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Chairman and Members of the
Council

Your contact: Martin Ibrahim
Ext: 2173
Date: 8 December
2011

cc. All other recipients of the Council
agenda

Dear Councillor

COUNCIL - 14 DECEMBER 2011: SUPPLEMENTARY AGENDA 1

Please find attached the following reports which were marked "to follow" on the agenda for the above meeting:

11. Minutes of Committees

To receive, and where necessary approve, the Minutes of the following Committees:

(H) Community Scrutiny Committee - 22 November 2011 (Pages 125 - 138)

Chairman: Councillor G McAndrew

(I) Audit Committee - 23 November 2011 (Pages 139 - 144)

Chairman: Councillor J Ranger

(J) Corporate Business Scrutiny Committee - 29 November 2011 (Pages 145 - 150)

Chairman: Councillor D Andrews

14. Treasury Management - Short Term Investment Strategy (Pages 151 - 158)

To receive a report of the Executive Member for Finance.

Please bring these papers with you to the meeting next Wednesday

Yours faithfully

Martin Ibrahim
Senior Democratic Services Officer
Democratic Services
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MEETING : COUNCIL
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 14 DECEMBER 2011
TIME : 7.00 PM

MINUTES OF A MEETING OF THE
COMMUNITY SCRUTINY COMMITTEE
HELD IN THE COUNCIL CHAMBER,
WALLFIELDS, HERTFORD ON TUESDAY
22 NOVEMBER 2011, AT 7.00 PM

PRESENT: Councillor G McAndrew (Chairman).
Councillors E Buckmaster, S Bull, T Herbert,
J Mayes, P Moore, P Ruffles, N Symonds
and C Woodward.

ALSO PRESENT:

Councillors D Andrews.

OFFICERS IN ATTENDANCE:

Dave Cooper	- Performance Officer
Marian Langley	- Scrutiny Officer
Peter Mannings	- Democratic Services Assistant
Marianne McWhinnie	- Community Projects Officer (Equalities)
Will O'Neill	- Head of Community and Cultural Services
Claire Pullen	- Community Planning Partnerships Manager
George A Robertson	- Director of Customer and Community Services
Brian Simmonds	- Head of Community Safety

433 APOLOGY

An apology for absence was submitted on behalf of Councillor D Hone.

434 CHAIRMAN'S ANNOUNCEMENTS

The Chairman thanked Councillor S Bull for standing in as Chairman for the 20 September 2011 meeting of the Committee.

The Chairman advised that he would be amending the running order so that Agenda item 9 – 2011/12 Service Plans would be dealt with after Agenda item 5 – Health Engagement Panel.

The Chairman advised Members of the good news that the Royal Society of Public Health Award had been awarded to the Authority.

435 MINUTES

In respect of Minute 300 – Minutes, the Director of Customer and Community Services advised that there were 70 apprenticeships registered at Hertford Regional College. Members were provided with a breakdown of this figure for the major towns in East Herts. Members were advised that these apprenticeships included cookery, carpentry and a technical apprenticeship at Hertford Theatre.

Also in respect of Minute 300 – Minutes, Councillor P Ruffles stated that the Micro Hydro Plan for Hertford Theatre should be kept in the spotlight now that it had been through Scrutiny. The Director agreed and referred to the Micro Hydro Plan as an exciting project for East Herts.

The Director advised that the Micro Hydro Plan would be reported to the next Environment Scrutiny Committee as part of the Climate Change Action Plan annual update.

He emphasised that the Authority would not lose sight of this project.

Councillor S Bull expressed concern that there had been no mention of Buntingford in respect of apprenticeships in East Herts. He referred to the excellent facilities at Freman College.

In respect of Minute 300 – Minutes, Councillor C Woodward referred to whether there had been any progress with enhancing disabled access to the swimming pool at Grange Paddocks. The Director advised that when the Authority had approved the works to Grange Paddocks, Members had focussed on enhancements to the gym and the changing rooms.

The Director advised that Sports and Leisure Management (SLM) had carried out an accessibility assessment and was working with disability and special needs groups. He undertook to raise the issue at his next meeting with SLM.

Councillor Woodward suggested that the Grange Paddocks pool was tired, beyond its time and in need of some tender loving care. The Director reiterated that Members had resolved to invest in the gym and the changing rooms on an invest to save basis.

In response to comments from Councillor N Symonds in respect of a reduction in free swimming provision and access for the elderly, the Director advised that SLM was consulting with those groups that did not currently use the pool.

RESOLVED – that the Minutes of the meeting held on 20 September 2011 be confirmed as a correct record and signed by the Chairman.

