of an equality of votes, the Mayor, or in the case of a relevant body, the Chairman, shall have a casting vote, whether or not he or she has already voted. If the Mayor or Chairman declines to give a casting vote the proposition shall not be carried.

Right to have vote recorded

- (3) Where any Member requests it, immediately after the vote is taken, his or her vote will be so recorded in the minutes to show whether he or she voted for or against the question or abstained from voting.

Recorded Votes

- (4) On the requisition of any Member of the Council made before the vote is taken, the voting on any question shall be recorded so as to show whether each Member present gave his or her vote for or against that question or abstained from voting.
- (5) A recorded vote shall be taken on any decision relating to the budget or council tax.

Appointments

- (6) Where there are more than two persons nominated for any position to be filled by the Council or relevant body, and of the votes given there is not an overall majority in favour of one person, the name of the person having the least number of votes shall be struck off the list and a fresh vote shall be taken and so on until a majority of votes is given in favour of one person.

MOTIONS AND AMENDMENTS WHICH MAY BE MOVED WITHOUT NOTICE

12. The following motions and amendments may be moved without notice:-
 - (a) appointment of a Chairman of the meeting at which the motion is made;
 - (b) motions relating to the accuracy of the Minutes;
 - (c) that an item of business specified in the Summons has precedence;
 - (d) remission to a relevant body;

- (e) appointment of a relevant body or members thereof, occasioned by an item mentioned in the Summons to the meeting;
- (f) adoption of Recommendations of the relevant bodies or Officers and any consequent resolutions;
- (g) that leave be given to withdraw a motion;
- (h) extending the time limit for speeches;
- (i) amendments to motions;
- (j) that the Council proceed to the next business;
- (k) that the question be now put;
- (l) that the debate be now adjourned;
- (m) that the Council do now adjourn;
- (n) authorising the sealing of documents;
- (o) suspending Standing Orders, in accordance with Standing Order 29;
- (p) motion under Section 100A of the Local Government Act, 1972 to exclude the public;
- (q) that a Member named under Standing Order 17 be not further heard or do leave the meeting;
- (r) inviting a Member to remain where he or she has a pecuniary interest;
- (s) giving consent of the Council where the consent of the Council is required by these Standing Orders;
- (t) continuing the sitting under Standing Order 15(1);
- (u) to debate a matter contained in the Report of a relevant body in accordance with Standing Order 10(2).

RULES OF DEBATE FOR COUNCIL MEETINGS

Form of Motions and Amendments

13. (1) A motion or amendment shall not be discussed unless it has been proposed and seconded, and unless notice has already been given in accordance with Standing Order 9 it shall, if required by the Mayor, be put into writing and handed to the Mayor before it is further discussed or put to the Meeting.

Secunder's Speech

- (2) A Member when seconding a motion or amendment may, if he or she then declares his or her intention to do so, reserve his or her speech until a later period of the debate.

Members to stand while speaking and form of reference to other Members

- (3) A Member when speaking shall stand and address the Mayor. If two or more Members rise, the Mayor shall call on one to speak; the other or others shall then sit. While a Member is speaking the other Members shall remain seated, unless rising to a point of order or in personal explanation. Members should be referred to by their titles of "Mayor", "Deputy Mayor", "Chairman" or "Councillor" as appropriate.

Content and length of speeches

- (4) A Member shall direct his or her speech to the question under discussion or to a personal explanation or to a point of order. No speech shall exceed five minutes except by consent of the Council.

When a Member may speak again

- (5) A Member who has spoken on any motion shall not speak again whilst it is the subject of debate, except:-
 - (a) to speak once on an amendment moved by another Member;
 - (b) if the motion has been amended since he or she last spoke, to move a further amendment;
 - (c) if his or her first speech was on an amendment moved by another Member, to speak on the main issue, whether or not the amendment on which he or she spoke was carried;
 - (d) in exercise of a right of reply given by paragraph (11) or (13) of this Standing Order;
 - (e) on a point of order;
 - (f) by way of personal explanation.

Form of Amendments to Motions

- (6) (a) An amendment shall be relevant to the motion and shall either:-
 - (i) refer a subject of debate to a relevant body for consideration or re-consideration;

- (ii) leave out words;
- (iii) leave out words and insert or add others; or
- (iv) insert or add words;

but such omission, insertion or addition of words shall not have the effect of negating the motion before the Council.

- (b) Subject to Standing Order 13(6)(a), any amendment to a recommendation on a Notice of Motion shall incorporate a specific reference to the Notice of Motion submitted for consideration.

Amendments to be disposed of singly

- (7) Only one amendment may be moved and discussed at a time and no further amendment shall be moved until the amendment under discussion has been disposed of PROVIDED that the Mayor may permit two or more amendments to be discussed (but not voted on) together if circumstances suggest that this course would facilitate the proper conduct of the Council's business.

Subsequent Amendments

- (8) If an amendment be lost, other amendments may be moved on the original motion. If an amendment be carried, the motion as amended shall take the place of the original motion and shall become the motion upon which any further amendment may be moved.

Alteration of Motion

- (9) With the consent of the Council, a Member may:
 - (a) alter a motion of which he or she has given notice; or
 - (b) with the further consent of his seconder, alter a motion which he or she has moved;

if (in either case) the alteration is one which could be made as an amendment thereto.

Withdrawal of Motions and Amendments

- (10) A motion or amendment may be withdrawn by the mover with the consent of his or her seconder and of the Council, which shall be signified without discussion, and no Member may speak upon it after the mover has asked permission for its withdrawal, unless such permission shall have been refused.

Right of Reply

- (11) The mover of a motion has a right to reply at the close of the debate on the motion, immediately before it is put to the vote. If an amendment is moved, the mover of the original motion shall also have a right of reply at the close of the debate on the amendment, and shall not otherwise speak on the amendment. The mover of the amendment shall have no right of reply to the debate on his or her amendment.

Motions which may be moved during debate

- (12) When a motion is under debate no other motion shall be moved except the following:
- (a) to amend the motion;
 - (b) to adjourn the meeting;
 - (c) to adjourn the debate;
 - (d) to proceed to the next business;
 - (e) that the question be now put;
 - (f) that a Member be not further heard;
 - (g) by the Mayor under Standing Order 17(2) that a Member do leave the meeting;
 - (h) a motion under Section 100A of the Local Government Act, 1972 to exclude the public.

Motions for adjournment, closure etc.

- (13) A Member may move without comment at the conclusion of a speech of another Member, "That the Council proceed to the next business", "That the question be now put", "That the debate be now adjourned", or "That the Council do now adjourn", on the seconding of which the Mayor shall proceed as follows:
- (a) on a motion to proceed to the next business: unless in his or her opinion the matter before the meeting has been insufficiently discussed, he or she shall first give the mover of the original motion a right of reply, and then put to the vote the motion to proceed to next business;
 - (b) on a motion that the question be now put: unless in his or her opinion the matter before the meeting has been insufficiently discussed, he or she shall first put to the vote the motion that the question be now put, and if it is passed then give the mover of the original motion his or her right of

reply under paragraph (11) of this Standing Order before putting his or her motion to the vote; and

- (c) on a motion to adjourn the debate or the meeting: if in his or her opinion the matter before the meeting has not been sufficiently discussed and cannot reasonably be sufficiently discussed on that occasion he or she shall put the adjournment motion to the vote without giving the mover of the original motion his or her right of reply on that occasion.

