

COUNCIL MEETING

MONDAY 7th OCTOBER 2013

**AT 6:00PM
IN THE COUNCIL CHAMBER
COUNCIL HOUSE
DUDLEY**

**SUMMONS, AGENDA
AND REPORTS**

If you (or anyone you know) is attending the meeting and requires assistance to access the venue and/or its facilities, could you please contact Democratic Services in advance and we will do our best to help you

**STEVE GRIFFITHS
DEMOCRATIC SERVICES MANAGER
TEL: 01384 815235**

**You can view information about Dudley MBC on
www.dudley.gov.uk**

Members are asked to send advance notice of interests by email to steve.griffiths@dudley.gov.uk by 12.00 noon on Friday, 4th October, 2013

**THE SEATING PLAN WILL BE
DISPLAYED AT THE MEETING**

DUDLEY METROPOLITAN BOROUGH

You are hereby summoned to attend a meeting of the Dudley Metropolitan Borough Council to be held at the Council House, Priory Road, Dudley on Monday, 7th October, 2013 at 6.00 pm for the purpose of transacting the business set out in the in the numbered agenda items listed below.



DIRECTOR OF CORPORATE RESOURCES

27th September, 2013

A G E N D A

PRAYERS

1. APOLOGIES FOR ABSENCE
2. TO RECEIVE DECLARATIONS OF INTEREST IN ACCORDANCE WITH THE MEMBERS' CODE OF CONDUCT
3. MINUTES

To approve as a correct record and sign the minutes of the meeting of the Council held on 15th July, 2013 (Pages CI/17 - CI/21)

4. MAYOR'S ANNOUNCEMENTS
5. TO RECEIVE REPORTS FROM MEETINGS AS FOLLOWS:

PAGES

From To

Meeting of the Cabinet held on 18th September, 2013

Councillor Sparks to move:

- | | | |
|---|---|----|
| (a) Capital Programme Monitoring | 1 | 6 |
| (b) Report of the Independent Remuneration Panel on Members' Allowances | 7 | 15 |

Continued...

Councillor Foster to move:

(c) Adoption of the Halesowen Area Action Plan 16 17

(d) Adoption of the Stourbridge Area Action Plan 18 19

Meeting of the Audit and Standards Committee dated 19th September, 2013

(e) Code of Conduct for Employees 20 37

(f) Treasury Management 38 46

6. NOTICE OF MOTION

To consider the following notice of motion received from Councillor J Martin on 20th September, 2013:

“This Council:

Notes that the ‘Bedroom Tax’ (disingenuously referred to by the Conservative led Government as their spare room subsidy) will hit hundreds of the poorest households in the Dudley Borough. The Equality Impact Assessment conducted by the Government estimates that two thirds of affected households include a person with a disability.

Believes that the policy will fail as forcing tenants to move to smaller, but in many cases, more expensive private rented accommodation will in many cases lead to higher benefit payments.

Notes that the Bedroom Tax will do nothing to help those on the Council's housing waiting list.

Believes that with house building at the lowest level since the 1920's, Government should be investing in new social housing in the borough creating real homes, rather than making clumsy and punitive benefit cuts that penalise the least well off.

Calls on registered social landlords operating in the Borough to refrain from seeking possession of properties where arrears are substantially due to tenants struggling to cope with the impact of the ‘Bedroom Tax’.

Asks the Government to axe the Bedroom Tax (spare room subsidy), which will cut the benefit paid to some of Dudley Borough's most vulnerable residents.

Calls upon the Chief Executive to write to the Secretary of State for the Department of Work and Pensions asking the Government to repeal the Bedroom Tax (spare room subsidy) as a matter of urgency.”

7. TO ANSWER QUESTIONS UNDER COUNCIL PROCEDURE RULE 11
8. TO CONSIDER ANY BUSINESS NOT ON THE AGENDA WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED AT THE MEETING AS A MATTER OF URGENCY UNDER THE PROVISIONS OF SECTION 100(B)(4) OF THE LOCAL GOVERNMENT ACT 1972

DUDLEY METROPOLITAN BOROUGH

MINUTES OF THE PROCEEDINGS OF THE COUNCIL AT THE MEETING HELD ON MONDAY 15TH JULY, 2013 AT 6.00 PM AT THE COUNCIL HOUSE, DUDLEY

PRESENT: -

Councillor A Finch (Mayor)
Councillor M Aston (Deputy Mayor)
Councillors A Ahmed, K Ahmed, Ali, Mrs Ameson, Arshad, A Aston, Attwood, Bills, Blood, Body, Boleyn, Branwood, Burston, Caunt, Cotterill, Cowell, Crumpton, Elcock, Evans, K Finch, Foster, Hanif, Harley, Harris, Hemingsley, Herbert, Hill, Islam, James, J Jones, L Jones, Jordan, Kettle, Marrey, J Martin, Mrs P Martin, Miller, Mottram, Ms Nicholls, Perks, Ridley, Mrs Rogers, Russell, Mrs Shakespeare, Sparks, Sykes, Taylor, Mrs H Turner, K Turner, S Turner, Tyler, Vickers, Mrs Walker, Waltho, Mrs Westwood, Wood, Woodall, Wright and Zada, together with the Chief Executive and other Officers.

PRAYERS

The Mayor's Chaplain led the Council in prayer.

16 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Mrs Billingham, Casey, Duckworth, Hale, Lowe, Partridge, Roberts, Mrs Simms, C Wilson and M Wilson.

17 DECLARATIONS OF INTEREST

Declarations of interests, in accordance with the Members' Code of Conduct, were made by the following Members:

Councillor Wright – Minute No. 88 of the Development Control Committee (Plan No. P13/0316 – Rear of 34 Linnet Close, Halesowen and Plan No. P13/0260 – 20 Ferndale Park, Pedmore) - Non-pecuniary interests as the applicants were personally known to him as friends.

Councillor Mrs Rogers – Minutes of the Ernest Stevens Trusts Management Committee – Non-pecuniary interest as Chair of the Friends Group for Mary Stevens Park and Swinford Common and in relation to her involvement with the Project Implementation Team – Heritage Lottery Bid for Mary Stevens Park.

Councillor Hanif – Minutes of the Ernest Stevens Trusts Management Committee – Non-pecuniary interest as an attendee at meetings of Friends of Parks Groups.

Councillor K Turner – Note 7 of the Belle Vale, Hayley Green and Cradley South Community Forum (Funding Application – Halesowen and Rowley Regis Rotary Club) – Non-pecuniary interest in view of his involvement with the organisation.

Councillor Wright - Any references to Midland Heart - Non-pecuniary interest as a tenant of Midland Heart.

Councillor Crumpton - All matters affecting schools - Non-pecuniary interest as a relative worked as a supply teacher.

Councillor A Aston – All matters relating to West Midlands Ambulance Service (WMAS) – Pecuniary interest as an employee of WMAS.

Councillor Boleyn – Minute No. 10(iv) of the Development Control Committee – Plan No. P12/0619 - Former Stuart Crystal Works - Pecuniary interest in view of employment as Secretary to the Trustees of British Glass Foundation.

Councillor Body - Agenda Item No. 5(b) (Capital Programme Monitoring and Other Budget Issues) – reference to Changing Rooms at Homer Hill Park, Cradley - Non-pecuniary interest as the Chair of the Friends of Homer Hill Park.

Councillor Vickers - Minute No. 40 of the Dudley Health and Wellbeing Board – reference to Black Country Partnership NHS Foundation Trust and any references to mental health issues - Non-pecuniary interest as a stakeholder governor in the Trust.

Councillor Miller - Delegated Decision No. 60 – New Instrument of Government for Fairhaven Primary School - Non-pecuniary interest as Chairman of Governors.

18 MINUTES

RESOLVED

That the minutes of the annual meeting of the Council held on 16th May, 2013, be approved as a correct record and signed.

19 MAYOR'S ANNOUNCEMENTS

(a) Environment Zone – Roberts Primary School

The Mayor reported that the Environment Zone, based at Roberts Primary School, had achieved the Keep Britain Tidy Group Green Flag status as part of the Eco-Centres Award. Following remarks by Councillor Crumpton, the Mayor presented the award to Mr G deSathmary and the Council expressed congratulations to all concerned regarding this achievement.

(b) Dr John Gilbert, Margaret Bowkley and George Davies

The Mayor referred in sympathetic terms to the recent deaths of Dr John Gilbert (Baron Gilbert of Dudley), former Councillor Margaret Bowkley and Councillor George Davies. The Council observed a period of silence as a token of respect to their memory. Members of the Council then paid individual tributes.

(c) Lister Road Golf Day

The Mayor reported that the Lister Road Golf Day on 24th May, 2013 had raised £135 for the Mayor's Charity Fund.

(d) Armed Forces Day

The Mayor expressed thanks to everyone involved in organising and supporting Armed Forces Day on 30th June, 2013.

(e) Forthcoming Events

The Mayor reported that:

- The Charity Cricket Match between Members and Officers had been postponed due to inclement weather on 28th June, 2013. A new date would be arranged in due course.
- The Annual Charity Football Tournament would be at Redhill School on 15th August, 2013.
- The Great Black Country Run would take place through Halesowen on 22nd September, 2013.
- A 'Spotlight' on Disability event would be held at Dudley Town Hall on 22nd October, 2013.
- The Civic Carol Service would be held on 18th December, 2013 at the Church of St Thomas, Dudley (Top Church).

20 COUNCIL PLAN 2013/16

A report of the Cabinet was submitted.

It was moved by Councillor Sparks, seconded by Councillor Hanif and

RESOLVED

That the Council Plan 2013/16 be endorsed and that the alignment of Cabinet priorities to Council Plan and Directorate Strategic Plans be noted.

21 CAPITAL PROGRAMME MONITORING AND OTHER BUDGET ISSUES

A report of the Cabinet was submitted.

