



A meeting of the Council will be held in the Civic Hall, Leeds on Wednesday, 16th September, 2009 at 1.30 pm

Members of the Council are invited to attend and transact the following business:

1. Minutes

To confirm the minutes of the Council Meeting held on 15th July 2009.

2. Declarations of Interest

To receive any declarations of interest from Members.

3. Communications

To receive such communications as the Lord Mayor, the Leader, Members of the Executive Board or the Chief Executive consider appropriate

4. Deputations

To receive deputations in accordance with Council Procedure Rule 10.

5. Reports

To consider reports as follows (the Chief Executive considers that these reports are appropriate to be received at this meeting in accordance with Council Procedure Rule 2.2 (f)):-

- a) That the report of the Assistant Chief Executive(Corporate Governance) on arrangements for Council meetings in November 2009 be approved

R BRETT

- b) That the report of the Assistant Chief Executive(Corporate Governance) on appointments be approved

J PROCTER

- c) That the report of the Assistant Chief Executive(Corporate Governance) on amendments to the Scheme of Delegation be noted.

R BRETT

6. Questions

To deal with questions in accordance with Council Procedure Rule 11.

7. Recommendations of the Executive Board

That the recommendations of the Executive Board on treasury management matters, as presented by the report of the Assistant Chief Executive (Corporate Governance) be approved.

R BRETT

8. Recommendations of the General Purposes Committee - Executive Arrangements

That the recommendation of the General Purposes Committee with regard to the Council's Executive arrangements, as contained in the report of the Assistant Chief Executive (Corporate Governance), be approved

A CARTER

(Report to follow).

9. Recommendations of the General Purposes Committee - Amendments to the Constitution

That the recommendations of the General Purposes Committee with regard to amendments to the Constitution, as contained in the report of the Assistant Chief Executive (Corporate Governance), be approved.

A CARTER

(Report to follow)

10. Minutes

To receive the minutes in accordance with Council Procedure Rule 2.2(o)

11. White Paper Motion - Safeguarding of Children

This Council recognises the serious issues highlighted by the recent unannounced OFSTED inspection of contact, referral and assessment services within Leeds City Council Children's Services.

Council affirms that safeguarding of children should receive the highest priority and that it will learn the lessons from the issues highlighted in the inspection report.

Council notes the ongoing actions to embed citywide consistency in front line practices to ensure that any child at risk receives the attention they deserve.

S GOLTON

12. White Paper Motion - Meat Free Day

This Council agrees that the effect of climate change is one of the biggest challenges facing mankind in the coming years. Council notes that one significant contributory factor is the consumption and production of meat products, resulting in, amongst other things, the clearing of vast swathes of the Amazon rain forest to feed the demand for cheap meat. Council concludes that implementing some means of reducing demand for and consumption of meat products would help in the fight to combat the effects of climate change.

Council is requested to seek ways in which it can promote widespread voluntary adoption of a weekly meat-free day through our various services.

R FINNIGAN

13. White Paper Motion - Day Centres

This Council underlines its commitment to providing our elderly with a choice of vital care services and recognises the essential role day centres play in our communities.

This Council therefore urges the Executive Board to withdraw proposals to close six day centres which, if given the go-ahead, will hit hardest some of the most vulnerable people in our city.

Furthermore this Council also expresses its grave concern at how consultation on these closure plans has been managed.

J McKENNA

14. White Paper Motion - Lettings Policy

Council is very disappointed with the lack of progress regarding the city's "Lettings Policy" since the all-party agreement on April 22nd 2009.

This Council therefore urges the Executive Board Member for Neighbourhoods & Housing to bring forward an urgent report for the consideration of Council.

P GRUEN

15. White Paper Motion submitted under the Provisions of Council Procedure Rule 3.1 (d) - Leeds Tapestry

This Council congratulates all involved in the production of the Leeds Tapestry and welcomes its permanent residence at Leeds City Library, where it will be greatly appreciated.

B LANCASTER

16. White Paper Motion submitted under the Provisions of Council Procedure Rule 3.1 (d) - Tetley's in Leeds

This Council welcomes the petition launched by CAMRA's Yorkshire branches calling for Tetley's to be continued to be brewed in Leeds, and urges members to support the campaign.

D HOLLINGSWORTH

17. White Paper Motion submitted under the Provisions of Council Procedure Rule 3.1 (d) - High Speed Rail Link

This Council regrets Network Rail's recent decision to back a route for the proposed High Speed Rail Link that excludes Leeds and the wider Yorkshire region.

Council urges the Government to consider all available evidence including a recent report for West Yorkshire Metro and the South Yorkshire Passenger Transport Authority, which stated that high speed rail could boost Yorkshire's economy by up to £3bn, before coming to its final conclusion on the High Speed Rail link later in the year.

This Council resolves to continue lobbying as strongly as possible for High Speed Rail Links that include Leeds.

A CARTER

Chief Executive

Civic Hall
Leeds
LS1 1UR

NOTE – The order in which White Paper motions will be debated will be determined by Whips prior to the meeting



Proceedings of the Meeting of the Leeds City Council held at the
Civic Hall, Leeds on Wednesday, 15th July, 2009

PRESENT: The Lord Mayor Councillor Judith Elliott in the Chair

WARD

ADEL & WHARFEDALE

Barry John Anderson
John Leslie Carter
Clive Fox

ALWOODLEY

Ronald David Feldman
Ruth Feldman
Peter Mervyn Harrand

ARDSLEY & ROBIN HOOD

Karen Renshaw
Jack Dunn

ARMLEY

Alison Natalie Kay Lowe
James McKenna
Janet Harper

BEESTON & HOLBECK

Angela Gabriel
Adam Ogilvie
David Congreve

BRAMLEY & STANNINGLEY

Ted Hanley
Neil Taggart

BURMANTOFTS & RICHMOND HILL

Ralph Pryke
Richard Brett
David Hollingsworth

WARD

CALVERLEY & FARSLEY

Andrew Carter
Joseph William Marjoram
Frank Robinson

CHAPEL ALLERTON

Eileen Taylor
Mohammed Rafique
Jane Dowson

CITY & HUNSLET

Elizabeth Nash
Patrick Davey
Mohammed Iqbal

CROSS GATES & WHINMOOR

Suzi Armitage
Pauleen Grahame
Peter John Gruen

FARNLEY & WORTLEY

David Blackburn
Ann Blackburn
Andy Parnham

GARFORTH & SWILLINGTON

Andrea McKenna
Mark Dobson
Thomas Murray

GIPTON & HAREHILLS

Alan Leonard Taylor
Arif Hussain
Roger Harington

GUISELEY & RAWDON

Graham Latty
Stuart Andrew
John Bale

HAREWOOD

Ann Castle
Rachael Procter
Alec Shelbrooke

HEADINGLEY

Jamie Matthews
James John Monaghan
Martin Hamilton

HORSFORTH

Christopher Townsley
Andrew Barker
Brian Cleasby

HYDE PARK & WOODHOUSE

Penny Ewens
Kabear Hussain
Linda Valerie Rhodes-Clayton

KILLINGBECK & SEACROFT

Graham Hyde
Veronica Morgan
Brian Michael Selby

KIPPAX & METHLEY

John Keith Parker
James Lewis

KIRKSTALL

Lucinda Joy Yeadon
John Anthony Illingworth
Bernard Peter Atha

MIDDLETON PARK

Geoffrey Driver
Judith Blake
Debra Ann Coupar

MOORTOWN

Brenda Lancaster
Richard Harker

MORLEY NORTH

Robert William Gettings
Thomas Leadley

MORLEY SOUTH

Judith Elliott
Terrence Grayshon
Christopher James Beverley

OTLEY & YEADON

Graham Peter Kirkland
Colin Campbell
Ryk Downes

PUDSEY

Josephine Patricia Jarosz
Richard Alwyn Lewis
Mick Coulson

ROTHWELL

Donald Michael Wilson
Steve Smith
Barry Stewart Golton

ROUNDHAY

Matthew Lobley
Valerie Kendall
Paul Wadsworth

TEMPLE NEWSAM

William Schofield Hyde
David Schofield
Michael Lyons

WEETWOOD

Ben Chastney
Susan Bentley
Judith Mara Chapman

WETHERBY

Gerald Wilkinson
Alan James Lamb
John Michael Procter

18 Announcements

- a) The Lord Mayor referred to the recent deaths of former Councillors Eileen Moxon and Brian Baines Barker and to that of the former Director of Galleries, Robert Rowe and Council stood in silent tribute.
- b) The Lord Mayor reported that Councillor Denise Atkinson had personally contacted her to report that she would be unable to attend the meeting.
- c) The Lord Mayor reported that Stuart Simmons of Adult Social Services had won the national award of Council Worker of the Year. Mr Simmons was present in the Chamber and Council applauded him upon his achievement.

19 Minutes

It was moved by Councillor J Procter, seconded by Councillor Gruen and

RESOLVED – That the minutes of the meeting of Council held on 21st May 2009 be approved.

20 Declarations of Interest

The Assistant Chief Executive (Corporate Governance) referred to the listed declarations of school governorships associated with minute 32 of this meeting and advised that any Members holding such governorships, additional to those listed, did not need to declare in this respect.

The Lord Mayor announced that a list of written declarations submitted by members was on deposit in the public galleries and had been circulated to each Member's place in the Chamber.

Following an invitation to declare further individual interests, declarations in accordance with the Council's Code of Conduct were made as follows:-

- a) Members declared personal interests in minute 24 of this meeting as follows:-

Cllr B Anderson	Recommendations of Executive Board – (Gambling Policy) Chair, Leeds Casino Task Group
Cllr J Bale	Recommendations of Executive Board – (Children & Young People's Plan) Member, Learning Disability Partnership Board
Cllr P Harrand	(Recommendations of Executive Board – Health & Wellbeing Report) Governor, Leeds Partnership Foundation Trust
- b) Councillor Anderson declared a personal interest in minute 29 of this meeting as Director of Green Leeds.
- c) Members declared personal interests in minute 32 of this meeting as follows:-

Cllr D Coupar	Gov Cockburn College of Arts/Corpus Christie Catholic College
Cllr P Gruen	Gov of John Smeaton High

Cllr A Lowe	Gov of Intake High
Cllr K Parker	Gov of Brigshaw High
Cllr J Jarosz	Gov of Pudsey Grangefield/member of WYPTA
Cllr K Rensahw	Gov South Leeds Performing Arts College
Cllr D Congreve	Gov of Cockburn College of Arts/Member of WYPTA
Cllr T Murray	Gov of Garforth Community College
Cllr M Coulson	Gov of Pudsey Grangefield High
Cllr A Ogilvie	Gov of Cockburn College of Arts
Cllr G Driver	Gov of South Leeds High
Cllr J Blake	Gov of Prince Henry's Grammar
Cllr A Gabriel	Gov of South Leeds High
Cllr K Wakefield	Gov of Brigshaw High
Cllr T Hanley	Gov of Intake High
Cllr P Grahame	Gov of John Smeaton High
Cllr M Rafique	Works for Education Leeds/parent of Child at Roundhay High
Cllr M Lyons	Memmmber of WYPTA
Cllr J McKenna	Parent of Child at Garforth College
Cllr A McKenna	Parent of Child at Garforth College
Cllr E Taylor	Gov of Allerton High School
Cllr S Bentley	School governorship at Lawnswood High
Cllr C Campbell	Daughter at Prince Henry's Grammar School
Cllr B Cleasby	School governorship at Horsforth Specialist Science College
Cllr R Downs	Foundation governor at Prince Henry's Grammar School
Cllr P Ewens	School governorship at Central Federation of Schools and North West SILC
Cllr S Golton	School governorship at Royds School and Oulton School
Cllr R Harker	School governorship at Leeds Trinity

	University College
Cllr M Harris	School governorship at Roundhay School
Cllr K Hussain	Has children at Roundhay School
Cllr G Kirkland	Foundation governor at Prince Henry Grammar School
Cllr B Lancaster	School governor at Carr Manor High
Cllr R Pryke	School governorship at Central Federation of Schools
Cllr S Smith	School governor at Oulton School
Cllr C Townsley	School governor at Horsforth High School
Cllr A Carter	Parent of child at Benton Park High School. Member, West Yorkshire Integrated Transport Authority; Member, Yorks & Humber Transport Board; Leeds Initiative Integrated Transport Partnership; Chairman of Governors, Westroyd Infants School.
Cllr B Anderson	Member, W. Yorks Integrated Transport Forum; Member, Regional Transport Forum; Governor, Holy Trinity Primary School, Cookridge
Cllr S Andrew	Member, WYPTA Local Transport Plan Steering Group
Cllr L Carter	Governor, Adel Primary School
Cllr A Castle	Governor, Scholes Primary School
Cllr R Feldman	Governor, Brodetsky Primary School; Governor, Allerton High School
Cllr C Fox	Member, WYPTA Passenger Transport Consultative Committee
Cllr B Hyde	Governor, Temple Moor High School; Governor Colton Primary School
Cllr V Kendall	Governor, Roundhay High School
Cllr A Lamb	Governor, Ninelands Lane Primary School; Governor, Wetherby High School
Cllr A Shelbrooke	Governor, East Garforth Primary School
Cllr P Wadsworth	Member, W. Yorks Integrated Transport Authority; Governor, Allerton Grange High School; Governor, Gledhow Primary School
Cllr G Wilkinson	Governor, Lady Hastings Primary School,

