

A meeting of the **CABINET** will be held in **THE CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **THURSDAY, 16 FEBRUARY 2012** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

APOLOGIES


**Contact
(01480)**

1. MINUTES (Pages 1 - 8)

To approve as a correct record the Minutes of the meeting of the Cabinet held on 19th January 2012.

**Mrs H Taylor
388008**

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 below.

3. BUDGET 2012/13 AND MEDIUM TERM PLAN 2013 TO 2017 (Pages 9 - 54)

With the assistance of a report by the Head of Financial Services to consider the 2012/13 Budget and Medium Term Plan.

**S Couper
388103**

4. TREASURY MANAGEMENT STRATEGY 2012/13 (Pages 55 - 78)

To consider a report by the Head of Financial Services containing a proposed Treasury Management Strategy, which is required under the Council's Code of Financial Management.

**Mrs E Smith
388157**

5. ROLL FORWARD OF CORE STRATEGY - LOCAL PLAN PROJECT PLAN (Pages 79 - 90)

To consider a report by the Head of Planning Services seeking approval for the new Local Development Scheme.

**S Ingram
388400**

6. EXCLUSION OF THE 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 any particular person (including the authority holding that information).

7. CASTLE HILL HOUSE - FORMER HUNTINGDONSHIRE DISTRICT COUNCIL OFFICES - HIGH STREET, HUNTINGDON

To consider a report by the Corporate Team Manager and Facilities and Administration Manager – to follow.

**G Ryan
388425**

Dated this 8 day of February 2012



Head of Paid Service

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 Mrs H Taylor, Senior Democratic Services Officer, Tel No. 01480 388008/e-mail Helen.Taylor@huntingdonshire.gov.uk /e-mail: 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 Cabinet.

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.

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.

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Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CABINET held in the Civic Suite 0.1A Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Thursday, 19 January 2012.

PRESENT: Councillor J D Ablewhite – Chairman.
Councillors B S Chapman, J A Gray,
N J Guyatt, T D Sanderson and D M Tysoe.

IN ATTENDANCE: Councillors S Greenall and T V Rogers and
Mr R Hall, Members of the One Leisure
Working Group for item No 86.

74. MINUTES

The Minutes of the meeting of the Cabinet held on 8th December 2011 were approved as a correct record and signed by the Chairman.

75. MEMBERS' INTERESTS

No declarations were received.

76. REVENUE BUDGET 2011/12

The Cabinet received and noted a report by the Head of Financial Services (a copy of which is appended in the Minute Book) detailing expected variations in revenue expenditure in the current year.

Executive Councillors noted that the expected outturn of revenue expenditure was now £21.4m which was 1.2m less than assumed in the draft 2011/12 budget. The reduction was mainly due to one-off items and service managers implementing saving plans. Having expressed their thanks to staff for their efforts in achieving the budgetary outcomes, the Cabinet

RESOLVED

- (a) that the spending variations in the revenue budget for 2011/12 be noted; and
- (b) that the position on debts collected and written-off as set out in Annex B to the report now submitted be noted.

77. FINANCIAL MONITORING - CAPITAL MONITORING 2011/12

Consideration was given to a report by the Head of Financial Services (a copy of which is appended in the Minute Book) highlighting variations to the approved Capital Programme 2011/12 and the consequential estimated revenue impact. It was

RESOLVED

that the report be received and the expenditure variations noted.

78. VOLUNTARY SECTOR REVIEW (INDICATIVE FUNDING)

Further to Minute No. 11/51, consideration was given to a report by the Head of Environmental and Community Health Services (a copy of which is appended in the Minute Book) seeking approval for an indicative budget for voluntary sector support for 2013/14 and outlining options for the delivery of the funds. The report had been considered by the Overview and Scrutiny Panels (Social Well-Being) and (Economic Well-Being) whose comments were relayed to the Cabinet.

By way of background, the Cabinet were reminded that Officers had met with representatives of the voluntary sector organisations and that an extensive review had been undertaken by a Working Group established by the Overview and Scrutiny Panel (Social Well-Being). Members were informed that various delivery methods for providing financial support to the voluntary sector had been considered as part of the review. In that respect, Executive Councillors acknowledged that one solution may not fit all circumstances and different levels of assessment should be applied. By moving from a commissioning approach for the allocation of funds to a mixed grant system with a community chest for local organisations who require a small injection of revenue up to £5,000, Members felt that this would introduce a level of bureaucracy proportionate to the level of funding required.

With regard to the management of the funds, Executive Councillors were advised that sound governance arrangements would be in place when determining applications for grants and the community chest. A suggestion was made that the application form for the community chest should be straight-forward and the funding made available to apply for throughout the year.

In considering the level of the indicative budget, Members noted that if approved it represented almost a 28% reduction in the amount the voluntary sector would receive in the future, which was considerable less severe than that indicated in the existing 2013/14 budget. The Deputy Executive Leader emphasised that the revised figure represented a considerable achievement and demonstrated that the Council had been responsive to the joint work with the voluntary sector which had taken place since the existing budget was set. However, Members acknowledged that the voluntary sector were having to respond to the changing economic climate and stressed that they would not wish to see the current standard of service decline.

Having acknowledged the work of the voluntary sector and in reiterating the Council's commitment to supporting them, the Cabinet

RESOLVED

- (a) that the contents of the report now submitted be noted;
- (b) that an indicative voluntary sector budget of £273,000 for 2013/14 be approved;
- (c) that a mix of methods for the allocation of financial support to the voluntary sector, as a method to involve

a level of bureaucracy proportionate to the level of funding required, be adopted; and

- (d) that the establishment of a modest "community chest" be agreed to create an accessible source of funds to help very local community projects.

79. ADVANCED WASTE PARTNERSHIP

Pursuant to Minute No 06/124 and by way of a report by the Head of Operations (a copy of which is appended in the Minute Book), the Cabinet were acquainted with the background to a partnership charter for the Cambridgeshire and Peterborough Waste Partnership (RECAP) aimed at enhancing partnership working.

By way of introduction, Members were reminded that RECAP, established in 1990, consisted of Cambridgeshire County Council, Peterborough City Council and Cambridgeshire's District Councils. Particular mention was made of the success of the Partnership's work to reduce waste and proposals to develop specific advanced waste projects. The Charter has been discussed by the Overview and Scrutiny Panel (Environmental Well-Being) arising from which some concern had been expressed over the cultural differences of the various organisations and problems with reaching an agreement when negotiating such matters. Having noted that individual business cases for any advanced waste projects will be considered by the Panel, the Cabinet

RESOLVED

that the RECAP Advanced Partnership Working Charter be adopted and outline business cases for any advanced waste projects be submitted to the Overview and Scrutiny Panel (Environmental Well-Being) prior to any decision being made to proceed.

80. ENDORSEMENT OF THE CAMBRIDGESHIRE GREEN INFRASTRUCTURE STRATEGY AS EVIDENCE FOR PLANNING SERVICES

By way of a report by the Head of Planning Services (a copy of which is appended in the Minute Book) the Cabinet was invited to consider the contents of the Cambridgeshire Green Infrastructure Strategy which would be used as supporting evidence for planning purposes. The Strategy had been considered by the Overview and Scrutiny Panel (Environmental Well-Being) whose comments were relayed to the Cabinet.

Members were advised that the document was an update of the first Green Infrastructure Strategy for the Cambridge sub-region developed in 2006. The new Strategy had been produced by Cambridgeshire Horizons to provide a robust evidence base for funding of green infrastructure through a community infrastructure levy and other sources of funding.

In discussing the extent of the Strategy, Executive Councillors were disappointed that the Strategy did not refer to the local agricultural

industry and concurred with the Panel that food security was of local, national and international concern and should be reflected to a greater extent in the Council's policy.

Whereupon, it was

RESOLVED

that the Cambridgeshire Green Infrastructure Strategy be adopted as supporting evidence for planning purposes.

81. COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE SUBMISSION DOCUMENT

Further to Minute No 11/62, the Cabinet considered a report by the Head of Planning Services (a copy of which is appended in the Minute Book) outlining responses received to the final round of consultations on the Huntingdonshire Community Infrastructure Levy (CIL) Draft Charging Schedule and a suggested modification that has been made as a result relating to the health levy rate.

The Managing Director (Communities, Partnerships and Projects) drew Members' attention to a statement of modification clarifying the reasons for a reduction in the health levy rate, textual corrections to the draft Charging Schedule and reported that the Declaration required under Planning Act 2008 would now refer to Section 211 and 212 only. In supporting the submission of the documents to the Examiner, the Cabinet unanimously

RESOLVED

- (a) that the Huntingdonshire Community Infrastructure Levy - Charging Schedule and Statement of Modification be approved, together with supporting documents, for submission to the Examiner;
- (b) that the Head of Planning Services be authorised, after consultation with the Executive Councillor for Strategic Planning and Housing, to make any minor amendments as necessary to the Huntingdonshire Community Infrastructure Levy - Charging Schedule and associated paperwork for submission for examination; and
- (c) that the legal declaration required under the Planning Act 2008 and CIL Regulations 2010 (as amended) be approved.

82. NEIGHBOURHOOD FORUM WORKING GROUP

With the assistance of a report by the Overview and Scrutiny Panel (Social Well-Being) (a copy of which is appended in the Minute Book), the Cabinet considered details of the "Shape Your Place" initiative currently being piloted in Fenland.

Members were informed that the initiative was a web based site established by Cambridgeshire County Council to promote community

engagement by enabling local public bodies to establish dialogue with local residents. Having recognised the potential benefits of introducing the initiative in Huntingdonshire and in noting the initial cost of establishing the scheme was estimated to be around £3,500 plus ongoing costs, the Cabinet

RESOLVED

that the "shape my place" initiative be adopted in Huntingdonshire.

83. EU PROJECT - MOBILISING LOCAL ENERGY INVESTMENTS

By way of a report by the Head of Environmental Management (a copy of which is appended in the Minute Book), the Cabinet were advised that an application, made jointly by five Cambridgeshire local authorities and Cambridge University, to the European Commission's Executive Agency for Competitiveness and Innovation for Intelligent Energy Europe Financial Assistance had been successful.

Members were acquainted with the background to the project which would support the delivery of energy efficiency and energy generation schemes across Cambridgeshire. It was explained that the project provided an opportunity for the District Council to receive €157,000 towards the cost of developing two significant business-driven energy infrastructure projects in the District. Having noted that a decision to draw down the European funding would only be taken when the Council was certain that the two projects would deliver as required, the Cabinet

RESOLVED

- (a) that the Council's participation in Cambridgeshire's Intelligent Energy Europe (IEE) Project be approved in principle, to provide much needed source of funding/capacity for developing energy infrastructure initiatives; and
- (b) that the Managing Director (Communities, Partnerships and Projects) and the Head of Legal and Democratic Services, be authorised to negotiate a heads of terms document, a consortium agreement governing joint working and the completion of the final form of documentation needed for the country-wide application to the EU's IEE fund for technical assistance, subject to consultation with the Executive Councillor for the Environment, on the proposed governance arrangements and full financial terms.

84. CAMBRIDGESHIRE HORIZONS - PROPOSED CHANGES TO COMPANY ARTICLES & MEMORANDUM

Further to Minute No 06/118, the Cabinet considered a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) to which was attached proposed revised Articles of Association, Members' Agreement and Memorandum of Understanding for Cambridgeshire Horizons Ltd.

Having noted the reasons behind the changes, the Cabinet

RESOLVED

- (a) that the proposed amendment to the Articles and Memorandum of Cambridgeshire Horizons be approved; and
- (b) that the Council be authorised to enter into the Memorandum of Understanding.

85. EXCLUSION OF THE PUBLIC

RESOLVED

that the press and public be excluded from the meeting because the business to be transacted contains exempt information relating to the financial and business affairs of a particular person (including the authority that holds that information) and to terms proposed in the course of negotiations for the acquisition or disposal of property.

86. ONE LEISURE FINANCE

(Councillors S Greenall and T V Rogers and Mr R Hall, Members of the One Leisure Working Group, were in attendance and spoke on this item)

A report by the Overview and Scrutiny Panel (Economic Well-Being) was submitted (a copy of which is appended in the Annex to the Minute Book) which summarised the findings of the study by the Panel into the financial performance of One Leisure.

Executive Councillors were acquainted with the key findings of the group in relation to overheads and recharging, crèche facilities, general admissions, pricing, business planning and alternative methods of service delivery. In so doing, mention was made of the need to build capital costs into the overall One Leisure financial model and to develop a methodology for the quantification of "social value". Having thanked the Working Group for their efforts in producing a thorough and comprehensive report, the Cabinet

RESOLVED

- (a) that the One Leisure performance targets for income, controllable costs and net controllable costs as outlined in paragraph 4.17 of the report now submitted be approved;
- (b) that the General Manager, One Leisure be requested to draft a business plan for the start of 2012/13 through which the performance targets are to be achieved and produce separate accounts for accounting reporting purposes and managing the controllable budget and that this business plan be presented to the Cabinet and the Overview and Scrutiny Panel (Economic Well-

Being) for review by June 2012;

- (c) that the performance against targets be reported to Overview and Scrutiny (Economic Well-Being) Panel on a quarterly basis;
- (d) that differential pricing for non-residents of the District not be introduced;
- (e) that the One Leisure Working Group be retained in its current form to investigate which business model One Leisure should employ; and
- (f) that the One Leisure Working Group be requested to assist the Executive Councillor for Healthy and Active Communities with the development of a methodology for the quantification of "social value".

Chairman

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CABINET

16 FEBRUARY 2012

BUDGET 2012/13 AND MEDIUM TERM PLAN 2013 to 2017

(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 22 February in relation to the Council's Budget and Council Tax for 2012/13, Medium Term Plan for 2013/17 and associated matters.

2 BACKGROUND

- 2.1 Both the Financial Strategy in September and the Draft Budget in December were considered by Overview & Scrutiny and Cabinet before being approved by Council. Both reports highlighted a continuing high level of uncertainty on a number of issues, affecting the financial position of the Authority.

3 OVERVIEW

A combination of:

- expected progress in controlling payroll costs,
- a buoyant forecast for New Homes Bonus,
- continuing efficiency savings, and
- a Council Tax rise

result in a budget for 2012/13 that maintains a higher level of reserves and reductions in the service savings still to be identified for the future.

Government proposals for funding in 2012/13 are slightly higher (£37k) than expected. New Homes Bonus provides an increasingly significant element (£1.9M) of the Council's funding and this is expected to rise over the next few years to over £6M. Whilst of significant benefit it does increase the Council's reliance on the buoyancy of the house building industry.

Since December, some changes have been made to the Draft Budget. These include:

- greater savings on pay including the decision to have no pay increase again in April 2012.
- a £188k per year increase in the level of Voluntary Sector grants previously proposed.
- review of the risk provision and an increase in the minimum level of revenue reserves to £4.5M.

Uncertainty continues to be a major problem for Local Authorities whether as a result of the world, European or UK economies or Government proposed changes to their funding or responsibilities. It will be some years before there is any chance of greater certainty. Allowance for a risk provision has been made in the budget but higher end assumptions could result in extra costs of up to £2.1M by 2016/17.

The Government have offered a one year grant equivalent to 2.5% to any Council that does not raise its Council Tax for 2012/13. Huntingdonshire, together with a significant number of other Authorities, does not propose to accept this as there is a significant likelihood that it will simply result in the need to cut services when the grant ceases the following year.

The Government are proposing a limit on Council Tax increases of 3.5% with the requirement to get a majority result from a referendum for any higher level.

The Council's Tax Level for the current year is £124.17 per year for Band D properties with 66% of residents on lower bands paying a lower tax. This is significantly less than the District Council average of £168. Lower taxing Districts are at a severe disadvantage from percentage limits which have minimal cash value and the Leader has written to the Secretary of State proposing that future limits should reflect a cash value based on the District Council average.

In order to protect the services that local residents value, such as voluntary sector grants which result in significant support for some of the most vulnerable, and to ensure that our budgets take proper recognition of current uncertainties a Council Tax increase of £4.34 per year (8p per week) is proposed for a Band D property. This equates to a rise of 3.5% and equivalent increases in future years mean that the Council has a lower target of future savings to achieve. This reduces the chances of reductions in the services that local residents need and value.