It was moved by Councillor Sparks, seconded by Councillor Hanif and

RESOLVED

- (1) That the 2013/14 General Fund revenue budget be amended to reflect:
 - the receipt of £0.511m of Council Tax Support Transitional Grant, as referred to in paragraph 5 of the report now submitted;
 - the net saving of £0.170m resulting from economies of scale in the provision of support services to Public Health, as set out in paragraph 6 of the report now submitted.
- (2) That a 50% Empty Homes Premium be implemented from 1st April, 2014 to properties that have been unoccupied for more than two years, as referred to in paragraph 7 of the report now submitted.
- (3) That the current progress with the 2013/14 Capital Programme, as set out in Appendix A to the report now submitted, be noted.
- (4) That the budget for Disabled Facilities Grants be approved and included in the Capital Programme, as set out in paragraph 10 of the report now submitted.
- (5) That up to £370,000 (subject to final negotiations on land value) be allocated to support the Cradley Extra Care Housing development and that this expenditure be included in the Capital Programme, as set out in paragraph 11 of the report now submitted.
- (6) That the additional Integrated Transport Authority capital funding be used to increase the Integrated Transport programme, and that the Capital Programme be amended accordingly, as set out in paragraph 12 of the report now submitted.
- (7) That the capital schemes to be funded from the disposal of the Gornal Wood Cemetery Lodge be approved and included in the Capital Programme, as set out in paragraph 13 of the report now submitted.
- (8) That the construction of permanent changing rooms at Homer Hill Park, Cradley, be approved and included in the Capital Programme, as set out in paragraph 14 of the report now submitted.
- (9) That the expenditure of £6.7m on the Dudley Market Place project be included in the Capital Programme, subject to approval of European Regional Development Fund (ERDF) grant, as set out in paragraph 15 of the report now submitted.

- (10) That the Corbyn Road site be retained for use as a base for a joint Children's Safeguarding Unit and frontline social work teams; that £945,000 of the forecast sale proceeds from the disposal of the Cradley High site be reallocated to contribute to the new Old Park school capital project; and that the cost of refurbishment of the Corbyn Road site of £1,300,000 (to be funded from 14-19/Special Educational Needs capital grant) be approved and included in the Capital Programme, as set out in paragraph 16 of the report now submitted.
- (11) That the loft conversion at a foster carer's property be approved and included in the Capital Programme, as set out in paragraph 17 of the report now submitted.
-

22 REVIEW OF HOUSING FINANCE

A report of the Cabinet was submitted.

It was moved by Councillor Waltho, seconded by Councillor Hanif and

RESOLVED

- (1) That the revised Housing Revenue Account (HRA) budget for 2013/14, as referred to in paragraphs 5 to 11 and Appendix 1 to the report now submitted, be approved.
- (2) That the revised Public Sector Housing capital programme for 2013/14 to 2017/18, as referred to in paragraphs 12 to 19 and Appendix 2 to the report now submitted, be approved.
-

23 FOOD SERVICE PLAN 2013/14

A report of the Cabinet was submitted.

It was moved by Councillor Wood, seconded by Councillor Hanif and

RESOLVED

That the Food Service Plan for 2013/14 be approved and adopted.

24 QUESTIONS UNDER COUNCIL PROCEDURE RULE 11

During questions asked under Council Procedure Rule 11, there were no decisions that the Leader, Cabinet Members or Chairs agreed to have reconsidered.

The meeting ended at 7.40 p.m.

MAYOR

Meeting of the Council – 7th October, 2013

Report of the Cabinet

Capital Programme Monitoring

Purpose of Report

1. To report progress with implementation of the Capital Programme.
2. To propose amendments to the Capital Programme.

Background

3. The table below summarises the *current* 3 year Capital Programme updated where appropriate to reflect latest scheme spending profiles.

Service	2013/14	2014/15	2015/16
	£'000	£'000	£'000
Public Sector Housing	41,264	31,629	31,470
Other Adult, Community & Housing	9,598	1,488	550
Urban Environment	32,308	18,660	8,344
Children's Services	21,208	7,431	67
Corporate Resources	2,359	1,066	1,428
TOTAL	106,737	60,274	41,859

Note that the capital programme for future years is in particular subject to government grant allocations, some of which have not yet been announced.

4. In accordance with the requirements of the Council's Financial Regulations, details of progress with the 2013/14 Programme are given in Appendix A. It is proposed that the current position be noted.

Adult, Community and Housing

Tiled House Lane Residential Care Home

5. This home currently provides 49 beds to support intermediate care and specialist dementia care, and plays an important role in supporting hospital discharge. In order to modernise the building it is necessary to replace the boiler and heating distribution system and all windows. The estimated cost of £600,000 can be met from resources received by the Council from the PCT prior to its winding up (£500,000) and the unallocated Adult Social Care capital budget (£100,000).

It is proposed that the expenditure be approved and included in the Capital Programme.

6. Oak Lane Traveller Site

The current capital works at Oak Lane involve a new mains drainage system being installed to replace the old sewage treatment plant as it failed to maintain permissible discharge standards. Works are also being carried out to provide three additional plots on the site.

As a result of conditions imposed by Severn Trent Water to obtain discharge consent to pump to the main sewer, extra works are now required to the mains drainage system at an estimated cost of £82,000. It is also proposed to carry out additional works to the site to resurface the internal roadways and temporary storage area following the completion of all refurbishment works to buildings and site drainage. The cost of these works is estimated to be £60,000. The total extra cost of £142,000 can be funded from existing directorate resources.

It is proposed that this additional expenditure be approved and included in the Capital Programme.

Urban Environment

Mary Stevens Park, Stourbridge

7. The Council has been awarded a Heritage Lottery Fund (HLF) grant totalling £2,565,000 for the development and restoration of Heath Pool, the main entrance gates and other ironwork and the bandstand. Improvements will also be made to the war memorial setting and the Tea Gardens, and the former print room will be converted into a café. In addition a heritage ranger will be employed to work with local groups and volunteers to co-ordinate an events and activities programme and to create an archive for the park.

The total project cost is estimated at £2,846,000, with £281,000 of match funding having been secured from the Liveability project, Section 106 funding, the Ernest Stevens Trust and former Area Committee funding.

It is proposed that:

- the Director of the Urban Environment be authorised to accept the HLF grant funding;
- the Director of Corporate Resources be authorised to sign the necessary funding agreements with HLF;
- the capital element of the project be included in the Capital Programme.

Rapid Charging Points for Electric Vehicles

8. The Council has made a successful bid to the Office for Low Emission Vehicles (OLEV) for £150,000 to install four rapid charging points in the Borough to support and encourage the use of electric vehicles. The estimated total cost of the project is £200,000 with £50,000 of match funding being provided by Renault-Nissan. There is no capital funding required from the Council.

It is proposed that:

- the Director of the Urban Environment be authorised to accept the funding;
- the project be included in the Capital Programme;
- the Director of the Urban Environment be authorised to agree the locations for the charging points and procure and install the equipment in consultation with the Cabinet Member for Transport.

Outdoor Gym

9. Following the success of the Outdoor Gyms provided through the Healthy Towns project developed by the (now) Office of Public Health and the Directorate of the Urban Environment, further opportunities to provide additional facilities are being explored. An additional gym can be provided utilising residual project funding of £35,000. Options will be assessed and a site identified in accordance with the Healthy Towns selection criteria.

It is proposed that the project be approved and included in the Capital Programme.

Children's Services

Demographic Growth Capital Fund – Pens Meadow Special School

10. The Council has been awarded £592,000 by the Education Funding Agency (EFA) from the Demographic Growth Capital Fund (DGCF) to create a 45 place post-16 provision at Pens Meadow Special School for learners with learning difficulties and disabilities utilising the adjacent and vacant Shousters building.

It is proposed that the funding allocation be noted and the project included in the Capital Programme.

11. At its meeting held on 18th September, 2013, the Cabinet made recommendations to the Council concerning the capital programme as contained in this report.

Finance

12. This report is financial in nature and information about the individual proposals is contained within the body of the report.

Law

13. The Council's budgeting process is governed by the Local Government Act 1972, the Local Government Planning and Land Act 1980, the Local Government Finance Act 1988, the Local Government and Housing Act 1989, and the Local Government Act 2003.

Equality Impact

14. These proposals comply with the Council's policy on Equality and Diversity.
15. With regard to Children and Young People:
 - The Capital Programme for Children's Services will be spent wholly on improving services for children and young people. Other elements of the Capital Programme will also have a significant impact on this group.
 - Consultation is undertaken with children and young people, if appropriate, when developing individual capital projects within the Programme.
 - There has been no direct involvement of children and young people in developing the proposals in this report.

Recommendations

16. The Council is recommended:
 - That current progress with the 2013/14 Capital Programme as set out in Appendix A be noted.
 - That the expenditure on the modernisation of Tiled House Lane Residential Care Home be approved and included in the Capital Programme, as set out in paragraph 5.
 - That the additional expenditure at the Oak Lane Traveller Site be approved and included in the Capital Programme, as set out in paragraph 6.
 - That in respect of Mary Stevens Park, Stourbridge, the Director of the Urban Environment be authorised to accept the HLF grant funding; the Director of Corporate Resources be authorised to sign the necessary funding agreements with HLF; and the capital element of the project be included in the Capital Programme, as set out in paragraph 7.
 - That in respect of Rapid Charging Points for Electric Vehicles, the Director of the Urban Environment be authorised to accept the funding; the project be included in the Capital Programme; and the Director of the Urban Environment be authorised to agree the locations for the charging points and procure and install the equipment in consultation with the Cabinet Member for Transportation, as set out in paragraph 8.

- That the Outdoor Gym project be approved and included in the Capital Programme, as set out in paragraph 9.
- That the funding allocation in respect of the post-16 provision at Pens Meadow Special School be noted, and the project included in the Capital Programme, as set out in paragraph 10.

A handwritten signature in black ink, appearing to be 'J. J.', written in a cursive style.