436 HEALTH ENGAGEMENT PANEL

The Scrutiny Officer, on behalf of Councillor D Hone,

provided a summary of the work of the Panel and the County Council Health Scrutiny Committee.

Members were advised that Councillor Hone had attended a meeting of the County Council Health Scrutiny Committee at the QE2 Hospital where Sarah Brierley, North Herts Hospitals Trust, had given a presentation in relation to the future of accident and emergency provision. There had also been focus groups at the Lister and QE2 hospitals on this subject.

The Committee was reminded of the 3 year award to the Authority from the Royal Society of Public Health. The Scrutiny Officer stated that Councillor Hone would be travelling to the House of Lords with Environmental Health Promotion Officer to be presented with the award on 29 November 2011. The award would be formally presented to Members at Council on 14 December 2011.

The Scrutiny Officer stated that the Health Scrutiny Committee had met on 29 October 2011 and had split into groups to scrutinise Quality Innovation Productivity Prevention (QIPP) with the 5 local trusts. Any resulting recommendations would be presented to the 13 December 2011 meeting of the Health Scrutiny Committee.

Members were advised of a Public Health Conference in Hertfordshire on 18 November 2011 at Campus West, Welwyn Garden City. The main emphasis of this event was Health and Wellbeing Boards. There had also been a number of local workshops that had been well attended.

Councillor E Buckmaster stated that he had attended a workshop at the QE2 Hospital with Councillor N Symonds. He stated that he had also attended a workshop at the Lister Hospital with Councillor L Haysey. He commented that the focus had been how to communicate service changes in Accident and Emergency at the Lister and QE2 to the public. Councillor Buckmaster emphasised that there had been

agreement that communication methods such as the internet and social media should be used as much as possible to keep costs down.

The Committee was advised that local Councillors had a key role to play in acting as champions within communities when liaising with schools and community groups. One key issue of concern was transport between hospitals and how to access key transport links more generally.

Councillor Symonds stressed the importance of using appropriate methods of informing the public of changes to Health Services in East Herts. She stated that communication methods should vary for different groups of people. She also commented that there should be better synergy between housing providers and health service providers.

The Committee received the report.

RESOLVED – that the update be noted.

437 2011/12 SERVICE PLANS - SUMMARY OF PROGRESS AND EXCEPTIONS REPORT

The Leader of the Council submitted a summary of the 2011/12 Service Plan actions relevant to Community Scrutiny Committee which had been achieved and details of those which had revised completion dates.

Members were advised that 4 actions had been achieved as well as 1 action from the 2010/11 Customer and Community Services Action Plan. Members were also advised that there was one action requiring a revised completion date in that the Revenues and Benefits Shared Service had a revised “go live” date of 5 December 2011.

The Committee received the report.

RESOLVED – that (A) the summary of progress against the 2011/12 Service Plan actions be noted; and

(B) the action requiring a revised completion date be noted.

438 UPDATE ON COMMUNITY GRANTS

The Community Planning and Partnerships Manager submitted a report updating Members on the community grants process, in particular, the range of grant “pots” and how they might be refocused to better achieve the Council’s corporate priorities.

Members were advised that an Officer review of grants had suggested the use of a single grants fund would simplify the decision making process. A more flexible approach would allow budgets to be allocated purely on the basis of demand.

Another proposal considered was that Officers could be granted delegated authority to authorise grants up to £2000. A smaller grants process with a lighter touch could be used so that grants of this size were allocated quickly. Members were advised that special one off criteria for grants could be put in place in relation to the 2012 Olympics and the Queen’s Diamond Jubilee.

In response to a query from Councillor E Buckmaster, the Community Planning and Partnerships Manager confirmed that if Officers were provided with more flexibility then any under spend could be used in future rather than being lost at the end of the year.

Councillor P Ruffles commented that a less bureaucratic approach should be adopted, in line with the County Council locality budgets. The Director of Customer and Community Services advised that, as this would require a policy change, a decision would have to be taken by the Executive or Council.

Councillor G McAndrew stated that a small working group could be set up to discuss Community Grants in more detail and bring back recommendations to the Community Scrutiny Committee. Councillor C Woodward agreed that Officers should have more delegated authority to take decisions in respect of Community Grants.

Councillor T Herbert stated that if Members were to have more responsibility in relation to Community Grant allocations then appropriate guidance should be made available to Councillors.

The Committee received the report.