Collingham

Cllr J Elliott Governor of Woodkirk High School

Cllr R Gettings Governor of Bruntcliffe High School

d) Members declared personal interests in minute 30 of this meeting as follows:-

Cllr S Andrew Crime Prevention Panel

Cllr F Robinson Chair, Pudsey Crime Prevention Panel; Vice Chair, Pudsey Police Forum

e) Members declared personal interests in minute 31 of this meeting as follows:-

Cllr D Congreve Lives within 2 miles of route

Cllr J Jarosz Lives within 2 miles of route

Cllr M Lyons Lives within 2 miles of route

Cllr R Harington Lives within 2 miles of route

Cllr L Mulherin Lives within 2 miles of route

Cllr E Nash Lives within 2 miles of route

Cllr L Yeadon Lives within 2 miles of route

Cllr C Congreve Lives within 2 miles of route

Cllr A Hussain Lives within 2 miles of route

Cllr J Illingworth Lives within 2 miles of route

Cllr M Iqbal Lives within 2 miles of route

Cllr V Morgan Lives within 2 miles of route

Cllr M Rafique Lives within 2 miles of route

Cllr G Driver Lives within 2 miles of route

Cllr T Leadley Member of Metro (WYITA)

Cllr C Campbell Member of West Yorkshire ITA

Cllr B Anderson Member, W. Yorks Integrated Transport Forum; Member, Regional Transport Forum

Cllr S Andrew WYPTA Local Transport Plan Steering Group

Cllr A Carter Member, West Yorkshire Integrated Transport Authority; Member, Yorks & Humber Transport Board; Leeds Initiative

Integrated Transport Partnership; LGA
Regeneration & Transport Board

Cllr C Fox Member, WYPTA Passenger Transport
Consultative Committee

Cllr P Wadsworth Member, W. Yorks Integrated Transport
Authority

Cllr R Downes Chair of West Yorkshire Integrated Transport
Authority

f) Members declared personal interests in minute 33 of this meeting as follows:-

Cllr M Lyons Member of WYPTA

Cllr J Jarosz Member of WYPTA

Cllr D Congreve Member of WYPTA

Cllr T Leadley Member of Metro (WYITA)

Cllr B Anderson Member, W. Yorks Integrated Transport
Forum; Member, Regional Transport Forum

Cllr S Andew WYPTA Local Transport Plan Steering
Group

Cllr A Carter Member, West Yorkshire Integrated
Transport Authority; Member, Yorks &
Humber Transport Board; Leeds Initiative
Integrated Transport Partnership

Cllr C Fox Member, WYPTA Passenger Transport
Consultative Committee

Cllr P Wadsworth Member, W. Yorks Integrated Transport
Authority

Cllr R Downes Chair of West Yorkshire Integrated Transport
Authority

21 Deputations

Two deputations were admitted to the meeting and addressed Council as follows:

- 1) North Hyde Park Residents' Association and Friends of Woodhouse Moor regarding the Councils' proposal to establish barbeque areas on Woodhouse Moor.
- 2) Residents concerned at levels of local authority provision for the travelling community.

RESOLVED – That the subject matter of the deputations be referred to the Executive Board for consideration.

22 Reports

a) Members' Allowance Scheme

It was moved by Councillor Brett, seconded by Councillor A Carter that the report of the Chief Democratic Services Officer on the Members' Allowance Scheme be approved.

An amendment was moved by Councillor A Blackburn seconded by Councillor D Blackburn to delete the words "the recommendations" in line 1 and replace with "recommendation (b) only".

The amendment was declared lost and upon the motion being put to the vote it was

RESOLVED – That the report of the Chief Democratic Services Officer on the Members' Allowance Scheme be approved.

b) Scrutiny Boards' Annual Report

It was moved by Councillor Brett seconded by Councillor J Procter and

RESOLVED – That the Scrutiny Boards' Annual Report to Council, prepared in accordance with Article 6 of the Constitution, be approved.

c) Appointments

It was moved by Councillor J Procter seconded by Councillor Gruen and

RESOLVED – That the report of the Assistant Chief Executive (Corporate Governance) on appointments be approved subject to the addition of the following:-

Councillor S Smith replace Councillor S Bentley on Scrutiny Board (City Development) and Councillor S Bentley replace Councillor C Townsley on Scrutiny Board (Health)

Councillor D Coupar to replace Councillor J Dowson on Scrutiny Board (Children's Services)

Councillor J Dowson to replace Councillor D Coupar on Scrutiny Board (Environment and Neighbourhoods)

d) Amendments to the Officer Delegation Scheme

It was moved by Councillor J Procter seconded by Councillor Gruen and

RESOLVED – That the report of the Assistant Chief Executive (Corporate Governance) on amendments to the Officer Delegation Scheme (Executive Functions) be noted.

23 Questions

1) Councillor Lyons to the Executive Member (Environmental Services)

Can the Executive Board Member for Environmental Services please tell me where his Administration plan to site their proposed incinerator?

The Executive Member (Environmental Services) replied.

2) Councillor Hamilton to the Executive Member (Environmental Services)

Would the Executive Member for Environmental Services indicate the cost to the Council of sending domestic waste to landfill in 2008/09?

The Executive Member (Environmental Services) replied.

3) Councillor Bale to the Deputy Leader of Council

Would the Deputy Leader of Council like to share his views on the recent media coverage casting doubt on the proposed kidney dialysis unit for the LGI?

The Deputy Leader of Council replied.

4) Councillor J Lewis to the Leader of Council

Does the Leader of Council agree with me that transparency is an important part of the Council's communication with the public?

The Leader of Council replied.

5) Councillor A Blackburn to the Executive Member (Environmental Services)

Can the Executive Member for Environmental Services explain why the 'Waste Solution for Leeds' is now going to take waste from neighbouring authorities as well as commercial waste from Leeds?

The Executive Member (Environmental Services) replied.

6) Councillor Iqbal to the Executive Member (Environmental Services)

Can the Executive Board Member for Environmental Services confirm that the highest possible standards in health and cleanliness are being observed in his Department?

The Executive Member (Environmental Services) replied.

7) Councillor Ewens to the Leader of Council

Would the Leader of Council comment on the proposals to promote a Year of Volunteering in Leeds in 2010?

The Leader of Council replied.

8) Councillor Anderson to the Executive Member (Development and Regeneration)

Does the Executive Member for City Development & Regeneration know if the Government has agreed the financial support package submitted by Yorkshire Forward as a contribution towards the Leeds Arena Project?

The Executive Member (Development and Regeneration) replied.

9) Councillor Renshaw to the Leader of Council

Will the Leader of Council confirm his commitment to health equality across the city?

The Leader of Council replied.

10) Councillor Beverley to the Leader of Council

Can the Leader of Council please comment on the recent admission by Gordon Brown that his government's housing policies discriminate against the ethnic English population of this country, and his claim that this will be corrected so that immigrants and asylum seekers will no longer be put to the front of the housing queue, and can he tell us what implications this will have for the housing policies of Leeds City Council?

The Leader of Council replied.

11) Councillor Jarosz to the Leader of Council

Can the Leader of Council reiterate the importance of effective fiscal management with the Council, particularly given the current economic circumstances?

The Leader of Council replied.

At the conclusion of question time, the following questions remained unanswered and it was noted that under the provisions of Council Procedure Rule 11.6, written responses would be sent to each member of Council.

12) Councillor Cleasby to the Leader of Council

13) Councillor Andrew to the Executive Member (Development and Regeneration)

14) Councillor Harington to the Executive Member (Environmental Services)

15) Councillor Bentley to the Executive Member (Children's Services)

16) Councillor J McKenna to the Leader of Council

17) Councillor Lancaster to the Executive Member (Learning)

18) Councillor Illingworth to the Leader of Council

19) Councillor Pryke to the Executive Member (Learning)

20) Councillor Chapman to the Leader of Council

21) Councillor Townsley to the Leader of Council

22) Councillor Hollingsworth to the Executive Member (Adult Health and Social Care)

24 Recommendations of the Executive Board

a) Health and Wellbeing Partnership Plan

It was moved by Councillor Brett seconded by Councillor A Carter and

RESOLVED –That the Health and Wellbeing Partnership Plan be approved in accordance with the recommendations of the report of the Assistant Chief Executive (Corporate Governance).

b) Children and Young People's Plan

It was moved by Councillor Brett seconded by Councillor A Carter and

RESOLVED – That the Children and Young People’s Plan 2009/14 be approved in accordance with the recommendation of the report of the Assistant Chief Executive (Corporate Governance).

c) Draft of the Gambling Act 2005 Statement of Licensing Policy

It was moved by Councillor Brett seconded by Councillor A Carter that the draft of the Gambling Act 2005 Statement of Licensing Policy be approved for the purposes of consultation in accordance with the report of the Assistant Chief Executive (Corporate Governance) subject to consent of Council under the provisions of Council Procedure Rule 14.10 to amend the text of the draft Statement of Licensing Policy by replacing the text at Section 12 with that contained in the interim consultation report which is also included in the papers before Council.

Consent of Council was given and upon being put to the vote it was

RESOLVED – That the draft of the Gambling Act 2005 Statement of Licensing Policy be approved for the purposes of consultation in accordance with the report of the Assistant Chief Executive (Corporate Governance) subject to the amendment of the text of the draft Statement of Licensing Policy by replacing the text at Section 12 with that contained in the interim consultation report which was also included in the papers before Council.

25 Recommendations of the Standards Committee

It was moved by Councillor Campbell seconded by Councillor J L Carter and

RESOLVED – That the annual report of the Standards Committee be received in accordance with the recommendations of the report of the Assistant Chief Executive (Corporate Governance).

26 Recommendation of the General Purposes Committee

It was moved by Councillor A Carter seconded by Councillor Brett and

RESOLVED - That the recommendations of the General Purposes Committee on amendments to the Member Management Committee’s terms of reference as detailed in the report of the Assistant Chief Executive (Corporate Governance) be approved.

27 Recommendations of the Corporate Governance and Audit Committee

It was moved by Councillor Bale seconded by Councillor Campbell and

RESOLVED - That the annual report of the Corporate Governance and Audit Committee be received in accordance with the recommendations of the report of the Assistant Chief Executive (Corporate Governance)

28 Minutes

It was moved by Councillor Brett seconded by Councillor J Procter

That the minutes be received in accordance with Council Procedure Rule 2.2(o).

An amendment (reference back) was moved by Councillor J Lewis seconded by Councillor Lowe to the following at the end of item 11:

"but to ask the Executive Board to reconsider the decision in relation to the Procurement of a Corporate Interactive Voice Response (IVR) Solution as contained in Minute 23, page 444 of the Executive Board minutes of the 17th June 2009."

The amendment was declared lost.

A second amendment (reference back) was moved by Councillor Dowson seconded by Councillor Murray to add the following at the end of item 11:-

"but to ask the Executive Board to reconsider the decision in relation to Expanding Primary Place Provision as contained in Minute 15, page 441 of the Executive Board minutes of the 17th June 2009."

The second amendment was declared lost and upon being put to the vote it was

RESOLVED – That the minutes submitted to Council in accordance with Council Procedure Rule 2.2(o) be received.

Council Procedure Rule 4 providing for the winding up of business was applied prior to all notified comments on the minutes having been debated.

On the requisition of Councillors Gruen and Atha the voting on the amendments was recorded as follows:-

First Amendment

YES

Armitage, Atha, Beverley, A Blackburn, D Blackburn, Blake, Congreve, Coulson, Coupar, Davey, Dobson, Dowson, Driver, Dunn, Gabriel, Grahame, Gruen, Hanley, Harington, Harper, A Hussain, G Hyde, Illingworth, Iqbal, Jarosz, J Lewis, R Lewis, Lowe, Lyons, A McKenna, J Mckenna, Morgan, Murray, Nash, Ogilvie, Parker, Parnham, Rafique, Renshaw, Selby, Taggart, E Taylor, Yeadon.

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NO

Anderson, Andrew, Bale, Barker, Bentley, Brett, Campbell, A Carter, J L Carter, Castle, Chapman, Chastney, Cleasby, Downes, Ewens, Mrs R Feldman, R D Feldman, Fox, Gettings, Golton, Grayshon, Hamilton, Harker, Harrand, Hollingsworth, K Hussain, W Hyde, Kendall, Kirkland, Lamb, Lancaster, Latty, Lobley, Marjoram, Matthews, Monaghan, J Procter, R Procter, Pryke, Rhodes-Clayton, Robinson, Schofield, Shelbrooke, Smith, A Taylor, Townsley, Wadsworth, Wilkinson, Wilson.

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ABSTAIN

T Leadley.

1

Second Amendment

YES

Armitage, Atha, Blake, Congreve, Coulson, Coupar, Davey, Dobson, Dowson, Driver, Dunn, Gabriel, Grahame, Gruen, Hanley, Harington, Harper, A Hussain, G Hyde,

Illingworth, Iqbal, Jarosz, J Lewis, R Lewis, Lowe, Lyons, A McKenna, J McKenna, Morgan, Murray, Nash, Ogilvie, Parker, Rafique, Renshaw, Selby, Taggart, E Taylor, Yeadon.