.....
Leader of the Council

2013/14 Capital Programme Progress to Date

Service	Budget £'000	Spend to 31st July £'000	Forecast £'000	Variance £'000	Comments
Public Sector Housing	41,264	7,045	41,264	-	
Other Adult, Community & Housing	9,598	1,836	9,598	-	
Urban Environment	32,308	6,417	32,308	-	
Children's Services	21,208	1,733	21,208	-	
Corporate Resources	2,359	387	2,359	-	
TOTAL	106,737	17,418	106,737	-	

Meeting of the Council – 7th October, 2013

Report of the Cabinet

Report of the Independent Remuneration Panel on the Members' Allowances Scheme

Purpose of Report

1. To present the report of the Independent Remuneration Panel on a review of the Members' Allowances Scheme.

Background

2. As agreed by the Council on 16th May, 2013, a review of the Members' Allowances Scheme has been undertaken by an Independent Remuneration Panel. This report presents the findings and recommendations of the review.
3. The attached report of the Independent Remuneration Panel sets out recommendations for consideration by the Council. The Independent Panel recognised that Dudley is a low cost, low spend Authority and Members' allowances are either the lowest or in the lowest quartile compared to other similar Authorities. The Panel recommends that indexing arrangements for Members' allowances should continue, but that there should be no further increase in the levels of allowances taking into account the difficult economic position and budget pressures for the Council. In addition the Panel recommends that no special responsibility allowance is paid to the Chairs and Vice-Chairs of Community Forums or the Ernest Stevens Trusts Management Committee.
4. The Cabinet considered this report at its meeting on 18th September, 2013 and referred the recommendations of the Independent Remuneration Panel to the Council for approval. Additional comments were made at the Cabinet meeting that consideration should be given to reducing the number of Councillors to two per ward to achieve further financial savings alongside a more fundamental review of the Members' Allowances Scheme. The Chief Executive has been requested to consider this issue taking account of the relevant legislative requirements and other considerations.

Finance

5. The existing Allowances Scheme provides for indexation arrangements linked to cost of living pay increases for local authority staff whose pay award is determined by the National Joint Council. This provision must be reviewed every four years. At the time the Independent Panel's report was written, the 2013 pay increase for local authority staff had not been finalised. The previously agreed indexation arrangements will be applied for 1st April, 2013.
6. The financial implications of the Independent Remuneration Panel's recommendations will be contained within existing budgets. The actual total cost of Special Responsibility Allowances may vary from year to year, depending on the number of Members who are appointed to more than one office.

Law

7. The Local Authorities (Members' Allowances) (England) Regulations, 2003 set out the arrangements for setting Members' Allowances or amending an existing scheme. In making an amendment to the existing scheme, the Council must have regard to the recommendations of a local Independent Remuneration Panel and any amendments to the Scheme must be published in accordance with Regulation 16.

Equality Impact

8. This report complies fully with the Council's policies on equality and diversity and there are no implications for services to children and young people.

Recommendation

9. That the recommendations contained in the attached report of the Independent Remuneration Panel concerning the Members' Allowances Scheme be approved and adopted.



.....
Leader of the Council



Dudley Metropolitan Borough Council

Report of the Independent Remuneration Panel on Members' Allowances

1. Introduction

- 1.1 At the Annual Meeting on 16th May, 2013, Dudley Metropolitan Borough Council endorsed the establishment of an Independent Remuneration Panel concerning the Members' Allowances Scheme and requested that the Panel submit its recommendations to the Council. This report contains recommendations from the Independent Panel, which have been unanimously agreed.

2. Membership of the Panel

- 2.1 The Panel comprised the four independent persons who have been appointed under the standards provisions of the Localism Act 2011, namely the Bishop of Dudley (Rt Revd D Walker), Mrs V Ainsworth, Mr F Bell and Mr T Turner. The Director of Corporate Resources and the Treasurer supported the Panel in its deliberations.

3. Terms of Reference

- 3.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council has a duty to review the indexing arrangements in the Members' Allowances scheme every 4 years.
- 3.2 The Council also has a duty to have regard to recommendations made by an Independent Remuneration Panel when reviewing the Members' Allowances Scheme.
- 3.3 The Panel was requested to review the provisions of the Members' Allowances Scheme in the context of recent changes to the Council's governance arrangements.

4. Background

- 4.1 The Council adopted its current scheme of Members' Allowances on 13th July, 2009. There have been no increases in Members' Allowances since 2009 as the Allowances are linked to pay awards for Council staff.

- 4.2 The Panel received the current Members' Allowances Scheme, the report and resolution of the Council dated 13th July, 2009 and the reports produced by the Standards Committee and Independent Remuneration Panel at that time. Information was supplied concerning the actual amounts of allowances claimed by Dudley Councillors in 2012/13 and comparator information from other neighbouring Councils and other local authority areas of a similar size.
- 4.3 The Council has made some significant changes to its governance arrangements over the past year. In particular, the former Area Committees have been replaced with 10 Community Forums. New Scrutiny arrangements came into effect from the Annual Council meeting on 16th May 2013. The Panel received information on the Council's revised governance arrangements from 2013/14.
- 4.4 The key issues considered by the Independent Remuneration Panel were:
- The ongoing indexing arrangements.
 - The positions that qualify for Special Responsibility Allowances in the context of the new governance structures.
 - Current and future remuneration levels taking account of relevant factors such as comparisons with other authorities and the financial situation.
 - Local issues concerning the expenses Members are expected to meet out of Basic Allowance.
 - The views expressed by Councillors on the Members' Allowances Scheme in response to consultation undertaken by the Director of Corporate Resources.

5. Findings

- 5.1 The Panel took account of comments submitted by 8 Members of the Council in response to the consultation. The general consensus was that the existing allowances scheme remains appropriate. The majority of respondents accepted that it is not appropriate to increase allowances at this time taking account of the difficult economic position and budget pressures faced by the Council.
- 5.2 The Panel did, however, note specific comments concerning remuneration levels in the context of Members who are in full time employment, the difficulties in attracting younger people to become Councillors, increasing use of mobile technology and the ever-increasing demands placed on Councillors and public services by the community.

- 5.3 The Panel accepted the principle that the indexing arrangements for Members' Allowances being linked to Officer pay should continue.
- 5.4 The Panel considered the changes in the Council's governance structures, most notably the changes in Scrutiny Committees and Community Forums. The Panel felt that, should the Council be minded to make any additional payments for Scrutiny Chairs/Vice-Chairs, this would need to be funded from the overall 'cost envelope' for example, by decreasing other allowances. The consensus of the Panel was against this proposal.
- 5.5 With regard to Community Forums, the Panel considered that no Special Responsibility Allowances should be paid as these are not formal Committees of the Council.
- 5.6 Similarly, the Ernest Stevens Trust Management Committee exists for charitable purposes and would not justify separate Special Responsibility Allowance payments.
- 5.7 The Panel recognised that Dudley MBC is a low cost, low spend authority and that in relative terms, allowances are low compared to other authorities. Of the 19 authorities listed in the comparator data, Dudley was joint 4th lowest in terms of Basic Allowance. The Leader's Special Responsibility Allowance was the 3rd lowest; the Deputy Leader, Cabinet Members and Scrutiny Chairs Special Responsibility Allowances were the lowest; the Chair of the Development Control Committee was 4th lowest and the Opposition Group Leader's Special Responsibility Allowance was the 2nd lowest. The Panel did, however, note that some authorities have fewer members whilst others are considering the overall number of elected Members in the context of their budget positions.

6. Recommendations

- 6.1 That the indexing arrangements for Members' Allowances continue to be on the basis of the agreed cost of living pay increases for local authority staff whose pay award is determined by the National Joint Council.
- 6.2 That there be no further increase in the levels of Members' Allowances taking account of the difficult economic position and budget pressures for the Council.
- 6.3 That no separate Special Responsibility Allowances be paid for the Chairs and Vice Chairs of Community Forums or the Ernest Stevens Trust Management Committee.
- 6.4 That the Scheme for Members' Allowances, as attached to this report, be recommended to the Council for adoption as part of the review of the Constitution in September, 2013.

**Independent Remuneration Panel
July, 2013**

Background Documents

Minutes and Reports to Dudley MBC dated 13th July, 2009
Minutes and Reports of Standards Committee dated 30th April, 2009
Report of Independent Remuneration Panel 2009
Dudley MBC Scheme of Members' Allowances
Members Allowances Comparison Data – Neighbouring and Other Local
Authorities
Minutes and Reports to Dudley MBC – Annual Council Meeting – 16th May
2013
Summary of Members responses to the review of Members' Allowances
Scheme – May 2013
Dudley MBC – Members' Allowances Payments 2012/13

DUDLEY METROPOLITAN BOROUGH COUNCIL

LOCAL GOVERNMENT AND HOUSING ACT 1989

LOCAL AUTHORITIES (MEMBERS' ALLOWANCES) (ENGLAND)
REGULATIONS 2003

LOCAL GOVERNMENT PENSION SCHEME AND DISCRETIONARY
COMPENSATION (LOCAL AUTHORITY MEMBERS IN ENGLAND)
REGULATIONS 2003

SCHEME FOR MEMBERS' ALLOWANCES

1. Effective Date

1.1 This Scheme shall be effective from 1st April, 2014.

1.2 Members may elect to forego any part of their entitlement to an allowance under this Scheme by giving notice in writing to the Director of Corporate Resources.

2. Basic Allowance

2.1 Each elected member of the Council will receive an annual basic allowance, to be paid in monthly instalments in arrears. This shall be £9,300.

3. Telephone Costs and Travel and Subsistence

3.1 The costs of telephones are incorporated within the basic allowance.

3.2 The cost of travel and subsistence in the West Midlands County area is incorporated into the basic allowance.

3.3 Regarding travel outside of the West Midlands County area: -

(a) Members are required to travel by public transport wherever practicable, the cost of which shall be reimbursed or paid directly.

(b) Where the use of public transport is not practicable, the cost of travel will be reimbursed on the basis of casual user car allowances payable to officers.

