

A meeting of the **OVERVIEW AND SCRUTINY PANEL (CORPORATE AND STRATEGIC FRAMEWORK)** will be held in **THE COUNCIL CHAMBER, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **TUESDAY, 27 JANUARY 2009** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

PLEASE NOTE START TIME AND VENUE

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 2)

To approve as a correct record the Minutes of the meeting held on 11th November 2008.

**Mrs C Bulman
388234**

2. MEMBERS' INTERESTS

To receive from Members declarations as to personal and/or prejudicial interests and the nature of those interests in relation to any Agenda Item. Please see Notes 1 and 2 overleaf.

3. FINANCIAL STRATEGY, MEDIUM TERM PLAN 2010 TO 2014 AND THE 2009/10 BUDGET (Pages 3 - 34)

To consider a report by the Head of Financial Services prior to its consideration by the Cabinet.

**S Couper
388103**

4. 2009 / 10 TREASURY MANAGEMENT STRATEGY (Pages 35 - 48)

To consider a report by the Head of Financial Services on the Council's proposed Treasury Management Strategy for 2009/10.

**S Couper
388103**

5. EXCLUSION OF THE PRESS AND PUBLIC

To resolve:-

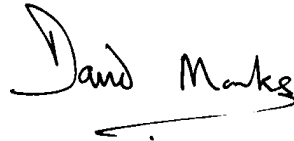
that the public be excluded from the meeting because the business to be transacted contains information relating to the financial or business affairs of the authority.

6. **NEW ACCOMMODATION - BUILDING A - OPTIONS REVIEW**
(Pages 49 - 58)

To consider a report by the New Accommodation Project Co-ordinator.

R Preston
388340

Dated this 15 day of January 2009



Chief Executive

Notes

1. *A personal interest exists where a decision on a matter would affect to a greater extent than other people in the District –*
 - (a) *the well-being, financial position, employment or business of the Councillor, their family or any person with whom they had a close association;*
 - (b) *a body employing those persons, any firm in which they are a partner and any company of which they are directors;*
 - (c) *any corporate body in which those persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or*
 - (d) *the Councillor's registerable financial and other interests.*
2. *A personal interest becomes a prejudicial interest where a member of the public (who has knowledge of the circumstances) would reasonably regard the Member's personal interest as being so significant that it is likely to prejudice the Councillor's judgement of the public interest.*

Please contact Miss H Ali, Democratic Services Officer, Tel No 01480 388006/e-mail: Habbiba.Ali@huntsdc.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the District Council's website –
www.huntingdonshire.gov.uk (under Councils and Democracy).

If you would like a translation of Agenda/Minutes/Reports
or would like a large text version or an audio version

please contact the Democratic Services Manager and we will try to accommodate your needs.

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit and to make their way to the car park adjacent to the Methodist Church on the High Street (opposite Prima's Italian Restaurant).

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Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (CORPORATE AND STRATEGIC FRAMEWORK) held in the Council Chamber, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Tuesday, 11 November 2008.

PRESENT: Councillor J A Gray – Chairman.
Councillors M G Baker, E R Butler,
P J Downes, P M D Godfrey, D Harty,
L W McGuire, M F Newman, Mr T V Rogers
and R J West.

APOLOGY An apology for absence from the meeting was submitted on behalf of Councillor J E Garner.

IN ATTENDANCE: Councillor T V Rogers.

10. MINUTES

The Minutes of the meeting held on 2nd September 2008 were approved as a correct record and signed by the Chairman.

11. MEMBERS' INTERESTS

No declarations were received.

12. BUDGET AND MEDIUM TERM PLAN 2009 - 2014 DRAFT PROPOSALS

(Councillor T V Rogers, Executive Councillor for Finance and Environment was in attendance for this Item).

With the assistance of a report by the Head of Financial Services (a copy of which is appended in the Minute Book) the Panel reviewed the draft 2009/2010 budget and the Medium Term Plan to 2013/14 within the context of a long term financial forecast covering the period up to 2023/2024, in advance of their consideration by the Cabinet and final determination by the Council.

The Panel was reminded of the difficulties and uncertainties created by the current economic climate in drafting the budget and informed that Executive Councillors had been fully involved in the process of examining the draft, together with any proposals which affected their portfolios. Members' attention was drawn in particular to the increase in spending between the 2008/09 and the 2009/10 draft budget which had arisen from a range of circumstances largely beyond the control of the Council.

Members commented on the risks to the successful achievement of

the proposed MTP and, in light of the continuing depletion of the capital reserves, the requirement to borrow to fund future capital projects from 2009/2010 onwards. Having noted that Officers would be continuing to seek to secure efficiency savings where possible, Members were reminded that whereas the District Council had been fortunate in previously having significant capital reserves from the sale of its housing stock most Councils had relied on borrowing to fund capital schemes for many years. An assurance was given that the risks associated with long term Council borrowing in terms of interest rates, the financial viability of lenders etc would be managed satisfactorily in the future.

The Panel asked a number of questions relating to the possible impact of a reduction in National Non-Domestic Rates, comparative MTP expenditure between towns and rural areas and investment in housing provision. Members were reminded that their individual comments were also welcome before the draft budget was finalised for submission to Council.

Arising from a question by Councillor P J Downes as to the source of the funding for the highway safety scheme at the A141 Kings Ripton Road junction, he was informed that a detailed reply would be provided after the meeting.

Having been advised that a further report would be submitted to its meeting in January 2009, the Panel expressed its support for the recommendations to be submitted to the Cabinet meeting on 20th November prior to consideration by the Council on 3rd December 2008.

Chairman

CABINET

29 JANUARY 2009

FINANCIAL STRATEGY, MEDIUM TERM PLAN 2010 to 2014 AND THE 2009/10 BUDGET

(Report by the Head of Financial Services)

1 PURPOSE

- 1.1 The purpose of this report is to allow the Cabinet to determine its recommendations to Council on 18 February in relation to the Council's Budget and Council Tax for 2009/10, Medium Term Plan for 2010/14 and associated matters.

2 BACKGROUND

- 2.1 This year's process started with consideration of a financial strategy by Overview & Scrutiny, Cabinet and Council in September. The second stage was the draft MTP and Budget report, discussed by Overview & Scrutiny and Cabinet, before being considered by Council on the 3 December. Both reports highlighted the difficulty of assessing how deeply and how long the expected recession would last.

3 PROPOSED CHANGES TO THE DRAFT PLAN

- 3.1 A number of adjustments have been necessary since the December report. A number relate to forecast higher net spending due to economic factors. These include lower interest rates in the shorter term but higher rates in the longer term, the increase in the NI rate from April 2011 and increased vacancies on industrial properties.
- 3.2 The first two months income, since the car park tariffs were changed in October, implies that the forecast patronage was too optimistic. Allowance has therefore been made for gradual recovery of these sums over the Plan period.
- 3.3 HM Revenues and Customs **had** signalled a permanent end of the Council's loss of some VAT each year but they now do not consider their intended approach will comply with the regulations. Allowance must be made for the loss recommencing next year pending an alternative solution being found.
- 3.4 Additional spending on statutory Disabled Facilities Grants has been included to reflect the "catch up" anticipated now that the PCT has increased Occupational Therapist resources.
- 3.5 Detailed work has been ongoing in order to revise the bid for IT systems replacements. An increased sum has been included that better reflects the unavoidable demand for upgrades and occasional replacement systems.

3.6 Inflation provisions have been revised to reinstate the allowance for some areas of unavoidable inflation but this is more than off-set by the impact of recent falls in the level of petrol prices.

3.7 The full summary is shown below:

PROPOSED CHANGES	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Capital					
Reintroduction of provision for loss of VAT (Partial Exemption)	212	44	25	22	35
IMD Systems Replacement Bid	98	326	100	13	93
Disabled Facilities Grants	250				
St Neots Footbridge (rephasing)	-537	537			
Inflation on above items		23	6	3	13
	23	930	131	38	141
Revenue (- = less cost)					
Fuel inflation allowance reduced from previous assumptions	-136	-136	-136	-136	-136
Increase in NI rate from April 2011			98	103	109
Other inflation	45	45	45	30	-164
Provision for loss of VAT (Partial Exemption)	140	140	140	140	140
Car Parking charges and penalties	140	126	102	68	34
NNDR Relief on small industrial properties in 2009/10	-30				
IMD Systems Replacement Bid	8	6	20	20	20
Temporary saving on toilet maintenance	-30				
Increased vacancies on Industrial properties	80				
Variation in Cost of Borrowing	-35	-27	6	-26	-48
Interest	12	198	57	-22	-23
Other	-11	-8	-11	-9	-11
	183	344	321	168	-79
Funding					
Extra Spending adjustments required				95	1,066
Council Tax - Tax base adjustments	21	22	0	-24	0
Use of Reserves	162	322	321	97	-1,145
	183	344	321	168	-79

3.8 As can be seen from the funding lines in the table above, reserves will have to be used sooner and thus spending adjustments will also have to be identified and introduced earlier than previously forecast. The table below shows the acceleration in the use of reserves:

USE OF RESERVES	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Approved Budget/MTP (February 2008)	2,599	3,874	3,741	2,944	1,358
Draft (November 2008)	3,596	4,631	4,063	2,902	1,145
Proposed in this report	3,758	4,952	4,385	2,999	0

3.9 No allowance has been included for the £150k per year cost of ongoing remediation for a contaminated land site that may be an "orphan" site. If this is the case the costs will fall on the Council unless a government grant can be obtained for a capital solution.

