

Cabinet – Supplementary agenda No.3

A meeting of the Cabinet will be held on:

Date: 11 February 2014

Time: 3.00pm

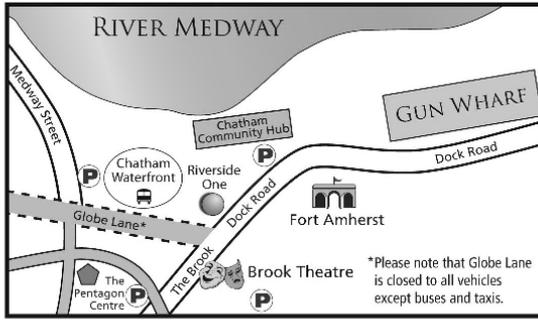
Venue: Meeting Room 2 - Level 3, Gun Wharf, Dock Road, Chatham ME4 4TR

Items

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|------------|--|-------------------------|
| 7. | Housing Revenue Account Capital and Revenue Budgets 2014/2015 – Addendum Report | (Pages 3 - 6) |
| 8. | Refresh of Council Plan Indicators 2014/2015 – Addendum Report | (Pages 7 - 10) |
| 10. | Capital and Revenue Budgets - 2014/2015 – Addendum Report | (Pages 11 - 52) |
| 11. | Treasury Management Strategy 2014/2015 – Addendum Report | (Pages 53 - 94) |
| 14. | Homelessness Prevention Strategy 2014 - 2016 – Addendum Report | (Pages 95 - 98) |
| 19. | Special Educational Needs Home to School Transport - Transfer to Medway Norse – Addendum Report | (Pages 99 - 100) |

For further information please contact Wayne Hemingway/Anthony Law, Democratic Services Officers on Telephone: 01634 332509/332008 or Email: democratic.services@medway.gov.uk

Date: 7 February 2014



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বাংলা	331780	ગુજરાતી	331782	ਪੰਜਾਬੀ	331784	كوردی	331841	ارو	331785	Русский	332374
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CABINET
11 FEBRUARY 2014
HOUSING REVENUE ACCOUNT
CAPITAL AND REVENUE BUDGETS 2014/2015
ADDENDUM REPORT

Portfolio Holder: Councillor Howard Doe, Housing and Community Services

Report from: Mick Hayward, Chief Finance Officer
Marc Blowers, Head of Housing Management

Summary

This addendum report sets out details of the discussion on the Housing Revenue Account Capital and Revenue Budgets 2014/2015 item at the Business Support Committee on 4 February 2014.

1. Business Support Overview and Scrutiny Committee

- 1.1 The Business Support Overview and Scrutiny Committee considered a report on the Housing Revenue Account Capital and Revenue Budgets 2014/2015 on 4 February 2014.
- 1.2 The report provided details of proposed rent and service charges levels for 2014/15. Members were advised that Medway was now in the top quartile of performance for collection of arrears and that this had been achieved with less evictions than when compared to the same period last year. It was reported that the work of Welfare Reform Team had been significant in terms of generating extra income for tenants and it was also noted that the Government was consulting on a proposed new rent policy for social housing as set out in paragraph 3.6 of the report.
- 1.3 Member then raised a number of issues and questions including:
 - New service charges for some residents - with regard to service charges, concern was expressed that an additional 226 residents were to be charged and that some families might find this extra cost difficult to meet. The Committee was advised that the grass cutting specification had been revised to include new areas of land in response to tenant's requests and that a land mapping exercise had also been undertaken to ensure the contract covered all HRA land. 226 additional tenants would now have to pay the grass cutting charge many of whom are in receipt of full or partial housing benefit which

would cover the new charge, leaving approximately 100 tenants facing a new charge of, on average, 30 pence per week. .

- Direct payments of Housing Benefit - A question was raised about offering money management training to tenants. It was reported that the Welfare Reform Steering Group was working together with Housing Associations and other organisations such as the Citizens Advice Bureau, the Gillingham Job Club and Employ Medway were to plan for the shift to direct payments. A temporary Officer had been employed to work on policy and business development. A Money Matters special edition had been published signposting tenants to sources of advice and support.
- Housing Building Development Programme – this was welcomed and it was explained that a refresh of the Business Plan would be presented to the Committee in the Spring. It was confirmed that the headroom for future developments would gradually increase as a consequence of an annual and ongoing reduction in debt levels. Particular reference was made to the construction of bungalows in Gillingham which went some way to addressing a shortage of supply of this type of dwelling.
- Garage Sites - with regard to those garage sites that are not suitable for adaptation such as those under archways, a suggestion was made that they be converted into storage facilities similar to those run by Kent Space. Members were advised that the Asset Management Board would be looking at garage sites management overall and would take this suggestion into account.
- Decent Homes Standard -Members expressed some concern that there were still some properties not meeting this standard, particularly older properties. Members were encouraged to report concerns about any particular properties to the appropriate Officer.
- Engagement and Information – with reference to the proposed resident engagement strategy officers were asked if there had been any queries at a meeting with tenants on 31 January 2014 about the Council's decision to transfer £2m from the HRA to the General Fund. Officers confirmed there had been approximately 20 people present at that meeting and it had been explained the transfer of £2m to the General fund would have no impact on the HRA Capital and Planned Maintenance Programmes for 2014/15. The money transferred to the General Fund had been earmarked for the development of community hubs across Medway.
- It was noted that the comments of the Committee would be reported to the Cabinet on 11 February 2014.

1.4 The Committee recommended to Cabinet:

- (a) The proposed revenue and capital budgets for 2014/15, inclusive of an average rent increase of £3.13 per week (based on 50 collection weeks and equating to an average increase of 3.79%); and a rent increase of 3.2% for garages;

- (b) Service charges for 2014/15 reflect the full cost incurred in providing that service (excepting the Homes for Independent Living Service Charge as set out in paragraph 5.2 of the report), using above inflation increases to do so as per Appendix B of the report. The average decrease will be 2.6% or £0.32 per week.
- (c) To approve the repayment of debt based on a minimum revenue payment of 2% on outstanding debt; and
- (d) To increase the 2014/15 HRA capital programmes by the following amounts:
 - House Building Programme £0.806 million
 - Planned Maintenance Programme £4.529 million
 - HRA Disabled Adaptations Programme £0.250 million

2. Tenant Consultation

- 2.1 As set out in paragraph 12.2 of the Cabinet report the council has developed a Resident Engagement Strategy detailing how we will consult and engage with it's housing tenants in partnership with tenant's forums. In order to support this commitment, the Council consulted with residents through a specific budget consultation meeting on 31 January 2014.
- 2.2 The meeting was advised that the Council follows the Government's rent restructuring formula for increasing rents and the decrease of average service charges was noted. Most tenants were very pleased with the service they received and it was hoped that this would continue to improve. They were also pleased to note that the £5m capital programme designed to improve homes and environment would continue and services would be sustained for the following year despite the budget not being increased. In response to questions, Tenants were assured that the recent £2m transfer to the General Fund would not impact on service delivery for the next year

Lead officer contacts

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CABINET

11 FEBRUARY 2014

REFRESH OF COUNCIL PLAN INDICATORS 2014-2015 ADDENDUM REPORT

Portfolio Holder: Councillor Alan Jarrett, Deputy Leader and Finance

Report from: Stephanie Goad, Assistant Director Communications, Performance and Partnerships

Author: Corporate Performance and Intelligence Hub

Summary

This addendum report sets out details of the discussion on the refresh of the Council Plan indicators and key projects at the Business Support Committee on 4 February 2014.

1. Business Support Overview and Scrutiny Committee

- 1.1 The Business Support Overview and Scrutiny Committee considered a report on the refresh of the Council Plan and key projects indicators on 4 February 2014.
- 1.2 The Assistant Director for Communications, Performance and Partnerships advised that the Council Plan was the Council's overarching business plan, setting out the Council's commitments to achieving certain outcomes during the life of the Plan. Following feedback from Members and Officers the current set of indicators used to assess the delivery of the Plan have been reviewed and adjusted. The purpose of this review was to ensure the delivery of the Council Plan was assessed using a focused, informative and streamlined set of indicators to cover the period 2014/15 which took into account of recent financial and service developments.
- 1.3 Officers had also taken the opportunity to review and refresh the key projects referenced in the Plan to reflect the main focus for activity over the next year to deliver the Council's Priorities.
- 1.4 Members' attention was drawn to Appendix 2 of the report, where detailed information on target levels of performance against the key measures was set out. The targets would be agreed alongside the budget at Council on 20 February 2014. If there were any significant changes to the budget that would require targets to be revised this would be reported to Members as part of quarterly monitoring.

1.5 With regard to Adult Social Care it was noted that one extra indicator would be included to measure the number of delayed discharges from Medway Maritime Hospital attributable to adult social care. This supplements the measure that looks at delays attributable to social care and health.

1.6 Members then raised a number of issues and questions including:

- Social Care – Why are measures around user satisfaction and staff vacancy rates not consistent across children’s and adult social care - It was explained that there was an indicator relating to satisfaction with the services provided for adults as this was the subject of a nationally required survey. There was no national requirement for a similar survey on satisfaction with services provided by social workers for children. However the Committee was assured that taking account of the voice of the child was an important strand of the children’s care improvement plan. Vacancy rates for social workers for children were a particular priority issue for the Council and so was included in the Council Plan.
- Average journey time along 6 primary transport corridors to measure congestion - Members had previously asked for a review of the routes so they do not focus exclusively on Chatham and progress on this was queried. The Director of Regeneration Community and Culture agreed to send the Member concerned a written update on the Member group proposals. He reported that overall average journey times had improved significantly, dropping to 1 mile in 2.5 minutes from 1 mile in 4 minutes along the Chatham centre through routes.
- Number of visitors to tourist attractions - in response to a question about which tourist attractions were to be measured the Director of Regeneration Community and Culture advised that all the “paid for” attractions would be covered including those owned and run by the Council as well as others such as Dicken’s World run by other organisations.
- Reason for removal of indicator relating to satisfaction with the bus station - it was explained that the bus station satisfaction survey had been dropped because last time a satisfaction survey had been taken, in the rush hour in appalling weather, the satisfaction rate had remained very high. Due to this outcome it had been removed from the Council Plan indicators as it was not a priority for improvement.
- Reason for removal of litter/graffiti indicators – the Committee was advised these indicators had been removed from the measures as the Medway area was now largely clear of graffiti and any offensive or personal graffiti was removed the same day as it was reported. It was acknowledged that the Council did not have any control over private property and it was noted that the Council’s new relationship with Network Rail might generate a dialogue about removal of graffiti visible from moving trains.
- Percentage of residents registered to vote - a Member asked if this could be included as a new indicator, particularly in the context of introduction of individual registration. The Assistant Director for Communications, Performance and Partnerships agreed to take this request away for consideration and respond via the report to Cabinet.

2. Director's Comments

- 2.1 The Electoral and Member Services' Manager is able to report on the percentage of the electorate who are registered to vote. Decisions will be required on the frequency of monitoring to maximise the usefulness of the measure. The percentage fluctuates over the year, for example highest in September before the annual audit starts, so quarterly monitoring is unlikely to be beneficial as the figures are volatile. There are no national benchmarks as this data is no longer collected nationally. If Members are supportive of including this as a key measure it is recommended that it be an annual measure to be reported in quarter 3 monitoring to reflect the percentage at the time the register is published. The proposed methodology would be to use ONS population statistics for 17 years and over. This would be a proxy as it is not possible to establish an exact number by excluding residents who are not eligible to vote eg people who are not British, Commonwealth or EU citizens.

3. Recommendation:

- (a) That the Cabinet consider the comments of the Business Support Overview & Scrutiny Committee's on the Council Plan Indicator and Key Project sets 2014/15 (Appendix 1 of the report), the 2014/15 Target Planning document (Appendix 2 of the report); and
- (b) That Cabinet note that a reduction in the number of indicators from 102 to 61 was welcomed by the Business Support Overview & Scrutiny Committee.

Lead officer contact

Anthony Lewis, Corporate Performance and Intelligence Manager, ext. 2092

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CABINET

11 FEBRUARY 2014

CAPITAL AND REVENUE BUDGETS 2014/15

ADDENDUM REPORT

Portfolio Holder: Councillor Alan Jarrett, Deputy Leader and Finance

Report from: Mick Hayward, Chief Finance Officer

Summary

This addendum report updates Cabinet on consultation with tenants on the proposals for the Housing Revenue Account, discussions at the Business Support Overview and Scrutiny Committee on the 2014/15 budget proposals and the Employment Matters Committee on the pay and grade review together with details from the Final settlement released on 5 February 2014 and Diversity Impact Assessments.

1. Tenant Consultation

- 1.1 As set out in section 20 of the Cabinet report the council has developed a Resident Engagement Strategy detailing how we will consult and engage with it's housing tenants in partnership with tenant's forums. In order to support this commitment, the Council consulted with residents through a specific budget consultation meeting on 31 January 2014.
- 1.2 The meeting was advised that the Council follows the Government's rent restructuring formula for increasing rents and the decrease of average service charges was noted. Most tenants were very pleased with the service they received and it was hoped that this would continue to improve. They were also pleased to note that the £5m capital programme designed to improve homes and environment would continue and services would be sustained for the following year despite the budget not being increased. In response to questions, Tenants were assured that the recent £2m transfer to the General Fund would not impact on service delivery for the next year

2. Business Support Overview and Scrutiny Committee Feedback

- 2.1 The Business Support Overview and Scrutiny Committee considered two reports on 4 February 2014 concerning the 2014/15 capital and revenue budgets. The first report considered proposals specific to services within the remit of the committee and the second presented the comments and recommendations of all other Overview and Scrutiny Committees on the initial budget plan for 2014/15. The Committee agreed to consider these items together.