Points of order or personal explanations

- (14) A Member may rise on a point of order or in personal explanation, and shall be entitled to be heard forthwith. A point of order shall relate only to an alleged breach of a Standing Order or statutory provision and the Member shall specify the Standing Order or statutory provision and the way which he or she considers it has been broken. A personal explanation shall be confined to some material part of a former speech by him or her which may appear to have been misunderstood in the present debate.

Ruling of Mayor to be final

- (15) The ruling of the Mayor on a point of order or on the admissibility of a personal explanation shall not be open to discussion.

Members not to impute unworthy motives

- (16) No Member shall impute to another Member dishonest or unworthy motives, or use offensive or unbecoming words, or be guilty of tedious repetition.

Protest not to be entered on Minutes

- (17) No protest or expression of dissent, other than as a record of votes, shall be entered upon the Minutes of the Council.

Respect for Chair

- (18) Whenever the Mayor rises during a debate a Member then standing shall resume his or her seat and the Council shall be silent.

QUORUM

- 14. (1) Subject to the provisions of Paragraph 45 of Schedule 12 of the Local Government Act, 1972, no business shall be transacted at a meeting of the Council unless at least one-third of the whole number of Members of the Council are present.
- (2) If during any meeting of the Council the Mayor, after counting the number of Members present, declares that there is not a quorum present the meeting shall stand adjourned.

CLOSURE AND ADJOURNMENT OF MEETINGS

15. (1) No opposed business (i.e. business which any Member wishes to debate) shall be taken at an Ordinary Meeting of the Council after eleven o'clock in the evening, except the business then under consideration and as hereinafter provided. At the conclusion of the business then under consideration, the Mayor shall call over the business remaining to be transacted and any opposed business, including the remainder of a Report of the relevant body if then under discussion, shall stand adjourned unless the Council resolve, on a motion which shall be put without debate, to continue the sitting either for a particular item or items on the agenda or for all the remaining business.
- (2) When a meeting is adjourned pursuant to any provision contained in these Standing Orders (except in accordance with Standing Orders 17 (2) or (3)) then the consideration of all business not transacted shall be adjourned to a day and time to be fixed by the Mayor or, if he or she does not fix a day and time, to the next Ordinary Meeting of the Council. Notice of an adjourned meeting shall be given to each Member ~~by the Head of Democracy and Community~~ and such notice shall specify the business remaining to be transacted, but it shall not be necessary to send with such notice a further copy of any minutes and/or reports already circulated.

MOTIONS AFFECTING PERSONS EMPLOYED BY THE COUNCIL

16. If any question arises at a meeting of the Council, or of a relevant body, as to the appointment, promotion, dismissal, salary, superannuation or conditions of service, or as to the conduct of any person employed by the Council, such question shall not be the subject of discussion until the Council or relevant body, as the case may be, has decided whether or not the power of exclusion of the public under Section 100A of the Local Government Act, 1972 shall be exercised.

DISORDERLY CONDUCT

Naming a Member

17. (1) If at a meeting any Member of the Council, in the opinion of the Mayor notified to the Council, misconduct himself or herself by persistently disregarding the ruling of the Chair, or by behaving irregularly, improperly, or offensively, or by wilfully obstructing the business of the Council, the Mayor or any other Member may move "That the Member named be not further heard", and the motion if seconded shall be put and determined without discussion.

Removal of disorderly Member

- (2) If the Member named continues his or her misconduct after a motion under Standing Order 17 (1) has been carried the Mayor shall:

EITHER move "That the Member named do leave the Meeting" (in which case the motion shall be put and determined without seconding or discussion);

OR adjourn the meeting of the Council for such a period as the Mayor shall consider expedient.

Adjournment in case of disorder

- (3) In the event of general disturbance, which in the opinion of the Mayor renders the due and orderly dispatch of business impossible, the Mayor in addition to any other power vested in him or her may, without the question being put, adjourn the meeting of the Council for such period as considered expedient.

DISTURBANCE BY MEMBERS OF THE PUBLIC

18. If a member of the public interrupts the proceedings at any meeting the Mayor shall warn him or her. If he or she continues the interruption the Mayor shall order his or her removal from the Council Chamber. In case of general disturbance in any part of the Chamber open to the public the Mayor shall order that part to be cleared.

RESCISSION OF PRECEDING RESOLUTION

Motion to rescind a previous decision

19. (1) A motion or amendment to rescind a decision made at a meeting of the Council within the previous six months cannot be moved unless the notice of motion is signed by at least six Members.

Motion similar to one previously rejected

- (2) A motion or amendment in similar terms to one that has been rejected at a meeting of the Council in the previous six months cannot be moved unless the notice of motion or amendment is signed by at least six Members. Once the motion or amendment is dealt with, no one can propose a similar motion or amendment for six months.

Recommendation of Relevant Body

- (3) Standing Orders 19 (1) and (2) shall not apply to motions moved in pursuance of a recommendation of a relevant body.

CONFIDENTIALITY OF CERTAIN BUSINESS

20. Where a relevant body shall have resolved to exclude the public from a meeting pursuant to Section 100A(2) or (4) of the Local Government Act, 1972, a Member of the Council who attends the meeting shall not, without permission of the relevant body, disclose any matter dealt with or discussed in the absence of the public until the matter has been reported to the Council and is not subject to any stipulation that the matter shall continue to be regarded as exempt or confidential; or until the matter has been communicated to the media by or with the authority of the relevant body.

PETITIONS

21. Where a petition is submitted to the Council in accordance with the Council's Petitions Scheme, and has at least 1000 eligible signatures, the subject matter of the petition shall be reported to the next Ordinary Meeting of the Council, allowing at least ten working days' notice. The petition organiser shall be given the opportunity to present the petition to the Council and a maximum of ten minutes shall be permitted for this. Members of the Council shall not be permitted to ask questions of the petition organiser. The Council will then consider its response to the petition.

DEPUTATIONS AND MEMORIALS

Deputations to the Council

22. (1) A deputation may be received by the Council, according to the wishes expressed by the deputation; but no such deputation shall be received unless five clear days' notice of the intended deputation and of its objects shall have been received by the Corporate Manager – Democracy ~~Head of Democracy and Community~~ and then only by leave of the Council.

Reception of Deputations

- (2) Two persons may address the Council, but the first speaker's address shall not exceed ten minutes and the second speaker's address shall not exceed five minutes. The duration of any address shall include the time taken to read a memorial which may be presented by the deputation. Following the address, Members of the Council shall not be permitted to ask questions of the deputation, except at the discretion of the Chairman.

The Scheme for Public Speaking at meetings of relevant bodies is contained in Part 4 of the Council's Constitution.