(c) Where members are unable to take main meals in their normal place, the reasonable cost of purchasing a meal and beverage or appropriate refreshments shall be reimbursed, subject to receipts being produced where practicable.

4. Special Responsibility Allowances
 - 4.1 The Special Responsibility Allowances payable under this Scheme shall be those set out in Appendix 1 attached. They will be paid in monthly instalments in arrears.
 - 4.2 The Special Responsibility Allowances payable to Opposition Party Leaders and Deputy Leaders shall be applicable only where their political group is ten or more elected members in number.
5. Multiple Allowances
 - 5.1 Where a Member holds more than one office qualifying for a Special Responsibility Allowance, the Member shall be paid the higher or highest allowance only.
6. Inflation increases
 - 6.1 The allowances in this Scheme shall be varied each year in line with the agreed cost of living pay increases for Local Authority staff whose pay award is determined by the National Joint Council commencing on 1st April, 2014.
7. Pensions for Councillors
 - 7.1 All elected members shall be entitled to membership of the Local Government Pension Scheme, and both Basic and Special Responsibility Allowance shall be deemed to be pensionable.
8. Carer's Allowance
 - 8.1 Where an elected member is required to pay a carer in order to attend official Council business, reasonable actual costs of that care will be reimbursed.
9. Absence
 - 9.1. All the allowances in this Scheme will be withdrawn if a Member has been absent for more than three months without good cause.
10. Processing of Claims
 - 10.1 The Director of Corporate Resources will maintain a Record of all Allowances paid showing the name of the recipient, the amount and the nature of the payment. The record will be available for inspection free of charge by any local government elector for the area of the Borough Council at all reasonable times. Copies of any part of the record may be made.

APPENDIX 1

SPECIAL RESPONSIBILITY ALLOWANCES

	Cabinet/Chair £	Deputy/Vice £
Leader of the Council	23,250	
Deputy Leader		11,625
Cabinet Member	6,975	
Scrutiny Committees (incl. Audit)	4,650	1,550
Development Control Committee	6,975	2,325
Other Committees (ie: Appeals, Licensing & Safety and Taxis)	4,650	1,550
Opposition Leaders	4,650 ¹	1,550 ¹

1. Subject to the provisions of paragraph 4.2 of this Scheme.

Meeting of the Council – 7th October, 2013

Report of the Cabinet

Adoption of the Halesowen Area Action Plan

Purpose of Report

1. To consider the approval and the adoption of the Halesowen Area Action Plan (AAP).

Background

2. Within the adopted Black Country Core Strategy (February 2011), Halesowen Town Centre is identified within a network of town centres, that form a distinctive and valued part of the Black Country's character. The general aim of the Core Strategy is to shape and revitalise these centres to meet the community's needs in the most accessible and sustainable way. The policies of the Halesowen AAP seek to carry forward and provide a focus for these strategic planning aims.
3. The AAP will help provide the catalyst for the wider regeneration of the town centre, and sets out Dudley Council's agreed development strategies and policies, (some of which are site specific), in order to guide new investment into Halesowen Town Centre and its environs up to the year 2026. This is achieved by clearly identifying where new shops and homes should be located as well as highlighting the transport infrastructure and new public spaces which are necessary to help support that growth whilst also benefiting both the local community and the local environment.
4. The AAP is flexible enough to ensure that development proposals are encouraged to come forward, yet robust enough to ensure that all development works towards delivering the key elements of the spatial vision for the area.
5. Following examination by an independent Planning Inspector, the Inspector's Report has concluded that the Halesowen AAP is "sound" and therefore provides an appropriate basis for the planning of the AAP area up to 2026, providing that a number of minor modifications are made to the Plan. The modifications can be summarised as follows:
 - Insertion of a model policy stating a presumption in favour of sustainable development, to reflect the provisions of the National Planning Policy Framework (NPPF) (2012).
 - Additional explanatory text to set out the relationship between the AAP and other parts of Dudley Council's Local Development Framework (LDF) (Local Plan).
 - Additional policy wording and supporting text to clarify the AAP's position in relation to potential flood risk at development opportunity sites.

- A number of further minor modifications to improve the clarity of and assist in the interpretation of the Plan.
6. The recommendations and modifications set out in the Planning Inspector's Report do not result in any fundamental changes and are fully supported by the Local Planning Authority and were agreed during the process of the Examination. The plan as modified is available in the Members Room and on the Internet via the Committee Management Information System.

On consideration of the above, the Cabinet, at its meeting held on the 18th September, 2013, resolved to recommend the approval to Council as set out below.

Finance

7. The development of the AAP was funded from existing budgets and resources dedicated to the production of Development Plan Documents and other such statutory planning documents.

Law

8. This AAP is a Development Plan Document (DPD), produced in accordance with the relevant provisions of the Planning and Compulsory Purchase Act 2004, the Town and Country Planning (Local Planning) (England) Regulations 2012 and the NPPF (2012). When adopted, the Halesowen AAP will form part of Dudley's statutory planning framework, which will replace relevant parts of the Unitary Development Plan (UDP) and will be used as the basis for decisions in planning applications for development in the Town.
9. Section 2 of the Local Government Act 2000 allows the Council to do anything that it considers is likely to promote or improve the economic, social or environmental well-being of the area.

Equality Impact

10. The AAP will set the detailed planning framework for the development of the Halesowen Town Centre area up to 2026. The AAP will seek to ensure that sufficient homes, shops and employment, social, educational and recreational facilities are planned and provided for in that time to meet the needs of all the communities in the area. This will include meeting the needs of disabled persons as well as children and young people by seeking to provide sufficient facilities for them as well as having a positive effect for future generations.

Recommendation

11. That the Halesowen Area Action Plan be approved and adopted.



.....
Leader of the Council

Meeting of the Council – 7th October 2013

Report of the Cabinet

Adoption of the Stourbridge Area Action Plan

Purpose of Report

1. To consider the approval and adoption of the Stourbridge Area Action Plan (AAP).

Background

2. Within the adopted Black Country Core Strategy (February 2011), Stourbridge Town Centre is identified within a network of town centres that form a distinctive and valued part of the Black Country's character. The general aim of the Core Strategy is to shape and revitalise these centres to meet the community's needs in the most accessible and sustainable way. The policies of the Stourbridge AAP seek to carry forward and provide a focus for these strategic planning aims.
3. The AAP will help provide the catalyst for the wider regeneration of the town centre, and sets out Dudley Council's agreed development strategies and policies, (some of which are site specific), in order to guide new investment into Stourbridge Town Centre and its environs up to the year 2026. This is achieved by clearly identifying where new shops and homes should be located as well as highlighting the transport infrastructure and new public spaces which are necessary to help support that growth whilst also benefiting both the local community and the local environment.
4. The AAP is flexible enough to ensure that development proposals are encouraged to come forward, yet robust enough to ensure that all development works towards delivering the key elements of the spatial vision for the area.
5. An Examination In Public (EIP) was held on the 21st of May 2013. The Planning Inspector's Report following the EIP has concluded that the Stourbridge AAP is "sound" and therefore provides an appropriate basis for the planning of the AAP area up to 2026, providing that a number of minor modifications are made to the Plan. The modifications can be summarised as follows:
 - Insertion of a model policy stating a presumption in favour of sustainable development, to reflect the provisions of the National Planning Policy Framework (NPPF) (2012).
 - Additional explanatory text to set out the relationship between the AAP and other parts of Dudley Council's Local Development Framework (LDF) (Local Plan).
 - A number of further minor modifications to improve the clarity of and assist in the interpretation of the Plan.

6. The recommendations and modifications set out in the Planning Inspector's Report do not result in any fundamental changes and are fully supported by the Local Planning Authority and were agreed during the process of the Examination. The plan as modified is available in the Members Room and on the Internet via the Committee Management Information System.

On consideration of the above, the Cabinet at its meeting held on 18th September, 2013 resolved to recommend the adoption as set out below.

Finance

7. The development of the AAP was funded from existing budgets and resources dedicated to the production of Development Plan Documents and other such statutory planning documents.

Law

8. This AAP is a Development Plan Document (DPD), produced in accordance with the relevant provisions of the Planning and Compulsory Purchase Act 2004, the Town and Country Planning (Local Planning) (England) Regulations 2012 and the NPPF (2012). When adopted, the Stourbridge AAP will form part of Dudley's statutory planning framework, which will replace relevant parts of the Unitary Development Plan (UDP) and will be used as the basis for decisions in planning applications for development in the Town.
9. Section 2 of the Local Government Act 2000 allows the Council to do anything that it considers is likely to promote or improve the economic, social or environmental well-being of the area.

Equality Impact

10. The AAP will set the detailed planning framework for the development of the Stourbridge Town Centre area up to 2026. The AAP will seek to ensure that sufficient homes, shops and employment, social, educational and recreational facilities are planned and provided for in that time to meet the needs of all the communities in the area. This will include meeting the needs of disabled persons as well as children and young people by seeking to provide sufficient facilities for them as well as having a positive effect for future generations.