2.3 The draft budget was based on principles contained in the Medium Term Financial Plan (MTFP) 2014-2017 approved by Cabinet in October 2013 and reflected the formula grant assumptions announced as part of the Local Government Finance Settlement 2014/15 and 2015/16 Technical Consultation in July and September.

2.5 The Committee was advised that the Government's announcement of the financial settlement for local government was expected on 12 February, the day after the Medway Cabinet meeting and that the Secretary of State for Communities and Local Government – Eric Pickles, MP might also announce a change to the council tax cap, potentially reducing it from 2% to 1.5%.

2.7 Members then raised points as follows:

- Impact of reorganisations in finance and human resources teams - concern was expressed that both teams were having to undertake work they had not had to do before and reassurance was requested that service standards would be preserved.

The Chief Finance Officer stated that the reorganisations were not unexpected given the current financial climate and the Council's commitment to protect front line services. He acknowledged that the loss of posts would create some additional pressure for senior managers but he was confident that core services would continue to be delivered.

2.9 The Business Support Overview & Scrutiny Committee held on 4 February 2014 noted the draft revenue and capital budget 2014/15, insofar as it affected the Committee, to be considered by the Cabinet on 11 February 2014.

2.10 The Business Support Overview & Scrutiny Committee also agreed to forward the comments of other Overview and Scrutiny Committees to Cabinet, along with their own at 2.8 above.

2.11 In response to previous discussion on the Empty Properties report the Business Support Overview and Scrutiny Committee also asked that the Chief Finance investigate the feasibility of introducing a penal rate of Council Tax for long-term empty properties in common with many other Councils.

3. Employment Matters Committee

3.1 Paragraph 9.4 of the Cabinet report notes that the budget build assumed a nil increase in pay for staff and a continued freeze on increments. It referred to the proposals to amend the present pay structure, in tandem with a review of grades and assimilation to the new structure, and that the results of negotiations with Trade Unions would be reported to the Employment Matters Committee on 6 February 2014.

3.2 The Employment Matters Committee considered a report on the Pay and Grade Project on 6 February 2014, following consideration of the proposals at the Joint Consultative Committee (JCC) earlier the same evening.

3.3 The Assistant Director, Organisational Services, provided the Committee with the background to the Pay and Grade Review, including the issue of long and overlapping pay grades, and stated that following Committee approval, the Council

had consulted on four options between 25 November 2013-20 January 2014. The Council had received over 200 responses to the consultation and with regards to preferred options, there were 24 responses in favour of option 4 with 14 responses in favour of option 1.

- 3.4 The Assistant Director, Organisational Services, stated that option 4 was the preferred option given that this would result in the least number of employees requiring pay protection. She stated that the Council was now proposing pay protection for five years (years 1-3 at 100%, year 4 at 75% and year 5 at 25%) compared to the original proposal (years 1-2 at 100% and year 3 at 25%) following discussions with the trade unions.
- 3.5 The Assistant Director, Organisational Services, informed the Committee of the proposals around pay progression and this would be subject to performance and would not be automatically awarded. She also informed the Committee that there was currently a collective dispute with the trade unions on the Pay and Grade Review with particular reference to the issue of pay progression.
- 3.6 The Assistant Director, Organisational Services, informed the Committee that the trade unions, at the JCC meeting earlier the same evening, had made two counter proposals regarding the Pay and Grade Review as follows:
 - 3.6.1 Continue with option 1 as a holding position together with a 0.5% pay award. This would cost the Council £400,000.
 - 3.6.2 Accept option 4, delay the implementation of the pay progression scheme for 12 months together with a 1% pay award. This would cost the Council approximately £1.2m.
- 3.7 The Assistant Director, Organisational Services, informed the Committee that the final decision regarding the preferred option would be made at Full Council on 20 February 2014.
- 3.8 Members raised a number of issues including:
 - That the counter proposals from the trade unions merited further discussion given that staff had not received a pay increase for a long time.
 - That the implementation of the pay progression scheme was ambitious in terms of training managers, staff awareness and the need to set targets by April/May. The scheme would need to have the general support of staff.
 - Clarification was sought on the proposal for senior managers to hear and determine appeals against dismissal.

The Assistant Director, Organisational Services, stated that these appeals would only relate to dismissal resulting from the Pay and Grade Review and if there were a high number of appeals it may be impractical for Members to hear and determine the appeals.

 - The Pay and Grade Review should be considered in the context of the savings that the Council had to make in the next two financial years (£27m).

- That a pay progression scheme would be a national requirement by 2015 so it was appropriate that Medway was moving to such a scheme now.
- That option 4 was the preferred option and this had not been rejected by the trade unions.
- That negotiations were taking place between the Council and the trade unions and this had led, for example, to revised proposals for pay protection.

3.9 The Committee recommended to Full Council to agree that the revised pay structures (option 4) shown at Appendices 7 and 8 (in the Employment Matters Committee report) are implemented.

3.10 The Committee, subject to the approval of the recommendation at paragraph 3.9 above:

- Agreed the current protection arrangements be increased to 100% for years one to three, 75% for year four and 25% in year five
- Agreed the revised annual leave and notice periods as detailed in section 7 (of the Employment Matters Committee report) are adopted for those staff below service manager.
- Agreed the principles of pay progression as set out in Section 4 (of the Employment Matters Committee report).
- Noted that consultations with the trade unions will continue on the job evaluation appeals procedure, the competency framework, and the detail of the pay progression scheme.
- Agreed in the event that a collective agreement cannot be reached that the Assistant Director, Organisational Services is delegated authority to undertake the necessary dismissal and reengagement process. Should it be necessary to unilaterally change individual contracts of employment, that the dismissal appeal process be amended as set out in decision (f) below.
- Agreed to delegate the power to consider, hear and determine appeals against dismissal resulting from the Pay and Grade Review to the Council's Directors, Assistant Directors and Service Managers.

3.11 In accordance with Council Rule 12.5, Councillors Christine Godwin and Paul Godwin requested that their votes against the decisions set out in paragraph 3.10 (c) and (e) be recorded in the minutes.

4. Final Settlement

4.1 The Final Local Government Financial Settlement was announced on 5 February 2014, a week ahead of expectation. This included confirmation that the 'excess' level of council tax increase to trigger a referendum would be set at 2%.

4.2 The settlement presented a marginally favourable position for the Council with a £12,577 increase in the Revenue Support Grant (RSG) to be received in 2014/15.

RSG for 2015/16 is unchanged from the Provisional settlement and as stated in the Cabinet report. The Baseline Funding for business rates for both 2014/15 and 2015/16 is as announced in the Provisional Settlement and again consistent with the figures quoted in the Cabinet report.

- 4.3 The actual level of business rate income available to support the budget will be a different figure and dependent upon actual collection and the compensation from Government for the changes to reliefs that were announced by the Chancellor in his Autumn statement. The Cabinet report also includes a proposal to implement these reliefs using powers under section 47 of the Localism Act 2012.
- 4.4 The revised budget gap to be closed before Council on the 20 February is now £81,000.

5. Diversity Impact Assessments

- 5.1 Paragraph 17 of the main report refers to Diversity Impact Assessments.
- 5.2 A Diversity Impact Assessment accompanies the Capital and Revenue Budgets 2014/15 report (Appendix A). It is an overarching report containing a summary of the results of the Diversity Impact Assessments which have been completed for each of the services affected by the proposed budget changes.
- 5.3 The summary Diversity Impact Assessment identifies five services where there may be potential adverse impact on some protected characteristic groups as a result of the proposed budget changes.
- 5.4 The five Diversity Impact Assessments are enclosed for reference by Cabinet:
- Decommissioning of ethnic minority day centres (Appendix B)
 - Telecare and Telehealth efficiencies (children and adults) (Appendix C)
 - Reorganisation of the Business Administration support service (Appendix D)
 - Restructure of disability services (Appendix E)
 - Packages for disabled children (Appendix F).

6. Additional Recommendations

That Cabinet:

- 6.1 Note the views expressed at the Tenant consultation event on 31 January 2014 in respect to the proposals for the Housing revenue Account for 2014/15.
- 6.2 Consider the views of Business Support Committee in relation to the Draft Budget approved on 26 November 2013.
- 6.3 Consider the recommendations of the Employment Matters Committee in relation to the Pay and Grade Review proposals discussed on 6 February 2014.
- 6.4 Note the minor improvement in the Revenue Support Grant for 2014/15 and the consequent reduction in the budget gap yet to be closed, together with the confirmation that the referendum 'excess' limit was to be set at 2% and is consistent with the 1.995% increase in Council Tax proposed.

Report author **Mick Hayward, Chief Finance Officer.**

Appendix A Diversity Impact Assessment: Screening Form

Directorate Business Support	Name of Function or Policy or Major Service Change Capital and Revenue Budgets 2014 - 15		
Officer responsible for assessment Mick Hayward Chief Finance Officer	Date of assessment February 2014	New or existing? New	
Defining what is being assessed			
1. Briefly describe the purpose and objectives	<p>The capital and revenue budgets 2014/15 set out the council's spending plans and how it intends to resource the delivery of services in 2014/15. In accordance with the constitution, these are to be submitted to Council on 20 February 2014.</p> <p>Once again, significant savings have been identified because of the need to deliver a sustainable budget.</p> <p>This diversity impact assessment reviews the possible cumulative impact of the proposals identified in the budget report. It summarises the results from all of the DIAs which have separately addressed the potential impacts which may result from each of the proposed budget changes across all services.</p>		
2. Who is intended to benefit, and in what way?	<p>The budget supports the services which will focus on delivering the council's four priorities:</p> <ol style="list-style-type: none"> 1. Children and young people have the best start in life in Medway Council 2. Adults maintain their independence and live healthy lives 3. Safe, clean and green Medway 4. Everyone benefiting from regeneration <ul style="list-style-type: none"> • Children and young people and their parents/carers benefit from services delivered under priority 1. • Older and vulnerable adults and their carers benefit from services delivered under priority 2. • All residents, businesses and visitors to Medway benefit from services delivered under priorities 3 and 4. 		
3. What outcomes are wanted?	A sustainable budget which supports the council in delivering its priorities and in meeting its statutory responsibilities.		

<p>4. What factors/forces could contribute/detract from the outcomes?</p>	<p>Contribute</p> <p>Good planning and effective use of information and intelligence eg publication of census 2011 data providing a detailed understanding of our customer profile.</p> <p>Good performance management: a more focused set of 62 indicators in place to assess the delivery of the Council plan priorities.</p> <p>24 key projects have been identified to deliver the Council plan priorities</p> <p>Cross-team working across council services duplication, fills gaps, reduces costs and enables service-users to access services seamlessly.</p> <p>If decisions are made to outsource services, it is proposed to involve service users and their families in the specification of outcomes/ outputs to be achieved by the provider and the evaluation of the contract to provide further reassurance.</p> <p>Customer feedback and benchmarking with similar providers takes place regularly within service areas. This is further enhanced by feedback obtained corporately through the Tracker Survey and Citizens Panel.</p>	<p>Detract</p> <p>The risk of cumulative impact of further funding cuts on vulnerable individuals and groups, including rising service charges and fees, reductions in benefits, and changes in how strictly eligibility criteria are interpreted and applied. These are increasing pressure on council services.</p> <p>Reduction in funding coming at a time of increased demand from service-users including Increasing demographic pressures of a more diverse and ageing community.</p>
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	<p>Continued engagement with service-users and potential service-users to identify ways in which services can be improved to better meet diverse needs. This will enable services to be more accessible, appropriate and efficient.</p> <p>Corporate learning & development provision which increases staff capacity, skills and knowledge.</p> <p>Clear communication of changes, especially to vulnerable groups, well in advance of the changes taking place will help to reduce anxiety and disruption.</p>	
5. Who are the main stakeholders?	Residents, businesses located in Medway, councillors, partners, Council workforce.	
6. Who implements this and who is responsible?	Senior managers. Subject to a decision by Full Council	

Assessing impact		
7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial groups</i>?	YES	To deliver a sustainable council budget service savings have been identified that could have a differential impact due to racial groups.
		Where this is the case the Council is committed to ensuring that Diversity Impact Assessments are undertaken to inform decision-making and that appropriate mitigating actions are considered and taken to deliver services to people that need them.
What evidence exists for this?	<p>The DIA listed below (which has been undertaken by services in relation to savings proposals) has highlighted a potential impact on racial groups:</p> <ul style="list-style-type: none"> Decommissioning of ethnic minority day centres 	

	Any remodelling of services would seek to put in place actions to minimise adverse impact and/or advance equality for others by increasing opportunity to access funding or services.	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	To deliver a sustainable council budget service savings have been identified that could have a differential impact due to disability.
		Where this is the case the Council is committed to ensuring that Diversity Impact Assessments are undertaken to inform decision-making and that appropriate mitigating actions are considered and taken to deliver services to disabled people that need them. Any further issues not already identified will be incorporated.
What evidence exists for this?	<p>The DIAs listed below (which have been undertaken by services in relation to savings proposals) have highlighted a potential impact on disability groups:</p> <ul style="list-style-type: none"> • Telecare and Telehealth efficiencies • Re-organisation of the Business Administration Support Service (workforce) • Restructure of disability services • Packages for disabled children <p>Existing council equalities and workforce approaches, such as the Fair Access, Diversity and Inclusion Policy and the Organisational Change Policy, will be used to minimise or avoid negative impacts on staff.</p> <p>Any remodelling of services would seek to put in place actions to minimise adverse impact and/or advance equality for others by increasing opportunity to access funding or services.</p>	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	To deliver a sustainable council budget service savings have been identified that could have a differential impact due to gender.
		Where this is the case the Council is committed to ensuring that Diversity Impact Assessments are undertaken to inform decision-making and that appropriate mitigating actions are considered and taken to deliver services to people that need them.
What evidence exists for this?	<p>The DIAs listed below (which have been undertaken by services in relation to savings proposals) has highlighted a potential impact on gender groups:</p> <ul style="list-style-type: none"> • Decommissioning of ethnic minority day centres • Re-organisation of the Business Administration Support Service (workforce) <p>Existing council equalities and workforce approaches, such as the Fair Access, Diversity and Inclusion Policy</p>	