Leicestershire and Warwickshire - and proposing maximum budget requirements which limit their council tax increases to around 3% in 2009/10.

For 2009/10 the Government again expects the average council tax increase in England to be substantially below 5%. And again, we will not hesitate to use our capping power as necessary to protect council tax payers from excessive increases.”

4.6 It should be remembered that although the Government constantly refers to Council Tax increases, the legislation requires any capping decision to be framed around increases in budget requirement. The Council’s proposed increase in budget requirement will be 4.4% for 2009/10.

4.7 The past figures used for capping were as follows:

	Increase in budget requirement of	AND	Increase in Council Tax of
2005/06	6%		5.5%
2006/07	6%		5%
2007/08	No Authorities capped		
2008/09	5%		5%

4.8 In 2004/05 14 Councils were capped, in 2005/06 this fell to 9 Councils and in 2006/07 two Councils (York and Medway) were **designated** (i.e. they were not actually capped but were told that for 2007/08 any capping decision would be based on the figures for 2006/07 as if they had been capped). In 2008/09 one Police Authority was capped whilst 6 Police Authorities and one local authority (Portsmouth Unitary) had criteria set such that they would have to limit increases for the next one or two years.

4.9 The Chief Officers’ Management Team considers that the proposals contained in this report give the best balance between minimising the level of spending adjustments required and avoiding capping next year.

4.10 If any subsequent Government statements on capping are made they will be reported at the meeting.

5. SPENDING ADJUSTMENTS

5.1 The table below shows the position on Spending adjustments over the MTP period with the period up to 2023/24 being shown in Annex D.

SPENDING ADJUSTMENTS	BUDGET	MTP			
	2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000
UNIDENTIFIED					
2009/10 BUDGET/MTP	0	-500	-1,500	-3,238	-6,501
ALREADY IDENTIFIED BUT NOT YET GUARANTEED					
Leisure Centres' target	-750	-900	-900	-900	-900
Additional Grants	-250	-250	-250	-250	-250
Provision for staff savings	-25	-50	-50	-50	-50

5.2 It will always be technically possible to make major savings but the challenge is to make them in a way that has least impact on service provision. There is still time to plan these in a way to have lower impact but this task needs to gain momentum in case further adverse changes bring the date forward. The plan shows revenue reserves falling to the minimum level of £3M during 2012/13 and once this happens there will be no flexibility for further deferral.

5.3 It is therefore important to identify a schedule of items that can be implemented if no lower impact opportunities emerge. Work has started on this through a series of Meetings have been held between each Head of Service, the relevant Executive Councillor and the Executive Councillor for Finance.

6. 2009/10 BUDGET

6.1 As far as next year's budget is concerned the tables below show the breakdown and funding of the revenue and capital budgets for which approval is required. Annex B gives further details of next years revenue budget whilst Annex C gives the summary over the Forecast period and Annex A shows the consolidated MTP.

REVENUE BUDGET	2008/09	2008/09	2009/10
	Original Budget ❶	Forecast	Budget
Service Spending	£000	£000	£000
Environmental Services	9,074	8,704	9,244
Planning	2,342	2,344	2,652
Community Services	7,546	7,862	7,807
Community Safety	1,014	1,065	1,058
Housing Services	5,749	4,767	4,839
Highways & Transportation	1,690	1,494	2,008
Corporate Services	5,084	5,053	5,418
Other Expenditure			
Contingencies	-1,061	-100	-677
Other items (mainly reversal of Capital Charges)	-8,854	-8,426	-8,436
Investment Interest and Borrowing Costs	-2,162	-2,315	-535
Council Total	20,420	20,448	23,378
Funding			
Government Support (RSG & NNDR)	-12,157	-12,157	-12,572
Collection Fund Deficit	28	28	-27
Council Tax	-6,668	-6,668	-7,022
Deficit – from Reserves	-1,622	-1,652	-3,758
	-20,420	-20,448	-23,378

The variations shown in this table and in Annex B include the allocation of MTP variations (Annex A), including inflation, to services together with capital charges, management and administration and pension adjustments that are net nil.

❶ During the course of the year some budgets have been re-categorised so individual lines do not all reconcile with last year's report.

CAPITAL BUDGET	2008/09 Forecast			2009/10 Budget		
	Net £000	Con't ❶ £000	Gross £000	Net £000	Con't ❶ £000	Gross £000
Refuse and Recycling	83		83			
Public Conveniences	130		130	217		217
Environmental Health				15		15
Economic Development ❷	737	1,262	1,999	1,303	2,485	3,788
Community Initiatives				11		11
Parks and Open Spaces	384	95	479	646		646
Joint Leisure Centres ❸	2,214	726	2,940	3,916	1,446	5,362
Community Facilities	89		89	105		105
Community Safety	237	60	297	104		104
Housing Services				-168	168	0
Private Housing Support	2,298	1,500	3,798	2,241	982	3,223
Homelessness	7		7			
Housing Benefits	72		72			
Transportation Strategy	774		774	518		518
Public Transport ❹	155		155	970		970
Car Parks	441		441	89		89
Environmental Improvements	-442	1,560	1,118	460	310	770
Operations Division	299		299	654		654
Offices	6,504		6,504	5,002		5,002
IT related	1,358		1,358	1,009		1,009
Other	254		254	374		374
Technical	-247		-247	330		330
Proposed Plan	15,347	5,203	20,550	17,796	5,391	23,187

Notes

- ❶ contributions and grants from other organisations
- ❷ main increases relate to new industrial units and Housing Growth Fund for Huntingdon West development
- ❸ main increases relate to developments at St. Neots, football improvements, energy generation and the rifle range conversion at the St Ivo and the routine replacement of fitness equipment.
- ❹ main increase is Huntingdon Bus Station

7 CONSULTATION AND COMMENTS

- 7.1 This report will be considered at a meeting of the Overview and Scrutiny (Corporate and Strategic Framework) Panel on the 27 January and a consultation meeting with members of the business community is taking place on 26 January. Comments from both meetings will be reported to Cabinet.

8 PRUDENTIAL CODE

- 8.1 The Prudential Code sets various limits relating to the budget and this has been included as an annex to the Treasury Management Strategy elsewhere on the Cabinet's agenda.

9 RISKS AND SENSITIVITY

9.1 Risks

There are an increasing number of risks to the successful achievement of the proposed MTP which reflect the tighter financial constraints. The main risks are:

- The impact of services not being able cope with revenue inflation not being included on certain budgets in 2009/10
- The uncertainty in achieving the spending adjustments relating to Additional Grants, Leisure Centre savings and the new small general provision for staffing reductions.
- The level of unidentified spending adjustments that can be found without cutting services.
- The continued uncertainty on Concessionary Fares together with the question of whether it will, in due course, become a County function and the potential impact of the guided bus on this budget and the car parking budget for St Ives.
- Uncertainties on how long the recession will last.
- Government Grant levels after the next Comprehensive Spending Review (20011/12 and after).
- Potential Grant formula changes, particularly from changes to the area cost adjustment (20011/12 and after).
- The potential significant impact of lower equity prices on the employers' pension rate following the next pension revaluation.
- The potential cost of remediation of orphan contaminated land sites.
- Potential significant increases in gate fees at recycling centres due to lower resale values for recyclates.

9.2 Reserves and the Robustness of the 2009/10 Budget

The Local Government Act 2003 requires the Director of Commerce and Technology (as the Council's Chief Financial Officer) to report to the Council on the robustness of the estimates and the adequacy of reserves when it considers its budget and the consequent Council Tax. His comments are contained in Annex E and confirm that the budget is adequately robust and that the level of revenue reserves is currently significantly above the minimum level required.

9.3 Financial Plan – Sensitivity and Risks

Annex G considers the sensitivity of the plan in the longer term to variations in inflation, pay awards and interest rates and highlights other significant risks to the Council's financial position. Some of these issues are clearly outside the Council's control and there is little alternative to simply keeping them under review and reacting appropriately if they occur. Others, particularly the identification of spending adjustments, are clearly within the Council's own control and so can be programmed and dealt with. This annex also explains the need for revenue reserves to be retained at a minimum of £3M in the short term.

