

A meeting of the **OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING)** will be held in **CVSO.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN** on **THURSDAY, 7 FEBRUARY 2013** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 8)

To approve as a correct record the Minutes of the meeting held on 10th January 2013.

**Mrs C Bulman
388234**

2. MEMBERS' INTERESTS

To receive from Members declarations as to disclosable pecuniary, non-disclosable pecuniary or non pecuniary interests in relation to any Agenda item. See Notes below.

3. NOTICE OF EXECUTIVE DECISIONS (Pages 9 - 10)

A copy of the current Notice of Executive Decisions is attached. Members are invited to comment as appropriate on any items contained therein.

**Mrs H Taylor
388008**

4. BUDGET 2013/14 AND MEDIUM TERM PLAN 2014 TO 2018 (Pages 11 - 54)

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

**S Couper
388103**

A copy of Annex E – Controllable Budgets by Budget Holder has been circulated separately to the Agenda.

(All Members of the Council have been invited to attend for the discussion on this item).

5. 2013/14 - TREASURY MANAGEMENT STRATEGY (Pages 55 - 80)

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

**S Couper
388103**

6. **DOCUMENT CENTRE REVIEW** (Pages 81 - 84)
To consider the report of the Working Group. **A Roberts
388015**
7. **BORROWING** (Pages 85 - 90)
To consider the report of the Working Group. **A Roberts
388015**
8. **WORKPLAN STUDIES** (Pages 91 - 98)
To consider with the aid of a report by the Head of Legal and Democratic Services, the programme of studies. **Mrs C Bulman
388234**
9. **OVERVIEW & SCRUTINY PANEL (ECONOMIC WELL-BEING) - PROGRESS** (Pages 99 - 104)
To consider a report by the Head of Legal and Democratic Services, the programme of studies. **Mrs C Bulman
388234**
10. **SCRUTINY**
To scrutinise decisions taken since the last meeting as set out in the Decision Digest and to raise any other matters for scrutiny that fall within the remit of the Panel. **(TO FOLLOW)**.

Dated this 30 day of January 2013



Head of Paid Service

Notes

A. Disclosable Pecuniary Interests

- (1) *Members are required to declare any disclosable pecuniary interests and unless you have obtained dispensation, cannot discuss or vote on the matter at the meeting and must also leave the room whilst the matter is being debated or voted on.*
- (2) *A Member has a disclosable pecuniary interest if it*
- (a) relates to you, or*
 - (b) is an interest of -*
- (i) your spouse or civil partner; or*
 - (ii) a person with whom you are living as husband and wife; or*
 - (iii) a person with whom you are living as if you were civil partners*
- and you are aware that the other person has the interest.*
- (3) *Disclosable pecuniary interests includes -*

- (a) any employment or profession carried out for profit or gain;
- (b) any financial benefit received by the Member in respect of expenses incurred carrying out his or her duties as a Member (except from the Council);
- (c) any current contracts with the Council;
- (d) any beneficial interest in land/property within the Council's area;
- (e) any licence for a month or longer to occupy land in the Council's area;
- (f) any tenancy where the Council is landlord and the Member (or person in (2)(b) above) has a beneficial interest; or
- (g) a beneficial interest (above the specified level) in the shares of any body which has a place of business or land in the Council's area.

B. Other Interests

(4) If a Member has a non-disclosable pecuniary interest or a non-pecuniary interest then you are required to declare that interest, but may remain to discuss and vote.

(5) A Member has a non-disclosable pecuniary interest or a non-pecuniary interest where -

- (a) a decision in relation to the business being considered might reasonably be regarded as affecting the well-being or financial standing of you or a member of your family or a person with whom you have a close association to a greater extent than it would affect the majority of the council tax payers, rate payers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the authority's administrative area, or
- (b) it relates to or is likely to affect any of the descriptions referred to above, but in respect of a member of your family (other than specified in (2)(b) above) or a person with whom you have a close association

and that interest is not a disclosable pecuniary interest.

Please contact Mrs Claire Bulman, Democratic Services Officer, Tel 01480 388234 / email Claire.Bulman@huntingdonshire.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.

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

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

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

If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.

Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) held in CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN on Thursday, 10 January 2013.

- PRESENT: Councillor T V Rogers – Chairman.
- Councillors E R Butler, S Greenall, R Harrison, R B Howe, P G Mitchell and M F Shellens.
- Mr R Eacott and Mr R Hall.
- APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors G J Bull, Mrs L A Duffy and A H Williams.
- IN ATTENDANCE: Councillor J D Ablewhite, K J Churchill and D B Dew.

75. MINUTES

The Minutes of the meeting held on 6th December 2012, were approved as a correct record and signed by the Chairman.

76. MEMBERS' INTERESTS

No declarations were received.

77. NOTICE OF EXECUTIVE DECISIONS

The Panel considered and noted the current Notice of Executive Decisions (a copy of which is appended in the Minute Book). Members noted that the Budget and MTP and the Treasury Management Strategy and Prudential Indicators would be presented to their next meeting. The Chairman explained that the item on land for sale in Earith would not be considered by the Panel or Cabinet.

The Panel received an update on the Cambridgeshire Pooling Designation and were informed that following the announcement of the Government Grant for 2013/14, further modeling work had indicated that a decision to pool business rates on a Countywide basis would not provide any benefit for the forthcoming year. As a consequence of this, Cambridgeshire Local Authority Chief Executives had agreed not to enter into a pool in 2013/14. However, this would not preclude Cambridgeshire authorities from entering into a pool in future years. A note on the current position would be circulated to all Members shortly.

78. BUDGET & MTP

(Councillor J A Gray, Executive Councillor for Resources, and

Councillor P J Downes, Leader of the Liberal Democrat Group, were in attendance for this item).

By way of introduction the Chairman explained that he had invited the Leaders of the Liberal Democrats and the UK Independence Party to address the Panel about their views on next year's Budget and MTP. As Councillor P D Reeve was unable to attend, the Chairman had arranged to meet with him on 22nd January 2013 and he urged other Panel Members to attend if they were available.

The Head of Financial Services provided an update on the Council's current budgetary position following the Government's announcement on the grant for 2013/14. Members were informed that as a result of the level of funding that would be awarded for 2014/15, the Council would need to find an additional £1.7M of savings. In terms of work that was currently ongoing on the Budget, that a review of the risk provisions was currently being undertaken. The figure for additional income from higher car parking charges had been moved into unidentified savings until better information was available. With regard to Council Tax increases, the Government had announced that those District Councils with lower levels of Council Tax would be able to increase their levy by £5 (which equated to 3.9%) if they chose to do so.

Councillor P J Downes, Leader of the Liberal Democrat Group, outlined the views of the Liberal Democrat Group. In terms of Council Tax levels, he reiterated that the overall tax level for the District was too low and that his Group would support increasing Council Tax to lessen the need to reduce services. In making budgetary decisions more generally, he emphasised the importance of distinguishing between reductions in services and cost savings from improved efficiencies. A number of specific short and longer term proposals were then outlined by other Members of the Group as follows:-

- ❖ investigate the potential to reduce the postal costs associated with the issue of poll cards in urban areas through the use of a commercial provider;
- ❖ investigate the potential to unify the way in which elections were run across the County;
- ❖ increase expenditure on car park patrolling and publicity to generate additional income;
- ❖ investigate the new localism provisions to purchase 5 days of yellow lining time to fill in gaps and whether this will generate additional business for the District's Car Parks;
- ❖ introduce a residents only scheme for the Couper Road and Priory Road area of Huntingdon to prevent all day parking;
- ❖ introduce a charge for the provision of a second green bin, only when there was a change of occupancy;
- ❖ abandon the proposals to develop a multi-storey car park in Huntingdon;

- ❖ give consideration to renting housing in the market towns to assist with the rising costs of homelessness and the provision of bed and breakfast accommodation;
- ❖ take steps to achieve marginal budgetary savings, for example, in paper costs and energy usage;
- ❖ address the issue of fraudulent declarations of Single Person Occupancy by offering an amnesty for previous acts of fraud;
- ❖ investigate the possibility of securing Unitary Status;
- ❖ review Members' travel allowances;
- ❖ identify economies of scale in procurement of stationary etc;
- ❖ introduce a suggestion scheme to engage staff and offer rewards for ideas which resulted in budgetary savings;
- ❖ review expenditure on temporary staff;
- ❖ establish a maximum budget for employee training;
- ❖ investigate whether the existing rental arrangements for providing accommodation for the Shop Mobility service offered the best solution or whether there was a more cost effective way of providing this accommodation, and
- ❖ review the arrangements for publicising job applications, with a view to achieving cost savings by using the Authority's website.

In thanking the Group for their constructive suggestions, Members indicated their support for a number of the ideas, which they considered warranted further review. In doing so, a number of other suggestions were made, including moving towards four yearly elections and offering the voluntary sector accommodation within the headquarters building, which would secure savings in business rates. The Chairman indicated that the suggestions made would be submitted to the Cabinet for consideration by Executive Members; however, if they were adopted, they were not likely to be implemented in 2013/14. Members emphasised the need for feedback from the Cabinet on the suggestions and general recommendations that had been made.

In concluding the discussion, the Executive Councillor thanked the Liberal Democrats and the Panel for their contributions, which would be considered by Cabinet in due course. As part of their future budgetary deliberations and, in response to comments which had been made at the last Council meeting, he invited the Panel to give consideration to the implications of not increasing Council tax levels as a potential policy.

