



REPORT

Committee	PRUDENTIAL CODE STEERING GROUP		
Venue	Thistle Hotel, Charing Cross	Date	11 July 2002
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Subject	Issues paper – need for greater clarity		

PURPOSE

To consider issues paper on the need for greater clarity for consideration for revisions to the draft Prudential Code.

REPORT

1 The issue

At its May meeting, the PCSG agreed that key considerations are how detailed the Code should be and its key audience. Matters arising:

- (a) The final Code must be sufficiently detailed and professionally robust to meet its objectives.
- (b) It will be used by the CFO in advising the Authority and in establishing monitoring procedures.
- (c) Generally, Codes of Practice are not readily accessible to non-specialists.
- (d) The decision making process will be for the Authority and this must not be seen as a mainly technical issue.
- (e) The outputs required by the Code, and particularly the prudential indicators, need to be widely understood.
- (f) Councillors will need to have an understanding of which figures are important.

- (g) Since it is intended that statute will require compliance with the Prudential Code, an important requirement will be to satisfy Parliament that the Code will fulfil the required role, so the Code will need to be accessible to MPs.

2 Ideas for Consideration

- (a) Reconsider the practice of having a generic term (currently prudential indicators) to cover the limits authorities are required to set, the estimates they are required to make and actual outcomes. This has caused confusion. On the other hand it is useful to have one generic term to refer to, eg for the decision making process.
- (b) A review of the terminology used for each required figure, so that there is a short, 'snappy' descriptive name for each figure required by the Code.
- (c) A reduction in the number of prudential indicators may be possible as further work is undertaken on the Code.
- (d) An executive summary that would form part of the Code and/or explanatory notes that would not form part of the Code itself.
- (e) The inclusion of more explanatory detail within the main text of the Code.

RECOMMENDATION

The PCSG is asked to consider this issues paper on the need for greater clarity for revisions to the draft Prudential Code.