

GWENT POLICE AUTHORITY

MINUTES OF A MEETING OF THE GWENT POLICE AUTHORITY HELD AT POLICE HEADQUARTERS, CROESYCEILIOG, CWMBRAN ON FRIDAY, 13th FEBRUARY 2009

Present: P E Davies (Chair)
Local Authorities
Councillors H A Andrews, W A L Crump, M B Dally, C Mann, P Seabourne, E Townsend and W J Williams
Independent Members
Mr O Ali, Mr D Bayliss, Mr R Derricott, Mr J Hathaway, Mr R Leadbeter and Miss F Thyer
Officers of the Authority
Mrs S A Bosson – Chief Executive
Mr N Phillips – Treasurer
Mrs S Curley – Business and Member Services Manager
Also in Attendance:
Mr M Giannasi - Chief Constable
Mrs C Napier – Deputy Chief Constable
Mr D Ansell - Director of Finance and Administration
Mr D Garwood – Head of Finance
Mrs S Bradley – Finance

The meeting commenced at 10.00 a.m.

Action

APOLOGIES FOR ABSENCE

1. Apologies for absence were received from Councillors P Clarke and M Evans, Ms G Reddington and Mr W Horne (ACC)

INTRODUCTION OF NEW MEMBER

2. We welcomed Councillor Phillip Seabourne to the Police Authority. Councillor Seabourne would replace Councillor Lewis Jones as the Torfaen representative.

We agreed that a letter should be sent to Councillor Jones thanking him for his service and wishing him well for the future.

CEX

DECLARATIONS OF INTEREST

3. There were no declarations of interest.

AUDIT AND RESOURCES COMMITTEE

4. The minutes of the meeting of the Audit and Resources Committee held on 4th February 2009 were received and noted subject to the inclusion of Mrs P E Davies in the list of attendees and Councillor Crump under Apologies for Absence.

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5. We considered a report by the Chief Constable and the Treasurer setting out the proposed revenue and capital budgets for the financial year 2009/10, together with the related council tax precept, for consideration by the Authority.

Although both the Chief Constable and the Treasurer had previously recommended a precept increase of 5%, which was a level permitted by WAG and consistent with many other authorities, they were prepared to endorse the Audit and Resources Committee recommendation of a 4.5% increase.

We noted the Treasurer and Chief Constable's concern for the medium term position rather than for 2009/10.

In coming to their recommendation, the Audit and Resources Committee had been conscious of the economic downturn and tried to achieve a balance between policing service requirements and the financial situation of the people of Gwent. All possibilities had been discussed and the committee had come to what it believed to be a reasonable compromise bearing in mind the target of reducing expenditure by 12.5% (£8.4 million) by 30th September 2009.

We expressed our disappointment that the increase in funding from the Home Office and Welsh Assembly Government was lower than the increase resulting from pay awards, price inflation and increased service demands, causing pressure on the Police Authority to set a higher precept to meet the shortfall.

Councillor Williams presented his arguments against a 4.5 % increase in precept. His concerns were as follows:

- Blaenau Gwent is a deprived area and the Council is going through a difficult time; schools were being closed and staff had been asked to take voluntary redundancy.
- The quoted difference between increases in council tax of 4.5% and 5% of 84 pence per year would be a significant amount to the people of Blaenau Gwent.
- The cost of attending conferences should be monitored.
- Gwent has not increased in size and the population has decreased.
- Gwent is policed at a good standard now; this should remain the same.
- We must ensure that we get value for money.
- The Police Authority and Force must live within their means.
- The Fire Authority had agreed a 1.5% increase.
- Reserves should be used.

Councillor Williams was reminded that Police Authority expenditure does not form part of the budgets of unitary authorities and that increases or decreases in the police precept had no bearing on the resources available for schools, the fire service or any other council

We were informed that, of the reserves held by Gwent Police Authority, £12.5 million were sinking funds to meet future expenditure in respect of Ystrad Mynach Police Station and Custody Centre (funded under PFI) and Airwave; £3m were capital reserves that could not be used for revenue purposes; and around £10m were earmarked reserves; leaving only about £5m in general reserves to fund working capital and contingencies.

Councillor W. John Williams moved a budget based on a 3.5% increase in council tax, which was not seconded. Councillor Williams then voted against the 4.5% increase in council tax and the resulting precept, but all other Members present voted in favour of all recommendations as detailed below.