10 CONCLUSIONS

- 10.1** The Council approved the draft Budget, MTP and Financial Strategy figures in December but concern was highlighted in relation to the impact of the ongoing economic situation.
- 10.2** The December figures have been amended for the items highlighted in section 3 of this report.
- 10.3** RSG for next year and indicative figures for 2010/11 have been announced at the same levels as previously proposed. The Government is withholding £589k next year, the equivalent of an 8.8% Council Tax increase, so that Councils who have too much grant only have to give it up slowly.
- 10.4** The Government have, as usual, signalled their intention to use capping to keep Council Tax levels down for 2009/10 and have again referred to an expectation that average increases should be substantially below 5%. There can be no guarantee of the actual level at which capping will apply because the Government refuse to give this figure as a matter of principle.
- 10.5** Given the significant levels of spending adjustments required in future years, public reluctance to support service reductions, the Council's current low level of Council Tax and the Government comments on capping the Chief Officers' Management Team considers that these proposals achieve the appropriate balance.
- 10.6** The challenge for the future is to identify £6.5M of further taxation or spending adjustments by 2013/14. Those required for 2009/10 have been identified and work is underway to identify specific proposals for subsequent years. It will obviously be necessary for any new additional spending pressures to be matched corporately by corresponding savings.
- 10.7** The resulting proposed Council Tax increase of £5.76 for 2009/10 is 11p per week for a band D property.
- 10.8** The combination of sound budget practices, the success so far in identifying savings and significant revenue reserves means that the proposed 2009/10 budget is robust and that the Council is well-placed, for the moment, to deal with any unforeseen expenditure.

11. RECOMMENDATION

The Cabinet is asked to recommend to February Council:

- Approval of the proposed MTP, budget and Financial Plan (Annexs A, B and C)
- Approval of a Council Tax (Band D) increase of £5.76 for 2009/10.

ACCESS TO INFORMATION ACT 1985

Grant Settlement Information – Files in Financial Services

Working Papers - Files in Financial Services

Project Appraisals

2008/09 Revenue Budget and the 2009/013 MTP

Contact Officer:

Steve Couper

Head of Financial Services ☎ 01480 388103

ANNEXES

- A** Consolidated MTP (2008/09 to 2013/14) with Schemes requiring approval before commencement highlighted.
- B** 2009/10 Revenue Budget by Service
- C** Overall Financial Summary to 2023/24
- D** Spending Adjustments required to 2023/24
- E** Reserves and the Robustness of the 2009/10 Budget
- F** Financial Plan - Sensitivity and Risks & Future level of Reserves

CONSOLIDATED MTP 2008/09 TO 2013/14

The following sheets have been colour coded as explained below to signify any schemes requiring approval before commencement.

The coding is based on:

- Routine items that just happen to be Capital should be treated the same as base revenue budget i.e. no further approval required.
- Small or unavoidable items do not require approval though some replacements of assets and Invest to Save schemes require COMT approval.
- Significant schemes require approval from Cabinet.
- Items reliant on ensuring the “trading” position is robust (e.g. leisure and industrial estate) would require Director plus Executive Councillor agreement.

The colour coding show this as follows:

Approval by:
COMT and then Cabinet
Service Director following consultation with Director of C&T and Executive Councillor
COMT
Head of Service

ANNEX A

PROPOSED MTP		REVENUE						NET CAPITAL						GRANTS & CONTRIBUTIONS					
		2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014
Bid	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	BASE	23,116	23,116	23,116	23,116	23,116	23,116	0	0	0	0	0	0	0	0	0	0	0	0
	Refuse and Recycling																		
	Recycling Gate Fees	9	17	26	35	35	35												
650	Recycling Credits	-19	-38	-55	-72	-72	-72												
800	BREW Funding	24																	
	Recycling T/F Revenue to Capital	-83						83											
	Public Conveniences																		
302	New Public Conveniences							130	217										
504	Removal of APCs	-121	-153	-153	-153	-153	-153												
	Maintenance of Toilets		-30																
	Environmental Health																		
307	Stray Dog Kennels	-5	-5	-5	-5	-5	-5		15										
	Planning Policy and Conservation																		
655	Local development framework inquiry	40	116	-5	-5	-5	-5												
739	Proposed use of Planning Delivery Grant	339	242	72	31														
655	Electronic Document Imaging				17	21	21												
656	Planning Enforcement Monitoring Officer				23	27	27												
901	Planning Fees - reduced income	75	50																
	Planning Conditions income		-25	-25	-25	-25	-25												
	Savings in costs		-10	-10	-10	-10	-10												
	Economic Development																		
401	Huntingdon Town Centre Development							13	0	311	321	334							
224	Town Centre Developments							21	0	0	210	64							
239	New Industrial Units			-37	-65	-65	-65	100	935						285				
	Earmarked Capital Receipt already received								285										
657	Creative Industries Centre, St Neots						-30	557						562					
358	Ramsey Rural Renewal		12	5	5	3		10	52										
509	Industrial Estate Repairs							20	31										
643	Health Centre Sapley Square	-643	-643	-643	-643	-643	-643	16											
850	Huntingdon West Development (Housing Growth Fund)													700	2,200	2,800			

		REVENUE						NET CAPITAL						GRANTS & CONTRIBUTIONS					
		2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014
Bid	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
806	Additional Holiday Pay		36	36	36	36	36												
862	Exercise Referral Officer (net nil)																		
	Leisure savings adjustment to balance MTP variations	-35	7	2	15	23	49												
	Leisure Savings Target	-160	-750	-900	-900	-900	-900												
	Community Facilities																		
863	Community Facilities Grants	46	60	60	60	60	60	89	105	69	69	69	69						
	Community Safety																		
864	Crime and Disorder - Lighting improvements							47	23	24	23	24	25						
865	CCTV - Camera replacements	-8	-1	-1	-1	-1	-1	117	81	81	81	81	75						
384	CCTV Extension of coverage							53											
815	Huntingdon Skateboard Park	1						20						60					
	Housing Services																		
702	Mobile Home Park, Eynesbury								-168						168				
	Private Housing Support																		
866	Disabled Facilities Grants							1,100	1,050	800	800	800	800	448	452	335	335	422	422
70	Housing Needs Survey	5	5	5															
867	Repairs Assistance							150	200	200	200	200	200						
730	Housing Need Study				55														
809	Decent homes - Insulation Works													18	180	86			
868	Decent Homes - Insulation Grants														94	73			
869	Social Housing Grant							1,048	991	1,547	1,547	1,547	1,075	1,034	350				
	Homelessness																		
443	Common Housing Register/ Choice Based Lettings	5	5	5	5	5	5	7											
	Priority Needs Scheme (end of temp saving)				42	42	42												
	Housing Benefits																		
626	Wireless Working (Benefits and Revenues)							72											
812	Local Housing Allowance	23																	
813	Reduction in Benefits Admin Grant	45	91	136	182	228	228												
	Reduction in benefits cost net of grant	-80	-95	-95	-95	-95	-95												

		REVENUE						NET CAPITAL						GRANTS & CONTRIBUTIONS					
		2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014
Bid	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Transportation Strategy																		
870	Local Transport Plan							122	93	83	91	91	90						
871	Safe Cycle Routes							374	93	93	93	93	95						
872	St Neots Transport Strategy Phase 2								90	90	90	90							
873	Accessibility Improvement /Signs in footpaths and car parks							63	35	35	35	35	35						
351	St Neots Pedestrian Bridges									537									
874	Huntingdon Transport Strategy							75	80	80									
362	St Ives Transport Strategy							140	82										
363	Ramsey Transport Strategy								45	45	45								
875	A14 Inquiry	50	200																
	Public Transport																		
818	Railway Stations - Improvements									29	26								
899	Bus Shelters - extra provision	15	18	25	28	28	28	105	41	41	41	42	42						
525	Huntingdon Bus Station							50	900	-150	-150				150	150			
	Highways Services																		
844	Street naming and numbering	15	10	5	5														
	Car Parks																		
166	St Neots - Cambridge Road Car Park		4	4	4	4	4		89										
461	Car Park Repairs							56											
480	Implementation of car park strategy	-348	-441	-456	-480	-514	-548	385					512	1,333					
	Environmental Improvements																		
49	Huntingdon Town Centre 2 - High St etc	2	2	2	2	2	2	12											
51	Ramsey Great Whyte Phase 2	1	1	1	1	1	1	0	0										
52	St Ives Town Centre 2 - Completion							32	425	642									
876	Small Scale - District Wide Partnership							76	79	79	79	79	80	10	10	10	10	10	10
877	AJC Small scale improvements							84	86	86	86	86	90	0	0				
878	Village Residential Areas							55		57	57	60	60					10	10
703	Heart of Oxmoor	-30	-30	-30	-30	-30	-30	-1,383	-300					1,550	300				
489	St Neots and Eynesbury							102											
879	Environment Strategy Funding	50	55	55	55	55		50	50	50	55	55							
880	Sustainable Homes Retrofit		15	15				530	120			-550							

		REVENUE						NET CAPITAL						GRANTS & CONTRIBUTIONS					
		2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014
Bid	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Temporary Spending Adjustment (Contingency)		22	28	28	28	28												
	Temporary Spending Adjustment (Recharges)		74	64	67	67	67												
	Pension Increase Savings (Corporate Management)				-18	-18	-18												
	Roundings	2	-5		-3	-4	-2												
	PROPOSED TOTAL	20,448	23,378	25,286	25,687	25,306	23,149	15,347	17,796	6,056	4,957	6,666	6,374	5,203	5,391	3,564	685	563	563

Note: The Council's £75k contribution to the funding of the A141 improvements is funded from two schemes included above (Local Transport Plan £30k and Safe Cycle Routes £20k) together with £25k from the LPSA Reward Grant.

