

Finance and Audit Scrutiny Committee

Tuesday 28 June 2016

A meeting of the above Committee will be held at the Town Hall, Royal Leamington Spa on Tuesday 28 June 2016 at 6.00pm.

Membership:

Councillor Quinney (Chairman)	
Councillor Barrott	Councillor Harrington
Councillor G Cain	Councillor Illingworth
Councillor Day	Councillor Mann
Councillor Mrs Falp	Councillor Rhead
Councillor Gifford	Councillor Thompson

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

Part A – General Items

1. Apologies and Substitutes

- (a) to receive apologies for absence from any Councillor who is unable to attend; and
- (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

Part B – Audit Items

3. 2015/16 Annual Treasury Management Report

To consider a report from Finance **(Item 3/Page 1)**

4. Treasury Management Activity Report for the period 1st October 2015 to 31st March 2016

To consider a report from Finance **(Item 4/Page 1)**

Part C – Scrutiny Items

5. Comments from the Executive

To receive a report from Democratic Services **(Item 5/Page 1)**

6. Review of the Work Programme & Forward Plan

To consider a report from Democratic Services **(Item 6/Page 1)**

7. Executive Agenda (Non Confidential Items and Reports) – Wednesday 28 June 2016

To consider non-confidential items on the Executive agenda, which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. You are requested to bring your copy of that agenda to this meeting.
(Agenda circulated separately)

7. Public and Press

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

8. Executive Agenda (Confidential Items and Reports) – Wednesday 28 June 2016

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting. You are requested to bring your copy of that agenda to this meeting.
(Agenda circulated separately)

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Enquiries about specific reports: Please contact the officers named in the reports.

You can e-mail the members of the this Committee at
F&Ascrutinycommittee@warwickdc.gov.uk

Details of all the Council's committees, councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 456114 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 456114.

 Finance and Audit Scrutiny Committee 28th June 2016.		Agenda Item No. 3
Title	2015/16 Annual Treasury Management Report	
For further information about this report please contact	Karen Allison, Assistant Accountant 01926 456334 Roger Wyton, Principal Accountant 01926 456801 e mail: karen.allison@warwickdc.gov.uk e mail: roger.wyton@warwickdc.gov.uk	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	Treasury Management Annual Strategy Plan 2015/2016 Various documents from Capita Asset Services - Treasury Solutions	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Equality & Sustainability Impact Assessment Undertaken	No – not relevant	
Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive	15/06/2016	Andrew Jones
Head of Service	N/A	
CMT	N/A	
Section 151 Officer	15/06/2016	Mike Snow
Monitoring Officer	N/A	
Finance	13/06/2016	Roger Wyton
Portfolio Holder(s)		Peter Whiting
Consultation & Community Engagement		
None		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		
N/A		

1. **Summary**

- 1.1. The Council is required to report upon its 2015/16 Treasury Management performance by 30th September. This report therefore details and reviews the Council's performance for the whole of 2015/16 and is attached as Appendix A.
- 1.2 Consideration of the Council's Treasury Management activities is within the remit of the Finance and Audit Scrutiny Committee hence, it is appropriate to report the Council's annual performance direct to this Committee.
- 1.3 The report follows the format used in the Treasury Management Strategy Plan presented to the Executive on 11th February 2015 and comments, where appropriate, on the Council's actual performance against what was forecast in the Strategy Plan. The Council also has to comment upon its performance against its Annual Investment Strategy for the year.

2. **Recommendations**

- 2.1 That the Members of the Finance and Audit Scrutiny Committee note the contents of this report in respect to this Council's 2015/16 Treasury Management activities.

3. **Reasons for the recommendations**

- 3.1 The 2015/16 Treasury Management Strategy and the Council's Treasury Management Practices, in accordance with the Code of Practice for Treasury Management, require that the Treasury Management function reports upon its activities during the year by no later than 30th September in the year after that which is being reported upon.

4. **Policy framework**

- 4.1 **Policy Framework** -The Treasury Management function enables the Council to achieve its objectives within the strategy and policies.
- 4.2 **Fit for the Future** – The Treasury Management function enables the Council to meet its vision of a great place to live work and visit as set out in the Sustainable Community Strategy. Treasury Management will support the Council in achieving its aims as set out in "Fit for the Future".
- 4.3 **Impact Assessments** – No impacts of new or significant policy changes proposed in respect of Equalities.

5. **Budgetary framework**

- 5.1 Treasury Management has a potentially significant impact on the Council's budget through its ability to maximise its investment interest income and minimise borrowing interest payable. The Council is reliant upon interest received to help fund the services it provides. As detailed in paragraph 12.8, the net interest received by the General Fund for 2015/16 was £303,200 against a revised estimate of £297,420 and original of £261,199.

6. Risks

- 6.1 Investing the Council's funds inevitably creates risk and the Treasury Management function effectively manages this risk through the application of the SLY principle. Security(S) ranks uppermost followed by Liquidity (L) and finally Yield(Y).
- 6.2 The Council invested in Corporate Bonds in 2015/16 which introduced Counterparty credit risk into the portfolio by virtue of the fact that it was possible that the institution invested in could have become bankrupt leading to the loss of all or part of the Council's investment. This was mitigated by only investing in Corporate Bonds with a strong Fitch credit rating, in this case A+ and issued as Senior Unsecured debt which ranked above all other debt in the case of a bankruptcy. No such capital loss was incurred in 2015/16.

7 Alternative option considered

- 7.1 None.

2015/16 ANNUAL TREASURY MANAGEMENT REPORT

8. Review of the interest rate environment.

- 8.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China’s economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.
- 8.2 These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.
- 8.3 The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

9. Capital expenditure and financing

9.1 The Council’s capital programme for 2015/16 amounted to £14,791,000 and was financed in the following manner:-

	2015/16 Actual		Strategy Report
	£		£
Loan/Internal Borrowing	111,445		0
Capital Receipts	2,140,664		1,454,800
Revenue and Reserves	11,891,888		17,504,700
External Contributions and Grants	647,221		979,100
Total	14,791,218		19,938,600

10. **Borrowing**

- 10.1 The Council managed its cash flow during the year such as to not require any temporary borrowing.
- 10.2 The Council incurred £4,765,564 interest on its external borrowing portfolio of £136.157 million in 2015/16 which was charged entirely to the HRA as it related to the Self Financing borrowing incurred in 2011/12.
- 10.3 Interest rates were such during the year that it precluded any opportunity for either the repayment or rescheduling of the PWLB debt.

11. **Treasury limits and prudential indicators**

- 11.1 The Prudential Capital Finance system was introduced on 1st April 2004. The system is regulated by a number of Prudential Indicators, a number of which are relevant for treasury management purposes and are included in the Annual Strategy Report. The table below shows the outturn against those quoted in the Strategy Report:-

	2015/16 Out-turn		2015/16 Strategy Report
	£		£
Authorised Limit for External Debt			
Borrowing	160,050,000		184,050,000
Other Long term Liabilities	1,045,000		1,045,000
Total	161,127,000		185,095,000
Operational Boundary for External Debt			
Borrowing	151,050,000		151,050,000
Other Long term Liabilities	45,000		45,000
Total	151,127,000		151,095,000
Capital Financing Requirement			
General Fund	-£1,215,451		-£1,326,896
Housing Revenue Account	£135,786,796		135,786,796
Overall	£134,571,345		£134,459,900
Incremental Impact on Council Tax / Housing Rents			
Council Tax	£1.31		£3.83
Housing Rent	£0.18		£0.51

The incremental impact on Council Tax and Housing Rents out-turn was lower than the expected figure due to slippage in the capital programme resulting in increased balances available for investment.

- 11.2 There are the following indicators relating to borrowing:-

Upper limit to fixed interest rate and variable interest rate exposures

Strategy Report - Upper Limit Fixed Rate = 100%
Actual - Upper Limit Fixed Rate = 100%
Strategy Report - Upper Limit Variable Rate = 30%
Actual - Upper Limit Variable Rate = 30%

Upper and lower limits respectively for the maturity structure of borrowing

Period	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%

In both cases the indicators were complied with as the only external borrowing outstanding at the year end was the £136.157m PWLB debt in respect of the HRA Self Financing Payment. This debt is all fixed rate maturing from years 41 to 50 of the Business Plan and therefore this is within both indicators shown above.

- 11.3 The final indicator monitors the amount invested for periods longer than 364 days which in 2015/16 was set at 60% of the investment portfolio subject to a maximum of £15 million at any one time. During 2015/16 the Council entered into one investment for 365 days or over totalling £3m which confirms that the indicator was complied with.

12. Annual investment strategy and investment performance

- 12.1 The Government guidance on local government investments requires the production of an Annual Investment Strategy which amongst other things outlines the investment vehicles which could be used by the Council and separates them off into Specified and Non Specified investments. The 2015/16 Annual Investment Strategy was approved by the Council in February 2015.
- 12.2 The in house function has invested the Council's cash funds in fixed term Money Market deposits, Corporate Bonds, Certificates of Deposit (CD's) and Money Market Funds. The table below illustrates the performance for the year of the in house function for each category normally invested in (please refer to 2nd half year report for a breakdown by half year):-

(It should be noted that this table reflects investments placed in the year and does not take into account investments that were placed during 2014/15 which matured during 2015/16 and therefore the total interest for 2015/16 does not compare with that shown in paragraph 5.1 which is also net of the amount credited to the Housing Revenue Account in respect of interest earned on its balances).