39

NO

Anderson, Andrew, Bale, Barker, Bentley, A Blackburn, D Blackburn, Brett, Campbell, A Carter, J L Carter, Castle, Chapman, Chastney, Cleasby, Downes, Ewens, Mrs R Feldman, R D Feldman, Fox, Gettings, Golton, Grayshon, Hamilton, Harker, Harrand, Hollingsworth, K Hussain, W Hyde, Kendall, Kirkland, Lamb, Lancaster, Latty, Leadley, Lobley, Marjoram, Matthews, Monaghan, Parnham, J Procter, R Procter, Pryke, Rhodes-Clayton, Robinson, Schofield, Shelbrooke, Smith, A Taylor, Townsley, Wadsworth, Wilkinson, Wilson.

53

ABSTAIN

C Beverley

1

(The meeting was suspended at 4.55 pm and resumed at 5.25 pm.)

29 White Paper Motion - Waste Collection Services

It was moved by Councillor J Lewis seconded by Councillor Lowe

That this Council condemns the recent service changes imposed on tax payers in this city. This Council believes the citizens of Leeds are entitled to Council services that will be delivered on time and meet the highest possible standards.

Specifically this council commits itself to a Leeds Waste Pledge which promises that:-

1. All bins will be collected on the day promised.
2. There will always be a weekly ordinary waste collection.
3. Every household will have a recycling waste collection.

This Council believes if the ruling administration are fining residents £75 for leaving their wheelie bins on the street, then it is also appropriate for residents to be refunded if their bins are not collected.

An amendment was moved by Councillor Monaghan seconded by Councillor Wadsworth to delete the first sentence of the motion, delete all after the end of the second sentence and replace with new paragraphs as follows :-

“Council therefore confirms its commitment to the Waste Strategy agreed at the Executive Board Meeting on the 11th September 2007 and promises to continue to support measures to maintain and improve the efficiency of Streetscene Services.

Furthermore this Council reiterates its commitment to a weekly waste collection.”

The amendment was carried and upon being put as the substantive motion it was

RESOLVED – That this Council believes the citizens of Leeds are entitled to Council services that will be delivered on time and meet the highest possible standards. Council therefore confirms its commitment to the Waste Strategy agreed at the Executive Board Meeting on the 11th September 2007 and promises to continue to support measures to maintain and improve the efficiency of Streetscene Services. Furthermore this Council reiterates its commitment to a weekly waste collection.

On the requisition of Councillors Gruen and Atha the voting on the amendment was recorded as follows:-

YES

Anderson, Andrew, Bale, Barker, Bentley, Brett, Campbell, A Carter, J L Carter, Castle, Chapman, Chastney, Cleasby, Downes, Ewens, Mrs R Feldman, R D Feldman, Fox, Gettings, Golton, Grayshon, Hamilton, Harker, Harrand, Hollingsworth, W Hyde, Kendall, Kirkland, Lamb, Lancaster, Latty, Leadley, Lobley, Marjoram, Matthews, Monaghan, J Procter, R Procter, Pryke, Rhodes-Clayton, Robinson, Schofield, Shelbrooke, Smith, A Taylor, Townsley, Wadsworth, Wilkinson, Wilson.

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NO

Armitage, Atha, Beverley, A Blackburn, D Blackburn, Blake, Congreve, Coulson, Coupar, Davey, Dobson, Dowson, Driver, Dunn, Gabriel, Grahame, Gruen, Hanley, Harington, Harper, A Hussain, G Hyde, Illingworth, Iqbal, Jarosz, J Lewis, R Lewis, Lowe, Lyons, A McKenna, J McKenna, Morgan, Murray, Nash, Ogilvie, Parker, Parnham, Rafique, Renshaw, Selby, Taggart, E Taylor, Yeadon.

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On the requisition of Councillors Bentley and Hamilton the voting on the substantive motion was recorded as follows:-

YES

Anderson, Andrew, Bale, Barker, Bentley, Brett, Campbell, A Carter, J L Carter, Castle, Chapman, Chastney, Cleasby, Downes, Ewens, Mrs R Feldman, R D Feldman, Fox, Gettings, Golton, Grayshon, Hamilton, Harker, Harrand, Hollingsworth, W Hyde, Kendall, Kirkland, Lamb, Lancaster, Latty, Leadley, Lobley, Marjoram, Matthews, Monaghan, J Procter, R Procter, Pryke, Rhodes-Clayton, Robinson, Schofield, Shelbrooke, Smith, A Taylor, Townsley, Wadsworth, Wilkinson, Wilson.

49

NO

A Blackburn, D Blackburn, Parnham.

3

ABSTAIN

C Beverley, J McKenna.

30 White Paper Motion - Neighbourhood Wardens

It was moved by Councillor A Blackburn seconded by Councillor Parnham

That this Council agrees that the Neighbourhood Wardens do an excellent and essential job in the local areas which they currently cover and calls upon the Executive Member for Neighbourhoods and Housing to ensure that warden coverage remains in these areas.

An amendment was moved by Councillor J L Carter seconded by Councillor Monaghan to delete all after "This Council" and replace with:

"recognises the excellent work carried out by Neighbourhood Wardens and regrets the fact that the Government is stopping the funding that helped to pay for them. Council therefore resolves to proceed with the planned restructure of the service, which will ensure that the new Community Environment Officers continue to work at neighbourhood level, supporting local communities in the most deprived areas of the city."

The amendment was carried and upon being put as the substantive motion it was

RESOLVED - That this Council recognises the excellent work carried out by Neighbourhood Wardens and regrets the fact that the Government is stopping the funding that helped to pay for them. Council therefore resolves to proceed with the planned restructure of the service, which will ensure that the new Community Environment Officers continue to work at neighbourhood level, supporting local communities in the most deprived areas of the city.

(The provisions of Council Procedure Rule 3.1(d) were applied prior to all notified comments in respect of this motion having been heard.)

On the requisition of Councillors J Procter and J L Carter, the voting on the substantive motion was recorded as follows:-

YES

Anderson, Andrew, Bale, Barker, Bentley, Brett, Campbell, A Carter, J L Carter, Castle, Chapman, Chastney, Cleasby, Downes, Ewens, Mrs R Feldman, R D Feldman, Fox, Gettings, Golton, Grayshon, Hamilton, Harker, Harrand, Hollingsworth, W Hyde, Kendall, Kirkland, Lamb, Lancaster, Latty, Leadley, Lobley, Marjoram, Matthews, Monaghan, J Procter, R Procter, Pryke, Rhodes-Clayton, Robinson, Schofield, Shelbrooke, Smith, A Taylor, Townsley, Wadsworth, Wilkinson, Wilson.

49

NO

Armitage, Atha, Blake, Congreve, Coulson, Coupar, Davey, Dobson, Dowson, Driver, Dunn, Gabriel, Grahame, Gruen, Hanley, Harington, Harper, A Hussain, G Hyde, Illingworth, Iqbal, Jarosz, J Lewis, R Lewis, Lowe, Lyons, A McKenna, J McKenna, Morgan, Murray, Nash, Ogilvie, Parker, Rafique, Renshaw, Selby, Taggart, E Taylor, Yeadon.

39

ABSTAIN

Beverley, A Blackburn, D Blackburn, Parnham.

4

31 White Paper Motion - New Generation Transport

It was moved by Councillor Downes seconded by Councillor A Carter

That this Council reiterates its view that Leeds deserves a first class transport system and welcomes the Regional Transport Board's proposed investment in 'New Generation Transport' which represents a key element of such a system, along with improved commuter rail and bus services.

Council therefore supports the NGT proposals drawn up for Leeds and welcomes, as a starting point, the consultation exercise currently being undertaken by the West Yorkshire Integrated Transport Authority. This Council believes that such proper public and political consultation should be undertaken for all major transport proposals affecting Leeds.

Any major transport project in Leeds is dependent on Government support therefore this Council calls upon Leeds' MPs to campaign vigorously to ensure NGT will get the necessary funding from this and all future Governments.

Furthermore, this Council reiterates its all party commitment to the NGT project at both city and regional level."

An amendment was moved by Councillor D Blackburn seconded by Councillor A Blackburn to delete all after 'That this Council ' and replace with:-

"Believes that all the citizens of Leeds deserves an accessible, state of the art 21st Century Public Transport System, which should include improved rail and bus services and the principle of a sustainable trolley bus system.

Council therefore calls upon all Leeds MP's to campaign vigorously in support of gaining the appropriate funding from this and future Governments to achieve these ends."

Under the provisions of Council Procedure Rule 14.11, with the consent of the seconder, leave of Council was given to Councillor R Lewis to withdraw the amendment in his name.

The amendment in the name of Councillor D Blackburn was carried and upon being put as the substantive motion it was

RESOLVED UNANIMOUSLY – That this Council believes that all the citizens of Leeds deserves an accessible, state of the art 21st Century Public Transport System, which should include improved rail and bus services and the principle of a sustainable trolley bus system.

Council therefore calls upon all Leeds MP's to campaign vigorously in support of gaining the appropriate funding from this and future Governments to achieve these ends.

32 White Paper Motion - Post-16 Home to College Transport

Under the provisions of Council Procedure Rule 14.10 with the consent of the seconder leave of Council was given to Councillor Dowson to alter the motion by

addition of the words “the Executive Board be informed that so far as Council is concerned“ between the words ”resolves that” and “travel”.

It was moved by Councillor Dowson seconded by Councillor Blake

That this Council believes that taking away free transport for post 16 school and college students would have disastrous consequences for young people, as it would seriously damage this Council’s ability to fulfil our commitment to the new 14-19 agenda. Furthermore it would limit choice and punish hardest those who most need our help. Therefore this Council resolves that the Executive Board be informed that, so far as Council is concerned, travel to school or college will remain free in this city.

An amendment was moved by Councillor Harker seconded by Councillor Lamb to Delete all after This Council and replace with:-

‘This Council is committed to ensuring that Leeds has a sustainable home to school/college transport policy that provides for all our young people to have access to a first class academic or vocational provision.

Council welcomes the recent consultation exercise, the outcome of which has shown providing a free transport services is popular. Therefore, Council calls on government to create a level playing field for all authorities to provide funding for home to school/college transport.

We further note the reluctance of central government to fund the costs of their vocational and academic programme.’

The amendment was carried and upon being put as the substantive motion it was

RESOLVED – That this Council is committed to ensuring that Leeds has a sustainable home to school/college transport policy that provides for all our young people to have access to a first class academic or vocational provision.

Council welcomes the recent consultation exercise, the outcome of which has shown providing a free transport services is popular. Therefore, Council calls on government to create a level playing field for all authorities to provide funding for home to school/college transport.

We further note the reluctance of central government to fund the costs of their vocational and academic programme.

33 White Paper Motion submitted under the Provisions of Council Procedure Rule 3.1 (d) - Bus Services in Leeds

Under the provisions of Council Procedure Rule 14.11, with the consent of the seconder, leave of Council was given to Councillor Shelbrooke to withdraw the motion in his name.

34 White Paper Motion submitted under the Provisions of Council Procedure Rule 3.1 (d) - Use of Notional Income from Savings in Calculating Council Tax Benefits

It was moved by Councillor Bentley seconded by Councillor Fox

That this Council is concerned that despite the reduction in interest earned on savings that the Government continues to use a notional income from savings, which historically has been greater than that earned, when considering Council Tax Benefits.

This Council calls on the Chief Executive of Leeds City Council to write to the Government requesting that the notional income from savings is brought into line with prevailing interest rates to enable more people to claim Council Tax Benefits and help reduce poverty in this City.

An amendment was moved by Councillor Lowe seconded by Councillor Jarosz to delete all after "This Council" and replace with:-

"This Council welcomes Government plans to raise the lower capital threshold used in the calculation of Housing Benefit and Council Tax Benefit by 66% for all those of pension age from November 2009.

This council recognises this will enable even more elderly people to claim both Council Tax Benefit and Housing Benefit, which will help reduce poverty in this city.

This council further acknowledges the importance of ensuring stability in benefit calculation to enable accurate financial forecasting by both individuals and public bodies."

The amendment was lost and upon the motion being put to the vote it was

RESOLVED – That this Council is concerned that despite the reduction in interest earned on savings that the Government continues to use a notional income from savings, which historically has been greater than that earned, when considering Council Tax Benefits.

This Council calls on the Chief Executive of Leeds City Council to write to the Government requesting that the notional income from savings is brought into line with prevailing interest rates to enable more people to claim Council Tax Benefits and help reduce poverty in this City.

Council rose at 7.15 pm.

Council rose at Time Not Specified



Originator: Ian Walton

Tel: 2474350

Report of the Assistant Chief Executive (Corporate Governance)

Council

Date: 16th September 2009

Subject: Council Meeting Arrangements – November 2009

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose of Report

1.1 To seek approval to arrangements for Council meetings to be held on 18th November 2009.

2.0 Background Information

2.1 The Council is required to convene a meeting for the specific purpose of agreeing its executive arrangements before 31st December 2009.

3.0 Proposal

3.1 Following consultation with Whips and the Lord Mayor it has been provisionally agreed that the requirement to hold the special meeting would most conveniently be met by calling the meeting for 1.30 pm on the day of the next scheduled Council meeting. The scheduled meeting could then commence immediately after the conclusion of the special meeting with Procedure Rule adjustments to compensate for the time taken by the special meeting.

4.0 Recommendations

4.1 That a special meeting of Council be held at 1.30 pm on 18th November 2009 for the purpose of agreeing the Council's executive arrangements.

4.2 That the ordinary meeting of Council scheduled for 18th November 2009 will commence immediately after the conclusion of the special meeting.