Memorials

- (3) A copy of a memorial which a deputation wishes to present to the Council or to a relevant body, shall be delivered to the Corporate Manager – Democracy ~~Head of Democracy and Community~~ at least five clear days prior to the meeting at which the deputation desires to be received. The purpose of any such memorial shall be circulated ~~by the Head of Democracy and Community~~ to the Members of the Council or the relevant body concerned, unless the Mayor or, as the case may be, Chairman directs otherwise.

Urgent Memorials

- (4) A memorial on any subject which the Mayor may deem to be urgent shall be brought before the next meeting of the Council or a relevant body, whichever may first be sitting; or he or she may, if he or she deems it necessary, direct the Head of Democracy and Community to Summon a Special Meeting, either of the Council or of a relevant body to deal with the matter.

INTERPRETATION OF STANDING ORDERS

23. The ruling of the Mayor or, as appropriate, the Chairman of a relevant body as to the construction or application of any of these Standing Orders, or as to any proceedings of the Council or a relevant body, shall not be challenged.

SEALING OF DOCUMENTS

Custody of Seal

24. (1) The Common Seal of the Council shall be kept in a safe place in the custody of the Corporate Manager - Legal Services.

Authorised use of Seal

- (2) The Common Seal of the Council shall be affixed to any document authorised by a resolution of the Council, the Cabinet or a Committee to which the Council have delegated their powers in this behalf or through powers and duties delegated in the Council's Constitution.

Attestation of Seal

- (3) The Seal shall be attested by either the Chief Executive, Executive Directors, Assistant Chief Executive or the Corporate Manager – Legal Services and an entry of every sealing of a document shall be made and consecutively numbered in a book kept for the purpose and shall be signed by a person who has attested the Seal.

AUTHENTICATION OF DOCUMENTS FOR LEGAL PROCEEDINGS

25. Where any document will be a necessary step in legal proceedings on behalf of the Council it shall be signed by the Corporate Manager – Legal Services or the Monitoring Officer ~~– or the Head of Democracy and Community~~ where appropriate unless any enactment otherwise requires or authorises, or the Council give the necessary authority to some other person for the purpose of such proceedings.

STANDING ORDERS TO APPLY TO RELEVANT BODIES

26. The Standing Order of the Council headed “Rules of Debate” (except those parts which relate to standing and to speaking more than once) shall, with any necessary modification, apply to meetings of relevant bodies.

MEETINGS OF RELEVANT BODIES

Convening of Meetings

27. (1) A relevant body shall hold meetings at such times as may be required and may adjourn such meetings as may be thought proper. Special meetings of a relevant body shall be summoned by the Corporate Manager – Democracy Head of Democracy and Community at the request of the Chairman or any three Members of the relevant body.

Discussion of additional items

- (2) No additional item of business not already included on the agenda for a meeting of a relevant body shall be raised unless the Chairman is satisfied that the matter is one of urgency. Urgent matters which Members propose to raise shall be notified to the Chairman or to the Corporate Manager – Democracy Head of Democracy and Community not later than noon on the day of the meeting (unless relating to an emergency arising after that time).

Minutes

- (3) Minutes of the proceedings of a relevant body shall be recorded in a Minute Book kept for that purpose and shall be signed by the Chairman at the same or following meeting.

Quorum

- (4) Except where authorised by Statute or ordered by the Council, business shall not be transacted at a meeting of a relevant body unless at least one half of the whole number of voting Members are present.

Voting

- (5) Voting at a meeting of a relevant body shall be by a show of hands PROVIDED that immediately after the vote is taken any Member may require that his or her vote for the question or against the question or whether he or she abstained from voting shall be recorded in the Minutes.

Mover of Motion may attend meeting

- (6) A Member of the Council who has moved a motion which has been referred to a relevant body shall have notice of the meeting at which it is proposed to consider the motion. He or she shall have the right to attend the meeting and if he or she attends shall have an opportunity to explain the motion.

Attendance of Members

- (7) No Member of the Council shall attend a meeting of a relevant body, except as a member of the public, unless:-
- (a) he or she is a Member of the relevant body; or
 - (b) he or she is entitled to be present at such meeting by virtue of any provisions contained in these Standing Orders; or
 - (c) he or she is invited by the relevant body to be present at such meeting.

but that any Member of the Council shall have the right to ask the relevant body to address the meeting on an item of business included on the agenda.

- (8) Members of the Council attending, as members of the public, meetings of the Cabinet, Committees or Policy and Project Advisory Board of which they are not Members, shall be entitled to remain, during the consideration of business where the press and public are excluded.
- (9) When the Cabinet is holding informal discussions on future policy issues, other Members of the Council shall not be entitled to be present unless invited.

Public Participation

- (10) Members of the public may address or ask questions of relevant bodies in accordance with the Public Speaking Procedure Rules in Part 4 of this Constitution.

SUB-COMMITTEES APPOINTED BY COMMITTEES

Arrangements

28. (1) Any Sub-Committees established by a Committee shall be appointed in accordance with the political balance arrangements agreed by the Council and the Committee shall give effect to the appointments proposed by the appropriate political groups.

Chairman to be Ex Officio Member

- (2) The Chairman of a Committee shall be an ex officio Member of every Sub-Committee appointed by that Committee, unless he or she signifies to the Committee that he or she does not wish to serve PROVIDED that he or she may not vote at a meeting of a Sub-Committee of which he or she is not a voting Member.

Co-opted Members

- (3) A Sub-Committee may appoint such non-voting Members and advisers as it considers fit.

VARIATION AND REVOCATION OF STANDING ORDERS

Motions to amend Standing Orders

29. (1) Any motion to add to, vary or revoke these Standing Orders shall, when proposed and seconded, stand adjourned without discussion to the next Meeting of the Council.

SUSPENSION OF STANDING ORDERS

30. (1) Subject to Paragraph (2) of this Standing Order, any of the preceding Standing Orders may be suspended so far as regards any business at the meeting where its suspension is moved.
- (2) A motion to suspend Standing Orders shall not be moved without notice (i.e. under Standing Order 12) unless there shall be present at least one-half of the whole number of the Members of the Council.

STANDING ORDERS TO BE GIVEN TO MEMBERS

31. A copy of these Standing Orders and of such statutory provisions as regulate the proceedings and business of the Council, shall be made available to each Member of the Council by the Corporate Manager – Democracy Head of Democracy and Community upon delivery to him or her of the Member's Declaration of Acceptance of Office on the Member being first elected to the Council.

SCHEME FOR QUESTIONS TO THE CABINET AT FULL COUNCIL

OVERVIEW

The purpose of the Scheme for Cabinet Questions at full Council is to enable any Member of the Council to ask a Member of the Cabinet a question on any item dealt with under the executive arrangements. Questions can relate to any function not dealt with elsewhere in the decision-making structure (e.g. committees) or which affects the Borough.

A period of 15 minutes will be allocated for questions to Cabinet Members

PROCESS

Questions must be tabled in accordance with the process set out below.

Members asking questions will be able to ask a maximum of one supplementary question relating to the same subject.