		<p>and the Organisational Change Policy, will be used to minimise or avoid negative impacts on staff.</p> <p>Any remodelling of services would seek to put in place actions to minimise adverse impact and/or advance equality for others by increasing opportunity to access funding or services.</p>
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	NO	<p>None of the services have reported service reductions that might impact disproportionately. However this will continue to be reviewed to look for any unintentional or unidentified impact in the future.</p>
What evidence exists for this?		
11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?	NO	<p>None of the services have reported service reductions that might impact disproportionately. However this will continue to be reviewed to look for any unintentional or unidentified impact in the future.</p>
What evidence exists for this?		
12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?	YES	<p>To deliver a sustainable council budget service savings have been identified that could have a differential impact due to age.</p> <p>Where this is the case the Council is committed to ensuring that Diversity Impact Assessments are undertaken to inform decision-making and that appropriate mitigating actions are considered and taken to deliver services to people that need them.</p>
What evidence exists for this?		<p>The DIA listed below (which has been undertaken by services in relation to savings proposals) has highlighted a potential impact on protected characteristic age groups:</p> <ul style="list-style-type: none"> • Telecare and Telehealth efficiencies • Restructure of disability services <p>Any remodelling of services would seek to put in place actions to minimise adverse impact and/or advance equality for others by increasing opportunity to access funding or services.</p>
13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?	NO	<p>None of the services have reported service reductions that might impact disproportionately. However this will continue to be monitored to look for any unintentional or unidentified impact in the future.</p>
What evidence exists for this?		
14. Are there any <i>other</i> groups that would find it difficult to access/make use	YES	<p>To deliver a sustainable council budget service savings have been identified that could have a differential impact due to not having a phone,</p>

of the function (e.g. people with caring responsibilities or dependants, those with an offending past, or people living in rural areas)?		carers responsibilities. Where this is the case the Council is committed to ensuring that Diversity Impact Assessments are undertaken to inform decision-making and that appropriate mitigating actions are considered and taken to deliver services to people that need them.
What evidence exists for this?		The DIA's (listed below) which have been undertaken by services in relation to savings proposals, which will be included as part of the Cabinet report on these proposals, have highlighted a potential impact on people who do not have a phone, those with carers responsibilities and those with low literacy skills <ul style="list-style-type: none"> • Telecare and Telehealth efficiencies • Re-organisation of the Business Administration Support Service (workforce) • Packages for disabled children Existing council equalities and workforce approaches, such as the Fair Access, Diversity and Inclusion Policy and the Organisational Change Policy, will be used to minimise or avoid negative impacts on staff. Any remodelling of services would seek to put in place actions to minimise adverse impact and/or advance equality for others by increasing opportunity to access funding or services.
15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?		Yes
What evidence exists for this?		Please refer to examples listed above.

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	Many of the services proposed to undergo changes are provided to particular groups so the impact will be specifically on that group. This is not surprising when such significant funding reductions need to be incorporated into the budget.
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	Please refer to decommissioning of ethnic minority day centres
Recommendation to proceed to a full impact assessment?		

NO, BUT ...	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?	<p>Each service has produced a separate DIA to address each budget change. Where the service has identified there are potential adverse impacts, an action plan which aims to mitigate this impact is included in the relevant DIA.</p> <p>Although diversity impact assessments help to anticipate the likely effects of proposals on different communities and groups in reality it is likely that the full impact will only be known once it is introduced. Consequently, the council through individual services will continue to review and monitor satisfaction and take up of services and any unintentional impacts that come to light during that monitoring will be reported through existing quarterly monitoring processes.</p>
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Action plan to make Minor modifications		
Outcome	Actions (with date of completion)	Officer responsible
Unintentional and unintended impact is picked up through on going monitoring	Monitor take up of and satisfaction with services	Assistant Directors
Put mitigations in place, where possible, to redress any unintended or unintentional impact identified through monitoring	Review monitoring at service and directorate level and report any impact to the Equality and access group	Assistant Directors

Planning ahead: Reminders for the next review		
Date of next review	Budget 2015-2016	
Areas to check at next review (e.g. new census information, new legislation due)	Any adverse impact identified through the course of the on going monitoring.	
Signed (completing officer/service manager)	Date 7.2.2014	
Signed (service manager/Assistant Director)	Date 7.2.2014	

Appendix B: Diversity Impact Assessment: Screening Form

Directorate Children and Adults	Name of Function or Policy or Major Service Change Decommission of ethnic minority day centres		
Officer responsible for assessment David Quirke-Thornton	Date of assessment 6 February 2014	New or existing? New	
Defining what is being assessed			
1. Briefly describe the purpose and objectives	The Decommission of three day care centres for specific ethnic minority groups. These are the ISAT and Welcome Asian women's groups; and a Chinese Community Day Centre. The people who attend these groups are not all eligible people for social services, although there is some risk of social isolation. It is intended that from the savings made by the council by decommissioning these services, a fund will be put in place against which charitable organisations can bid to provide services for their ethnic minority residents to reduce potential social isolation.		
2. Who is intended to benefit, and in what way?	Members of other ethnic groups who will now be able to benefit through funding currently not available to them, thus widening the range of ethnic groups who could receive assistance. The current recipients will also be entitled to bid for funding.		
3. What outcomes are wanted?	To reduce costs in providing these non essential services; at the same time to provide a fund to give all ethnic groups the opportunity to provide services, where at the moment funding is restricted to these three. Resulting in fairer access to care services.		
4. What factors/forces could contribute/detract from the outcomes?	Contribute That the additional funding available benefits a greater number of residents from ethnic backgrounds.	Detract That the funding is not directed accordingly, and less residents benefit than is possible.	
5. Who are the main stakeholders?	The attendees of the three day care groups. Medway Council Members of other ethnic groups, which up until now, have had no funding for day centres, will be able to bid for some funding.		
6. Who implements this and who is responsible?	David Quirke-Thornton (Deputy Director Children and Adults)		

Assessing impact		
7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial/ethnic groups</i>?	YES	Yes
	NO	
What evidence exists for this?	The three ethnic minority day care centres that currently receive funding would lose this funding, which could lead to a differential impact upon those attendees. Some social isolation could occur, and/or a reduction in the community cohesion of those groups.	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	No
	NO	
What evidence exists for this?	Any changes resulting from these proposals would not be intended to cause a differential impact due to disability	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	Yes
	NO	
What evidence exists for this?	Two of the ethnic minority day centres are aimed at women, and therefore there could be a loss of service for these groups.	
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	YES	No
	NO	
What evidence exists for this?	Any changes resulting from these proposals would not be intended to cause a differential impact due to sexual orientation	
11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?	YES	No
	NO	
What evidence exists for this?	Any changes resulting from these proposals would not be intended to cause a differential impact due to religion or belief. Whilst the groups are ethnic minorities, the groups are based upon ethnic groups rather than by religion	
12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?	YES	No
	NO	
What evidence exists for this?	Any changes resulting from these proposals would not be intended to cause a differential impact due to age.	
13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?	YES	No
	NO	
What evidence exists for this?	Any changes resulting from these proposals would	

this?	not be intended to cause a differential impact due to being transgendered or transsexual.	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. speakers of other languages; people with caring responsibilities or dependants; those with an offending past; or people living in rural areas)?	YES	No
	NO	
What evidence exists for this?	It is intended that a wider range of the BME population would be reached by the new proposals	
15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	YES	Yes
	NO	
What evidence exists for this?	Racial groups and gender. Two of the groups are for Asian women	

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	Yes. Somke of the groups currently funded, would lose some or all of that funding and therefore there could be an adverse impact upon those groups as described above.
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	Yes. The new proposals, whilst reducing services for the three ethnic minority groups, would open up the opportunity for a greater proportion of the BME population to be included in social inclusion where currently they are not.
	NO	
Recommendation to proceed to a full impact assessment?YES		
NO	This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.	
NO, BUT ...	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?	Minor modifications necessary (e.g. change of 'he' to 'he or she', re-analysis of way routine statistics are reported)
YES	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	David Quirke-Thornton. Prior to implementation of proposed changes

Action plan to make Minor modifications		
Outcome	Actions (with date of completion)	Officer responsible

Planning ahead: Reminders for the next review		
Date of next review		
Areas to check at next review (e.g. new census information, new legislation due)		
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?		
Signed (completing officer/service manager)	Date	
Signed (service manager/Assistant Director) David Quirke-Thornton (Deputy Director Children and Adults)	Date	

NB: Remember to list the evidence (i.e. documents and data sources) used

Diversity Impact Assessment: Screening Form

Directorate Children and Adults	Name of Function or Policy or Major Service Change; Telecare and Telehealth efficiencies	
Officer responsible for assessment David Quirke-Thornton	Date of assessment 4 February 2014	New or existing? New
Defining what is being assessed		
1. Briefly describe the purpose and objectives	To assess the role of Telecare and Telehealth in care packages. To look at extending both Telecare and Telehealth' offer to cater for all care groups. Currently they only offer services to older people and those with learning difficulties. The new offer will include people with physical and mental difficulties. By increasing and widening the Telecare and Telehealth offer it will reduce the need for visiting carers to attend at residences, which could lead to cost efficiencies	
2. Who is intended to benefit, and in what way?	Users of the service will benefit, as they will receive a service that is part of their care package, is appropriate for their needs, and will afford them an amount of privacy and dignity.	
3. What outcomes are wanted?	A reduction in unnecessary visits to people's homes, where a phone call will provide a useful and appropriate service, without intruding on a person's space. E. G as a reminder for a person to take their medication. That Telecare and Telehealth become an integral part of a service users care package and not a substitution for it.	
4. What factors/forces could contribute/detract from the outcomes?	Contribute Telecare and Telehealth offer services that are appropriate for a users needs.	Detract If Telecare and Telehealth fail to maintain a high standard of service to the detriment of service users.
5. Who are the main stakeholders?	Service users	
6. Who implements this and who is responsible?	David Quirke Thornton Deputy Director Children and Adults	

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Assessing impact		
7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial groups</i>?	YES	No
	NO	
What evidence exists for this?	Any changes to the service would not cause any differential impact upon a person due to their racial group	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	Yes.
	NO	
What evidence exists for this?	The service change is aimed at, amongst other groups, people with disabilities, and therefore there could be a differential impact due to disability, although the service change could benefit this group	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	No
	NO	
What evidence exists for this?	Any changes to the service would not cause any differential impact upon a person due to their gender.	
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	YES	No
	NO	
What evidence exists for this?	Any changes to the service would not cause any differential impact upon a person due to their sexual orientation.	
11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?	YES	No
	NO	
What evidence exists for this?	Any changes to the service would not cause any differential impact upon a person due to their religion or belief	
12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?	YES	Yes
	NO	

What evidence exists for this?	There could be a differential impact due to people's age, as the service change is aimed at groups including older people. However the intended outcome is that the service offer will be widened to include additional groups, and that all groups will benefit from the changes.	
13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i> ?	YES	No
	NO	
What evidence exists for this?	. Any changes to the service would not cause any differential impact upon a person due to being transgendered or transsexual.	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. young parents, commuters, people with caring responsibilities or dependants, young carers, or people living in rural areas)?	YES	Yes
	NO	
What evidence exists for this?	People who have no phone would not be able to access the service, as the Telecare and Telehealth services would be unable to contact them. In these cases, which is expected to be minimal, personal visits would continue	
15. Are there concerns there <u>could</u> have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	YES	No
	NO	
What evidence exists for this?		

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	Yes
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	There could be some adverse impact upon some groups, however as the service is intended to be widened it is expected that a greater number of people will benefit from the service.
	NO	
Recommendation to proceed to a full impact assessment? No		
<p>This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.</p>		

	<p>What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?</p>	<p>)</p>
	<p>Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)</p>	

Action plan to make Minor modifications		
Outcome	Actions (with date of completion)	Officer responsible

Planning ahead: Reminders for the next review		
Date of next review	6 months after implementation of the service change	
Areas to check at next review (e.g. new census information, new legislation due)	Check that users are not being disadvantaged by the changes, and that care packages are appropriate for users	
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?	No	
Signed (completing officer/service manager)	Date	
Signed (service manager/Assistant Director) David Quirke- Thornton 	Date	5.2.2014.

Diversity Impact Assessment: Screening Form

Directorate	Name of Function or Policy or Major Service Change		
Business Support	Re-organisation of the Business Administration Support Service		
Officer responsible for assessment	Date of assessment	New or existing?	
Christopher White	30 January 2014	New	
Defining what is being assessed			
1. Briefly describe the purpose and objectives	To re-organise the Business Administration Support Service (BASS) to achieve further efficiencies in the way administration is organised and carried out, with the ability for this service to be able to make continued improvements by looking at processes, technology and innovation to support front-line services.		
2. Who is intended to benefit, and in what way?	<p>This service supports council officers who in turn offer front line services. Therefore the services being supported benefit from an efficiently run service with the ability for BASS to be able to continue to look at its processes and procedures to bring about continued improvements.</p> <p>Medway residents benefit from professional service delivery with front line officers of the council being able to concentrate on service delivery and freed up from managing an administration service.</p> <p>The service aims to offer continued resilience and standardisation in order to run an efficient, effective and continuing and improving administration service.</p>		
3. What outcomes are wanted?	To achieve business improvements in the Business and Administration Support Service and continue to provide a professional, standardised and resilient service, within a budgetary constraint.		