Background documents - None

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Report of the Assistant Chief Executive (Corporate Governance)

Council

Date: 16th September 2009

Subject: Appointments

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose of Report

1.1 Appointments to Boards and Panels are reserved to Council.

1.2 The relevant party whip has requested the following change:-

That Councillor Wadsworth replace Councillor Latty as a member of Scrutiny Board (Health)

That Councillor Hollingsworth replace Councillor Rhodes-Clayton as a member of Scrutiny Board (Health)

That Councillor Marjoram replace Councillor Castle on Plans Panel East

That Councillor Castle replace Councillor Marjoram on Plans Panel West.

2.0 Recommendations

2.1 That Council approve the appointments referred to in paragraph 1.2.

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Report of the Assistant Chief Executive (Corporate Governance)

Full Council

Date: 16 September 2009

Subject: Amendments to officer delegation scheme (executive functions)

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary

1. This report notifies Council of amendments to the officer delegation scheme (executive functions) approved by the Leader with effect from 2 September 2009.
2. The amendments were in relation to a new concurrent delegation to the Chief Recreation Officer.
3. A copy of the delegation is attached as Appendix 1 to this report.
4. In addition, under authority delegated to the Monitoring Officer under Article 15, consequential amendments to the constitution have now been approved, following the Leader's amendments to the scheme. These are outlined in this report for information. They include an amendment to the officer delegation scheme (council functions) which is also attached to this report for information, as Appendix 2.

1.0 Purpose Of This Report

- 1.1 This report notifies Council about amendments to the officer delegation scheme (executive functions) in accordance with Executive Procedure Rule 1.4.
- 1.2 It also notifies Council about consequential amendments made to the constitution under delegated authority.

2.0 Background Information

- 2.1 Under Executive Procedure Rule 1.4, the Leader may amend the scheme of delegation relating to executive functions, at any time, by giving notice to the Assistant Chief Executive (Corporate Governance) and to the person, body or committee concerned.
- 2.2 The Assistant Chief Executive (Corporate Governance) must then present a report to the next ordinary meeting of full Council, setting out the changes made by the Leader.

3.0 Main Issues

- 3.1 With effect from 2 September 2009, the Leader amended the officer delegation scheme (executive functions), as set out below.

3.2 Chief Recreation Officer

- 3.2.1 Following an appointment by the Employment Committee, a delegation has been given to this post, in relation to:
- recreation services;
 - cemeteries, crematoria, burial grounds, and mortuaries; and
 - countryside management.
- 3.2.2 These functions have already been delegated to the Director of City Development, and are therefore now concurrently delegated.
- 3.2.3 A copy of the delegation to the Chief Recreation Officer is shown attached as Appendix 1.
- 3.2.4 The general delegations to officers under the officer delegation scheme (executive functions) were also extended to the Chief Recreation Officer from the same date.

Consequential amendments

- 3.3 By virtue of Article 15 of the Constitution, the Assistant Chief Executive (Corporate Governance) has delegated authority to approve consequential amendments to the constitution, to implement decisions of the Council or the Executive. These were needed to the officer delegation scheme (Council functions), (a new concurrent delegation to the Chief Recreation Officer). Minor amendments were also needed to:
- Article 12 of the constitution, (which sets out the functions and areas of responsibility for Directors and Chief Officers with concurrent delegations);
 - Part 3 Section 2B - Scrutiny Board Terms of Reference (to reflect the revised delegations only);

- Part 3 Section 3B(a) – Executive Member portfolios (to reflect the revised delegations only); and
- Part 7 - management structure.

3.4 The concurrent delegation to the officer delegation scheme (Council functions) is attached for information as appendix 2 to this report.

4.0 Implications for Council Policy and Governance

4.1 Under its Code of Corporate Governance, the Council is committed to ensuring that the necessary roles and responsibilities for the governance of the Council are identified and allocated, so that it is clear who is accountable for decisions.

5.0 Legal and Resource Implications

5.1 Under Rule 1.4 of the Executive Procedure Rules, the Assistant Chief Executive (Corporate Governance) must present a report to the Council setting out any changes made by the Leader to the officer delegation scheme (executive functions). This report fulfils that requirement.

6.0 Conclusions

6.1 Amendments have been made by the Leader to the officer delegation scheme (executive functions), in accordance with the Executive Procedure Rules. Other necessary consequential amendments to the constitution have also been made.

7.0 Recommendations

7.1 The Council is asked to note the changes to the officer delegation scheme (executive functions) and other consequential amendments to the constitution, set out in this report.

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CHIEF RECREATION OFFICER

With the exception of those matters where

- (i) an appropriate Executive Member¹ or the Director of City Development has directed that the delegated authority should not be exercised and that the matter should be referred to the Executive Board for consideration²; or
- (ii) the Director of City Development has directed that the delegated authority should not be exercised and that the matter be referred to him/her for consideration,

the Chief Recreation Officer⁴ is authorised to discharge any function⁵ of the Executive in relation to:

- (a) recreation services (including parks, countryside and sports facilities);
- (b) cemeteries, crematoria, burial grounds and mortuaries; and
- (c) countryside management (including all matters relating to the provision and maintenance of footpaths and bridleways), and the provision and maintenance of landscaping schemes.

¹ An “appropriate Executive Member” is the Leader or other appropriate portfolio-holding Member of the Executive Board.

² The Chief Officer may consider in respect of any matter that the delegated authority should not be exercised and that it should be referred for consideration to the Executive Board.

⁴ The fact that a function has been delegated to the Chief Officer does not require the Chief Officer to give the matter his/her personal attention and the Chief Officer may arrange for such delegation to be exercised by an officer of suitable experience and seniority. However the Director remains responsible for any decision taken pursuant to such arrangements.

⁵ “Function” for these purposes is to be construed in a broad and inclusive fashion and includes the doing of anything which is calculated to facilitate or is conducive or incidental to the discharge of any of the specified functions. The delegation also includes the appointment of the Director as “proper officer” for the purpose of any function delegated to him/her under these arrangements.

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Chief Officer (Recreation)

The Chief Officer (Recreation)¹ is authorised to discharge the following Council (non-executive) functions:

(a)	To license pleasure boats and pleasure vessels	Section 94 of the Public Health Acts Amendment Act 1907
(b)	To authorise erection of stiles etc on footpaths or bridleways marked on the definitive map of public rights of way	Section 147 of the Highways Act 1980
(c)	To create footpath bridleway or restricted byway by agreement	Section 25 of the Highways Act 1980
(d)	To create footpaths bridleways and restricted byways	Section 26 of the Highways Act 1980
(e)	Duty to keep register of information with respect to maps, statements and declarations	Section 31A of the Highways Act 1980
(f)	To stop up footpaths bridleways and restricted byways	Section 118 of the Highways Act 1980
(g)	To determine application for public path extinguishment order	Sections 118ZA and 118C(2) of the Highways Act 1980
(h)	To make a rail crossing extinguishment order	Section 118A of the Highways Act 1980
(i)	To make a special extinguishment order	Section 118B of the Highways Act 1980
(j)	To divert footpaths bridleways and restricted byways	Section 119 of the Highways Act 1980
(k)	To make a public path diversion order	Sections 119ZA and 119C(4) of the Highways Act 1980
(l)	To make a rail crossing diversion order	Section 119A of the Highways Act 1980
(m)	To make a special diversion order	Section 119B of the Highways Act 1980
(n)	To require applicant for order to enter into agreement	Section 119C(3) of the Highways Act 1980
(o)	To make an SSSI diversion order	Section 12B of the Highways Act 1980
(p)	To keep register with respect to applications under sections 118ZA, 118C, 119ZA and 119C of the Highways Act 1980	Section 121B of the Highways Act 1980
(q)	To decline to determine certain applications	Section 121C of the Highways Act 1980
(r)	To assert and protect the rights of the public to use and enjoyment of highways marked on the definitive map of public rights of way	Section 130 of the Highways Act 1980
(s)	To apply for variation of order under Section 130B of the Highway Act 1980 in relation to footpaths marked on the	Section 130B(7) of the Highways Act 1980

¹ The fact that a function has been delegated to the Chief Officer does not require the Chief Officer to give the matter his/her personal attention and the Chief Officer may arrange for such delegation to be exercised by an officer of suitable experience and seniority. However the Chief Officer remains responsible for any decision taken pursuant to such arrangements.

Officer Delegation Scheme (Council (non-executive) functions)

	definitive map of public rights of way	
(t)	To authorise temporary disturbance of surface of footpath bridleway or restricted byway	Section 135 Highways Act 1980
(u)	To divert footpath bridleway or restricted byway temporarily	Section 135A of the Highways Act 1980
(v)	To extinguish certain public rights of way	Section 32 of the Acquisition of Land Act 1981
(w)	To keep definitive map and statement under review	Section 53 of the Wildlife and Countryside Act 1981
(x)	To include modifications in other orders	Section 53A of the Wildlife and Countryside Act 1981
(y)	To keep register of prescribed information with respect to applications under section 53(5) of the Wildlife and Countryside Act 1981	Section 53B of the Wildlife and Countryside Act 1981
(z)	To prepare map and statement by way of consolidation of definitive map and statement	Section 57A of the Wildlife and Countryside Act 1981
(aa)	To designate footpath marked on the definitive map of public rights of way as cycle track	Section 3 of the Cycle Tracks Act 1984
(bb)	To extinguish public right of way over land acquired for clearance	Section 294 of the Housing Act 1981
(cc)	To authorise stopping up or diversion of footpath bridleway or restricted byway	Section 257 of the Town and Country Planning Act 1990
(dd)	To extinguish public rights of way over land held for planning purposes	Section 258 of the Town and Country Planning Act 1990
(ee)	To enter into agreements with respect to means of access	Section 35 of the Countryside and Rights of Way Act 2000
(ff)	To provide access in absence of agreement	Section 37 of the Countryside and Rights of Way Act 2000



Originator: Ian Walton

Tel: 2474350

Report of the Assistant Chief Executive (Corporate Governance)

Council

Date: 16th September 2009

Subject: Recommendations of the Executive Board

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose of Report

- 1.1 To present for consideration of Council recommendations of the Executive Board arising from the Treasury Management Annual Report 2008/09.

2.0 Background Information

- 2.1 The attached report was considered by the Executive Board on 22nd July 2009 and contains recommendations at paragraphs 7.3 and 7.4 which require Council approval. Minute 29 of the Executive Board minutes on this agenda forwards those same recommendations on to Council.

3.0 Recommendations to Council

- 3.1 That Council approves the recommendations with regard to limits of fixed debt and upper limits on sums invested as contained in the attached report and associated minute of the Executive Board.

BACKGROUND PAPERS

Treasury Management Annual Report 2008/09
Minutes of the Executive Board

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Report of the DIRECTOR OF RESOURCES

Executive Board

Date: 22nd July 2009

Subject: TREASURY MANAGEMENT ANNUAL REPORT 2008/09

Electoral Wards Affected:

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

yes

Not Eligible for Call In

(recommendations 7.3 & 7.4)

EXECUTIVE SUMMARY

1. This is the Treasury Management annual report for 2008/09, as required under the Prudential Code which was introduced in April 2004. Prior to this, local authority borrowing was restricted by Government legislation, these restrictions were lifted by the introduction of the Prudential Code together with the requirement not to make revenue provision for debt repayment in the Housing Revenue Account. This created a mechanism to stimulate capital investment, encouraging local authorities to borrow whilst long term interest rates were a relatively low level.
2. The Council's level of external debt varies daily depending on cash flow and the level of creditors and debtors. This report shows that net external debt at 31st March 2009 was £1,373m, £35m below the February 2009 forecast. This movement is due to slippage in the general fund capital programme requirement and short-term temporary fluctuations in year-end balances. The level of debt should be viewed in the context of the Council's assets which were valued at £4bn as at 31st March 2008. The level of debt has remained within the Authorised limit for external debt as approved by the Council in February 2009.
3. Monitoring of market conditions has generated savings of £6.6m of which £1.2m were assumed in the budget. These savings have been generated through restructuring of long term debt and taking advantage of elevated investment returns.
4. The average rate of interest paid on the Council's external debt for 2008/09 has fallen to 4.35% compared to 4.51% for 2007/08.

5. The unprecedented volatility in the money markets, coupled with historic low levels of funding of debt with short life maturities has presented a number of opportunities to restructure long term debt into short dated maturities. To take advantage of these opportunities within acceptable levels of risk it is recommended that the lower and upper limits for Prudential Indicator 16, that sets the range of limits for holding debt of different maturities, be amended.
6. A combination of reduced future capital programme requirements, increased investment counter party risk and historically low temporary borrowing rates mean that it is now prudent to reduce the upper limit on investments over 364 days, back to £100m for 2009/10. Setting a new lower limit of £100m allows the Council flexibility to gain access to investment returns if market sentiment significantly improves and counter-party risk greatly diminishes.
7. The Audit commission, CIPFA and CLG Select Committee have produced reports since the Icelandic banking crisis. Many of the recommendations in these reports endorse the working procedures, debt and investment decisions in relation to risk and reporting framework that the Council has in place. Some of the recommendations relate to changes in the CIPFA Treasury Management Code of Practice which if adopted will be implemented by the Council but in the meantime will be subject to further consideration and reported back to Executive Board. Executive Board is asked to refer specific recommendations on governance and scrutiny to Central and Corporate Functions Scrutiny Board and the Corporate Governance and Audit Committee.