RESOLVED – that (A) progress on community grants processes as detailed in Section 2.2 of the report now submitted be noted; and

(B) a short-life advisory working group of Members and lead Officers be set up to discuss Community Grants in more detail and bring back recommendations to the Community Scrutiny Committee.

439 EQUALITIES: DELIVERING BETTER SERVICES FOR OUR CUSTOMERS

The Director of Customer and Community Services submitted a report updating Members on progress made since the last annual report was presented to Community Scrutiny Committee. The report also alerted Members to the evolving equalities legislation, particularly, Section 149 of The Equality Act 2010 and the Public Sector Equality Duty which came into force in April 2011.

Members were referred to pages 34 – 36 of the report now submitted for the findings of the equality assessment programme. The Community Projects Officer (Equalities) stated that any subsequent changes to the Council's existing policies would be minor in nature.

The Equalities Officer advised that all previous equality issues such as race, gender or disability were now referred to as protected characteristics following changes to equalities legislation and the public sector equality duty.

Councillor C Woodward referred to his concerns that, following the impending “go live” date for the Revenues and Benefits Shared Service, there could be issues with the service being “Stevenage-centric” and the equality of service provision suffering as a result.

The Director emphasised that this should not be an issue as the Revenues and Benefits Shared Service was not relocating to Stevenage and Officers from that Authority would be coming to East Herts. Members were advised that an equalities impact assessment would be carried out for the new shared service.

Councillor N Symonds expressed concerns that, despite the excellent efforts of the Officers based at Bishop’s Stortford, vulnerable clients were still falling through the net and ending up in court for relatively small amounts of debt.

The Director advised that if Members were aware of any vulnerable clients they should be reported to the team so that Officers could investigate. Councillor Symonds stated that she was in regular contact with the Head of Service and her team. The Director commented that by the time the courts and bailiffs had become involved, Officers would have already done all they could for those people in greatest need.

Councillor P Ruffles stated that the support offered by the East Herts Council Officers responsible for looking after vulnerable residents cheered him enormously. He thanked Officers for their enthusiasm for this important task.

Councillor P Moore expressed concerns that 16 to 17 year olds were receiving priority in terms of housing need when there were whole families in dire need of housing. The Director stated that he would seek a written response from the Housing Strategy and Policy Manager.

Members had a general discussion around Youth Councils across the District. The Committee was advised that the East Herts Youth Council had been disbanded but there was an active Youth Council in Bishop's Stortford. Councillor S Bull stated that Buntingford also had a very active Youth Council.

In response to a query from Councillor C Woodward in respect of recruitment, the Director advised that Manpower ensured that all appropriate standards were met and maintained in relation to equalities and recruitment at East Herts Council.

The Committee received the report.

RESOLVED – that (A) the summary of key findings from the Equalities Impact Assessment Work Programme for 2008 - 11, be noted so that the information gathered is used to prioritise future equality actions;

(B) the revision of the existing Corporate Equality Policy, Scheme and Action Plan in 2012/2013 be endorsed; and

(C) the changes in obligation to the Council arising from the new Public Sector Equality Duty that came into force in April 2011, be noted.

440 COMMUNITY SAFETY: A FOCUSSED REVIEW - TASK AND FINISH GROUP INTERIM REPORT

The Head of Community Safety and Health Services submitted a report to inform the Committee of the scope and progress on the review of Community Safety and also

to invite the Committee to consider and comment on the early findings of the Task and Finish Group.

Members were advised that all of the projects funded via grants received this funding from the Community Safety Partnership. The recommendations were designed to be passed onto the Partnership in terms of how the reduced funding was spent across the District.

Members were referred to page 60 of the report now submitted for a suggested order that could be applied to any reductions in funding. The Head of Community Safety and Health Services referred to the importance of diversionary activities and taxi marshals in preventing problems before they arose.

Councillor N Symonds commented that it was a lack of diversionary activities that had led to cars being overturned and disturbances around Halloween in Bishop's Stortford. The Head of Community Safety and Health Services highlighted the importance of match funding in maintaining the activities covered by Community Safety initiatives. He stated that Officers would welcome suggestions for alternative funding options.

Members were advised that the cost of a PCSO was £126,000 and the cost to East Herts Council was £45,000. Members were reminded of the fragility of this arrangement in that if one organisation in the Community Safety Partnership withdrew funding then a PCSO could be lost if the remaining organisations were unable to increase their funding offer.

The Committee was advised that grant funding was diminishing so partnership funded activities were under threat. Members were advised that a recruitment drive for Special Constables (who had the full powers of Police Officers but worked on a voluntary basis and were unpaid) might go some way to mitigate any reduction in PCSOs.