**Money Market (including Certificate of Deposits and Bonds)
Investments:**

Period	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) performance
Up to 7 days			
Annual Performance	No investments made in year		
Over 7 days & Up to 3 Months			
Annual Performance	No investments made in year		
Over 3 Months & Up to 6 Months			
Annual Performance	0.65%	0.67%	-0.02%
Annual Interest	£49,976	£48,336	-£1,360
Over 6 Months to 364 days			
Annual Performance	0.90%	0.82%	+0.08%
Annual Interest	£218,681	£198,658	+£20,023
365 days and over			
Annual Performance	1.00%	0.96%	+0.04%
Annual Interest	£30,247	£29,173	+£1,074
Total Annual Interest – All categories.	£295,903	£276,183	+£19,719

- 12.3 Due to Money Market Funds outperforming the Up to 7 Day area of the Money Markets, this category was not used in 2015/16 .The first half year saw an out performance in the '3 to 6 months' and '365 days and over' periods and an underperformance in the 'over 6 months to 364 days', when compared to the LIBID benchmark plus an enhancement of 0.0625%. During the second half year investments made in the '3 months to 6 months' period resulted in an underperformance. However, in the '6 months to 365 days' period a significant out performance resulted from CD and fixed deposit investments.
- 12.4 The in house function utilised the AAA rated Constant Net Asset Value (CNAV) Invesco AIM, Deutsche, Federated, Ignis and Goldman Sachs Money Market Funds and Variable Net Asset Value (VNAV) Federated and Royal London Asset Management Funds to assist in managing its short term liquidity needs. The table below illustrates the performance of all the funds for the full year:

Money Market Funds:

Fund	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) Performance
Deutsche			
Annual Performance	0.45%	0.42%	+0.03%
Annual Interest	£7,498	£7,081	+£417
Goldman Sachs			
Annual Performance	0.44%	0.42%	+0.02%
Annual Interest	£18,029	£17,469	+£560
Invesco Aim			
Annual Performance	0.47%	0.42%	+0.05%
Annual Interest	£15,558	£13,969	+£1,589
Federated Prime Rate Constant Net Asset Value (CNAV)			
Annual Performance	0.53%	0.42%	+0.11%
Annual Interest	£25,020	£19,839	+£5,181
Federated Prime Rate Variable Net Asset Value (VNAV)			
Annual Performance	0.68%	0.68%	+0.00%
Annual Interest	£29,525	£33,141	-£3,616
Standard Life (was Ignis)			
Annual Performance	0.49%	0.42%	+0.07%
Annual Interest	£43,740	£37,833	+£5,907
Royal London Cash Plus Account (VNAV)			
Annual Performance	0.58%	0.67%	-0.09%
Annual Interest	£11,310	£10,795	+£515
TOTAL INTEREST FOR YEAR	£150,680	£139,354	+£11,326

12.5 The Up to 7 Days LIBID rate is the benchmark for the CNAV funds and it can be seen that they all made returns in excess of this. The two VNAV fund benchmarks are based on the 6 month LIBID rate (plus a margin of 0.0625%) and the returns include fees and so are not directly comparable with the benchmark.

12.6 The Council operates two Call accounts with HSBC and Svenska Handelsbanken. In the case of the HSBC account on balances of £2m+ this offers instant access at a rate more or less equivalent to our lower performing CNAV MMF's thus forming a useful addition for investing the Council's cash flow derived money. The Svenska Handelsbanken account is a 35 day notice account currently offering 0.55% which compares favourably with the rate available in the Money Markets for 3 month fixed investments. Because of

cash flow demands the HSBC Business Deposit Account underperformed against the LIBID benchmark rate but the Svenska Handelsbanken account compensated by comfortably outperforming the benchmark as can be seen in the table below:

Call Accounts:

Fund	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) Performance
HSBC Business Deposit a/c			
Annual Performance	0.36%	0.42%	-0.06%
Annual Interest	£4,972	£5,790	-£818
Svenska Handelsbanken			
Annual Performance	0.55%	0.45%	+0.10%
Annual Interest	£27,671	£22,400	+£5,271
TOTAL INTEREST FOR YEAR	£32,643	£28,190	+£4,453

- 12.7 In paragraph 3.1 of the Annual Investment Strategy, the Council anticipated that it would have an average investment balance in the region of £50m during 2015/2016. The actual was £70.6m and the main increases are broken down below:-

General Fund Provision & Reserves	+£6,600
Major Repairs Allowance Reserve	+£3,800
Housing Capital investment Reserve	+£6,000
Capital Receipts	+£4,300

These increases are partly accounted for by slippage in the revenue and capital programmes leading to higher than expected balances in reserves, unused capital receipts and from increased cash flows during the year. As an illustration, the impact of the Housing Self-Financing regime has resulted in increased investment balances both of a cash flow nature and also as a result of the enhanced Capital Programme new build envisaged by the business plan not yet commencing. The investment strategy of this cash would not have been any different had we known about the "additional" £20.6m. Paragraph 5.2 of the Annual Investment Strategy makes reference to a 60% maximum long term investments holding. The average investment balance in 2015/16 was £70.6m of which a maximum of £42m could have been invested for more than 364 days at any one time. In actual fact £3m was invested for more than 364 days which was 4.25% of the portfolio and therefore the Council did not exceed the 60% limit on longer term investments nor did it contravene the requirement to hold at least 40% of its portfolio in short term (364 days or less) investments. A comparison between 2014/15 actual, 2015/16 latest and 2015/16 actual in terms of in house investment interest returns and interest rates is shown in the table below:-

In House Investment Returns:

Year	Interest Received (£)	Interest Rate Achieved %
2014/15 actual	428,847	0.70
2015/16 latest	443,388	0.70
2015/16 actual	481,812	0.68

In the Annual Investment Strategy approved in February 2015, it was anticipated that the in house portfolio would achieve a 0.80% return for 2015/16. The actual rate was 0.68% which is close to the 2015/16 revised.

- 12.8 The table below compares the actual total interest received by the Council with what was expected when the original and latest estimates were calculated and also the 2014/15 actual:-

	Credited to General Fund	Credited to Housing Revenue Account	Total Investment Interest Earned
	£	£	£
2014/15 Actual	261,199	178,300	439,499
2015/16 Original	291,889	132,100	423,989
2015/16 Latest	297,420	172,200	469,620
2015/16 Actual	303,200	198,600	501,800

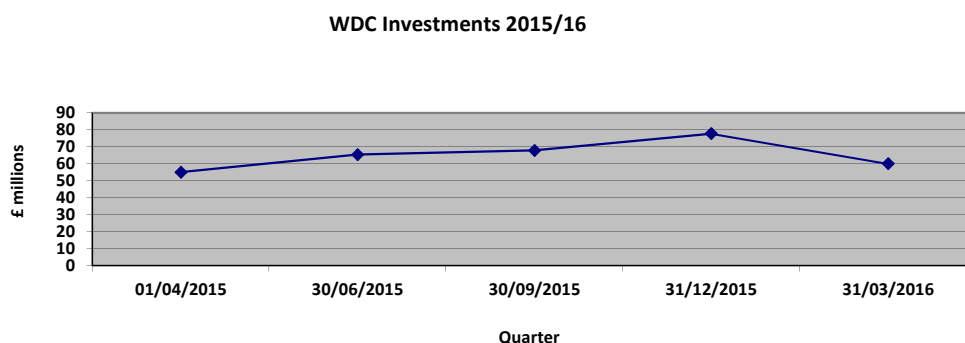
It should be borne in mind that the 2014/15 and 2015/16 actual figures in the tables in 12.7 and 12.8 are not directly comparable as the table in 12.7 relates only to investments made whilst the figures in 12.8 include interest received from other sources i.e. car loans, long term investments e.g. war stock and deferred capital receipts.

- 12.9 An analysis of the overall investments of the Council as at 31st March 2016 is shown in the table overleaf, with the previous year's figures shown for comparison purposes:

IN HOUSE	31st March 2016	31st March 2015
TYPE OF INVESTMENT	£	£
Money Markets inc. CD's & bonds	31,259,255	32,075,768
Call Accounts	5,046,000	7,278,000
Money Market Funds	23,679,000	15,541,000
Total	59,998,255	54,894,768

It should be noted that the Money Markets figure at 31st March 2016 includes £59,255 capital appreciation as a result of the price for each CD at 31st March being greater than that which was paid when the CD was originally purchased. However, these CD's were purchased on a "buy to hold" basis and thus this capital appreciation will not be realised when the CD's mature as they will be redeemed at "par" i.e. the original price.

12.10 The graph below shows how the total of the Council's investments varies through the year according to its cash flows. It illustrates that during the period April to December the Council's investments grows as cash flows in from such sources as Council Tax & NNDR and then from January onwards how the investments decline as cash flows out e.g. precepts exceed that coming in.



13. Performance measurement

13.1 In addition to the in house local benchmarks referred to in the tables in paragraphs 12.3, 12.5 and 12.8 the Council participates in the Capita Asset Services Investment Benchmarking Club which benchmarks not only investment returns but also the maturity and credit risk inherent in the portfolio. The Council is part of a local group which consists of District and County Councils and our performance over the past year is reflected in the tables overleaf:-

Table A Weighted Average Rate of Return (WARoR)

	WDC WARoR %	Local Group WARoR %	Capita Asset Services Model WARoR %
June Quarter	0.71	0.64	0.70
September Quarter	0.70	0.65	0.73
December Quarter	0.65	0.62	0.59
March Quarter	0.73	0.68	0.68
Average for Year	0.70	0.65	0.68

(n.b. it should be noted that the average interest rate for the year is not directly comparable to that quoted in paragraph 12.9 as that contains the effect of investments made in 2014/15 and maturing in 2015/16 whereas the rate in table A relates to 2015/16 investments only.)

13.2 It can be seen that the Council's average return was marginally above Capita Asset Services' model portfolio rate of return and also the local group's based on the risk in our portfolio.