- (1) Members may submit questions up until 4.00 p.m. on the day before the Council meeting to the Corporate Manager – Democracy Head of Democracy and Community in the following form:
 - a full question identifying the Cabinet Member who will be asked
 - questions should be submitted in writing (including e-mail)
- (2) Members may submit more than one question but a second or subsequent question will be permitted once those Members submitting questions have had a chance to ask their first question.
- (3) The Corporate Manager – Democracy Head of Democracy and Community will prepare a list of tabled questions/topic areas in the order in which they have been received.
- (4) The appropriate Cabinet Member(s) will be advised of the subject area/question that will be asked at the meeting.
- (5) In consultation with the Mayor, the tabled questions will be put into their final order (taking account of any Member who has submitted more than one question)
- (6) At the meeting, the Mayor will conduct the question session in the usual way, allowing a supplementary question where appropriate.
- (7) The 15 minutes session will only be extended if there are tabled questions still to be dealt with and at the discretion of the Mayor. There will be no supplementary questions in such circumstances.
- (8) The Mayor's ruling in respect of the conduct of questions to the Cabinet will be final.

SCHEME FOR THE ANNUAL REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEE TO COUNCIL

OVERVIEW

The main features of the procedure are:

- The Chairman of the Overview and Scrutiny Committee, or nominated spokesperson, shall introduce the Annual Report of the Overview and Scrutiny Committee to the Council (a maximum of 5 minutes for the presentation shall be permitted).
- A period of 15 minutes will be allocated for questions on the Report. Questions must be tabled in accordance with the process set out below.
- Members asking questions will be able to ask a maximum of one supplementary question relating to the same subject.

PROCESS FOR QUESTION TIME

Any Member of the Council may ask a question on an item included in the Annual Report, subject to written notice.

The process for question time shall be as follows:

- (1) Members will be able to submit questions up until 4.00 p.m. on the day before the Council meeting to the Corporate Manager – Democracy ~~Head of Democracy and Community~~ in the following form:
 - a full question which identifies the item to which the question relates
 - questions should be submitted in writing (including e-mail)
- (2) Members may submit more than one question but a second or subsequent question will only be permitted once other Members submitting questions have had a chance to ask their first question.
- (3) The Chairman or nominated spokesperson will be advised in advance of the question that will be asked at the meeting.
- (4) In consultation with the Mayor, the tabled questions will be put into their final order (taking account of any Member who has submitted more than one question).
- (5) At the meeting the Mayor will conduct the question session in the usual way, allowing a supplementary question where appropriate.
- (6) The Mayor's ruling in respect of the conduct of questions will be final.

SCHEME FOR THE APPOINTMENT OF STANDING DEPUTIES

1. Introduction

The Scheme for Standing Deputies applies to the Development Management Committee, Corporate Governance, Audit and Standards Committee, Overview and Scrutiny Committee and the Policy and Project Advisory Board. It allows for the attendance of ~~a~~ standing deputy~~y~~ies where a regularly appointed Member cannot be present

2. Scheme

The arrangements for the Scheme for Standing Deputies are as follows:

- (1) Each political group, which is allocated seats on the Development Management Committee, Corporate Governance, Audit and Standards Committee, Overview and Scrutiny Committee and Policy and Project Advisory Board may nominate ~~two~~ ~~one~~ standing deputy~~y~~ies to attend the Committee on occasions when an appointed Member cannot be present. The appointment of standing deputies will usually take place at the Annual Meeting of the Council when the committee membership is decided.
- (2) Members appointed as standing deputies are in the same position in terms of responsibilities and duties as any other member of the committee, for example, in relation to the declaration of any interests they might have, and will be able to exercise full voting rights.
- (3) Standing deputies may attend meetings in that capacity only where the ordinary councillor will be absent for the whole of the meeting and must declare at the beginning of the meeting which councillor they are substituting for.
- (4) If a standing deputy is present at a meeting at which the Member whom he or she is replacing turns up during the course of proceedings, the original member should be required to withdraw from participation at the meeting.
- (5) A standing deputy shall be advised of a Member's absence either directly by the Member who is unable to attend, or by the Committee Administrator on notification of an advance apology by 5pm on the day of the meeting at the latest.

- (6) The names of those councillors appointed as standing deputies shall be published on agendas alongside the ordinary committee membership.

EXTRACT FROM THE PUBLIC SPEAKING PROCEDURE RULES

SCHEME FOR PUBLIC SPEAKING AT DEVELOPMENT MANAGEMENT COMMITTEE

6. Requirement to give Advance Notice

- 6.1 Those who wish to speak to the Development Management Committee on a planning application, must register by contacting the Head of Democracy and Community or the meeting administrator in writing by email or post no earlier than five working days before the Committee meeting (usually from 9am on the Wednesday, a week preceding the meeting) and no later than 5pm on the last working day before the relevant meeting (usually the Tuesday immediately before the meeting).

7. Content of Advance Notice

- 7.1 The meeting administrator must be informed of:

- The application on which it is proposed to speak
- The full name, address and telephone number of the proposed speaker
- Whether the speaker is in favour or against the application
- Whether the speaker represents anyone else
- Whether the speaker wishes their details to be passed on to any other caller with a similar view.

- 7.2 A member of the public will only be able to speak once this information is properly registered. Speaking to a Planning Officer or telephoning the Council will not be sufficient to register a wish to speak to the Committee. All requests to speak must be made in writing direct to the Meeting Administrator.

8. Eligibility to Speak

- 8.1 The procedure allows for ~~one person only~~ two people to speak against the recommendation and ~~one only~~ two people in support (an exception is set out in para 8.2). ~~To qualify to speak, the person~~ Speakers must have already submitted written comments on the planning application and these must have been received by the Council by the publicised closing date for comments. Requests to speak will be dealt with on a “first come, first served” basis. Therefore, if someone has already asked to speak, and someone else wishes to do likewise, they will not be able to do so. Provided that ~~the persons~~ s registered to speak gives their consent, further requests to speak will be passed on, to facilitate a joint case to be made in appropriate circumstances.

- 8.2 In the case of a major planning application (as determined by the Chairman of the Development Management Committee in consultation with the Head of Planning or Executive Director) where there is expected to be a high level of public interest and the decision is expected to have a significant impact on the Borough as whole, a maximum of seven public speakers may speak against the recommendation and a maximum of seven public speakers in support. Speakers must have already submitted written comments on the planning application, and these must have been received by the Council by the publicised closing date for comments.

8.3 In the case of a major planning application (as set out in para. 8.2 above), the Chairman of the Development Management Committee in consultation with the Head of Planning or Executive Director is delegated authority to decide the appropriate number of speakers up to the maximum (seven), and to determine which speakers are chosen from amongst those who have applied where there are more than the agreed maximum, to ensure a representative range of views are presented. There should be overall balance in the time allocated to those speaking for and those speaking against the application.

8.4 A person will only be allowed to speak if the planning application to which they refer is scheduled to be determined at that particular meeting of the Development Management Committee. The opportunity to speak does not apply to any other matters that might be on the Committee agenda.

8.5 With the exception of planning applicants or their agents, all requests to speak will only be accepted from local government electors for the Borough of Rushmoor and *bona fide* representatives of groups and organisations working or represented locally and recognised as such by the Council.