GRANT FUNDING AWARDED	Capital			Revenue			
	2008/9	2009/10	2010/11	2008/9	2009/10	2010/11	2011/12
LPSA REWARD GRANT	£000	£000	£000	£000	£000	£000	£000
Positive activities - engaging young people		0			27	27	27
Holiday scheme for St Ives, Yaxley Ramsey and Sawtry		0			19	19	19
Homelessness and skills - Huntingdon		300			0		
Homelessness and skills - St Neots		180			30		
Fusion / Proud to be Loud		0			67	67	67
Priority road safety		25			0		
Active at 50		0			3	3	3
Active lifestyles (community sports network)		0			14		
Exercise referral scheme - health walks and cardiac rehab		0			50		
Energy efficiency - homes		50	50		0		
Energy efficiency - businesses		25	25		0		
Improvement to wildlife site - engineering and equipment		60			0		
Supporting low carbon communities		40			0		
Skills - 19-25's getting into work		0			50		
Business support / marketing of business opportunities		0			30		
Design costs of economic development initiatives		30			0		
Total	0	710	75	0	290	116	116
BIG LOTTERY GRANT							
Stukely Skatepark (see also MTP815)	60						
Stilton Skatepark	50						
Proud to be Loud (see also LPSA)				20	20	20	
Fusion (see also LPSA)				17	17	17	
Play Outreach				16	16	16	
Project Management				8	9	9	9
Total	110	0	0	61	62	62	9

All items are to fund additional expenditure not included in the proposed budget/MTP except for Stukely Skatepark where the grant is set against the scheme cost.

BUDGET SUMMARY	2008/09		2009/10
	Original	Forecast	Budget
	£000	£000	£000
Environmental Services			
Refuse Collection	3,674	3,464	3,576
Recycling	642	796	837
Drainage & Sewers	584	547	580
Public Conveniences	293	216	251
Environmental Health	2,393	2,297	2,575
Closed Churchyards	17	11	18
Street Cleaning & Litter	1,471	1,373	1,407
	9,074	8,704	9,244
Planning			
Development Control	1,358	1,504	1,391
Building Control	212	278	259
Planning Policy & Conservation	1,336	1,365	1,592
Economic Development	-629	-552	-660
Planning Delivery Grant	65	-251	70
	2,342	2,344	2,652
Community Services			
Countryside	594	653	672
Tourism	151	135	150
Community Initiatives	799	852	908
Parks	1,708	1,768	1,871
Leisure Policy	458	479	482
Leisure Centres	3,622	3,811	3,530
Community Facilities	214	164	194
	7,546	7,862	7,807
Community Safety			
Community Safety	1,014	1,065	1,058
	1,014	1,065	1,058
Housing Services			
Housing Services	680	851	897
Private Housing Support	3,538	2,595	2,526
Homelessness	625	586	574
Housing Benefits	905	735	842
	5,749	4,767	4,839
Highways & Transportation			
Transportation Strategy	997	451	1,152
Public Transport	709	790	760
Highways Services	102	100	101
Car Parks	-525	-274	-447
Environmental Improvements	406	427	442
	1,690	1,494	2,008
Corporate Services			
Local Taxation & Benefits	1,435	1,340	1,484
Corporate Management	1,812	1,739	1,848
Democratic Services	1,261	1,242	1,364
Central Services	320	490	466
Non Distributed Costs	255	242	256
	5,084	5,053	5,418
Other Expenditure			
Contingency	-1,061	-100	-677
Other Expenditure	-8,854	-8,426	-8,436
Investment Interest and Borrowing Costs	-2,162	-2,315	-535
	-12,077	-10,841	-9,648
Council Total	20,420	20,448	23,378

SERVICE BUDGET		2008/09		2009/10
		Original	Forecast	Budget
		£000	£000	£000
Environmental Services				
Refuse Collection	Abandoned Vehicles	66	74	82
	Brew Project	26	42	26
	Domestic Refuse	3,582	3,356	3,460
	Trade Refuse	0	-7	8
		3,674	3,465	3,576
Recycling	Recycling	645	794	879
	Recycling Sites	-3	2	-41
		642	796	838
Drainage & Sewers	Internal Drainage Boards	339	335	354
	Nightsoil Collection	10	10	10
	Watercourses	234	201	216
		584	546	580
Public Conveniences	Public Conveniences	293	216	251
		293	216	251
Environmental Health	Air Quality	124	107	109
	Animal Welfare	162	155	165
	Caravans And Camping	6	6	6
	Contaminated Land	183	185	181
	Health & Safety	252	281	274
	Energy Efficiency	252	227	338
	General	7	12	12
	Food Safety	489	470	502
	Health Promotion	43	45	46
	Licences	169	126	195
	Nuisances	324	311	346
	Pest Control	153	152	152
	Private Sector Housing	215	205	232
	Travellers	14	15	16
		2,393	2,297	2,574
Closed Churchyards	Closed Churchyards	17	11	18
		17	11	18
Street Cleaning & Litter	Littering	141	164	171
	Street Cleaning	1,330	1,209	1,236
		1,471	1,373	1,407
Environmental Services		9,074	8,704	9,244
Planning				
Development Control	Advice	509	467	467
	Application Processing	567	761	650
	Enforcement	282	276	274
		1,358	1,504	1,391
Building Control	Promotion & Enforcement	329	262	272
	Building Regulations Applications	-153	20	-10
	Defence Estates	36	-4	-2
		212	278	260

SERVICE BUDGET		2008/09		2009/10
		Original	Forecast	Budget
		£000	£000	£000
Planning (continued)				
Planning Policy & Conservation	A14 Inquiry	0	50	200
	Biodiversity Action Plan	6	7	6
	Conservation & Listed Build	269	197	205
	Local Plan	564	543	634
	Planning Projects/Implement	244	271	251
	Strategic & Regional Planning	67	92	94
	Suppl Planning Guidance	18	11	12
	Trees	167	194	189
		1,336	1,365	1,591
Economic Development	Business & Enterprise Support	289	243	254
	Markets	-64	-23	-37
	NNDR Discretionary Relief	42	27	28
	Property Development and Management	-1,097	-984	-1,102
	Town Centre Management	201	185	198
		-629	-552	-659
Planning Delivery Grant	Planning Grant Unallocated	65	-251	70
		65	-251	70
Planning		2,342	2,344	2,653
Community Services				
Countryside	Barford Road Pocket Park	8	9	10
	Coneygear Park	5	7	7
	Countryside Management	164	212	216
	Hinchingbrooke Country Park	271	276	283
	Holt Island	2	2	2
	Ouse Valley Way	2	2	2
	Paxton Pits	112	115	119
	Spring Common	30	30	32
			594	653
Tourism	Tourism	151	135	150
		151	135	150
Community Initiatives	Community Projects	138	161	208
	Customer Service	216	216	222
	Equal Opportunities	50	42	39
	Local Agenda 21	47	62	65
	Miscellaneous Grants	348	372	374
	Oxmoor Action Plan	0	-1	0
		799	852	908
Parks	Parks & Open Spaces	1,644	1,712	1,814
	Pavilions	58	50	51
	Unallocated Land Survey	6	6	6
		1,708	1,768	1,871
Leisure Policy	Arts Development	199	196	178
	Leisure Development	253	265	284
	Policy And Strategic Management	5	18	20
		458	479	482
Leisure Centres	Huntingdon Leisure Centre	672	834	785
	Leisure Centres Overall	44	34	-529
	Ramsey Leisure Centre	570	562	644
	Sawtry Leisure Centre	541	566	580
	St Ivo Leisure Centre	958	972	1,148
	St Neots Leisure Centre	837	843	903
		3,622	3,811	3,531