Table B Weighted Average Credit Risk

	WDC	Local Group
June Quarter	2.5	2.9
September Quarter	2.6	3.3
December Quarter	2.7	3.0
March Quarter	3.2	3.3
Average for Year	2.8	3.1

13.3 This benchmark measures the average credit risk in the portfolio according to the institutions invested in and corresponds to the duration limits in Capita Asset Services' suggested credit methodology using a sliding scale of 1 to 7 where 1 indicates the least risk of default. The above table shows that this Council's credit risk during the year had a level marginally below that of the local group and this in part stems from the Council taking advantage of special tranche rates issued by Lloyds Bank, a highly rated counterparty, which also contributed to the outperformance in respect of the rate of return.

14. The Euro


14.1 The Treasury Management Strategy Plan requires the Treasury Management function to keep up to date with matters relating to the UK's possible entry into the Euro. The current economic situation both in the UK and the Eurozone makes it extremely unlikely that the UK will be joining the Eurozone for the foreseeable future whatever the outcome of the referendum on 23rd June.

15. External treasury management advisers

15.1 Capita Asset Services continues to provide our Treasury Management Advisory service.

16. Other issues

16.1 None.

 Finance and Audit Scrutiny Committee. 28th June 2016.		Agenda Item No. 4
Title	Treasury Management Activity Report for the period 1st October 2015 to 31st March 2016.	
For further information about this report please contact	Karen Allison, Assistant Accountant 01926 456334 Karen.allison@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	Treasury Management File L2/9 Treasury Management Information via External Advisers, Brokers, External Investment Agents etc.	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Equality & Sustainability Impact Assessment Undertaken	No – not relevant	
Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	15/06/2016	Andrew Jones
Head of Service	N/A	
CMT	N/A	
Section 151 Officer	15/06/2016	Mike Snow
Monitoring Officer	N/A	
Finance	10/06/2016	Roger Wyton
Portfolio Holder(s)		Peter Whiting
Consultation & Community Engagement		
None		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report details the Council's Treasury Management performance for the period 1st October 2015 to 31st March 2016.

2. Recommendations

- 2.1 That Finance and Audit Scrutiny Committee notes the contents of this report.

3. Reasons for the Recommendation

- 3.1 The Council's 2015/16 Treasury Management Strategy and Treasury Management Practices (TMP's) require the performance of the Treasury Management Function to be reported to Members on a half yearly basis.
- 3.2 This report informs Members of past performance, hence Members are just asked to note the information contained within it.

4. Policy Framework

- 4.1 **Policy Framework** -The Treasury Management function enables the Council to achieve its objectives within the strategy and policies.
- 4.2 **Fit for the Future** – The Treasury Management function enables the Council to meet its vision of a great place to live work and visit as set out in the Sustainable Community.
- 4.3 **Impact Assessments** – No impacts of new or significant policy changes proposed in respect of Equalities.

5. Budgetary framework

- 5.1 Treasury Management has a potentially significant impact on the Council's budget through its ability to maximise its investment interest income and minimize borrowing interest payable whilst ensuring the security of the capital. The Council is reliant upon interest received to help fund the services it provides. The actual investment interest earned in 2015/16 compared with the original and latest budgets is shown in the table below:

	Original 2015/16 Budget (Jan 15)	Latest 2015/16 Budget (Jan 16)	2015/16 Actual
	£	£	£
Gross Investment Interest	402,971	443,388	481,812
Less HRA allocation	132,100	172,200	198,600
Net interest to General Fund	270,871	271,188	283,212

6. Risks

- 6.1 Investing the Council's funds inevitably creates risk and the Treasury Management function effectively manages this risk through the application of the SLY principle. Security(S) ranks uppermost followed by Liquidity (L) and finally Yield(Y).

6.2 The Council invested in Corporate Bonds in 2015/16 which introduced Counterparty credit risk into the portfolio by virtue of the fact that it was possible that the institution invested in could have become bankrupt leading to the loss of all or part of the Council's investment. This was mitigated by only investing in Corporate Bonds with a strong Fitch credit rating, in this case A+ and issued as Senior Unsecured debt which ranked above all other debt in the case of a bankruptcy. No such capital loss was incurred in 2015/16.

7. Alternative Option(s) considered

7.1 None.

8. Background

8.1 A detailed commentary by our Treasury Consultants, Capita Asset Services, of the economic background surrounding this quarter appears as Appendix A.

9. Interest rate environment

9.1. The major influence on the Council's investments is the Bank Rate. The Bank Rate remained at 0.5% for the second half of the year to 31st March 2016. The Council's Treasury Management Advisors, Capita Asset Services, provided the following forecast for future Bank Rates:

Capita Asset Services Bank Rate Forecasts:

Qtr ending	Now (May 16)	Jun 2016	Sep 2016	Dec 2016	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018
Current Forecast, as at May 2016:											
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%
Forecast, as at January 2015, (when Original Budgets were set):											
Bank Rate	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%	n/a	n/a

The forecast as at January 2015 is shown for comparison purposes as this forecast was used in calculating the original budgets.

9.2. The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. The Annual Investment Strategy 2016/17 was approved by Council on 10th February 2016. This approved the current lending criteria which reflect the level of risk appetite of the Council. However, the Council continues to review its Standard Lending List as a result of frequent changes to Banking Institutions credit ratings, to ensure that it does not lend to those institutions identified as being at risk. A copy of the April 2016 lending list is shown as Appendix B. This list includes the recommendations from the 2016/17 Treasury Management Strategy report concerning new investment vehicles and limits.

10 INVESTMENT PERFORMANCE

Money Market Investments

- 10.1. During 2015/16, the in house function has invested its core cash in fixed term deposits in the Money Markets. The table below illustrates the performance of the in house function during this second half year for each category normally invested in:

Period	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) performance
Up to 7 days			
April to Sept 2015	No investments made in this half year.		
Oct to Mar 2016	No investments made in this half year		
Year to Date	No investments made in year		
Over 7 days & Up to 3 Months			
April to Sept 2015	No investments made in this half year.		
Oct to Mar 2016	No investments made in this half year		
Year to Date	No investments made in year		
Over 3 Months & Up to 6 Months			
April to Sept 2015	0.69%	0.66%	+0.03%
Value of Interest earned first half year	£23,180	£22,271	+£909
Oct to Mar 2016	0.62%	0.68%	-0.06%
Value of Interest earned second half year	£23,796	£26,065	-£2,269
Rate for Year	0.65%	0.67%	-0.02%
Value of Interest earned in Year	£46,976	£48,336	-£1,360
Over 6 Months to 365 days			
April to Sept 2015	0.72%	0.81%	-0.09%
Value of Interest earned first half year	£22,128	£25,194	-£3,066
Oct to Mar 2016	0.93%	0.82%	+0.11%
Value of Interest earned second half year	£196,553	£173,464	+£23,089
Rate for Year	0.90%	0.82%	+0.08%
Value of Interest earned in Year	£218,681	£198,658	+£20,023

Period	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) performance
1 year and over			
April to Sept 2015	1.00%	0.96%	+0.04%
Value of Interest earned first half year	£30,247	£29,173	+£1,074
Oct to Mar 2016	No investments made in this half year		
Rate for Year	1.00%	0.96%	+0.04%
Value of Interest earned in Year	£30,247	£29,173	+£1,074
TOTAL INTEREST FIRST HALF YEAR	£75,555	£76,655	-£1,100
TOTAL INTEREST SECOND HALF YEAR	£220,348	£199,529	+£20,819
TOTAL INTEREST FOR YEAR	£295,903	£276,183	+£19,719

- 10.2 All the LIBID rates in the table above and referred to below include a margin of 0.0625%.
- 10.3 During October to March, eighteen core investments matured. Capita's advice for this period was 'There is volatility in the longer term rates on the back of the moves in the gilt markets, but shorter dated rates are relatively unchanged, reflecting market expectations that Bank Rate will not be altered for some time. There does remain some value with longer term investments with suitable counterparties.' Therefore, as six of these investments matured, shorter dated ones of less than 1 year were purchased and the remainder were invested for 364 days.
- 10.4 Two 6 month certificates of deposits (CD) with Nordea and Rabo Bank were purchased along with two 6 month fixed deposits with Coventry Building Society and DBS Bank Ltd. These produced a lower yield due to their high credit ratings and consequently are reflected in the underperformance in the 'Over 3 months and under 6 months' section in the table above. At the time of looking to place these investments there was limited choice available that met our criteria.
- 10.5 In the '6 months to 1 year' category, two longer term Local Authority Fixed Deposits were replaced with two shorter term investments, a 364 day Toronto CD and a 364 day fixed deposit with Helaba Bank. Their yields are reflected in the out-performance shown in the table above.
- 10.6 Lloyds Banking Group was still offering enhanced rates for 1 year deposits therefore three investments were rolled over.
- 10.7 A £2 million Coventry Building Society and a £3 million Bank of Nederlanden Gementeen investments which matured towards the end of the financial year

were held in the Money Market Funds awaiting a suitable investment opportunity.

10.8 During January to March the Council's cash flow investments began to unwind themselves as cash outflows (Precepts, NNDR payments to DCLG etc.) exceeded the inflows and any cash flow investments during this period were made into the Money Market Funds.

10.9 Given that the current Bank Rate is only 0.50% and counterparty security is of the utmost importance over return of yield, the level of performance achieved in this half year continues to be satisfactory.