8.6 A person who is eligible to speak to the Development Management Committee may nominate in writing a representative to speak on their behalf when registering their request to speak. However, the nominated representative must only speak to expand and explain the eligible speaker's previously submitted written objections or representations.

9. **At the Meeting**

9.1 Speakers will be advised to read the officer's report on the application before deciding to make representations to the Committee, so that they understand what is being proposed. The report is available on the Council's website and at the Council Offices at least five clear working days before the meeting. It is also recommended that the speaker checks with the meeting administrator before the Committee meeting as to whether any late amendments to the application have been made.

9.2 Once registered, speakers must make themselves known to one of the meeting administrators at least fifteen minutes before the start of the meeting so that their attendance can be recorded. Meetings usually start at 7pm. Speakers arriving late after the meeting has started will not be allowed to speak.

9.3 **Each person speaking to the Committee will be allowed a maximum period of three minutes in which to speak.** The speaker may not ask questions nor will they be questioned, unless the Chairman considers that there are matters which are not raised in the officer's report. If the speaker represents others, apart from their household, they will need to bring with them documentary evidence that these people have agreed to representations being made on their behalf. This may take the form of a signed letter or other similar authorisation. This must be given to the meeting administrator before the meeting starts.

9.4 The three-minute time limit will not be exceeded, and all speakers must stop when requested to do so by the Chairman.

- 9.5 No material, including plans, photographs, letters or statements can be handed to the Committee Members at, or just before, the Committee meeting. All requests to hand out or circulate material will be **refused** in accordance with the Council's adopted policy on "Late Representations".
- 9.6 Public speaking will take place as each individual planning application is presented for determination. The order of speaking at the Committee is as follows:
- The Planning Officer will present the application and add any further relevant information.
 - The Chairman will call the registered person expressing objections to the planning application to come forward to speak for a maximum of three minutes. The person will then return to the public gallery.
 - The Chairman will then call the registered person expressing support for the planning application to come forward to speak for a maximum of three minutes. The person will return to the public gallery.
 - The Planning Officer will comment on any factual matters raised by either speaker.
 - Members of the Development Management Committee will then debate the application and ask questions of officers in the usual way and reach a decision without further direct public involvement.
- 9.7 If the application is deferred without discussion then no public speaking will take place. If a decision on the application upon which speakers have made representations is deferred after discussion and debate, the speakers will not have an automatic right to speak at the next Development Management Committee meeting at which it is considered. Instead the speaker must register again.
- 9.8 In the event of any dispute over these procedures, the Chairman's decision is final.

SUMMARY OF UPDATES MADE TO THE CONSTITUTION – SINCE MAY 2020

PART 2 – THE CONSTITUTION AND HOW THE COUNCIL OPERATES

Section/Paragraph	Update	Decision maker	Date
Throughout Part 2	Delete all references to Licensing and General Purposes Committee, and replace with Corporate Governance and Audit Committee	Council	22/4/21
	Delete references to Head of Democracy and Community and replace with Corporate Manager – Democracy	Admin Update	January 2023
Para 1.5 – Changes to Constitution	Delete ‘The Council has been given temporary powers to hold remote meetings....’ Insert in its place ‘Should the Council be given permanent powers to hold remote meetings...’	Admin Update	May 2021
Para 2.3 – Duties of Councillors	Add reference to the Information Security Policy in place of the AUP	Admin Update	May 2021
Para 3.9 – Virtual Meetings	Insert replacement wording to reflect current position ‘Some meetings are held remotely as ‘virtual meetings’ which are accompanied by a live webcast for public viewing..’	Admin Update	May 2021
Para 3.15 – Council’s Staff and Management	Delete references to CLT – insert references to CMT (corporate management team) and Assistant CX. Add reference to ELT (executive leadership team)	Admin Update Admin Update	October 2020 December 2022
Para 3.18 – Authentication of Documents	Add Assistant CX to list of officers empowered to witness sealing or authenticate documents	Admin update	November 2021

PART 3 - RESPONSIBILITY FOR FUNCTIONS

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Section/Paragraph	Update	Decision maker	Date
<p>Section 1 - Introduction to Responsibility for Functions</p> <ul style="list-style-type: none"> • Para 1.4 – Authorised Officers • Para 1.4 – General Requirements for Delegation • Para 1.5 and 1.6 – General Powers for Exec Directors and HOS/Consulting 	<p>Insert reference to Assistant CX (new post)</p> <p>Add clarification that consultation by officers should include ward members (as appropriate) as is convention.</p> <p>Insert reference to the new Exec Decision Making Guidance Document for officers:</p> <p>‘Additional guidance on using delegation powers under the scheme of delegation for Executive Matters is available in the Council’s ‘Executive Decision-Making Guidance for Officers’ document’</p> <p>Insert reference to Assistant CX (new post), and update reference from CLT to CMT (corporate management team)</p>	<p>Admin update</p> <p>Admin update</p> <p>Admin update</p> <p>Admin update</p>	<p>October 2020</p> <p>October 2020</p> <p>October 2020</p> <p>October 2020</p>

Section/Paragraph	Update	Decision maker	Date
<p>Section 3 - Scheme of Delegation for Executive Matters)</p> <ul style="list-style-type: none"> • Para 3.5 (Matters reserved to Cabinet) • Appendix 1 – Cabinet Portfolio Responsibilities • Appendix 2 – Service Responsibilities 	<p>Add new (10) 'single debts to be written off greater than £10k' – this is to mirror the existing provision already in the Financial Procedure Rules</p> <p>Responsibility for Risk Management moved from Corporate Services Portfolio to the Democracy, Strategy and Partnerships Portfolio</p> <p>Add new Service Responsibilities for Assistant Chief Executive:</p> <ul style="list-style-type: none"> • Policy, Strategy and Performance moved from Democracy, Strategy and Partnerships • Emergency Planning and Covid 19 • Business continuity and Corporate Risk Management <p>Head of Democracy, Strategy and Partnerships updated to Head of Democracy and Community</p> <p>Remove post of Head of Customer Experience – with Customer Services moving to Head of IT, Projects and Facilities</p> <p>Responsibility for Princes Hall moved from Economy, Planning and Strategic Housing to Operational Services</p> <p>Adjustment – 'Interim' Head of Property, Estates and Technical Services</p>	<p>Admin Update</p> <p>Leader Decision – Admin update</p> <p>CX Decision – Admin update</p>	<p>October 2020</p> <p>Autumn 2021</p> <p>October 2020</p> <p>Feb 2022</p>