Recommendation

11. That the Stourbridge Area Action Plan be approved and adopted.



.....
Leader of the Council

Meeting of the Council – 7th October, 2013

Report of the Audit and Standards Committee

Code of Conduct for Employees

Purpose of Report

1. To consider the adoption of the revised Code of Conduct for Employees.

Background

2. On 20th September 2012, the Audit and Standards Committee approved the Code of Conduct for Employees.
3. The Code of Conduct for Employees, was consulted on with Trade Unions, the Human Resources (HR) Policy Group, Assistant Directors Group, Corporate Equality and Leadership Group, and Corporate Board and an updated Code of Conduct was implemented on 1st December, 2012.
4. The Code of Conduct for Employees is reviewed on an annual basis. Due to the substantial update in 2012, the 2013 review has only resulted in minor amendments as follows:
 - Inclusion of the Seven Principles of Public Life, as included in the Member's Code of Conduct.
 - Clarification in the Criminal Charges and Convictions Section to confirm that Employees are required to tell the authority if they are found by the Council's Benefit Fraud Team to have committed Benefit Fraud.
 - Updates to some of the links to other Policies and Procedures referred to in the Code of Conduct.
 - Clarification that employees must not use Council Contracts for personal use.
5. It is important that employees are aware of the contents of the Code and of the implications of not following it, as it may be used for disciplinary purposes. HR will therefore communicate the new Code of Conduct for Employees to Directorate Management Teams in November for an implementation date of 1st December 2013. The Code will be communicated to staff through:-
 - a. Team Meetings
 - b. Message of the Day
 - c. Yourself message
 - d. New principal statements being issued

- e. Use of established communication channels set up with employees who do not have access to ICT
- 6. All previously agreed amendments to the Code have been implemented and incorporated in the Constitution as will the proposed changes set out in this report.
- 7. The Localism Act 2011 does not affect the Council's Officer Code of Conduct. Subject to the recommended amendments in this report, the existing Code for Employees will therefore remain operational until such time as any national code or other amendments are introduced.
- 8. The Audit and Standards Committee at its meeting held on 19th September, 2013, considered this matter and agreed the recommendation set out in paragraph 12 below.

Finance

- 9. There are no financial implications arising from this report.

Law

- 10. Section 111 of the Local Government Act 1972 enables the Council to do anything that is calculated to facilitate or is conducive or incidental to the discharge of its various statutory functions.

Equality Impact

- 11. Section 6 of the Code makes specific reference to Equality issues and there are no particular issues arising from this report with regard to children and young persons.

Recommendation

- 12. That the Council adopt the revised Code of Conduct for Employees as set out in Appendix 1 to this report.



.....

Chair of the Audit and Standards Committee

CODE OF CONDUCT FOR EMPLOYEES

COUNCIL POLICY

This policy applies to all employees and workers of the council in its entirety apart from those employed by School Governing Bodies.

**Directorate of Corporate Resources
HR & Organisational Development Division
December 2013**

Contents Page

1.0	Introduction	3
2.0	Standards	4
2.1	Standards of Behaviour	5
2.1.1	Personal Conduct and Behaviour in the Workplace	5
2.1.2	Misconduct	5
2.1.3	Alcohol and Drugs	5
2.1.4	Health, Safety & Well-being	5
3.0	Protecting the Council and It's Employees	6
3.1	Other Employment and conduct outside working time	6
3.2	Criminal Charges and Convictions	6
3.3	Use of Council property, facilities and equipment	7
3.4	Use of social networking sites	7
3.5	Use of Authority	9
3.6	Use of financial resources	9
3.7	Contractors	9
3.8	Separation of roles during tendering	10
3.9	Conflict of interest	10
3.10	Personal Interests	11
3.11	Appointment and other employment matters	11
3.12	Gifts and hospitality	11
3.13	Sponsorship – Giving & Receiving	12
3.14	Political Neutrality	12
3.15	Professional and Trade Union Activity	13
3.16	Disclosure of Information	13
3.17	Intellectual Property	14
3.18	Public communication	14
3.19	Internal Audit	14
4.0	Ways of working	14
4.1	Working with Elected Members	14
4.2	Working with Local Community and Service Users	15
4.3	Agile Working	15
5.0	Whistleblowing	15
6.0	Equality Issues	15
7.0	Interpretation	15
8.0	Document Revision History	16

1.0 Introduction

The public is entitled to expect the highest standards of conduct from all employees of Dudley Council. It is therefore important that you understand your roles and responsibilities whilst at work. It is also important, where necessary for you to understand how your behaviour and activities outside work may impact upon your ability to do your work during working hours.

This Code of Conduct is based on the Council's Standing Orders and Financial Regulations, the provisions of the general law as well as your conditions of service.

As the Code applies to all employees, please take time to read it fully and ensure that your conduct is at all times consistent with its requirements. This document forms part of your contract of employment and you are required to comply with its contents. School staff employed by Governors will be subject to separate rules. Democratic local government can not be taken for granted – all of us involved in the service have to make a special effort to retain public confidence. Compliance with the Code will help maintain the reputation of local government in Dudley.

I am sure I can rely on you all to play your part in up-holding the highest standards in public life.

John Polychronakis
Chief Executive

2.0 Standards

The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs, and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources.

The principles of public life are as follows:

- Selflessness – Holders of public office should act solely in terms of the public interest.
- Integrity – Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- Objectivity – Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability – Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- Openness – Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.
- Honesty – Holders of public office should be truthful.
- Leadership – Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Dudley Council's employees are expected to give the highest possible standard of service to the public and where it is part of their duties, to provide appropriate advice to Elected Members and fellow employees with impartiality. Employees will be expected, through agreed procedures and without fear of recrimination, to bring to the attention of the appropriate level of management any deficiency in the provision of service. Employees must report to the appropriate manager any impropriety or breach of procedure.

In summary employees are required to:

- Attend work in a condition where they are able to carry out their duties safely and effectively
- Act honestly
- Act with dignity and treat all others with dignity and respect
- Be committed to delivering quality services to service users
- Understand and act in accordance with the Council's vision and values as set out in the Council Plan, policy and procedures
- Work in accordance with the terms and conditions of their principal statement of employment and job description
- Understand and apply the Council's rules, policies and procedures applicable to them and their role

2.1 Standards of Behaviour

2.1.1 Personal conduct and behaviour in the workplace

Employees are expected to treat members of the public, Elected Members and colleagues, with dignity and respect, this is expected in the manner in which they communicate whether verbal or written.

More specifically employees must:

- Ensure that their conduct is not discriminatory, bullying or harassing to others
- Ensure that their behaviour and performance meets workplace standards at any time that they are at work, representing the Council or are likely to be identified or associated with their role as a public official (whether or not they are working at the time)
- Make sure that they are familiar with and follow the Council's equality policies and aim to advance equality of opportunity and foster good relations.

2.1.2 Misconduct

The Code of Conduct acts as a guide for employees on the standards expected of them when acting in good faith. This document forms part of their contract of employment and employees are required to comply with its contents. Failure to comply with the Code of Conduct may be considered to be gross misconduct and may lead to disciplinary action under the Employee Improvement and Disciplinary Procedure, including dismissal.

<http://insidedudley/corporate/info&res/policiesguidanc /personnelpolici /employeeimprove-1/default.htm>

2.1.3 Alcohol and Drugs

Employees must not consume alcohol, use illicit drugs or illegal substances while at work or prior to attending work if likely to impact on their ability to do their job. When an employee is on call or standby they must ensure that any alcohol consumption is within the legal limit for driving in the event that they are recalled to work. Any alcohol consumed outside of work must not affect the employee's ability to do their work.

If an employee is taking legally prescribed or over-the-counter medication, they must ensure that the use of them does not affect their work performance and the safety of themselves and others. Where an employee is prescribed medication that affects their work performance their line manager should liaise with HR to consult with Occupational Health. Further guidance is available in the Substance Misuse Policy and Procedure on the following link:

<http://insidedudley/corporate/info&res/policiesguidanc /personnelpolici /substancemisuse/default.htm>.

2.1.4 Health, Safety and Well-being

All employees must comply with the Health and Safety Work Act 1974 and associated regulations, Guidance or Approved Codes of Practice. Employees are required to comply with the Corporate Health and Safety Policy and take reasonable care for the health and safety of themselves and of other persons who may be affected by their acts

or omissions. For specific details of the responsibilities for employees and managers reference to the Corporate Health & Safety Policy must be made:
<http://insidedudley/corporate/info&res/healthsafety/safetymanagemen/safetypolicy/default.htm>.

3.0 Protecting the Council and its employees

3.1 Other Employment and conduct outside working time

Employees paid at grade 8 to 15 have conditions of service which require them to obtain written consent to take any outside secondary employment. This will be detailed in the employee's principal statement of employment. All employees should be clear about contractual obligations and must not take outside employment which conflicts with their position or with the Council's interests. Any additional employment must be in accordance with any legislation that may apply such as the Working Time Regulations (1998) (as amended). They must also ensure that Council time and/or resources are not utilised in connection with any approved private employment.

Generally, what an employee does outside work is of their own concern (unless professional standards state otherwise), but they must avoid doing anything that might adversely affect the reputation of the Council or impact on the Council's or their profession's confidence in their ability to do their job. This includes use of social media and the Internet. If in doubt, employees should seek the advice of the Council's Monitoring Officer, Head of Communications and Public Affairs.

Employees should be aware of the "Guide for Councillors and Officers on Organisations Outside the Council".

3.2 Criminal charges and convictions

Unless covered by the Rehabilitation of Offenders Act, all applicants are required to disclose any live criminal convictions or charges. Certain positions are exempt from the Rehabilitation of Offenders Act and require DBS (Disclosure and Barring Service) clearance before the applicant is offered a post. Where a post is subject to a DBS clearance, employees in the post will be required to participate in further DBS checks in line with regulatory requirements and/or the Council's Policy. Please refer to the DBS Policy for further guidance.

If during the course of employment with the Council an employee is charged, convicted of a crime or receives a caution or other form of reprimand in relation to a criminal offence, even if the offence does not relate to their employment, they must report the charge, conviction or caution or other form of reprimand within 5 working days to their line manager or the HR team. If they are on leave when they receive the charge, conviction or caution or other form of reprimand they must report it within 5 working days on their return from leave.

If an employee is found by the Council's benefit fraud team to have claimed benefits to which they were not entitled, and this results in action taken, either through prosecution, or by means of a local authority caution and/or administrative penalty issued by the benefits team as an alternative to prosecution, the employee is required to bring this to the attention of their line manager within 5 working days.

Failure to notify the Council within the specified timescale may lead to disciplinary action under the Employee Improvement and Disciplinary Policy and Procedure.