Money Market Funds & Call Accounts

10.10 The in house function continues to utilise the Money Market Funds and Call Accounts to assist in managing its short term liquidity needs. Their performance in this period together with a summary of the performance for the full year is shown in the following table:

Fund	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) Performance
Deutsche			
April to Sept 2015	0.43%	0.42%	+0.01%
Interest earned 1st half year	£643	£641	+£2
Oct to Mar 2016	0.45%	0.42%	+0.03%
Value of Interest earned second half year	£6,855	£6,440	+£415
Rate for Year	0.45%	0.42%	+0.03%
Value of Interest earned in year	£7,498	£7,081	+£417
Goldman Sachs			
April to Sept 2015	0.44%	0.42%	+0.02%
Interest earned 1st half year	£10,915	£10,638	+£277
Oct to Mar 2016	0.44%	0.42%	+0.02%
Value of Interest earned second half year	£7,114	£6,831	+£283
Rate for Year	0.44%	0.42%	+0.02%
Value of Interest earned in year	£18,029	£17,469	+£560
Invesco Aim			
April to Sept 2015	0.44%	0.42%	+0.02%
Interest earned 1st half year	£213	£206	+£7
Oct to Mar 2016	0.47%	0.42%	+0.05%
Value of Interest earned second half year	£15,345	£13,763	+£1,582
Rate for Year	0.47%	0.42%	+0.05%
Value of Interest earned in year	£15,558	£13,969	+£1,589

Fund	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) Performance
Federated Constant Net Asset Value (CNAV)			
April to Sept 2015	0.51%	0.42%	+0.09%
Interest earned 1st half year	£11,049	£9,185	+£1,864
Oct to Mar 2016	0.56%	0.42%	+0.14%
Value of Interest earned second half year	£13,971	£10,654	+£3,317
Rate for Year	0.53%	0.42%	+0.11%
Value of Interest earned in year	£25,020	£19,839	+£5,181
Federated Variable Net Asset Value (VNAV)			
April to Sept 2015	0.59%	0.66%	-0.07%
Interest earned 1st half year £	£13,030	£16,646	-£3,616
Oct to Mar 2016	0.56%	0.68%	-0.12%
Value of Interest earned second half year	£16,495	£16,495	0%
Rate for Year	0.68%	0.68%	0%
Value of Interest earned in year	£29,525	£33,141	-£3,616
Standard Life (was Ignis)			
April to Sept 2015	0.48%	0.42%	+0.06%
Value of Interest earned first half year	£21,110	£18,687	+£2,423
Oct to Mar 2016	0.50%	0.42%	+0.08%
Value of Interest earned second half year	£22,630	£19,146	+£3,484
Rate for Year	0.49%	0.42%	+0.07%
Value of Interest earned in year	£43,740	£37,833	+£5,907

Fund	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) Performance
Royal London Cash Plus Account (VNAV)			
April to Sept 2015	0.49%	0.66%	-0.17%
Value of Interest earned first half year	£4,445	£3,930	+£515
Oct to Mar 2016	0.68%	0.68%	0%
Value of Interest earned second half year	£6,865	£6,865	£0
Rate for Year	0.58%	0.67%	-0.09%
Value of Interest earned in year	£11,310	£10,795	+£515
TOTAL INTEREST FIRST HALF YEAR	£61,405	£59,933	+£1,472
TOTAL INTEREST SECOND HALF YEAR	£89,275	£79,421	+£9,854
TOTAL INTEREST FOR YEAR	£150,680	£139,354	+£11,326

10.11 As with the Money Market investments in paragraph 10.1, the LIBID benchmark which in this case is the 7 day rate (plus a margin of 0.0625%) is used for comparing the CNAV funds performance. For the Federated Prime Rate Variable Net Asset Fund and Royal London Cash Plus Account the 6 month LIBID rate (plus a margin of 0.0625%) is used. It should be noted that the investment return on both of these includes fees and so is not directly comparable with the benchmark return. It can be seen from the table above that the total interest out performance of the benchmark continues to be satisfactory. The Council continued to concentrate its investments in the four highest performing funds Federated (variable and constant net asset value funds), Royal London Cash Plus, Ignis, and Invesco along with the two call accounts, HSBC Business Deposit Account and Svenska Handelsbanken.

10.12 During 2015/16 the Council earned £150,707 interest on its Money Market Fund investments at an average rate of 0.52%. The average balance during the year was £28,994,233.

Call Accounts

Fund	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) Performance
HSBC Business Deposit a/c			
April to Sept 2015	0.37%	0.42%	-0.05%
Value of Interest earned first half year	£3,126	£3,545	-£419
Oct to Mar 2016	0.34%	0.42%	-0.08%
Fund	Investment Return (Annualised)	LIBID Benchmark (Annualised)	Out/(Under) Performance
Value of Interest earned second half year	£1,846	£2,245	-£399
Rate for Year	0.36%	0.42%	-0.06%
Value of Interest earned in year	£4,972	£5,790	-£818
Svenska Handelsbanken a/c			
April to Oct 2015	0.55%	0.45%	+0.10%
Value of Interest earned first half year	£13,810	£11,174	+£2,636
Oct to Mar 2016	0.55%	0.45%	+0.10%
Value of Interest earned second half year	£13,861	£11,226	+£2,635
Rate for Year	0.55%	0.45%	+0.10%
Value of Interest earned in Year	£27,671	£22,400	+£5,271
TOTAL INTEREST FIRST HALF YEAR	£16,936	£14,719	+£2,217
TOTAL INTEREST SECOND HALF YEAR	£15,707	£13,471	+£2,236
TOTAL INTEREST FOR YEAR	£32,643	£28,190	+£4,453

10.13 As with the Money Market investments in paragraph 10.1, the LIBID benchmark, which in this case is the 7 day rate, has been increased by a margin of 0.0625%. The return for the second half year in the Svenska accounts outperformed the benchmark rate. However, there was a continuation of an underperformance on HSBC BDA account due to adverse cash flows towards the end of the year.

10.14 During 2015/16 the Council earned £32,643 interest on its Call Accounts at an average rate of 0.51% and the average balance held was £6,414,228.

10.15 The following table brings together the investments made in the various investment vehicles during the year to give an overall picture of the investment return:-

Investment Vehicle	Investment Return (Annualised) £	LIBID Benchmark (Annualised) £	Out/(Under) Performance £
Money Markets	295,903	276,183	+19,719
Money Market Funds	150,680	139,354	+11,326
Call Accounts	32,643	28,190	+4,453
Total	479,226	443,727	+35,499

The table below provides a breakdown of original estimate against actual outturn 2015/16:-

Original Estimate		Actual Outturn	
Original estimate of annual external investment interest and other interest such as car loan and long term investments for 2015/16	£402,971	Actual outturn for 2015/16	£501,800
Revised to	£443,388	Latest Estimate	£443,388
Increase of	£40,417	Increase of	£58,412
Mainly due to 1) Additional interest earned on increased balances as a result of variations in the 2014/15 and 2015/16 revenue and capital programmes.	+£85,000	Mainly due to 1) Overall interest rate for the year being slightly lower than expected.	-£10,000
2) Offset by a lower than expected interest rate due to the Bank Rate not rising in line with previous predictions as a result of continuing economic difficulties.	-£52,000	2) Additional interest arising from increased balances due to underspendings in revenue and capital budgets.	+£60,000
3) Received in respect of the redemption on maturity of some 21/2% Consolidated Stock which has been treated as interest.	+£8,400	3) Received interest charged as a result of late payment of a S106 contribution.	+£8,200

It should be noted that the total investment return of £479,226 shown in the table above is in respect of investments made by the in house team and does not include the other interest received and not all will be received in 2015/16 as it is an annualised figure and will include interest relating to 2016/17.

10.16 An analysis of the overall in house investments held by the Council at the end of March 2016 is shown below:

(The previous half year is shown for comparison)

Type of Investment	Closing Balance first half year as at 30th Sept 2015	Closing Balance as at 31st March 2016
	£	£
Money Markets incl. CD's	36,000,000	33,200,000
Money Market Funds	27,733,000	21,679,000
Business Reserve Accounts including Call Accounts	4,050,000	5,046,000
Total	67,783,000	59,925,000

11. COUNTERPARTY CREDIT RATINGS

11.1 The investments made in the second half year and the credit ratings applicable to the counterparty at the point at which the investment was made is shown in the table below:-

Counterparty	Investment Amount £	Credit Rating	
		Long Term	Short Term
Banks			
WDC Minimum	(Fitch)	A+	F1
DBS Bank Ltd	£2,000,000	AA-	F1+
Nordea Bank (CD)	£2,000,000	AA-	F1+
RABO Bank (CD)	£2,200,000	AA-	F1+
Nordea Bank (CD)	£2,000,000	AA-	F1+
Toronto Dominion Bank (CD)	£5,000,000	AA-	F1+
Landesbanken Hessen Thueringen-Helaba	£2,000,000	A+	F1+
Landesbanken Hessen Thueringen-Helaba	£2,000,000	A+	F1+
Bank Of Montreal (CD)	£2,000,000	AA-	F1+
DBS Bank Ltd	£2,000,000	AA-	F1+
Building Societies- Category B			
WDC Minimum	(Fitch)	Less than A+	F1
Coventry Building Society	£2,000,000	A	F1
Nationwide Building Society (CD)	£2,000,000	A	F1
UK Government Part Owned Banks			
WDC Minimum	(Fitch)	A	F1
Lloyds TSB Bank	£2,000,000	A+	F1
Lloyds TSB Bank	£3,000,000	A+	F1
Lloyds TSB Bank	£1,000,000	A+	F1
MoneyMarket Funds (Investment amount is average principal in fund during the half year)			

WDC Minimum	Fitch AAA & Volatility rating VR1+ or S & P AAAm or Moodys AAA & Volatility Rating MR1+		
Deutsche	£303,072	Fund retained its rating throughout half year	
Invesco Aim	£6,482,220	Fund retained its rating throughout half year	
Federated Prime Rate	£9,000,000	Fund retained its rating throughout half year	
Ignis	£9,017,170	Fund retained its rating throughout half year	
Goldman Sachs	£3,217,308	Fund retained its rating throughout half year	
Royal London Asset Management	£2,000,000	Fund retained its rating throughout half year	
Call Accounts			
WDC Minimum	(Fitch)	A+	F1
HSBC Business Deposit Account	£1,322,932	Counterparty retained its rating throughout period of AA- long term, F1+ short term,	
Svenska Handelsbanken	£5,000,000	Counterparty retained its rating throughout period of AA- long term, F1+ short term.	