- A revenue budget for 2009/10 of £117.849m.
- Planned Cash Releasing Efficiency Savings (CRES) in 2009/10 of £0.99m with an underlying principle of maximising CRES by seeking to implement further schemes during the year.
- An initial Capital Programme as recommended.
- The Prudential Indicators associated with the Capital Programme.
- The proposed strategy for achieving efficiency savings / cost reductions in order to produce a balanced recurring revenue budget by April 2012.
- The use of reserves to facilitate the implementation of the 2011 Review proposals.
- The 2009/10 precept to be levied in respect of general expenses of £35,230,557 (equivalent to a council tax Band D of £174.66) and that this sum be apportioned to each City/County/County Borough Council according to the following table:

<u>Council Tax Band</u>	<u>£</u>
A	116.44
B	135.85
C	155.25
D	174.66
E	213.47
F	252.29
G	291.10
H	349.32
I	407.54

<u>Unitary Authority</u>	<u>£</u>	<u>Band D Equivalent Properties 2009/10</u>	<u>Action</u>
Blaenau Gwent	3,435,431	19,669.25	
Caerphilly	10,066,487	57,634.76	
Monmouthshire	7,270,633	41,627.35	
Newport	9,121,095	52,222.00	
Torfaen	<u>5,336,911</u>	<u>30,556.00</u>	
	35,230,557	<u>201,709.36</u>	

We expressed our thanks to the Director of Finance and Administration, his staff, the Treasurer, the Chairman and members of the Audit and Resources Committee for the work undertaken in the preparation of the budget.

The Chief Constable offered to attend meetings with Local Authorities with the Councillor members in order to offer to provide information regarding the financial situation faced by the Police Authority.

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TREASURY MANAGEMENT STRATEGY

5. We received a report from the Treasurer regarding the proposed Treasury Management Strategy. The Strategy showed the Police Authority's prudential indicators for treasury management for 2009/10 – 2011/12 and set out the expected treasury operations for the same period. It contained two key reporting requirements of the Local Government Act 2003:

- The Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management;
- The investment strategy in accordance with the Welsh Assembly Government's Guidance on Local Government Investments.

The Authority's portfolio as at 31st January 2009 was:

PRUDENTIAL INDICATORS FOR TREASURY MANAGEMENT	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000
Authorised limit for external debt -				
borrowing	18,745	28,876	28,876	28,876
other long term liabilities	0	0	0	0
TOTAL	18,745	28,876	28,876	28,876
Operational boundary -				
borrowing	7,814	25,876	25,876	25,876
other long term liabilities	0	0	0	0
TOTAL	7,814	25,876	25,876	25,876
Upper limit for fixed interest rate exposure				
Net principal re fixed rate borrowing / investments	-	100%	100%	100%
Upper limit for variable rate exposure				
Net principal re variable rate borrowing / investments	-	35%	35%	35%
Upper limit for total principal sums invested for over 364 days (per maturity date)				
	-	0	0	0

We noted that the general policy objective for this Authority was the prudent investment of its treasury balances. The investment priorities were the security of capital and liquidity of investments.

With the exception of the UK Government Debt Management Office, the total investment in any single institution, bank or group of banks is limited to £3m at any one time. All deposits in the Debt Management Account are guaranteed by HM Government and therefore have the equivalent of a sovereign triple A credit rating.

In a change from last year, the Authority will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:

- wholesale deposits in the bank are covered by a government guarantee;
- the government providing the guarantee is rated “AAA” by all three major rating agencies; and
- the Authority’s investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.

Banks and building societies eligible for HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008 were also approved for deposits.

A discussion took place regarding the Icelandic banking crisis. There was still optimism that the money had not been lost. There was a possibility of reclaiming a significant proportion.

We noted the way in which Butlers, our Treasury Management Advisors, monitor credit ratings and report relevant changes to the Authority on a daily basis.

We approved the Treasury Management Strategy for 2009/10, including the Investment Strategy and relevant Prudential Indicators.

We thanked the Treasurer for his report and detailed explanation of the strategy.

RISKS IDENTIFIED

7. We identified the risk relating to the media management of the budget setting process.

The meeting concluded at 11.50 a.m.