The following table shows the key figures:

PROPOSED	FORECAST	BUDGET	MTP			
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000	£000
NEW FORECAST	21,435	21,722	22,299	22,842	23,611	24,365
FUNDING						
Use of revenue reserves	-2,409	-2,547	-1,954	-1,909	-1,122	0
<i>Remaining revenue reserves EOY</i>	12,032	9,485	7,531	5,622	4,500	4,500
New Homes Grant	-832	-1,913	-2,857	-3,704	-4,845	-6,095
Special Council Tax Grant 2011/12	-184	-184	-184	-184	0	0
Formula Grant (RSG)	-10,522	-9,288	-9,235	-8,630	-8,846	-9,067
Collection Fund Deficit	-105	-63	0	0	0	0
Council Tax	-7,383	-7,727	-8,068	-8,415	-8,797	-9,202
COUNCIL TAX LEVEL	£124.17	£128.51	£133.01	£137.66	£142.48	£147.47
£ increase	£0.00	£4.34	£4.50	£4.66	£4.82	£4.99
Unidentified Spending Reductions	0	0	-337	-550	-616	-891
Extra savings if higher risks		-100	-800	-1,000	-1,600	-2,100
DRAFT BUDGET						
Unidentified Spending Reductions		0	-500	-800	-1,338	-1,409
LAST YEAR						
Unidentified Spending Reductions		-751	-961	-1,524	-1,975	-2,028

4 CHANGES SINCE THE DRAFT BUDGET – SPENDING AND RISK PROVISION

4.1 The tables below shows the key changes that have been made to spending and the risk provision since the Draft Budget was considered in December. Annex A provides further detail.

REVENUE SPENDING	REVENUE					
	F'CAST	BUDGET	MTP			
	2011	2012	2013	2014	2015	2016
	2012	2013	2014	2015	2016	2017
£000	£000	£000	£000	£000	£000	
DRAFT excluding Unidentified Savings	21,362	21,696	22,749	23,624	24,227	25,231
Pay and Allowances		-295	-464	-509	-533	-638
Voluntary Sector Grants			188	188	188	188
Other Service Variations	241	394	330	103	137	142
Technical Variations	-168	-73	-168	-14	208	332
TOTAL VARIATIONS	73	26	-113	-232	0	25
PROPOSED excl. Unidentified Savings	21,435	21,722	22,636	23,392	24,227	25,256

CAPITAL SPENDING	NET CAPITAL					
	F'CAST	BUDGET	MTP			
	2011	2012	2013	2014	2015	2016
	2012	2013	2014	2015	2016	2017
£000	£000	£000	£000	£000	£000	
DRAFT	5,506	12,198	4,067	2,851	3,736	2,699
Other Service Variations	-1,225	-456	-75	112	152	152
Technical Variations	1,041	-972	-2	6	12	16
TOTAL VARIATIONS	-184	-1,428	-77	118	164	168
PROPOSED	5,322	10,770	3,990	2,969	3,900	2,867

4.2 The most significant adjustments relate to:

Pay and allowances – Over the last year there has been substantial consultation with staff on pay and pay systems which led to agreement for a pay freeze for April 2012. Over the coming year management will be working with staff to identify a revised pay system that will enable the Council to better control costs whilst ensuring the fair and attractive salaries necessary to recruit and retain quality staff.

Inevitably there is a need to include planning assumptions for future pay awards whilst stressing that these are only planning assumptions and must not be taken as an indication of the actual level of pay awards that will be negotiated and approved.

The 2013 financial planning assumption is based on cost of living

of 2%. Future years assumptions mirror the assumed Council Tax rise, both being influenced by general levels of inflation.

Voluntary Sector Grants – An extra £188k per year of grants, compared to the provision in the draft budget, has now been included.

Other Service and Technical Variations - These include provision for an A14 Inquiry, reduction in the saving from letting PFH space to reflect levels expected, review of the risk contingency and removal of the savings anticipated from PV panel installation pending assessment of how far market prices have fallen (reinstatement of one scheme is imminent under the Invest to Save procedure but will give a much lower saving).

5 CHANGES SINCE THE DRAFT BUDGET - FUNDING

- 5.1 The Council Tax base has now been finalised for 2012/13 and this provides an increase of 201 Band D properties on the assumption used in the Draft Budget.
- 5.2 The Government has proposed a New Homes Bonus of £1.913M which is £37k greater than previously forecast. There is no change proposed to the Formula Grant level.
- 5.3 There will be a surplus of £464k on the Collection Fund due to the Council's success in collecting the Council Tax. This is required to be shared pro rata across precepts and so £63k will be this Council's share.

6. RISKS AND SENSITIVITY

- 6.1 The most fundamental issue continues to be the economic impact of the various international financial issues. There are many conflicting views on the scale of the problems ahead for the UK and the eurozone. There may be further financial impacts on the UK and, if so, there could be impacts on the Council due to:
 - Lower income from planning fees, building control fees and leisure charges.
 - Lower New Homes Bonus
 - More applicants for housing and council tax benefit
 - Higher homelessness
 - Reductions in Government Grant

6.2 Other issues include:

- Delivery of the items contained in identified savings
- Identification and delivery of unidentified savings in future years.
- Levels of pay awards, inflation and interest rates
- Ability to maintain income levels
- Grant changes for 2013/14 onwards
- Impact of growth in Business Rates
- Impact of slower home building on New Homes Bonus
- Loss of Formula Grant (or Localised Business Rates) to fund New Homes Bonus
- Costs of demographic growth
- Change in Pension Fund contributions
- Impact of changes to the benefits systems on homelessness levels and the ability to collect Council Tax.
- High priority service developments not already in the MTP and any unavoidable spending requirements not referred to in this report emerging (e.g. planning appeals)
- The potential for costs relating to “orphan” contaminated land sites
- Repayment of past land charge fees
- Low demand for office property in Huntingdon e.g. assumed sale of Castle Hill House.

6.3 Annex B provides some specific examples of potential impacts on the Council's financial position. These have been used to establish a lower end figure for inclusion in the budget as the Risk Provision and a higher end figure to provide a feel for the potential extra level of risk that could emerge.

RISKS	Budget	MTP			
	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M
Proposed Range					
Lower End (Budgeted risk provision)	0.0	0.8	1.0	1.3	1.5
Higher End	0.1	1.6	2.0	2.9	3.6
Extra savings required if higher end assumptions correct	0.1	0.8	1.0	1.6	2.1

7.0 RESERVES

7.1 Overview and Scrutiny felt that it would be prudent to increase revenue reserves even further than the uplift from £3M to £4M proposed in the draft budget. The Proposed Budget/MTP is therefore based on not allowing reserves to fall below £4.5M.

7.2 It is very difficult to theoretically calculate the appropriate level of reserves but the following factors are all relevant:

- The new rules that require a positive referendum result before a Council can increase its tax level above the limit set by the Secretary of State has the potential to make it very difficult to replenish reserves once they are used. Reserves therefore need to be sufficient to allow a savings programme to be introduced to replenish reserves before they run out.
- The level of New Homes Bonus is forecast as £6.1M by 2016/17 and although a risk provision of £0.9M has been made there is still potential for significant variations depending on how quickly the world, European and UK economies recover.
- 2013/14 sees the planned move to the localisation of Business Rates to replace the current Formula Grant regime. There is potential for volatility in the new starting point as well as the variations thereafter.
- Individual items that could have significant revenue impacts include Planning Inquiries, higher than planned pay awards, significant rises in homelessness, reduced Government spending allocations to Local Government and falling income levels due to recession.

7.3 The graph at Annex C shows the levels of Reserves forecast to be held by District Councils at March 2012. It shows net spending (including parish precepts) compared with the level of reserves. Although there is a vast variety of results it demonstrates that, for our size and the likelihood that we have higher vulnerability, due to higher than average income levels and New Homes Bonus assumptions, £4.5M would not be excessive.

7.4 The position will be reviewed annually and the levels of reserves held by similar sized authorities will be monitored where possible. If, once some of the risks have stabilised, it were considered that reserves could be reduced then it would be possible to use the resources for one-off projects.

8.0 RESERVES AND THE ROBUSTNESS OF THE 2012/13 BUDGET

8.1 The Local Government Act 2003 requires the Managing Director (Resources), 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 D and confirm that the budget is adequately robust and that the level of revenue reserves is currently above the minimum level required.

9. COUNCIL TAX LEVELS

- 9.1 Huntingdonshire continues to have a very low level of Council Tax. In the current year the Council's £124.17 charge (Band D) was 20th lowest of the 201 District Councils which have an average of £168 and a maximum of £310.
- 9.2 The following table shows the current number of properties in each tax band and demonstrates that 66% of properties have tax levels lower than band D.

Tax Band	Percentage at band (rounded)	2011/12 Council Tax
A	16%	£82.78
B	26%	£96.58
C	24%	£110.37
D	16%	£124.17
E	12%	£151.76
F	5%	£179.36
G	2%	£206.95
H	<1%	£248.34

- 9.3 The Secretary of State has announced that Council Tax increases in excess of 3.5% will have to be supported by a positive referendum result as a replacement to the previous capping regime. This seems unfair to Council's with low tax levels as they will effectively be caught in a "poverty trap" of very small cash increases thus requiring higher levels of service reductions than in the high taxing Councils. The Leader has therefore written to the Secretary of State proposing that the referenda limit be based on a cash sum equivalent to a percentage of the average District Council level.
- 9.4 The Secretary of State has also offered a grant for just one year equivalent to a Council Tax rise of 2.5% for any Council that does not increase its Council Tax for 2012/13.
- 9.5 Overview & Scrutiny recommended that the Council should not accept the freeze grant as future referenda limits may prevent the Council ever being able to increase its Tax level to compensate for the freeze.
- 9.6 They also recommended that any decision to increase the Tax level more than 2.5% should consider the service reductions that could thus be avoided.
- 9.7 Paragraph 4.1 above illustrates one such particular saving, reducing the cut in grants to the voluntary sector, which will cost £188k. This alone represents a Council Tax increase of £3.13 or 2.5%.
- 9.8 The Council believes that local residents will wish to preserve these grants, recognise the Councils need to meet unavoidable

inflation (there will be no pay rises again in April) and preserve valued services as far as possible both this year and in future. In order to do this the plan is based on increasing Council Tax next year by £4.34 per year for a band D property (£3.86 for Band C and £3.38 for Band B). This represents a percentage increase of 2.6% of the average District Council tax level, and 3.5% of this Council's lower tax level.

9.9 The table below shows the proposals for subsequent years:

	2013/14	2014/15	2015/16	2016/17
Planned Tax Level	£133.01	£137.66	£142.48	£147.47
Cash Increase per year	£4.50	£4.65	£4.82	£4.99

10. PROPOSED BUDGET AND MTP

10.1 The table below shows the overall budget and funding for the next five years with an extended version being included in Annex E. The important points to note are that it has been possible to:

- stop relying on reserves to subsidise spending after 2015/16
- provide added security from higher reserve levels
- reduce the level of future savings still needing to be found.

PROPOSED	FORECAST	BUDGET	MTP			
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000	£000
NEW FORECAST	21,435	21,722	22,299	22,842	23,611	24,365
FUNDING						
Use of revenue reserves	-2,409	-2,547	-1,954	-1,909	-1,122	0
Remaining revenue reserves EOY	12,032	9,485	7,531	5,622	4,500	4,500
New Homes Grant	-832	-1,913	-2,857	-3,704	-4,845	-6,095
Special Council Tax Grant 2011/12	-184	-184	-184	-184	0	0
Formula Grant (RSG)	-10,522	-9,288	-9,235	-8,630	-8,846	-9,067
Collection Fund Deficit	-105	-63	0	0	0	0
Council Tax	-7,383	-7,727	-8,068	-8,415	-8,797	-9,202
COUNCIL TAX LEVEL	£124.17	£128.51	£133.01	£137.66	£142.48	£147.47
£ increase	£0.00	£4.34	£4.50	£4.66	£4.82	£4.99
Unidentified Spending Reductions	0	0	-337	-550	-616	-891
Extra savings if higher risks		-100	-800	-1,000	-1,600	-2,100

Unidentified Spending Reductions on lower risk basis						
DRAFT BUDGET		0	-500	-800	-1,338	-1,409
LAST YEAR'S BUDGET		-751	-961	-1,524	-1,975	-2,028

10.2 The following Annexs provide more detail:

- Annex F: Budget by service area including full recharges of support costs.
- Annex G: Summary of Budgets controllable by each senior manager.
- Annex H: Annex G expanded with individual services and highlighting service variations.

10.3 A colour coding is used in Annex G to denote those service developments that require further approvals before they can commence.

11. CONSULTATION AND COMMENTS

11.1 This report will be considered at a meeting of the Overview and Scrutiny (Economic Wellbeing) Panel on the 2 February and a consultation meeting with members of the business community on 6 February. Comments from both meetings will be reported to Cabinet.

12. PRUDENTIAL CODE

12.1 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.

13. CONCLUSIONS

13.1 Following discussion of the draft Budget and MTP figures in December a number of adjustments have been made. The most significant ones relate to:

- Additional savings on pay including no pay award in April 2012.
- Reinstating a major portion of the Voluntary Sector grants budget.
- Ensuring a reasonable risk provision and increased level of reserves given the major uncertainties facing the Council.

13.2 Increasing the Council Tax by £4.34 per year (8p per week), or 3.5%, for a Band D property and comparably in future years, together with the achievement of the major savings referred to in the draft report means the Council has a lower target for future savings to achieve. This reduces the chances of reductions in the services that local residents need and value.

13.3 The Council's Chief Financial Officer considers that the budget is robust and that there are adequate reserves.

14. RECOMMENDATIONS

The Cabinet is asked to recommend to Council:

- Approval of the proposed MTP, budget and Financial Plan (Annexes E to H)
- A £4.34 per year increase in the Council Tax for 2012/13 i.e. a Band D charge of £128.51

ACCESS TO INFORMATION ACT 1985

Grant Settlement Information – Files in Financial Services

Working Papers - Files in Financial Services

Project Appraisals

2011/12 Revenue Budget and the 2012/16 MTP

Forecast Report

Draft Budget and MTP Report.

Contact Officer: Steve Couper

Head of Financial Services ☎ 01480 388103

ANNEXS

- A Total Spending Variations since Draft Budget Report
- B Risk Ranges
- C District Council Reserves
- D Robustness of the 2012/13 Budget
- E Overall Financial Summary to 2024/25
- F Proposed Budget – Full service cost basis after the apportionment of overheads
- G Proposed MTP – Controllable basis – Budget Holder Summary
- H Proposed MTP – Controllable basis. Those MTP schemes, where further approval is required before they can commence, are highlighted.