11.2 It can be seen that all investments made within the second half year were in accordance with the Council's credit rating criteria.

11.3 Also attached for the Committee's information as Appendix B is the Council's current 2015/16 Counterparty lending list.

12. **BENCHMARKING**

12.1 With regard to the Capita Asset Services Treasury Management Benchmarking Club, the Council is part of a local group comprising both District and County Councils, the results are published quarterly. Analysis of the results for quarters three and four show that the Councils weighted average rate of return on its investments at 0.65% and 0.73% respectively was above Capita's model portfolio band range.

12.2 The results for quarters three and four also show that the Council's weighted average rate of return was above that of the local group and the weighted average credit risk in the portfolio was below that of the local group thus demonstrating that the Council is balancing its aim of achieving the best rate of return on its investments whilst protecting the security of those investments.

13. **BORROWING**

13.1 During the second half year, there was no long term borrowing activity other than to pay the second half year interest instalment on the £136.157m PWLB borrowing taken out in March 2012 for the HRA Self Financing settlement which amounted to £2.383m.

13.2 During the half year it was not necessary to undertake any Money Market borrowing to fund cashflow deficits, with any deficits being managed within the Council's £50,000 overdraft facility with HSBC. The interest rate on this facility is 2% above Bank Rate and is charged on the cleared balance at the end of each day when that balance is in debit i.e. overdrawn. In the second half year

£10 overdraft interest was paid. Overdraft interest is normally offset by the interest earned at 1% below Bank Rate on the days when the end of day balance was in credit; however, with Bank Rate at 0.50% this is not applicable.

14 PRUDENTIAL INDICATORS

- 14.1 The 2015/16 Treasury Management Strategy included a number of Prudential Indicators within which the Council must operate. The two major ones are the Authorised Limit and Operational Boundary for borrowing purposes. It is confirmed that during the half year neither indicator has been exceeded.

1. CAPITA ASSET SERVICES COMMENTARY ON THE CURRENT ECONOMIC BACKGROUND

- 1.1 UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate +2.1% was again a leading rate in the G7 though the US achieved a higher rate of +2.4%. Growth in quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before falling back again to +0.4% (+2.2% y/y) in quarter 3. Growth improved to +0.6% in quarter 4 (+2.1% y/y) but overall this was a disappointing outturn for the year which dashed earlier forecasts for a significantly higher rate.
- 1.2 The economy now faces headwinds for exporters from the appreciation during 2015 of Sterling against the Euro, (which has only been minimally reversed in 2016), and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme and uncertainty created by the Brexit referendum coming up in June.
- 1.3 The Bank of England February Inflation Report included a forecast for growth for 2016 of 2.2% and 2.3% for 2017, down from 2.5% and 2.6% respectively. Nevertheless, this is still a reasonable rate of growth which is being driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a limited recovery in wage inflation and falls in many prices, especially fuel, which has seen CPI inflation fall to, or near to, zero over the last quarter.
- 1.4 There are, therefore, considerable risks around whether inflation will rise in the near future as strongly as previously expected; this will make it more difficult for the Bank of England to make a start on raising Bank Rate during 2016, especially given the subsequent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets over the last year, which could potentially spill over to impact the real economies rather than just financial markets.
- 1.5 The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015 before easing back to +2.0% in quarter 3 and to 1.4% in quarter 4, leaving growth in 2015 as a whole at 2.4%. While there had been confident expectations during the summer that the Fed. could start increasing rates at its meeting on 17 September, downbeat news during the summer about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision to pull back from making that start. The nonfarm payrolls figures for September and revised August, issued on 2 October, were also disappointingly weak so the first increase did not

eventually come until its December meeting. At that point, confidence was high that there would then be four more increases to come in 2016, but since then, more downbeat news on the international scene has caused a re-emergence of caution over the timing and pace of further increases.

- 1.6 In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of easing was then strengthened at its March meeting by cutting this rate further to -0.4% and its main refinancing rate from 0.05% to zero, and increased its monthly asset purchases to €80bn. This monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.6% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarters 3 and 4. The ECB is also struggling to get inflation up from around or below zero towards its target of 2%.

APPENDIX B

WARWICK DISTRICT COUNCIL STANDARD LENDING LIST AS AT APRIL 2016

BANKS

INVESTMENTS UP TO 364 DAYS (3 months for explicitly guaranteed subsidiaries)

Investment / Counterparty type:	S/term	L/term	Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Use
Bank deposits	F1	A	UK Sovereign	£5m if L/term rating minimum A+ but £3m if L/Term rating A.	364 days	In House +Advice & EFM*
Bank - part nationalised UK	F1	A	UK Sovereign	£9m	364 days	In House +Advice & EFM*
Bank subsidiaries of UK Banks	Unrated	Unrated	Explicit Parent Guarantee	£5m	3 months	In House +Advice & EFM*

NB. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's except where the Repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £3m with a maximum in Repo's of £3m.

Counterparty Limit is also the Group Limit where investments are with different but related institutions.

INVESTMENTS OVER 364 DAYS

Investment / Counterparty type:	S/term	L/term	Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Use
Bank deposits	F1	A	UK Sovereign	£5m if L/term rating minimum A+ but £3m if L/Term rating A.	2 years	In House +Advice & EFM*
Bank - part nationalised UK	F1	A	UK Sovereign	£9m	2 years	In House +Advice & EFM*

NB. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's. Counterparty limit is also the Group Limit where investments are with different but related institutions.

£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.

NB - £20m over 364 day limit only applies to those investments where at 1st April the remaining term is greater than 364 days. Any over 364 day investment with 364 days or less to maturity at 1st April is deemed to be short term.

BANK NAME	OTHER BANKS IN GROUP (* = Not on list but included for information re potential problems etc)	GROUP LIMIT APPLIE S
AUSTRALIA (AAA) Monitoring @ 01.04.2016		
Australia & New Zealand Banking Group Ltd – monitoring		
Commonwealth Bank of Australia monitoring		
Macquarie Bank Ltd		
National Australia Bank Ltd monitoring	Bank of New Zealand* Yorkshire Bank *(Trading name of Clydesdale Clydesdale Bank*	Yes
Westpac Banking Corporation monitoring		
CANADA (AAA)		
Bank of Montreal	Bank of Montreal Ireland plc*	
Bank of Nova Scotia	Scotia Bank* Scotia Bank (Ireland) Ltd* Scotia Bank Capital Trust (United States)* Scotia Bank Europe plc*	
Canadian Imperial Bank of Commerce	Canadian Imperial Holdings Inc New York* CIBC World Markets Holdings Inc*	
National Bank of Canada	National Bank of Canada New York Branch*	
Royal Bank of Canada	Royal Trust Company* Royal Bank of Canada Europe* Royal Bank of Canada Suisse* RBC Centura Banks Inc*	
Toronto Dominion Bank	TD Banknorth Inc*	
DENMARK (AAA)- monitoring		
Danske Bank		
FINLAND (AAA)- monitoring		
Nordea Bank Finland DO NOT DEAL DIRECT AS NOW DOMICILED IN SWEDEN UNDER NORDEA BANK AB BUT CD'S ETC OK WITH K&S.	Nordea Bank Denmark* Nordea Bank AB Nordea Bank Norge* Nordea Bank North America*	Yes
GERMANY (AAA)		
DZ Bank AG (Deutsche Zentral-genossenschaftsbank)		
Landesbanken Hessen- Thuringen Girozentrale (Helaba)		
Landwirtschaftliche Rentenbank		
NRW Bank		
HONG KONG (AA+) –		

not on Capita's list as not active		
The Hong Kong & Shanghai Banking Corporation Ltd		
LUXEMBOURG (AAA)		
Clearstream Banking		
NETHERLANDS monitoring		
ABN AMRO Bank N.V		
Bank Nederlandse Gemeenten		
Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)		
ING Bank NV		
SINGAPORE (AAA)		
DBS Bank Ltd	DBS Bank (Hong Kong)*	
Oversea Chinese Banking Corporation Ltd		
United Overseas Bank Ltd		
SWEDEN (AAA)- monitoring		
Nordea Bank AB	Nordea Bank Denmark* Nordea Bank Finland Nordea Bank Norge* Nordea Bank North America*	Yes
Skandinaviska Enskilde Banken AB	SEB Bolan*	
Svenska Handelsbanken AB	Stadtshypotek* Svenska Handelsbanken Inc USA*	
Swedbank AB		
SWITZERLAND- monitoring		
Credit Suisse- monitoring		
UBS AG		
UNITED KINGDOM (AA+) monitoring		
Abbey National Treasury Services plc		
Barclays Bank plc- monitoring		
Close Brothers		
Goldman Sachs monitoring		
HSBC Bank plc monitoring	HSBC AM* HFC Bank Ltd* Hong Kong & Shanghai Banking Corporation* HSBC Finance Corp* HSBC Finance* HSBC USA Hang Seng Bank*	Yes
Lloyds Banking Group Including (now classed as private bank by CAPITA) :- Lloyds TSB Bank of Scotland	Halifax plc* Bank of Western Australia Ltd*. Cheltenham & Gloucester* Scottish Widows Investment Partnership* Scottish Widows plc*	Yes
Santander UK plc		