Section/Paragraph	Update	Decision maker	Date
	Updated Service Responsibilities Document to reflect the new Executive Head Roles as described in the Chief Executive's Report to Cabinet November 2023	Cabinet/CX Decision	Dec 2023
<p>Section 4 – Council Responsibilities (Non-Executive Matters)</p> <ul style="list-style-type: none"> • Para 4.5.2 (taxi licensing arrangements) • Para 4.9 - Other Council Responsibilities 	<p>Delete all references to Licensing and General Purposes Committee and replace with Corporate Governance, Audit and Standards Committee</p> <p>Update all references to Head of Economy, Planning and Strategic Housing to Head of Property and Growth</p> <p>Update all references to Head of Operational Services to Executive Head of Operations</p> <p>Insert provision that where the Head of Operational Services is minded to refuse or revoke a licence for a private taxi hire operator or a hackney carriage and/or private hire driver, the matter be referred to a taxi licensing hearing for decision. However, with an exemption that delegation to Head of Operations remains where it is deemed urgent or necessary for an expedient decision.</p> <p>Update the following responsibilities arising from changes to staff and designations:</p> <p>(Copy of revised schedule attached – Annex 1)</p>	<p>Council</p> <p>CX/Cabinet Decision – Admin Update</p> <p>CX/Cabinet Decision – Admin Update</p> <p>CGAS Committee</p> <p>CX Decision To be confirmed through Constitution update</p>	<p>22/4/21</p> <p>Jan 2023</p> <p>Jan 2023</p> <p>27/7/21</p> <p>Jan 2023</p>

Section/Paragraph	Update	Decision maker	Date
Section 9 – Governance Arrangements for RDP and RHL	Updates: <ul style="list-style-type: none"> - Membership of RDP Board (CX, ED, Property and Major Projects Portfolio Holder) - RDP Investment Team representatives (replace Exec Head of Regen and Property with Interim Head of Development) - RDP - Council's shareholder representative changed to Exec Director and Monitoring Officer 	CGAS and RDP Board CGAS	May 2021
Section 10 – Councillor Role Descriptions	Insert new Role Descriptions: <ul style="list-style-type: none"> - Chairman of the Corporate Governance, Audit and Standards Committee - Committee Member (CGAS) - Independent Member (Audit) 	Council	22/4/21
Section 12 – Proper Officers	(Copy of revised schedule attached – Annex 2)	Admin update CX Decision to be confirmed through Constitution Update	October 2020

PART 4 – PROCEDURE RULES

Section/Paragraph	Update	Decision maker	Date
Standing Orders for the Regulation of Business	REVISED DOCUMENT WITH PROPOSALS SET OUT AT APPENDIX 1 & 2 TO REPORT		
Public Speaking Procedure Rules related to Development Management Committee	<p>PROPOSED NEW PROVISIONS SET OUT IN APPENDIX 3 TO REPORT</p> <p>Add sentence to clarify intention that eligible speakers may nominate a representative to speak on their behalf as long as the representative only speaks to clarify and expand the eligible speaker’s originally submitted representations.</p>	Admin Update to clarify	25/6/22
Licensing Sub-Committee (Taxis) Hearings Protocol and Procedure	Insert new Protocol into the Constitution, as Section 6A.	CGAS Committee	27/7/21

Replace references to ‘Head of Democracy and Community’ with ‘Corporate Manager – Democracy’ in the following Procedure Rule documents:

- Access to Information Procedure Rules
- Cabinet Procedure Rules
- Overview and Scrutiny Procedure Rules
- Licensing Hearings
- Standards Hearings
- Petitions Scheme

PART 5 – CODES AND PROTOCOLS

Section/Paragraph	Update	Decision maker	Date
Code of Conduct for Councillors	New Code of Conduct for Members inserted to mirror the national code.	Council	22/4/21
	Minor updates to Appendix in Code of Conduct	CGAS Committee	22/11/21
Selection of Mayor and Deputy Mayor	Updates made to loosen the criteria for selection of the Deputy Mayor and Mayor	Council	8/12/22
Information Security Policy	Insert latest Document	Admin Update	May 2021

PART 6 – MEMBERS ALLOWANCES SCHEME

Section/Paragraph	Update	Decision maker	Date
Schedule of Rates	New Schedule of Rates from May 2022	Council	23/6/22
Rates and Allowance Scheme	Update to Allowances and Scheme	Council	23/6/22

SECTION 4: COUNCIL RESPONSIBILITIES (NON-EXECUTIVE MATTERS)**EXTRACT****4.9 Other Council Responsibilities**

Other matters which are not to be the responsibility of the Cabinet and Leader are set out in the table below. This incorporates 'Local Choice Functions' which the Council has decided shall be non-executive matters.

This list is anything else that must be non-executive. Matters that are delegated to the Licensing, Audit and General Purposes Committee or Development Management Committee will appear in their Terms of Reference in Section 6.

	Responsibility	Legislation	Carried out by
1.	Power to make Standing Orders	Local Government Act 1972, Section 106 and paragraph 42 of Schedule 12	Council
2.	Power to make standing orders as to contracts	Local Government Act 1972, Section 135	Council
3.	Power to appoint staff and determine their terms and conditions	Local Government and Housing Act 1989 and Regulations	In accordance with the provisions set out in the Officer Employment Rules in Part 4
4.	Duty to designate Head of Paid Service and provide resources	Local Government and Housing Act, Section 4	Council (recommendation made by CGAS)
5.	Duty to designate Monitoring Officer and Section 151 Chief Finance Officer	Local Government and Housing Act, Section 5	Council (recommendation made by CGAS)
6.	Duty to provide staff and resources to a person nominated by the Monitoring Officer	Local Government Act 2000, Section 82	Council

7.	Power to appoint proper officers	Local Government Act 1972, Section 270 (3)	Chief Executive
8.	Duty to make arrangements for proper administration of financial affairs	Local Government Act 1972, Section 151	Section 151 Chief Finance Officer
9	Duty to approve the Authority's Statement of Accounts	The Accounts and Audit Regulations 1996	Corporate Governance, Audit and Standards Committee
10.	Functions related to pensions	Regulations under Section 7,12 or 24 of the Superannuation Act 1972	Corporate Governance, Audit and Standards Committee
11.	Power to change the name of the Borough	Local Government Act 1972, Section 74	Council
12.	Power to confer the title of honorary alderman or to admit an honorary freeman	Local Government Act 1972, Section 249	Council
13.	Powers and functions relating to community governance reviews, including power to undertake a review, as listed in Paragraph E of Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000	Local Government and Public Involvement in Health Act 2007.	Council
14.	Power to make payments or provide benefits in cases of maladministration, etc.	Local Government Act 2000, Section 92	Chief Executive or Section 151 Officer

15.	The making, amendment, revocation or re-enactment of any byelaws	Any statutory provision	Council
16.	The promotion, opposition to or amendment of local or personal Bills	Local Government Act 1972, Section 239	Council
17.	Appointment of Elected Members to vacancies on Outside Bodies arising during the Municipal Year		<u>Head of Democracy and Community Corporate Manager - Democracy</u>

Elections

	Responsibility	Legislation	Carried out by
18.	Duty to appoint an electoral registration officer and returning officer for local government elections	Representation of the People Act 1983, Section 8(2) and 35	Council
19.	Powers to provide the officers the electoral registration officer needs	Representation of the People Act 1983, Section 52(4)	Head of Paid Service
20.	Duty to divide constituency into polling districts	Representation of the People Act 1983, Section 18	Council
21.	Power to divide electoral divisions into polling districts at local government elections	Representation of the People Act 1983, Section 31	Council
22.	Powers in respect of holding elections	Representation of the People Act 1983, Section 39(4)	Returning Officer