SERVICE BUDGET		2008/09		2009/10
		Original	Forecast	Budget
		£000	£000	£000
Community Services (cont.)				
Community Facilities	Leisure Grants	194	141	171
	Priory Centre	20	24	23
		214	165	194
Community Services		7,546	7,863	7,807
Community Safety				
Community Safety	C C T V	776	787	765
	Community Safety	238	277	293
		1,014	1,065	1,058
Community Safety		1,014	1,065	1,058
Housing Services				
Housing Services	Choice Based Lettings	44	60	62
	Contributions To HRA	20	16	17
	Housing Advances	12	14	10
	Housing Advice	209	324	350
	Housing Developments	9	4	4
	Housing Strategy	108	134	145
	Mobile Home Park	-2	-12	-10
	Publicising Housing Services	6	6	6
	Waiting List	274	305	313
		680	851	897
Private Housing Support	Home Improvement Agency	91	30	98
	Housing Associations	2,112	1,238	1,235
	Housing Surveys	23	22	23
	Renovation/Improvement Grants	1,313	1,305	1,169
	3,538	2,595	2,525	
Homelessness	Homelessness Management	316	277	279
	Hostel Support	99	99	99
	Prevention Schemes	10	7	7
	Priority Needs Scheme	28	28	26
	Rental Deposit Scheme	94	85	86
	Temporary Accommodation - B&B	78	90	78
	625	586	575	
Housing Benefits	Housing Benefits Admin	640	826	953
	Rent Allowance Local Scheme	22	22	23
	Rent Allowance National Scheme	124	-237	-262
	Temporary Accommodation Support	119	124	127
	905	735	841	
Housing Services		5,749	4,767	4,838
Highways & Transportation				
Transportation Strategy	Cycling	34	27	33
	Transportation Management	147	81	113
	Transport Schemes	817	343	1,006
	997	451	1,152	
Public Transport	Bus Shelters	49	65	72
	Bus Stations	106	118	102
	Concessionary Fares	554	607	586
	709	790	760	
Highways Services	Street naming	101	100	101
	101	100	101	

SERVICE BUDGET		2008/09		2009/10
		Original	Forecast	Budget
		£000	£000	£000
Highways & Transport' (cont)				
Car Parks	Car Park Assets	90	92	108
	Car Park Management	-351	-461	-679
	Car Park Policy	-264	95	124
		-525	-274	-447
Environmental Improvements	Management	91	117	105
	Schemes	315	310	337
		406	427	442
Highways & Transportation		1,690	1,494	2,008
Corporate Services				
Local Taxation & Benefits	Council Tax	1,189	1,112	1,186
	Council Tax Benefits	192	203	259
	N N D R Administration	54	24	39
		1,435	1,339	1,484
Corporate Management	Chief Executive & Management Team	771	722	809
	External Audit	123	122	126
	Public Accountability	807	789	807
	Treasury Management	112	106	106
		1,812	1,739	1,848
Democratic Services	Corporate Committees	377	398	446
	Member Allowances & Support	884	844	918
		1,261	1,242	1,364
Central Services	Elections	426	428	379
	Emergency Planning	78	64	67
	Land Charges	-184	-1	20
		320	491	466
Non Distributed Costs	Pensions	255	242	256
		255	242	256
Corporate Services		5,084	5,053	5,418
Other Expenditure				
Contingency	Spending Adjustments Contingency	-277	0	-242
	Other Contingencies	-785	-100	-435
		-1,061	-100	-677
Other Expenditure	Capital Charges Reversed	-8,352	-6,947	-7,137
	Commutation Transfer	-59	-59	-18
	Pensions Liabilities Reversed	-547	-1,421	-1,421
	V A T Partial Exemption	105	0	140
		-8,854	-8,427	-8,436
Investment Interest	Interest Paid	84	84	76
	Interest Received	-2,246	-2,399	-1,229
	Borrowing Costs			618
		-2,162	-2,315	-535
Other Expenditure		-12,077	-10,842	-9,648
COUNCIL TOTAL		20,420	20,448	23,378

RESERVES AND THE ROBUSTNESS OF THE 2009/10 BUDGET

The Local Government Act 2003 requires me, as the Council's Chief Financial Officer, to report on the robustness of the 2009/10 budget and the adequacy of reserves when you consider it and the consequent Council Tax.

Robustness

The Council has tended in recent years to underspend its budget. This demonstrates that it has budgeted prudently and that managers have taken a mature approach to budgetary control rather than simply spending any spare sums on low priority items. This may not recur due to the ongoing identification of required budget savings and the uncertain size and duration of the current recession.

The Internal Audit and Risk Manager considers that that our internal financial controls are working adequately. There is also a sound system of financial monitoring and identification of any necessary budget variations that feeds into the budget/MTP process.

The 2009/10 budget has been prepared using the budget for 2008/09 as a base, and amending it for known changes, particularly:

- Certain unavoidable inflation but no allowance for general inflation on general expenditure items.
- Potential pay rises
- The impact of MTP schemes
- Forecast interest rates, which have a significant impact on our investment income

There will always be some items that emerge after the budget has been prepared. These are normally met by compensating savings elsewhere in the budget or, if necessary, the use of revenue reserves.

The most significant potential risks to the budget are:

- reduced income due to recession
- non-achievement of planned savings (leisure centres and grants)
- failure of a borrower
- an emergency (e.g. flooding)
- higher inflation than anticipated
- increases in gate fees at recycling centres due to lower resale values for recyclates.

Reduced Income

A 1% loss of income from fees, rents and charges would amount to around £160k but adjustments to the 2009/10 budget to reflect lower expectations already include Planning Fees (£50k), Car Parking (£140k), Land Charges (£260k) and Industrial Rents (£80k). Building Control Fees are also expected to be lower but there is an earmarked reserve to finance this.

Planned Savings

Planned savings for 2009/10 include £750k on Leisure Centres (an increase from £160k in 2008/09), £250k of grant income and £25k from employees. None of these are certain.

Treasury Management

There is a separate report on the January 2009 Cabinet Agenda concerning the approach to mitigating Treasury Management risks. The maximum permitted with one counterparty is £11M but this is only possible where £5M of the sum is held in a liquidity account with that body. Liquidity Accounts allow recovery of investments on the same working day which substantially reduces the risk. Thus the practical limit is probably £6M which is limited to bodies with the highest credit rating or Building Societies with more than £2billion in assets.

Emergencies

Certain types of eventuality are mitigated in other ways. Many significant risks are insured against, so losses are limited to the excesses payable. The Government's Bellwin Scheme meets a large proportion, over a threshold, of the costs of any significant peacetime emergencies (e.g. severe flooding).

Inflation

A ½% increase in general and pay inflation, assuming no compensating increase in fees and charges was possible, would result in a net cost of approximately £130k. It is also possible that inflation could be lower than assumed next year – a 1% lower pay award would save £210k.

Interest Rates

A ½% reduction in interest rates would result in lost income of approximately £120k but, as we have a number of investments with agreed rates for all or part of next year, the real impact would be significantly less.

Revenue Reserves

These are estimated to be £19.1m at April 2009 and reduce to £15.3m by March 2010 in order to support revenue spending. This is still very significantly above what would be considered a safe minimum level, which would be around £3m.

Therefore, even if a number of unexpected additional costs emerged there would still be sufficient funding to cover the deficit for 2009/10.

Annex F deals with the position over the rest of the medium term financial plan period.

Conclusion

Considering all these factors, I believe that the combination of a robust budget process and significant reserves should give Members no concerns over the Council's financial position for 2009/10 but significant work is required to identify future years' spending or taxation adjustments so that future budgets can be considered robust in the light of significant reductions in the level of reserves.

Terry Parker
Director of Commerce and Technology

FINANCIAL PLAN - SENSITIVITY AND RISKS

The financial forecast model has been used to demonstrate the impact that variations in investment rates, borrowing rates and increases in pay will have in specific years.

SPENDING ADJUSTMENTS REQUIRED IN YEAR	2013/14 £000	2023/24 £000
	£M	£M
Already required by MTP/Financial Plan	+6.5	+10.7
Implications of other changes		
0.5% extra pay award cumulative from 2010/11	+0.5	+3.0
0.5% increase in staff efficiency cumulative from 2010/11 assuming this can be achieved and translated into reduced staffing levels.	-0.5	-3.0
1% higher investment returns in year	-0.1	-0.1
1% higher borrowing costs in year	+0.1	+0.1
1% extra employers pension contributions cumulative from 2011/12 for 5 years.	+0.5	+1.4

Inflation, other than pay, is fairly neutral as long as fees and charges are increased in line with it. If pay awards increase by more than forecast then further efficiency improvements would be needed to meet the impact.

The impact of investment rates is significantly diminished by 2013/14 as reserves will have been significantly reduced to meet revenue deficits and to fund capital projects. If long term borrowing rates and short term investment rates vary similarly there is a fairly neutral impact.

The next triennial revaluation of the Pension Fund is due in December 2010. Significant increases in contribution rates may be necessary from April 2011 even if the stock market has recovered by that date.

Other Risks

The Plan assumes that the extra specific grant awarded for Concessionary Fares for the three years starting in April 2008 will, together with the base budget provision be sufficient to meet the Council's costs. This is still not clear though any variation will probably not now be significant. It is also possible that responsibility for the scheme may become a County responsibility in April 2011. Resulting Grant adjustments, because they will be formula based, may not be neutral.

The Government's next Comprehensive Spending Review will be published in the summer of 2010 (and every three years thereafter) and will create significant uncertainty and potential volatility. This could have a significant impact, particularly if the area cost adjustment formula is varied.