Where an employee is charged, convicted of a crime, receives a caution or other form of reprimand the line manager will consult with the HR team and the Assistant Director for HR and Organisational Development, who will consider the impact upon the employee's position and if there has been a breach of Council Policies and Procedures, and whether disciplinary action under the Employee Improvement and Disciplinary Procedure should be invoked, including dismissal.

Dependent upon the employee's position, consideration must be given to whether the employee poses a risk to children, or young people or to adults who access any health and social care services and a referral through safeguarding procedures may be necessary.

3.3 Use of Council property, facilities and equipment

Council facilities are to be used for Council business and for no other purpose unless the employee has their Assistant Director's approval beforehand.

Reasonable use of telephones and photocopiers is allowed in exceptional circumstances provided the employee has been authorised to do so by their manager. However, no paid or non council work may be carried out in the Council's time, or on the Council's premises or with the use of the Council's equipment.

Employees may use the internet for incidental and occasional personal use, as a recognition that familiarity with this technology is imperative to the Modernisation of Local Government. Consequently employees will be able to use the Internet during their own time for personal use i.e. during lunch breaks. Further guidance can be found in the Internet Acceptable Usage Policy and Use of Emails Policy on the following links:

<http://insidedudley/corporate/infogov/library/informationsecu /documentsandpol /internet accepta/default.htm?Internet>

<http://insidedudley/corporate/infogov/library/informationsecu /documentsandpol /emailpolicyv11/default.htm>

Misuse of the internet may lead to disciplinary action taking place under the Employee Improvement and Disciplinary Policy and Procedure.

3.4 Use of Social Networking Sites

For most employees the use of social networking sites is prohibited in the workplace. However, such restrictions do not apply when employees are using their own equipment in their own time. Employees must not use council equipment to access social media for personal use, unless equipment is specifically provided for this purpose.

Comments and messages posted on the internet are available to millions of users worldwide to view and employees of Dudley Council should be aware of this when posting information or making comments that might relate directly or indirectly about their work, customers of the council and work colleagues. Employees who do not directly identify themselves as a Dudley Council employee when using social media for

personal purposes at home, should be aware that the content they post on social media websites could still be construed as relevant to their employment at Dudley Council. For example employees **must not** write or report on conversations, meetings or matters that are meant to be private or internal to Dudley Council. The Council has a duty of care towards its employees and would therefore treat any comments or messages posted on websites which cause offence seriously. This includes messages and comments posted in the employees own time that relate to fellow colleagues and the workplace, even when Dudley Council may not have been specifically referred to but may be linked to the comments.

Care should be taken to ensure that there is nothing posted that could bring the Council into disrepute or would be potentially dangerous. Posting of defamatory or potentially damaging comments about the Council, its employees or clients would be considered gross misconduct. Posts of either nature on to the internet or social networking sites may lead to disciplinary action for misconduct/gross misconduct under the Employee Improvement and Disciplinary Procedure.

Employees must not do anything including inappropriate contact/communication with children, young people or vulnerable adults that puts them in a potentially compromising situation in relation to their employment e.g. accepting friendships with any children, young people who access Dudley MBC services, or to adults who access any health or social care services provided by Dudley MBC, on social networking sites. This is potentially a breach of confidence and trust as well as being unprofessional. Any inappropriate relationships within social networking sites that are brought to the Council's attention will be fully investigated and may lead to disciplinary action for misconduct/gross misconduct under the Employee Improvement and Disciplinary Procedure. A referral through safeguarding procedures may also be necessary.

Further information can be found in the Social Media Policy on the following link:
<http://idudley/idudley/policies-and-guidance/social-media-policy/>

3.5 Use of Authority

Employees must not use their official position, status, powers or authority to seek to improperly influence a decision or action.

Employees are expected to provide honest, impartial and comprehensive advice regardless of their personal feelings on a matter. If an employee's personal views conflict with the performance of their official duties or if they believe they cannot act impartially, they should contact their line manager and attempt to resolve the conflict.

In their role of Council employee or personal capacity, employees must not allow their personal interests to conflict with the Council's requirements or use their position to improperly confer an advantage or disadvantage on any person.

When exercising a discretionary power, employees should ensure that the power is being used properly, impartially, equitably and is consistent with relevant legislation, delegations, procedures or guidelines. In exercising any power associated with their employment, employees must ensure that they are either statutorily authorised to do so or that they have been delegated the power by a person with the necessary authority to issue the delegation.

3.6 Use of Financial Resources

Employees must ensure that they use public funds entrusted to them in a responsible and lawful manner. They must strive to ensure value for money to the local community and to avoid legal challenge to the Council. Employees with budgetary/purchasing control must ensure that they understand and comply with the Council's Standing Orders and Financial Regulations. Employees must ensure that any expenditure is within the limits that they are personally authorised to incur. Failure to comply with the Council's Standing Orders and Financial Regulations may lead to disciplinary action under the Employee Improvement and Disciplinary Procedure. Standing Orders can be found on the following link:

http://insidedudley/finance/purchasing/info&res/standingorders_/standingordersj-1/default.htm

And Financial Regulations can be found on the following link:

http://insidedudley/finance/audit/documents/financialregula_/financialregula-3/default.htm.

3.7 Contractors

Employees are reminded of the requirements of paragraph 5.1. of Contract Standing Orders which states that:-

“No..... officer nor any company, partnership or firm in which any officer has an interest nor any employer, nominee, spouse or other close relative of an officer, shall undertake the execution of works on behalf of the Council or shall accept an order for the supply or disposal of goods or materials from the Council or shall provide services for the Council unless such works or order for goods or materials or services have been offered or secured or provided by competitive Tender or Quotation”

“Other close relative” includes a person cohabiting on a similar basis to a spouse, a civil partner, a parent, grandparent, uncle, aunt, son, daughter, grandson, grand-daughter, brother, sister, niece or nephew of the officer or their spouse or cohabitee whether the

relationship is through blood, marriage or adoption.

All such relationships of a business or private nature with external contractors, or potential contractors, must be declared to Legal and Democratic Services (using a pro forma provided for this purpose) who will notify the relevant Assistant Director (or in the case of a school, the Headteacher) and any other appropriate employee of this declaration. The requirement to make a declaration under this paragraph also applies to employees who engage or supervise contractors or have any other official relationship with contractors and have previously had or currently have a relationship in a private or domestic capacity with a contractor.

Orders and contracts must be awarded on merit by fair competition and no special favour may be shown to any business run by, for example, friends, partners or relatives, in the tendering process. No part of the local community may be discriminated against.

Council contracts are for official purposes only and employees must not use these for personal use.

3.8 Separation of Roles During Tendering

Employees involved in the tendering process and dealing with contractors need to be clear of the separation of client and contractor roles within the Council. Senior employees who have both a client and contractor responsibility must be aware of the need for accountability and openness.

Employees in contractor or client units must exercise fairness and impartiality when dealing with all customers, suppliers, other contractors and sub-contractors.

Employees who are privy to confidential information on tenders or costs for either internal or external contractors must not disclose that information to any unauthorised party or organisation.

Employees contemplating a management buyout must, as soon as they have formed a definite intent, inform the appropriate manager and withdraw from the contract awarding processes.

Employees must ensure that no special favour is shown to current or former employees or their partners, close relatives or associates in awarding contracts to businesses run by them or employing them in a senior or relevant managerial capacity.

3.9 Conflict of Interest

Where an employee faces a conflict between their private interests and public duties they must resolve the conflict in favour of their public duties. Where a conflict of interest is likely to occur due to their personal or immediate family private interests the employee must inform their manager, who will ensure that the Council is not compromised. This is particularly pertinent where the employee is involved in making decisions affecting contracting, tendering or regulatory functions.

Examples of possible conflicts of interests are as follows:

- Employees with access to computer databases of customers updating their own

- personal records or those of close relatives
- Employees being contracted to provide services to the Council outside their paid employment
- In a purchasing capacity liaising with a supplier who employs a close relative
- Generating work which involves travel to provide an opportunity to visit friends
- A supervisor who is in a position to approve higher duties or provide other benefits to a subordinate where a close personal relationship exists
- Involvement with an interview panel when a relationship exists with one of the applicants.

3.10 Personal Interests

Employees must declare to Law and Governance (using a pro forma provided for this purpose) any financial or non-financial interests, whether direct or indirect, which could conflict with the interests of the Council. This would include any cases where the employee is a company director, company secretary or voluntary organisation trustee. Law and Governance will notify the relevant Assistant Director (or in the case of a school, the Headteacher) and any other appropriate employee of this declaration.

3.11 Appointment and Other Employment Matters

Employees involved in appointments must ensure that these are made on the basis of merit. It would be unlawful for an employee to make an appointment which was based on anything other than the ability of the candidate to undertake the duties of the post. In order to avoid any possible accusation of bias, employees must not be involved in an appointment where they are related to an applicant, or have a close personal relationship outside work with him or her.

Similarly, employees must not be involved in decisions relating to recruitment, discipline, promotion or pay adjustments for any other employee who is a relative, partner, etc.

3.12 Gifts and Hospitality

Employees must be aware that it is a serious criminal offence for them to corruptly receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person in their official capacity as a Council employee. If an allegation is made it is for the employee to demonstrate that any such rewards have not been corruptly obtained.

Employees must only accept offers of hospitality if there is a genuine need to impart information or represent the Council in the community. Offers to attend purely social or sporting functions must be accepted only when these are part of the life of the community or where the Council must be seen to be represented. They must be properly authorised and recorded in the Gifts and Hospitality Register maintained for this purpose by each Directorate.

When the hospitality has to be declined those making the offer need to be courteously but firmly informed of the procedures and standards operating within the Council. Although declined a record of the offer must be recorded in the Gifts and Hospitality Register.

Employees may only accept insignificant items of token value [i.e. less than £10]. Other

items must be handed to the mayors office for a prize in any raffle or tombola for charity if they are none perishable, or flowers must be used to display in public areas. In any instance these must all be recorded in the Gifts and Hospitality Register.