23.	Power to pay electoral registration officer's expenses (<u>Chief Executive is Registration Officer</u>)	Representation of the People Act 1983, Section 54	<u>Monitoring Officer</u> <u>Head of Democracy and Community</u>
24.	Duty to declare vacancy in office	Local Government Act 1972, Section 86	Returning Officer
25.	Duty to give notice of a casual vacancy	Local Government Act 1972, Section 87	Returning Officer
26.	Power to make proposals for pilot schemes for local elections	Representation of the People Act 2000, Section 10	Corporate Governance, Audit and Standards Committee
27.	Duty to consult on change of scheme for elections <u>e.g. whole council elections</u>	Local Government and Public Involvement in Health Act 2007, Sections 33(2), 38(2) and 40(2)	<u>Chief Executive</u> <u>Head of Democracy and Community</u>
28.	Duties relating to certain publicity in relation to <u>change of scheme for elections electoral matters</u>	Local Government and Public Involvement in Health Act 2007, Sections 35, 41 and 52	<u>Chief Executive</u> <u>Head of Democracy and Community</u>
29.	Duties relating to notice to Electoral Commission (sec 53 relates to parish councils and the section 55-57 related to EC has been repealed)	Local Government and Public Involvement in Health Act 2007, Section 53	Head of Democracy and Community
30.	Functions relating to <u>consultation and notification processes in relation to changing the e-of name of an electoral area</u>	Local Government and Public Involvement in Health Act 2007, Section 59	<u>Chief Executive</u> <u>Head of Democracy and Community</u>

Regulatory Matters:

	Responsibility	Legislation	Carried out by
31.	To exercise powers to protect the rights of the public to use and enjoy highways	Section 130 of the Highways Act 1980	Head of Property, Estates and Technical Services <u>Executive</u> Head of Operations al Services
32.	Powers to grant permission for provision of objects, services, amenities, recreation and refreshment facilities on the highway and related powers	Part VIIA of the Highways Act 1980	<u>Executive</u> Head of Operations al Services Head of Property, Estates and Technical Services
33.	To exercise powers adopted by the Council under the Hampshire Act 1983	s.4 (relating to the registration of hairdressers and barbers and premises occupied by them) s.8 (relating to the control of stray dogs) s.9 (relating to the seizure of horses).	<u>Executive</u> Head of Operations al Services
34.	Appointments and authorisations of officers	Food Safety Act 1990, Health and Safety at Work Act, 1974	<u>Executive</u> Head of Operations al Services
35.	Power to issue a closing order to takeaway food shop	Local Government (Miscellaneous Provisions) Act 1989	<u>Executive</u> Head of Operations al Services
36.	Powers to protect important hedgerows	The Hedgerows Regulations 1997	<u>Executive</u> Head of Property and Growth Economy, Planning and Strategic Housing

37.	Power to transfer non-executive functions to another local authority, or decision to accept such a delegation from another local authority	Local Government Act 1972	Council
38.	Power to make an order identifying a place as designated public place for the purpose of police powers in relation to alcohol consumption	Criminal Justice and Police Act 2001	Corporate Governance, Audit and Standards Committee

SECTION 12: PROPER OFFICERS**1. APPOINTMENT OF PROPER OFFICERS**

Proper officers are designated by the Council for the functions listed below as required by various statutory provisions.

2. PROPER OFFICER RESPONSIBILITIES

“Proper Officer” means the officer designated below by the Council for the purpose of this Scheme, or in the absence of such designation, the arrangements in relation to “authorised officers” in Part 3, Section 1.4 shall apply.

LEGISLATION	RESPONSIBILITY	PROPER OFFICER
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Public Health Act 1936

Section 85(2)	Serving a notice requiring action to deal with verminous articles	<u>Executive</u> Head of Operations at Services
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Local Government Act 1972

Section 83	To witness and receive declarations of acceptance of office by the Mayor, Deputy Mayor and Councillors.	Chief Executive
Section 84	To accept written notice of resignations from persons holding office as Mayor, Deputy Mayor or Councillor.	Chief Executive
Section 88 (2)	Convening meetings of the Council to fill casual vacancy in office of Mayor.	<u>Head of Democracy and Community</u> <u>Chief Executive</u>
Section 89 (1)(b)	Receipt of notice from electors requiring election to fill casual vacancy on Council.	Chief Executive
Section 100 (B)(2)	Exclusion from public inspection of those reports (or parts) likely to be taken in absence of public.	<u>Head of Democracy, and Community</u> <u>Corporate Manager - Democracy</u>

Section 100 (B)(7)(c)	Making available to the Press other documents already supplied to Members.	Head of Democracy and Community Corporate Manager – Democracy
Section 100 (C)(2)	To make a written summary in lieu of confidential minutes.	Head of Democracy and Community Corporate Manager - Democracy
Section 100 (D)(1)(a)	Listing background papers to a report	Authorised Officer responsible for the report
Section 100 (D)(5)(a)	To Identify background papers on which a report is based which have been relied on in preparing the report.	Authorised Officer responsible for the report
Section 100 (F)(2)	To identify documents not open to inspection by councillors under Section 100 (F)(1).	Corporate Manager – Legal Services
Section 115 (2)	Person to whom all officers shall pay monies received by them and due to the local authority.	Executive Head of Finance
Section 146 (1)(a)	Statutory declarations in relation to securities on change of name of authority.	Executive Head of Finance
Section 151	To be responsible for the proper administration of the financial affairs of the Council.	Executive Head of Finance
Section 191	To receive notices from Ordnance Survey in relation to ascertaining or locating Local Authority boundaries.	Head of IT, Digital, Customer and Projects and Facilities
Section 223	Authorisation (appearance by persons in legal proceedings)	Corporate Manager – Legal Services
Section 225 (1)	To receive and give receipt for any document required to be formally deposited.	Chief Executive
Section 228	To make arrangements for the Inspection of documents and minutes	Head of Democracy and Community Corporate Manager - Democracy

Section 229 (5)	To certify photographic copies of documents for use in legal proceedings.	Corporate Manager – Legal Services <u>or</u> <u>Monitoring Officer</u>
Section 234 (1) & (2)	<p>To sign formal notices, orders or other documents made or issued by the Council other than those under seal and other than those specifically delegated to another officer:</p> <p>Any document relating to electoral registration or any Parliamentary or Local Election.</p> <p>All documents or categories of document for which provision is not made in relation to any other officer.</p> <p>Any document authorising the payment or receipt of any sum of money.</p> <p>The granting or refusal of planning permission, and any other documents or notice relating to building control or planning.</p> <p>Any document relating to housing, including notices pursuant to relevant statutory provisions.</p> <p>Any document relating to environmental or public health including notices pursuant to relevant statutory provisions.</p> <p>Any document relating to a matter which is, or is likely to be, legally contentious or any statutory notice (including enforcement or stop notices) where specific provision is not made elsewhere in this scheme.</p>	<p>Chief Executive</p> <p>Corporate Manager – Legal Services</p> <p>Executive Head of Finance</p> <p>Corporate Planning Manager or Head of <u>Property and Growth Economy, Planning & Strategic Housing</u></p> <p><u>Head of Economy, Planning & Strategic Housing and Executive Head of</u> Head of <u>Operations</u> <u>at</u> <u>services</u></p> <p><u>Executive</u> Head of <u>Operational</u> <u>Services</u></p> <p>Corporate Manager – Legal Services</p>