1 Purpose of This Report

- 1.1 This report provides members with a review of Treasury Management Strategy and operations in 2008/09.

2 Background Information

- 2.1 The operation of the Treasury Management function is governed by provisions set out under part 1 of the Local Government Act 2003 whereby the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities.
- 2.2 In accordance with the prudential code, the Council has also formally adopted the CIPFA Code of Practice on Treasury Management which requires that policy statements are prepared for approval by the Council at least twice a year. The Policy and Strategy statement for 2008/09 was approved by the Executive Board on 8th February 2008 and by full Council on 20th February 2008 and a 6 monthly update on progress was considered by the Executive Board on 5th November 2008. 2008/09 progress was again noted as part of the Treasury Management Strategy Report 2009/10 at the Executive Board meeting on the 13th February 2009.

3 Main Issues

3.1 Review of Strategy 2008/09

- 3.1.1 Table 1 below, shows that net borrowing in 2008/09 was £1,373m, £35m below expectations in February 2009. This movement is due to slippage in the general fund element of the capital programme and short-term temporary fluctuations in year-end balances.

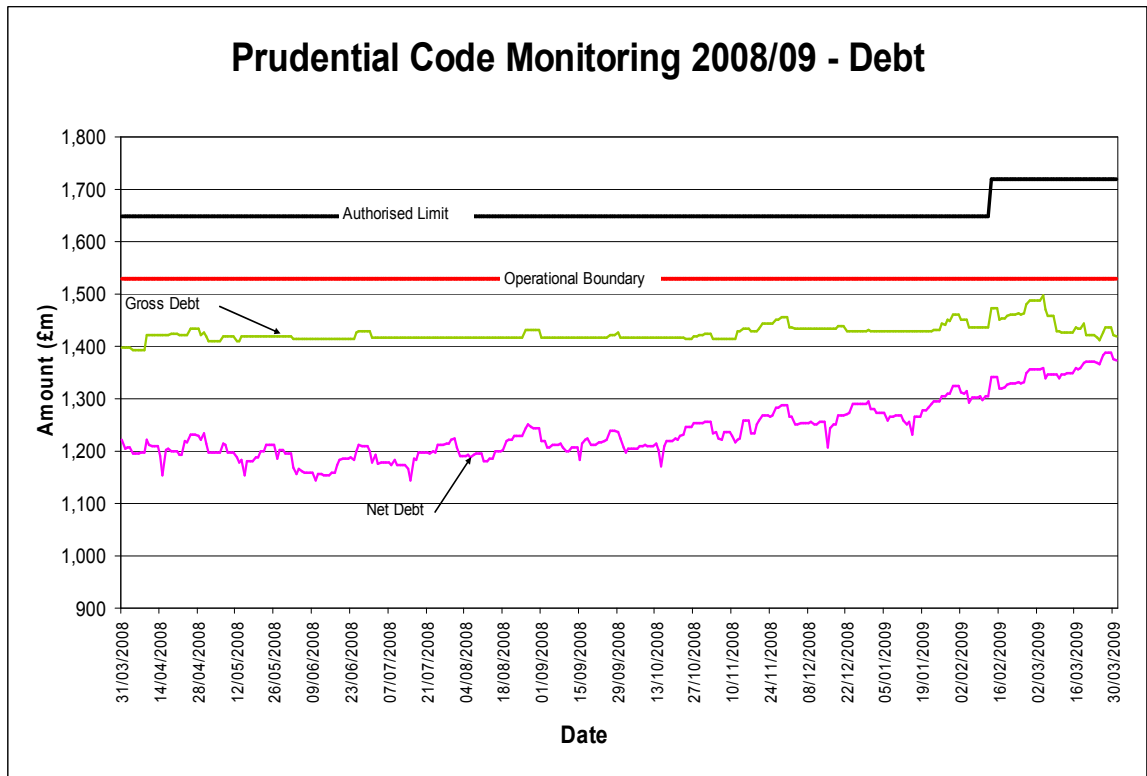
Table 1

ANALYSIS OF BORROWING 2008/09	2008/09 Feb 09 £m	2008/09 This Report £m
Net Borrowing at 1 April	1,222	1,222
New Borrowing for the Capital Programme – Non HRA	128	87
New Borrowing for the Capital Programme – HRA	33	30
Debt redemption costs charged to Revenue (Incl HRA)	(24)	(24)
Reduced/(Increased) level of Revenue Balances	49	58
Net Borrowing at 31 March*	1,408	1,373
Capital Financing Requirement (Maximum Net Debt)	1,564	1,521
* Comprised as follows		
Long term borrowing		
Fixed	1383	1,292
Variable (less than one year)	40	0
New Borrowing	31	0
Short term Borrowing	7	127
Total External Borrowing	1,461	1,419
Less Investments	53	46
Net External Borrowing	1,408	1,373
% borrowing funded by short term and variable rate loans	5%	9%

Note: The Capital Financing Requirement (CFR) is the maximum level of debt (i.e. borrowing and finance leasing) that the Council can hold for its current year capital purposes. The Council is also allowed to borrow in advance for up to two future years' capital programmes.

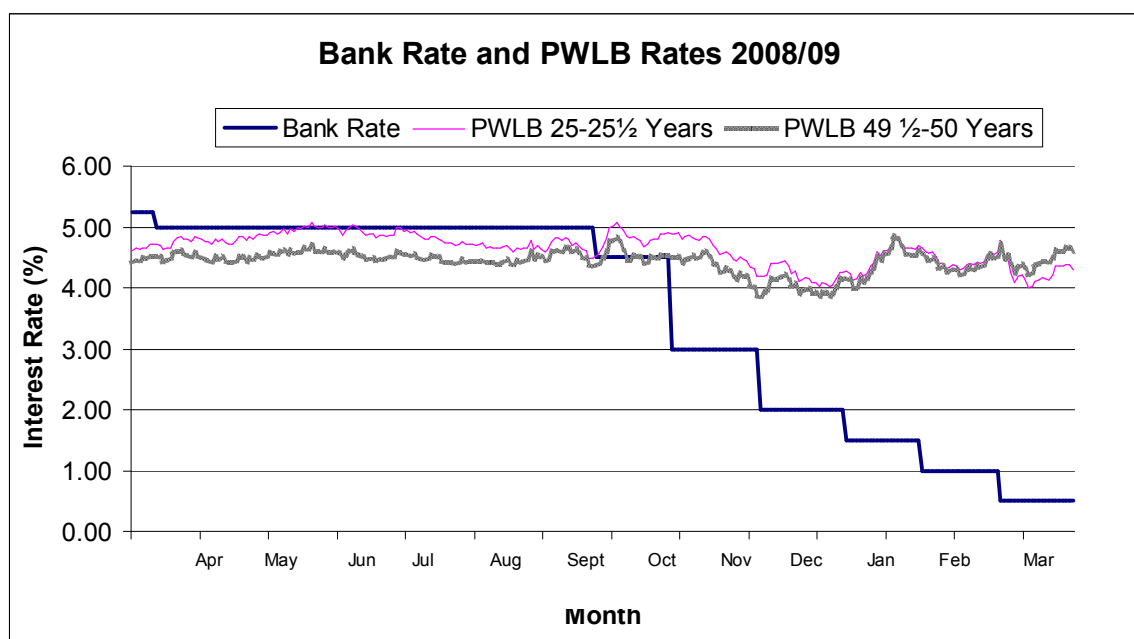
- 3.1.2 Temporary year-end fluctuations comprise £27m on year-end debtors and creditors and £31m on the level of revenue balances. £26m of revenue balances relates to Major Repairs Renewal reserves on the Housing Revenue Account accumulated due to slippage in the HRA capital programme. The overall movement on revenue balances is a result of year-end short-term movements and is not expected to affect the long term borrowing requirement.
- 3.1.3 Graph 1, below shows the level of debt during 2008/09 and its comparison with the prudential limits in operation during the year. The authorised limit is the maximum permitted amount of borrowing the Council can have outstanding at any given time and has not been breached during 2008/09. The operational boundary is a key management tool and can be breached temporarily depending on cash flow. This limit acts as a warning mechanism to prevent the authorised limit from being breached.

Graph 1



- 3.1.4 Graph 1 also shows that the Authorised Limit (Prudential Indicator 10) was increased as reported to Executive Board in February 09, and the Operational Boundary (Prudential Indicator 11) remained unchanged throughout the year. The outturn position on all prudential Indicators is shown in Appendix A.
- 3.1.5 The financial crisis of the past year has been described as the most turbulent since the great depression of the 1930s. The banking crisis has now infected the general economy to such an extent that it has taken an international coordinated approach on monetary and fiscal fronts to fight the threat of deflation and depression. The world economy has suffered a serious blow and is still in recovery. Its recovery will take a considerable amount of time, before stability returns to both the financial sector and the wider economy.
- 3.1.6 It has been a very eventful year within the financial markets and Appendix D charts the unfolding credit crunch crisis throughout the year showing what actions were taken around the world to stem the problems that were unraveling from the initial exposure to sub prime debt in America.
- 3.1.7 Graph 2 below shows the PWLB 45-50 year rate started the year at 4.43% (25 year at 4.62%) and was then generally within a band of 4.3 - 4.6% (4.6% - 5.0%) until mid October when there was a spike up to 4.84% (5.08%) followed by a plunge down to 3.86% (4.03) in December with the year closing out at 4.58% (4.28%). It was not uncommon to see rates fluctuating by 40-50 basis points within a few weeks during this year. The graph also depicts how the bank rate plunged to an all time low of 0.50%.

Graph 2



3.1.8 Monitoring of long term interest rates has presented an opportunity to restructure £151.14m of PWLB loans as shown in Table 2 to generate current and future year revenue savings.

Table 2

Rescheduling 2008/09								
Premature Repayments					New Replacement Borrowing			
Date	Amount (£m)	Original Rate (%)	Discount Rate	Premium/ (Discount) (£m)	Date	Amount (£m)	Term (Years)	Interest Rate (%)
PWLB					PWLB			
					09/04/08	30	5	4.23
					16/02/09	20	1	0.65
28/01/09	5.74	7.75	4.40	3.8				
28/01/09	4	7.375	4.40	2.4				
28/01/09	30	4.20	4.41	-1.2				
28/01/09	25	4.20	4.42	-1.1				
28/01/09	20	4.05	4.42	-1.4				
28/01/09	27	4.25	4.46	-1.1				
28/01/09	18	4.25	4.45	-0.7				
28/01/09	21.4	4.30	4.46	-0.7				
Sub Total	151.14			0		50		
LOBOs (Call date)					LOBOs			
04/04/08	5	4.00			07/05/08	10	70	4.19
02/05/08	10	3.96			14/05/08	10	70	4.10
12/05/08	10	3.99						
Sub Total	25			0		20		
Total	176.14			0		70		

3.1.9 Monitoring of market conditions has generated savings of £6.6m of which £1.2m were assumed in the budget. These saving were reported in the Revenue Outturn report to Executive Board on 17th June 2009. The savings have been generated by taking prudent advantage of elevated investment returns as a result of the credit crunch and through restructuring of long term debt into short term funding at historic low rates.

- 3.1.10 To meet the borrowing requirement for 2008/09, new loans of £95m were taken in 2007/08. A number of market loans have been called by the lender and replaced with a combination of new market and PWLB loans as shown in table 2. On 31/03/08 a £25m LOBO was called together with a £5m LOBO on 04/04/08. These two LOBOs were replaced on 09/04/08 with a new £30m PWLB loan of a 5 year maturity. Two further LOBOs were called and replaced with two new LOBO's of similar profiles. These market loans are termed Lenders Option Borrowers Option (LOBO) and contain clauses which allow the lender, at pre-determined dates, to vary the interest rate on the loan. If one of these options is exercised and the new rate is not accepted, the borrower then has the option to repay the loan without penalty.
- 3.1.11 Members will recall from previous Treasury Management Reports that the ability to make premature repayments on PWLB loans has been reduced by the introduction of early penalty repayment rates. However increased volatility in the money markets presented the opportunity to prematurely repay £151.14m of PWLB loans as shown in Table 2 to generate current and future year revenue savings. These loans have been funded by maturing investments thus reducing counterparty risk, a 1 year PWLB loan at 0.65% and taking advantage of short term borrowing at historic low rates.
- 3.1.12 The opportunity to borrow £15m of the 2009/10 funding requirement in advance was taken, enabling funds to be invested out until required. In doing so the Council was able to take advantage of temporary higher interest rates on deposits as a result of the credit crunch. Details are shown in Table 3.

Table 3

Pre Funding for 2009/10 Requirement				
Date	Source	Amount (£m)	Term (Years)	Interest Rate (%)
12/11/08	PWLB	15	4.5	3.59

- 3.1.13 Total long term borrowings undertaken in 2008/09 amounted to £70m compared to £754m in 2007/08 and £857m in 2006/07. Combined with total repayments of £176.14m, total turnover of long-term borrowing amounted to over £246.14m in 2008/09, a substantial reduction when compared to the 2007/08 figure of £1.4bn.

3.2 Interest Rate Performance

- 3.2.1 The average rate of interest paid on the Council's external debt for 2008/09 was 4.35% compared with 4.51%, 4.78%, 5.35% and 5.67% in 07/08, 06/07, 05/06 and 04/05 respectively. The average interest rate in 2007/08 was the lowest of all Metropolitan Councils as shown in Appendix B. Appendix C analyses debt as at 31st March 2009 by interest rate bands and the year of maturity or first option date for LOBO loans. The final maturity of LOBO loans is shown as a memo item in the table at the bottom of Appendix C.