Employees must not accept significant personal gifts from contractors and outside suppliers and they should notify their Director or Assistant Director of any such offers.

Any refusals of hospitality, sponsorship, gifts or bequests must also be recorded in the Gifts and Hospitality Register to ensure there is an accurate, detailed and auditable trail of all offers whether accepted or refused.

When receiving authorised hospitality employees need to be particularly sensitive as to its timings in relation to decisions which the Council may be taking affecting those providing the hospitality.

Acceptance by employees of hospitality through attendance at relevant conferences and courses is acceptable where it is clear the hospitality is corporate rather than personal, where the Director or Assistant Director gives consent in advance and where the Council is satisfied that any purchasing decisions are not compromised. Where visits to inspect equipment, etc. are required, employees must ensure that the Council meets the cost of such visits and any meals to avoid jeopardising the integrity of subsequent purchasing decisions. All such matters should be recorded in the Gifts & Hospitality Register.

Employees who are bequeathed gifts or money in the will of a service user that they know from their working capacity must not accept the gifts or money unless they are insignificant items of token value (i.e. less than £10). When the gifts/money has to be declined the executor of the will needs to be courteously but firmly informed of the procedures and standards operating within the Council.

3.13 Sponsorship – Giving and Receiving

Where an outside organisation wishes to sponsor or is seeking to sponsor a local government activity, whether by invitation, tender, negotiation or voluntarily, the basic conventions concerning acceptance of gifts or hospitality apply. Particular care must be taken when dealing with contractors or potential contractors.

Where the Council wishes to sponsor an event or service neither an employee nor any partner, spouse or relative must benefit from such sponsorship in a direct way without there being full disclosure to an appropriate manager of any such interest. Similarly, where the Council through sponsorship, grant aid, financial or other means, gives support in the community, employees must ensure that impartial advice is given and that there is no conflict of interest involved.

3.14 Political Neutrality

Employees serve the Council as a whole. It follows they must serve all Elected Members and not just those of the controlling group, and must ensure that the individual rights of all Elected Members are respected.

Employees, whether or not politically restricted, must follow every lawful expressed policy of the authority and must not allow their personal or political opinions to interfere with their work. They must be seen to be able, to remain unbiased in the performance of their

duties. Failure to follow this may lead to disciplinary action under the Employee Improvement and Disciplinary Procedure.

For further information on politically restricted posts and restrictions applied to these posts please refer to the policy on the attached link http://insidedudley/corporate/info&res/policiesguidanc_/personnelpolici_/politicallyrest-1/default.htm.

3.15 Professional and Trade Union Activity

Members of professions are expected to uphold the standards of performance and conduct set by the relevant professional association and this Code of Conduct. Employees are expected to raise any concerns they may have regarding a conflict of interest between their role at the Council and the standards of their profession.

When speaking in the capacity of workplace or trade union representative or profession association, it must be made clear that the opinion is made on behalf of the union or association represented and not the Council.

3.16 Disclosure of Information

It is generally accepted that open government is best. The law requires that certain types of information must be available to members, auditors, government departments, service users and the public. The Council itself may decide to be open about other types of information. Employees must be aware of which information their Council is and is not open about, and act accordingly.

In the course of their employment employees may obtain information that has not been made public and is still confidential. Employees must never disclose confidential information given in confidence by anyone, or information which they acquire which they believe may be confidential in nature, without the consent of a person authorised to give it unless they are required to do so by law.

Employees must not use any information obtained through their work for the Council for personal gain or benefit, nor may they pass it on to others who might use it in such a way. Any particular information received by an employee from a councillor which is personal to that councillor and does not belong to the authority must not be divulged by the employee without the prior approval of that councillor, except where such disclosure is required or sanctioned by the law.

Employees have legal obligations towards privacy and security whilst processing personal information relating to any living individual. Such information must be processed in accordance with the Council's Data Protection Code of Practice and Freedom Of Information Act 2000. Breach of confidentiality may be considered a disciplinary offence under the Employee Improvement and Disciplinary Policy and Procedure.

In the event that, during the course of their employment with the Council an employee has been employed within a traded services area and/or during their employment acquired access to confidential information relating to the trade then the following principles will apply:

- The employee shall not for 6 months after the end of their employment, solicit or endeavour to entice away from the Council the custom of a client/customer with whom they have had contact with during the period of their employment, with a view to providing goods or services to that client/customer.
- The employee shall not for 6 months after the end of their employment offer to employ or engage or otherwise endeavour to entice away from the Council and person employed or engaged by the Council who was involved in any capacity within the traded services area and with whom they have dealt with.

3.17 Intellectual Property

Under copyright law the Council owns any material made by the Council or under its direction. As an employee or contractor, any material produced in the course of work belongs to the Council unless otherwise explicitly provided for in the contract of employment. Therefore, to use any work owned by the Council the employee must seek permission from their Assistant Director.

3.18 Public communication

All media requests for information and enquiries that relate to policy and procedures and operational activities must be responded to by the Communications and Public Affairs Team.

When making a public comment in an official capacity employees must:

- Ensure that it is part of their official role
- Ensure that the facts are not misrepresented
- Ensure that the Data Protection Act is not contravened
- Respect the confidentiality of information that has not been approved for release either by Cabinet or through official Council channels.

As private citizens employees have the same rights as members of the public to openly discuss or comment on community and social issues. Employees must make it clear that when commenting in this capacity that it is their personal opinion and not that of the Council and they are not abusing their position of knowledge gained from their role as a council officer.

3.19 Internal Audit

Where an internal audit is conducted on a function all employees are required to contribute to this work. Where an employee has been identified in an agreed action plan to carry out some work, it is their responsibility to ensure that it is undertaken within the agreed timescale.

4.0 Ways of Working

4.1 Working with Elected Members

Employees are responsible to the Council through its senior managers. For some, their role is to give advice to Elected Members and senior managers and all are there to carry out the Council's work. Mutual respect between employees and Elected Members is

essential to good local government.

Employees dealing with Elected Members should be aware of the “Protocol for Relationships between Members and Officers of Dudley MBC” as set out in the Constitution.

4.2 Working with Local Community and Service Users

Employees must always remember their responsibilities to the community they serve and ensure courteous, efficient and impartial service delivery to all groups and individuals within that community as defined by the policies of the Council.

4.3 Agile Working

Through modernisation of the Council's workforce and working arrangements, the relationship between the Council and its employees relies ever more heavily upon trust and the management of outcomes rather than presence at an office base, where applicable. Any abuse of the policies, procedures, guidance and or flexibility afforded will be fully investigated and may lead to disciplinary action being taken. Please refer to the Agile Working Policy for further information.

5.0 Whistleblowing

Since 1999 the Council has had a policy on confidential reporting, i.e., whistleblowing. Under this policy employees who have serious concerns about any aspect of the Council's work are encouraged to come forward and voice those concerns. A copy of the policy can be obtained from your directorate or the Director of Corporate Resources or on the attached link.

http://insidedudley/corporate/info&res/policiesguidanc_/otherpoliciespr_/confidentialrep-1/default.htm

The policy explains the procedure for raising concerns internally or, if preferred, employees may seek free independent and confidential help from the charity, Public Concern at Work.

6.0 Equality Issues

All Dudley Council's employees must ensure that our policies and practices relating to equality issues are complied with in addition to the requirements of the law. All members of the local community, customers and other employees have the right to be treated with fairness and equity.

7.0 Interpretation

If an employee is unsure about any aspect of the Code of Conduct they must raise this with their line manager immediately. Employees of the Council who disagree with the interpretation of this document (as it may affect them) have the right to raise the matter through the Council's Official Grievance Procedure.

8.0 Document Revision History

Revision Number	Date	Amendment	Document Manager	Document Author
00	November 2011	Creation and amendments of document	Philip Tart	Steve Griffiths
01	December 2012	Revision of document to include HR policies e.g social networking	Teresa Reilly	Sabeena Khanna
02	December 2013	Review of document	Teresa Reilly	Emma Wright

Meeting of the Council – 7th October, 2013

Report of the Audit and Standards Committee

Treasury Management

Purpose of Report

1. To outline treasury activity during the financial year 2012/13 and in the current financial year up to August.

Background

2. The Treasury Management strategy for 2013/14 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011. The Code recommends that members are informed of Treasury Management activities at least twice a year. This report ensures that the Council is embracing best practice in accordance with CIPFA's recommendations.
3. Treasury Management entails the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.
4. The Council undertakes treasury management activity on its own behalf and as administering authority for the West Midlands Debt Administration Fund (WMDAF). We are responsible for administering capital funding of approximately £778m on our own account and another £175m on behalf of other West Midlands councils in respect of the WMDAF. The treasury function is governed by the Council's Treasury Policy Statement and Treasury Management Practices.

Treasury activity in 2012/13 on the Dudley fund

5. Our treasury activities were undertaken in the context of the Treasury Strategy Statement 2012/13 approved by Audit Committee and Full Council in February 2012. The Strategy Statement stated:

“The primary factor in determining whether we undertake new long-term borrowing will be cash flow need. We may elect to borrow one or two years in advance of anticipated need if we judge that this is necessary in order to avoid being forced to borrow at higher rates at a later date.”