TOTAL SPENDING VARIATIONS SINCE DRAFT BUDGET	REVENUE						NET CAPITAL					
	F'CAST	BUDGET		MTP			F'CAST	BUDGET		MTP		
	2011 2012 £000	2012 2013 £000	2013 2014 £000	2014 2015 £000	2015 2016 £000	2016 2017 £000	2011 2012 £000	2012 2013 £000	2013 2014 £000	2014 2015 £000	2015 2016 £000	2016 2017 £000
DRAFT net of Unidentified Savings	21,362	21,696	22,249	22,824	22,889	23,822	5,506	12,198	4,067	2,851	3,736	2,699
Add back forecast unidentified savings		500	800	1,338	1,409							
DRAFT before Unidentified Savings	21,362	21,696	22,749	23,624	24,227	25,231	5,506	12,198	4,067	2,851	3,736	2,699
Pay and Allowances												
Pay & allowances Review adjustment	244	549	555	688	846	938						
Replaced by Pay Inflation adjustment	-244	-844	-1,019	-1,197	-1,379	-1,576						
net variation	0	-295	-464	-509	-533	-638						
Voluntary Sector Grants			188	188	188	188						
Other Service Variations	241	394	330	103	137	142	-1,225	-456	-75	112	152	152
Technical Variations	-168	-73	-168	-14	208	332	1,041	-972	-2	6	12	16
TOTAL VARIATIONS	73	26	-113	-232	0	25	-184	-1,428	-77	118	164	168
PROPOSED before Unidentified Savings	21,435	21,722	22,636	23,392	24,227	25,256	5,322	10,770	3,990	2,969	3,900	2,867
Less forecast unidentified savings			337	550	616	891						
PROPOSED net of Unidentified Savings	21,435	21,722	22,229	22,842	23,611	24,365	5,322	10,770	3,990	2,969	3,900	2,867

Scheme	REVENUE						NET CAPITAL					
	F'CAST			BUDGET			F'CAST			BUDGET		
	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000
Other Service Variations												
St Neots Development	-70	25										
Local Development Framework examinations		130	-10	-70	-25	-25						
A14 Inquiry		25	175									
RAF Alconbury Development	-90	90										
Customer Services - Staff savings			18	18	18	18						
Environment Strategy Funding							47					
PV Panels - Other locations	2	44	62	62	62	62	-174	-249	-187			
PV Panels - Eastfield House		20	20	19	19	19	-158					
St Neots District Heating Scheme		31	62	62	62	62			-40	-40		
Rental of space in PFH		28										
New Industrial Units		10										
Recycling Gate Fees		20	20	20	20	20						
Reduce call centre hours		2	3									
Ramsey Rural Renewal	-5	86					-63	63				
Town Centre Developments												
Disabled Facilities Grants												
Community Infrastructure Levy - Preparations	97	-56	-70	-58	-69	-64	23	-295	152	152	152	152
Community Infrastructure Levy - Preparations		25	50	50	50	50	-99					
Wheeled Bins for New Properties												
2011/12 Forecast Outturn	221		330	103	137	142	-1,225	-456	-75	112	152	152
	241	394	330	103	137	142	-1,225	-456	-75	112	152	152

Scheme	REVENUE						NET CAPITAL							
	F'CAST	BUDGET			MTP			F'CAST	BUDGET			MTP		
	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	
Technical Variations														
Interest	-3	-10	-119	-106	-116	-38								
MRP	0	-37	-81	-74	-64	-54								
VAT Partial Exemption														
Formula Grant reduction due to New Homes														
Bonus		-107						21	128					
Revenue staff charged to capital	-164							164						
Schemes carried forward								856						
Schemes brought forward									-1,100					
Savings expected in February Report		82												
Inflation - Capital								0	0					
Inflation - Non-Pay base items	0	0	-15	-39	-74	-110								
Inflation - MTP Developments	0	0	38	75	150	208								
Inflation - Unidentified Savings price base			7	30	113	127								
Risk provision changes				100	200	200								
Rounding	-1			-1	-1	-1								
	-168	-73	-168	-14	208	332		1,041	-972		-2	6	12	16

RISK RANGES

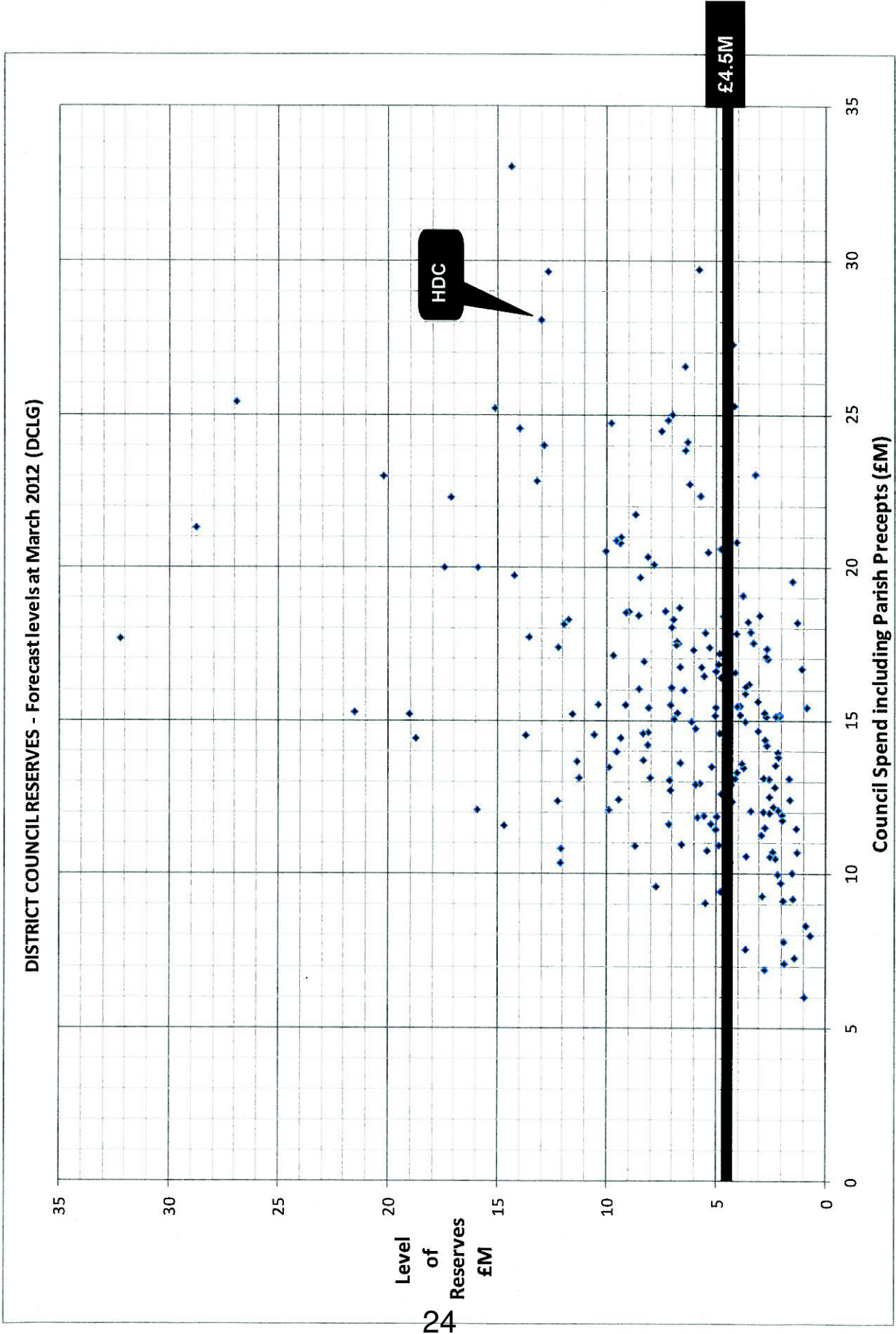
The Low end assumption is included in the Budget/MTP.

LOW END ASSUMPTION Risk Provision in MTP	Extra savings needed (+) ##:					HIGH END ASSUMPTION					Extra savings needed (+) ##:				
	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M
Extra reduction in Government Grant in 2013/14															
2%		0.2	0.2	0.2	0.2			2%				0.2	0.2	0.2	0.2
Extra reduction in Government Grant in 2015/6 and 2016/17															
								0.9% per year accumulated						0.1	0.2
Growth per year in funding from Business Rates growth															
1% per year			-0.1	-0.2	-0.3			2% per year				-0.2	-0.3	-0.5	
Reduction in New Homes Bonus grant due to slower housing completions from 2013/14															
10% lower		0.1	0.2	0.3	0.4			20% lower				0.2	0.4	0.6	0.8
Reduction in Government Grant due to insufficient New Homes Bonus funding															
All bodies share loss		0.2	0.3	0.4	0.5			Local Authorities share loss				0.3	0.5	0.6	0.8
Increase in net spending every year to cover cost of increased population. There is no provision for demographic growth in the forecast.															
0.425%		0.1	0.2	0.3	0.4			0.85%				0.2	0.4	0.6	0.8
Potential reduction in tax base from non-collectable Council Tax following localisation reductions															
Based on 8.4% of £900k		0.1	0.1	0.1	0.1			Based on 8.4% of £900k				0.1	0.1	0.1	0.1
								Increase in pay award:							
								1% per year				0.2	0.4	0.7	0.9
								Loss of income in 2012/13 and 2013/14 excluding leisure							
								2.5%				0.2	0.2		
								No leisure price increase							
								in 2013/14				0.2	0.2	0.2	0.2
Savings Items		0.0	0.7	0.9	1.1	1.3						0.2	1.6	2.0	2.8
								Savings Items							
								CCTV – further savings				-0.1	-0.1	-0.1	-0.1
Countryside savings								Countryside savings						-0.1	-0.1
Lower increase in car park charges								Lower increase in car park charges						0.1	0.2
		0.0	0.1	0.1	0.2	0.2								-0.1	0.0
PROPOSED RANGE FROM . . .		0.0	0.8	1.0	1.3	1.5		TO				0.1	1.6	2.0	2.9
								Extra cost of high end assumption				0.1	0.8	1.0	1.6
															2.1

NOT INCLUDED IN EITHER ASSUMPTION	Extra savings needed (+) ##:					
	12/13 £M	13/14 £M	14/15 £M	15/16 £M	16/17 £M	
1% increase in non-pay inflation if fees and charges adjusted appropriately each year&&	0	0	0	0.1	0.1	0.1
2% change in Pension Fund contributions from 2013/14		0.3	0.3	0.3	0.3	0.3
1% increase in all interest rates from 2012/13 onwards		0.1	0.1	0.1	0.1	0.1
Increase Council Tax rise to 5% from 2013/14 onwards		-0.1	-0.2	-0.4	-0.5	-0.5

&& Excludes income items where above inflation increases already assumed

DISTRICT COUNCIL RESERVES



RESERVES AND THE ROBUSTNESS OF THE 2011/12 BUDGET

The Local Government Act 2003 requires me, as the Council's Chief Financial Officer, to report on the robustness of the 2012/13 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 is expected to continue but the scale may fall due to the requirement for budget savings and the uncertain size and duration of the current recession.

The Internal Audit and Risk Manager considers 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 2012/13 budget has been prepared using the budget for 2011/12 as a base, and amending it for known changes, particularly:

- Inflation but no provision for pay awards other than a non-consolidated performance provision – the most significant element.
- The impact of MTP schemes

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:

- higher inflation
- further reductions in income due to the recession
- non-achievement of planned savings
- failure of a borrower
- an emergency (e.g. flooding)
- increased demands on housing services due to increased homelessness.

Reduced Income

A 1% loss of income from fees, rents and charges would amount to around £170k. The Council is budgeting to receive income of:

- Car Parks £1.8M
- Leisure Centres £6.5M
- Property £2.0M
- Planning and Building Control Fees £1.8M

Treasury Management

The maximum permitted with one counterparty is £8M but this is only possible where £3M 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 £5M which is limited to bodies with the highest credit rating or Building Societies with more than £2 billion 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 £180k.

Interest Rates

A change in interest rates is not material.

Revenue Reserves

These are estimated to be £12m at April 2012 and reduce to £9.5m by March 2013 in order to support revenue spending. This is still significantly above what would be considered a safe minimum level when considering the 2012/13 budget in isolation but clearly not excessive given their planned use over the next few years.

Therefore, even if a number of unexpected additional costs emerged there would still be sufficient funding to cover the deficit for 2012/13.

Conclusion

Considering all these factors, I believe that the combination of a robust budget process and our current level of reserves should give Members no concerns over the Council's financial position for 2012/13.

However, it remains critical that due consideration is given to changes in funding levels from formula grant, the localisation of business rates, the localisation of Council Tax benefits and other changes to the benefits regime that may significantly affect the Council's budget in future years.

Terry Parker
Managing Director (Resources)

PROPOSED	FORECAST		BUDGET		MTP					FORECAST				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
NEW FORECAST	21,435	21,722	22,299	22,842	23,611	24,365	25,363	26,171	27,068	28,001	28,663	28,998	29,065	28,886
FUNDING														
Use of revenue reserves	-2,409	-2,547	-1,954	-1,909	-1,122	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	12,032	9,485	7,531	5,622	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
New Homes Grant	-832	-1,913	-2,857	-3,704	-4,845	-6,095	-6,452	-6,594	-6,808	-7,042	-6,983	-6,591	-5,936	-5,027
Special Council Tax Grant 2011/12	-184	-184	-184	-184	0	0	0	0	0	0	0	0	0	0
Special Council Tax Grant 2012/13	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Formula Grant (RSG)	-10,522	-9,288	-9,235	-8,630	-8,846	-9,067	-9,294	-9,526	-9,764	-10,008	-10,259	-10,515	-10,777	-11,047
Collection Fund Deficit	-105	-63	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax	-7,383	-7,727	-8,068	-8,415	-8,797	-9,202	-9,617	-10,051	-10,495	-10,950	-11,421	-11,892	-12,352	-12,811
COUNCIL TAX LEVEL	£124.17	£128.51	£133.01	£137.66	£142.48	£147.47	£152.63	£157.97	£163.50	£169.22	£175.15	£181.28	£187.62	£194.19
£ increase	£0.00	£4.34	£4.50	£4.66	£4.82	£4.99	£5.16	£5.34	£5.53	£5.72	£5.92	£6.13	£6.34	£6.57
% increase	0	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Unidentified Spending Adjustments	0	0	-337	-550	-616	-891	-846	-1,187	-1,330	-1,478	-1,785	-2,418	-2,970	-3,797

DRAFT BUDGET														
Use of revenue reserves	-2,335	-2,721	-2,115	-2,188	-813	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	11,837	9,116	7,001	4,813	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Unidentified Spending Adjustments	0	0	-500	-800	-1,338	-1,409	-1,473	-1,987	-2,335	-2,566	-3,114	-3,775	-4,364	-5,172

LAST YEAR														
Use of revenue reserves	-3,589	-2,722	-1,604	-1,735	-300	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	9,371	6,649	5,045	3,310	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010
Unidentified Spending Adjustments	-751	-751	-961	-1,524	-1,975	-2,028	-2,632	-3,215	-3,759	-4,071	-4,535	-5,121	-5,381	-5,776

SERVICE BUDGET SUMMARY	2011/12		2012/13
	Original	Forecast	Budget
	£000	£000	£000
Environmental Services			
Refuse Collection	3,253	3,096	3,202
Recycling	533	188	283
Drainage & Sewers	600	569	667
Public Conveniences	53	56	57
Environmental Health	2,214	2,127	2,123
Closed Churchyards	9	9	6
Street Cleaning & Litter	1,474	1,290	1,388
	8,136	7,334	7,726
Planning			
Development Control	1,193	1,358	1,050
Building Control	195	175	108
Planning Policy & Conservation	1,332	1,059	1,228
Economic Development	-364	-621	-977
Planning Delivery Grant	9	0	0
	2,365	1,971	1,409
Community Services			
Countryside	575	488	449
Tourism	100	0	0
Community Initiatives	1,019	998	886
Parks	1,825	1,603	1,593
Leisure Policy	391	381	330
Leisure Centres	2,856	2,385	2,347
Community Facilities	25	25	21
	6,791	5,880	5,626
Community Safety			
Community Safety	908	583	404
	908	583	404
Housing Services			
Housing Services	884	976	905
Private Housing Support	1,664	2,784	2,384
Homelessness	587	462	758
Housing Benefits	1,381	1,245	1,266
	4,516	5,467	5,313
Highways & Transportation			
Transportation Strategy	368	878	402
Public Transport	229	204	221
Highways Services	129	118	145
Car Parks	-608	-154	-343
Environmental Improvements	344	312	347
	462	1,358	772
Corporate Services			
Local Taxation & Benefits	1,271	1,240	1,217
Corporate Management	1,490	1,390	1,193
Democratic Services	1,434	1,451	1,436
Central Services	612	400	506
Non Distributed Costs	252	270	297
	5,059	4,751	4,649
Other Expenditure			
Contingency	-90	-1	-134
Other Expenditure	-5,361	-5,708	-4,220
Investment Interest and Borrowing Costs	-93	-199	177
Unallocated Grants	-78	0	0
	-5,622	-5,908	-4,177
Council Total	22,615	21,435	21,722

The Service Based Budget includes direct expenditure plus the recharge of all support costs (e.g. HR, finance, legal and offices) plus depreciation on assets.