3.3 Prudential Indicators 2009/10

- 3.3.1 The continuing volatility within the financial and money markets altered significantly the shape of the interest rate yield curve. Opportunities now exist to borrow money in shorter period where the rates of interest payable are significantly below long term interest rates. To enable the Council to take advantage of these opportunities it is proposed to alter some of the prudential indicators for 2009/10 as are outlined below.

Maturity Structure of Fixed Rate Borrowing

- 3.3.2 The Council is required to set upper and lower limits for the maturity structure of its borrowings. This is designed to limit the risk of exposure to high interest rates by restricting the level of maturing debt in any given year. The limits represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.
- 3.3.3 The unprecedented volatility in the money markets, coupled with historic low interest rates for short dated maturities has presented a number of opportunities to restructure long term debt into the short dated maturities. However the scope to place monies in these shorter dates is governed by Prudential Indicator 16 as shown below.

Maturity structure of fixed rate borrowing during 2008/09	Lower Limit	Cumulative Upper Limit
under 12 months	0%	30%
12 months and within 24 months	0%	30%
24 months and within 5 years	0%	40%
5 years and within 10 years	0%	50%
10 years and above	30%	90%

- 3.3.4 To take advantage of historic low short dated rates and a further tightening within some of the early narrow bands it is recommended that the following revised profile be adopted:

Maturity structure of fixed rate borrowing during 2009/10	Lower Limit	Upper Limit	Cumulative Upper Limit
under 12 months	0%	10%	10%
12 months and within 24 months	0%	10%	20%
24 months and within 5 years	0%	30%	50%
5 years and within 10 years	0%	25%	75%
10 years and above	25%	90%	90%

Recommended: Upper and Lower limits on fixed rate maturity structure as above.

Upper Limit for sums invested for over 364 Days

- 3.3.5 With the introduction of the Prudential Code in April 2004, Councils with external debt are allowed to hold investments for more than 364 days, a freedom not previously allowed. The Prudential code requires that Councils set limits on investments for periods longer than 364 days. This limit was increased from £100m to £150m in 2007/08 to facilitate borrowing in advance of need.
- 3.3.6 Currently the Council has external investments of £25m over 364 days which are all with UK clearing banks. A combination of reduced future capital programme requirements, increased investment counter party risk and historic temporary low borrowing rates mean that it is now prudent to reduce the upper limit to levels

back to £100m for 2009/10. Setting a new lower limit of £100m allows the Council flexibility to gain access to investment returns if market sentiment and counter-party risk changes.

Recommended: Upper limit on sums invested for periods longer than 364 days:

Total principal sum invested for a period longer than 364 days	2009/10 £m
Upper limit	100

3.4 Recommendations following the Collapse of Icelandic Banks

- 3.4.1 Following the collapse of the Icelandic banks, a number of reports have been produced with new recommendations and guidance for Local Authorities. Reports have been produced by the Audit Commission, CIPFA and the Communities and Local Government (CLG) Select Committee. The Audit Commission report concerns itself largely with its own auditing procedure and so is not directly relevant to our operations. Many of the recommendations in the other two reports endorse the working procedures, debt/investment risk decisions and reporting framework that the Council already has in place. Some of the recommendations relate to changes in the CIPFA Treasury Management Code of Practice which if adopted, will be implemented by the Council. The full conclusions and recommendations of the three reports are included in Appendix E.
- 3.4.2 In view of the nature of these reports it is recommended that Executive Board refer the recommendations made in the CIPFA Treasury Management Panel Bulletin and the CLG Select to the Central and Corporate Functions Scrutiny Board and Corporate Governance and Audit Committee for further consideration.

4 Implications For Council Policy And Governance

- 4.1 The operation of the Treasury Management function is governed by provisions set out under part 1 of the Local Government Act 2003 whereby the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities.
- 4.2 The Code of Practice requires that policy statements are prepared for approval by the Council at least twice a year. This treasury management report for 2008/09 seeks approval in accordance with the code.
- 4.3 Any changes proposed to the borrowing limits require the approval of Full Council and Executive Board are requested to recommend changes in respect of two indicators.

5 Legal And Resource Implications

- 5.1 The treasury management annual report for 2008/09 recognises the final borrowing undertaken to fund the capital programme of both General Fund and HRA. The revenue costs of this borrowing have been met within the revenue account and were reported in the revenue outturn report presented to Executive Board on 17th June 2009.

6 Conclusions

- 6.1 The treasury management annual report 2008/09 details the transactions undertaken in 2008/09 to fund the capital programme requirements for both General Fund and HRA. Treasury activity during the year was conducted within the approved borrowing limits for the year and resulted in significant savings to the revenue budget.
- 6.2 Due to the ongoing volatility in the financial and money markets it is proposed to change two of the prudential indicators from 2009/10 onwards governing the levels of investments that can be held over 364 days and the amount of fixed debt that can be held in different maturity periods. The latter enables the Council to take advantage of historic low short term interest rates with prudent levels of risk.

7 Recommendations

That Executive Board:

- 7.1 Note the treasury management outturn position for 2008/09.
- 7.2 Refer the recommendations of the CIPFA Treasury Management Panel Bulletin and the CLG Select Committee to the Central and Corporate Functions Scrutiny Board and the Corporate Governance and Audit Committee for further consideration.
- 7.3 Recommend to full Council the limits of fixed debt from 2009/10 onwards that are held in different periods as outlined in paragraph 3.3.4
- 7.4 Recommend to full Council the upper limit on sums invested for periods longer than 364 days for 2009/10 as outlined in paragraph 3.3.6

Associated documents:

- a) Treasury Management Strategy 2008/09 - Executive Board 8th February 2008.
- b) Treasury management Update 2008/09 – Executive Board 5th November 2008.
- c) Treasury Management Strategy 2009/10 – Executive Board 13th February 2009.
- d) Local Authority Investments CLG Select Committee 11th June 2009
- e) Treasury Management in Local Authorities – Post Icelandic Banks Collapse – CIPFA Treasury Management Panel Bulletin March 2009.
- f) Risk and Return – English Local Authorities and the Icelandic Banks – Audit Commission March 2009.

Leeds City Council - Prudential Indicators 2008/09

No.	PRUDENTIAL INDICATOR	Feb 08 Report	Feb 09 Report	Outturn (This Report)
(1). EXTRACT FROM BUDGET AND RENT SETTING REPORTS				
1	Ratio of Financing Costs to Net Revenue Stream General Fund - Excluding DSG (Note1)	8.14%	7.76%	7.54%
2	HRA	13.47%	14.64%	14.31%
Impact of Unsupported Borrowing on Council Tax & Housing Rents				
3	increase in council tax B7 (band D, per annum) (Note 2)	£ . P 48.67	£ . P 57.25	£ . P 57.78
4	increase in housing rent per week	0.00	0.00	0.00
5	Net Borrowing and the capital financing requirement (Note 3)	OK	OK	OK
Estimate of total capital expenditure				
6	Non HRA	235,947	235,593	198,861
7	HRA	164,253	104,646	116,802
	TOTAL	400,200	340,239	315,663
Capital Financing Requirement (as at 31 March)				
8	Non HRA	£'000 679,693	£'000 775,789	£'000 735,264
9	HRA	748,000	788,375	785,489
	TOTAL	1,427,693	1,564,164	1,520,753

No.	PRUDENTIAL INDICATOR	2008/09		
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS		£'000	£'000	£'000
10	Authorised limit for external debt - (Note 4) borrowing other long term liabilities TOTAL	1,600,000 40,000 1,640,000	1,720,000 40,000 1,760,000	1,720,000 40,000 1,760,000
11	Operational boundary - (Note 4) borrowing other long term liabilities TOTAL	1,460,000 30,000 1,490,000	1,530,000 30,000 1,560,000	1,530,000 30,000 1,560,000
14	Upper limit for fixed interest rate exposure expressed as either:- Net principal re fixed rate borrowing / investments OR:-	115%	115%	115%
15	Upper limit for variable rate exposure expressed as either:- Net principal re variable rate borrowing / investments OR:-	40% ⁶	40%	40%
17	Upper limit for total principal sums invested for over 364 days (Note 5) (per maturity date)	150,000	150,000	150,000

16	Maturity structure of fixed rate borrowing during 2008/09	Lower Limit	Cumulative Upper Limit	Actual 31/03/2009
	under 12 months	0%	30%	2%
	12 months and within 24 months	0%	30%	9%
	24 months and within 5 years	0%	40%	21%
	5 years and within 10 years	0%	50%	4%
	10 years and above	30%	90%	64%

Notes.

- The indicator for the ratio of financing costs to net revenue stream for General Fund is now calculated based on the Net Revenue Charge less the Dedicated Schools Grant (DSG). The Government changed the funding of education to DSG from 2006/07.
- The code requires that the Council identifies the capital financing costs arising from unsupported borrowing expressed as the amount per band D property.
- In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council should ensure that net external borrowing does not exceed the total capital financing requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.
- Limits are the same as the Feb 09 report.
- Prudential indicator 12 relates to actual external debt at 31st March, which is reported in the main body of this report.
- Prudential indicator 13 relates to the adoption of the CIPFA Code of Practice on Treasury Management. The Council formally adopted this Code of Practice in March 2003.

Average Rate of External Debt 2007/08			
Authority Name	Rank	Total Debt at 31.3.08 £m	Gross Average Rate of Interest on Total Debt 2007/08 %
Leeds	1	1,222	4.51
Sunderland	2	204	4.61
Walsall	3	238	4.62
Tameside	4	179	4.91
Solihull	5	205	4.93
Sefton	6	126	5.00
Bolton	7	395	5.06
Stockport	8	248	5.18
Wolverhampton	9	461	5.26
Calderdale	10	116	5.35
St Helens	11	115	5.57
Liverpool	12	844	5.65
Doncaster	13	335	5.65
Wakefield	14	243	5.67
Kirklees	15	556	5.70
Oldham	16	424	5.71
Newcastle upon Tyne	17	756	5.80
Weighted Average			5.84
Trafford	18	102	5.96
Wirral	19	291	6.02
Dudley	20	436	6.14
Salford	21	551	6.20
Rotherham	22	483	6.24
Manchester	23	785	6.32
Birmingham	24	1,948	6.50
Sheffield	25	954	6.53
Gateshead	26	376	7.03
Wigan	27	367	7.29
Barnsley	no return		
Bradford	no return		
Bury	no return		
Coventry	no return		
Knowsley	no return		
North Tyneside	no return		
Rochdale	no return		
Sandwell	no return		
South Tyneside	no return		

Source: CIPFA Capital Expenditure and Treasury Management Statistics 2007-08

Debt as at 31st March 2009

Appendix C

Table below shows a breakdown of the maturity structure of the authority giving totals within interest bands