79. FRAUD INVESTIGATION

The Panel received and noted a report by the Head of Customer

Services (a copy of which is appended in the Minute Book) on the activities of the Council's Fraud Team, current fraud trends and the planned response to risk following the introduction of a Single Fraud Investigation Service (SFIS) which would become operational before 2015. By way of introduction, the Panel was advised that, in response to a report by the National Fraud Authority on 'Fighting Fraud Locally', the Corporate Governance Panel had established a Working Group to consider the current risks from the introduction of a SFIS and how fraud investigations might be undertaken across the Council from 2015. Members' attention was drawn to the conclusions of the Group who had recommended that the Council should take the opportunity to develop and investigate non-welfare fraud over the next two years and that the information gained during this period would enable an assessment to be made of the requirements for the fraud service from April 2015 onwards. A further report would be presented to the Corporate Governance Panel in December 2014 outlining proposals for the service from April 2015 onwards.

In considering the contents of the report, the Panel received an explanation of the cost of the Fraud Team, the income currently received from the Department of Work and Pensions and the total amount of fraud identified during 2011/12. It was suggested that the level of profit achieved by the service, should be reflected in the report. Members were, however, reminded that the report had been prepared for the purposes of the Corporate Governance Panel and that the effects of fraud identification might be a benefit to Central Government as opposed to a local authority.

In response to a question as to whether there was any potential to generate additional publicity or multi-lingual publicity for the service, the Panel was advised that the District Council currently undertook more publicity than other organisations. However, more work could be done in this respect through the Council's website and by targeting hard to reach minority groups; though inevitably there would be a cost associated with this activity. Work had been undertaken recently to prepare leaflets for tenants in Social Housing Association properties.

The Panel was advised that the National Fraud Authority had been established by the Government Cabinet Office to tackle fraud across central and local government. Experience to date indicated that it would be a supportive and productive organisation, which would help organisations to work together to combat fraudulent behaviour. As a result of the Fraud Team's activities, additional funding had been made available to the Council by the Local Government Association for this purpose. Members noted that the Department for Communities and Local Government was considering funding schemes for particular areas of fraud, for example, the Council Tax Support Scheme.

80. PRIVATE SECTOR RENT LEVELS

Further to Minute No.11/17, the Panel considered a report by the Head of Customer Services (a copy of which is appended in the Minute Book) containing an update on housing rental levels in Huntingdonshire. Members were informed that, with the exception of 4 bedroom properties, there was no evidence to suggest that landlords were adjusting their rents downwards as a result of changes

to the Housing Benefit system. This had reduced the number of households that the Council had been able to prevent from becoming homeless though assisting them into private sector tenancies.

In considering the contents of the report, questions were raised on a number of matters including whether the Localism Act presented new opportunities for relocating private sector households, the modeling which was being undertaken on welfare reforms and the likely reasons why rents were not falling. With regard to the latter, Members were informed that anecdotal evidence suggested that most landlords had a business model for their property portfolios that contained a point below which it was not viable to reduce rents. In addition, the private sector rental market remained buoyant, which meant that landlords did not need to accept with Housing Benefit claimants. Members were also informed that the Council had two small discretionary budgets for homelessness prevention, which could be used to assist in short term emergencies, for example, by temporarily topping up Housing Benefit.

It was suggested that it would be helpful in future if reports compared rent trend data with the cost of temporary accommodation. Having concluded that the Council needed to look closely at the issue of homelessness, it was

RESOLVED

that the contents of the report be noted.

81. CUSTOMER SERVICES MONITORING REPORT

The Panel gave consideration to the Customer Services Monitoring report for the period July to December 2012 (a copy of which is appended in the Minute Book) which outlined the performance and standards achieved by the Service. Members' attention was drawn to the significant highlights in the period and the issues that the Service would face in the forthcoming quarter.

In considering the contents of the report, comment was made about the significant increase in the sickness levels experienced at the Call Centre since April 2012 and the impact this had had on service levels. In response to a question by a Member about the degree to which sickness was a product of stress, the Panel was informed that stress had only been a factor in two cases of long term sickness absence and that Managers took particular steps to counteract the fact that stress levels were often high in this type of working environment. The Call Centre Manager undertook to provide details of comparative sickness levels in other authorities.

Members were informed that welfare reforms had not yet had a significant impact on Customer Services, though it was expected that there would be an increase in footfall at the Customer Service Centres and more calls to the Call Centre as the changes took effect from April 2013. Details of the cost of new the Customer Relationship Management (CRM) system and the savings it was expected to generate compared with the previous system were also provided. Reference was made to the reduction in visits to the Ramsey, Yaxley and St Neots Customer Service Centres.

Members discussed the outstanding service levels, which were provided by the Call Centre and whether reduced service levels could achieve savings. In response, the Call Centre Manager explained that there was the potential for savings to be achieved in this way. Moreover work was ongoing to develop channel migration across the Council and it was difficult to do this when the Authority was providing such a high level of service.

Having noted that a new Customer Services Strategy and interrelated Strategy for Channel Migration would be developed over the next few months, the Panel agreed that it would be useful for a small group of Members to have an input to these documents during the formulation stage. The Chairman indicated that interested Members should contact him directly and the membership of the Group would be approved at the next meeting. Whereupon, it was

RESOLVED

that the contents of the report be noted.

82. EXCLUSION OF THE PUBLIC

RESOLVED

that the public be excluded from the meeting because the business to be transacted contains information relating to the financial or business affairs of a particular person (including the authority holding that information) and/or to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matters arising between the authority and office holders.

83. BUSINESS PLAN ONE LEISURE

(Councillor T D Sanderson, Executive Councillor for Healthy and Active Communities, was in attendance for this item).

With the assistance of a report by the General Manager, One Leisure (a copy of which is appended in the annex to the Minute Book) the Panel considered the contents of a proposed Business Plan for One Leisure and options for restructuring the existing staffing arrangements. Partway through the discussion, a detailed action plan was circulated outlining a timetable for completion of ten priority actions within the Plan.

Following an introduction by the Executive Councillor, the Panel discussed the contents of the draft Plan in detail. In terms of the objectives within the document, Members were of the view that the Plan's fundamental orientation needed to change so that it reflected One Leisure's total costs. To this end, Members recommended that the Executive Councillor for Healthy and Active Communities should arrange for the Plan to be developed to include the service's revenue position together with its capital and maintenance costs and the recharges it incurred. Members were of the opinion that the Plan's objectives should be reviewed so that there was a clear financial target and they identified which services were in competition with

other providers, those which were solely provided by One Leisure and those which were provided through collaboration or by others.

With regard to the presentation of data, Members commented that the existing figures needed to be revised to ensure that they were consistent. It was suggested that it would also be necessary to produce trading statements for individual / small groups of services, with revenue projections over a longer period of time to reflect the savings which had been identified. Generally, the Plan should include more detailed figures for individual and collective services coupled with defined timescales.

In terms of the contents of the report, questions were raised on a number of matters including the impact of changes to primary school funding arrangements, the need to compete when there were other local providers, whether the Council should establish a set amount of funding for public health initiatives and the level of savings which could be achieved in NNDR from putting the service into a trust. Clarification was also sought on the longer term action required to expand the One Leisure Business and it was suggested that some of the costings did not reflect predicted energy costs.

In terms of the options for the staff structure contained in Appendix A to the report, Members were of the opinion that they were unable to express a view without more detailed job descriptions and that further information was required on both the service impacts of the various options before such a decision was made.

The Panel was of the view that there was considerable scope for savings to be made within the One Leisure Service and that it should make whatever savings it could that did not have an impact on services at the earliest possible opportunity. This work should commence with the 'big ticket' items and include a review of recharges, the outcome of which the Panel would be interested to see. Savings that did have an impact on services should be included in the Business Plan to enable Members to consider them.

In concluding their discussion on the item, Members drew attention to the considerable achievements that had been made in improving controllable income and expenditure and they congratulated the General Manager, One Leisure and his staff on these achievements. However, the Panel did not recommend that the One Leisure Business Plan should be adopted in its current form as further work was required to develop it. This should not preclude work from being undertaken to identify and implement savings that did not have an impact on services at the earliest opportunity.

With regard to the study into the One Leisure business model, the Panel agreed to consider the question of whether to pursue this study at a future meeting.

RESOLVED

that the Cabinet be invited to consider the comments and suggestions outlined above as part of its deliberations on this item.

84. RE-ADMITTANCE OF THE PUBLIC

RESOLVED

that the public be re-admitted to the meeting.

85. WORKPLAN STUDIES

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) containing details of studies that were being undertaken by the Overview and Scrutiny Panels for Social and Environmental Well-Being.

86. OVERVIEW & SCRUTINY PANEL (ECONOMIC WELL-BEING) - PROGRESS

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) reviewing progress on matters that had previously been discussed. In so doing, the Chairman reported that a report on the conclusions arising from the review of the Council's Document Centre would be presented to the next meeting. It was suggested that any further reviews of support services should be selected on the basis of the level of central charge incurred by One Leisure.

In terms of the item on the Community Infrastructure Levy, Members were informed that there had been a Government announcement on the meaningful proportion which would be provided to towns and parishes and further details shortly would be available.

Members were reminded that an informal meeting of the Panel had been arranged for Wednesday 30th January 2013 to discuss the Council's Capital Budget and, at the request of the Chairman, the Head of Financial Services undertook to provide an electronic link to the appraisal forms for the capital bids within the Medium Term Plan.

In terms of possible future study areas, Councillor M F Shellens suggested that consideration should be given to the provision which was made for those residents who did not have ready access to the Council's leisure services. Having noted that this was a matter which might be better considered as part of a review being undertaken by the Overview and Scrutiny Panel (Social Well Being), the Scrutiny and Review Manager undertook to convey the suggestion to that Panel.

87. SCRUTINY

The Panel considered and noted the latest edition of the Council's Decision Digest (a copy of which is appended in the Minute Book).