The Head of Community Safety and Health Services stated that the Life Project was difficult to maintain even with the support of funding from the Community Safety Partnership. Members were referred again to page 60 of the report now submitted for a suggested order of items Members could consider when making recommendations to the Community Safety Partnership.

In reference to CCTV Members were advised that, whilst there had been no firm considerations, the task and finish group asked scrutiny to support the principle of equity and parity in respect of CCTV funding/charging across the District introduced over a 2 to 3 year period. Councillor Symonds agreed that there should be equity and parity in CCTV provision for East Herts.

Councillor C Woodward commented that PCSOs had proved to be invaluable in intelligence gathering and working with young people. Councillor Woodward stressed that Special Constables could not be viewed as a replacement for PCSOs as they were not available at times during the day.

Councillor D Andrews commented that Special Constables should not be seen as a replacement for PCSOs as they only worked about 4 hours in a given week, although they did have the full powers of the regular police force. Councillor Andrews referred to the exclusively positive feedback he had received in relation to the activities of PCSOs in his ward.

The Committee received the report.

RESOLVED – that (A) the work undertaken and planned in respect of Community Safety be noted;

(B) the early findings of the Community Safety Task and Finish Group be noted;

(C) that the Executive be advised that any

reduction in funding should be recommended to the Community Safety Partnership on the basis of the order of items detailed on page 60 of the report now submitted; and

(D) the Executive be advised that the Community Scrutiny Committee was of the view that the principle of equity and parity in respect of CCTV funding/charging across the District should be applied and reached in a 2 to 3 year stepped process.

441 COMMUNITY SCRUTINY CORPORATE HEALTH CHECK REPORT AUGUST TO SEPTEMBER 2011

The Director of Customer and Community Services submitted a report on the performance of key indicators relating to Community Scrutiny Committee during the period August to September 2011, the detail of which was set out in the report now submitted.

The Director apologised that the data detailed in Essential Reference Paper 'B' in respect of swimming numbers was inaccurate and a revised version would be recirculated to Members as soon as possible.

Councillor N Symonds stated that she was glad to see that the performance status for the Revenues and Benefits service had returned to being green.

Members received the report.

RESOLVED – that the report be received.

442 COMMUNITY SCRUTINY WORK PROGRAMME

The Committee considered items for scrutiny during the civic year 2011/12.

The Scrutiny Officer advised that there were no new items to be added to the Committee's work programme.

Members were advised that there would be a presentation to the next meeting of the Health Engagement Panel in respect of Mental Health Services in the East of the District.

Members were further advised that local Councillors might wish to consider participating in a guided tour of the East Herts Council leisure facilities to talk to users of the facilities and to see what was on offer for the residents of East Herts. An invitation could be sent to Members to ensure that any visits took place prior to the next meeting of the Community Scrutiny Committee.

The Chairman commented that Executive Members could be invited to attend a future Scrutiny Committee meeting to be scrutinised on issues that Members felt particularly strongly about. Members were advised that the slot occupied by the Sustainable Communities Strategy for the 28 February 2012 meeting could be used for a report relating to the Ageing Well Project. Following Members' agreement, the Scrutiny Officer undertook to extend an invitation to the Executive Member for Health, Housing and Community Support.

Members were advised that the suggestion to delay the Sustainable Communities Strategy to the 12 June 2012 meeting of the Committee was to allow for a complete refresh of the Strategy in line with the three new LSP priorities just agreed. Submitting a revised version to the 12 June 2012 meeting would allow Officers sufficient time to do justice to revising this important document.

The Committee approved the Work Programme as amended.

RESOLVED – that the work programme as amended be agreed.

The meeting closed at 8.45 pm

Chairman
Date

MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 23
NOVEMBER 2011, AT 7.00 PM

PRESENT: Councillor J Ranger (Chairman)
Councillors W Mortimer, P Phillips, M Pope,
R Radford, N Wilson and J Wing

OFFICERS IN ATTENDANCE:

Lorraine Blackburn	- Committee Secretary
Simon Drinkwater	- Director of Neighbourhood Services
Alan Madin	- Director of Internal Services

ALSO IN ATTENDANCE:

Paul Dossett	- Grant Thornton
Nick Taylor	- Grant Thornton

443 CORPORATE GOVERNANCE TRAINING - PRESENTATION BY THE DIRECTOR OF NEIGHBOURHOOD SERVICES

Members were provided with a presentation covering Corporate Governance Training. The Director of Neighbourhood Services provided an outline of the substantive points and how this would impact on the Council's future operational activities, for example, in dealing with complaints against Members of the Council. The issue of the Localism Bill and governance was considered and how this would impact on the Council and its present decision making structure.