Standard Chartered Bank- out of range		
Sumitomo Mitsui Banking Corporation Europe Ltd		
UBS Ltd		
UNITED STATES OF AMERICA (AAA)		
HSBC Bank USA NA	HSBC AM* HFC Bank Ltd* Hong Kong & Shanghai Banking Corporation* HSBC Finance Corp* HSBC Finance* HSBC UK Hang Seng Bank*	Yes
Bank Of America		
Bank of New York Mellon	Bank of New York (Delaware USA)* Bank of New York (New York USA)* Bank of New York Trust Company*	
Citibank		
JP Morgan Chase Bank NA	Bank One Corp* Bank One Financial LLC* Bank One NA * First USA Inc* NDB Bank NA* Chemical Bank * Chemical Banking Corp* JP Morgan & Co Inc* Chase Bank USA* Robert Fleming Ltd*	
Wells Fargo Bank NA	Wachovia Bank* Wachovia Bank NA North Carolina USA*	

BUILDING SOCIETIES

INVESTMENTS 364 DAYS OR LESS

Investment / Counterparty type:	S/term	L/term	Security / Min credit rating	Max limit per counterparty	Max. Maturity period
Building Societies - category A	F1	A	UK Sovereign	£4m	364 days
Building Societies - category B <ul style="list-style-type: none"> • Coventry • Nationwide • Leeds 	F1		UK Sovereign	£2m	364 days
Building societies - assets > £500m (Category C) <ul style="list-style-type: none"> • Yorkshire • Skipton • Leeds • Principality • West Bromwich • Newcastle • Nottingham • Progressive • Cumberland • National Counties • Saffron 				£1m	3 months

<ul style="list-style-type: none"> • Cambridge • Monmouthshire • Furness • Leek United • Newbury • Manchester • Ipswich 					
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INVESTMENTS OVER 364 DAYS

Investment / Counterparty type	S/term	L/term	Security / Min credit rating	Max limit per counterparty	Max. Maturity period
Building societies Category A & B (see above)	F1	A	UK Sovereign	£1m	2 years

NB. Group limit of £8m.

OTHER COUNTERPARTIES

Investment / Counterparty type	S/term	L/term	Security / Min credit rating	Max limit per counterparty	Max. Maturity period
DMADF	n/a	n/a	UK Sovereign	£12m	364 days
UK Govt. (includes Gilt Edged Securities & Treasury Bills), Local Authorities / Public Corporations / Nationalised Industries.	n/a	n/a	High viability/support	£9m	364 days
Money Market Fund(CNAV)	AAA / Aaa- mf/AAAmf			£9m	liquid
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1			£6m	liquid
Corporate bonds - category 1		A	UK Sovereign	£5m	2 years
Corporate bonds - category 2		A		£9m	2 years
Corporate bonds - category 3		A		£3m	2 years
Covered bonds - category 1		A	UK Sovereign	£5m	2 years
Covered bonds - category 2		A		£9m	2 years
Covered bonds - category 3		A		£3m	2 years
Bonds - Supranational / Multi Lateral Development Banks European Community European Investment Bank African Development Bank Asian Development Bank Council of Europe Development Bank European Bank for	AAA / Govt Guarantee			£5m	364 days

Reconstruction & Development Inter-American Development Bank International Bank of Reconstruction & Development Or any other Supranational/Multi-Lateral Development Bank meeting criteria.					
Floating Rate Notes - category 1		A		£5m	364 days
Floating Rate Notes - category 2		A		£9m	364 days
Floating Rate Notes - category 3		A		£3m	364 days
Eligible Bank Bills	n/a		Determined by EFM	£5m	364 days
Sterling Securities guaranteed by HM Government	n/a		UK Sovereign	£9m	Not defined
Local Authorities	n/a	Viability/support= High £15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.		£9m	5 years
Corporate Equity Funds - low risk (1-3)	n/a	Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment.		£3m	10 years
Corporate Equity Funds - medium risk (4-5)	n/a	Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment.		£2m	10 years
Corporate Equity Funds - high risk (6-7)	n/a	Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment.		£1m	10 years
Corporate Bond Funds		BBB	£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.	£5m	10 years
Pooled property fund eg: REITS			£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.	£5m	10 years
CCLA property funds	n/a	Security of Trustee of fund (LAMIT) controlled by LGA, COSLA who appoint the members and officers of LAMIT. £15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.		£5m	10 years

Categories for Covered Bonds, Corporate Bonds (must be Senior Unsecured), Floating Rate Notes:-

Category 1: Issued by private sector Financial Institutions

Category 2: Issued by Financial institutions wholly owned or part owned by the UK Govt

Category 3: Issued by Corporates

	Finance & Audit Scrutiny Committee 28 June 2016	Agenda Item No. 5
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Title	Comments from the Executive
For further information about this report please contact	Amy Carnall Committee Services Officer 01926 456114 committee@warwickdc.gov.uk
Service Area	Civic & Committee Services
Wards of the District directly affected	n/a
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	n/a
Background Papers	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive		
Chief Executive		
CMT		
Section 151 Officer		
Legal		
Finance		
Portfolio Holders		

Consultation Undertaken	
n/a	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. Summary

- 1.1 This report summarises the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 6 April 2016, 20 April 2016 and 2 June 2016.

2. Recommendation

- 2.1 That the responses made by the Executive be noted, as set out in Appendix 1 to the report.

3. Reasons for the Recommendation

- 3.1 This report is produced to create a dialogue between the Executive and the Finance & Audit Scrutiny Committee, ensuring that the Scrutiny Committee is formally made aware of the Executive's responses.

4. Alternative Options Considered

- 4.1 The Committee receives and notes the minutes of the Executive instead.

5. Budgetary Framework

- 5.1 There is no impact on the budgetary framework. This is for the Committee's information only.

6. Policy Framework

- 6.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

7. Background

- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.
- 7.3 As a result, at its meeting on 9 February 2016, the Finance & Audit Scrutiny Committee considered the items detailed in the appendices. The responses which the Executive gave are also shown.

Responses from the meeting of the Executive held on 6 April 2016 to the Finance and Audit Scrutiny Committee's comments

Item no	3	Title	Codes of Procurement Practice
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendation in the report subject to minor amendments to the wording in paragraphs 3.2 and 10.10		
Executive Response	The Executive noted that the Intend System was a multi-purpose system and the report should specifically refer to it as a procurement system.		

Item no	4	Title	Whitnash Community Hub Update and Next Steps
Scrutiny Comment	<p>The Finance & Audit Scrutiny Committee supported the recommendations but proposed that the words 'up to' be inserted in recommendation 2.7.</p> <p>It was suggested that approval should be subject to a suitable partnership arrangement being place and therefore made the following recommendation:</p> <p>That recommendation 2.6 be amended to read: That Executive agrees that DCX (AJ) continues to work with members of Whitnash Town Council and Whitnash Sports and Social Club (if applicable), officers at WCC on the production of a viable scheme and thereby gives its support to the development of a Community Hub for Whitnash subject to appropriate partnership agreements being agreed with the parties and WTC undertaking the project sponsorship role.</p>		
Executive Response	The Executive agreed the recommendation from the Finance & Audit Scrutiny Committee		

Item no	6	Title	Review of Staff Terms and Conditions
Scrutiny Comment	The Finance and Audit Scrutiny Committee supported the recommendations.		
Executive Response	The Executive made no response.		

Item no	10	Title	Replacement of motors and lighting dimmers – Royal Spa Centre
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	The Executive made no response.		

Item no	11	Title	Prosperity Agenda – Service Re-design proposals
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	The Executive made no response.		

Item no	12B	Title	Significant Business Risk Register
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	The Executive made no response.		

Item no	14	Title	Prosperity Agenda – Service Re-design proposals
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	The Executive made no response.		

Item no	15	Title	Customer Contact Role Review
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	The Executive made no response.		

Responses from the meeting of the Executive held on 20 April 2016 to the Finance and Audit Scrutiny Committee's comments

Item no	2	Title	Council HQ Relocation and replacement Covent Garden Car Park Project – Part A
Scrutiny Comment	The Joint meeting of the Finance & Audit and Overview & Scrutiny Committees supported the recommendations in the report. They also recommended that the Executive should seek to maximise the amount of affordable housing up to 40% before any disbursement of profit to the two partners.		
Executive Response	<p>The Leader proposed the recommendations as set out in the report, and that the recommendation from the Joint meeting of the two Scrutiny Committees be rejected because of the following reasons:</p> <ul style="list-style-type: none"> • there was adequate protection on the affordable housing issue already; • Recommendation 2.8 proposed establishing a Member Reference Group on which all groups would be represented; • Recommendation 2.9 delegated authority to officers, in consultation with the Member Reference Group, to agree the terms of the planning applications the LLP would submit; • the Member Reference Group would be fully aware of the Council's policy position on affordable housing and would make its judgements in light of it; • the planning applications would be determined before the Council made a decision on committing to phase 2; • Planning Committee would make a decision on any applications, approved by the Member Reference Group, submitted with less than 40% affordable housing, as normal; • the LLP was committed to delivering a policy compliant scheme and the intention of the phase 1 work would be to examine whether this was possible and viable; • part of this examination would be to determine whether the Council foregoing its final profit share would assist in delivering a higher proportion of affordable housing; and • It was therefore unwise to fetter the LLP's discretion by adopting this recommendation given that this protection was already in place 		

Item no	4	Title	Council HQ Relocation and replacement Covent Garden Car Park Project – Part B
Scrutiny Comment	The Joint meeting of the Finance & Audit and Overview & Scrutiny Committees supported the recommendations in the report		
Executive Response	The Executive made no response.		