SERVICE BUDGET		2011/12		2012/13
		Budget	Forecast	Budget
		£000	£000	£000
Environmental Services				
Refuse Collection	Abandoned Vehicles	59	37	37
	Domestic Refuse	3,209	3,078	3173
	Trade Refuse	-15	-18	-8
		3,253	3,096	3,202
Recycling	Recycling	616	271	376
	Recycling Sites	-83	-84	-93
		533	187	283
Drainage & Sewers	Internal Drainage Boards	367	378	387
	Nightsoil Collection	11	7	11
	Watercourses	222	184	269
		600	569	667
Public Conveniences	Public Conveniences	53	56	57
		53	56	57
Environmental Health	Air Quality	141	128	127
	Animal Welfare	153	148	152
	Contaminated Land	142	106	108
	Health & Safety	239	194	205
	Energy Efficiency	374	404	404
	Environmental Health General	12	12	-18
	Food Safety	471	460	486
	Health Promotion	31	37	43
	Licences	43	46	4
	Nuisances	254	286	291
	Pest Control	144	101	111
	Private Sector Housing	195	200	203
	Travellers	15	7	7
		2,214	2,129	2,123
Closed Churchyards	Closed Churchyards	9	9	6
		9	9	6
Street Cleaning & Litter	Littering	88	69	88
	Street Cleaning	1,386	1,221	1,300
		1,474	1,290	1,388
	Environmental Services	8,136	7,334	7,726
Planning				
Development Management	Advice	652	574	605
	Application Processing	265	562	219
	Enforcement	276	222	226
		1,193	1,358	1,050
Building Control	Promotion & Enforcement	216	216	229
	Applications	-21	-41	-121
		195	175	108
Planning Policy & Conservation	A14 Inquiry	0	0	25
	Conservation & Listed Buildings	156	129	143
	Local Plan	718	525	672
	Planning Projects/Implementation	250	221	211
	Trees	208	184	177
		1,332	1,059	1,228

SERVICE BUDGET		2011/12		2012/13
		Budget	Forecast	Budget
		£000	£000	£000
Economic Development	Business & Enterprise Support	308	357	328
	Markets	-44	6	-45
	NNDR Discretionary Relief	29	23	30
	Property Development and Management	-964	-1,179	-1,349
	Town Centre Management	307	171	59
		-364	-622	-977
Planning Delivery Grant	Planning Grant Unallocated	9	0	0
	Planning	2,365	1,970	1,409
Community Services				
Countryside	Barford Road Pocket Park			
	Countryside Management	189	114	132
	Hinchingbrooke Country Park	244	216	198
	Paxton Pits	112	121	102
	Miscellaneous Countryside sites	30	37	17
		575	488	449
Tourism	Tourism	100	0	0
		100	0	0
Community Initiatives	Community Projects	170	150	117
	Community Initiatives Mgt	266	408	344
	Equal Opportunities	75	56	57
	Sustainable Communities	75	0	0
	Miscellaneous Grants	433	383	368
		1,019	997	886
Parks	Parks & Open Spaces	1,755	1,536	1,526
	Pavilions	68	66	67
	Unallocated Land Survey	2	2	0
		1,825	1,604	1,593
Leisure Policy	Arts Development	60	23	17
	Leisure Development	331	358	313
		391	381	330
Leisure Centres	One Leisure Huntingdon	621	561	599
	One Leisure Ramsey	405	414	403
	One Leisure Sawtry	460	382	416
	One Leisure St Ives	726	592	500
	One Leisure St Neots	627	400	378
	Leisure Centres Overall	17	36	51
		2,856	2,385	2,347
Community Facilities	Leisure Grants	4	4	0
	Priory Centre	21	21	21
		25	25	21
	Community Services	6,791	5,880	5,626

SERVICE BUDGET		2011/12		2012/13
		Budget	Forecast	Budget
		£000	£000	£000
Community Safety				
Community Safety	C C T V	558	322	171
	Community Safety	350	261	233
		908	583	404
	Community Safety	908	583	404
Housing Services				
Housing Services	Choice Based Lettings	23	15	30
	Housing Advice	311	344	284
	Housing Strategy	193	157	149
	Waiting List	274	240	328
	Other housing services	83	221	114
		884	977	905
Private Housing Support	Home Improvement Agency	106	79	67
	Housing Associations	356	202	160
	Housing Surveys	27	28	25
	Renovation/Improvement Grants	1,150	2,449	2,107
	Safer homes scheme	25	25	25
		1,664	2,783	2,384
Homelessness	Accommodation For Homeless	23	25	63
	Homelessness Management	312	257	404
	Homeless Prevention	148	76	185
	Hostel Support	104	104	106
		587	462	758
Housing Benefits	Housing Benefits Admin	1,512	1,407	1,402
	Rent Allowance Local Scheme	14	14	14
	Rent Allowance National Scheme	-285	-335	-293
	Temporary Accommodation Support	140	160	143
		1,381	1,246	1,266
	Housing Services	4,516	5,468	5,313
Highways & Transportation				
Transportation Strategy	Cycling	26	29	31
	Transportation Management	195	226	245
	Transport Schemes	147	622	126
		368	877	402
Public Transport	Bus Shelters	123	85	97
	Bus Stations	78	98	109
	Concessionary Fares	28	21	15
		229	204	221
Highways Services	Street naming	129	118	145
		129	118	145
Car Parks	Car Park Assets	120	94	117
	Car Park Management	-752	-302	-515
	Car Park Policy	24	54	55
		-608	-154	-343
Environmental Improvements	Management Schemes	96	60	102
		248	252	245
		344	312	347
	Highways & Transportation	462	1,357	772

SERVICE BUDGET		2011/12		2012/13
		Budget	Forecast	Budget
		£000	£000	£000
Corporate Services				
Local Taxation & Benefits	Council Tax	995	950	941
	Council Tax Benefits	288	302	297
	N N D R Administration	-12	-12	-21
		1,271	1,240	1,217
Corporate Management	Chief Executive & Management Team	641	560	421
	External Audit	158	173	164
	Public Accountability	574	538	482
	Treasury Management	117	118	126
		1,490	1,389	1,193
Democratic Services	Corporate Committees	522	563	546
	Member Allowances & Support	912	888	890
		1,434	1,451	1,436
Central Services	Elections	531	385	441
	Emergency Planning	90	58	92
	Land Charges	-9	-44	-27
		612	399	506
Non Distributed Costs	Pensions	218	188	225
	ICT services to other organisations	34	22	11
	Unused Capacity of assets	0	59	61
		252	269	297
Corporate Services		5,059	4,748	4,649
Other Expenditure				
Contingency	Other Contingencies	-90	-1	-134
		-90	-1	-134
Other Expenditure	Capital Charges Reversed	-5,497	-6,973	-6,183
	Deferred Expenditure	0	-222	0
	MRP (Provision for repaying borrowing)	682	618	718
	Items still to be allocated or recharged to Services	-586	108	320
	Pensions Lump Sum	0	660	896
	Other Expenditure	40	101	29
		-5,361	-5,708	-4,220
Investment Interest and borrowing costs	Interest Paid	523	440	793
	Interest Received	-616	-639	-616
		-93	-199	177
Unallocated grants	Area Based Grant	-78	0	0
		-78	0	0
Other Expenditure		-5,622	-5,908	-4,177
COUNCIL TOTAL		22,615	21,435	21,722

SUMMARY BUDGET Controllable basis	REVENUE												NET CAPITAL							
	Actual	Budget			Forecast			MTP			Budget	Forecast		Budget		MTP				
		2010	2011	2012	2013	2014	2015	2016	2017	2018		2019	2010	2011	2012	2013	2014	2015	2016	2017
		£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000
Managing Directors and Corporate Office	1,168	1,002	896	454	406	406	403	403	403	403	8	16	8	16	16	16	16	16	16	
Head of Legal & Democratic Services	1,962	2,020	1,713	1,779	1,683	1,743	1,717	1,717	1,717	1,717	13	123	13	123	13	123	13	123	85	
Head of Housing Services	1,180	1,292	1,202	1,300	1,352	1,352	1,352	1,352	1,352	1,352	925	900	925	1,635	1,376	1,387	1,429	1,208	1,208	
Head of Environmental and Community Services	2,384	2,437	2,317	2,249	2,142	2,140	2,188	2,133	2,133	2,133	88	56	88	-15	-15	-15	-15	-15	-15	
Head of Operations	4,517	4,946	4,501	4,298	4,261	4,257	4,254	4,216	4,216	4,216	989	758	989	1,015	1,275	1,143	1,409	780	780	
Head of Planning Services	2,428	1,829	1,965	1,583	1,287	793	376	171	171	171	1,795	5,871	1,795	4,857	1,136	-700	-700	-700	-700	
Head of Environmental Management	2,777	2,971	2,588	2,609	2,542	2,536	2,531	2,492	2,492	2,492	328	-167	328	-1,989	1,053	231	71	72	72	
Head of Customer Services	1,800	1,962	1,817	1,760	1,834	1,827	1,827	1,827	1,827	1,827	111	24	111	136	136	136	136	136	136	
Head of Financial Services	1,602	2,434	2,908	3,651	4,356	5,008	5,444	5,826	5,826	5,826	203	182	203	147	53	34	96	96	96	
Head of IMD	2,120	2,103	2,070	1,917	1,900	1,941	1,906	1,876	1,876	1,876	797	587	797	565	252	252	352	572	572	
General Manager, Leisure	880	1,030	543	497	157	-90	-286	-279	-279	-279	251	3,706	251	4,329	697	422	672	535	535	
Non-Allocated Items		-1,411	-1,085	-375	379	929	1,899	2,631	2,631	2,631	-186	-123	-186	-50	145	189	318	315	315	
TOTAL BUDGET	22,818	22,615	21,435	21,722	22,299	22,842	23,611	24,365	24,365	24,365	5,322	11,933	5,322	10,770	3,990	2,969	3,900	2,867	2,867	

CONTROLLABLE BUDGET

The Controllable budget disaggregates the Service Budget so that each element is allocated to the Head of Service or, in a few cases, Managing Director responsible for managing and controlling the spending. For example: Leisure Centres in the Service budget includes support services such as HR and accountancy whilst in the Controllable Budget these support service costs are shown under the Head of Service that controls them.

The Controllable Budget is the fundamental focus of budgetary control within the authority.

It shows the individual variations included in the MTP allocated to each budget area and colour codes those schemes where further approval is required before they can commence.

Approval required by:

COMT and then Cabinet
Head of Service following consultation with MDs and Executive Councillors for Service and Finance.
COMT
Head of Service for any unshaded items

BUDGET Controllable basis		REVENUE										NET CAPITAL									
		Actual			Budget			Forecast			MTP			Budget		Forecast		MTP			
		2010	2011	2012	2011	2012	2013	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2014	2015	2016
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Managing Directors and Corporate Office																					
Corporate Services	Corporate Management																				
	TOTAL	266	158	141																	
Management Units	Director of Central Services																				
	TOTAL	173	184	173																	
Management Units	MD - Env. & Comm. Services																				
	TOTAL	170	178	173	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187
Management units	MD - Resources																				
	TOTAL	134	131	126	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176	176
Former PPP Planning	Economic Development																				
	MTP Variation																				
	Town Centre Partnerships - reduced funding																				
	TOTAL	163	153	148	110	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
	Community initiatives																				
	TOTAL	-29	36	68	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37
Corporate Services	Corporate Management																				
	TOTAL	104	59	57	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59
	Non-Distributed Costs (pensions)																				
	TOTAL	231	218	188	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223

		REVENUE										NET CAPITAL							
		Actual			Forecast			Budget			MTP			Budget		MTP			
		2010	2011	2012	2011	2012	2013	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2017
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
BUDGET Controllable basis																			
Management Units	Policy People & Partnerships																		
#	MTP Variations																		
	Central Services - Reorganisation (part)			-208		-208		-208		-208									
	TOTAL	1,170	1,212	995	980	980	980	980	980	980	980	980	980	980	980	980	980	980	980
Internal Services	Human Resources																		
#	MTP Variations																		
	Central Services - Reorganisation (part)			-5		-5		-5		-5									
	TOTAL	172	202	235	251	251	251	251	251	251	251	251	251	251	251	251	251	251	251
Former Legal and Democratic Planning	Economic Development (Estates)																		
239	MTP Variation																		
657	New Industrial Units					-28		-28		-28									
509	Creative Industries Centre, St Neols									-3									
	Industrial Estate Repairs		16																
	TOTAL	-1,386	-1,529	-1,408	-1,569	-1,597	-1,597	-1,597	-1,597	-1,600	-1,600	-1,600	-1,600	-1,600	-1,600	-1,600	403	403	403
	TOTAL	1,168	1,002	896	454	406	406	406	406	406	403	403	403	403	403	403	8	8	8
Head of Legal & Democratic Services	Environmental Health (Licensing)																		
#	MTP Variations																		
	Licensing - efficiency and higher charges			-7		-14		-21		-28									
	TOTAL	-262	-267	-268	-281	-288	-295	-295	-302	-302	-302	-302	-302	-302	-302	-302	2	2	2
Corporate Services	Corporate Management																		
	TOTAL	2	9	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2

BUDGET Controllable basis		REVENUE											NET CAPITAL							
		Actual 2010 2011 £000	Budget			Forecast			Budget		MTP		Budget			MTP				
			2011 £000	2012 £000	2013 £000	2013 £000	2014 £000	2015 £000	2016 £000	2011 £000	2012 £000	2014 £000	2015 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	
Corporate Services																				
	Democratic representation																			
	MTP Variations																			
825	Members Allowances Review					4														
826	Electoral Administration Act			-8		-6	-6	-6												
	Reduced number of cabinet posts					-27	-27	-27												
	Twinning					-4	-4	-4												
	TOTAL	501	534	488	506	500	500	504	500	500	500	500	500							
Central services (elections/land charges)																				
	MTP Variation																			
885	District Council Elections - No elections every 4th year					-73														
	TOTAL	-48	10	-63	3	-70	3	3	3	3	3	3	3							
Internal Services																				
	Document Centre																			
	MTP Variation																			
380	Replacement Printing Equip.																			
894	Replacement Equipment Document Centre																			
895	Multi-functional Devices																			
#	Document Centre - efficiency and external work																			
	TOTAL	489	604	473	500	490	480	480	465	465	465	465	465	123	13	140	109	11	253	85
Management Units																				
	MTP Variation																			
#	Central Services - Reorganisation (part)																			
	TOTAL	1,282	1,137	1,074	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	123	13	140	109	11	253	85
		1,962	2,020	1,713	1,779	1,683	1,743	1,717	1,717	1,717	1,717	1,717	1,717	123	13	140	109	11	253	85

BUDGET Controllable basis		REVENUE										NET CAPITAL																
		Actual			Budget			Forecast			MTP			Budget			Forecast			MTP								
		2010	2011	2012	2011	2012	2013	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2017		
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
Head of Environmental and Community Services																												
Environmental Services																												
Environmental Health																												
MTP Variations																												
911	House Condition Survey																											
927	Air Quality Monitoring Equipment																											
	TOTAL	195	200	191	166	196	196	196	196	196	251	196	196	196	196	196	196	196	196	196	196	196	196	196	196	196	196	
Planning Policy & Conservation																												
MTP Variations																												
953	Parish Planning																											
	TOTAL	8	8	8	8	8	8	8	8	8	1	8	8	8	8	1	8	8	8	8	8	8	8	8	8	8	8	
Community Services																												
Community initiatives																												
MTP Variation																												
423	Community Information Project																											
992	Ramsey Library Development																											
952	Loves Farm Community Centre																											
863	Community Facilities Grants																											
	TOTAL	407	409	387	368	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313	313
Leisure policy																												
MTP Variation																												
845	Physical Activity Initiatives for Adults																											
	TOTAL	232	213	250	202	195	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193	193
Community safety																												
Community Safety																												
	TOTAL	46	114	58	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32

BUDGET Controllable basis										REVENUE						NET CAPITAL					
										Actual		Budget		Forecast		Budget		MTP		Budget	
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Internal Services																					
Health and Safety																					
MTP Variation																					
#	Central Services - Reorganisation (part)			33	33	33	33	33	33												
	TOTAL			33	33	33	33	33	33												
Management Units																					
MTP Variation																					
#	Environmental & Community Health savings				-75	-75	-75	-75	-75												
	TOTAL	1,504	1,493	1,423	1,440	1,365	1,365	1,365	1,365												
		2,384	2,437	2,317	2,249	2,142	2,140	2,188	2,133												
Head of Operations																					
Environmental Services																					
Refuse collection & Recycling																					
MTP Variations																					
969	Recycling Gate Fees			-147	-106	-100	-93	-87													
948	Provision for Bin Replacements																				
979	Wheeled Bins for New Properties																				
991	Agency Worker Regulations (part)			20	85	85	85	85													
#	Increased charges for bulky waste			20	20	20	20	20													
#	Reduce refuse collection by one round			-82	-100	-100	-100	-100													
	TOTAL	1,737	2,188	1,898	2,027	2,050	2,056	2,063	2,069												
Drainage and sewers																					
	TOTAL	6	11	7	11	11	11	11	11												
Street cleaning and litter																					
MTP Variations																					
991	Agency Worker Regulations (part)			9	38	38	38	38	38												
	TOTAL	910	1,002	943	1,031	1,031	1,031	1,031	1,031												