Chairman

St Mary's Street
Huntingdon PE29 3TN.

- Notes:- (i) Additions changes from the previous Forward Plan are annotated ***
(ii) Part II confidential items which will be considered in private are annotated ## and shown in italic.

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private.	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Land for Sale at Earith##	Cabinet	14 Feb 2013		Chris Allen, Project and Assets Manager Tel No. 01480 388380 or email Chris.Allen@huntingdonshire.gov.uk	Exempt under paragraph 3	J A Gray	Economic Well-Being
The Green Deal in Hunts	Cabinet	14 Feb 2013		Chris Jablonski, Environment Team Leader Tel No. 01480 388368 or email Chris.Jablonski@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being
Budget and MTP	Cabinet	14 Feb 2013	Draft MTP - previous year's budget report - various annexes	Steve Couper, Head of Financial Services Tel No. 01480 388103 or e-mail Steve.Couper@huntingdonshire.gov.uk		J A Gray	Economic Well-Being
Treasury Management Strategy and Prudential Indicators	Cabinet	14 Feb 2013	Previous year's Strategy	Steve Couper, Head of Financial Services Tel No. 01480 388103 or e-mail Steve.Couper@huntingdonshire.gov.uk		J A Gray	Economic Well-Being
Local Plan***	Cabinet	21 Mar 2013	None	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
CIL Business Plan 2013/14***	Cabinet	21 Mar 2013		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or e-mail Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Economic Well-Being
Revision of the Wind Power Supplementary Planning Document	Cabinet	21 Mar 2013		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Town and Parish Council Charter***	Cabinet	18 Apr 2013		Dan Smith, Community Health Manager Tel No. 01480 388377 or e-mail Dan.Smith@huntingdonshire.gov.uk		N J Guyatt	Social Well-Being
Local Plan***	Cabinet	16 May 2013		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or e-mail Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being

CABINET

14 FEBRUARY 2013

BUDGET 2013/14 AND MEDIUM TERM PLAN 2014 to 2018 (Report by the Head of Financial Services)

1 PURPOSE

- 1.1 The purpose of this report is to allow the Cabinet to make its recommendations to Council on 20 February on the Council's Budget, Medium Term Plan and Council Tax level for 2013/14.

2 BACKGROUND

- 2.1 The Budget Update Report in December gave the following position (further detail at Annex A):

December Update	FORECAST	BUDGET	MTP			
	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<i>Remaining revenue reserves EOY</i>	10,902	8,404	6,495	5,373	5,373	5,373
COUNCIL TAX LEVEL	£128.51	£131.08	£135.67	£140.42	£145.33	£150.42
% increase	3.50%	2.00%	3.50%	3.50%	3.50%	3.50%
£ increase	£4.34	£2.57	£4.59	£4.75	£4.91	£5.09
Unidentified Spending Adjustments still required	0	0	-1,114	-1,079	-1,261	-1,201

- 2.2 This was based on the Government's announcement that only Council Tax increases of over 2% would be regarded as excessive.

- 2.3 The report also stressed the point that the Government's funding announcement had not been received and this could have a significant impact on the Council's position.

3. GOVERNMENT FUNDING CONSULTATION

- 3.1 The key points were:

- Grant of 1% for two years for any Council not increasing its Council Tax in 2013/14
- Increases of more than 2% would be regarded as excessive unless the authority is a District Council (in a two tier area) with a Council Tax level in the bottom 25% when the increase can be up to £5. (HDC is in the bottom 13%). It is

only if an increase exceeds these limits that the Government requires local people to support it in a referendum.

- A reduction in the levy that the Council would have to pay before increases in retained Business Rates could be retained. This means the Council will receive 20% (was 8%) of any overall gain but have to meet 40% (was 39%) of any loss.
- The combination of Revenue Support Grant (RSG) and retained business rates for 2013/14 is fairly close to the December report assumptions after including the relevant parts of the risk contingency.
- The figures for 2014/15 were also announced and showed a 24% reduction in RSG which is a significantly greater reduction than had been forecast.
- The consultation runs to 15 January and the results had not been published at the date of completing this report (25 January).

3.2 The position after 2014/15 has been reviewed and, based on the Local Government Association's interpretation of Government announcements, could result in grant reductions of 7.5% per year for the following 4 years. Some Finance Officers in other authorities are assuming even higher reductions.

3.3 An additional complexity has subsequently emerged as the Council was informed on the 24 January that in order to demonstrate that any increase in Council Tax is within the Government's limits an artificial tax level for 2012/13 has been created (called the Alternative Notional Amount or ANA). Adding £5 to the ANA means that our maximum increase in Council Tax for 2013/14 is not £5 but £4.67 for a Band D property. The consultation on the ANA runs until 31 January and it is not known when the definitive figures will be published.

3.4 To simplify this report an assumption on Council Tax rises has been made: **£4.67 per year for 2 years and then reverting to the Council's current plan of 3.5% per year**. Section 7 of this report gives members the opportunity to consider the impact of alternative levels of increase. On this assumption the table below shows the impact of the changes in funding:

FUNDING	REVENUE					
	F'CAST	BUDGET	MTP			
	2012	2013	2014	2015	2016	2017
	2013	2014	2015	2016	2017	2018
£000	£000	£000	£000	£000	£000	
Variations (-ve is <u>LOSS</u> of funding)						
New Homes Bonus		-4	-286	-490	-317	+146
Special Council Tax Grant 2011/12		-184	-184	0	0	0
Formula Grant (RSG)		-3,216	-4,030	-4,591	-5,131	-5,653
Retained Business Rates		+4,004	+4,127	+4,230	+4,336	+4,444
Collection Fund Surplus		+76	0	0	0	0
Council Tax		-450	-419	-362	-281	-197
Total Variations	0	+227	-793	-1,213	-1,393	-1,260

3.5 The reductions in Council Tax funding result from the reduction in the tax base due to the new treatment of Council Tax support (replacing Council Tax Benefits) from April. The “compensating” grant is now included within RSG.

3.6 The apparent increase in funding in 2013/14 is offset by the payment of a grant to Town and Parish Councils, to offset the impact of their loss of Tax base, and the rolling into RSG of the Homelessness Grant. Both of these items are shown in the spending variations.

4. CHANGES IN SPENDING ASSUMPTIONS

4.1 The table below shows the changes in spending since the December Update Report (which provided details of all the spending variations already proposed) and how the changes in the use of reserves and the required level of unidentified savings balance this with the change in Funding:

SPENDING VARIATIONS (+Ve = extra cost)	REVENUE					
	F'CAST	BUDGET	MTP			
	2012	2013	2014	2015	2016	2017
	2013	2014	2015	2016	2017	2018
£000	£000	£000	£000	£000	£000	
Car Parking - reduced income target	41	145	198	465	497	656
Grants to Local Councils re Tax base	0	357	357	357	357	357
Remove Homelessness Grant (now in RSG)	0	85	85	0	0	0
Risk Provision						
Remove provision for grant reductions in 2013/14	0	-184	-184	-184	-184	-184
Adjust Grant reduction re New Homes Bonus	0	-214	-318	-324	-330	-330
Remove Provision for Business Rates Growth	0	0	86	177	272	372
Adjust Provision for lower completions of New Homes	0	0	-35	-49	-24	90
Adjust Provision for Demographic Growth	0	0	-11	-23	-45	-76
Reduce Provision for non-achievement of Car Park charges	0	-30	-40	-130	-140	-180
Create Provision for Homelessness	0	0	100	100	100	100
Create Provision for Council Tax limitations	0	0	38	88	177	275
Create Provision for A14 Funding Contribution	0	0	0	0	200	200
Other items						
Reorganisation of Senior Managers	40	-53	-103	-103	-103	-103
Remove Collection Fund adjustment (technical)	0	-31	-31	-31	-31	-31
Interest	0	50	50	51	54	56
Adjust Forecast 2012/13	-252	0	0	0	0	0
Schemes B/F and C/F	351	0	0	0	0	0
Revenue Inflation @@	-74	-143	-423	-493	-767	-1,027
Roundings	0	1	0	-1	0	1
Spending Variation	+106	-17	-231	-100	+33	+176
PLUS Use of reserves Variation (-ve = more used)	-106	244	-175	-336	0	0
PLUS Unidentified Savings Variation (-ve = higher requirement)	0	0	-387	-778	-1,426	-1,436
EQUALS Funding Variation	0	+227	-793	-1,213	-1,393	-1,260

@@ Includes lower provision re utilities, inclusion of 10% car parking charges increase for April 2016 and adjustment to bring unidentified savings to 2013/14 prices. Annex H shows inflation and interest rate assumptions.

5. RISK PROVISION

5.1 The Risk Provision after these latest adjustments totals:

RISK PROVISION	2013	2014	2015	2016	2017
	2014	2015	2016	2017	2018
	£000	£000	£000	£000	£000
Proposed Risk Provision (details in Annex B)	340	1,078	1,598	2,567	3,085

5.2 This provision is included in the proposed budget and is detailed in Annex B. The Annex also shows illustrations of the impact of some additional items together with the extra cost if these all occurred.

5.3 Annex C then provides a list of other risks that could affect the Council during the MTP period for which no financial adjustment has been made. If they result in an increase in net cost, this will have to be met from revenue reserves until other savings can be achieved.

