REPORT FOR:	**COUNCIL**

Date of Meeting:	8 November 2012
Subject:	**DECISIONS TAKEN UNDER THE URGENCY PROCEDURE - COUNCIL**
Responsible Officer:	Hugh Peart – Director of Legal and Governance Services
Exempt:	No
Enclosures:	None

In accordance with the delegations to Chief Officers, the Leaders of each of the Political Groups on the Council were consulted on the following urgent decisions, which were approved on behalf of the Council, as they required action prior to this meeting:

New Procedure Rules for Council, Committees and the Executive

New Council, Committee and Executive Procedure Rules were agreed which provide the following:

"Where a Member has a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) in a matter being discussed at a meeting, the Member must declare that they have such an interest and the nature of that interest as soon as the interest becomes apparent to them. The Member must then leave the room whilst the matter is being discussed and, if applicable, voted on, unless a dispensation has been previously granted."

Changes were made by the Localism Act 2011 to the statutory framework under which local authority standards' regimes operate. One of these changes was the introduction of a category of Disclosable Pecuniary Interests which replaces the previous system of personal and prejudicial interests. Section 31 of the Localism Act requires that a Member should not participate in discussion about, or vote, in any matter in which they have a Disclosable Pecuniary Interest. It also provides that an authority's standing orders or procedures rules may provide that a Member should, in these circumstances, leave the room. It was agreed by Council on 5 July 2012 that such a standing order or procedure rule should be adopted. Section 31 also requires that when a Member would normally deal with a matter alone, i.e. as a portfolio holder, if they have a Disclosable Pecuniary

Interest they must not deal with the matter, although they are permitted to make alternative arrangements for the matter to be dealt with.

The issue was agreed as a matter of urgency as the reason for the proposal was to comply with statutory requirements as well as reflecting Council's decision. The legal requirements came into force on 1 July 2012 and the Constitution needed to be amended as soon as possible.

Creditworthiness and Counterparty Policy

A revised Counterparty Policy for investments was agreed.

The Council's cash investments were invested with a range of banks and building societies in line with regulation and best practice guidance that required appropriate attention to be given, in order, to the security of each deposit, the maintenance of sufficient liquidity to meet expenditure and the return earned on each deposit.

The Creditworthiness and Counterparty policy determined which institutions were suitable for the deposit of cash investment. The current policy was approved by Council on 16 February 2012 following a recommendation from Cabinet.

Changes to the relative interest rates being paid on deposits by the main UK banks offered significant additional income opportunities by concentrating deposits with the two part nationalised banks, Lloyds / HBOS and RBS. Due to the UK Government part ownership, these banks were viewed as having the highest level of Government support. It was proposed to revise the counterparty policy to increase the limits on Lloyds /HBOS and RBS as follows:

Proposed Revised Counterparty Policy

Specified Investments

No changes Proposed

Non – specified Investments

	Minimum Credit Criteria	**Use**	**Max % of total investments**	**Max. maturity period**
Term deposits – banks and building societies	A Long Term F1 Short-term 1 Support B Individual UK or AAA Sovereign	In-house	50%	3 months
UK nationalised Banks [RBS & Lloyds / HBOS]	F1 Short-term 1 Support	In-house	50% for each of the two Groups	36 months

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Callable Deposits	F1 Short term A Long Term 1 Support	In-house	20%	3 months

The alteration was to increase the individual limit on the value of deposits with RBS and Lloyds / HBOS from 30% of aggregate investments each to 50% (currently circa £55 million) each. There was a further limit of no more than £25 million with a maturity of more than 12 months at any time.

The suitability of the revised limits would be kept under review with Sector and discussed as soon as possible with GARMC if circumstances changed, including plans to reduce the Government's holdings in Lloyds or RBS.

The issue was agreed as a matter of urgency as currently £45 million of the Council's cash balances was, in the opinion of the Section 151 Officer, unnecessarily invested for short maturities earning less than 0.5%. The proposed new policy would enable longer maturities to be accessed. Delaying introduction of the policy had an opportunity cost through reduced interest income of approximately £68,000 per month at current rates.

FOR INFORMATION

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Background Papers: Urgent Decision Forms