		REVENUE										NET CAPITAL								
		Actual			Forecast			Budget			MTP			Budget		Forecast		MTP		
		2010	2011	2012	2011	2012	2013	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2017	2018
BUDGET Controllable basis																				
Planning	Markets																			
	TOTAL	-122	-165	-120	-167	-167	-167	-167	-167	-167	-167									
Community safety	CCTV																			
	MTP Variations																			
865	CCTV - Camera replacements																			
#	Reduce CCTV to a basic service																			
#	Mothball CCTV																			
	TOTAL	430	365	356	219	219	219	219	219	219	219	219	219	219	219	219	219	219	219	219
Community Services	Countryside																			
	MTP Variations																			
#	Countryside - reduce staff and increase income																			
	TOTAL	357	384	379	311	311	261	261	261	261	261	261	261	261	261	261	261	261	261	261
Highways & Transportation	Parks																			
	MTP Variations																			
854	Play Equipment & Safety Surface Renewal																			
	TOTAL	-29	11	12	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
Highways & Transportation	Car parks																			
	MTP Variations																			
480	Implementation of car park strategy																			
1004	St Neots and Hinchbrook Car Park income																			
	TOTAL	-1,063	-1,220	-1,129	-1,221	-1,221	-1,231	-1,241	-1,251	-1,251	-1,251	-1,251	-1,251	-1,251	-1,251	-1,251	-1,251	-1,251	-1,251	-1,251
Corporate Services	Central services (emergency planning)																			
	TOTAL	29	30	13	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32

Management Units		REVENUE											NET CAPITAL																
		Actual	Budget			Forecast			MTP					Budget	Forecast		MTP												
		2010	2011	2012	2013	2014	2015	2016	2017	2011	2012	2013	2014	2015	2016	2017	2011	2012	2013	2014	2015	2016	2017						
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000							
Operations																													
	MTP Variations																												
#	Operations Division Reorganisation			-54		-54	-54	-54	-54	-54	-54																		
	TOTAL	1,410	1,409	1,307	1,258	1,258	1,258	1,258	1,258	1,258	1,258																		
Grounds Maintenance																													
	MTP Variations																												
991	Agency Worker Regulations (part)			6		6	6	6	6	6	6																		
#	Reduced grounds maintenance standards			-150		-150	-150	-150	-150	-150	-150																		
	TOTAL	827	917	821	770	770	770	770	770	770	770																		
Other internal services (vehicles & plant)																													
	MTP Variations																												
886	Vehicle fleet replacements.																					551	742	792	1,046	908	942	592	
	TOTAL	25	14	14	14	14	14	14	14	14	14											551	742	792	1,046	908	942	592	
		4,517	4,946	4,501	4,298	4,261	4,257	4,254	4,216													758	989	1,015	1,275	1,143	1,409	780	
Head of Planning Services																													
Planning																													
	Development control																												
	MTP Variations																												
904	Community Infrastructure Levy - Preparations			-61		-130	-193	-229	-249																				
904A	Community Infrastructure Levy - Ongoing			25		50	50	50	50																				
997	RAF Alconbury Development			-40																									
999	Woolley Hill Wind Farm, Appeal Costs			60																									
	TOTAL	-556	-948	-663	-993	-1,177	-1,240	-1,276	-1,296														23	25					

BUDGET Controllable basis		REVENUE										NET CAPITAL							
		Actual 2010 2011 £000	Budget			Forecast			MTP			Budget		Forecast		MTP			
			2011 £000	2012 £000	2013 £000	2013 £000	2014 £000	2014 £000	2015 £000	2015 £000	2016 £000	2016 £000	2011 £000	2012 £000	2012 £000	2013 £000	2013 £000	2014 £000	2014 £000
Car parks (policy)																			
#	MTP Variation																		
923	Increase in car park charges																		
	Extra Car Parking, Huntingdon Town Centre																		
	TOTAL																		
Management units																			
#	MTP Variations																		
739	Planning efficiencies																		
655	Proposed use of Planning Delivery Grant																		
656	Electronic Document Imaging																		
	Planning Enforcement Monitoring Officer																		
	TOTAL																		
		2,169	2,260	1,965	2,029	2,029	2,029	2,029	2,029	2,029	2,029	376	171						
		2,428	1,829	1,965	1,583	1,287	793							5,871	1,795	4,857	1,136	-700	-700
Head of Environmental Management																			
	Environmental Services																		
	Drainage and sewers																		
985	MTP Variations																		
	Internal Drainage Board Levies																		
	TOTAL																		
		425	425	436	446	446	446	446	446	446	446	446	446	425	436	446	446	446	446
	Public conveniences																		
1003	MTP Variations																		
	South Street, St Neots																		
	TOTAL																		
		31	20	20	20	20	20	20	20	20	20	20	20	31	20	20	20	20	20
														5	5	5	5	5	-15

BUDGET Controllable basis

	REVENUE										NET CAPITAL						
	Actual 2010 2011 £000	Budget		Forecast		Budget		Forecast		Budget		Forecast		Budget		Forecast	
		2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000		
Environmental Health (energy efficiency)																	
MTP Variations																	
879 Environment Strategy Funding																	
880 Sustainable Homes Retrofit																	
882 Energy and Water Efficiency																	
918 Building Efficiency Improvements (Salix Grant)																	
918 Building Effic. Imps (Potential LC prortion)																	
987 PV Panels - Other locations																	
989 St Neots District Heating Scheme																	
TOTAL	84	83	78	68	45	39	34	-5									
Closed Churchyards																	
TOTAL	5	5	5	5	5	5	5	5									
Building Control																	
TOTAL	-456	-530	-458	-581	-581	-581	-581	-581									
Community initiatives																	
TOTAL	6	6															
Public transport																	
MTP Variations																	
625 Huntingdon Bus Station																	
TOTAL	126	101	84	106	106	106	106	106									
Highways Services (street naming)																	
MTP Variations																	
844 Street naming and numbering																	
TOTAL	25	45	25	41	41	41	41	41									

BUDGET Controllable basis		REVENUE										NET CAPITAL								
		Actual	Budget			Forecast			MTP			Budget		MTP						
			2010	2011	2012	2011	2012	2013	2014	2015	2016	2011	2012	2012	2013	2014	2015	2016	2017	
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
Car parks (assets)																				
	MTP Variations																			
461	Car Park Repairs																			
166	St Neels - Cambridge Road Car Park																			
	TOTAL	46	45	45	46	46	46	46	46	46	46	46	46	60	60	31	31			
	Environmental Improvements																			
	MTP Variations																			
703	Heart of Oxmoor																			
	TOTAL	130	42	4	43	43	43	43	43	43	43	43	43							
	Management units																			
	MTP Variations																			
831	Technical Services Restructuring																			
	TOTAL	1,557	1,698	1,423	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419							
	H D C Offices																			
	MTP Variations																			
890	Headquarters																			
986	Major repairs and replacements																			
#	Rental of space in PFH																			
	TOTAL	781	1,012	910	976	932	932	932	932	932	932	932	932	-830	-830	50	50			
	Pool Cars																			
	TOTAL	17	19	16	20	20	20	20	20	20	20	20	20							
	Internal Services																			
	TOTAL	2,777	2,971	2,588	2,609	2,542	2,536	2,531	2,492	2,492	2,492	2,492	2,492	-167	328	-1,989	1,053	231	71	72

BUDGET Controllable basis

Head of Customer Services

	REVENUE													NET CAPITAL						
	Actual	Budget			Forecast			MTP			Budget			MTP						
		2010 2011 £000	2011 2012 £000	2012 2013 £000	2013 2014 £000	2014 2015 £000	2015 2016 £000	2016 2017 £000	2011 2012 £000	2012 2013 £000	2013 2014 £000	2014 2015 £000	2015 2016 £000	2016 2017 £000						
Planning																				
Economic Development (NNDR relief)																				
TOTAL	44	29	23	30	30	30	30													
Housing Services																				
Housing benefits																				
MTP Variations																				
813 Reduction in Benefits Admin Grant (Part)				35	35	35	35													
984 E Forms																				
996 Loss of Fraud Team Funding (Part)					53	53	53	53												
TOTAL	-757	-592	-701	-571	-518	-518	-518													
Corporate Services																				
Local Taxation & Benefits																				
MTP Variations																				
996 Loss of Fraud Team Funding (Part)				22	22	22	22													
813 Reduction in Benefits Admin Grant (Part)				16	16	16	16													
982 Reduction in NNDR administration grant				17	17	17	17													
994 Localisation of Council Tax Benefit (Reductions)				76	76	76	76													
995 Localisation of Council Tax Benefit (Admin Subsidy)				30	30	30	30													
TOTAL	-994	-942	-967	-948	-820	-820	-820													
Internal Services																				
Call Centre																				
MTP Variations																				
# Reduce call centre hours				-24	-24	-24	-24													
981 Call Centre CRM Replacement				-71	-71	-71	-71											136		
983 Automated Telephone Payments				-7	-14	-14	-14											39		
TOTAL	575	641	578	600	522	522	522													

BUDGET Controllable basis										REVENUE						NET CAPITAL					
										Actual		Budget		Forecast		Budget		Forecast		Budget	
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Internal Services																					
Customer Service Centres																					
MTP Variations																					
#	Yaxley Customer Service Centre Savings				14	14	14	14	14												
#	Ramsey Customer Service Centre Savings				8	8	8	8	8												
#	Close St Ives Customer Service Centre				-2	-9	-9	-9	-9												
#	Reduce hours at Huntingdon Customer Service Centre				-7	-14	-14	-14	-14												
#	St Neots Customer Service Centre Savings				-25	-25	-25	-25	-25												
	TOTAL	674	622	654	552	538	531	531	531												
Management Units																					
Customer Services																					
MTP Variations																					
#	Customer Services - Staff savings				-33	-48	-48	-48	-48												
626	Wireless Working (Benefits and Revenues)																				
	TOTAL	2,258	2,204	2,230	2,097	2,082	2,082	2,082	2,082												
		1,800	1,962	1,817	1,760	1,834	1,827	1,827	1,827												
Head of Financial Services																					
Highways & Transportation																					
Environmental Improvements																					
MTP Variations																					
920	East of Sapley - Preliminary Costs																				
	TOTAL	3		7																	
Corporate Services																					
Corporate Management																					
	TOTAL	184	209	219	213	213	213	213	213												

	REVENUE											NET CAPITAL					
	Actual	Budget			Forecast			MTP			Budget	Forecast		Budget		MTP	
		2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2011 £000		2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000
BUDGET Controllable basis																	
Other expenditure																	
Interest and borrowing costs																	
MTP Variations																	
Interest				-3	271	660	1,030	1,293	1,567								
TOTAL	-337	-93	-117	177	566	936	1,199	1,473									
Other expenditure																	
MTP Variations																	
Pensions Fixed Sum				236	479	718	758	758									
VAT Partial Exemption				3	6	6	6	6	182	203	162	53	34	96			
Doubtful Debts Provision				-10	-20	-30	-40	-40									
Variation in MRP				37	117	170	313	421									
TOTAL	251	722	1,379	1,644	1,960	2,242	2,415	2,523	182	203	162	53	34	96			
Area based grant																	
TOTAL	-95	-78															
Management units																	
Financial Services																	
MTP Variations																	
Procurement Support to ECDC				5	5	5	5	5									
Further Financial Services savings				-24	-24	-24	-24	-24									
TOTAL	1,141	1,189	1,142	1,125	1,125	1,125	1,125	1,125									
Internal Services																	
Insurance																	
TOTAL	373	395	220	405	405	405	405	405									
Financial services																	
TOTAL	82	90	58	87	87	87	87	87	182	203	147	53	34	96			
	1,602	2,434	2,908	3,651	4,356	5,008	5,444	5,826	182	203	147	53	34	96			

		REVENUE										NET CAPITAL									
		Budget			Forecast			Budget			Forecast			Budget			Forecast				
		2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016		
BUDGET Controllable basis		Actual	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Internal Services																					
Head of IMD																					
Helpdesk & Network Services																					
	MTP Variations																				
958	Help Desk Saving				75	75	75	75													
893	VoIP Telephony for Leisure Centres																				
959	Network and ICT Services				-129	-129	-129	-59													
#	IMD Staff savings				-6	-19	-19	-84													
#	IMD Contract Savings					-75	-40	-40													
892	Government Connect				11	11	11	11													
970	Telephony and ICT Network Renewal																				
976	ICT Replacements and Server Virtualisation																				
##	IMD Infrastructure savings				-15	-15	-15	-15													
	TOTAL	988	1,013	1,007	874	862	937	902	874	862	862	937	902	902	322	566	322	57	57	157	377
	Web & Business Systems																				
	MTP Variations																				
913	Web Advertising income shortfall				-3	-3	-3	-3													
#	IMD Shared Service Income (part)				-3	-5	-10	-10													
	TOTAL	284	254	271	267	265	260	260	267	265	260	260	260	260							
	Corporate Systems																				
	TOTAL	264	242	237	237	237	237	237	237	237	237	237	237	237							
	Business Analysis & Project Management																				
	MTP Variations																				
891	Business Systems				-4	-4	-28	-28													
900	Working Smarter				-21	-21	-21	-21													
#	IMD Shared Service Income (part)				-2	-5	-10	-10													
495	Corporate EDM																				
	TOTAL	391	402	371	356	353	324	324	356	353	324	324	324	294	265	231	243	195	195	195	
	Head of IMD																				
	TOTAL	193	192	184	183	183	183	183	183	183	183	183	183	183	587	797	565	252	252	352	572
		2,120	2,103	2,070	1,917	1,900	1,941	1,906	1,876	1,900	1,941	1,906	1,876								

		REVENUE										NET CAPITAL					
		Budget			Forecast			MTP			Budget			MTP			
		2011	2012	2013	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	
Actual	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
BUDGET Controllable basis																	
General Manager, Leisure																	
Community Services																	
	Leisure Centres																
	MTP Variations																
857	St Neots LC Development		-149	-149	-149	-149	-209	-209	-209							250	
858	Huntingdon LC Development		-11	-11	-11	-11	-11	-11	-11								
896	St Ivo LC - Football Improvements																
922	St Ivo LC Redevelopment		-176	-176	-176	-541	-563	-561	-561								
861	Future maintenance		-42	-42	-42	-42	-42	-42	-42								
22	CCTV Improvements																
957	Reception Automation																
956	Replacement Fitness Equipment		20	20	20	-22	-22	-22	-22								
	Leisure Savings Target not yet identified		-1	-1	78	55	40	46	46								
	Estimated need to rephase target		-25	-25	-50	-50	-50	-50	-50								
#	Leisure Savings		90	90	-190	-300	-400	-400	-400								
	Overperformance		-200	-200	-40	-40	-40	-40	-40								
1000	Ramsey Development		-20	-20	150	150	150	150	150								
1005	One Leisure - Reduced price increases		150	150	150	150	150	150	150								
	TOTAL	681	820	335	289	-51	-298	-494	-487	3,706	251	4,329	697	422	672	535	
Management units																	
	Leisure	199	210	208	208	208	208	208	208	3,706	251	4,329	697	422	672	535	
	TOTAL	880	1,030	543	497	157	-90	-286	-279	3,706	251	4,329	697	422	672	535	

BUDGET Controllable basis

	REVENUE													NET CAPITAL							
	Actual 2010 2011 £000	Budget			Forecast			MTP			Budget			MTP							
		2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000						
Non-Allocated Items																					
Non-Allocated Items																					
Recharges to non-revenue accounts																					
MTP Variations																					
Revenue staff charged to capital																					
Rule change re Capital Overheads																					
TOTAL	-848	-862	-561	-561	-561	-561	-561	-67	214	50	50	50	50	50	50	50	50	50	50	50	
Risk Provision																					
MTP Variations																					
Risk Provision				792	997	1,329	1,579														
TOTAL	792	997	1,329	1,579																	
Other items																					
MTP Variations																					
Reorganisation - Senior managers		-306	-470	-470	-470	-470	-470														
Pay & allowances Review		244	225	225	225	225	225														
Central Services - Reorganisation (part)			163	163	113	113	113														
Business Continuity Review		10	10	10	50	25	25														
Cover for Staff Side Representatives		25	50	50	25	25	25														
E-Marketplace			-25	-28	-28	-28	-28														
Capital Inflation																					
Revenue Inflation		-244	405	1,014	1,744	2,498	2,498														
Spending Adjustments still to be identified			-337	-550	-616	-891	-891														
Schemes brought forward																					
Schemes carried forward																					
2011/12 Outturn		221																			
Roundings		-1	-3	-2	-3	-3	-1														
TOTAL	-563	-223	186	148	493	1,132	1,613	-56	-400	-100	95	139	268	265							
	-1,411	-1,085	-375	379	929	1,899	2,631	-123	-186	-50	145	189	318	315							
TOTAL BUDGET	22,818	22,615	21,435	21,722	22,299	22,842	23,611	24,365	11,933	5,322	10,770	3,990	2,969	3,900	2,867						

**BUDGET 2012/13 AND MEDIUM TERM PLAN 2013 TO 2017
(Report by the Overview and Scrutiny Panel (Economic Well-Being))**

1. INTRODUCTION

- 1.1 At its meeting held on 2 February 2012, the Overview and Scrutiny Panel (Economic Well-Being) considered the report by the Head of Financial Services on the Budget 2012/13 and the Medium Term Plan 2013 to 2017. The following paragraphs contain a summary of the Panel's discussions on the report.