6. PROPOSED MTP

6.1 The Table below shows the proposed budget and MTP with a more detailed table provided in Annex D.

PROPOSED BUDGET/MTP	FORECAST	BUDGET	MTP			
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000
2012/13 BUDGET/MTP	21,722	22,299	22,842	23,611	24,365	25,363
Proposed variations \$\$	306	465	-644	-856	-1,319	-1,136
NEW FORECAST	22,028	22,764	22,198	22,755	23,046	24,227
FUNDING						
Use of revenue reserves	-2,853	-2,254	-2,084	-1,458	0	0
Remaining revenue reserves EOY	10,796	8,542	6,458	5,000	5,000	5,000
New Homes Grant	-1,913	-2,905	-3,505	-4,489	-5,964	-6,832
Special Council Tax Grant 2011/12	-184					
Formula Grant (RSG)	-9,288	-6,019	-4,600	-4,255	-3,936	-3,641
Retained Business Rates	0	-4,004	-4,127	-4,230	-4,336	-4,444
Collection Fund Deficit	-63	-76				
Council Tax	-7,727	-7,506	-7,882	-8,323	-8,810	-9,311
COUNCIL TAX LEVEL	£128.51	£133.18	£137.85	£142.67	£147.67	£152.84
% increase	3.50%	3.63%	3.51%	3.50%	3.50%	3.50%
£ increase	£4.34	£4.67	£4.67	£4.82	£4.99	£5.17
Unidentified Spending Adjustments still required	0	0	-1,500	-1,856	-2,687	-2,637

\$\$ December update report plus items in Para. 4.1 above

- 6.2 Annex E provides the controllable budgets by Head of Service and Annex F shows total cost by Service area. A colour coding is used in Annex E to denote those service developments that require further approval before they can commence.
- 6.3 The Proposed MTP is based on capitalising all expenditure that is permitted by Government regulation. This ensures that the cost of providing an asset is spread over the taxpayers who benefit from it during its useful life. Overview and Scrutiny (Economic Wellbeing) has proposed that consideration should be given to funding shorter life assets from revenue. The implications of this will be examined post-budget to see if any net benefit would compensate for the transition costs.

7. COUNCIL TAX INCREASES

- 7.1 Huntingdonshire continues to have a very low level of Council Tax. In the current year the Council's £128.51 charge (Band D) was 25th lowest of the 201 District Councils which have an average of £166 and a maximum of £310. About two-thirds of Huntingdonshire's properties are in Bands A to C and so have a lower Tax level.
- 7.2 The Government are encouraging authorities not to increase Council Tax for 2013/14 with the offer of a special grant equivalent to 1% of 2012/13 Council Tax income for two years.
- 7.3 Most Councils can only increase their Council Tax by 2% without positive referendum support. However the Government have recognised that low taxing Councils, like Huntingdonshire, have significant problems and are allowing those with the lowest 20% of tax levels to theoretically increase their tax level by £5 (approximately 3.9%).
- 7.4 Paragraph 3.3 above explained the issue that results in the £5 increase not being achievable in Huntingdonshire and early indications suggest that, if the proposed calculation is retained, many authorities will be unable to increase their Council Tax by the headlined £5 or 2%.
- 7.4 The table below shows the impact in terms of extra service savings that would have to be found if various other options on Council Tax increases were taken:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
BASE OPTION					
Council Tax Increase	£4.67	£4.67	3.5%	3.5%	3.5%
OPTION 1	3.5%	3.5%	3.5%	3.5%	3.5%
EXTRA SAVINGS	10	11	12	12	12
OPTION 2	2%	2%	2%	2%	2%
EXTRA SAVINGS	118	238	368	511	667
OPTION 3 \$	0	0	0	0	0
EXTRA SAVINGS	186	458	827	1,143	1,482
OPTION 4 \$	0	£4.67	3.5%	3.5%	3.5%
EXTRA SAVINGS	186	190	282	299	315

\$ Options with no increase in 2013/14 include a 1% reward grant for 2 years

8. RESERVES AND THE ROBUSTNESS OF THE 2012/13 BUDGET

- 8.1 The Overview and Scrutiny (Economic well-being) Panel carried out a review on Revenue Reserves last year and concluded that that the 2012/13 level (£4.5M) was adequate but that the position should be reviewed each year.
- 8.2 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 G and confirm that the budget is adequately robust and that, in his view, the level of revenue reserves is currently above the minimum level required.

9. CONSULTATION AND COMMENTS

- 9.1 This report will be considered at a meeting of the Overview and Scrutiny (Economic Wellbeing) Panel on the 7 February and a consultation meeting with members of the business community on 8 February. Comments from both meetings will be reported to Cabinet.

10. PRUDENTIAL CODE

10.1 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.

11. CONCLUSIONS

11.1 The Update Report in December included all the spending variations identified at that time. Members may wish to bring this to the meeting with them (pages 11 to 42 of the December Council Book).

11.2 A number of adjustments have subsequently been made. The most significant ones relate to:

- Transferring the part of the previous Car Parking savings target, for which there are not yet definite proposals, to Unidentified Savings.
- Providing grants to Town and Parish Councils to protect them from losing funding as a result of the Government's new approach to dealing with Council Tax Support (previously Council Tax Benefits).
- Adjustments to the Risk Provision – some as a result of the Government's Funding Announcement
- Lower funding levels – Government Grant plus retained Business Rates.

11.3 Although generally anticipated, this Council's Government "grants" (including the permitted retention of business rates) fell by 5.1%. The Government have recognised the immense difficulties this creates for low taxing Councils such as Huntingdonshire and so are allowing them to raise their Council by £5 (currently technically limited to £4.67) without it being regarded as excessive and so requiring referendum support.

11.4 The Council is faced with finding further savings of £1.5M in 2014/15 rising to £2.6M in 2017/18 which will require difficult decisions over the coming months. Section 7 shows the extra savings required for lower levels of Council Tax increase which would require up to a further £1.5M of savings. About 2/3rds of properties are below Band D and so their Tax increase would be proportionately lower than the Band D figures quoted.

11.5 The Council still faces a challenge of minimising tax levels whilst maintaining the range and quality of services that local people expect and need. In the difficult financial situation the Council faces it is recommended that a Council Tax rise of £4.67 is approved and that the planning assumption for future years be £4.67 in 2014/15 and then 3.5% per year.

- 11.6 It is important that the identification of savings items is concluded in sufficient time for the £1.5M savings target for 2014/15 to be delivered.
- 11.7 The Council's Chief Financial Officer considers that the budget for 2013/14 is sufficiently robust and that there are adequate reserves.

12. RECOMMENDATIONS

Recommend to February Council:

- Approval of the proposed MTP, budget and Financial Plan (Annexes D to F)
- A £4.67 per year increase in the Council Tax for 2013/14 i.e. a Band D charge of £133.18.

ACCESS TO INFORMATION ACT 1985

Grant Settlement Information – Files in Financial Services
Working Papers - Files in Financial Services
Project Appraisals
2012/13 Revenue Budget and the 2013/17 MTP
Forecast Report
December 2012 Update Report

Contact Officer: Steve Couper

Head of Financial Services ☎ 01480 388103

ANNEXS

- A Position in December Update Report
- B Proposed Risk Provision
- C Other Potential Risks
- D Proposed Budget and MTP
- E Controllable costs by Head of Service
- F Budget by Service Area including recharges
- G Managing Director's statement on robustness of budget and adequacy of reserves.
- H Inflation and interest rate assumptions

POSITION SHOWN IN DECEMBER REPORT

ILLUSTRATIVE SUMMARY	FORECAST	BUDGET	MTP			
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000
NEW FORECAST	21,921	22,782	22,816	23,632	24,439	25,488
FUNDING						
Use of revenue reserves	-2,747	-2,498	-1,909	-1,122	0	0
<i>Remaining revenue reserves EOY</i>	10,902	8,404	6,495	5,373	5,373	5,373
New Homes Grant	-1,913	-2,909	-3,791	-4,979	-6,281	-6,686
Special Council Tax Grant 2011/12	-184	-184	-184			
Formula Grant (RSG)	-9,288	-9,235	-8,630	-8,846	-9,067	-9,294
Collection Fund Deficit	-63					
Council Tax	-7,727	-7,955	-8,302	-8,685	-9,091	-9,508
COUNCIL TAX LEVEL	£128.51	£131.08	£135.67	£140.42	£145.33	£150.42
% increase	3.50%	2.00%	3.50%	3.50%	3.50%	3.50%
£ increase	£4.34	£2.57	£4.59	£4.75	£4.91	£5.09
Unidentified Spending Adjustments still required	0	0	-1,114	-1,079	-1,261	-1,201

PROPOSED RISK PROVISION - 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 (+)				
	13/14	14/15	15/16	16/17	17/18		13/14	14/15	15/16	16/17	17/18
	£M	£M	£M	£M	£M		£M	£M	£M	£M	£M
Reduction in New Homes Bonus grant due to slower housing completions from 2014/15											
10% lower		0.050	0.150	0.300	0.450	20% lower		0.100	0.300	0.600	0.900
Reduction in Government Grant due to insufficient New Homes Bonus funding											
All bodies share loss			0.100	0.200	0.200	Local Authorities share loss			0.200	0.300	0.400
Financial Contribution to A14											
£5M over 25 years				0.200	0.200	£8M over 25 years				0.320	0.320
						Further reduction in Government Grant					
						1% per year for 3 years			0.400	0.800	1.200
Increase in net spending every year to cover cost of increased population. There is no provision for demographic growth in the forecast.											
0.425% #		0.090	0.180	0.270	0.240	0.85% #		0.180	0.360	0.540	0.600
						Change to NI Contributions re new Old Age Pension Proposals					0.300
Homelessness											
		0.100	0.100	0.100	0.100			0.200	0.200	0.200	0.200
Pay Protection and Performance pay @											
	0.320	0.640	0.960	1.300	1.600		0.320	0.640	0.960	1.300	1.600
MMI Drawdown											
		0.140						0.140			
Proposed Council Tax increases not permitted by Government											
£4 in 14/15 and 15/16 then 2.5%		0.038	0.088	0.177	0.275	£3 in 14/15 and 15/16 then 2%		0.096	0.204	0.341	0.489
						Increase in Business Rates retained					
						1% growth per year		-0.110	-0.220	-0.330	-0.440
						Loss of income in 2014/15 and 2015/16 excluding leisure and some other areas\$					
						2.5%		0.110	0.110		
						No leisure price increase					
						in 2014/15		0.170	0.170	0.170	0.170
Partial non-achievement of 2013 increase in car park charges											
10%	0.020	0.020	0.020	0.020	0.020	20%	0.040	0.040	0.040	0.040	0.040
PROPOSED RANGE FROM . .	0.340	1.078	1.598	2.567	3.085	TO....	0.360	1.566	2.724	4.281	5.779
						Extra cost of high end assumption	0.020	0.488	1.126	1.717	2.694

Cost of extra refuse round included in MTP for 2017/18 set-off

\$ Excludes Car parks (separate provision) Planning (no price rise) and Rents (based on leases)

@ Past budgets included 3.5% to cover cost of living and performance pay. 2% for potential cost of living increases is included in inflation. This Provision is the balance pending the results of a Pay Review which is underway. The Review will clarify what provision will be needed for future performance payments, transition costs and any protection that may need to be paid to staff.