The Chairman thanked the Director of Neighbourhood Services for his presentation and asked that consideration be

given to publishing the Council's training opportunities to a wider body of interested parties in order to improve attendance, efficiencies of the service and training provision.

RESOLVED – that the presentation be received.

444 MINUTES

It was noted that Minute 313 - Treasury Management Strategy Statement 2010/11 and Current Year Review, contained a minor typographical error in bullet point three in that "valances" should be deleted and amended to read "balances".

RESOLVED – that the Minutes of the meeting held on 21 September 2011 as amended, be confirmed as a correct record and signed by the Chairman.

445 CHAIRMAN'S ANNOUNCEMENTS

The Chairman referred to the fact that the Council had been awarded Platinum Training Status. It was noted that CIPFA inspections would now be less onerous on the Council. The Chairman, on behalf of Members, congratulated Officers.

446 EXTERNAL AUDIT REPORT - 2010/11 ANNUAL AUDIT LETTER

The External Auditor provided a report which summarised the key issues arising from the work which Grant Thornton had carried out during the 2010/11 audit. The Audit Letter covered the key conclusions from work in relation to:

- auditing the 2010/11 year end accounts;
- assessing the Council's arrangements for securing economy, efficiency and effectiveness to ensure value for money is achieved; and
- the certification of grant claims and returns to various government departments and other agencies.

It was noted that one objection had been received in respect of the financial statement which was not considered to be of significance and which was still the subject of correspondence between Grant Thornton and the Audit Commission.

A Member raised concerns about IT controls especially since the Council was continuing to investigate shared services. The Director of Internal Services stated that all three organisations which the Council was involved with in terms of shared services, had their own issues around IT and that the Council did not have any more significant weaknesses than its partners.

The Chairman stated that this was one of the best audits that the Council had had. Members received the report.

RESOLVED – that the report be received.

447 COUNCIL'S RESPONSE TO 2010/11 ANNUAL AUDIT LETTER

The Director of Internal Services submitted a report in response to the External Auditor's Annual Audit Letter 2010/11. He referred to the three areas which had been identified for further action in 2011/12, the detail of which was set out in the report now submitted. These issues related to:

- the impact of capital spending on asset valuations;
- monitoring the Medium Term Financial Plan; and
- the RAG (Red/Amber/Green) rating of savings proposals.

A Member referred to the asset valuation of Hertford Theatre. The Director of Internal Services referred to the drivers behind the Council's investment in the Theatre.

Members endorsed the response to the Annual Audit Letter and recommended to the Executive that the Council act on the three areas identified above as highlighted by the External Auditor, which would improve the Council's arrangements.

RESOLVED - that (A) the response to the Annual Audit letter be endorsed; and

(B) the Executive be advised that the Council should act on the three areas identified above by the External Auditor to improve the Council's arrangements.

448 UPDATE ON IMPLEMENTATION OF ANNUAL GOVERNANCE ACTION PLAN

The Shared Internal Audit Service Audit Manager submitted a report setting out nine proposed measures to enhance the Council's internal control framework during 2011/12, the detail of which was set out in Essential Reference Paper "B" of the report now submitted.

The Director of Internal Services provided an update on the following actions and that their target dates be revised as follows:

- Risk that Shared Service programs fail to deliver required levels of efficiency (target date amended to June 2012) and that a further bullet point be included "Acceptable business case";
- Action arising from the review by the External Auditor of C3W (target amended to February 2012); and
- CCTV Governance Issues (target date amended to June 2012).

Concerns were expressed about CCTV Governance Issues especially in the light of the progression of shared services.

A Member expressed concern regarding the "readability" of the Council's website and the use of certain colours i.e. grey on black and requested that a comprehensive review of the website be undertaken. The Chairman also suggested that Members be provided with training on the use of the website. Members supported a suggestion that the Work Programme

for 18 January 2012 be amended to reflect this request.

Members noted the progress made against the implementation of the action plan contained in the 2010/11 Annual Governance Statement. Members also supported a request that Officers be requested to undertake a review of the Council's website in order to improve its "readability" and that website training be provided for Members at its meeting on 18 January 2012

RESOLVED – that (A) the progress made against the implementation of the action plan contained in the 2010/11 Annual Governance Statement be noted;

(B) Officers be requested to undertake a review of the Council's website in order to improve its "readability"; and

(C) website training be provided for Members at its meeting on 18 January 2012.