2. THE PANEL'S DISCUSSIONS

- 2.1 The Panel has thanked the Cabinet for its positive response to its previous recommendations on the draft Budget and MTP. **Members of the Panel unanimously support the recommendation in the report by the Head of Financial Services relating to Council Tax levels.** The recommendation that Council Tax is increased by £4.34 for a band D property is in line with the Panel's previously expressed views. It is noted that the majority of Council Tax payers will experience an increase which is lower than this figure.
- 2.2 The Panel previously recommended that the Council should identify what services might be retained for any additional income that is achieved through an increase in Council Tax. The proposed increase will generate approximately £100k more than the freeze grant. It is suggested that this might, for example, contribute towards the indicative budget for the voluntary sector, which was approved at the Cabinet's last meeting, instead of finding alternative savings.
- 2.3 **On the subject of funding for the voluntary sector, the Panel has asked that Overview and Scrutiny is informed of the next steps that will be taken to finalise future arrangements between the sector and the Council.** The Social Well-Being Panel is asked to examine in detail the policies and mechanisms that are proposed for this purpose.
- 2.4 The Panel has discussed at length the Council's future levels of reserves. **There is a strong view amongst Members that the Council should seek to increase its reserves. They have restated their position that if it is reasonable reserves should be increased to £5M.** In doing this it is acknowledged the sums put into reserves will not be used to provide services. This position is partly informed by the fact that it is only possible to use reserves for one-off projects. It is stressed that the Council will have significantly more than £4.5m in reserves next year. **It is recommended that the Council's level of reserves and its position in terms of reserves compared with overall spending relative to other district council's should be regularly reviewed.**
- 2.5 The report by the Head of Financial Services indicates that the 2012/13 Budget contains no unidentified savings. **The Panel has restated its view that the feasibility of achieving some future years' savings in 2012/13 should be investigated.**

- 2.6 The Panel has discussed whether it is necessary for the Council to consider its strategic approach if its financial position and the economy generally are better than is represented in the report by the Head of Financial Services. While there may be a danger of creating expectations that cannot be met if such plans are developed, it is argued that there is value in preparing for the full range of future changes. The Panel will revisit this matter in September when the forecast is produced.
- 2.7 It has been discovered during a study on a particular support service that a saving had not having been included in a section's budget. **The Panel, therefore, recommend that previously identified savings are rigorously applied to ensure each section's budget is accurate at the start of the year.**
- 2.8 As the Council's reserves reduce and its borrowings increase, it will be more important to identify clearly interest costs. **It is recommended that interest figures and other such "corporate" items should be included separately in the summary budget (Annex G to the report by the Head of Financial Services).**
- 2.9 The Panel has commended employees for their contribution to improving the Council's financial position. In particular, Members have expressed their appreciation of:
- the high rates of Council Tax collection that have been achieved;
 - the decision by employees to accept no pay increase again in April 2012;
 - the continuation of the trend for the budget to be underspent rather than for any spare sums to be used on low priority items, and
 - the work undertaken by the Financial Services section to prepare the MTP, budget and Financial Plan.

3. CONCLUSION

- 3.1 **At the conclusion of its discussion on this item, the Panel has requested the Cabinet to recommend the Council to:**
- **approve of the proposed MTP, budget and Financial Plan, and**
 - **increase the Council Tax for 2012/13 by £4.34 per year i.e. a Band D charge of £128.51.**
- 3.2 The Cabinet is invited to consider the discussions of the Overview and Scrutiny Panel (Economic Well-Being) as part of their deliberations on this item.

Contact Officer: A Roberts - Scrutiny and Review Manager – 01480 388015

Background Documents

Report and Minutes of the meeting of the Overview and Scrutiny Panel (Economic Well-Being) held on 2nd February 2012.

**OVERVIEW AND SCRUTINY
CABINET**

**2 February 2012
16 February 2012**

**2012/13 TREASURY MANAGEMENT STRATEGY
(Report by the Head of Financial Services)**

1. PURPOSE

- 1.1 Annex A gives the requirements of the Council's Code of Financial Management in relation to Treasury Management. It requires compliance with CIPFA guidance and also that it reflects any Government advice. CIPFA have issued a revised version of their code and the Department for Communities and Local Government (DCLG) guidance expects priority to be given to the security (protecting any invested sums from loss) and liquidity of investments (keeping enough cash readily available) rather than just the interest earned.
- 1.2 When the Government removed its limits on capital expenditure levels some years ago it introduced the concept of a Prudential Code which focussed attention on relevant indicators to demonstrate that the Council's capital expenditure plans are affordable and effectively managed. These Prudential Indicators are an annex to the Treasury Management Strategy.
- 1.3 The proposed Policy (Annex B) and 2011/12 Strategy (Annex C) comply with the CIPFA and DCLG guidance.
- 1.4 The member Treasury Management Advisory Group have discussed the Policy and Strategy and their comments have been incorporated. Overview and Scrutiny will consider the report on the 2 February and their comments will be available to the Cabinet. Council is then required to formally approve the Policy, Strategy and Prudential Indicators.

2. RECOMMENDATION

- 2.1 Cabinet is requested to recommend to Council that it approves
 - a) The Treasury Management Policy in Annex B; and
 - b) The Treasury Management Strategy and Prudential Indicators for 2012/13 in Annex C.

BACKGROUND PAPERS:

Background files in Accountancy Section: Treasury Management Reports
Reports on the 2012/13 Budget and Medium Term Plan to Cabinet and
Council

CIPFA's Treasury Management in the Public Services Code of Practice 2011
edition

ODPM Guidance on Local Government Investments March 2004
CLG Guidance on Local Government Investments March 2010

Contact Officer:

Steve Couper Head of Financial Services (01480) 388103

Code of Financial Management (extract)

Treasury Management

All Treasury Management activities will be undertaken in accordance with the Council's annual Treasury Management Strategy, which includes its policies, objectives, approach to risk management and its prudential indicators. The Strategy will comply with the Code of Practice for Treasury Management and the Prudential Code for Capital Finance, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and reflect any published Government advice..

The Council shall have overall responsibility for Treasury Management and will formally approve the annual Treasury Management Strategy and receive an annual and mid-year report on treasury management activities.

The Cabinet will be responsible for the implementation and regular monitoring of treasury management activity and the Treasury Management Advisory Group (previously CRAG), which consists of three Cabinet members will act as an informal liaison group with the officers responsible for treasury management.

The Overview and Scrutiny (Economic Well-being) Panel will be responsible for the scrutiny of treasury management.

The execution and administration of treasury management is delegated to the Head of Financial Services who will establish treasury management practices for the operation of the function which will ensure compliance with the Strategy and create appropriate systems of monitoring and control.

TREASURY MANAGEMENT POLICY STATEMENT

Definition

The Council defines its treasury management activities as:

- the management of the Council's investments, cash flows, banking, money market and capital market transactions.
- the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

Risk management

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

Value for money

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Borrowing policy

The Council needs to balance a number of elements in its borrowing policy for funding capital expenditure:

- Utilising a mixture of borrowing periods to reduce the overall impact of changes in interest rates.
- Creating certainty by fixing borrowing for longer periods.
- Minimising the long term cost of any borrowing.
- Ensuring that short term costs are as low as possible.
- Using the Council's own reserves on a temporary basis

Clearly some of these elements can give contradictory answers and the decision on each borrowing decision will need to be based on balancing these elements, taking account of existing borrowing.

The Council will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003*, and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

Investment policy

All investment decisions need to follow a risk assessment which takes account of the need to protect the principal sums invested from loss, ensuring adequate liquidity so that funds are available to fund expenditure when

needed, and the generation of investment income to support the provision of local authority services. Adequate weighting must be given to data reflecting the security of the investment.

Governance

The Council will have regard to the Communities and Local Government Guidance on Local Government Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one organisation.

TREASURY MANAGEMENT STRATEGY 2012/13

Treasury Management is:

- **Ensuring the Council has sufficient cash to meet its day-to-day obligations**
- **Borrowing when necessary to fund capital expenditure, including borrowing in anticipation when rates are considered to be low**
- **Investing 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 Treasury Management will be carried out in Huntingdonshire. It meets the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice (2011) and the Government's Guidance on Local Government Investments (2010)

BACKGROUND

The bank base rate fell to 0.5% in March 2009 and has remained at that level ever since. The UK economy is continuing its weak recovery from the 2008/09 recession, with GDP growth forecast to be around just 1.0% in 2011 and likely to remain sluggish throughout much of 2012. Government spending cuts, rising unemployment and uncertain export markets are conspiring to keep demand low, and a "double dip" recession cannot be ruled out. Consumer price inflation, which peaked at 5.2% in September 2011, is expected to fall sharply as one-off factors like 2010's VAT increase and fuel price rises fall out of the annual comparison.

In these circumstances, the Bank of England is unlikely to raise the bank rate for several months, and additional quantitative easing is seen by many as being more likely than rate increases in the near future. However, once a more robust recovery appears to be taking root, the Bank may prefer to gradually raise interest rates earlier, rather than waiting too late and needing to make a sharp correction.

The Eurozone sovereign debt crisis remains a major driver of market sentiment and with the UK seen a safe haven, gilt yields and hence PWLB rates have fallen markedly this year. Assuming that there is some resolution to the crisis, long-term rates are likely to climb back to more normal levels in 2012/13.

A second UK recession or a European sovereign default would see short and long term interest rates remaining lower for longer, while a faster economic recovery and a bold solution to the Eurozone crisis would likely see rates rise more quickly.

For the purpose of the Council's Medium Term Plan the following interest rates have been assumed but it is recognised that all assumptions about the speed with which rates will begin to rise is problematic.

	2012/13	2013/14	2014/15	2015/16	2016/17
	%	%	%	%	%
Temporary investments	1.10	1.90	2.00	2.50	2.50
PWLB 40 year borrowing (EOY)	4.65	4.85	5.10	5.30	5.50
Temporary borrowing	0.85	1.50	1.75	2.25	2.50

Against the background of low interest rates and reducing revenue and capital balances the Council has sought to maximise the returns from its investments whilst minimising the risks of investing with a borrower that is, or may become, unable to repay. It therefore adopted a strategy for 2011/12 that did not concentrate its investments with the Government's Debt Management Office which are effectively risk-free, as they are backed by the Government, but with a significantly below base interest rate, and instead concentrated on highly rated institutions and the larger Building Societies. At the same time investments in "liquidity accounts" which offer repayment the same day were maximised to further reduce risk.

The 2011/12 Strategy allowed for borrowing in anticipation of need to fund capital expenditure although that option has not so far been used this year.

CURRENT POSITION

Investment Portfolio

The Council's position as at 31 December 2011 was:

INVESTMENTS	Principal Amount £m	Average Interest Rate %
Investments - maturing 2011/12	14	1.3
Investments - maturing later	10	4.4
Total	24	2.6
Short term Debt	0	0
Long term Debt	10	3.9
Total	10	3.9
Net Investments	14	1.7

Budget implications

The budget for net interest received in 2011/12 was £93K; as a result of slippage in the capital programme and underspendings in the revenue budget, the forecast outturn is £202K. The budget for net interest received in 2012/13 is £11K.

THE COUNCIL'S FINANCIAL STRATEGY

The table below shows the expected levels of reserves and the need for borrowing to fund capital expenditure over the MTP period.

If the Council's own reserves are used to temporarily finance capital expenditure there could be a need to borrow a further £14M by March 2013. There will be periods where this need will be off-set by the daily and weekly cash flow fluctuations whereby Council Tax and Government Grant is received in advance of precept payments being due to the County Council, Police Authority and Fire Authority.

MAY borrow figures are based on our agreement with our previous external auditors that it would be legitimate to borrow in advance to fund our 5 year published capital programme if market circumstances indicated that this was likely to be in the long term interests of the Council.

	2011/ 2012 £M	2012/ 2013 £M	2013/ 2014 £M	2014/ 2015 £M	2015/ 2016 £M	2016/ 2017 £M
SUMS AVAILABLE TO FUND CAPITAL EXPENDITURE						
Existing long term borrowing <i>available long term</i>	10.0	10.0	10.0	10.0	10.0	10.0
Revenue Reserves (EOY)	12.0	9.4	7.5	5.6	4.5	4.5
Provision for repaying loans (EOY)	0.9	1.8	2.9	4.2	5.8	7.6
Earmarked Reserves (EOY) ① <i>available on a year by year basis</i>	3.6	3.6	3.6	3.6	3.6	3.6
	16.5	14.8	14.0	13.4	13.9	15.7
Cash Flow benefit average <i>fluctuates from day to day</i>	9.6	9.6	9.6	9.6	9.6	9.6
FUNDING REQUIRED						
Capital Expenditure						
Brought Forward	18.5	23.4	33.8	37.4	40.0	43.5
Capital Expenditure in Year	4.9	10.4	3.6	2.6	3.5	2.5
Carried Forward	23.4	33.8	37.4	40.0	43.5	46.0
Fixed Term Investment (EOY) ②	10.0	5.0				
Total Required Funding	33.4	38.8	37.4	40.0	43.5	46.0
NEED FOR FURTHER BORROWING						
<i>Excluding Cash flow benefit</i>						
MUST BORROW	6.9	14.0	13.4	16.6	19.6	20.3
MAY BORROW	36.0	41.0	38.4	41.3	44.3	47.5
<i>Including average Cash flow benefit</i>						
MUST BORROW	0.0	4.4	3.8	7.0	10.0	10.7

Notes

① includes specific earmarked reserves (e.g. S106 and R&R Funds)

② takes account of fact that the £5m of the £10M borrowed in anticipation is invested until December 2012 and £5M to December 2013.

BORROWING - 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 physically received from Council Tax payers. These cash flows will sometimes leave the Council with several million pounds to borrow or to invest overnight or for a few weeks pending the next payroll or precept date.

Authorities are permitted to borrow short term for this purpose and funds are obtained from whoever is quoting the lowest rate for the period required. If rates are particularly high on a particular day then the sum may be borrowed overnight to see if rates are lower the following day for the remainder of the period required.

BORROWING – CAPITAL – MUST borrow

The amount of capital borrowing up until March 2013 (i.e. up to an estimated £14M) will be dependent upon the actual levels of revenue spending which will determine the level of the Council's own reserves that can be used and the level of capital spending which will determine the total sum required. The period of borrowing will reflect the current and anticipated interest rate profile. If short term interest rates began to rise consideration would be given to whether long term rates were attractive enough to support long term borrowing. If rates remain low it is much more difficult to justify long term borrowing.

BORROWING – CAPITAL – MAY borrow

The MAY borrow limits assume that no use is made of reserves for funding and also that it has become attractive to fund the 5 year capital programme in advance. Deciding to go beyond the MUST borrow level would require longer term borrowing rates to be at levels that appeared to be attractive when compared with rates that were expected over the remainder of that period. It would also need to take account of the difference between the borrowing rates and the, currently, much lower investment rates that would be received pending the use of the money for funding capital from sufficiently secure counterparties. A risk assessment will be carried out before undertaking any advance borrowing.

For example, if long term rates fell to 3.5% we would seriously consider increasing borrowing whilst if long term rates were 5.5% only the MUST borrow limits would be followed.

Currently low short-term rates reduce the likelihood of advance borrowing as the revenue budget would have to 'take the hit' of the borrowing rates being higher than the temporary investment rate in the short to medium term.

However, history has shown that violent fluctuations can happen and so there needs to be the freedom to act if circumstances significantly change.

BORROWING - PROFILE

It is best practice to pool all funds and model future cash flow before determining the amounts that should be borrowed or invested and for how long. In doing this account will be taken of the provision that the Council is required to build up each to fund the repayment of debt.

The Council will be balancing two different aspects when deciding on the period it will borrow for:

- **Stability.** Avoid the risk of market movements affecting the borrowing cost adversely. To do this the logical option is to borrow the money for as long as needed.
- **Lowest Cost.** Minimise the overall cost of borrowing which, at the present time, might result in very short borrowing because of the very low interest rates available. However, future rates may rise significantly meaning that it was better to have paid more initially and borrowed longer.