6. During 2012/13 our investments averaged around £38 million (with significant day to day variation as a result of cash flow). The average return on these investments was 0.61%. The majority of our investments were for less than one month or were in call accounts¹. All investments were placed with institutions that satisfied the criteria for credit-worthiness set out in the Treasury Strategy Statement 2012/13. Our investment activity for 2012/13 is set out in more detail in Appendix 1.
7. The average value of long-term borrowings in 2012/13 was £543 million. The average rate of interest on these borrowings was 4.11% (reduced from an average rate of 5.33% in 2011-12 due to the £336m of loans taken for Housing Self Financing at an average discounted rate of 3.36% in March 2012). The loans were due to mature on dates ranging from 2014 to 2061. The rate for a 50-year maturity loan from the Public Works Loan Board (PWLB) has fluctuated in 2012/13 between 3.96% and 4.59%.
8. The Council qualifies for borrowing at the "Certainty Rate" (0.20% below the standard PWLB rate) for a 12 month period from 1st November 2012. In April the Council submitted its application to the Department for Communities and Local Government to access this reduced rate for a further 12 month period from 1st November 2013. The "Project Rate" was announced in the Chancellor's Autumn Statement in December 2012 and will be set at 0.4% below PWLB rates but will only be available for single projects identified by Local Enterprise Partnerships.
9. In the light of these rates, together with forecasts for future rates and the availability of investment balances to meet cash flow, we did not enter into any new long-term borrowing during the year.
10. Due to cashflow requirements at the end of 2011/12, it was necessary to undertake one short-term borrowing in March 2012 which matured in April 2012. This loan was for £7m at 0.4% for a duration of 11 days in 2012-13. No new short term borrowing was undertaken in 2012-13. Daily cashflow was managed by the use of call accounts.

Treasury activity in 2012/13 on the WMDAF

11. Our borrowing activities in 2005/6 placed us in a position where it was not necessary to undertake any new longer-term borrowing in the financial years from 2006/7 to 2012/13. Having consulted with our treasury advisors at Arlingclose, we did not identify any opportunities to improve our position by restructuring of debt.

¹ A call account is a deposit account with a financial institution without a fixed maturity date. The deposit can be "called" (withdrawn) at any time and deposits can also be made at any time. Call accounts and the specific terms associated with them differ depending upon the bank offering the account.

Performance comparisons 2012/13

12. We have compared our performance, both for Dudley and the WMDAF, with four of our neighbours in the West Midlands. Two of the neighbours did not send their performance data in time for this report. The results are summarised in the following table:

West Midlands performance comparisons 2012/13

	Dudley	WMDAF	West Midlands average
Gross average borrowing rate (the cost of borrowing, ignoring the return on investments)	4.19%	6.41%	4.82%
Investment return rate (the return on investments, ignoring the cost of borrowing)	0.61%	0.29%	1.01%
Net average borrowing rate (a combination of the above, representing the cost of borrowing net of the return on investments)	4.45%	6.43%	6.02%
Lender's Option Borrower's Option (LOBO)² loans as a proportion of all borrowing	2%	5%	17%

13. Our cost of borrowing in 2012/13 was lower than the average and the return on our investments was slightly lower than the average of our neighbours. We were less exposed than the average of our neighbours to the potential volatility of LOBO loans (see footnote). The cash flow position during the year constrained both our investment and borrowing activities and our policy on investments has been very cautious. The performance figures for the four other councils included in the performance comparisons are detailed individually in appendix 4 in an anonymised format.
14. In respect of the WMDAF we have been constrained by the statutory timetable for closure of the fund (March 2026) and have not been able to take advantage of very cheap long-term debt that has been available in recent years.
15. It should be remembered that treasury performance measurement is not an exact science. These statistics represent the cumulative effect of decisions dating back over many years and the performance of our neighbours may have been achieved in circumstances different from our own.

² The lender has the option (at regular intervals stipulated in the loan agreement) to vary the rate of interest. The borrower then has the option to either accept the new interest rate or repay the loan.

Prudential indicators 2012/13

16. The 2003 Prudential Code for Capital Finance in Local Authorities sets out a framework for the consideration and approval of capital spending plans. In so doing, it requires the Council to set a number of prudential indicators, some of which concern matters of treasury management. Appendix 2 outlines those indicators for 2012/13. In all cases, actual outturn was within the targets and limits set by the Council.

Treasury activity 2013/14 to August

17. Treasury activities in the current year have been undertaken in the context of the Treasury Strategy Statement 2013/14 approved by Audit Committee and Full Council in February of this year. In that document we anticipated that long term borrowing would be required in the next 12 months due to cash flow need.
18. Our investments up to the end of August have averaged around £62 million (with significant day to day variation as a result of cash flow). The average return on these investments was 0.54%. All investments were placed with institutions that satisfied the criteria for credit-worthiness set out in the Treasury Strategy Statement 2012/13. Our investment activity for 2012/13 is set out in more detail in Appendix 3.
19. In July the Monetary Policy Committee (MPC) announced its forward guidance policy which will be centred on a 7% unemployment rate. This is a major change from the erstwhile 'take each meeting as it comes' approach. The MPC intends to keep the Bank Rate at the current level of 0.5% (subject to certain constraints mainly around rises in inflation) until the unemployment rate has fallen to a threshold of 7%. This is projected to occur in the third quarter of 2016 therefore there is unlikely to be a base rate rise in the short term, keeping investment yields low.
20. On-going stress in financial markets and numerous credit rating downgrades have led to local authority lending lists being severely restricted in recent years. In order to mitigate this situation, a Custodian account was opened with King and Shaxson in 2012 which will allow the Council to diversify its strategy by buying up Treasury Bills, Certificates of Deposits (CD's) and UK Government Gilts. However, the vast majority of the Council's investments continue to be made as short term deposits or call accounts at UK banks with the highest credit ratings or the UK government's Debt Management Office.
21. The average value of long-term borrowings up to the end of August has been £541.9 million. The average rate of interest on Dudley's loans is 4.11%. The maturity dates for the loans range from the current year to 2061. It has not as yet been necessary to undertake any new long-term borrowing in the current year, but we are monitoring interest rates and cash flow closely. We continue to anticipate that action may be required before the financial year end.
22. It has not been necessary to undertake any short-term borrowing in the current year to date. Daily cash flow has been managed through the use of call accounts.

23. There has been no change to the position on the WMDAF.
24. The Audit and Standards Committee at its meeting held on 19th September, 2013, considered this matter and agreed the recommendation set out in paragraph 28 below.

Finance

25. Forecasts of performance against budget for treasury management activities are highly sensitive to movements in cash flow and interest rates.

Law

26. These matters are governed by Part IV of the Local Government and Housing Act 1989 and Section 111 of the Local Government Act 1972, which empowers the Council to do anything which is calculated to facilitate or is conducive or incidental to the discharge of its various statutory functions.

Equality Impact

27. The treasury management activities considered in this report have no direct impact on issues of equality.

Recommendation

28. That the treasury management activity outlined in this report be noted.



.....
Chair of the Audit and Standards Committee

Appendix 1

Investment Activity 2012/13

Counterparty name	Number of investments	Average value £ million	Average rate %	Average duration (days)
Barclays Treasury Direct	24	5.60	0.39	17
Debt Management Office	77	8.66	0.25	6
Nationwide Building Society	7	3.22	0.40	15
Bank of Scotland Call Account	N/A	10.00	0.75	Call
Santander	N/A	0.54	0.80	Call
Nat West	N/A	1.27	0.80	Call
HSBC	N/A	7.90	0.32	Call
Yorkshire Bank	N/A	0.01	0.75	Call
Salford MDC	1	0.50	11.25	Matures in 2020

The table above includes investments that commenced during 2011/12 and matured in 2012/13. It also includes investments that commenced during 2012/13 and were due to mature in 2013/14.

There is also a fixed term deposit of £500,000.00 with Salford MDC at an interest rate of 11.25% that was made in 1985 and is due to mature in 2020.

Prudential indicators relating to treasury management 2012/13**External debt**

These indicators are intended to ensure that levels of external borrowing are affordable, prudent and sustainable. The authorised limit for external debt is a statutory limit (section 3 of the Local Government Act 2003) that should not be breached under any circumstances. The operational boundary is a lower threshold allowing for a prudent but not worst case scenario for cash flow.

	£m
Authorised limit for external borrowing	983.0
Operational boundary for external borrowing	876.0
Outturn - actual maximum external borrowing	737.0

CIPFA Code of Practice for Treasury Management in the Public Services

The Council adopted the Revised CIPFA Treasury Management in the Public Services Code of Practice in February 2010.

Interest rate exposures and maturity structure of borrowing and investments

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

	Indicator	Outturn
Upper limit for fixed interest rate exposure	100%	98.2%
Upper limit for variable rate exposure	10%	1.8%
Upper limit of principal maturing in any one year for sums invested for over 364 days	£10m	nil
Maturity structure of fixed rate borrowing:-		
under 12 months	0-10%	2.0%
12 months and within 24 months	0-10%	1.2%
24 months and within 5 years	0-15%	5.4%
5 years and within 10 years	0-25%	15.1%
10 years and above	40-100%	76.2%

Investment Activity 2013/14 to August

Counterparty name	Number of investments	Average value £ million	Average rate %	Average duration (days)
Barclays Treasury Direct	14	10.50	0.39	21
Debt Management Office	22	10.25	0.25	13
Nationwide Building Society	10	13.53	0.40	29
Bank of Scotland Call Account	N/A	15.56	0.75	
HSBC	N/A	11.44	0.32	
Nat West	N/A	0.01	0.80	
Santander	N/A	0.05	0.80	
Yorkshire Bank	N/A	0.01	0.75	
Salford MDC	1	0.5	11.25	Matures in 2020

The table above includes investments that commenced during 2012/13 and were due to mature in the current year. It also includes investments that commenced in the current year before August and were due to mature after August.

There is also a fixed term deposit of £500,000.00 with Salford MDC at an interest rate of 11.25% that was made in 1985 and is due to mature in 2020.

West Midlands performance comparisons 2012/13

	Council					
	Dudley	WMDAF	A	B	C	D
Gross average borrowing rate (the cost of borrowing, ignoring the return on investments)	4.19%	6.41%	4.44%	4.42%	4.98%	4.5%
Investment return rate (the return on investments, ignoring the cost of borrowing)	0.61%	0.29%	0.56%	0.71%	1.76%	2.15%
Net average borrowing rate (a combination of the above, representing the cost of borrowing net of the return on investments)	4.45%	6.43%	5.61%	4.64%	5.11%	9.89%
Lender's Option Borrower's Option (LOBO) loans as a proportion of all borrowing	2%	5%	16%	20%	6%	51%