449 RISK MANAGEMENT MONITORING REPORT 1 AUGUST 2011 TO 30 SEPTEMBER 2011

The Leader of the Council submitted a report on the actions taken to mitigate and control strategic risks during the period 1 July to 30 September 2011. The Director of Internal Services updated Members in relation to the six key issues. It was noted that risk SR1 (Risk of Significant Reduction in Funding above that planned for) had been reduced within the risk matrix from a level four to a three. In response to a query, the Director provided clarification regarding savings to be achieved following staff re-organisation. He assured the Member that there had been complete transparency of decision making. The Chairman reminded Members of the Scrutiny process and what opportunities existed for Members to challenge the Executive via call in.

Members noted the report.

RESOLVED – that the action taken to mitigate and

control strategic risks during the period 1 July to 30 September 2011 be noted.

450 AUDIT COMMITTEE WORK PROGRAMME

The Manager of Corporate Risk submitted a report on the revised Audit Committee work programme for the 2011/12 civic year. The Chairman referred to an earlier request that website training be provided for Members and be included on the agenda for its meeting on 18 January 2012 and that Officers be requested to review the Council’s website in terms of its “readability”. This was supported.

RESOLVED – that the revised work programme for Audit Committee be approved.

The meeting closed at 8.10 pm

Chairman
Date

MINUTES OF A MEETING OF THE
CORPORATE BUSINESS SCRUTINY
COMMITTEE HELD IN THE COUNCIL
CHAMBER, WALLFIELDS, HERTFORD ON
TUESDAY 29 NOVEMBER 2011, AT 7.00
PM

PRESENT: Councillor D Andrews (Chairman)
Councillors E Bedford, G Jones, W Mortimer,
T Page, P Phillips, M Pope, J Ranger,
G Williamson and J Wing

ALSO PRESENT:

Councillors S Bull, L Haysey, A Jackson and
N Poulton

OFFICERS IN ATTENDANCE:

Linda Bevan	- Committee Secretary
Lorna Georgiou	- Performance and Improvement Co-ordinator
Marian Langley	- Scrutiny Officer
Will O'Neill	- Head of Community and Cultural Services
Alan Madin	- Director of Internal Services
Mekhola Ray	- Community Projects Team Manager

451 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded Members that they were invited to an Open Day in the Planning section.

The Chairman announced that Linda Bevan, Committee Secretary would be leaving the Authority soon and this would

be the last Committee meeting she would attend. The Committee joined him in thanking her for her work for the Council.

452 DECLARATIONS OF INTEREST

Councillor N Poulton declared a personal and prejudicial interest in Minute 459 - Review of Discretionary Rate Relief by virtue of being Chairman of the Trustees of Hertford Museum. He had left the meeting before this item was discussed.

Councillor J Wing declared a personal interest in Minute 459 - Review of Discretionary Rate Relief by virtue of being a trustee of a number of charities.

453 MINUTES

RESOLVED – that the Minutes of the meeting held on 4 October 2011 be confirmed as a correct record and signed by the Chairman.

454 PARTNERSHIP REGISTERS - ANNUAL REVIEW

The Director of Community and Customer Services submitted a report on the annual review of Partnership Registers.

The Committee noted the partners included in the register and decided to receive the report.

RESOLVED - that the report be received.

455 COMMUNITY AND PUBLIC ENGAGEMENT

The Chairman of the Community and Public Engagement task and finish group submitted a report updating the Corporate Business Scrutiny Committee on progress on and amendments to work arising from recommendations of the task and finish group.

The Committee discussed the actions taken so far and commented on funding for Ward members initiating community engagement on local issues, the need to keep

Parish Councils, as well as Town Councils, informed of Council press releases and the readability of Link magazine in A5 format.

The Committee decided to note the report subject to the comments detailed below.

RESOLVED - that (A) progress be noted;

(B) Ward Members be supported to initiate public engagement on issues of local concern and a light touch procedure for requests for funding for this be put in place; and

(C) the task and finish group be reconvened in one year's time to review public response and wider feedback on the new A5 format for Link magazine and to look at the Council's social media activities, including its use by Hertford Theatre.

456 UPDATE ON REVENUES AND BENEFITS SHARED SERVICES

The Director of Internal Services submitted a report on progress on the shared service for Revenues and Benefits. He said that IT problems were causing a delay in fully integrating the two systems. In response to questions, he explained that the IT supplier would provide free support days rather than cash as compensation for this delay. He also reassured Members that the public would not feel any impact of the technical delay as Officers would continue to operate the two separate systems in parallel. Processing of claims would not be held up.