<p>4. What factors/forces could contribute/detract from the outcomes?</p>	<p>Contribute</p> <p>Ability to be able to make business improvements within the budget available for this service, including a new Development Officer post.</p> <p>Improved use of technology such as electronic document management systems and integration with other council systems</p> <p>Ability to have multi-trained staff who can work across more than one area.</p> <p>Improved performance information.</p> <p>Improved procedures and sharing of knowledge across the service.</p>	<p>Detract</p> <p>Delays to technological changes.</p> <p>Integration of some ICT systems to avoid re-keying of information and double entering or keeping spreadsheets for performance information or other.</p> <p>Reliance on other services and resources to bring about more mobile technology to assist with front line service delivery.</p> <p>Reduction in numbers of staff for cross training.</p> <p>Further investment in staff training for the council's CRM to be able to efficiently pull data.</p>
<p>5. Who are the main stakeholders?</p>	<p>Officers within the council whom in most cases offer a frontline service, service users and staff within the service.</p>	
<p>6. Who implements this and who is responsible?</p>	<p>Service Manager Business and Administration Support Service Assistant Director Communications, Performance and Partnerships</p>	
<p>Assessing impact</p>		
<p>7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial/ethnic groups</i>?</p>	<p>YES</p> <p>NO</p>	<p>Brief statement of main issue</p>
<p>What evidence exists for this?</p>	<p>Any selection process will follow the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy</p>	
<p>8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?</p>	<p>YES</p> <p>NO</p>	<p>We have staff with declared and are likely to have staff with hidden disabilities.</p>
<p>What evidence exists for this?</p>	<p>Any selection process will follow the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy. We would make reasonable adjustments as required, for example,</p>	

	support via Access to Work for individuals if required.	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	Brief statement of main issue We have a high proportion of female staff members.
	NO	
What evidence exists for this?	Any selection process will follow the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy	
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	YES	Brief statement of main issue
	NO	
What evidence exists for this?	Any selection process will follow the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy	
11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?	YES	Brief statement of main issue
	NO	
What evidence exists for this?	Any selection process will follow the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy	
12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?	YES	Brief statement of main issue
	NO	
What evidence exists for this?	Any selection process will follow the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy	
13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?	YES	Brief statement of main issue
	NO	
What evidence exists for this?	Any selection process will follow the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. speakers of other languages; people with caring responsibilities or dependants; those with an offending past; or people living in rural areas)?	YES	If yes, which group(s)? There will be no direct change to front line service delivery. However, as part of the re-organisation it may be necessary for staff to work from alternative locations. There could be an impact on those staff with caring responsibilities.
	NO	
What evidence exists for this?	Permanent staff have access to the right to apply for flexible working under The Right to Apply for Flexible Working Policy.	
15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. <i>disability and age</i>)?	YES	Brief statement of main issue
	NO	
What evidence exists for	Any selection process will follow the Council's	

this?	Organisational Change Policy and the Council's Fair Access and Inclusion Policy
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Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	See 7-15 above. The potential for adverse impact on staff is to ensure that robust interpretation and implementation of the Council's Organisational Change Policy and the Council's Fair Access and Inclusion Policy.
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	Please explain
	NO	
Recommendation to proceed to a full impact assessment?		
NO	This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.	
NO, BUT ...	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?	
YES	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	

Action plan to make Minor modifications		
Outcome	Actions (with date of completion)	Officer responsible

Planning ahead: Reminders for the next review		
Date of next review		
Areas to check at next review (e.g. new census information, new legislation due)		
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?		
Signed (completing officer/service manager) 	Date	31 January 2014
Signed (service manager/Assistant Director) 	Date	31 January 2014

NB: Remember to list the evidence (i.e. documents and data sources) used

Appendix E: Diversity Impact Assessment: Screening Form

Directorate Children and Adults	Name of Function or Policy or Major Service Change; Restructure of disability services		
Officer responsible for assessment Phil Watson	Date of assessment 4 February 2014	New or existing? New	
Defining what is being assessed			
1. Briefly describe the purpose and objectives	The purpose of the change is to merge the children and adults disability teams. Consolidating the two strands of disability services will result in efficiencies in management and administration costs. It is not expected that service users will be affected by the changes.		
2. Who is intended to benefit, and in what way?	Medway Council A streamlined joint approach will aid management of disability services.		
3. What outcomes are wanted?	A single focussed and coordinated approach to disability services for children and adults.		
4. What factors/forces could contribute/detract from the outcomes?	Contribute A successful merger of the two strands of the service will lead to better coordination of continuous care, and expected improved outcomes for users.	Detract If the merger is not successful the opposite could result.	
5. Who are the main stakeholders?	Medway Council and its staff. Service users		
6. Who implements this and who is responsible?	Phil Watson Assistant Director Children's Social Care David Quirke- Thornton deputy Director Children and Adults.		

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Assessing impact		
7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial groups</i>?	YES	No
	NO	
What evidence exists for this?	The changes are aimed at merging and improving the disability services to children and adults and as such no differential impact is expected due to racial groups	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	Yes
	NO	
What evidence exists for this?	There could be a differential impact due to disability if the merger of the two services is not successful. However it is expected that once merged a focussed and coordinated approach to disability services will lead to improved outcomes for users.	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	No
	NO	
What evidence exists for this?	The changes are aimed at merging and improving the disability services to children and adults and as such no differential impact is expected due to gender	
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	YES	NO
	NO	
What evidence exists for this?	The changes are aimed at merging and improving the disability services to children and adults and as such no differential impact is expected due to sexual orientation	
11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?	YES	No
	NO	
What evidence exists for this?	The changes are aimed at merging and improving the disability services to children and adults and as such no differential impact is expected due to religion or belief.	
12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?	YES	Yes.
	NO	

What evidence exists for this?	There could be a differential impact due to age if the merger of the two services is not successful. However it is expected that once merged a focussed and coordinated approach to disability services will lead to improved outcomes for all users regardless of their age.	
13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i> ?	YES	No
	NO	
What evidence exists for this?	The changes are aimed at merging and improving the disability services to children and adults and as such no differential impact is expected due to being transgendered or transsexual.	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. young parents, commuters, people with caring responsibilities or dependants, young carers, or people living in rural areas)?	YES	No
	NO	
What evidence exists for this?	No adverse effect is expected to be felt by users of the service.	
15. Are there concerns there <u>could</u> have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	YES	Yes. Age and disability
	NO	
What evidence exists for this?	There could be a differential impact due to age and /or disability if the merger of the two services is not successful. However it is expected that once merged a focussed and coordinated approach to disability services will lead to improved outcomes for all users regardless of their age or disability.	

Conclusions & recommendation

16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	Yes, but unlikely.
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	Yes. The merged services will be expected to benefit from coordinated management and administration, which it is expected will lead to users seeing no adverse effects to the change, and potentially an improved service.
	NO	
Recommendation to proceed to a full impact assessment? No		

	This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.	
	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?)
	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	

Action plan to make Minor modifications

Outcome	Actions (with date of completion)	Officer responsible

Planning ahead: Reminders for the next review

Date of next review	6 months after implementation of the changes
Areas to check at next review (e.g. new census information, new legislation due)	That the merged disability service is providing a service that is not failing its users.
Is there <i>another</i> group	No

<p>(e.g. new communities) that is relevant and ought to be considered next time?</p>		
<p>Signed (completing officer/service manager)</p>	<p>Date</p>	
<p>Signed (service manager/Assistant Director) Phil Watson.</p>	<p>Date</p>	

Appendix F: Diversity Impact Assessment: Screening Form

Directorate Children and Adults	Name of Function or Policy or Major Service Change; Changes to Children's Social Care Services: A review on packages of care for disabled children.	
Officer responsible for assessment Phil Watson	Date of assessment 4 February 2014	New or existing? New
Defining what is being assessed		
1. Briefly describe the purpose and objectives	A review on packages of care for disabled children: This will review existing packages of care for disabled children, and assess new packages of care. In line with national changes to legislation it will promote direct payments of individual budgets to parents/carers of disabled children. This will result in greater empowerment and control for service receivers, and provide greater cost efficiencies to the council than by providing direct services. The Council will provide a brokerage service, which will support parents to access appropriate services and support.	
2. Who is intended to benefit, and in what way?	Service users and Medway Council. Service users will have greater control over what services their child receives. Medway Council will see greater cost efficiencies.	
3. What outcomes are wanted?	Better, more directed services for users, which will result in greater empowerment and control, which in turn should lead to appropriate care programmes for disabled children. Cost efficiencies for Medway Council.	
4. What factors/forces could contribute/detract from the outcomes?	Contribute A comprehensive advice and communications strategy will be required to ensure that users are aware of changes and how to make use of the new system. Parents engage with the new process and benefit from it by accessing appropriate services.	Detract Parents who do not engage with the new system may not be aware of what they can access and how. If The council do not ensure that users are fully conversant with the changes, then this could lead to some users not receiving appropriate and necessary services.
5. Who are the main stakeholders?	Service Users and their parents, Medway Council, Medway Council staff.	

6. Who implements this and who is responsible?	Phil Watson - Assistant Director Children's Social Care.

Assessing impact		
7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial groups</i>?	YES	No
	NO	
What evidence exists for this?	The service changes are targeted at disabled children regardless of their age, race, gender, sexual orientation, or religion. Therefore no differential impact would be expected due to racial groups.	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	YES
	NO	
What evidence exists for this?	The changes affect disabled children, and so it is possible that there could be a differential impact due to disability. The changes result in a transfer of control from the Council to the user and their parents over which services a user receives. If services are not accessed correctly or appropriately under the new system then there could be a negative impact. However, if the parents of the child engage with the new processes, they can manage their child's care which could result in a better care programme for the child, and lead to improved outcomes.	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	No
	NO	
What evidence exists for this?	The service changes are targeted at disabled children regardless of their age, race, gender, sexual orientation, religion. Therefore no differential impact would be expected due to gender.	
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	YES	No
	NO	
What evidence exists for this?	The service changes are targeted at disabled children regardless of their age, race, gender, sexual orientation, religion. Therefore no differential impact would be expected due to sexual orientation..	

11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i> ?	YES	No
	NO	
What evidence exists for this?	The service changes are targeted at disabled children regardless of their age, race, gender, sexual orientation, religion. Therefore no differential impact would be expected due to religion or belief.	
12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i> ?	YES	No
	NO	
What evidence exists for this?	The service changes are targeted at disabled children regardless of their age, race, gender, sexual orientation, religion. Therefore no differential impact would be expected due to age.	
13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i> ?	YES	No
	NO	
What evidence exists for this?	The service changes are targeted at disabled children regardless of their age, race, gender, sexual orientation, religion. Therefore no differential impact would be expected due to being transgendered or transsexual.	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. young parents, commuters, people with caring responsibilities or dependants, young carers, or people living in rural areas)?	YES	YES
	NO	
What evidence exists for this?	Parents with low literacy skills could find accessing and managing services for their child's care programme difficult, which could lead to a reduction in care levels. However, the council's brokerage service should be able to help parents overcome this issue and ensure that a child's care is not compromised.	
15. Are there concerns there <u>could</u> have a differential impact due to <i>multiple discriminations</i> (e.g. <u>disability and age</u>)?	YES	No
	NO	
What evidence exists for this?	The service changes are targeted at disabled children regardless of their age, race, gender, sexual orientation, religion. Therefore no differential impact would be expected due to multiple discriminations	

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	YES
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	YES. It is expected that disabled children and their parents/carers will become more empowered by the changes and that the possible adverse impacts will be minimal when compared to the benefits that should arise.
	NO	
Recommendation to proceed to a full impact assessment? No		
	This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.	
	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?)
	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	

Action plan to make Minor modifications		
Outcome	Actions (with date of completion)	Officer responsible

Planning ahead: Reminders for the next review		
Date of next review	6 months after the implementation of the changes.	
Areas to check at next review (e.g. new census information, new legislation due)	Check that parents are able to access appropriate services, and that system is working to the benefit of users. Assess that cost efficiency benefits to the council are not compromising services received by users.	
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?	No	
Signed (completing officer/service manager)	Date 4 February 2014	
Signed (service manager/Assistant Director) Phil Watson	Date	

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CABINET

11 FEBRUARY 2014

TREASURY MANAGEMENT STRATEGY 2014/2015

ADDENDUM REPORT

Portfolio Holder: Councillor Jarrett, Finance and Deputy Leader
Report from: Mick Hayward, Chief Finance Officer, Business Support
Author: Andy Larkin, Finance Support Manager

Summary

This addendum report sets out details of the discussion on the Treasury Management Strategy at the Business Support Committee on 4 February 2014.

1. Background

- 1.1 The Business Support Overview and Scrutiny Committee considered the Treasury Management Strategy on 4 February 2014.
- 1.2 The report invited the Committee to scrutinise the Council's Treasury Management Strategy for the 2014/15 financial year. The Treasury Management Strategy incorporated within it the Treasury Management Policy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy.
- 1.3 The Committee's attention was drawn to paragraph 16 of the report on treasury management reporting and the proposed movement of scrutinising Treasury management from Business Support Overview and Scrutiny to Audit Committee.
- 1.4 Following consideration and recommendation by the Audit Committee of the mid year review of the Council's Treasury Management Strategy the Cabinet had agreed in December 2013 to withdraw funding from the external Fund Manager. The reason for this was that the Council's internal investment team had out-performed the Fund Manager for nine years out of the last ten. Investments would be taken back only as they came to term to avoid the Council loses from selling early all funds will be returned by end March 2014 with the exception of a UK Gilt, this will be transferred to a caretaking fund manager until it matured, the Council does not have any experience with gilts and the fee was considered reasonable at £800 per annum.
- 1.5 Members also noted the circulation of a supplementary agenda that contained a revised version of Appendix 10 of the report.