OTHER POTENTIAL RISKS

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 these could lead to:

- Lower income from planning fees, building control fees and leisure charges.
- Lower New Homes Bonus (10% provision)
- More applicants for housing and council tax benefit
- Higher homelessness costs (£100k provision from 2014/15)
- Reductions in Government Grant (some provision)

Other issues include:

- Delivery of the items contained in identified savings
- Identification and delivery of items to achieve the level of unidentified savings required in future years.
- Levels of pay awards, inflation and interest rates
- Results of Pay Review
- Ability to maintain income levels
- Impact of variations in retained Business Rates (possibly favourable)
- Change in Pension Fund contributions payable from April 2014 as a result of the three yearly revaluation (possibly favourable).
- 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 (e.g. planning appeals)
- The potential for costs relating to “orphan” contaminated land sites
- Repayment of past land charge fees
- Low demand for sites in Huntingdon e.g. assumed sale of County land at California Road and plot fronting St. Mary’s Street.

IMPACT OF EXPENDITURE CHANGES	Impact on saving requirement				
	13/14	14/15	15/16	16/17	17/18
	£M	£M	£M	£M	£M
Pay (1% higher award each year from 2014/15)		206	415	629	848
Expenditure excluding pay (1% higher inflation each year)	23	45	68	92	118
Interest Rates (1% higher level each year)	149	163	187	203	214
Pension Fund contributions (1% change from April 2014)		153	153	154	155

ANNEX D

PROPOSED SUMMARY BUDGET AND MTP

PROPOSED BUDGET/MTP	FORECAST	BUDGET	MTP			
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000
2012/13 BUDGET/MTP	21,722	22,299	22,842	23,611	24,365	25,363
Proposed variations	306	465	-644	-856	-1,319	-1,136
NEW FORECAST	22,028	22,764	22,198	22,755	23,046	24,227
FUNDING						
Use of revenue reserves	-2,853	-2,254	-2,084	-1,458	0	0
Remaining revenue reserves EOY	10,796	8,542	6,458	5,000	5,000	5,000
New Homes Grant	-1,913	-2,905	-3,505	-4,489	-5,964	-6,832
Special Council Tax Grant 2011/12	-184					
Formula Grant (RSG)	-9,288	-6,019	-4,600	-4,255	-3,936	-3,641
Retained Business Rates	0	-4,004	-4,127	-4,230	-4,336	-4,444
Collection Fund Deficit	-63	-76				
Council Tax	-7,727	-7,506	-7,882	-8,323	-8,810	-9,311
COUNCIL TAX LEVEL	£128.51	£133.18	£137.85	£142.67	£147.67	£152.84
% increase	3.50%	3.63%	3.51%	3.50%	3.50%	3.50%
£ increase	£4.34	£4.67	£4.67	£4.82	£4.99	£5.17

Unidentified Spending Adjustments still required	0	0	-1,500	-1,856	-2,687	-2,637
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Forecast Capital Spending	7,278	8,863	2,789	3,647	3,866	3,967
Permitted capital borrowing EOY net of MRP	28,056	35,514	36,550	38,077	39,564	40,761
Average net borrowing in year	12,821	22,361	28,777	31,830	34,066	35,407
Net Interest and Borrowing Costs						
- total	827	1,536	2,103	2,483	2,846	3,358
- as % of total net spending	4%	7%	9%	11%	12%	14%

SERVICE BUDGET SUMMARY	2012/13		2013/14	
	Original	Forecast	Budget	
	£'000	£'000	£'000	
Environmental Services				<p>The Service based budget includes direct expenditure, the allocation of support costs and depreciation on assets.</p> <p>This basis has to be used for statistical returns and statutory accounts.</p>
Refuse Collection	3,202	3,303	3,292	
Recycling	283	261	300	
Drainage & Sewers	667	575	832	
Public Conveniences	57	51	54	
Environmental Health	2,123	2,068	2,086	
Closed Churchyards	6	6	6	
Street Cleaning & Litter	1,388	1,339	1,393	
	7,726	7,603	7,963	
Planning				
Development Control	1,050	1,068	855	
Building Control	108	172	82	
Planning Policy & Conservation	1,228	1,583	1,233	
Economic Development	-977	-761	-747	
	1,409	2,062	1,423	
Community Services				
Countryside	449	484	472	
Community Initiatives	886	819	789	
Parks	1,593	1,443	1,560	
Leisure Policy	330	350	314	
Leisure Centres	2,347	2,701	2,239	
Community Facilities	21	39	22	
	5,626	5,836	5,396	
Community Safety				
Community Safety	404	430	393	
	404	430	393	
Housing Services				
Housing Services	905	836	826	
Private Housing Support	2,384	1,468	2,213	
Homelessness	758	873	967	
Housing Benefits	1,266	1,267	1,289	
	5,313	4,444	5,295	
Highways & Transportation				
Transportation Strategy	402	382	788	
Public Transport	221	206	219	
Street Naming	145	122	142	
Car Parks	-343	-206	-326	
Environmental Improvements	347	344	349	
	772	848	1172	
Corporate Services				
Local Taxation & Benefits	1,217	1,192	1,351	
Corporate Management	1,193	1,402	1,344	
Democratic Services	1,436	1,293	1,347	
Legal & Democratic Services	506	493	395	
Non Distributed Costs	297	251	272	
	4,649	4,631	4,709	
Other Expenditure				
Contingency	-134	-27	225	
Other Expenditure	-4,032	-3,796	-4,080	
Investment Interest	-11	-3	268	
	-4,177	-3,826	-3,587	
Council Total	21,722	22,028	22,764	

SERVICE BUDGET		2012/13		2013/14
		Original	Forecast	Budget
		£'000	£'000	£'000
Environmental Services				
Refuse Collection	Abandoned Vehicles	37	34	34
	Domestic Refuse	3,173	3,288	3,268
	Trade Refuse	-8	-19	-10
		3,202	3,303	3,292
Recycling	Recycling	376	254	293
	Recycling Sites	-93	7	7
		283	261	300
Drainage & Sewers	Internal Drainage Boards	387	384	396
	Nightsoil Collection	11	7	11
	Watercourses	269	184	425
		667	575	832
Public Conveniences	Public Conveniences	57	51	54
		57	51	54
Environmental Health	Air Quality	127	113	121
	Animal Welfare	152	136	136
	Caravans And Camping	0	4	4
	Contaminated Land	108	146	137
	Health & Safety	205	179	178
	Energy Efficiency	404	411	430
	Environmental Health General	-18	-24	6
	Food Safety	486	510	509
	Health Promotion	43	38	28
	Licences	4	24	7
	Nuisances	291	240	240
	Pest Control	111	99	97
	Private Sector Housing	203	189	190
Travellers	7	3	3	
		2,123	2,068	2,086
Closed Churchyards	Closed Churchyards	6	6	6
		6	6	6
Street Cleaning & Litter	Littering	88	38	58
	Street Cleaning	1,300	1,301	1,335
		1,388	1,339	1,393
Environmental Services		7,726	7,603	7,963
Planning				
Development Management	Advice	605	574	571
	Application Processing	219	274	65
	Enforcement	226	220	219
		1,050	1,068	855
Building Control	Applications	-121	-26	-104
	Promotion & Enforcement	229	198	186
		108	172	82
Planning Policy & Conservation	A14 Inquiry	25	200	1
	Conservation & Listed Buildings	143	110	112
	Local Plan	672	882	762
	Planning Projects/Implementation	211	183	167
	Trees	177	208	191
		1,228	1,583	1,233