The Director undertook to provide Councillor Jones with details of the savings for the MTFP achieved by sharing these services.

The Committee decided to note the progress on the Shared Services.

RESOLVED – that progress to date be noted.

457 2011/12 SERVICE PLANS - SUMMARY OF PROGRESS AND EXCEPTIONS REPORT

The Leader of the Council submitted a report on progress against 2011/12 Service Plan actions relevant to Corporate Business Scrutiny Committee and details of those that required a revised completion date.

The Committee decided to note the satisfactory progress as now detailed.

RESOLVED – that the satisfactory progress against 2011/12 Service Plan actions and actions requiring revised completion dates be noted.

458 CORPORATE HEALTHCHECK TO SEPTEMBER 2011

The Leader of the Council submitted an exception report on the finance and performance monitoring for East Herts Council for September/Quarter 2 2011.

A minor correction to EHPI 3a and 3b relating to number of people swimming was given to Members.

The Committee noted that there had been some delay in implementing savings in the MTFP because a restructure of senior management had been undertaken, which had delayed implementation of staff changes below this level. Savings were being made elsewhere to compensate for this.

Members were pleased to see that the time taken to process Housing and Council Tax Benefit claims had reduced significantly, particularly at a time when the service was going through a period of change. They asked for a message of thanks to be passed to the team for their hard work on this.

The Committee decided to note the budget variances and performance.

RESOLVED – that the report be noted.

459 REVIEW OF DISCRETIONARY RATE RELIEF

The Director of Internal Services submitted a report on some potential options to reduce the current budget for Discretionary Rate Relief (DRR) from 1 April 2012 as proposed in the Medium Term Financial Plan.

The Committee considered organisations which might receive reduced discretionary rate relief and decided to make the comments detailed below to the Executive. They noted comments on the adverse effect this could have on some groups.

RESOLVED - that the Executive be informed that the following organisations could be considered for a reduction in the discretionary element of their rate relief:

- Pubs
- Petrol filling stations
- Sports clubs with and without bars
- Village Halls (reduce by 5%)
- Charities – where their funding comes from national/central sources

460 SCRUTINY WORK PROGRAMME 2011/12

The Chairman submitted a report supporting the Committee in reviewing and planning its work programme.

The Scrutiny Officer said the programme for 2012/13 would be added to once Members had held their topic planning meeting in April 2012.

The Committee decided to make a number of changes to the work programme as detailed below.

RESOLVED - that the work programme now submitted be approved, subject to the progress report from the task and finish group on community and public engagement being moved to 2 October 2012 and the inclusion of the Closure report on C3W and Evaluation

of the Scrutiny of C3W being added to the agenda for
20 March 2012.

The meeting closed at 9.25 pm

Chairman

Date

EAST HERTS COUNCIL

COUNCIL – 14 DECEMBER 2011

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE

SHORT TERM INVESTMENT STRATEGY

WARDS AFFECTED: All

Purpose/Summary of Report

- To advise the Council of actions taken in respect of the Council's investments since the Council met on 28 September and to seek Council's endorsement of the proposed strategy over the next three months.

<u>RECOMMENDATIONS:</u> that	
(A)	the investment strategy of maintaining significant investments in UK government securities accepting that there will be lesser return on such compared with bank deposits and Money Market Funds, be endorsed; and
(B)	the maximum sum with Nat West at any time not to exceed £15m.

1 Background

1.1 At its meeting on 28th September Council resolved:

“That the Executive Member for Finance be authorised to vary the Council's investment strategy if he determines this necessary as a matter of urgency prior to the Council meeting in December to protect the Council's funds at any time of heightened uncertainty in the financial markets or to take advantage of opportunities afforded by market volatility. The Executive Member, with the agreement of the Chairman

of Audit, the Committee charged with oversight of the Council's Treasury Management, and the Leader or Deputy Leader, and having consulted with the Council's treasury advisers before varying the strategy, to report back to Council in December on any action taken or to recommend any proposed change to the strategy."

- 1.2 The context for the resolution was concerns about market volatility in the lead up to the 23 October meeting of Eurozone ministers to address the debt problems faced by Greece and the potential impact on the international financial system of a failure to agree triggering an unmanaged default by Greece.