1.6 Members then raised a number of issues and questions including:

- The average number of investment transactions Council Officers undertook -. Members noted that some investments were not touched for six to twelve months and others were handled on a daily basis because they were used to maintain the Council's cash flow balance. On average four or five transactions a day took place to maximise the use of the Council's money.
- Members noted that CDS was an abbreviation and meant Credit Default Swap.
- Members referred to a reduction in back-office finance staff as a consequence of required efficiencies and the potential impact on the effectiveness of treasury management services. The Chief Finance Officer advised he was confident that the treasury management team would continue to provide a high standard of service and that, if required specialist advice would be sought from Capita, an external adviser to the Council.

1.7 The Business Support Overview and Scrutiny Committee noted the Treasury Management Strategy 2014/2015 and its revisions and forwarded its comments for consideration by Cabinet on 11 February 2014. The Committee also recommended the approval of the revised Treasury Management Practices as set out in the revised Appendix 10 to the report.

2. Revised Appendix 10

2.1 Attached to this addendum report is a revised Appendix 10 - Treasury Management Practices to the Treasury Management Strategy 2014/2015 report.

2.2 Each year amendments are made to the Treasury Management Practices, forthcoming from revisions to the Treasury Management Strategy, including changes to practices (the decision to withdraw funds from the external fund manager), statute and updates recommended from professional bodies.

2.3 The revised Appendix 10 clearly highlights all deletions and additions to the Treasury Management Practices in order to assist Members tracking these amendments.

Lead officer contact

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TREASURY MANAGEMENT PRACTICES

January 2014

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1 TMP1 RISK MANAGEMENT

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

1.1 CREDIT AND COUNTERPARTY RISK MANAGEMENT

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

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

1.1.1 Policy on the use of credit risk analysis techniques

1. The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
2. Credit ratings will be used as supplied from all three rating agencies - Fitch, Moodys and Standard & Poors
3. Treasury Management Consultants will provide regular updates of changes to all ratings relevant to the council.
4. The responsible officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

This organisation will use the **Sector Capita Asset Services** creditworthiness service based on using colours determined by minimum combinations of ratings to derive maturity limits as follows:-

- yellow – 5 years
- Dark Pink – 5 Years for Enhanced Money Market Funds (EMMFs) with a credit score of 1.25
- Light Pink – 5 years for Enhanced Money Market Funds (EMMFs) with a credit score of 1.5
- purple – 2 years
- blue – 1 year (applies to nationalised or semi nationalised UK banks)
- orange – 1 year

- red – 6 months
- green – 3 Months 100 days
- No Colour – Not to be used

In addition a credit default swap overlay is used as a further safeguard to give early warning of potential creditworthiness problems which may only belatedly lead to actual changes in credit ratings.

As this methodology is complex, readers are referred to the document produced by Sector ~~“Guide to Establishing Credit Policies April 2009”~~ **“Sector Suggested Credit Policy 2012-13”** for a full explanation.

5. Credit ratings for individual counterparties can change at any time. The Chief Finance Officer or a nominated representative can at any time remove counterparties from the list. The Chief Finance Officer is responsible for applying approved credit rating criteria for selecting approved counterparties. The Chief Finance Officer following consultation with the Finance Portfolio Holder must approve any additions to the in-house counterparty list and any amendments to the Investec Counterparty list must be notified to the Chief Finance Officer at the time of amendment.
6. This organisation will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including: -
 - The quality financial press
 - Market data
 - Information on government support for banks and
 - The credit ratings of that government support
7. Maximum maturity periods and amounts to be placed in different types of investment instrument are specified in paragraph 8 and TMP 1 schedule 1
8. Diversification: this organisation will avoid concentrations of lending and borrowing by adopting a policy of diversification. It will therefore use the following: -
 - Maximum amount to be placed with any one institution - £25m and for those with a **sector Capita Asset Services** duration of less than 12 months £20m.
 - Group limits where a number of institutions are under one ownership – maximum of £25m and for those with a **sector Capita Asset Services** duration of less than 12 months £20m.
 - Country limits – a minimum sovereign rating of AA- from Fitch Ratings (or equivalent) is required for an institution to be placed on our approved lending list, with the exception of United Kingdom, where there is no restriction on the sovereign credit rating. The maximum investment in any one country is £40m with the exception of UK which is unlimited. The list of countries which currently meet this criteria is: -

AAA	AA+	AA	AA-
Australia	France	Abu Dhabi (UAE)	Belgium
Canada	Hong Kong	France	Japan
Denmark	Netherlands	Qatar	Saudi Arabia
Finland	U.K.		
Germany	U.S.A.		
Luxembourg			
Netherlands			
Norway			
Singapore			
Sweden			
Switzerland			
U.K.			

9. Investments will not be made with counterparties that do not have a credit rating in their own right
10. The definition of 'high credit quality' ** in order to determine what are specified investments as opposed to non specified investments which do not have high credit ratings is set out at the end of TMP1 in schedule 1. ~~This schedule also sets out the categories of investment instruments which fall into the specified investments category as they entail minimum procedural formalities in terms of the placing of those investments by the treasury management team. Minimal procedural formalities means that the team is well experienced and knowledgeable in using these types of instruments and they pose minimal risk in their use.~~
11. The Council's external fund manager(s) will adhere to the counterparty credit criteria and maximum individual limits set by the Council; however the fund manager(s) may use a subset of the counterparty list so derived.
12. The counterparty list for the in-house team is available for members if required but is not published in this document due to the sensitive nature of this information

1.2 LIQUIDITY RISK MANAGEMENT

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

This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

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

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day with a guide balance of no more than £300,000 overdrawn or in credit.

Details of:

- a. Standby facilities
The bank allows a ~~£2m~~ £0.5m overdraft facility on the group accounts. ~~Surplus funds are held on the daily account and are currently not swept into an interest bearing account as the interest bearing account is currently at its limit.~~ If funds are received after the Treasury Management Section has completed its deals for the day the section will attempt to deposit funds in an account, which is available if it is within the permitted time frame.
- b. Bank overdraft arrangements
A ~~£2m~~ £0.5m overdraft at 1% over base rate has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts.
- c. Short-term borrowing facilities
The Council accesses temporary loans through approved brokers on the London money market.
- d. Insurance/guarantee facilities
There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.
- e. Special payments
24 hours notice must be given to the Treasury Team for all special payments (CHAPS) above £100,000.

1.3 INTEREST RATE RISK MANAGEMENT

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

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

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

1.3.1 Details of approved interest rate exposure limits

the overall borrowing limit	2013/14 2014-15	£435,915,000 £424,282,000
the percentage of the overall borrowing portfolio which may be outstanding by way of short term borrowing		75 %

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

The Chief Finance officer is responsible for incorporating the limits identified in 1.3.1 and 1.3.3 into the Annual Treasury Management Strategy, and for ensuring compliance with the limits.

The Treasury Management Section monitors interest rates very closely on a daily basis and any significant alterations would be reported immediately. Interest rates affect all decisions made on borrowing and investments.

1.3.3 Upper limit for variable interest rate exposure

Upper limit for variable interest rate exposure 40%

1.3.4 Upper limit for fixed interest rate exposure

Upper limit for fixed interest rate exposure 100%

1.3.5 Policies concerning the use of instruments for interest rate management

- a. Forward dealing
Consideration will be given to dealing from forward periods dependant upon market conditions. When forward dealing is more than 24 hours forward then the approval of the Finance Support Manager or Principal Accountant is required.
- b. Callable deposits
The Council will use callable deposits as part as of its Annual Treasury Strategy statement. The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the Annual Treasury Strategy statement.
- c. LOBOS (borrowing under lender's option/borrower's option)
Use of LOBOs are considered as part of the annual borrowing strategy. The Chief Finance Officer must approve all borrowing for periods in excess of 364 days.

1.4 EXCHANGE RATE RISK MANAGEMENT

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

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

1.4.1 Approved criteria for managing changes in exchange rate levels

- a. As a result of the nature of Medway Council's business, Medway Council may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling. Medway Council will adopt a full hedging strategy to control and add certainty to the sterling value of these transactions. This will mean that the council will eliminate all foreign exchange exposures as soon as they are identified.
- b. Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice, to comply with this full cover hedging policy. Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless Medway Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency will be held on deposit to meet this expenditure commitment.

1.5 REFINANCING RISK MANAGEMENT

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

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

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

Refinancing risk is the risk that when loans or other forms of capital financing mature, that they cannot be refinanced where necessary on terms that reflect the assumptions made in formulating revenue and capital budgets.

1.5.1 Debt/other capital financing, maturity profiling, policies and practices

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

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

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

Rescheduling will be reported to full Council in the Annual Treasury Outturn Report.

1.5.2 Projected capital investment requirements

The responsible Officer will prepare a three-year plan for capital expenditure for the Council. The capital plan will be used to prepare a three-year revenue budget for all forms of financing charges. This will include using prudential borrowing to fund invest to save schemes.

~~Under the new capital financing system,~~ The definition of capital expenditure and long term liabilities used in the Code will follow recommended accounting practice ~~as per the Code of Practice on Local Authority Accounting. (SORP)~~

1.5.3 Policy concerning limits on affordability and revenue consequences of capital financing

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

The Council will use the definitions provided in the Prudential Code for borrowing (64) (65), capital expenditure (65) (66), capital financing requirement (67), debt (67)–(68), financing costs (68) (69), investments (69) (70), net borrowing (70) (71), net revenue stream (71)–(72), other long term liabilities (72) (73).

1.5.4 Capital receipts generated by the HRA

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

1.5.4 PFI, Partnerships, ALMOs and guarantees

This is currently not applicable to Medway Council.

1.6 LEGAL AND REGULATORY RISK MANAGEMENT

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

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

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

1.6.1 References to relevant statutes and regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council. These are:

- Local Government Act 2003
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- Guidance on Investments ODPM 12.3.2004
- Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006 Statutory Instrument No. 521
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP

- S.I. 2008 no. 414 f(Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- S.I. 2009 no. 321 (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance And Accounting) (England) (Amendment) (No.2) Regulations 2009
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009
- S.I. 2010 no. 454 (Capital Finance and accounting) (Amendment) (England) Regulations 2010.
- Guidance on Housing Capital Receipts Pooling ODPM 23.3.2004
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- Allocation of financing costs to the HRA (housing authorities) – annual determination by Secretary of State
- Definition of HRA capital expenditure - Local Government and Housing Act 1989 section 74 (1)

- CIPFA’s Treasury Management Codes of Practice and Guidance Notes 2009,
- CIPFA Prudential Code for Capital Finance in Local Authorities revised 2009
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- LAAP Bulletins
- SORP – Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- PWLB circulars on Lending Policy
- The Non Investment Products Code (NIPS) - (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.
- Financial Services Authority’s Code of Market Conduct
- The Council’s Standing Orders relating to Contracts
- The Council’s Financial Regulations
- The Council’s Scheme of Delegated Functions
- Revised Guidance on Investments DCLG 1.4.2010
- Localism Act 2011
- CLG Document “Implementing self-financing for council housing” -1 Feb 2011
- CIPFA Consultation “Proposed Capital Finance Arrangements Under The New Housing Finance System” Feb 2011

1.6.2 Procedures for evidencing the council’s powers/authorities to counterparties

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

- Investing: Local Government Act 2003, section 12
- Borrowing: Local Government Act 2003, section 1

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

1.6.3 Statement on the council's political risks and management of same

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

1.6.4 Monitoring Officer

The monitoring officer is the Assistant Director Housing and Corporate services; the duty of this officer is to ensure that the treasury management activities of the Council are lawful

1.6.5 Chief Finance officer

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

1.7 FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY RISK MANAGEMENT

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

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

The Council will therefore:-

- a. seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check, which minimises such risks.
- b. Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- c. Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- d. Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.7.1 Details of systems and procedures to be followed, including internet services

Procedures

Written procedures exist for completing the day-to-day treasury function, which is supported by the Treasury Strategy and Treasury Management Practices.

The daily treasury balances are obtained from Natwest bankline, the council's on-line banking system and all treasury payments are made using this system or the councils creditors system. CHAPS/BACS payments are made via the on-line banking system – they are input by a treasury officer and approved by a finance service manager.

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained.
- A written acknowledgement of each deal is sent promptly to the lending or borrowing institution where transactions are done directly with the organisation where that is a requirement of the institution being dealt with.
- Written confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the treasury and income team leader for resolution.
- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the treasury and income team leader for resolution.
- Contract notes for transactions carried out by the external fund managers will be received as executed and maintained.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- The treasury team enters into the treasury diary when money borrowed or lent is due to be repaid.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution that the Council invests with.
- Brokers have a list of named officials authorised to agree deals.
- There is a separation of duties in the section between dealers and the checking and authorisation of all deals.
- The Council's bank holds a list of Council officials who are authorised signatories for treasury management transactions.
- No member of the treasury team is an authorised signatory.
- Payments can only be authorised using a proforma signed by an authorised signatory, the list of signatories having previously been agreed with the current provider of our banking services.
- There is adequate insurance cover for employees involved in loans management and accounting.
- Capital and interest withdrawals and capital injections in respect of monies managed by external fund managers can only be carried out in writing by the authorised signatories to the fund management agreement and notified to the fund manager(s).