It has been assumed that capping will continue to allow 4.99% increases in Council Tax. If this limit were to be reduced significant additional spending adjustments would be required. Relaxation of capping would provide potential to reduce the level of spending adjustments required by increasing Council Tax levels.

Inflation on Capital Schemes of 2.5% per year has been included in total within the plan. There have been examples of high tender prices on specific schemes but there is little objective data on which to base a higher inflation allocation or even to estimate a suitable contingency sum so no additional provision has been included. The Pathfinder House figures are predominantly fixed prices.

There is no provision for any demographic growth in services. Pressures will emerge due to additional housing and increased longevity over the plan period.

There may be significant increases in gate fees at recycling centres due to lower resale values for recyclates. The gate fees should fall again as the recession ends and demand increases.

Most budgets are based on 97.5% of salary due to the expectation of savings from staff turnover. If turnover falls financial pressures will emerge and vice versa.

Leisure Centre income is approaching £5M per year and certain facilities are in direct competition with the private sector. If income was lost it would be difficult to reduce expenditure by an equivalent sum in the short term. In addition the financial plan incorporates a substantial challenge for leisure centres to reduce their net cost by £1M per year. This may not be achieved.

Revenue reserves may not be sufficient but the plan is based on them reducing to £3M but then gradually increasing to £4M by 2023/24. This is dealt with in more detail below.

Conclusion

Spending Adjustments of a further £6.5M by 2013/14 and £10.7M by 2023/24 are required by the financial plan and there is potential for this to increase, particularly if the imminent recession is more significant than assumed, existing savings are unachievable or if pension contributions rise significantly. Prompt action is therefore necessary to take maximum advantage of the remaining time to identify optimum adjustments which should have less impact on service levels. Achievement of the MTP will become increasingly uncertain in the future without an established list of achievable adjustments that can be implemented as the need is confirmed.

FINANCIAL PLAN - FUTURE LEVEL OF RESERVES

The Plan is based on net spending rising to £28.7M by 2019/20 (circa £90M gross spending) with revenue reserves of £3M. The plan is therefore based on raising reserves to £4M by the end of 2023/24.

Adequate reserves are critical for various reasons:

Inflation

If pay awards and inflation were 1% more than expected in 2019/20, and fees and charges were not increased to mitigate it, the cost would be about £580k

Cash Flow

Changes to the profile of when the Government pays the Council its Government Grant and other payments (e.g. housing and Council Tax benefit)

Major failure of the computer systems for billing and recovering Council Tax, NNDR or other income. Impact is exaggerated because this Council takes the risk of late collection for the whole sum on Council Tax and NNDR for the area which amounts to £110M at present and would grow to, say, £170M by 2019/20. One month's loss of interest on £170M is around £700k.

Non achievement of Spending Adjustments

Spending adjustments of £10.7M are still to be identified.

Emergency/Disasters

The impact of a disaster to the public (e.g. flooding or a plane crash) is restricted by the Government paying 85% of any cost in excess of £36k but the Council would still need to fund the total cost pending reimbursement.

A Council disaster (e.g. the Council's computers or offices catching fire), would not receive government funding but certain aspects are insured such as alternative accommodation and lost income at Leisure Centres. There would still be a need to fund the costs "up front" and there is no cover for the cost of lost cash flow.

Unplanned Spending loss of income

This would include items like planning inquiries. Whilst unlikely to recur the cost of the Alconbury Inquiry was in excess of £2M.

Loss of income

Changes in economic activity can have a significant impact on development control fees, building control fees and land charges.

Leisure Centre income could suffer if a new private Fitness Centre aggressively entered the market.

Invest to Save

In order to meet the spending adjustments and to manage the authority effectively there will be a number of opportunities that require investment in order to increase service provision for no additional long term cost or to maintain provision but at a lower long term cost. Reserves are therefore required to allow this to happen.

Capping

If capping continues there is a need for higher reserves to allow any mitigating action to be undertaken in a planned and controlled way so that the service

impact on the public is minimised whilst replenishing reserves to an adequate level. Thus it should be assumed that any significant financial shortfall may take 3 to 4 years to resolve.

Conclusion

It is difficult to arrive at a scientific calculation of a minimum figure for reserves. Whilst the unexpected items are unlikely to all occur in the same year and may be reduced by compensating favourable changes the remaining level of unidentified spending adjustments and the manner in which capping tends to force immediate rather than best solutions means there is a need to hold significant reserves to cover the period until compensating adjustments are achieved or capping relaxed.

Our current reserves (£19M) are clearly well above the necessary levels to cover these risks but it is considered that £3M is the minimum that should be retained and as expenditure increases this should be gradually increased.

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CABINET

29 January 2009

2009/10 TREASURY MANAGEMENT STRATEGY (Report by the Head of Financial Services)

1. INTRODUCTION

- 1.1** A Treasury Management Strategy ensures that the Authority has clear objectives for the management of its borrowing and investments. It is also needed to comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice, which is required by the Council's Code of Financial Management. The Government has also published Guidance which recommends that an Annual Investment Strategy is produced each year and approved by the full Council.
- 1.2** The Guidance emphasises that priority must be given to the security and liquidity of investments whilst the Code covers the same point by requiring the effective management and control of risk. This Strategy is intended to meet the requirements of the Code and the Guidance.
- 1.3** The Strategy takes account of the increased profile that treasury management has had in the last few months due to the collapse of Icelandic Banks in which many Local Authorities had investments.
- 1.4** When the Government removed its limits on capital expenditure levels some years ago it introduced the concept of a Prudential Code which pulled together a number of indicators relating to capital expenditure, external debt and treasury management. Its purpose was to demonstrate that the Council's capital expenditure plans were affordable and to provide a set of limits, to be complied with, and indicators to be monitored during the forthcoming year. These indicators are shown as appendix B to the strategy.
- 1.5** The proposed strategy is attached as Annex A.

2. RECOMMENDATION

- 2.1** Cabinet is requested to recommend to Council that it approves the attached Treasury Management Strategy.

BACKGROUND PAPERS:

Background files in Accountancy Section: Treasury Management Reports
Reports on the 2009/10 Budget and Medium Term Plan to Cabinet and Council
CIPFA's Treasury Management in the Public Services Code of Practice 2002
ODPM Guidance on Local Government Investments March 2004

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TREASURY MANAGEMENT STRATEGY 2009/10

Treasury Management is the process by which the Council:

- ensures it has sufficient cash to meet its day-to-day obligations
- borrows when necessary to fund capital expenditure, including borrowing in advance when rates are considered to be low
- invests any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

This Strategy explains how this will be carried out and meets the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice and the Government's Guidance on Local Government Investments.

NEW FACTORS IN 2008/09

Over the period of its 5 year Medium Term Plan (MTP) the Council will need to start borrowing to fund capital expenditure once its existing Capital Reserves have been used. Agreement was reached with External Auditors that if the Council considered that long term borrowing rates were low it would be reasonable to borrow, in advance, up to the sum needed in the MTP. This was included in the 2008/09 Strategy.

During 2008/09, long term borrowing rates were volatile and when rates fell to around 3.90% in December the Council took out its first tranche of £10M long-term borrowing from the Public Works Loan Board (PWLB).

In October 2008 three Icelandic Banks collapsed that Councils, including this one, had on their approved list of counterparties. This raised the public profile of treasury management in Local Government and caused Councils to review their appetite for risk in managing their investments. It also highlighted the weaknesses of relying on credit ratings, the method used by most authorities to decide where to invest funds.

THE COUNCIL'S FINANCIAL STRATEGY

The extract below from the Council's Financial Strategy shows:

- how revenue reserves will fall to the basic level needed as a contingency against unexpected events,
- how capital reserves have already been nearly fully used to fund capital expenditure,
- how borrowing will be required to meet further planned capital expenditure. When this is carried out will depend on how low interest rates are perceived at any point in time. Hence "must" borrow levels reflect using other funds to delay until the last moment whilst "may" borrow levels show maximum borrowing in advance.

FORECAST	2008/09 £M	2009/10 £M	2010/11 £M	2011/12 £M	2012/13 £M	2013/14 £M
Revenue Reserves	19.1	15.3	10.4	6.0	3.0	3.0
Capital Reserves	1.3					
Earmarked Reserves	3.4	3.4	3.4	3.4	3.4	3.4
Total Reserves** (EOY)	23.8	18.7	13.8	9.4	6.4	6.4
Planned Capital Expenditure		17.8	6.1	5.0	6.7	6.4
Funded from:						
new capital receipts		1.1	0.9	0.7	0.7	0.7
capital reserves		1.3				
borrowing		15.4	5.2	4.3	6.0	5.7
Borrowing (accumulated)						
To be funded from borrowing		15.4	20.6	24.9	30.9	36.6
"Must" borrow	0	3.7	6.8	15.5	24.5	30.2
"May" borrow	26.3	36.5	41.0	45.7	50.6	55.5
Already borrowed	10.0	10.0	10.0	10.0	10.0	10.0

** excludes any cash flow surpluses and specific earmarked reserves (e.g. S106 and R&R Funds)

The amount and period of capital borrowing up until March 2010 will be dependent upon the actual levels of interest rates and how high or low they are perceived to be in a long term sense. For example, if long term rates fell to 3.5% we would be likely to move to our "may" borrow limits as soon as possible as, even if that meant an acceptable level of short term cost because temporary investment rates were lower than borrowing rates, the long term benefit would be significant. Conversely, if long term rates were 5% and it were perceived that future rates would be lower, only the "must" borrow limits would be followed and, even then, the sums would be borrowed for a short period rather than locked into a long term arrangement.