SERVICE BUDGET		2012/13		2013/14
		Original	Forecast	Budget
		£'000	£'000	£'000
Economic Development	Business & Enterprise Support	328	315	329
	Markets	-45	15	12
	NNDR Discretionary Relief	30	24	31
	Property Development and Management	-1,349	-1,136	-1,227
	Town Centre Management	59	21	108
		-977	-761	-747
	Planning	1,409	2,062	1,423
Community Services				
Countryside	Countryside Management	132	107	117
	Hinchingbrooke Country Park	198	243	225
	Paxton Pits	102	91	86
	Miscellaneous Countryside Sites	17	43	44
		449	484	472
Community Initiatives	Community Projects	117	125	127
	Community Initiatives Management	344	233	240
	Equal Opportunities	57	92	99
	Miscellaneous Grants	368	369	323
		886	819	789
Parks	Parks & Open Spaces	1,526	1,386	1,492
	Pavillions	67	57	68
		1,593	1,443	1,560
Leisure Policy	Arts Development	17	14	14
	Leisure Development	313	336	300
		330	350	314
Leisure Centres	One Leisure Huntingdon	599	654	590
	One Leisure Ramsey	403	408	433
	One Leisure Sawtry	416	426	421
	One Leisure St Ives	500	722	438
	One Leisure St Neots	378	434	307
	Leisure Centres Overall	51	57	50
		2,347	2,701	2,239
Community Facilities	Priory Centre	21	39	22
		21	39	22
	Community Services	5,626	5,836	5,396
Community Safety				
Community Safety	C C T V	171	173	170
	Community Safety	233	257	223
		404	430	393
	Community Safety	404	430	393
Housing Services				
Housing Services	Choice Based Lettings	30	38	39
	Housing Advice	284	262	264
	Housing Strategy	149	114	114
	Waiting List	328	321	321
	Other Housing Services	114	101	88
		905	836	826

SERVICE BUDGET		2012/13		2013/14
		Original	Forecast	Budget
		£'000	£'000	£'000
Private Housing Support	Home Improvement Agency	67	25	22
	Housing Associations	160	275	273
	Housing Surveys	25	34	34
	Renovation/Improvement Grants	2,107	1,104	1,855
	Housing Support - Elderly	25	30	29
		2,384	1,468	2,213
Homelessness	Accommodation For Homeless	79	79	117
	Homelessness Management	404	476	576
	Homeless Prevention	169	234	180
	Hostel Support	106	84	94
		758	873	967
Housing Benefits	Housing Benefits Admin	1,402	1,277	1,248
	Rent Allowance Local Scheme	14	15	15
	Rent Allowance National Scheme	-293	-203	-157
	Temporary Accomodation Support	143	178	183
		1,266	1,267	1,289
Housing Services		5,313	4,444	5,295
Highways & Transportation				
Transportation Strategy	Cycling	31	67	34
	Transportation Management	245	176	180
	Transport Schemes	126	139	574
		402	382	788
Public Transport	Bus Shelters	97	86	96
	Bus Stations	109	109	111
	Concessionary Fares	15	11	12
		221	206	219
Street Naming	Street Naming	145	122	142
		145	122	142
Car Parks	Car Park Assets	117	96	116
	Car Park Management	-442	-348	-490
	Car Park Policy	-18	46	48
		-343	-206	-326
Environmental Improvements	Management	102	100	105
	Schemes	245	244	244
		347	344	349
Highways & Transportation		772	848	1,172
Corporate Services				
Local Taxation & Benefits	Council Tax	941	799	817
	Council Tax Benefits/Support	297	409	544
	NNDR Administration	-21	-16	-10
		1,217	1,192	1,351
Corporate Management	Chief Executive & Management Team	421	730	693
	External Audit	164	179	180
	Public Accountability	482	358	365
	Treasury Management	126	135	106
		1,193	1,402	1,344
Democratic Services	Corporate Committees	546	484	501
	Member Allowances & Support	890	809	846
		1,436	1,293	1,347

SERVICE BUDGET		2012/13		2013/14
		Original	Forecast	Budget
		£'000	£'000	£'000
Central Services	Elections	441	398	352
	Emergency Planning	92	88	89
	Land Charges	-27	7	-46
		506	493	395
Non Distributed Costs	Pensions	225	191	230
	ICT Services to Other Organisations	11	47	42
	Unused Capacity of Assets	61	13	0
		297	251	272
Corporate Services		4,649	4,631	4,709
Other Expenditure				
Contingency	Other Contingencies	-134	-27	225
		-134	-27	225
Other Expenditure	Capital Charges Reversed	-6,183	-5,244	-6,794
	Deferred Expenditure	0	-250	0
	Minimum Revenue Provision	906	824	1,255
	Items to be Allocated/Recharged to Services	320	-52	-58
	Pensions Lump Sum	896	896	1,139
	Grants to Parish/Town Councils	0	0	357
	Other Expenditure	29	30	21
		-4,032	-3,796	-4,080
Investment Interest	Interest	-11	-3	268
		-11	-3	268
Other Expenditure		-4,177	-3,826	-3,587
COUNCIL TOTAL		21,722	22,028	22,764

RESERVES AND THE ROBUSTNESS OF THE 2013/14 BUDGET

The Local Government Act 2003 requires me, as the Council's Chief Financial Officer, to report on the robustness of the 2013/4 budget and the adequacy of reserves to assist you in making your decisions on the Budget and the level of 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. As budgets tighten the opportunity for such underspends diminish.

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 2013/14 budget has been prepared using the budget for 2012/13 as a base, and amending it for known changes, particularly:

- Inflation including a 2% provision for the pay award that has already been approved. There will be no performance pay in 2013/14 except for some very limited and specific employees (e.g. therapists at Leisure Centres). Pay is by far the most significant inflation element and this prior agreement removes a major level of uncertainty.
- The impact of the 2011/12 outturn and forecast spending for 2012/13.
- Variations in existing and proposed new MTP schemes. A good proportion of these reflect savings rather than extra costs.

There have been some proposals included in previous MTPs that included an element of challenge which has not always turned out to be achievable. I am satisfied that adjustments have been made to transfer those elements where there is no fair expectation or clear plan of achievement into the "Unidentified Savings" line to increase robustness.

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 but much limited because the pay award has been determined
- further reductions in income due to the recession
- non-achievement of planned savings but limited by the transfers to unidentified 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, charges and recharges would amount to around £170k. In practice a number of these items are fixed for 2013/14 and the largest areas susceptible to variation are:

- Car Parks £1.9M
- Leisure Centres £7.1M
- Property £2.1M
- 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. In most cases the limit is £5M which is restricted 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 1% increase in general inflation (excluding pay), assuming no compensating increase in fees and charges was possible, would result in a net cost of approximately £23k.

Interest Rates

An increase in interest rates of 1% would cost £149k.

Revenue Reserves

These are estimated to be £10.8m at April 2013 and reduce to £8.5m by March 2014 in order to support revenue spending. This is still significantly above what would be considered a safe minimum level when considering the 2013/14 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 2013/14.

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 2013/14.

However, it remains critical that:

- Effective progress is made in identifying how the Unidentified Savings for future years will be achieved and where practicable these are brought on-stream as soon as possible.
- That careful monitoring continues to take place recognising that there are certain key areas subject to volatility. These include income from fees and charges, homelessness and the level of housing completions that result in New Homes Bonus.
- The new areas of Council Tax Support and retained Business Rates will also require monitoring to ensure that the impact of any significant changes is promptly addressed.

Terry Parker
Managing Director (Resources)

ANNEX H

ASSUMPTIONS

INFLATION	<i>for Apr 2013</i>	<i>for Apr 2014</i>	<i>for Apr 2015</i>	<i>for Apr 2016</i>	<i>for Apr 2017</i>
<i>Pay award</i>	2.0%	2.0%	2.0%	2.0%	2.0%
<i>Prices</i>	2.5%	2.5%	2.5%	2.5%	2.5%
<i>electricity</i>	0.7%	4.0%	3.8%	5.0%	5.0%
<i>gas</i>	16.7%	0.0%	5.0%	9.6%	5.0%
<i>fuel</i>	1.0%	5.0%	5.0%	5.0%	5.0%
<i>car park charges</i>				10%	
<i>planning fees</i>				10%	

INTEREST RATES	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Temporary Borrowing	0.3%	0.4%	0.4%	0.76%	1.2%
Temporary Investments	0.7%	0.6%	0.6%	0.86%	1.3%
PWLB 20 year borrowing	3.63%	3.73%	3.80%	4.05%	4.30%

CONTROLLABLE BUDGET

The Controllable budget shows the total budget allocated to the Head of Service or, in a few cases, Managing Director responsible for managing and controlling the spending. There are some items in the Unallocated section that will be allocated once the budget is approved e.g. the inflation provision for 2013/14

The Controllable Budget is the fundamental focus for budgetary control within the authority. Bespoke formats are used when necessary e.g. pay-back on proposed projects, option choice, setting fees and charges.

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.

KEY: Approval required by:

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

February 2013

SUMMARY

	REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS						
	Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP			
	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017
	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018
	£000	£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																					
	2012/13 Budget and MTP	670	670	622	572	544	544	544													
	VARIATION		-61	15	8	17	4	22		8											
	PROPOSED 2013/14 Budget and MTP	670	609	637	580	561	548	566		8											
Head of Legal & Democratic Services																					
	2012/13 Budget and MTP	1,806	1,806	1,710	1,770	1,744	1,744	1,671	140	140	109	11	253	85							
	VARIATION		-47	-50	-16	-11	-16	-21		-110	87		-232	154	83						
	PROPOSED 2013/14 Budget and MTP	1,806	1,759	1,660	1,754	1,733	1,728	1,650	140	30	196	11	21	239	83						
		£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																					
	2012/13 Budget and MTP	2,250	2,250	2,143	2,141	2,189	2,134	2,134	-15	-15					580	580					
	VARIATION		-56	10	10	10	10	10		55	60				-472	405					
	PROPOSED 2013/14 Budget and MTP	2,250	2,194	2,153	2,151	2,199	2,144	2,144	-15	40	60				580	108	405				
Head of Operations																					
	2012/13 Budget and MTP	4,168	4,168	3,981	3,977	3,774	3,736	3,736	1,015	1,015	1,275	1,143	1,409	780							
	VARIATION		265	158	-35	73	110	108		701	456	3	-557	37	1,079			139	79	65	55
	PROPOSED 2013/14 Budget and MTP	4,168	4,433	4,139	3,942	3,847	3,846	3,844	1,015	1,716	1,731	1,146	852	817	1,079			139	79	65	55
Head of Planning Services																					
	2012/13 Budget and MTP	2,044	2,044	1,898	1,404	1,187	982	997	6,492	6,492	2,512	687	729	508	-474	5,801	5,801	1,691	1,142	1,100	1,574
	VARIATION		70	-22	187	206	205	5		-4,817	4,048	-207	671	892	1,824	-3,599	4,406	758	-700	-1,174	400
	PROPOSED 2013/14 Budget and MTP	2,044	2,114	1,876	1,591	1,393	1,187	1,002	6,492	1,675	6,560	480	1,400	1,400	1,350	5,801	2,202	6,097	1,900	400	400
Head of Environmental Management																					
	PROPOSED 2013/14 Budget and MTP	976	928	893	893	893	893	893	-900	-570	-420	50			900	575	420				
	2012/13 Budget and MTP	2,589	2,589	2,522	2,516	2,511	2,472	2,472	-1,989	-1,989	-1,053	231	71	72	2,281	2,281	1,245				
	VARIATION		-36	-24	-34	-34	1	1		1,640	-841	120	82	55	55	-1,706	1,206	498			
	PROPOSED 2013/14 Budget and MTP	2,589	2,553	2,498	2,482	2,477	2,473	2,473	-1,989	-349	-1,894	351	153	127	55	2,281	575	2,451	498		