Checks

- The bank reconciliation is carried out weekly for the housing benefit account and fortnightly for the general account and creditor account from the bank statement to the financial ledger.

- The bank statements are also checked for large transactions to ensure that they are valid transactions.
- The investment and borrowing spreadsheets are reconciled to the balance sheet ledger codes at the end of each month and at the financial year-end.
- A cost of borrowing and investment income earned is produced every month when a review is undertaken against the budget for interest earnings and debt costs.
- The valuations and investment income statements received monthly from the Council's fund managers will be checked and retained for audit inspection. The authority will ensure that the external funds we invest in, are accounted for in accordance with proper accounting practices.
- We have complied with the requirements of **SORP (pre 1st April 2010 FRS 26) and IFRS Code (post 1st April 2010 IAS 39) the Code of Practice on Local Authority Accounting** and will account for the fund as Fair Value through Profit or Loss. As a result, all gains and losses and interest (accrued and received) will be taken to the Income and Expenditure Account.

Calculations

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated on the relevant treasury paperwork.
- Periodic interest payments of PWLB and other long-term loans are reconciled and entered into the treasury diary. This is used to check the amount paid to lenders.
- Average equated capital loans fund interest rates are calculated monthly using information from PWLB and LOBO schedules. A reconciliation is carried out monthly between the financial ledger Integra and the PWLB and LOBO schedules.
- These interest and expense rates are then used to calculate the principal and interest charges to the General Fund and the Housing Revenue Account recharge.

1.7.2 Emergency and contingency planning arrangements

If personal computers are unavailable methods are in place for repaying loans, investing with counterparties, receiving repayments of investments and borrowing payments via fax and/or phone. Paper copies of the previous days treasury activity are always held and a paper-based diary is used for information on payments and repayments. The introduction of Internet based Bankline during 2008/09 has enabled remote access to make payments, transfers and check balances. All members of the treasury management team are familiar with this plan and new members will be briefed on it.

1.7.3 Insurance cover details

Fidelity Guarantee insurance

The Council has 'Fidelity Guarantee' insurance cover with Zurich Municipal. This covers the insured (the Council) in respect of loss of money or other property belonging to the insured or in the insured's trust or custody for which the insured is legally responsible occurring as a direct result of any act of fraud or dishonesty committed by any Person Guaranteed specified in the Schedule during the Period of Insurance.

This cover is limited to £5m for any one event with an excess of £1m for any one event

Professional Indemnity Insurance

The Council also has a 'Professional Indemnity' insurance policy with Travelers Insurance Company, which covers loss to the Council from a breach of duty owed by the Insured in its professional capacity arising out of any act error or omission which is negligent accidentally committed or occasioned in good faith by:

(i) the Insured

(ii) any Agent

(iii) any other person firm or company acting jointly with the Insured

This cover is limited to £5m for any one event with an excess of £100,000 for any one event.

Business Interruption

The Council also has two types of 'Business Interruption' cover as part of its property insurance with Zurich Municipal:

(i) Gross Revenue

(ii) Additional Expenses.

The Sum Insured for Gross Revenue is £5m with an excess of £1.25m per event. The Sums Insured for Additional Expenses varies, has an Indemnity Limit of 24 months and has a £1.25m excess per event.

1.8 MARKET RISK MANAGEMENT

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

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

1.8.1 Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (Gilts, CDs etc)

These are controlled through setting limits on investment instruments where the principal value can fluctuate. The limits are determined and set through the Annual Treasury Management Strategy Statement.

TMP 1 SCHEDULE 1 – SPECIFIED AND NON SPECIFIED INVESTMENTS

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	* Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house and Fund Manager
Term deposits – local authorities	--	In-house and Fund Manager
Term deposits – banks and building societies	See note 1 and 2	In-house and Fund Manager
Collateralised deposit (see note 3)	UK sovereign rating	In-house and Fund Manager
Certificates of deposit issued by banks and building societies	See note 1 and 2	In-house and Fund Manager
UK Government Gilts	UK sovereign rating	In-house buy and hold and Fund Manager
Bonds issued by multilateral development banks	AAA	In-house buy and hold and Fund Manager
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (refers solely to GEFCO - Guaranteed Export Finance Corporation)	UK sovereign rating	In-house buy and hold and Fund Manager
Sovereign bond issues (other than the UK govt)	AAA	In-house buy and hold and Fund Manager
Treasury Bills	UK sovereign rating	In house and Fund Manager
Government Liquidity Funds	* Long-term AAA volatility rating V1+	In-house and Fund Manager
Money Market Funds	* Long-term AAA volatility rating V1+	In-house and Fund Manager

Note 1. Award of "Creditworthiness" Colour by Sector Treasury services as detailed in paragraph 12.2 Capita Asset Services, Treasury Solutions

Note 2. Inclusion within the Investec approved Counterparty list as detailed in paragraph 12.2

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

1.8.2 NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of 70% ** will be held in aggregate in non-specified investment

1. Maturities of ANY period

	* Minimum Credit Criteria	Use	** Max % of total investments	Max. maturity period
Fixed term deposits with variable rate and variable maturities: -Structured deposits	See note 1	In-house	£10m	Lower of 5 years or Sector Capita Asset Services duration rating

2. Maturities in excess of 1 year

	* Minimum Credit Criteria	Use	** Max % of total investments	Max. maturity period
Term deposits – local authorities	--	In-house	40%	5 Years
Term deposits – banks and building societies	See note 1	In-house	40%	As per Sector Capita Asset Services duration rating
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	See note 1 and 2	In-house and Fund Manager	40%	As per Sector Capita Asset Services duration rating and see note 3
Certificates of deposit issued by banks and building societies	See note 1 and 2	In-house and Fund Manager	40%	As per Sector Capita Asset Services duration rating and see note 3
UK Government Gilts	UK sovereign rating	In-house and Fund Manager	40% In-house 100% Investec	In-house see note 1, Investec see note 2
Bonds issued by multilateral development banks	AAA	In-house and Fund Manager	20% in-house 40% Investec	In-house see note 1, Investec see note 2
Sovereign bond issues (other than the UK govt)	AAA	In-house and Fund Manager	20% in-house 40% Investec	In-house see note 1, Investec see note 2

Note 1. Award of "Creditworthiness" Colour by Sector Treasury services as detailed in paragraph 12.2 Capita Asset Services, Treasury Solutions

** If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

N.B. buy and hold may also include sale at a financial year end and repurchase the following day in order to accommodate the requirements of SORP.

Note 2, Inclusion within the Investec approved Counterparty list as detailed in Section 12.2.

Note 3, Investec limits – Portfolio average to be up to 3 years, individual investments to a maximum of 10 years.

2 TMP 2 PERFORMANCE MEASUREMENT

2.1 EVALUATION AND REVIEW OF TREASURY MANAGEMENT DECISIONS

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

For performance outcomes:

- a. we will establish monthly review meetings with the treasury management team
- b. reviews with our treasury management consultants
- c. annual treasury outturn report as reported to full council
- d. mid year review to full council
- e. comparative reviews
- f. strategic, scrutiny and efficiency, VFM reviews

2.1.1 Periodic reviews during the financial year

The Finance Support Manager, Principal Accountant and Treasury and Income Team Leader will introduce a monthly meeting to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts.

This will include :

- a. Total debt including average rate, actual rate and maturity profile
- b. Total investments including average rate, actual rate and maturity profile and changes to the above from the previous review and against the TMSS.

2.1.2 Reviews with our treasury management consultants

The treasury management team holds reviews with our consultants approximately every 4 months to review the performance of the investment and debt portfolios.

2.1.3 Annual Review after the end of the financial year

An Annual Treasury Outturn Report is submitted to the Council each year after the close of the financial year, which reviews the performance of the debt and investment portfolios. This report contains the following: -

- a. total debt and investments at the beginning and close of the financial year and average interest rates
- b. borrowing strategy for the year compared to actual strategy
- c. investment strategy for the year compared to actual strategy
- d. explanations for variance between original strategies and actual
- e. debt rescheduling done in the year
- f. actual borrowing and investment rates available through the year
- g. comparison of return on investments to the investment benchmark
- h. compliance with Prudential and Treasury Indicators
- i. other

2.1.4 Comparative review and benchmarking

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

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- other

2.2 Benchmarks and Calculation Methodology

Medway Council is a member of Treasury Management and Debt Management Benchmarking Clubs, which are run by CIPFA and Capita Benchmarking Club

Debt management

- Average rate on all external debt
- Average period to maturity of external debt

Investment

The performance of investment earnings will be measured against the following benchmarks: -

a. in house investments

- Other local authorities
- Other market products
- Cash fund manager
- Weighted average rate of return
- Weighted average maturity
- Weighted average credit risk

b. cash fund manager

- 7 day Local Authority Deposit Rate
- In-house treasury team

Performance will also be measured against other local authority funds with similar benchmark and parameters managed by other fund managers.

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

- 2.3.1 Treasury services will be procured in accordance with Council procurement rules that are set to establish value for money

3 TMP 3 DECISION-MAKING AND ANALYSIS

3.1 FUNDING, BORROWING, LENDING, AND NEW INSTRUMENTS/TECHNIQUES:

3.1.1 Records to be kept

The following records will be retained: -

- Daily cash balance forecasts
- Daily bank balances from Natwest bankline
- Investment limits & borrowing analysis
- Money market rates obtained by telephone from brokers
- Dealing sheet for all money market transactions
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly
- PWLB loan confirmations
- PWLB debt portfolio schedules
- Certificates for market loans, local bonds and other loans
- Contract notes received from fund manager
- Fund manager valuation statements

3.1.2 Processes to be pursued

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

3.1.3 Issues to be addressed

3.1.3.1. In respect of every treasury management decision made the Council will:

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

3.1.3.2 In respect of borrowing and other funding decisions, the Council will:

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

3.1.3.3 In respect of investment decisions, the Council will:

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

4 TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 APPROVED ACTIVITIES OF THE TREASURY MANAGEMENT OPERATION

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- the use of external fund managers (other than Pension Fund);
- leasing.

4.2 APPROVED INSTRUMENTS FOR INVESTMENTS

The latest version of the Treasury Management Strategy is appended to this document.

4.3 APPROVED TECHNIQUES

- Forward dealing
- LOBOs – lenders option, borrower's option borrowing instrument
- PWLB
- The use of structured products such as callable deposits

4.4 APPROVED METHODS AND SOURCES OF RAISING CAPITAL FINANCE

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

On Balance Sheet	Fixed	Variable
PWLB	●	●
European Investment Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●
Other Methods of Financing		
Government and EC Capital Grants		
Lottery monies		
PFI/PPP		
Operating leases		

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The responsible officer has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation to Officers Policy and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

4.5 INVESTMENT LIMITS

The Treasury Management Strategy Statement sets out the limits and the guidelines for use of each type of investment instrument.

4.6 BORROWING LIMITS

The Treasury Management Strategy Statement details the Prudential and Treasury Indicators.

5 TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 LIMITS TO RESPONSIBILITIES / DISCRETION AT COUNCIL/EXECUTIVE LEVELS

- a) The full Council will set the Prudential Indicators and revise them as and when necessary.
- b) The ~~Business Support Overview and Scrutiny Audit~~ committee, Cabinet and then Full Council will receive and review reports on treasury management policies, the annual treasury management strategies and the mid year report.
- c) The ~~Business Support Overview and Scrutiny Audit~~ committee and Cabinet will receive and review Treasury Management Practices.
- d) Cabinet and Audit Committee will receive and review the Annual Treasury Outturn report.
- e) Cabinet will receive and review Treasury Management monitoring reports.
- f) The Chief Finance Officer will be responsible for amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices.
- g) Cabinet will consider and approve the Treasury Management Budget.
- h) The ~~Business Support Overview and Scrutiny Audit~~ committee and Cabinet will approve the segregation of responsibilities via the TMP Schedules.
- i) The Finance Support Manager will receive and review external audit reports and put recommendations to the Audit Committee.
- j) Approving the selection of external service providers and agreeing terms of appointment will be decided by Cabinet in accordance with Financial Regulations.

5.2 PRINCIPLES AND PRACTICES CONCERNING SEGREGATION OF DUTIES

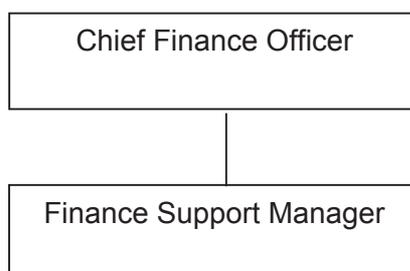
- a) Approvals of payments on Natwest Bankline payments system are segregated from input of payments.
- b) Treasury paperwork approval is segregated from approval of payments on Bankline.
- c) A check is made by the approver on the validity of the deals and that all payments due are being made.

5.3 TREASURY MANAGEMENT ORGANISATION CHART

All decisions on borrowing, investing or financing are delegated by Medway Council to the Chief Finance Officer. Further delegation of responsibility is made by the Chief Finance Officer to his staff, who are all required to act in accordance with CIPFA's code on Treasury Management.