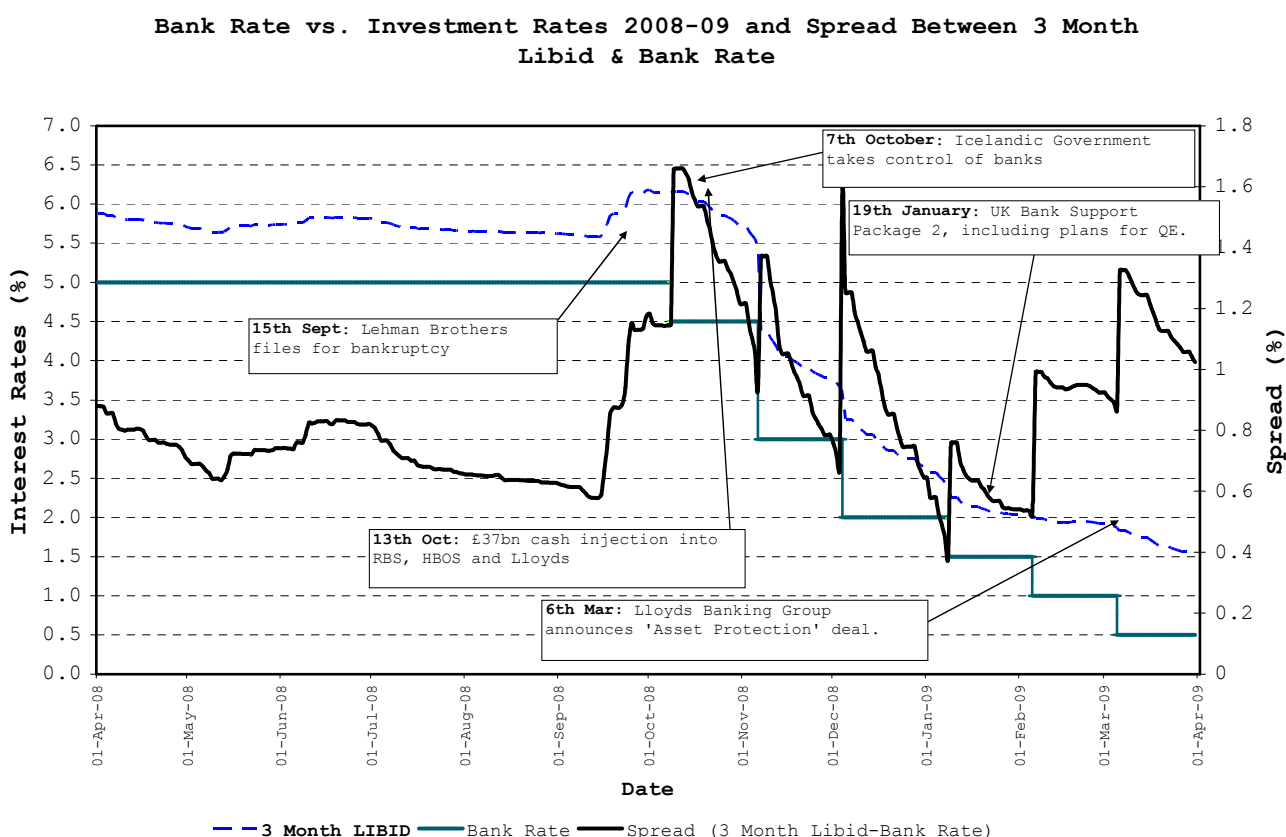
Year Ending 31st March	to 4%	4% to 4.99%	5% to 5.99%	6% to 6.99%	7% to 7.99%	Greater Than 8%	Principal
Fixed Rate Loans - LOBO to First Option							
2010	60,000	55,000	-	-	-	2	115,002
2011	30,000	80,000	-	-	-	-	110,000
2012	15,000	65,000	-	-	-	-	80,000
2013	20,000	40,000	-	-	-	-	60,000
2014	15,000	95,000	-	-	-	-	110,000
2015	-	25,000	-	-	-	-	25,000
2016	10,000	15,000	-	-	-	-	25,000
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-
2052	-	78,600	-	-	-	-	78,600
2053	-	180,000	-	-	-	-	180,000
2054	-	83,000	-	-	-	-	83,000
2055	-	86,000	-	-	-	-	86,000
2056	-	76,230	-	-	-	-	76,230
2057	-	131,000	-	-	-	-	131,000
2058	-	116,000	-	-	16,000	-	132,000
Sub Total	150,000	1,125,830	-	-	16,000	2	1,291,832
Temporary Loans							
2010	127,429	-	-	-	-	-	127,429
Sub Total	127,429	-	-	-	-	-	127,429
CABP	277,429	1,125,830	-	-	16,000	2	1,419,261
Memo : LOBO Variable Rate Loans to Maturity							
2044	-	-	-	-	-	-	-
2055	5,000	15,000	-	-	-	-	20,000
2056	10,000	50,000	-	-	-	-	60,000
2066	10,000	50,000	-	-	-	-	60,000
2067	55,000	15,000	-	-	-	-	70,000
2077	50,000	15,000	-	-	-	-	65,000
2078	-	140,000	-	-	-	-	140,000
2079	-	20,000	-	-	-	-	20,000
Sub Total	130,000	305,000	-	-	-	-	435,000

LOBO's Shown at Maturity in Bottom Memo Section.

LOBO's included in main section at next option date. (Highlighted)

The Financial Crisis – “The Credit Crunch”

- The following graph shows the major events of the financial year and the impact they had on both PWLB and investment rates. The financial crisis, commonly known as the ‘credit crunch’, had a major downward impact on the levels of interest rates around the world. Although interest rates initially fell sharply in the US they were followed, eventually, by the Bank of England.



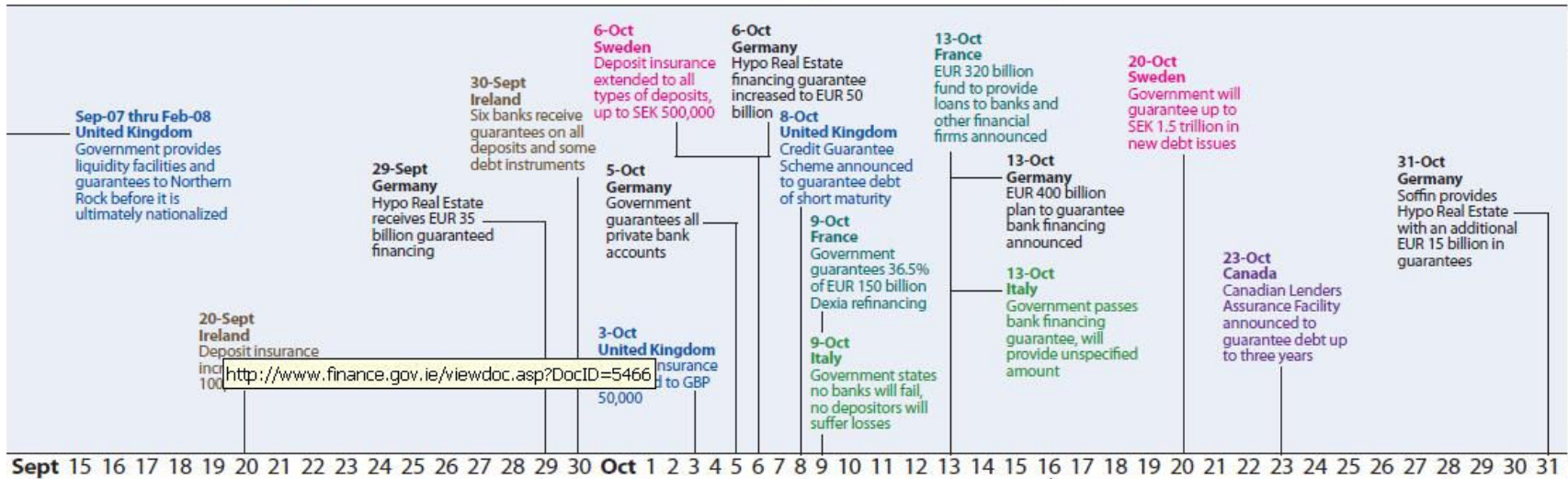
- On 1st April 2008 Bank Rate was 5% and the Bank of England was focused on fighting inflation. Market fears were that rates were going to be raised as CPI, the Government’s preferred inflation target, was well above the 2% target. As a result elevated investment levels were available. The money markets were also reflecting some concerns about liquidity at this time and, as shown in the graph, the spread between Bank Rate and 3 month LIBOR was greater than had historically been the case.
- This phase continued throughout the summer until the 15th September when Lehman Brothers, a US investment bank, was allowed to file for bankruptcy in the total absence of any other institution being willing to buy it due to the perceived levels of toxic debt it had. This event caused a huge shock wave in world financial markets and threatened to completely destabilise them. As can be seen from the

charts this also led to an immediate spike up in investment rates as markets grappled with the implications this might have on other financial institutions, their credit standing and indeed their viability. On 7th October the Icelandic government took control of their banks and this was followed a few days later by the UK government pumping £37bn into three UK clearing banks, RBS/HBOS/Lloyds, as liquidity in the markets dried up. The Monetary Policy Committee meantime had reduced interest rates by 50bp on 9th October. This had little impact on 3 month LIBOR, however, as the spread, or 'disconnect' as it became known, against Bank Rate widened out. On the other hand the short end of the PWLB fell dramatically as investors, very concerned about their counterparty limits post the Icelandic banks' collapse, fled to the quality of Government debt forcing yields lower.

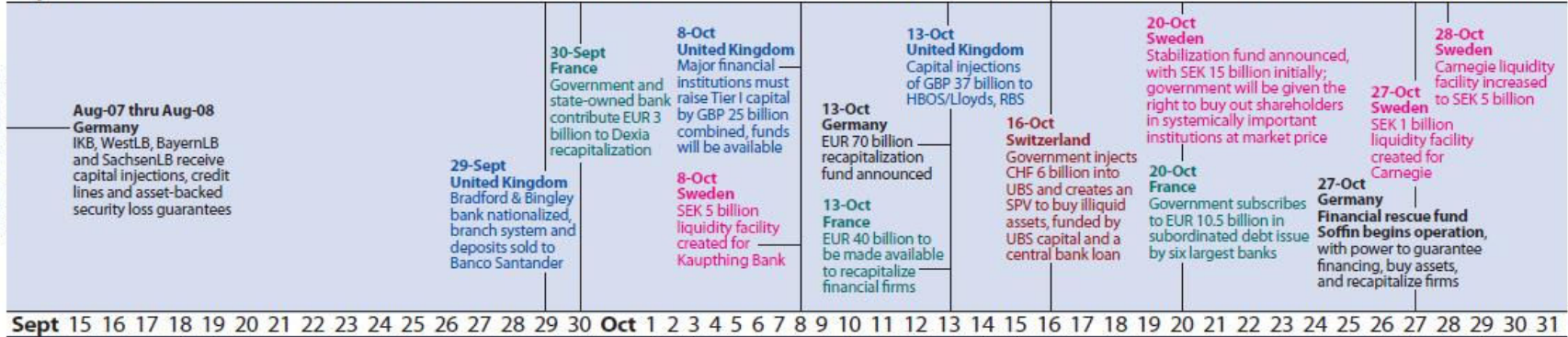
4. Market focus now shifted from inflation concerns to concerns about recession, depression and deflation. Although CPI was still well above target it was seen as no barrier to interest rates being cut further. The MPC further cut interest rates in November, this time by an unprecedented 1.5%. Investors continued to pour money into Government securities. In December as the ramifications of the 'credit crunch' became increasingly clear the Bank of England cut interest rates to 2%-a drop this time of 1%. The whole interbank yield curve shifted downwards but the 'disconnect' at the short end remained very wide, negating to some degree the impact of the cuts in Bank Rate. 50 year PWLB rates dropped below 4% at the turn of the year, marking the low point, as it turned out, in this maturity.
5. 2009 brought little relief to the prevailing sense of crisis and on 8th January the MPC reduced rates by 0.5% to 1.5%, a record low. More Government support for the banking sector was announced on 19th January 2009. The debt markets had a sharp sell-off at this stage as they took fright at the amount of gilt issuance likely to be needed to finance the help provided to the banks. There was also discussion about further measures that could be introduced to kick start lending and economic activity. These included quantitative easing by the Bank of England, effectively printing money.
6. In February 2009 the MPC adopted the traditional method of monetary easing by cutting interest rates again by 0.5% to 1%. Interbank rates drifted down with the spread in the 3 months still well above Bank Rate. In early March Lloyds Banking Group, which now included HBOS, took part in the Government's Asset Protection scheme. The MPC cut interest rates yet again to 0.5% and announced the quantitative easing scheme would start soon. This scheme would focus on buying up to £75bn of gilts in the 5-25 year maturity periods and £10 -15bn of corporate bonds. This led to a substantial rally in the gilt market, particularly in the 5 and 10 year parts of the curve, and PWLB rates fell accordingly. Finally at the end of March it was announced that the Dunfermline Building Society had run into difficulties and its depositors and good mortgages were taken over by Nationwide whilst the Treasury took on its doubtful loans.
7. The financial year ended with markets still badly disrupted, the real economy suffering from a lack of credit, short to medium term interest rates at record lows and a great deal of uncertainty as to how or when recovery would take place. Investment income returns have been badly hit but lower borrowing rates in short to medium periods had allowed indebted local authorities to benefit.
8. The following timeline shows the international response to the financial crisis.

International Responses to the Crisis Timeline (Sept 2008 - Oct 2008)

Bank Liability Guarantees



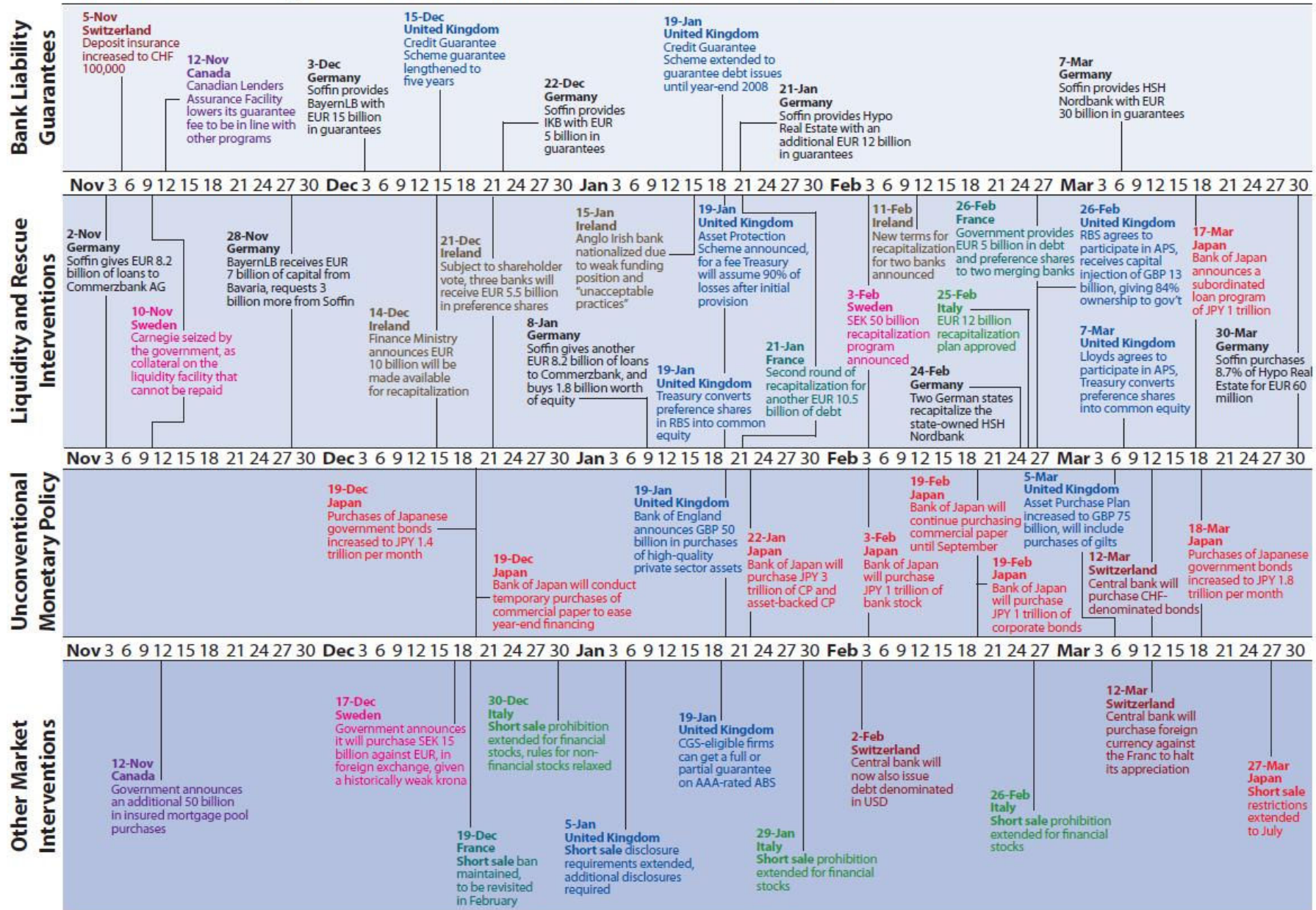
Liquidity and Rescue Interventions



Other Market Interventions



International Responses to the Crisis Timeline (Nov 2008 - Mar 2009)