SUMMARY

		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS							
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Head of Customer Services																							
	2012/13 Budget and MTP	2,750	2,750	2,876	2,869	2,869	2,869	2,869	136	136													
	VARIATION		-7	72	49	49	49	49		102													
	PROPOSED 2013/14 Budget and MTP	2,750	2,743	2,948	2,918	2,918	2,918	2,918	136	238													
Head of IMD																							
	2012/13 Budget and MTP	1,927	1,927	1,900	1,941	1,906	1,876	1,876	565	565	252	252	352	572									
	VARIATION		-14	-6	-71	-71	-71	-91		-90	306	75	-25	427									
	PROPOSED 2013/14 Budget and MTP	1,927	1,913	1,894	1,870	1,835	1,805	1,785	565	475	558	327	327	572	427								
General Manager, One Leisure																							
	2012/13 Budget and MTP	497	497	157	-90	-286	-279	-296	4,329	4,329	697	422	672	535									
	VARIATION		102	111	-73	42	44	44		-981	852	-100	-100	-150	550	250	53						
	PROPOSED 2013/14 Budget and MTP	497	599	268	-163	-244	-235	-252	4,329	3,348	1,549	322	572	385	550	250	53						
Head of Financial Services																							
	2012/13 Budget and MTP	3,651	3,651	4,354	5,007	5,443	5,825	6,122	-15	-15					15	15							
	VARIATION		-68	170	315	288	268	485															
	PROPOSED 2013/14 Budget and MTP	3,651	3,583	4,524	5,322	5,731	6,093	6,607	-15	-15					15	15							
Non-Allocated Items																							
	2012/13 Budget and MTP	-630	-630	136	735	1,730	2,462	3,238	112	112	198	223	414	315	3,231								
	VARIATION		158	31	-984	-1,425	-1,923	-1,748			-95	-71	-92	11	-2,808								
	PROPOSED 2013/14 Budget and MTP	-630	-472	167	-249	305	539	1,490	112	112	103	152	322	326	423								
TOTAL BUDGET																							
	2012/13 Budget and MTP	21,722	21,722	22,299	22,842	23,611	24,365	25,363	10,770	10,770	3,990	2,969	3,900	2,867	2,757	8,677	8,677	2,936	1,142	1,100	1,574		
	VARIATION		306	465	-644	-856	-1,319	-1,136		-3,492	4,873	-180	-253	999	1,210	-5,527	6,070	1,395	-621	-1,109	455		
	PROPOSED 2013/14 Budget and MTP	21,722	22,028	22,764	22,198	22,755	23,046	24,227	10,770	7,278	8,863	2,789	3,647	3,866	3,967	8,677	3,150	9,006	2,537	479	465	455	

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		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS						
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP			
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017
		2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018
		£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																						
Management Units		Managing Directors																				
		PROPOSED 2013/14 Budget and MTP																				
		363	363	363	363	363	363	363														
Planning		Economic Development																				
#	Town Centre Partnerships - reduced funding	-40	-40	-40	-40	-40	-40	-40														
		PROPOSED 2013/14 Budget and MTP																				
		110	110	110	110	110	110	110														
Corporate Services		Community initiatives																				
		PROPOSED 2013/14 Budget and MTP																				
		37	37	37	37	37	37	37														
Management Units		Corporate Management																				
		PROPOSED 2013/14 Budget and MTP																				
		59	59	59	59	59	59	59														
Internal Services		Non-Distributed Costs (historic pensions increase)																				
		PROPOSED 2013/14 Budget and MTP																				
		223	223	223	223	223	223	223														
Management Units		Corporate Office MU																				
#	Back Office - Reorganisation (part)	-45	-165	-110	-110	-110	-110	-110														
	Corporate Office Saving		-11	-11	-11	-11	-11	-11														
		PROPOSED 2013/14 Budget and MTP																				
		1,143	1,012	1,067	1,067	1,067	1,067	1,067														
Planning		HR & Payroll																				
#	Back Office - Reorganisation (part)	-5	-5	-5	-5	-5	-5	-5														
1001	Cover for Staff Side Representatives	50	50	50	25	25	25	25														
1008	HR & Payroll Outsourcing		38	17	5	-8	-21	-3														
1007	Pay Review		13	15																		
		PROPOSED 2013/14 Budget and MTP																				
		301	352	333	281	268	255	273														
Management Units		Economic Development (Estates)																				
239	New Industrial Units		19	11	6																	
509	Industrial Estate Repairs															8						
		PROPOSED 2013/14 Budget and MTP																				
		-1,566	-1,547	-1,555	-1,560	-1,566	-1,566	-1,566								8						
		2012/13 Budget and MTP																				
		670	670	622	572	544	544	544														
		VARIATION																				
			-61	15	8	17	4	22								8						
		PROPOSED 2013/14 Budget and MTP																				
		670	609	637	580	561	548	566								8						

		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS						
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP			
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	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	£000	£000	
Head of Legal & Democratic Services																						
Environmental Services		Environmental Health (Licensing)																				
#	Licensing - efficiency and higher charges	-7	-39	-54	-42	-42	-42															
PROPOSED 2013/14 Budget and MTP		-281	-313	-328	-316	-316	-316															
Corporate Services		Democratic representation																				
825	Members Allowances Review				4																	
826	Electoral Administration Act			-8	-3	-5	-5															
885	District Council Elections - No elections every 4th year			-73	10	10	-73															
	Twinning		-2	-2	-2	-2	-2															
	Overview & Scrutiny Panels		-6	-6	-6	-6	-6															
PROPOSED 2013/14 Budget and MTP		507	499	418	510	504	499	421														
Internal Services		Document Centre																				
380	Replacement Printing Equip.							70		70			208									
895	Multi-functional Devices							2		80											80	
#	Document Centre - efficiency and external work	-7	-7	-17	-27	-42	-42															
894	Replacement Equipment Document Centre		-7					70	28	46	11	21	31	3								
PROPOSED 2013/14 Budget and MTP		500	493	490	480	465	465	140	30	196	11	21	239	83								
Management Units		Legal & Democratic Services																				
#	Back Office - Reorganisation (part)	-2	-2	-2	-2	-2	-2															
PROPOSED 2013/14 Budget and MTP		1,080	1,080	1,080	1,080	1,080	1,080	1,080														
2012/13 Budget and MTP		1,806	1,806	1,710	1,770	1,744	1,744	1,671	140	140	109	11	253	85								
VARIATION		-47	-50	-16	-11	-16	-21	-110	87	-232	154	83										
PROPOSED 2013/14 Budget and MTP		1,806	1,759	1,660	1,754	1,733	1,728	1,650	140	30	196	11	21	239	83							

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		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS						
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP			
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017
		2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018
		£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																				
911	House Condition Survey					55																
927	Air Quality Monitoring Equipment	-30	-36							30	36											
PROPOSED 2013/14 Budget and MTP		166	160	196	196	251	196	196	30	36												
Planning Policy & Conservation																						
953	Parish Planning					-7	-7	-7														
PROPOSED 2013/14 Budget and MTP		8	8	8	8	1	1	1														
Community Services		Community initiatives																				
992	Ramsey Library Development																					
952	Loves Farm Community Centre								-45		60				580	108	405					
863	Community Facilities Grants	-51	-51	-106	-106	-106	-106	-106														
423	Community Information Project									4												
PROPOSED 2013/14 Budget and MTP		368	368	313	313	313	313	313	-45	4	60				580	108	405					
Sport and Active Lifestyles																						
845	Physical Activity Initiatives for Adults			-7	-9	-9	-9	-9														
PROPOSED 2013/14 Budget and MTP		202	202	195	193	193	193	193														
Community safety		Community Safety																				
PROPOSED 2013/14 Budget and MTP		32	32	32	32	32	32	32														
Internal Services		Health and Safety																				
#	Back Office - Reorganisation (part) - transfer of H&S																					
PROPOSED 2013/14 Budget and MTP		33	33	33	33	33	33	33														
Management Units		Environmental & Community Health MU																				
#	Environmental & Community Health savings		-50	-65	-65	-65	-65	-65														
PROPOSED 2013/14 Budget and MTP		1,441	1,391	1,376	1,376	1,376	1,376	1,376														
2012/13 Budget and MTP		2,250	2,250	2,143	2,141	2,189	2,134	2,134	-15	-15					580	580						
VARIATION			-56	10	10	10	10	10	55	60				-472	405							
PROPOSED 2013/14 Budget and MTP		2,250	2,194	2,153	2,151	2,199	2,144	2,144	-15	40	60				580	108	405					