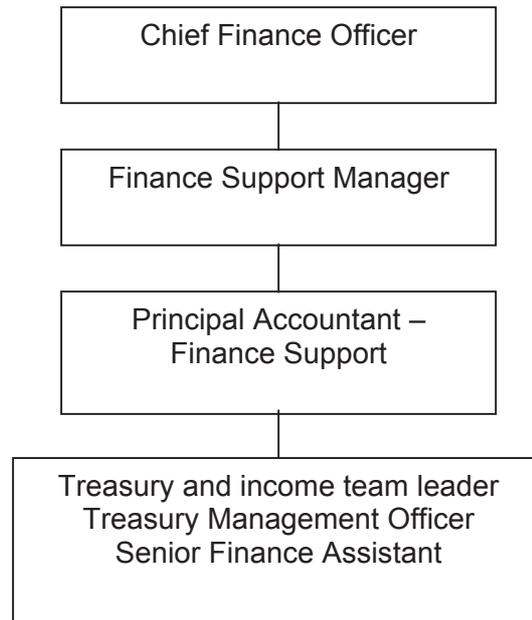
The structure for decision-making and delegation of responsibility for long-term borrowing is as follows: -

1. Strategy and decisions on borrowing and lending.



It is the responsibility of the Finance Support Manager to prepare the annual strategy for approval by the Chief Finance Officer. In addition he will consider and decide on detailed proposals for borrowing and investment made by the Finance Support Manager

2. Day to day cash flow management delegated to the Finance Support Manager and Treasury Team



5.4 STATEMENT OF DUTIES/RESPONSIBILITIES OF EACH TREASURY POST

5.4.1 Chief Finance Officer

The Chief Finance Officer will:

- a) Ensure that the treasury system is specified and implemented
 - b) Submit budgets and budget variations in accordance with Financial Regulations and guidance.
 - c) In setting the prudential indicators, the Chief Finance Officer will be responsible for ensuring that all matters are taken into account and reported to the Council so as to ensure the Council's financial plans are affordable, prudent and sustainable in the long term.
 - d) Establish a measurement and reporting process that highlights significant variations from expectations.
 - e) In extreme circumstances make reports to the Council under S114 of the Local Government Finance Act 1988 (Scotland – S95 of the Local Government (Scotland) Act 1973) if the Chief Finance Officer considers the Council is likely to get into a financially unviable situation.
 - f) Review the performance of the treasury management function and promote best value reviews.
 - g) Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
 - h) Ensure the adequacy of internal audit, and liaising with external audit.
 - i) Recommend on appointment of external service providers in accordance with council standing orders.
1. The Chief Finance Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.

2. The Chief Finance Officer may delegate his power to borrow and invest to members of his staff. The Finance Support Manager, the Principal Accountant Finance Support, the Treasury and Income Team Leader, the Treasury Management Officer or Senior Finance Assistant must conduct all dealing transactions, or staff authorised by the Chief Finance Officer to act as temporary cover for leave/sickness. All transactions must be authorised by an approver who did not conduct the dealing transaction.
3. The Chief Finance Officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
4. Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Chief Finance Officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations
5. It is also the responsibility of the Chief Finance Officer to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.4.2 Finance Support Manager – Treasury Manager

The responsibilities of this post will be: -

- a) Recommend clauses, treasury management policy / practices for approval, reviewing the same on a regular basis, and monitoring compliance.
- b) Submit treasury management reports as required to the ~~Business Support Overview and Scrutiny Audit~~ committee and then to full Council.
- c) Execution of transactions and conduct of other day-to-day activities in accordance with the Treasury Management Practices.
- d) Adherence to agreed policies and limits.
- e) Managing the overall treasury management function.
- f) Supervising treasury management staff.
- g) Ensuring appropriate segregation of duties
- h) Monitoring performance on a day-to-day basis.
- i) Submitting management information reports to the Chief Finance Officer.
- j) Maintaining relationships with third parties and external service providers and reviewing their performance.

5.4.3 The Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the Chief Finance Officer reports as required to the ~~Business Support Overview and Scrutiny Audit~~ committee, Cabinet and full Council on treasury policy, activity and performance.

5.4.4 The Monitoring Officer – the Head of Legal Services

The responsibilities of this post will be: -

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

5.4.5 Internal Audit

The responsibilities of Internal Audit will be: -

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

5.5 ABSENCE COVER ARRANGEMENTS

At least 2 members of the Treasury Team are available at all times or emergency back up is available. There will be at least three members of staff confident in the undertaking of the daily Treasury activities within the team. There are 6 officers who may approve treasury transactions and a rota is set on a weekly basis to ensure that there are always at least 2 approvers available. Approvals can also be done remotely from any internet terminal.

5.6 DEALING LIMITS

- The dealer must adhere to the agreed lending list. This controls counterparty risk. The dealer is not restricted in who they may borrow from, here the risk is with the counterparty. However the dealer must be aware of the possibility that any counterparty may be “laundering money”.
- Limits on those institutions that the dealer may lend to are set out in these Treasury Management Practices. There is a maximum limit to the deals that may be open with them at any one time. At present, the limits for authorised counterparties is between £10m and £20m depending upon rating for the in-house team or 20% of the Portfolio for Investec. There is also a country limit of £40m save for the UK where there is not a limit for the in-house treasury team. This ensures diversification and therefore decreases risk. This system of limits is discussed in schedule one of this document.
- All treasury management decisions undertaken must adhere to the framework and strategy set out in the Treasury Policy Statement and their schedules. Decisions must operate within limits set by statutory instruments, codes of practice and other regulatory criteria. The dealer must ensure that they are operating within their own limits to decision making as described in part 5.6 of this schedule. A dealer should not assume they have unlimited responsibility by being aware of the responsibilities of others as specified in 5.4.

5.7 LIST OF APPROVED BROKERS

A list of approved brokers is maintained within the Treasury Team and a record of all transactions recorded against them. See TMP 11.1.2.

5.8 POLICY ON BROKERS' SERVICES

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

5.9 POLICY ON TAPING OF CONVERSATIONS

It is not the Council's policy to tape brokers conversations

5.10 DIRECT DEALING PRACTICES

The Council will consider dealing direct with counterparties if it is appropriate and the Council believes that better terms will be available. At present, most deals are arranged through direct deals for investments. There are certain types of accounts and facilities, where direct dealing is required, as follows;

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

5.11 SETTLEMENT TRANSMISSION PROCEDURES

Funds that are due to be paid to a named counterparty or payee are transmitted by electronic transfer using the NatWest Clearing House Automated Payments System (or CHAPS). This method allows the transfer of funds from Medway Council's bank accounts to a receiver's account, without need to inform the bank. Medway Council can also receive payments via CHAPS/BACS; the Medway General Account is the designated account for inward payments account no. 90502094 outward payments are made from account no. 90502108.

CHAPS/BACS instructions are entered by the dealer onto the internet Bankline system. Notification of incoming payments is by bank fax. Approved managers authorise and action the payments using a secure system. An audit trail is maintained on the internet Bankline system that shows what was approved, and by whom. Bankline generates a unique reference number for each payment by which it can be tracked and all information is held against.

The close of business daily is as follows: -

	Close of Business	Latest time for payment release
CHAPS	17:00	15:49 or 16:49 for Natwest accounts
BACS	17:00	18:15

There is no minimum threshold on how small a payment can be. There is however an upper limit on total payments made. The total payments may not exceed £10m; if this limit is likely to be breached contact must be made with Nat West informing them of this situation.

There are three levels of users for Bankline; input, approval and two administrators. The Finance Support section maintains a list within Bankline of which members of staff are authorised to access CHAPS/BACS. It also lists the various transactions they are authorised to carry out. In the event of the Bankline system failing instructions for CHAPS/BACS are faxed to Natwest. An authorised signatory countersigns this document.

The dealer enters payments via Bankline and verifies their accuracy, confirming details.

The approver is able to view the payment and approve the transmission of funds after checking the verified entry to the documentation supplied by the dealer. For security reasons no user can enter and then release payments.

The administrators can either enter or approve payments (but not both) as they are set up as "dual" administrators but both would have to approve material changes. They arrange the system privileges that are conferred upon specific users of the Bankline system.

5.12 DOCUMENTATION REQUIREMENTS

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

6 TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGMENTS

6.1 ANNUAL PROGRAMME OF REPORTING

- a) Annual reporting requirements before the start of the year: -
 - review of the organisation's approved clauses, treasury management policy statement and practices
 - strategy report on proposed treasury management activities for the year comprising of the Treasury management strategy statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement
- b) Mid-year review
- c) Annual review report after the end of the year

6.2 ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT

The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to ~~Business Support Overview and Scrutiny Audit~~ committee, Cabinet and then to the full Council for approval before the commencement of each financial year.

The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter -term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

The Treasury Management Strategy Statement is concerned with the following elements:

- Prudential and Treasury Indicators
- the current treasury portfolio
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- the MRP strategy

The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios.

6.3 THE ANNUAL INVESTMENT STRATEGY STATEMENT

At the same time as the Council receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The Council's risk appetite in respect of security, liquidity and optimum performance
- b) The definition of high credit quality to determine what are specified investments as distinct from non specified investments
- c) Which specified and non specified instruments the Council will use
- d) Whether they will be used by the in house team, external managers or both

- e) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- f) Which credit rating agencies the Council will use
- g) How the Council will deal with changes in ratings, rating watches and rating outlooks
- h) Limits for individual counterparties and group limits
- i) Country limits
- j) Levels of cash balances
- k) Interest rate outlook
- l) Budget for investment earnings
- m) Use of a cash fund manager
- n) Policy on the use of external service providers

6.4 THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT

This statement will set out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.5 POLICY ON PRUDENTIAL AND TREASURY INDICATORS

The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.

The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to the full Council

6.6 MID YEAR REVIEW

The Council will review its treasury management activities and strategy on a six monthly basis. This review will consider the following: -

- a) activities undertaken
- b) variations (if any) from agreed policies/practices
- c) interim performance report
- d) regular monitoring
- e) monitoring of treasury management indicators for local authorities.

6.7 ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY

An annual report will be presented to the ~~Business Support Overview and Scrutiny~~ Audit committee and then to the full Council at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following: -

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

6.8 MANAGEMENT INFORMATION REPORTS

Management information reports will be prepared every month by the Treasury and Income Team Leader and will be presented to the Principal Accountant.

These reports will contain the following information: -

- a) A summary of transactions executed and reconciled;
- b) degree of compliance with original strategy and explanation of variances.
- c) Any non-compliance with Prudential limits or other treasury management limits.

6.9 PUBLICATION OF TREASURY MANAGEMENT REPORTS

The Treasury Management Strategy, mid year review and outturn reports will all be published on the internet as part of Committee Agendas and Reports.

7 TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 STATUTORY/REGULATORY REQUIREMENTS

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

7.2 ACCOUNTING PRACTICES AND STANDARDS

Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities in Great Britain.

7.2 BUDGETS / ACCOUNTS / PRUDENTIAL INDICATORS

The Finance Support Manager will prepare a three-year medium term financial plan with Prudential Indicators for treasury management, which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Finance Support Manager will exercise effective controls over this budget and monitoring of performance against Prudential Indicators, and will report upon and recommend any changes required in accordance with TMP6.

7.3 LIST OF INFORMATION REQUIREMENTS OF EXTERNAL AUDITORS

- Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- Maturity analysis of loans outstanding
- Certificates for new long term loans taken out in the year
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential Indicators
- Review of observance of limits set by Prudential Indicators
- Calculation of the Minimum Revenue Provision
- External fund manager(s) valuations including investment income schedules and movement in capital values.

7.4 Quarterly Budget Monitoring Report

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

8 TMP 8 CASH AND CASH FLOW MANAGEMENT

8.1 ARRANGEMENTS FOR PREPARING/SUBMITTING CASH FLOW STATEMENTS

Cash flow projections are prepared annually, but are reviewed daily. The annual cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

The framework for cash flow projection is set up on a spreadsheet a year in advance, projected forward for the whole of the following year. The model contains all sources of income and expenditure as they appear on the bank statements, grant schedules and creditor payments for previous periods. An estimate for movement on school balances and capital expenditure is also included. A summarised cash flow is produced forecasting cash balances for four years.

8.2 BANK STATEMENTS PROCEDURES

The Council receives daily bank statements and a daily download of data from its bank. All amounts on the statement are checked to source data from Payroll, Creditors etc. The Control Team undertakes a formal bank reconciliation on a weekly basis for the Housing Benefit Account and fortnightly for the General Account and Creditors Account.

8.3 PAYMENT SCHEDULING AND AGREED TERMS OF TRADE WITH CREDITORS

Our policy is to pay creditors within 30 days of the invoice date and this effectively schedules the payments. Certificated payments to sub-contractors must be paid immediately where possible.

8.4 ARRANGEMENTS FOR MONITORING DEBTORS / CREDITORS LEVELS

The Finance Manager Exchequer is responsible for monitoring the levels of debtors and creditors. Details are passed to the treasury team on a daily basis to assist in updating the cash flow models.

8.5 PROCEDURES FOR BANKING OF FUNDS

All money received by an officer on behalf of the Council will without unreasonable delay be passed to the cashiers team to deposit in the Council's banking accounts.

8.6 PRACTICES CONCERNING PREPAYMENTS TO OBTAIN BENEFITS

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

9 TMP 9 MONEY LAUNDERING

9.1 PROCEEDS OF CRIME ACT 2002 (POCA)

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

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

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

9.2 The Terrorism Act 2000

This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

9.3 The Money Laundering Regulations 2007

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FSA) are required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions. In December 2007 the UK Government published the Money Laundering Regulations 2007, which replaced the Money Laundering Regulations 2003.

9.4 Local authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the POCA, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly this Council will do the following: -

- a) evaluate the prospect of laundered monies being handled by them
- b) determine the appropriate safeguards to be put in place
- c) require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
- d) make all its staff aware of their responsibilities under POCA
- e) appoint a member of staff to whom they can report any suspicions. This person is the Monitoring Officer.