	Any document of a category not specifically referred to above.	The Authorised Officer responsible for the service in question, or in default thereof, the Corporate Manager – Legal Services
Section 236 (10)	To send copies of all byelaws made by the Council to the County Council.	Corporate Manager – Legal Services
Section 238	To certify a printed copies of Council byelaws.	Corporate Manager – Legal Services
Schedule 6 para. 1	Deputy to electoral registration officer.	Head of Democracy and Community <u>to be confirmed</u>
Schedule 12 para. 4(2)(b)	To issue and serve summons to meetings of the Council.	Head of Democracy and Community <u>Chief Executive</u>
Schedule 12, para. 4(3)	To receive formal notification from councillors requesting that a summons be sent to an alternative address.	Head of Democracy and Community <u>Corporate Manager - Democracy</u>
Schedule 14, Para. 25(7)	Certification of copy resolutions under Para. 25 of Schedule 14 of the Local Government Act, 1972.	Head of Democracy and Community <u>Corporate Manager - Democracy</u>

Local Government (Miscellaneous Provisions) Act 1976

Section 41	To certify copy resolutions, orders, reports, minutes, records of executive decisions and copy instruments appointing officers to perform certain functions	Head of Democracy and Community <u>Corporate Manager - Democracy</u>
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Representation of the People Act 1983

Section 8	To act as Registration Officer for the registration of Parliamentary and Local Government Electors.	Chief Executive
Section 28	To act as Acting Returning Officer at Parliamentary Elections.	Chief Executive
Section 35	To act as Returning Officer for the election of Councillors of the Borough.	Chief Executive

Building Act 1984

Section 61	To authorise access to any works being carried out to repair, reconstruct or alter a drain	<u>Executive Head of Property and Growth</u> <u>Head of Economy, Planning & Strategic Housing</u>
Section 78	To take emergency action in relation to dangerous buildings and structures.	<u>Executive Head of Property and Growth</u> <u>Head of Economy, Planning & Strategic Housing</u>

Local Government Finance Act, 1988

Sections 114, 115 and 115A	Responsibility for Chief Financial Officer Reports.	Executive Head of Finance
Sections 116	Notification to auditor of date, time and place of meeting to consider Section 114 report and of decision of such meeting.	Chief Executive

Local Government and Housing Act, 1989

Section 2(4)	Keeping the list of politically restricted posts	Corporate Manager - People
Section 4	Head of Paid Service	Chief Executive

Section 5	Monitoring Officer	Executive Director
Section 15 to 17	Allocating seats on committees	Head of Democracy and Community Corporate Manager - Democracy
Section 18	To implement a scheme of councillors' allowances	Head of Democracy and Community Corporate Manager - Democracy

Local Government (Committees and Political Groups) Regulations 1990

All Sections	Dealing with membership of political groups, political balance on committees and nominations by political groups	Head of Democracy and Community Corporate Manager - Democracy
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Food Safety Act 1990

Section 5	All functions required of an authorised officer	Executive Head of Operations Head of Operational Services
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Party Wall etc. Act 1996

Section 10 (8)	To select a third surveyor, if required, during a neighbour dispute about building projects.	Executive Head of Property and Growth Head of Economy, Planning & Strategic Housing
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Crime and Disorder Act 1998

	To ensure compliance with the provisions of the Crime and Disorder Act in relation to the prevention of crime and disorder.	Chief Executive
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Local Government Act 2000

Section 81	Establish and maintain a Register of Interests.	Monitoring Officer
Chapter 4	Dealing with changing governance arrangements	<u>Monitoring Officer and Corporate Manager – Democracy Head of Democracy and Community</u>
Section 99 & 100	Councillors allowances and having regard to all relevant regulations including the Local Authorities (Members Allowances) (England) Regulations 2003	<u>Corporate Manager – Democracy Head of Democracy and Community</u>

The Local Authorities (Referendums) (Petitions and Directions) Regulations 2000

Regulation 34	Publishing the verification number of local government electors for the purpose of petitions under the Local Government Act 2000.	<u>Corporate Manager - Democracy Head of Democracy and Community</u>
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Freedom of Information Act 2000

36	Application of exemption from disclosure.	Corporate Manager – Legal Services
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Local Authorities (Model Code of Conduct) (England) Order 2001

Schedule 1 Paragraph 17	Establish and maintain a Register of Gifts and Hospitality received by Members.	Corporate Manager – Legal Services
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Local Authorities (Standing Orders) (England) Regulations 2001

Schedule 1 (Part II)	Giving notice of appointments and dismissals of officers to the Cabinet in accordance with the Regulations	Corporate Manager - People
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Schedule 3	Provisions relating to disciplinary action	Corporate Manager - People
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Regulation of Investigatory Powers Act (RIPA) 2000

27, 28 and 29	<p>Designation of officers empowered to grant authorisation for the carrying out of directed surveillance and authorise the use of covert human intelligent sources under Sections 27, 28 and 29 of the Act.</p> <p>Officers empowered to authorise surveillance are specified in Appendix B to the Council's Corporate Surveillance Policy.</p>	Corporate Manager – Legal Services
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Proceeds of Crime Act 2002

	To meet the Council's obligations in relation to the Proceeds of Crime Act	Executive Head of Finance
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Anti-Social Behaviour Act 2003

Section 30	Approval for Dispersal Orders	Chief Executive
Section 40	Closure of Noisy Premises	<u>Executive Head of Operations</u> <u>Head of Operational Services</u>

Localism Act 2011 – Assets of Community Value

Section 87	Maintaining the list of Assets of Community Value, notifying owners and occupiers of listings and receipts of notices and publicising the possible sale of an asset	Corporate Manager – Legal Services
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Section 90	Decision on whether or not to include a property or land on the list of Assets of Community Value	<u>Head of Democracy and Community</u> <u>Corporate Manager – Legal Services</u>
	Review of a decision to register a property or land on the list of Assets of Community Value or for compensation	Chief Executive

Local Authorities (Executive Arrangements) Meetings and Access to Information (England) Regulations 2012

Regulation 2 and 15	To identify as background papers those documents which disclose any facts or matters on which a report or an important part of a report is based and were relied on to a material extent in preparing the report To compile a list of background papers to a report	Any Executive Director or Head of Service
Regulation 7	Access to agenda and connected reports for public meetings of the executive	<u>Head of Democracy and Community</u> <u>Corporate Manager – Democracy</u>
Regulation 9-11	Publicity and procedure in connection with key decisions	<u>Head of Democracy and Community</u>
Regulation 12	Recording of executive decisions made at meetings	<u>Head of Democracy and Community</u>
Regulation 13	Recording of executive decisions made by individuals	<u>Head of Democracy and Community</u>
Regulation 14	Inspection of documents following executive decisions	<u>Head of Democracy and Community</u>

Regulation 20	To determine whether any document or part of a document contains or may contain confidential or exempt information	Corporate Manager – Legal Services
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