Responses from the meeting of the Executive held on 2 June 2016 to the Finance and Audit Scrutiny Committee's comments


Item no	2	Title	Final Accounts 2015/16
Scrutiny Comment	<p>The Finance & Audit Scrutiny Committee supported the recommendations and were pleased to see that £900k was being allocated to the Covent Garden Multi Storey Car Park reserve.</p> <p>However, Members felt that the Executive needed to be mindful that the HRA was likely to come under pressure as/when the provisions within the Housing and Planning Act are fully known.</p> <p>In addition, concerns were raised that some of the budget setting had been over prudent and officers needed to be careful when making judgements using historical data.</p>		
Executive Response	<p>Councillor Phillips agreed with the concerns raised about the implications of the Housing and Planning Act and he would be monitoring the progress of the guidance as it was brought forward. He also agreed with the slippage regarding the Housing Revenue Account and anticipated a report would be brought to the Executive at the end of June 2016.</p> <p>Councillor Whiting thanked the Head of Finance and his team for their work in what they had achieved in delivering an underspend for the last 12 months. He emphasised the importance of not just having a balanced General Fund but also in making sufficient provision to fund capital expenditure as well. He recognised the need to improve on forecasting because while reviewing trends over time had a benefit, due regard had to be taken of specific events during the year. He specifically highlighted to the Executive that the budget out turn for this this year enabled £900,000 to be allocated to Covent Garden Car Park.</p>		

Item no	5	Title	Fit for The Future
Scrutiny Comment	<p>The Finance & Audit Scrutiny Committee supported the recommendations in the report.</p>		
Executive Response	<p>The Executive made no response.</p>		

Item no	7	Title	Tourism Update
Scrutiny Comment	<p>The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members felt that it was imperative to encourage close working relationships between event organisers and Neighbourhood Services to ensure that clean-up operations during and after events were carried out effectively.</p>		
Executive Response	<p>The Executive agreed with the comments of the Scrutiny Committee and explained that work was ongoing to improve the liaison between department through improved management of events.</p>		

Item no	9	Title	Local Plan Budget
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	The Executive made no response.		

Item no	10	Title	Repair of Listed Boundary Walls
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	The Executive made no response.		

 Finance & Audit Scrutiny Committee – 28 June 2016		Agenda Item No. <h1 style="text-align: center;">6</h1>
Title	Review of the Work Programme & Forward Plan	
For further information about this report please contact	Amy Carnall Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	n/a	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	n/a
Equality & Sustainability Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		
Finance		
Portfolio Holder(s)		
Consultation & Community Engagement		
n/a		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report informs the Committee of its work programme for 2016/17 (Appendix 1) and the current Forward Plan (Appendix 2).

2. Recommendation

- 2.1 Members consider the work programme and agree any changes as appropriate.
- 2.2 The Committee to; identify any Executive items on the Forward Plan which it wishes to have an input before the Executive makes its decision; and to nominate a Member to investigate that future decision and report back to the Committee.

3. Reasons for the Recommendation

- 3.1 The work programme should be updated at each meeting to accurately reflect the workload of the Committee.
- 3.2 If the Committee has an interest in a future decision to be made by the Executive it is within the Committee's remit to feed into the process.
- 3.3 The Forward Plan is the Executive's future work programme. If any non-Executive Member or Members highlight items which are to be taken by the Executive which they would like to be involved in, those Members can then provide useful background to the Committee when the report is submitted to the Executive and when the Committee passes comment on it.

4. Policy Framework

- 4.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

5. Budgetary Framework

- 5.1 All work for the Committee has to be carried out within existing resources. Therefore, there is a limit to the time available that officers will have to assist Members, so the Committee may wish to prioritise areas of investigation.

6. Risks

- 6.1 This Committee contributes to the effective minimisation of risk by fulfilling its duties in a timely manner and scrutinising the work undertaken by the Executive.

7. Alternative Option(s) Considered

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

8. Background

- 8.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.

- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.

Finance and Audit Scrutiny Committee WORK PROGRAMME 2016

28 June 2016

1	2015/16 Annual Treasury Management Report	Audit Item	Karen Allison
2	Treasury Management Activity Report for the period 1st October 2015 to 31st March 2016	Audit Item	Karen Allison

26 July 2016

1	Risk Registers Reviews 2016/17 – Neighbourhood Services	Audit Item	Richard Barr
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31 August 2016

1	Internal Audit Quarter 1 Report	Audit Item	Richard Barr
2	Annual Governance Statement Action Plan Review Quarter 1 Report	Audit Item	Richard Barr
3	Contracts Registers Reviews 2016/17 – Housing & Property Services	Scrutiny Item	Andy Thompson

20 September 2016

1	Statement of Accounts 2015/16 – as set out on the Council agenda for 21 September 2016	Audit Item	Mike Snow
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27 September 2016

1	Risk Registers Reviews 2016/17 – Chief Executives Office	Audit Item	Richard Barr
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1 November 2016

No items scheduled for consideration

29 November 2016

1	Internal Audit Quarter 2 Report	Audit Item	Richard Barr
2	Annual Governance Statement Action Plan Review Quarter 2 Report	Audit Item	Richard Barr
3	Contracts Registers Reviews 2016/17 – Cultural Services	Scrutiny Item	Rose Winship
4	Treasury Management Activity Report for the period 1 April 2016 to 31 October 2016	Audit Item	Karen Allison

4 January 2017

1	Risk Registers Reviews 2016/17 – Housing & Property Services	Audit Item	Richard Barr
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7 February 2017

No items scheduled for consideration

7 March 2017

1	Internal Audit Quarter 3 Report	Audit Item	Richard Barr
2	Annual Governance Statement Action Plan Review Quarter 3 Report	Audit Item	Richard Barr
3	Contracts Registers Reviews 2016/17 – Development Services	Scrutiny Item	Tracy Darke

4 April 2017

1	Internal Audit Strategy & Plan 2016/17 – 2018/19	Audit Item	Richard Barr
2	Significant Business Risk Register	Audit Item	Richard Barr
3	Finance Risk Register	Audit Item	Mike Snow
4	2015/16 Audit Opinion Plan	Audit Item	Mike Snow / EA
5	End of Term Report	Scrutiny item	Amy Carnall / Chair
6	Risk Registers Reviews 2016/17 – Cultural Services	Audit Item	Richard Barr

External Auditors reports – Dates to be confirmed

Future Work Programme Items

Date	Contracts Registers Reviews	Risk Registers Reviews
May 2017		
June 2017	Neighbourhood Services	
July 2017		Development Services
August 2017		
September 2017	Finance	
October 2017		Health & Community Protection



FORWARD PLAN

Forward Plan June 2016 to August 2016

COUNCILLOR ANDREW MOBBS
LEADER OF THE EXECUTIVE

The Forward Plan is a list of all the Key Decisions which will be taken by the Executive or its Committees in the next four months. The Warwick District Council definition of a key decision is: - a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

Whilst the majority of the Executive's business at the meetings listed in this Forward Plan will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is formal notice under the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 that part of the Executive meeting listed in this Forward Plan will be held in private. This is because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those items which are proposed to be considered in private are marked as such along with the reason for the exclusion in the list below.

If you would like to make representations or comments on any of the topics listed below, including the confidentiality of any document, you can write to the contact officer, as shown below, at Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ. Alternatively you can phone the contact officer on (01926) 456114. If your comments are to be referred to in the report to the Executive or Committee they will need to be with the officer 7 working days before the publication of the agenda. You can, however, make comments or representations up to the date of the meeting, which will be reported orally at the meeting. The Forward Plan will be updated monthly and you should check to see the progress of the report you are interested in.

(813)

Section 1 – The Forward Plan June 2016 to August 2016

Topic and Reference	Purpose of report	If requested by Executive –date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
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29 June 2016

Rural Urban Community Initiative Scheme applications (Ref 761)	Consider applications for Rural and Urban Initiative Grant application for Leamington Netball Club		Executive 29/6/2016	21/6/2016	Jon Dawson Cllr Whiting	
New Rent Arrears Policy (Ref 748)	To seek approval of new rent arrears policy for WDC Council Tenants		Executive 6/4/2016 Executive 02/06/16 Reason 1 Reason 1 29/6/2016	21/6/2016	Jacky Oughton Cllr Phillips	
Improved Fire Alarm Systems – Sheltered Housing (Ref 784)	To request approval to further upgrade fire alarm systems in sheltered housing		Executive 2/6/2016 Reason 1 29/6/2016	21/6/2016	Jacky Oughton Cllr Phillips	
Funding of repairs to Leamington multi-storey car parks (Ref 796)	To propose how the identified repairs to St. Peters and the temporary repairs to Covent Garden car parks are funded		Executive 2/6/2016 Reason 1 29/6/2016	21/6/2016	Gary Charlton Cllr. Shilton	
Risk Based Verification (Ref 812)	Seek approval for using Rsk Based Verification for Benefits Claims		Executive 29/6/2016	21/6/2016		
Exercise of delegated powers: electrical	To request an exemption to the Code of Procurement		Executive 29/6/2016	21/6/2016	Matt Jones Cllr	

Maintenance Contract (Ref 785)	To advise Executive of the use of delegated powers to authorise an exemption to the Code of Procurement Practice				Phillips	
WDC Enforcement Policy appendix: Regulatory Section of Health and Community Protection (Ref 789)	To recommend to Council WDC Enforcement Policy appendix: Regulatory Section of Health and Community Protection		Executive 29/6/2016	21/6/2016	Marianne Rolfe Cllr Grainger	
Proposed Acorn Close housing development scheme (Ref 798)	A consider a project to develop new council homes in Stoneleigh		Executive 29/6/2016	21/6/2016	Andy Thompson Cllr. Phillips	

27 July 2016

Budget Review Quarter 1 to include financial projections (Ref 764)	To Report on the latest financial prospects for the current and future 5 years		Executive 27/7/2016	19/7/2016	Andy Crump Cllr Whiting	
Investment in Leisure Centres (745)	To seek approval to commence enabling works for leisure centre investment at St Nicholas Park and Newbold Comyn Leisure Centres	Nov 4 th 2015	Executive 27/7/2016	19/7/2016	Rose Winship Cllr Coker	Consultation with users in Jan/Feb 2016, with clubs and national governing bodies of sport, and with the wider community through the Planning process and dialogue Various reports from June 2014 onwards.