- f) in order to ensure compliance is appropriately managed, this Council will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel.
- g) The officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures is the Monitoring Officer and it shall be a requirement that all services and departments implement this corporate policy and procedures.

9.5 Procedures for Establishing Identity / Authenticity Of Lenders

It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, there is a need for due diligence and this will be effected by following the procedures below.

Before accepting loans from individuals, the Council will confirm the identity of the lender.

9.6 Methodologies for Identifying Deposit Takers

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FSA register can be accessed through their website on www.fsa.gov.uk).

All transactions will be carried out by BACS or CHAPS for making deposits or repaying loans.

9.7 Council Constitution

Council-wide Anti-money laundering policy is included in the Council's Constitution. Details can be found at <http://www.medway.gov.uk/pdf/5.11%20-%20Anti-Money%20Laundering%20Policy21%20August%202013.pdf>

10 TMP 10 TRAINING AND QUALIFICATIONS

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals: -

- a) Treasury management staff employed by the Council
- b) Members charged with governance of the treasury management function

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Professional Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Finance Support Manager to ensure that all staff under his / her authority receive the level of training appropriate to their duties. This will also apply to those staff who from time to time cover for absences from the treasury management team.

10.1 DETAILS OF APPROVED TRAINING COURSES

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

10.2 RECORDS OF TRAINING RECEIVED BY TREASURY STAFF

The Finance Support Manager will maintain records on all staff and the training they receive.

10.3 APPROVED QUALIFICATIONS FOR TREASURY STAFF

Preferably CIPFA or alternatively CCAB
AAT
NVQ in Accounting
Relevant Degree
AMCT Diploma in Treasury (Joint ACT/CIPFA)

10.4 QUALIFICATIONS OF TREASURY STAFF

Finance Support Manager – CIPFA
Principal Accountant – CIPFA
Treasury Management Officer – NVQ3 in Accounting

10.5 RECORD OF SECONDMENT OF SENIOR MANAGEMENT

Records will be kept of senior management who are seconded into the treasury management section in order to gain first hand experience of treasury management operations.

10.6 STATEMENT OF PROFESSIONAL PRACTICE (SOPP)

1. The Chief Financial Officer is a member of a CCAB body and there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.7 Member training records

Records will be kept of all training in treasury management provided to members.

10.8 Members charged with governance

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

11 TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

11.1 DETAILS OF CONTRACTS WITH SERVICE PROVIDERS, INCLUDING BANKERS, BROKERS, CONSULTANTS, ADVISERS

This Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in house treasury management team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

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

11.1.1 Banking services

- a) Name of supplier of service is the Natwest Bank.
- b) The branch address is:
Chatham Branch
148 High Street
Chatham
Kent ME4 4DJ
- c) Contract commenced 01/10/05
- d) Cost of service is variable depending on schedule of tariffs and volumes
- e) Payments due monthly and quarterly

11.1.2 Money-broking services

The Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers. The performance of brokers is reviewed by the Finance Support Manager and principal account every year to see if any should be taken off the approved list and replaced by another choice and will make appropriate recommendations to change the approved brokers list to the Chief Finance Officer.

Name of broker

Tradition UK Ltd
Sterling International Brokers Ltd
Tullett Prebon (UK) Ltd
Martin Brokers (UK) Ltd
ICAP plc

11.1.3 Consultants'/advisers' services

Treasury Consultancy Services

The Council will seek to take expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its approved lending list etc.

The Finance Support Manager will review the performance of consultants every year to check whether performance has met expectations.

- a) Name of supplier of service is ~~Sector Treasury Services Limited~~ Capita Asset Services
Their address is ~~17 Rochester Row, London SW1P 1QT~~ 71 Victoria Street, London, SW1 0XA Tel: 0871 6646800
- b) Regulatory status: investment adviser authorised by the FSA
- c) Contract commenced 30/04/2013 and runs for 1 year.
- d) Cost of service is £19,000 per year.
- e) Payments due in May and November.

External Fund Managers

- a) Name of supplier of service is Investec Asset Management Limited.
- b) Regulatory status: external fund manager authorised by the FSA
- e) Their address is:
2 Gresham Street
London EC2V 7QP
- b) Contract commenced 01/4/01 and is reviewed on a regular basis.
- d) Fee scale is 0.15% on the first £15m and 0.125% for fund balances exceeding £15m. Fees are deducted quarterly from the income received.
- e) The fund guidelines, limits, benchmarks and targets agreed with the manager are contained in the investment management agreement.
- f) Valuations and performance data versus the benchmark are provided by the manager monthly. Fund performance review meetings are held semi-annually.

Other Consultancy services may be employed on short-term contracts as and when required.

11.1.4 Credit rating agency

The Council receives a credit rating service through its treasury management consultants, the costs of which are included in the consultant's annual fee.

11.2 PROCEDURES AND FREQUENCY FOR TENDERING SERVICES

See TMP2

12 TMP 12 CORPORATE GOVERNANCE

12.1 LIST OF DOCUMENTS TO BE MADE AVAILABLE FOR PUBLIC INSPECTION

- a. The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.
- b. It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.
- c. The following documents are available for public inspection: -
 - Treasury Management Policy Statement
 - Treasury Management Strategy Statement includes Prudential Indicators and Annual Investment Strategy
 - Minimum Revenue provision policy statement
 - Annual Treasury Review Report
 - Treasury Management monitoring reports (e.g. half yearly)
 - Annual accounts and financial instruments disclosure notes
 - Annual budget
 - 3-Year Capital Plan

Minutes of Council / Cabinet / committee meetings

Schedule of all external funds managed by the Council on behalf of others and the basis of attributing interest earned and costs of these investments.

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CABINET
11 FEBRUARY 2014
HOMELESSNESS PREVENTION STRATEGY
2014 – 2016
ADDENDUM REPORT

Portfolio Holder: Councillor Howard Doe, Housing and Community Services
Report from: Robin Cooper, Director Regeneration, Community and Culture
Author: Matthew Gough, Head of Strategic Housing

Summary

This addendum report sets out details of the discussion on the Homelessness Prevention Strategy at the Business Support Committee on 4 February 2014.

1. Background

- 1.1 The Business Support Overview and Scrutiny Committee considered the Homelessness Prevention Strategy on 4 February 2014.
- 1.2 The Council's Head of Strategic Housing introduced the report by advising that the draft Homelessness Prevention Strategy set out how Medway Council in partnership with stakeholders would tackle and prevent homelessness. The Strategy would influence services which contribute to preventing homelessness such as education and health. The Strategy was a flexible document through to 2016 and would be regularly reviewed to ensure it remained relevant.
- 1.3 Homelessness Act 2002 placed a statutory obligation on local authorities to undertake a review of homelessness in their area and, based on the findings, to develop and publish a strategy to tackle and prevent homelessness at least every five years.
- 1.4 Strategy had been developed in a challenging climate. Individually factors such as the economy, unemployment, the welfare system and difficult housing market conditions could disproportionately affect vulnerable people and increase the risk of homelessness. The Strategy also recognised that homelessness is a complex problem with multiple causes requiring flexible solutions and the delivery of innovative services in order to reach the increasing number of people affected.

1.5 Members then raised a number of issues and questions including:

- Homelessness Prevention Strategy Action Plan 2014/16 - the Strategy was welcomed. With a specific request to clarify targets in association with the Government “Making Every Contact Count” Standard.
- Private Sector Housing - the Committee asked if details were provided within the narrative about the work being done to provide support and advice to tenants of Landlords who decide to serve a notice to quit in order to sell their property as this seemed to be happening with increasing frequency. In response to a concern about the advice being provided to tenants by housing officers the Committee was assured that advice provided by officers to tenants in receipt of a Section 21 notice was always intended to clarify the legal position and the process involved. Officers also give advice on how tenants can manage the transition from one property to another and will signpost them to other useful organisations such as the Citizens Advice Bureau. It was noted that private sector tenancies are time limited and that the option of a Council house was not available to the vast majority of tenants who’s tenancy would be ending in the private sector. Officers would always assist in identifying the range of possible options including Home Bonds, Deposit Schemes and Debt advice.
- Houses in Multiple Occupation (HMO’s) - Member sought clarification around the extent of the current inspection regime for non-licensable HMO’s. Officers referred Members to the recent Member briefing note provided following the last Committee in which the details of the regime were set out. Officers were able to confirm that Medway was one of a minority of local authorities who have undertaken inspections of both licensable and non-licensable HMO’s. The programme targets medium and high risk HMOs. Officers confirmed that the majority of HMOs have been inspected and that action will always be taken in relation to those defined a Category 1 hazard.
- Members noted the proposed action in relation to Rogue landlords, Officers confirmed that additional Government funding had been secured to target specific rogue landlords.
- Members asked that the list of trigger points be amended to include debt and employment on page 79.
- Volunteers - In respect of the Strategic Aim 2 Members asked for clarification of the item under the heading of Housing Solutions Service in respect of the volunteers who could assist with the development of service mapping. Officers confirmed that this network would comprise a range of partners and stakeholders from voluntary and third sector organisations many of whom are part of the Homelessness Forum.
- Rough Sleepers – Members welcomed the proposed assessment of need for a winter shelter, which would be taken forward under the strategy.
- Home Bond – the Committee discussed the refusal of some Landlords to accept Home Bond clients and noted that they could not be compelled to do so. Officers emphasised that Home Bond clients needed to be very

proactive in terms of exploring a variety of options, letting agents and locations and that the Council was working to improve the information available to reinforce this message and to manage client's expectations.

- Another Member advised that he regularly dealt with enquiries from potentially homeless people and thanked Officers for their competent, conscientious and prompt responses.

2. Director's Comments

2.1 The comments of the Business Support Overview and Scrutiny Committee are welcomed. With regard to the Committee's comments on the provision of advice and assistance, in relation to the ending of tenancies, this is provided under the first two strategic aims.

2.2 It is proposed that in respect of the points raised by the Committee, the following revisions are made to the draft Homelessness Prevention Strategy as set out at Appendix 1 to the Cabinet report:

- Additional trigger points of debt and employment are included in Strategic Aim one (page 217 of the Cabinet agenda).
- Points 1.4, 1.6, 1.7 and 1.18 of the Action Plan are clarified in terms of these target being in connection with the Government's Guidance "Making Every Contact Count" as set out below:

1.4	Ensure that there is a "Homeless Champion" within the Housing Options Team, HomeChoice Team, Social Care, Public Health and Education Department.	No additional resources required	There is a Corporate Commitment to tackle homelessness <u>and to meet the Government's Gold Standard as set out within "Making Every Contact Count"</u> .	Roll out programme from October 2014
1.6	Identify opportunities to engage and consult with young people to consider improvements in services, accommodation and support provision	Delivered through Housing Options and Housing Related Support. No resources required	Services are developed in consultation with young people <u>and to meet the Government's Gold Standard as set out within "Making Every Contact Count"</u> .	Consultation undertaken by April 2015 and improvements to services implemented by October 2015

1.7	Provide briefings to partner agencies and stakeholders to raise awareness around youth homelessness and the local services available to support young people	No additional resources required	Young people are given consistent, appropriate advice by services across all agencies <u>and to meet the Government's Gold Standard as set out within "Making Every Contact Count"</u>	Briefings undertaken by September 2014 and periodically updated
1.18	Work in partnership with Affordable Housing Providers to ensure that there is programme of back to work support available in Medway	To be delivered in association with Affordable Housing Providers	Support people to access employment <u>and to meet the Government's Gold Standard as set out within "Making Every Contact Count"</u>	Programme in place by April 2015 and monitored on a quarterly basis

Recommendation:

That the Cabinet be recommended to approve the Homelessness Prevention Strategy 2014-2016 and the actions set out in the Action Plan, taking into account the revisions set out above.

Lead officer contact:

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CABINET

11 FEBRUARY 2014

SPECIAL EDUCATIONAL NEEDS HOME TO SCHOOL TRANSPORT – TRANSFER TO MEDWAY NORSE ADDENDUM REPORT

Portfolio Holders: Councillor Mike O'Brien, Children's Services (Lead Member)
Councillor Phil Filmer, Front Line Services

Report from: Barbara Peacock, Director of Children and Adults Services
Robin Cooper, Director of Regeneration, Community and Culture

Author: Steve Hewlett, Head of Integrated Transport
David Tappenden, Transport Change Manager

Summary:

This addendum report provides Cabinet with an update on discussions between the Council and Medway Norse regarding the proposed transfer of staff.

1. Background

- 1.1 Since publication of the Cabinet agenda on 3 February 2014, officers have initiated the first mobilisation meeting for the commencement of transport at Warren Wood School, Brompton Academy and Rivermead School with Medway Norse. At this meeting Medway Norse colleagues confirmed that it will no longer be necessary for Council Transport Procurement Unit (TPU) staff to second to Medway Norse, as issues concerning pension transfer which prevented immediate TUPE transfer have now been resolved.
- 1.2 TPU staff responsible for the management of SEN transport contracts will now be able to TUPE to Medway Norse on 1 April 2014 in line with the proposed transfer of SEN transport management to Norse.
- 1.3 It is necessary to set out a revised recommendation below to reflect the revised position regarding the transfer of staff to Medway Norse on 1 April 2014.

2. Revised recommendation

2.1 That Cabinet agrees to:

- Transfer SEN transport route management and notes the transfer of associated TPU staff to Medway Norse with effect from 1 April 2014.
- The novation or assignment to Medway Norse of existing contracts for SEN Transport
- The commencement of a procurement for Write Trak transport, Respite transport and a new Spot Purchase Transport Framework.

Lead officer contact:

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Department	Integrated Transport	Directorate	Regeneration, Community & Culture
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