The logical result is to spread the risk by borrowing for a range of periods. However, given the Council's current financial position it may be that, until interest rates have returned to normal relativities or there is sufficient certainty that they will do so, the Council should use its revenue reserves and/or borrow short term for rates that are currently under 1%.

Any long term borrowing will tend to be from the Public Works Loans Board (PWLB) which is a Government Agency providing funds to local authorities at interest rates linked to the cost of central government borrowing. Commercial bodies have become less involved since the financial crisis and their products were generally for shorter periods and often include embedded options. The most common was a LOBO, 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.

The Council will need to approve a prudential indicator for the 'authorised limit for external debt'; which combines:

- temporary borrowing for cash flow purposes (£20M)
- long-term borrowing to fund capital expenditure of £51M (up to the £41M "may borrow" limit plus the £10M already borrowed)
- an allowance for other long-term liabilities, such as finance leases (£5M).

A maximum of **£76M** is therefore recommended.

INVESTMENTS - CATEGORIES

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

Specified investments are expected to offer relatively high security and/or liquidity. They must be:

- in sterling (avoiding exchange rate fluctuations) **and**,
- due to be repaid within 12 months (minimising capital value fluctuations on gilts and CDs and minimising the period within which a counterparty might get into difficulty) **and**,
- **not** defined as capital expenditure in the capital finance regulations 2003 (e.g. equities and corporate bonds though there is current consultation on removing bonds from the capital constraint) **and**,
- with a body that the Council considers is of high credit quality or with the UK Government or a local authority. (minimising the counterparty risk), this includes Money Market Funds where the Council has set minimum criteria.

These include time-deposits for up to 1 year with building societies and banks which the Council deems to have a high credit quality (see below), but it should be noted that early repayment, before the due date is rarely possible and may require a release fee.

No investment that counts as Capital expenditure will be undertaken as it effectively transfers revenue funds into capital when the investment is repaid which has significant impacts on the Council's financial flexibility.

Non-specified investments include longer deposits and other types of investment e.g. corporate bonds and equities.

The Council may use the following non-specified investments:

- Time Deposits of longer than 12 months with banks and building societies
- UK government bonds, supranational bank bonds, loans to other local authorities over 12 months to maturity
- Corporate Bonds over 12 months to maturity, if returns are clearly better than time deposits, but such investments will only be made following a risk assessment and consultation on the proposed limits, procedures and credit ratings with the Treasury Management Advisory Group. Use would be limited to Bonds that could be held to maturity thus avoiding fluctuations in capital value.

INVESTMENTS – HIGH CREDIT QUALITY

The term 'high credit quality' is used in the CLG guidance to encourage local authorities to monitor other measures of an institution's creditworthiness rather than just relying on credit ratings

CIPFA has issued guidance on possible sources of additional information in order to assess the credit worthiness of counterparties which are referred to below.

Whilst the Council will take some account of such additional information the main criteria for judging credit quality will be:

- Short term credit ratings (Definitions in Appendix A)
- Long-term credit ratings for any investment over 1 year. (Appendix A)
- The top 25 Building Societies by asset size irrespective of any credit rating they may hold subject to the comments below. Building societies have a much higher proportion of their funds covered by retail savings so are less at the risk of market volatility and their regulatory framework and insolvency regime means that the Council's deposits would be paid out before retail depositors. Experience in recent years includes a number of examples of the takeovers of weak societies by strong ones. However any Building Society with a rating of less than BBB will not be used and use will be suspended of Building Society with a "rating watch" warning pending consideration of further information of the potential impact.
- Reacting immediately to any "rating watch" warnings or informal comments from our advisors in relation to market concerns. Use of counterparties subject to such warnings/advice will be suspended pending consideration of further information of the potential impact.
- Credit Default Swap prices obtained from our advisors.
- The credit rating of the country of the institution. This must be AA or above.

Financial statements and the financial press will not be systematically reviewed because the resources required are not available and it is expected that our advisors will make informal comments if they become aware of any significant items that affect our counterparty list. They also review our counterparty list every month.

INVESTMENTS – SPREADING THE RISK

Credit quality can never be absolutely guaranteed so to further mitigate risks there is a need to spread investments in a number of ways:

- By counterparty, including any institutions that are linked in the same group
- By Country

These limits need to be a practical balance between safety and administrative efficiency and need to cope with the uncertainty of the amount of borrowing in anticipation. A table is therefore included in Appendix B which shows the limits for different levels of forward borrowing.

INVESTMENTS – PERIODS

Once a time deposit is made there is no requirement for the borrower to repay until the end of the agreed period. Thus a borrower who has a high credit rating on the investment day could be in serious financial difficulties in the future. As a result significant use is made of liquidity accounts which currently give an attractive interest rate but also allow repayment of our investment the same day.

The Council will register with a selection of money market funds with AAA ratings which also allow same-day withdrawal of funds. These will be used as

appropriate taking account of comparative security and yields.

INVESTMENTS - MANAGEMENT

Taking account of the Credit Quality and Spreading the Risk sections above Appendix B outlines the criteria and limits for making investments.

There may be limited occasions, based on detailed cash flow forecasts, where some investments of more than a year might be made that do not relate to borrowing in anticipation.

Risk of counterparty failure can also be minimised by shortening the period of any time deposit. At the current time, partly reflecting the current interest rate structure, time deposits are generally kept below one month. The criteria also differentiates the duration of investments based on credit rating e.g. the maximum duration of investments with building societies with no rating will be 1 month.

Advantage is also being taken of liquidity accounts which are offering competitive rates for money on call i.e. it can be called back the same or next day if there was any concern about the institution.

POLICY ON USING FINANCIAL DERIVATIVES

Local authorities have previously made use of financial derivatives embedded in loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. lenders option/borrowers option (LOBO) loans).

The Localism Bill 2011 includes a general power competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. It is unlikely that the Council will utilise standalone financial derivatives.

Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy. The Council is only likely to make limited use of embedded derivatives e.g. LOBOs

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

ADVISORS

The Council appointed Sterling Consultancy Services as Treasury Management Advisors in January 2008 (following retendering they were reappointed in January 2011), however responsibility for final decision making remains with the Council and its officers

The Advisor carries out the following role:

- advice on investment decisions,
- notification of credit ratings and changes,
- general information on credit quality and informal comment on particular institutions,
- advice on borrowing and opportunities to borrow early
- economic data and interest rate forecasts
- advice and guidance on relevant policies, strategies and reports,
- accounting advice,
- reports on treasury performance,
- training courses.

The quality of the service is controlled by regular contact between the Advisors and officers.

MANAGEMENT

The Head of Financial Services and his staff will manage and monitor investments and borrowing.

The Treasury Management Advisory Group (TMAG) consists of four members; they are kept informed of relevant issues and consulted on any significant issues.

The Council uses a cash flow model which is updated daily to forecast future cash flow movements to determine the maximum length for which any investment could be considered. The length of any investment would take account of actual and forecast interest rates over the loan period to ensure it optimises the Council's position. The Council is unlikely to invest for more than a year unless further advance borrowing is undertaken.

REPORTING AND SCRUTINY

The CIPFA Code requires that the body responsible for approving the budget also receives at least two reports during the year on treasury management. Therefore the Council will receive a six month report on the performance of the funds and an annual report on the performance for the year.

The Code also requires the Council to identify the body that will be responsible for the scrutiny of treasury management to ensure that it receives the appropriate focus. This is the Economic Well-being Overview & Scrutiny Panel.

TRAINING

The needs of the Council's treasury management staff for training are assessed every six months as part of the staff appraisal process and additionally when the responsibilities of individual staff change. As the result of the voluntary redundancy of a Senior Accountant in September 2011 and a reorganisation of the Accountancy Section, a Principal Accountant has been given the responsibility for day-to-day management of the treasury function. He has attended a number of courses provided by Sterling Consultancy Services

The Code requires that Members charged with the governance of Treasury Management and those responsible for scrutiny have the necessary skills relevant to their responsibilities. Member training will be provided as necessary.

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 Treasury Management Advisory Group, where of any significance. All other changes to the strategy must be approved by the full Council.

TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS

The Council's Treasury Management and 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.

The indicators are based on allowing the ability to borrow in advance if this becomes attractive. If it does not, the Council is likely to be significantly within many of the limits.

Definition of Credit Ratings

	Rating	Definition	Examples of counterparties
Short term (Fitch)	F1	Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.	Royal Bank of Scotland/NatWest (F1) Coventry Building Society
	F2	Good intrinsic capacity for timely payment of financial commitments.	Co-operative Bank
	F3	The intrinsic capacity for timely payment of financial commitments is adequate.	Skipton Building Society
Long-term (Fitch)	AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of default risk . They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	United Kingdom
	AA	Very high credit quality. 'AA' ratings denote expectations of very low default risk . They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	HSBC Bank
	AA-		Standard Chartered Bank
	A	High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.	Coventry Building Society
	A-		Leeds Building Society

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

IN-HOUSE FUND MANAGEMENT (IF NO FURTHER ADVANCE BORROWING)

Duration of investments	No investment shall be longer than 5 years. Maximum duration for a Building Society with no rating is 1 month.																
Types of investments	Fixed term Deposits Deposits at call, two or seven day notice Corporate bonds Money market funds UK Government bonds and Supranational Bank bonds.																
Credit Ratings	<p>Building Societies All Building Societies with ratings of BBB or above. Building Societies with no ratings.</p> <p>Money Market Funds AAA credit rating</p> <p>Local Authorities or UK Government No rating required</p> <p>Non-Building Societies Short term rating F1 by Fitch or equivalent. Long-term rating of AA- by Fitch or equivalent if the investment is longer than 1 year.</p>																
Maximum limits per counterparty (group), country or non-specified category	<table> <tr> <td>F1+ or have a legal position that guarantees repayment for the period of the investment</td> <td>£5M</td> </tr> <tr> <td>F1</td> <td>£4M</td> </tr> <tr> <td>Building Society with assets over £2bn in top 25 (Currently 10)</td> <td>£5M</td> </tr> <tr> <td>Building Society with assets over £1bn if in top 25 (Currently 3)</td> <td>£4M</td> </tr> <tr> <td>Building Society with assets under £1bn in top 25</td> <td>£3M</td> </tr> <tr> <td>Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society.</td> <td>£5M</td> </tr> <tr> <td>BUT total invested with counterparty/group shall not exceed</td> <td>£8M</td> </tr> <tr> <td>Money market fund AAA Credit rating</td> <td>£4m</td> </tr> </table> <p>Limit for Non-specified investments</p> <ul style="list-style-type: none"> - £10M in time deposits more than one year - £5M in corporate bonds - £10M in any other types. - £15M in total <p>Country limits</p> <ul style="list-style-type: none"> - UK - unlimited - £5M in a country outside the EU - £10M in a country within the EU (excluding UK) - £20M in EU countries combined (excluding UK) <p>No investment will be made in country with a sovereign rating of less than AA.</p> <p>These limits will be applied when considering any new investment from 23 February 2012. Lower limits may be set during the course of the year or for later years to avoid too high a proportion of the Council's funds being with any counterparty.</p>	F1+ or have a legal position that guarantees repayment for the period of the investment	£5M	F1	£4M	Building Society with assets over £2bn in top 25 (Currently 10)	£5M	Building Society with assets over £1bn if in top 25 (Currently 3)	£4M	Building Society with assets under £1bn in top 25	£3M	Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society.	£5M	BUT total invested with counterparty/group shall not exceed	£8M	Money market fund AAA Credit rating	£4m
F1+ or have a legal position that guarantees repayment for the period of the investment	£5M																
F1	£4M																
Building Society with assets over £2bn in top 25 (Currently 10)	£5M																
Building Society with assets over £1bn if in top 25 (Currently 3)	£4M																
Building Society with assets under £1bn in top 25	£3M																
Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society.	£5M																
BUT total invested with counterparty/group shall not exceed	£8M																
Money market fund AAA Credit rating	£4m																
Benchmark	LGC 7 day rate																

**CIPFA Prudential Code for Capital Finance in Local Authorities
Prudential Indicators and Treasury Management Indicators for 2012/13**

1. Actual and Estimated Capital Expenditure

	2010/11 Actual £000	2011/12 Forecast £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Gross	9.2	9.1	19.5	6.9	4.1
Net	7.5	4.9	10.4	3.6	2.6

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

The negative figure in 2010/11 reflects that the Authority was a net investor and that the net interest earned exceeded the provision for the repayment of debt.

2010/11 Actual	2011/12 Forecast	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
-0.3%	1.9%	4.1%	6.1%	7.8%

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 changes from the previously approved MTP due to capital schemes (including their associated revenue implications).

The actual change in Council Tax will be significantly different due to revenue variations, spending adjustments and the use of revenue reserves.

	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Variation	-£3.41	+£3.80	-£1.92
Cumulative	-£3.41	+£0.39	-£1.53

4. The capital financing requirement.

This represents the estimated need for the Authority to borrow to finance capital expenditure less the estimated provision for redemption of debt (the MRP) with no allowance for funding in advance.

31/3/11 Actual £M	2011/12 Forecast £M	2012/13 Estimate £M	2013/14 Estimate £M	2014/15 Estimate £M	2015/16 Estimate £M	2016/17 Estimate £M
18.2	22.5	32.0	34.5	35.8	37.7	38.4

5. Net borrowing and the capital financing requirement

In order to ensure that, over the medium term, net borrowing will only be for a capital purpose, the Authority should make sure that net external borrowing (borrowing less investments) does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

The Council will explain the degree of borrowing and investment in its half-year and annual reports together with the reason for the movements so that Members can be assured that there is no borrowing for revenue purposes other than in the short term.

5a. Gross and Net Debt

This indicator (a new requirement this year) is intended to highlight the level of advance borrowing by limiting the variation between gross debt (borrowing) and net debt (borrowing less investments). The more borrowing in advance the higher the gross debt but there is no change in net debt because the borrowed sums will be invested pending them being needed to finance capital expenditure. Thus net debt as a proportion of gross debt falls as borrowing in advance occurs.

Unfortunately the position is complicated by the significant variations that the Council has to contend with relating to day-to-day cash flow which can cause major fluctuations in this proportion.

Guidance has not been issued on the practical use of this indicator and so there seems little point in setting one this year.

To achieve the equivalent result all advance borrowing will be reported to the Treasury Management Advisory Group and highlighted in the mid-year and end of year reports.

6. The actual external long-term borrowing at 31 March 2011 £10m

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 in advance to fund future capital expenditure.

	2011/12 Limit £M	2012/13 Limit £M	2013/14 Estimate £M	2014/15 Estimate £M
Short term	20	20	20	20
Long Term assuming maximum borrowing in advance	40	51	48	51
Other long-term liabilities (leases)	5	5	5	5
Total	65	76	73	76

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. The short term and long term element will be monitored separately.

	2012/13 Limit £M	2013/14 Limit £M	2014/15 Limit £M
Short term	15	15	15
Long term	41	38	41
Other long-term liabilities (leases)	5	5	5
Total	61	58	61

9. Adoption of the CIPFA Code

The Council has adopted the 2011 edition of the CIPFA Treasury Management Code of Practice.

TREASURY MANAGEMENT INDICATORS

10. Exposure to interest rate risk as a proportion of net investments. This indicator is set to control the Council's exposure to interest rate risk. Investments of less than 12 months count as variable rate.

If the Council does not borrow in advance it is quite possible that all investments, except for the current fixed investment of £5M to December 2013, will be of less than a year's duration and hence count as "variable rate".

Conversely, if the Council does borrow in advance there could be periods where the Council's cash flow requires short term borrowing and so all investments are longer than one year.

Accordingly, to ensure the necessary flexibility the indicators all need to be 100% except for the 2012/13 variable rate which is reduced to 85% to reflect the £5M investment due for repayment in December 2013.

	2012/13	2013/14	2014/15
Upper limit on fixed rate exposure	100%	100%	100%
Upper limit on variable rate exposure	90%	100%	100%

11. Borrowing Repayment Profile

The proportion of borrowing in place during 2012/13 that will mature in successive periods. This indicator is set to control the Council's exposure to refinancing risk.

The Council has £10M long term borrowing but the uncertainty on whether any forward borrowing will take place and the potential for short term borrowing to be the most attractive option results in the limits set out below.

Funding capital schemes	Upper limit	Lower limit
Under 12 months	86%	0%
12 months and within 24 months	86%	0%
24 months and within 5 years	86%	0%
5 years and within 10 years	86%	0%
10 years and above	100%	14%

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. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. These limits need to allow for borrowing in advance.