Car Parking strategy (790)	To consider the future off-street car parking needs of Leamington, Warwick and Kenilworth and how these should be addressed		Executive 2/6/16 Reason 3 27/7/2016	19/7/2016	Rob Hoof Cllr. Shilton	
Support to Town & Parish Council (Ref 804)	To review and modify support given to Town & Parish Councils		Executive 27/7/2016	19/7/2016	Jenny Cayton Cllr Whiting	
Local Council Tax Reduction Scheme (Ref 806)	To consider modifications to the scheme		Executive 27/7/2016	19/7/2016	Andrea Wyatt Cllr Whiting	

There is no planned meeting of the Executive during August 2016.

Section 2 Key decisions which are anticipated to be considered by the Council between September 2016 and March 2017

Topic and Reference	Purpose of report	If requested by Executive –date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
1 & 28 September 2016						
Annual Benefit Fraud Report (Ref 765)			Executive 1/9/2016	31/8/2016	Andrea Wyatt Cllr Whiting	
Fees and Charges (Ref 770)	To propose the level of fees and Charges to be levied from 2nd January 2016		Executive 28/9/2016	20/9/2016	Andy Crump Cllr Whiting	
Leisure Development – Phase II (Kenilworth) (Ref 803)			Executive 28/9/2016	20/9/2016	Rose Winship Cllr Coker	
Code of Procurement Practice (Ref 805)	To consider and recommend to Council and updated Code of Procurement Practice		Executive 28/9/2016	20/9/2016	John Roberts Cllr Whiting	

2 & 30 November 2016

Budget review Quarter 2 (Ref 779)	To report expenditure for current year and update financial projections		Executive 2/11/2016	25/10/2016	Jon Dawson Cllr Whiting	
Rural Urban Community Initiative Scheme applications (Ref 778)	Consider applications for Rural and Urban Initiative Grants		Executive 30/11/2016	22/11/2016	Jon Dawson Cllr Whiting	

HRA Budgets 2016/17 (Ref 780)	To Consider the following year revenue budgets for the HRA.		Executive 30/11/2016	22/11/2016	Mike Snow Peter Phillips	
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5 January 2017 – No scheduled reports at this time.

Local Council Tax Reduction Scheme (Ref 806)	Final approval of Scheme after consultation				Andrea Wyatt Cllr Whiting	
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8 February 2017

Appointment of leisure management operator (It is anticipated that part of this report will be confidential) (Ref 771)			Executive 30/11/2016 Reason 4 8/2/2017	31/1/2017	Rose Winship Cllr Coker	Executive Nov 2015 Council and Executive 13/1/2016 Full OJEU procurement
General Fund 2017/18 Budgets & Council Tax (Ref 807)	To updates member on the overall financial position of the Council, consider the General Fund Revenue and Capital Budgets for the following financial Year,		Executive 8/2/2017	31/1/2017	Mike Snow Cllr Whiting	
HRA Rent Setting 2017/18 (Ref 808)	To report on the proposed level of Housing Rents for the following year and the proposed budget		Executive 8/2/2017	31/1/2017	Mike Snow Cllr Phillips	
Heating, Lighting and Water Charges 2017/18 – Council Tenants (Ref 809)	To propose the level of recharges to council housing tenants to recover the costs of communal heating, lighting and water supply.		Executive 8/2/2017	31/1/2017	Mike Snow Cllr Phillips	

Treasury Management Strategy (Ref 810)	To seek member approval of the Treasury Management Strategy and Investment Strategy for the forth coming year		Executive 8/2/2017	31/1/2017	Mike Snow Cllr Whiting	
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8 March 2017 – No scheduled reports at this time.

Section 3 Key decisions which are anticipated to be considered by the Council but the date for which is to be confirmed						
Topic and Reference	Purpose of report	History of Committee Dates & Reason code for deferment	Contact Officer & Portfolio Holder	Expansion on Reasons for Deferment	External Consultees/ Consultation Method/ Background Papers	Request for attendance by Committee
Council Housing Asset Management Policy (Ref 774)	To request approval of the 'Council Housing Asset Management Policy – Disposal of Property'	Executive 6/4/2016 Reasons: 2, 4, 5	Andy Thompson Cllr Phillips	Awaiting outcome of Housing & Planning Bill which may influence the design and implementation of property disposals		
Private sector housing grants policy (Ref 658)	To propose a revised policy for the allocation of grant funding for private residents		Abigail Hay Cllr Phillips	This will come forward in due course once the Future of Housing Adaptations Service has been determined		TBC
Housing Revenue Account Business Plan (Ref 775)	To propose revisions to the Housing Revenue Account Business Plan		Andy Thompson Cllr Phillips	This will come forward when the Housing & Planning Bill, and associated regulations, have been approved by Parliament		
Aids and Adaptations Services (Ref 776)	To propose a new approach to providing aids and adaptations services for the residents of Warwick District		Abigail Hay Cllr Phillips	This will come forward when the option for a Warwickshire-wide service is sufficiently well developed to warrant consideration.		
Housing Related Support Services (Ref 777)	To propose new Housing Related Support services for tenants of the Council		Jacky Oughton Cllr Phillips			

Street Trading Policy Review (Ref 811)	To consider a draft Street Trading Policy for consultation.		Kathleen Rose Cllr Grainger		Public Consultation - internet, letters to stake and licence holders	
Review of Members Allowances (Ref 799)	To approve the remit for a review of the Council's Members Allowances Scheme		Graham Leach Cllr Mobbs			
Minor Amendments to the Constitution (Ref 800)	To recommend to Council some minor amendments to the Council's Constitution		Graham Leach Cllr Mobbs			
HQ Relocation Project – outcome of phase 1 work (Ref 801)	To consider the outcomes of the phase 1 work and, if appropriate, seek approval for commencement of the phase 2 delivery works		Bill Hunt Cllrs. Mobbs, Whiting, Cross, Shilton			
Strategic Opportunity Proposal (Ref 712)	To update Members on the current position. It is anticipated that this report will be, in part, Confidential by virtue of the information relating to the financial or business affairs of any particular person (including the authority holding that information)		Executive 03/09/15 30/09/15 02/12/2015 6/4/2016 2/6/2016	24/5/2016	Chris Elliott Cllrs Mobbs, Coker, Phillips, Whiting & Cross	The Local Plan proposals have been subject to a number of public consultations and planning applications involved have also been subject to public consultation. The proposal

						<p>has been the subject of discussion privately and confidentially with a number of agencies but especially with the County Council.</p> <p>Submission version of Local Plan; Planning Application (W/14/1076) ; Planning Application (W/14/0967) ; Report</p>
Council Development Company (Ref 727)	To consider a report on establishing a Council Development Company		Executive 9/3/2016 2/6/2016 Reason 2 Reason 1 29/6/2016	21/6/2016	Andy Thompson Cllr Phillips	
Asset Management Strategy (Ref 641)	To propose an Asset Management Strategy for all the Council's buildings and land holdings.		Executive 5/11/2014 03/09/15 2/6/2016 (Moved Reason 6) 29/6/2016	21/6/2016	Bill Hunt Cllrs Mobbs, Cross, Shilton, Coker & Whiting	

Section 4 – Items which are anticipated to be considered by the Executive but are NOT key decisions

Topic and Reference	Purpose of report	If requested by Executive – date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
Review of Significant Business Risk Register	To inform Members of the Significant Risks to the Council		Executive 27/7/2016		Richard Barr Cllr Mobbs	
Rural Urban Capital Initiative Scheme	To consider a potential award under the Rural Urban Capital Initiative Scheme		Executive 27/7/2016		Jon Dawson Cllr Whiting	
Review of Significant Business Risk Register	To inform Members of the Significant Risks to the Council		Executive 28/9/2016		Richard Barr Cllr Whiting	
Rural Urban Community Initiative Scheme applications	Consider applications for Rural and Urban Initiative Grants		Executive 28/9/2016	20/9/2016	Jon Dawson Cllr Whiting	
Rural Urban Community Initiative Scheme applications	Consider applications for Rural and Urban Initiative Grants		Executive 2/11/2016		Jon Dawson Cllr Whiting	
Rural Urban Community Initiative Scheme applications	Consider applications for Rural and Urban Initiative Grants		Executive 30/11/2016		Jon Dawson Cllr Whiting	
Review of Significant Business Risk Register	To inform Members of the Significant Risks to the Council		Executive 5/1/2017		Richard Barr Cllr Mobbs	

Rural Urban Community Initiative Scheme applications	Consider applications for Rural and Urban Initiative Grants		Executive 5/1/2017		Jon Dawson Cllr Whiting	
Rural Urban Community Initiative Scheme applications	Consider applications for Rural and Urban Initiative Grants		Executive 8/2/2017		Jon Dawson Cllr Whiting	
Nomination of Chair	To nominate to Council the Chair and Vice-Chairman of the Council for 2017/18		Executive 8/2/2017		Graham Leach Cllr Mobbs	
Rural Urban Community Initiative Scheme applications	Consider applications for Rural and Urban Initiative Grants		Executive 5/4/2017		Jon Dawson Cllr Whiting	

Delayed reports:

If a report is late, officers will establish the reason(s) for the delay from the list below and these will be included within the plan above:

1. Portfolio Holder has deferred the consideration of the report
2. Waiting for further information from a Government Agency
3. Waiting for further information from another body
4. New information received requires revision to report
5. Seeking further clarification on implications of report.

Details of all the Council's committees, Councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

**The forward plan is also available, on request, in large print on request, by telephoning
(01926) 456114**