Authorities are only allowed to borrow short term for revenue purposes to cover cash flow.

CASH FLOW

In addition to the fundamental movements described above there are day-to-day impacts due to the flow of funds into and out of the Council. For instance, the dates on which the County Council is paid its portion of the council tax will be different to the days the money is received from those living in the District. These cash flows will sometimes leave the Council with several million pounds to borrow or invest overnight or for a few weeks.

LONG TERM BORROWING

Although borrowing is not required until 2009/10 to fund the Capital Programme, effective treasury management involves borrowing when interest rates are judged to be at the optimum level, even if the funds have then to be invested until the money is required; borrowing in this way is allowed if it is for planned capital expenditure. The definition of planned expenditure is not precise and has therefore been discussed with our external auditor who is comfortable with the interpretation of it being included in our approved MTP. Hence, once Council has approved the MTP in February the figure will be £36.5 M. The Council borrowed £10m in December 2008 for 49 to 50 years, when PWLB long-term interest rates were around 3.90% and the

funds borrowed have been temporarily invested for 4 to 5 years at rates over 4%.

When the Council borrows the repayment profile of the debt must be considered if it is for a shorter period than the life of the asset being financed i.e. if the debt needed to be replaced rather than repaid then the replacement dates need to be spread over a sensible period to avoid peaks when interest rates may be high. Our borrowing from the PWLB is likely to be for sufficient period that the required depreciation charges will be enough to repay the debt rather than replace it.

Borrowing will tend to be from the Public Works Loans Board (PWLB) which is a Government Agency providing funds to government bodies at wholesale market rates. They provide a range of options including fixed rate loans for up to 50 years. Commercial bodies have become more involved in this market though their products are generally of the type where the lender retains an option to increase the interest rate after a number of years and the borrower has the right to repay if the new rate is not acceptable.

CATEGORIES OF INVESTMENT

The guidance on Local Authority Investments categorises investments as 'specified' and 'non-specified'.

Specified investments are:

- in sterling
- due to be repaid within 12 months
- not defined as capital expenditure in the capital finance regulations 2003
- with a body that has a high credit rating or it is made with the UK Government (gilts or CDs), or a local Authority.

Non-specified investments include all other types of investment, for example corporate bonds.

The only non-specified investments that will be used will be time deposits of greater than 12 months with a body that has a high credit rating, is one of the larger building societies or has a legal position that guarantees repayment (e.g. a local authority). Time deposits are for specified periods and are returned in full after that period – they are not subject to value fluctuations as with Gilts and Corporate Bonds.

IN-HOUSE MANAGEMENT AND CDCM

CDCM currently manages £20M of investments and the remaining investments and borrowing are managed in-house. The bulk of CDCM's fund will need to be returned in the next 2 years unless further advance borrowing is carried out. Now that there is not a longer-term nature to this fund it would be appropriate to regularly review the need for it and close it when appropriate.

Appendix A outlines the mandate for the in-house and CDCM investments and lists the approved counter-parties though it should be noted that these will change during the course of any year as credit ratings or the size of building societies change.

The Council will need to approve a prudential indicator for the 'authorised limit for external debt'; which combines temporary borrowing for cash flow purposes and long-term borrowing to fund capital expenditure. A maximum of £56.5 is being recommended (£20m temporary plus £36.5 long term).

Although the MTP shows that the Authority will need to borrow to fund its capital

programme it does not necessarily have to borrow from PWLB or the market because it can use its in-house investments to finance capital until the investments are used.

RISKS ASSOCIATED WITH INVESTMENTS

The collapse of the Icelandic Banks in October 2008 resulted in the Capital Receipts Advisory Group (CRAG) reviewing its appetite for risk as regards counterparties that the Council would be willing to invest with. Whilst investments could be made with the Government's Debt Management Office which are theoretically risk-free, as they are backed by the Government, there is a significant downside to this level of safety in that the rates offered have been up to 2% below the market rate – a major issue when base rate itself is only 2%.

Following detailed discussion, CRAG recommended that the, then current, counterparty list of banks and building societies should continue to be used. They felt that Building societies are such key financial institutions within the UK that if one got into financial difficulties it would either be taken over by another building society or supported by the Government. They also have a significant proportion of their funds covered by retail savings so are less at the risk of market volatility.

Whilst we have a reasonable number of institutions to invest with, the list reduces every time a bank or building society is taken over by another institution. It is possible that the level of advance borrowing could become limited by the availability of acceptable counterparties. This will be monitored closely.

Although many organisations rely on credit ratings to determine suitable counterparties and the Government advice refers to bodies with a “high” credit rating, recent events have shown that ratings are not totally reliable. Annex B shows the definition of the various credit ratings. The following changes have been made to mitigate this risk but they still only reduce it rather than remove it:

- The Council's Treasury Management advisors (Sterling) provide notice of institutions where the credit rating agencies have indicated a 'rating watch' which indicates that there may be a concern over the long-term stability of the bank or building society. These will often result in the counterparty being immediately removed from our list.
- Country limits have been set of £6M for non-EU countries, £10M for individual EU countries and £20M for EU in total. The EU limits exclude the UK.
- For shorter term investments the short-term credit rating is the most relevant, however as we may be investing in the medium-term when we have borrowed in advance it is prudent to take long-term credit ratings into account for any investment longer than 1 year. These should be A- or higher (FITCH) or the equivalent with other rating agencies

ADVISORS

The Council appointed Sterling Consultancy Services as Treasury Management Advisors in January 2008.

The Advisor carries out the following role:

- provides up-to-date information on credit ratings
- advises on borrowing, borrowing rates and opportunities to borrow early
- provides economic data and interest rate forecasts

KEY POINTS

Definition of 'high credit rating' for specified investments

The Council's mandates require all investments to have a short-term rating of a minimum of F1, as defined by the credit rating agency FITCH (or the equivalent for other rating agencies), except for any body that has a legal position that guarantees repayment or is a building society that is in the top 25 by value. Any investment for more than 1 year must also have a long term rating of at least A-

The frequency that credit ratings are monitored

Sterling monitors the credit ratings of banks and building societies daily and notifies the Council of any changes immediately. Where the rating is downgraded that bank or building society will immediately be removed from the counterparty list if its new rating is outside of the defined limits.

Sterling also notifies the Authority of counterparties where the credit rating is on negative rating watch. If the negative watch applies to long-term ratings a judgement will be made as to whether or not the counterparty should be removed from the list.

The categories of non-specified investments that can prudently be used during 2009/10

Time deposits over 12 months.

Liquidity of investments.

The time deposits managed In-house and by CDCM are non-liquid investments (i.e. they will only be available at the end of the agreed period). CDCM's mandate specifies the dates by which sums need to be available for return. These sums will be regularly reviewed and CDCM advised of any necessary changes as the year progresses.

In addition to time deposits the Authority uses a liquidity funds with the NatWest Bank and Alliance Leicester, both of these allow repayment the same day.

Limiting Counterparty Risk

CDCM advise the Council of all proposed investments in advance. This allows the Council to ensure that the combined CDCM and In-house investment with a Counterparty does not exceed the specified limits. For example: Both lists would allow £6M with Barclays Bank but the Council will limit its investment with Barclays to £6M in total.

MANAGEMENT

The Head of Financial Services and his staff, supported by the Council's professional advisor, will manage and monitor investments and borrowing. The Capital Receipts Advisory Group will be kept informed of relevant issues and consulted on any significant changes to the Strategy.

The Cabinet will receive a six month report on the performance of the funds and an annual report on the performance for the year.

CHANGES TO THE STRATEGY

The strategy is not intended to be a strait-jacket but a definition of the upper limit of the level of risk that it is prudent for the Council to take in maximising the return on its net investments. Any changes that are broadly consistent with this Strategy and either reduce or only minimally increase the level of risk, are delegated to the Head of Financial Services, after consultation with the Capital Receipts Advisory Group, where significant.

Any other proposal to change this strategy will be referred back to the Council.

PRUDENTIAL INDICATORS

The Council's Prudential Indicators are attached at Appendix C. They are based on data included in the budget report and this Strategy. They set various limits that allow officers to monitor its achievement. These indicators must be approved by the Council and can only be amended by the Council.