The uncertainty about borrowing in advance results in higher limits than would otherwise be required.

	2012/13 £M	2013/14 £M	2014/15 £M
Limit on investments over 364 days as at 31 March each year.	32.0	25.0	24.7

**2012/13 TREASURY MANAGEMENT STRATEGY
(Report by the Overview & Scrutiny (Economic Well-Being))**

1. INTRODUCTION

- 1.1 At its meeting held on 2nd February 2012 and in accordance with its responsibility for scrutinising Treasury Management, the Overview and Scrutiny Panel (Economic Well-Being) considered the 2012/13 Treasury Management Policy and the Treasury Management Strategy and Prudential Indicators for the year. This report summarises the Panel's discussions.

2. THE PANEL'S DELIBERATIONS

- 2.1 The Head of Financial Services has reminded the Panel that the Treasury Management Policy and Strategy form part of the Council's governance arrangements and that the Treasury Management Advisory Group meets to discuss the Council's Treasury Management on a regular basis. The Policy Statement is not significantly different to that which had prepared for the previous year. In considering the contents of the Policy Statement, Members' attention has been drawn to the Council's Investment Policy which stated that all investment decisions must take into account a number of matters, including the security of the investment.
- 2.2 In reviewing the 2012/13 Strategy, Members have been advised that the Treasury Management Advisory Group in January 2011 agreed to retain the Council's existing Treasury Management Advisors. The advice received continues to be used by Officers on a regular basis. With regard to the expected levels of reserves and the need for borrowing to fund capital expenditure over the MTP period, Members have been advised that the 'May Borrow' figures have been produced following agreement with the Council's previous external auditors that it is legitimate to borrow in advance to fund the 5 year published programme.
- 2.3 The Panel's has endorsed the criteria and limits for making investments and the proposed Prudential and Treasury Management Indicators for 2012/13.

3. RECOMMENDATION

- 3.1 The Cabinet is recommended to endorse the Treasury Management Policy and the Treasury Management Strategy and Prudential Indicators for 2012/13 for submission to the Council.

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**COMT
OVERVIEW & SCRUTINY
(ENVIRONMENTAL WELLBEING)
CABINET**

**23 JANUARY 2012
9 FEBRUARY 2012**

16 FEBRUARY 2012

**NEW HUNTINGDONSHIRE LOCAL PLAN
LOCAL DEVELOPMENT SCHEME
(Report by Head of Planning Services)**

1. INTRODUCTION

- 1.1 At its meeting on 8th December 2011 Cabinet formally confirmed the Council's intentions to review and update the Huntingdonshire Core Strategy in the light of changing national and local circumstances, and endorsed the proposal to produce a new Local Plan in order to achieve this. It was agreed that a new Local Development Scheme (LDS) would be prepared to outline the timetable for preparing and delivering the new Local Plan.
- 1.2 The LDS provides details on the proposed scope, coverage and production timetable of the new Local Plan. It will be a public document and it informs the community and other stakeholders about opportunities for engagement in the Local Plan preparation process.
- 1.3 Cabinet's approval is therefore now sought for the new LDS (attached as Appendix 1 of this report) and its publication on the Council's website. Once approved, it will replace the existing LDS which was previously approved by Cabinet in February 2010.

2. BACKGROUND

- 2.1 The Planning and Compulsory Purchase Act 2004 requires preparation of an LDS to formally describe the plan making process and preparation programme for development plan documents. The new LDS is more succinct than its predecessor in that it refers to a single Local Plan rather than the formerly proposed series of local development plan documents. Once approved by Cabinet the LDS can be brought into effect quickly and published on the Council's website. The Localism Act 2011 now removes the requirement for this LDS to be submitted to the Secretary of State for approval.

3. PLAN MAKING PROCESS FOR THE LOCAL PLAN

- 3.1 The Local Plan will address all relevant planning policy matters, including site allocations and development management policies, and relevant site allocations and policy designations will be shown on a Proposals Map.
- 3.2 The format of the Local Plan will follow the framework of planning policy themes outlined in the emerging National Planning Policy Framework (NPPF) and the process of preparing the Local Plan evidence base can be taken forward on this basis. The Government intends to issue the finalised NPPF in the Spring of 2012, and it is anticipated that this updated version of the document will also

clarify the national policy approach towards additional national issues such as planning for gypsy and traveller sites.

- 3.3 The LDS sets out the plan making process for the Local Plan, taking each of the policy themes into account and based on the relevant legislation, including:
- Public participation – as detailed in a Statement of Community Involvement
 - Publication and submission of the Local Plan
 - Sustainability Appraisals and Strategic Environmental Assessments
 - Habitats Regulation Assessment
 - Examination of the Local Plan by an independent Planning Inspector
 - Ensuring that the Local Plan has been prepared in accordance with the ‘duty to co-operate’
 - The requirement to ensure that the plan is ‘sound’ in relation to statutory definitions

4. PREPARATION PROGRAMME FOR THE LOCAL PLAN

- 4.1 The LDS sets out the proposed preparation programme for the Local Plan, which can be summarised as follows:
- January 2012 to December 2012: Preparation of the draft Local Plan document and proposals maps, evidence base, Sustainability Appraisal, and appropriate public participation and consultation
 - January 2013 to April 2013: Publication and pre-submission participation
 - May 2013 to February 2014: Submission and Examination
 - March 2014: Formal Adoption

5. RECOMMENDATION

- 5.1 It is recommended that Cabinet approves the new Local Development Scheme for publication and commencement on 24 February 2012.

Background Papers:

Cabinet Report and Minutes, 8 December 2011
Cabinet Report and Minutes, 11 February 2010

CONTACT OFFICER: Enquiries about this report to Steve Ingram, Head of Planning Services, on 01480 388400

Local Development Scheme for Huntingdonshire

February 2012



Steve Ingram B.A. (Hons), BTP, DMS, MRTPI

Head of Planning Services

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<http://www.huntingdonshire.gov.uk>

1 Introduction

- 1.1 The District Council's Local Development Scheme (LDS) sets out the proposed programme for the production of the Huntingdonshire Local Plan to 2036. The programme includes key milestones to inform people about opportunities to be involved in the plan-making process.
- 1.2 The LDS has been prepared to reflect the amendments to the plan-making process in the Localism Act, the draft National Planning Policy Framework and the Local Planning Regulations consultation. If necessary it will be revised further once national changes have been brought into effect.
- 1.3 The development plan is the primary basis upon which all planning decisions are made. The development plan will comprise the Local Plan to 2036, Cambridgeshire and Peterborough Minerals and Waste Plans and any Neighbourhood Plans covering areas within Huntingdonshire.
- 1.4 The Localism Act (2011) set the framework for revoking existing regional strategy and structure plan policies as soon as possible, subject to the outcome of environmental assessments by the Department of Communities and Local Government (DCLG). Until Orders to revoke these are approved they remain part of the statutory development plan.
- 1.5 The Local Plan to 2036 will be a spatial planning document that will be subject to independent examination. It will include a development strategy, site specific allocations of land, development management policies and a proposals map.
- 1.6 The Huntingdonshire Local Plan to 2036 proposed in this LDS will, once adopted, supersede the Core Strategy (2009) and the Huntingdon West Area Action Plan (2011) in their entirety. The Planning and Compulsory Purchase Act (2004) allowed for existing statutory plans to be saved whilst replacement documents were produced. Thus, the Huntingdonshire Local Plan to 2036 will also replace all remaining saved policies from the Huntingdonshire Local Plan (1995) and the Local Plan Alteration (2002). The Secretary of State issued a direction in September 2007 setting out which policies remained saved until appropriately replaced; a list can be found at:

<http://www.huntingdonshire.gov.uk/Planning/Planning%20Policy/Pages/Local%20Plan.aspx>
- 1.7 The Cambridgeshire and Peterborough Minerals and Waste Plan (2011) is jointly prepared by Cambridgeshire County Council and Peterborough City Council to guide the development and management of mineral resources and waste materials. Huntingdonshire is not a minerals and waste planning authority so this LDS does not deal with these matters. However, relevant proposals in adopted Minerals and Waste Development Plans produced by Cambridgeshire County Council and Peterborough City Council will be shown on the Proposals Map.

- 1.8 Under the Localism Act 2011, Neighbourhood Plans can be produced by Parish and Town Councils to provide detailed guidance on specific issues. These will be subject to independent examination and a local referendum. If approved at the referendum then the Council will bring the neighbourhood plan into force. As it is Parish and Town Councils that will decide to produce Neighbourhood Plans it is not appropriate for the LDS to specify when, or for where, they will be produced.

2 Plan Making Process

- 2.1 The process of preparing and adopting development plans was amended by the Town and Country Planning (Local Development) (England) (Amendment) Regulations 2009 and is quite complex. Consolidated replacement regulations were published for consultation in July 2011 which do not propose significant changes to the main processes; no date has yet been set for bringing the new regulations in force. A summary of the plan making process is set out below.

Public Participation

- 2.2 The Council will undertake early public participation in the preparation of the Local Plan. Community involvement is a key component of the plan making process. The scale and nature of community involvement will vary according to the stage of document production. Public participation will be guided by the Council's Statement of Community Involvement.

Publication and Submission

- 2.3 On completion of the public participation stages the Council will prepare the document for publication, also known as the proposed submission stage. Once published there is a period for representations on issues of soundness and legal compliance. The Council can make limited, minor amendments to the published document at this stage before submitting it to the Secretary of State and the Planning Inspectorate along with the representations and a summary of the changes.

Sustainability Appraisals and Strategic Environmental Assessment

- 2.4 To assess the potential impact of the Local Plan it must be subjected to thorough sustainability appraisal. In order to fully comply with the European SEA Directive and the UK SEA Regulations and to provide a robust evidence base the Council will adopt an integrated approach towards meeting the requirements for both sustainability appraisal and strategic environmental assessment of the Local Plan. The appraisals are a systematic, iterative process, integrated into each phase of document production. Their purpose is to assess the extent to which emerging policies and proposals will help achieve relevant environmental, social and economic objectives.
- 2.5 Neighbourhood Plans will also be required to undertake both sustainability appraisal and strategic environmental assessment. Huntingdonshire District

Council will provide guidance to parish and town councils in fulfilling these requirements if required.

Habitats Regulations Assessment

- 2.6 Amendments were introduced in the UK Conservation (Habitats & etc) Regulations 1994 in September 2006. These result in Appropriate Assessment under Article 6(3) and (4) of the Habitats Directive 92/43/EEC being required for all plans likely to have a significant effect on a European site. Habitats Regulations Assessments, including Appropriate Assessment as necessary, will be undertaken prior to submission of the Local Plan.

Examination

- 2.7 Once the Local Plan, its sustainability appraisal and all other supporting documentation have been submitted to the Secretary of State it must be examined by an independent Inspector before the Council can adopt it. The Inspector is charged with examining whether the document complies with legislation and is sound.
- 2.8 Development plan documents must be prepared within the context of national policy. They should be in accordance with higher level guidance unless strong local evidence supports deviation from this and would provide better outcomes in the specific local context of Huntingdonshire.
- 2.9 To examine whether the submitted document is legally compliant the Inspector will check that it:
- has been prepared in accordance with the Local Development Scheme and in compliance with the Statement of Community Involvement and the Regulations;
 - has been subject to sustainability appraisal and strategic environmental assessment;
 - has regard to national policy; and
 - has regard to any sustainable community strategy for the area
- 2.10 The Inspector will also assess whether the plan has been prepared in accordance with the duty to co-operate and whether it is sound. A local planning authority should only submit a plan for examination which it considers to be 'sound' – namely that it is:
- **Positively prepared** – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is practical to do so consistently with the presumption in favour of sustainable development
 - **Justified** – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence

- **Effective** – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- **Consistent with national policy** – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

3 Production Programme

3.1 The Council’s priorities for the period 2012-2014 are to produce the Huntingdonshire Local Plan to 2036. Its purpose is to set out the strategy for development in the whole of Huntingdonshire, policies for managing development and site-specific proposals for different forms of development. As a precursor to its preparation the Huntingdonshire Statement of Community Involvement will also be updated.

3.2 The Proposals Map will be revised alongside the Local Plan to provide a geographical illustration of the application of the policies of the Local Plan.

Production Programme: Huntingdonshire Local Plan to 2036

	2012												2013												2014		
Document	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Huntingdonshire Local Plan to 2036	SA											P				S						H					A

Key:

	Preparation of document and public participation; SA = Consultation on scope of SA
	Publication and pre-submission public participation; P = publication
	Submission and examination; S = submission; H = anticipated hearings date
	Formal adoption; A = adoption

3.3 The organisational lead will be taken by the Head of Planning Services and the Executive Member for Planning Strategy. There will be opportunities for community engagement at key stages throughout the process in accordance with the requirements set out in the Regulations, and the proposals contained in the Statement of Community Involvement. The Local Plan will be approved by full Council prior to publication for pre-submission consultation as this is the stage at which the Council must consider the document to be sound and ready for examination. Document production and implementation (once adopted) will be reviewed regularly and reported through ongoing monitoring reports.

Resources, Monitoring and Review

- 3.4 The Council's Development Plans team will take the lead in preparing all development plan documents, monitoring reports, and the statement of community involvement. Specialist skills available elsewhere in the Council will also be involved where relevant, in particular:
- Within Planning Services the Development Management teams, the Urban Design, Trees and Landscape team, the Transportation team and the Heritage and Conservation team
 - Environmental and Community Health Services
 - Environmental Management
 - Housing Services
 - Corporate Office
- 3.5 Advice will also be sought from Cambridgeshire Joint Planning Unit, Cambridgeshire County Council in relation to socio-economic research, transportation, countryside, biodiversity and archaeology. Expertise and information is also sought where relevant from other partners such as the Environment Agency or consultants may be employed to conduct specialist research. The budget for Planning Services makes allowance for anticipated costs of development plan production, including examination, but with increasingly limited funding for specialist consultancy work.
- 3.6 The Local Development Scheme will be monitored on an ongoing basis and regular updates provided on the Council's website. Regular monitoring of the effectiveness of development plan policies will also be undertaken and published on the Council's website.

APPENDIX 1: TERMINOLOGY

Within each definition links to other terms are shown in italics.

Adoption	The point at which the final agreed version of a document comes into use.
Monitoring Report (AMR)	Document produced at least annually to report on progress in Local Plan production and implementation of policies.
Development Plan	The documents which together provide the main point of reference when considering planning proposals. These will include the Local Plan to 2036, Minerals and Waste DPDs produced by Cambridgeshire County Council and Peterborough City Council and Neighbourhood Plans covering land within Huntingdonshire.
Development Plan Document (DPD)	A document containing local planning policies or proposals which forms part of the <i>Development Plan</i> , and which has been subject to independent <i>examination</i> . NB: the term will be phased out, largely being replaced by <i>Local Plan</i> .
Examination	Independent inquiry into the soundness of a draft <i>Local Plan</i> chaired by an Inspector appointed by the Secretary of State.
Local Development Scheme (LDS)	Sets out the Council's programme for preparing and reviewing statutory planning documents.
Local Plan	The document containing local planning policies and proposals for Huntingdonshire.
Proposals Map	A map that shows the spatial extent of <i>adopted</i> planning policies and proposals affecting Huntingdonshire.
Publication	Point at which a draft <i>Local Plan</i> is issued for consultation prior to its submission to the Secretary of State for examination.

Saved policies	Adopted policies which remain in force pending their replacement by the Local Plan.
Scoping Report	Report produced as the first stage of <i>Sustainability Appraisal</i> . It examines existing environmental, social and economic conditions in the district, and identifies appropriate objectives to appraise policies against.
Statement of Community Involvement (SCI)	Document setting out the Council's approach to involving the community in preparing planning documents and making significant development management decisions.
Strategic Environmental Assessment (SEA)	Process undertaken during plan production, to assess the potential environmental effects of emerging policies and proposals. It is incorporated within <i>Sustainability Appraisal</i> .
Submission	Following the publication and ensuing consultation the point at which a draft <i>Local Plan</i> is submitted to the Secretary of State along with representations the received for <i>examination</i> .
Supplementary Planning Guidance/ Document	Provides additional guidance on the interpretation or application of adopted policies and proposals.
Sustainability Appraisal	Process undertaken during plan production, to assess the extent to which emerging policies and proposals will help to achieve environmental, social and economic objectives. It incorporates <i>Strategic Environmental Assessment</i> .

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