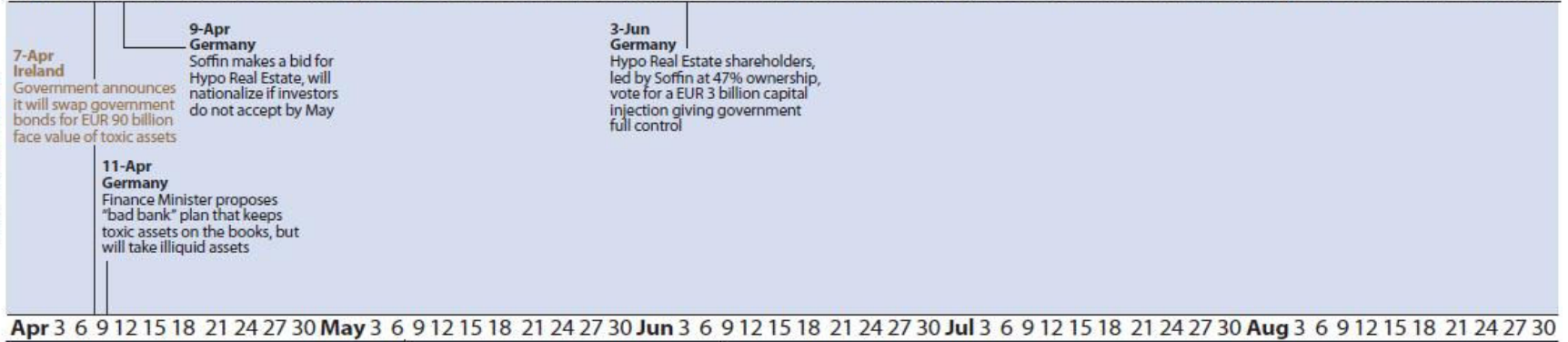


International Responses to the Crisis Timeline (Apr 2009 - Aug 2009)

Bank Liability Guarantees



Liquidity and Rescue Interventions



Unconventional Monetary Policy



Other Market Interventions



Report 1**Seventh Report From The Communities And Local Government Committee: Local Authority Investments: Session 2008-09: HC 164-1****Conclusions and recommendations****Local authorities' investments and reserves**

1. We conclude that it would be inappropriate to seek to restrict local authorities' investment options. Although interest rates are now at historically low levels, returns on investments are usually an important source of local authorities' revenues and investment by local authorities an element in the health of the UK financial sector. The primary consideration of local authority investment, as emphasised by CIPFA, should remain security and liquidity; but yield should not be neglected. The risk involved in seeking yield should be mitigated by robust and responsive Codes, guidelines and best practice. (Paragraph 37)

Local authorities' financial teams

2. We endorse the Audit Commission's censure of these rudimentary mistakes in organisations responsible for investing large amounts of public money. However, as the Commission's research has found, those seven authorities were not necessarily the only local authorities at fault. (Paragraph 42)

3. It is obvious from our written evidence, and from the research carried out by the Audit Commission, that there are some local authorities with excellent treasury management services, but there are also local authorities with a less effective service. One of the objectives of the CIPFA Codes and Codes of Practice should be to ensure that all local authorities are aware of the level of expertise which is necessary to run a successful treasury management operation, and have all the checks and balances in place to ensure adequate monitoring, on an ongoing basis, of both the framework within which its treasury management team operates and the individual decisions which are made on a day-to-day basis. (Paragraph 49)

4. We recommend that the Government, CIPFA and the LGA study ways in which local authorities, particularly smaller ones, could join together to share expertise and pool treasury management resources. The sharing of information and expertise, such as identifying banks that are in the same financial group, might have lessened the failures that occurred during the Icelandic crisis. (Paragraph 56)

Scrutiny of the treasury management function

5. We endorse the Minister's suggestion and recommendations by CIPFA and the Audit Commission that all local authorities should have an Audit Committee with specific responsibility for the scrutiny of the treasury management function. Guidance to local authorities to that effect should be given through appropriate amendment to the CIPFA Codes. (Paragraph 68)

6. Members of audit committees need to take their responsibilities for that scrutiny seriously and need to ensure that they are properly trained. The CIPFA Treasury Management Code of Practice should make explicit the need for specific training in treasury management to be undertaken by those Councilors with responsibility for overseeing treasury management

arrangements, and the Audit Committee should be charged with ensuring that it is available and with monitoring its adequacy. (Paragraph 69)

7. Guidance from CIPFA notes that it is open to an authority to appoint someone other than an elected member and from outside the authority either to serve on or to chair the audit committee. The co-option of external members to audit committees in this manner offers an additional opportunity to local authorities to enhance the expertise available to the authority in the scrutiny of its treasury management function, and we encourage all local authorities to consider taking advantage of it. (Paragraph 70)

8. Whether a local authority has an Audit Committee or not, elected members should ensure that they pay proper attention to scrutiny of the Annual Investment Strategy (AIS), and of the decisions which are taken under it. We recommend that CIPFA, in reviewing its Codes, consider what further guidance is necessary to local authorities to ensure that elected members are given—and take—appropriate opportunities to scrutinise their AIS. We also recommend that CIPFA develop and include in its revised Codes more rigorous requirements for reporting to elected members on decisions taken by officials under the AIS. (Paragraph 71)

Credit rating agencies

9. The lack of information about the appropriate use of credit ratings in the Government guidance and in the CIPFA Codes is an omission. Some local authorities have relied too heavily on credit ratings, without appreciating that they should be viewed within the context of other financial and economic information and advice. We welcome the new guidance from the CIPFA Treasury Management Panel, but believe that there is room to go further. We recommend that the Government revise the informal commentary on its statutory guidance, to include information about the appropriate use of credit ratings. We also recommend that the CIPFA Codes include guidance to local authorities on the nature of credit ratings, highlighting the risks of over-reliance on them. Credit ratings should not be used in isolation as a justification for the soundness of an investment and local authorities should be made aware of the fact that credit ratings should be viewed within the context of wider financial and economic information and advice. (Paragraph 81)

Treasury management advisors

10. Responsibility for local authorities' investment decisions lies, and must continue to lie, with the local authorities themselves. However, the claim by some treasury management advisers that they give information only, not advice, on investment counterparty creditworthiness to local authorities is, in our view, misleading. (Paragraph 99)

11. The involvement of treasury management advisers in local authority treasury management will only be valuable if local authorities understand the level of service they require, and if the advisers themselves are clear about the level of service they are providing. Treasury management advisers must decide, define and communicate what services they are providing clients, particularly in relation to the provision of “information” and/or “advice”. The local authority itself nevertheless remains ultimately responsible for any investment made, and CIPFA should warn local authorities about over-reliance on treasury management advisers, whose services have been shown to be variable and, in some cases, inadequate. (Paragraph 100)

12. We recommend that the Audit Commission carry out a value for money study of the services that local authorities have received from treasury management advisers, with a view

to advising local government on the value that they offer in the differing circumstances applying to individual authorities. Paragraph 101)

13. We recommend that the CIPFA Codes give more detailed advice to local authorities on the services which they may expect to receive from treasury management advisers, and how to use them effectively. The guidance should make clear that such advisers may give varying types and levels of information or advice. (Paragraph 105)

14. The Financial Services Authority (FSA) should take a more active role in the regulation of treasury management advisers. The evidence which we have examined has raised concerns about potential conflicts of interest and questions as to whether there are any financial transactions between treasury management advisers and brokers that might compromise the independence of advice being given to local authorities. There is a strong case for a full investigation by the FSA of the services provided by local authority treasury management advisers. We recommend that such an investigation be carried out as soon as possible. (Paragraph 120)

15. Our examination of the role of treasury management advisers in the Icelandic debacle has raised wider questions about their influence on local authorities' treasury management practice. First, there is confusion, and perhaps some deliberate ambiguity, about what services they offer. It is clear to us that some local authorities believed that they could place reliance on their treasury management advisers in a way that some of the treasury management advisers themselves now seek to argue was misguided. Second, there is concern about the independence of treasury management advisers that may be part of companies that will benefit from the investment decisions of the local authorities that they advise. Third, there is a lack of clarity about the extent to which local authorities can assume that treasury management advisers are properly regulated. While local authorities must ultimately take responsibility for their investment decisions, a range of regulatory and advisory bodies appear to us to have been complacent in their approach to the role of treasury management advisers. The Audit Commission, CIPFA and the FSA must all re-examine the role and reliability of treasury management advisors and their discharge of duties of care for local authorities in managing this aspect of treasury management. (Paragraph 121)

Report 2

The Audit Commission

16. Notwithstanding the Audit Commission's disclaimers about what auditors can and cannot do, the guidance issued after the Icelandic banking collapse shows that there *were* questions that auditors could properly have asked to ensure that local authorities were following agreed treasury management procedures. If the Audit Commission's auditors had followed this guidance as normal practice before the Icelandic banking collapse, local authorities might have been alerted to some of the failures in treasury management procedure which, in some cases, led to funds being put at risk. (Paragraph 132)

17. The Audit Commission took it for granted that treasury management was a well managed function, and, consequently, was not an area of concern for auditors. Even if it could not reasonably have been expected to foresee the collapse of a country's entire banking system, the Audit Commission should have been aware of the greater risk to treasury management as a result of the prevailing financial climate and should have adjusted its practice accordingly. The Audit Commission failed to realise that treasury management was becoming an increasingly risky area and, in that respect, it must share some of the blame for the potential loss of funds in the Icelandic

banks. If it had viewed treasury management within the increasingly volatile economic context, it would have put treasury management higher in its auditing procedures, and if it had done that, it is possible that less public money would now be at risk. We recommend that the Audit Commission review its own auditing procedure and prioritisation of the areas of local authority activity it chooses to audit, in order to ensure that such complacency does not happen in future. (Paragraph 135)

Report 3

The CIPFA Codes

18. We recommend that CIPFA add to the issues that need to be covered in a local authority's annual investment strategy (AIS) the use, or not, of an external advisor; schemes of delegation and the role of the Section 151 officer; and the use of and procedures regarding credit rating agencies. The guidance need not be prescriptive about the way in which the AIS should address these issues, but it should ensure that proper attention is paid to these previously under-scrutinised areas. (Paragraph 141)

Central Government and local authority treasury management

19. We welcome the Government's willingness, as expressed by the Minister for Local Government in evidence to us, to revise its approach to investment guidance, and we trust that it will look closely again at that guidance in the light of the conclusions of this Report, especially at the issues surrounding the use of credit ratings. However, the failures in treasury management identified by our inquiry and by the Audit Commission's work have for the most part occurred not because of CLG's guidance, but because of local authorities not following the guidance properly. (Paragraph 145)

20. We agree with the Government's approach to assisting those local authorities that have funds at risk in the failed Icelandic banks, which we consider to be an appropriate way of protecting the council tax payer whilst avoiding the "moral hazard" inherent in an unconditional, open-ended guarantee of local authorities' investments. The Government will have to monitor closely the amount of money that local authorities eventually get back from Iceland to ensure that any actual losses do not seriously disadvantage either local council tax payers or local service users. However, democratically accountable local authorities are ultimately responsible for their investments and it is they who should take the consequences - whether in the budget or at the ballot box - of their investment decisions. (Paragraph 152)

21. We seek reassurance that regular meetings at an appropriately senior level are held between the Audit Commission, the local authority associations, CIPFA and CLG to ensure that the treasury management system is kept under review. We also recommend that these meetings include links with the financial regulatory bodies—the Financial Services Authority and the Bank of England—to ensure consistent and up-to-date information is passed onto these bodies. (Paragraph 156)

22. The majority of stakeholders in treasury management agree that the cost of early repayment of debt to the PWLB needs to be reviewed. We add our voice to those recommending that the Government carry out an urgent review of the arrangements for early repayment of debt to the PWLB. (Paragraph 166)

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