2 Report

- 2.1 The three members referred to in the resolution met on the 11 October and were in agreement that the investment strategy should be varied for a period to minimise exposure to European banks notwithstanding that that exposure was primarily via a AAA rated Money Market Fund (MMF). Members agreed to switch the £35.5m investment to short dated UK government securities with flexibility given to Scottish Widows to select instruments which would permit prompt reinvestment in that or other MMF at minimum cost or loss from interest rate exposure. The Council's advisors recommendation was not to use the deposit facility offered by the government's debt management office but to buy gilts or other UK government debt. The switch of investments was substantially completed on the 18 October with a final purchase of £500k on 21 October.
- 2.2 Members will be aware that following the Eurozone meeting on 23 October markets responded positively to the agreements announced but then reversed in the light of uncertainty that the Greek government would implement the measures expected of it. Markets have subsequently questioned the sustainability of Italy's ability to manage its sovereign debt with the yield on 10 year bonds reaching 7% the rate at which markets assess the debt burden to be no longer sustainable on 9 November. The resignations of both the Greek and Italian prime ministers and appointment of unelected cabinets in both countries added political

uncertainty to the mix. In Spain, 10 bond yield rose close 7% in the week prior to the national elections leading to the change of government in Spain. Immediate market response was an increase in borrowing rate and fall in stock prices.

- 2.3 As at the 5 December the prospects for confidence and stability returning to financial markets appear to be strengthening with much now dependent on Eurozone governments agreeing more integration in the setting of fiscal policies. France and Germany are proposing changes to EU treaties to include deficit reduction measures in the constitutions of member states and automatic sanctions for excessive deficits. The write down of Greek sovereign debt is not to be a precedent
- 2.4 The strategy agreed on 11 October continues to be sound until it is clear that the Eurozone countries are implementing arrangements to avoid a sovereign default for which banks are unprepared and unable to absorb without impact on institutional depositors. The actions taken were within the boundaries set by the existing Treasury Management Strategy approved by Council in February 2011 which provides for unlimited investment in UK government securities.
- 2.5 **Essential Paper B** sets out the investment held as at 1st November.
- 2.6 The switch of funding is not without cost in terms of reduced returns. The investments in government securities are expected to yield 0.43% per annum compared to up to 1.1% potentially achievable on a Money Market Fund. The monthly cost of maintaining this strategy is therefore some 0.6% or £18,000 on the investment of £35.5m.
- 2.7 SWIP had been the depository for short term cash flow income in excess of that immediately needed to fund spending. As a consequence of the disinvestment from the SWIP fund alternatives to place deposits are needed. It was agreed to allow these funds to be retained with Nat West the Council's banker involving an increase in the maximum holding from £10m to £15m. This report seeks endorsement of the revision to the Treasury Management Strategy.

Contact Member: Councillor Michael Tindale - Executive Member for Finance

Contact Officer: Alan Madin – Director of Internal Services, ext 1401

Report Author: Alan Madin – Director of Internal Services

ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives	Investment income as an unringfenced source of revenue funding contributes to all the Council's priorities but with a particular relevance to Prosperity .
Consultation:	As set out in the report consultation was undertaken as required by the Council resolution.
Legal:	None
Financial:	Risk mitigation involves acceptance of a lower return on the investments.
Human Resource:	None
Risk Management:	The report alerts the Council to the continuing risks in financial markets.

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INVESTMENT TRANSACTIONS IN THE PERIOD 01-OCT-11 TO 31-OCT-11
 EAST HERTS DISTRICT COUNCIL
 ACQUISITIONS

	Trans Date	Sett Date	Local CCY	Nominal and Security Price	Exch Rate	Net Cost/ Proceeds		Accrued Interest	
						GBP	GBP	GBP	GBP
GILTS									
	18-OCT-11	19-OCT-11	GBP	5,000,000.00 UK GOVT OF ZPCT TBILL 03JAN12 GBP 99.906389%	1	4,995,319.45		0.00	
	18-OCT-11	19-OCT-11	GBP	10,000,000.00 UK GOVT OF ZPCT TBILL 06FEB12 GBP 99.870579%	1	9,987,057.87		0.00	
	18-OCT-11	19-OCT-11	GBP	10,000,000.00 UK GOVT OF ZPCT TBILL 19DEC11 GBP 99.929857%	1	9,992,985.75		0.00	
	18-OCT-11	19-OCT-11	GBP	10,000,000.00 UK GOVT OF ZPCT TBILL 20FEB12 GBP 99.857518%	1	9,985,751.84		0.00	
	21-OCT-11	24-OCT-11	GBP	500,000.00 UK GOVT OF ZPCT TBILL 03JAN12 GBP 99.916426%	1	499,582.13		0.00	
Total for UNITED KINGDOM						35,460,697.04		0.00	
Total for GILTS						35,460,697.04		0.00	
REPORT TOTALS						35,460,697.04		0.00	

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