Definition of Credit Ratings

Short term (FITC)	F1	Shares rated in this category have the most solid solvency levels and the highest stock liquidity and enterprise value in the market.
	F2	Shares rated in this category have very good solvency levels and stock liquidity and enterprise value in the market.
	F3	Shares rated in this category have a combination of good or adequate solvency levels and stock liquidity and enterprise value in the market.
Long-term (FITC)	AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk . They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
	AA	Very high credit quality. 'AA' ratings denote expectations of very low credit risk . They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
	A	High credit quality. 'A' ratings denote expectations of low credit risk . The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

IN-HOUSE FUND MANAGEMENT

Duration of investments	No investment shall be longer than 5 years.														
Types of investments	Fixed Deposits Deposits at call, two or seven day notice														
Credit Ratings	Short term rating F1 by FITCH IBCA or equivalent Long-term rating of A- by FITCH IBCA or equivalent if the investment is longer than 1year														
Maximum limits per body or group	<table> <tr> <td>F1+ or have a legal position that guarantees repayment for the period of the investment</td> <td>£6M</td> </tr> <tr> <td>F1</td> <td>£5M</td> </tr> <tr> <td>Building Society with assets over £2bn in top 25 (Currently 16)</td> <td>£6M</td> </tr> <tr> <td>Building Society with assets over £1bn if in top 25 (Currently 3)</td> <td>£5M</td> </tr> <tr> <td>Building Society with assets under £1bn in top 25</td> <td>£3M</td> </tr> <tr> <td>In addition to the above:</td> <td>£5M</td> </tr> <tr> <td>Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment.</td> <td></td> </tr> </table> <p>Other Country limits</p> <ul style="list-style-type: none"> - £6M in a country outside the EU - £10M in a country within the EU (excluding UK) - £20M in EU countries combined (excluding UK) <p>These totals apply to investments made up until 31 March 2010 but lower limits may be introduced for later years to avoid too high a proportion of the Council's funds being with any one counterparty.</p>	F1+ or have a legal position that guarantees repayment for the period of the investment	£6M	F1	£5M	Building Society with assets over £2bn in top 25 (Currently 16)	£6M	Building Society with assets over £1bn if in top 25 (Currently 3)	£5M	Building Society with assets under £1bn in top 25	£3M	In addition to the above:	£5M	Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment.	
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Building Society with assets under £1bn in top 25	£3M														
In addition to the above:	£5M														
Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment.															
Benchmark	LGC 7 day rate														

CDCM MANDATE

Duration of investments	No investment shall be longer than 2 years. The following funds must be available for return by the dates listed below: £13M by 31 March 2010 £7M by 31 March 2011										
Types of investments	Fixed Deposits Deposits at call, two or seven day notice										
Credit Ratings	Short term rating F1 by FITCH IBCA or equivalent Long-term rating of A- by FITCH IBCA or equivalent if the investment is longer than 1 year										
Maximum limits	<table> <tr> <td>F1+ or have a legal position that guarantees repayment for the period of the investment</td> <td>£6M</td> </tr> <tr> <td>F1</td> <td>£5M</td> </tr> <tr> <td>Building Society with assets over £2bn in top 25 (Currently 16)</td> <td>£6M</td> </tr> <tr> <td>Building Society with assets over £1bn if in top 25 (Currently 3)</td> <td>£5M</td> </tr> <tr> <td>Building Society with assets under £1bn in top 25</td> <td>£3M</td> </tr> </table> <p>Other Country limits</p> <ul style="list-style-type: none"> - £6M in a country outside the EU - £10M in a country within the EU (excluding UK) - £20M in EU countries combined (excluding UK) <p>These totals apply to investments made up until 31 March 2010 but lower limits may be introduced for later years to avoid too high a proportion of the Council's funds being with any one counterparty.</p>	F1+ or have a legal position that guarantees repayment for the period of the investment	£6M	F1	£5M	Building Society with assets over £2bn in top 25 (Currently 16)	£6M	Building Society with assets over £1bn if in top 25 (Currently 3)	£5M	Building Society with assets under £1bn in top 25	£3M
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F1	£5M										
Building Society with assets over £2bn in top 25 (Currently 16)	£6M										
Building Society with assets over £1bn if in top 25 (Currently 3)	£5M										
Building Society with assets under £1bn in top 25	£3M										
Benchmark	3 month LIBID										

**CIPFA Prudential Code for Capital Finance in Local Authorities
Prudential Indicators for 2009/10**

Capital expenditure

1. Actual and Estimated Capital Expenditure

	2007/8 Actual £000	2008/9 Forecast £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
Gross	16,518	20,550	23,187	9,620	5,562
Net	13,833	15,347	17,796	6,056	4,957

2. The proportion of the budget financed from government grants and council tax that is spent on interest.

The negative figures until 2009/10 reflect that the Authority is a net investor and so the interest earned is used to help fund the budget. In 2011/12 the borrowing costs exceed interest earned on investments

2007/8 Actual £000	2008/9 Forecast £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
-16%	-11%	-4%	0%	1%

3. The impact of schemes with capital expenditure on the level of council tax
This calculation highlights the hypothetical impact on the level of Council Tax from new capital schemes that the Council has approved in the budget/MTP. It must ignore changes already approved, slippage, inflation and savings.

The actual planned change in Council Tax is different because of the impact of other variations and the use of revenue reserves.

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Increase	£8.34	-£2.21	£0.44
Cumulative	£8.34	£6.14	£6.58

4. The capital financing requirement.

This represents the need for the Authority to borrow to finance capital expenditure. Whilst the Authority has capital reserves it will not have to borrow for capital purposes but may choose to do so:

31/3/08 Actual £000	2008/9 Forecast £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000
0	0	15,420	5,156	4,257	5,966	5,674

It totals £36.5m over the MTP period.

5. Net borrowing and the capital financing requirement.
Borrowing must not be used to finance revenue spending except in the short term. In the short term it is legitimately used to cover cash flow e.g. funding salaries pending receipt of council tax income or return of investments.

The forecast shows that capital reserves are expected to run out in 2009/10 and the Authority will then need to fund most of its capital expenditure from long-term borrowing. However it is permitted to borrow a certain amount in advance of the need to fund capital expenditure (see paragraph 7 below).

External debt

6. The actual external borrowing at 31 March 2008
There was no borrowing.
7. The authorised limit for external debt.
This is the maximum limit for borrowing and is based on a worst-case scenario. It reflects the Treasury Management Strategy which allows the Authority to borrow up to £26.3m in 2008/09 and up to an aggregate of £36.5m in 2009/10 to finance capital expenditure shown to be financed from borrowing in the Medium Term Plan period if it appears that long term rates are attractive. The remainder of the limit relates to temporary debt for Cash Flow Purposes.

	2008/9 Limit £000	2009/10 Limit £000	2010/11 Estimate £000	2011/12 Estimate £000
Short term	20,000	20,000	20,000	20,000
Long Term	26,300	36,500	41,000	45,700
Total	46,300	56,500	61,000	65,700

8. The operational boundary for external debt.
This reflects a less extreme position. Although the figure can be exceeded without further approval it represents an early warning monitoring device to ensure that the authorised limit (above) is not exceeded; it allows the management of the Council's day to day cashflow. The short term and long term elements of the operational boundary will be monitored separately.

	2009/10 Limit £000	2010/11 Estimate £000	2011/12 Estimate £000
Short term	15,000	15,000	15,000
Long term	36,500	41,000	45,700
Total	51,500	56,000	60,700

Treasury management

9. Adoption of the CIPFA Code
The Prudential Code requires the Authority to have adopted the CIPFA Code of Practice for Treasury Management in the Public Services. This has been adopted.

10. Exposure to investments with fixed interest and variable interest as a percentage of total investments.

The mandates could result in a significant amount of the funds being at variable rates as CDCM has some deals where the rate is revised every quarter. In practice the exposure to variable rates is likely to be less and is effectively of a temporary nature due to the lender having an option to request repayment when rates fall.

	2009/10 Limit £000	2010/11 Estimate £000	2011/12 Estimate £000
Upper limit on fixed rate exposure	100%	100%	100%
Upper limit on variable rate exposure	50%	50%	50%

11. Borrowing Repayment Profile

The proportion of 2009/10 borrowing that will mature in successive periods.

The first table refers to temporary borrowing for cash flow purposes; 100% will mature in less than 12 months. Whilst long-term borrowing will often be for more than 10 years there are interest rate scenarios that might require shorter term borrowing on a temporary basis.

Cash flow borrowing	Upper limit	Lower limit
Under 12 months	100%	100%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

Funding capital schemes	Upper limit	Lower limit
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	0%

12. Investment Repayment Profile

Limit on the value of investments that cannot be redeemed within 364 days i.e. by the end of each financial year.

	2009/10 Estimate £M	2010/11 Estimate £M	2011/12 Estimate £M
Limit on investments over 364 days as at 1 April each year.	36,000	17,000	10,000

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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