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		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS						
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP			
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017
		2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Head of Operations																						
Environmental Services																						
	Refuse collection & Recycling																					
969	Recycling Gate Fees	-147	-199	-138	-180	-275	-275	-275														
948	Provision for Bin Replacements								33	33	38	48	60	75	75							
979	Wheeled Bins for New Properties								143	143	143								139	79	65	55
#	Reduce refuse collection by one round	-82																				
650	Recycling Credits		14	-24	-24	-24	-24	-24														
	Charges for 2nd Green Bin			-101	-158	-158	-158	-158			20	28										
	Extra refuse round due to housing growth							120							148							
	PROPOSED 2013/14 Budget and MTP	2,027	2,071	1,993	1,894	1,799	1,799	1,919	176	176	201	76	60	75	223				139	79	65	55
	Drainage and sewers																					
	PROPOSED 2013/14 Budget and MTP	11	11	11	11	11	11	11														
	Street cleaning and litter																					
	PROPOSED 2013/14 Budget and MTP	1,031	1,031	1,031	1,031	1,031	1,031	1,031														
Planning																						
43																						
	Markets																					
1013	Market income reduction		57	57	57	57	57	57														
	PROPOSED 2013/14 Budget and MTP	-167	-110	-110	-110	-110	-110	-110														
Community safety																						
	CCTV																					
865	CCTV - Camera replacements								27	44	41	81	45	43	44							
1023	Wireless CCTV				-80	-80	-80	-80			250											
	PROPOSED 2013/14 Budget and MTP	219	219	219	139	139	139	139	27	44	291	81	45	43	44							
Community Services																						
	Countryside																					
#	Countryside - reduce staff and increase income	-48	-48	-48	-48	-48	-48	-48														
1024	Paxton Pits Developer Contribution							-120														
	PROPOSED 2013/14 Budget and MTP	311	311	311	311	311	311	191														

		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS							
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
854	Parks																						
	Play Equipment & Safety Surface Renewal								20	30	45	40	40	20	20								
	PROPOSED 2013/14 Budget and MTP	13	13	13	13	13	13	13	20	30	45	40	40	20	20								
Highways & Transportation	Car parks																						
	# Increase in car park charges	-160	33	-174	-192	-192	-193	-195															
	PROPOSED 2013/14 Budget and MTP	-1,371	-1,178	-1,385	-1,403	-1,403	-1,404	-1,406															
Corporate Services	Central services (emergency planning)																						
	PROPOSED 2013/14 Budget and MTP	32	32	32	32	32	32	32															
Management Units	Operations																						
	PROPOSED 2013/14 Budget and MTP	1,046	1,046	1,046	1,046	1,046	1,046	1,046															
Internal services	Grounds Maintenance																						
991	Agency Worker Regulations		-29	-24	-24	-24	-24	-24															
	PROPOSED 2013/14 Budget and MTP	770	741	746	746	746	746	746															
	Other internal services (vehicles & plant)																						
886	Vehicle fleet replacements.								792	1,393	1,124	949	707	679	792								
	In Cab Technology			5	5	5	5	5			70												
	PROPOSED 2013/14 Budget and MTP	226	226	231	231	231	231	231	792	1,393	1,194	949	707	679	792								
Internal Services	Pool Cars																						
1026	Additional Pool vehicles			-19	-19	-19	-19	-19		73													
	PROPOSED 2013/14 Budget and MTP	20	20	1	1	1	1	1		73													
	2012/13 Budget and MTP	4,168	4,168	3,981	3,977	3,774	3,736	3,736	1,015	1,015	1,275	1,143	1,409	780									
	VARIATION		265	158	-35	73	110	108		701	456	3	-557	37	1,079			139	79	65	55		
	PROPOSED 2013/14 Budget and MTP	4,168	4,433	4,139	3,942	3,847	3,846	3,844	1,015	1,716	1,731	1,146	852	817	1,079			139	79	65	55		

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		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS							
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
46	Management units	Public transport																					
		818 Railway Stations - Improvements								20	38												
		PROPOSED 2013/14 Budget and MTP	10	10	10	10	10	10	10	20	38												
		Car parks (policy)																					
		923 Extra Car Parking, Huntingdon Town Centre	57		57	130	37	-149	-334	3,767	500	3,973	-1,000	250	250	1,000							
		PROPOSED 2013/14 Budget and MTP	57		57	130	37	-149	-334	3,767	500	3,973	-1,000	250	250	1,000							
		Planning MU																					
		PROPOSED 2013/14 Budget and MTP	2,029	2,029	2,029	2,029	2,029	2,029	2,029														
		Housing Services																					
		PROPOSED 2013/14 Budget and MTP	-18	-18	-18	-18	-18	-18	-18														
Management Units		Private housing support																					
		866 Disabled Facilities Grants								1,298	800	1,550	1,250	1,250	1,250	1,250	400	452	400	400	400	400	400
		867 Repairs Assistance								100	134	100	100	100	100	100							
		932 Decent Homes - Thermal Efficiency & Category 1 H&S									15	50	50	50	50	53							
		869 Social Housing Grant								237	120	118											
		PROPOSED 2013/14 Budget and MTP	61	61	61	61	61	61	61	1,635	1,069	1,818	1,400	1,400	1,400	1,350	453	452	400	400	400	400	400
		Housing MU	268	268	268	268	268	268	268														
		PROPOSED 2013/14 Budget and MTP	268	268	268	268	268	268	268														
		2012/13 Budget and MTP	2,044	2,044	1,898	1,404	1,187	982	997	6,492	6,492	2,512	687	729	508	-474	5,801	5,801	1,691	1,142	1,100	1,574	
		VARIATION		70	-22	187	206	205	5	-4,817	4,048	-207	671	892	1,824	-3,599	4,406	758	-700	-1,174	400		
PROPOSED 2013/14 Budget and MTP	2,044	2,114	1,876	1,591	1,393	1,187	1,002	6,492	1,675	6,560	480	1,400	1,400	1,350	5,801	2,202	6,097	1,900	400	400	400		

		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS						
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP			
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	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	£000	£000	£000
Head of Environmental Management																						
Environmental Services	Drainage and sewers																					
	1009 Godmanchester Flood Aleviation Scheme																					
	PROPOSED 2013/14 Budget and MTP	446	446	446	446	446	446	446	175													
1003	Public conveniences																					
	South Street, St Neots								-15							15						
	PROPOSED 2013/14 Budget and MTP	20	20	20	20	20	20	20	-15							15						
879	Environmental Health (energy efficiency)																					
	Environment Strategy Funding								55 95 55 55 55 55													
880	Sustainable Homes Retrofit								-415							415						
882	Energy and Water Efficiency																					
918	Building Efficiency Improvements (Salix Grant)	-33	-6	-52	-78	-104	-124	-124	58 96 77 95 98 72													
918	Building Effic. Imps (Potential LC proportion)	21	6	52	62	83	99	99														
987	PV Panels - Other locations																					
989	St Neots District Heating Scheme								30 30													
	PROPOSED 2013/14 Budget and MTP	68	80	60	44	39	35	35	143 221 -283 150 153 127 55							415						
47	Closed Churchyards																					
	PROPOSED 2013/14 Budget and MTP	5	5	5	5	5	5	5														
Planning	Building Control																					
	PROPOSED 2013/14 Budget and MTP	-581	-581	-581	-581	-581	-581	-581														
Highways & Transportation	Public transport																					
	PROPOSED 2013/14 Budget and MTP	106	106	106	106	106	106	106														
	Highways Services (street naming)																					
	PROPOSED 2013/14 Budget and MTP	41	41	41	41	41	41	41														

		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS							
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	
		2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
		Car parks (assets)																					
461	Car Park Repairs								60			151											
166	St Neots - Cambridge Road Car Park								89														
PROPOSED 2013/14 Budget and MTP		46	46	46	46	46	46	46	149			151											
		Environmental Improvements																					
703	Heart of Oxmoor								-1,366		-1,366					1,366			1,366				
	Chequers Court Public Realm																	250	498				
PROPOSED 2013/14 Budget and MTP		43	43	43	43	43	43	43	-1,366		-1,366					1,366		1,616	498				
		Environmental Management																					
PROPOSED 2013/14 Budget and MTP		1,419	1,419	1,419	1,419	1,419	1,419	1,419															
		Offices																					
		MTP Variations																					
890	Headquarters								-900	-575	-420					900	575	420					
986	Major repairs and replacements											50											
#	Rental of space in PFH	-44	-53	-88	-88	-88	-88	-88															
988	PV Panels EFH		-39	-39	-39	-39	-39	-39		5													
PROPOSED 2013/14 Budget and MTP		976	928	893	893	893	893	893	-900	-570	-420	50				900	575	420					
2012/13 Budget and MTP		2,589	2,589	2,522	2,516	2,511	2,472	2,472	-1,989	-1,989	-1,053	231	71	72	2,281	2,281	1,245						
VARIATION			-36	-24	-34	-34	1	1	1,640	-841	120	82	55	55	-1,706	1,206	498						
PROPOSED 2013/14 Budget and MTP		2,589	2,553	2,498	2,482	2,477	2,473	2,473	-1,989	-349	-1,894	351	153	127	55	2,281	575	2,451	498				

Management units

H D C Offices

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		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS						
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP			
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017
		2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Head of Customer Services																						
Planning		Economic Development (NDR relief)																				
		PROPOSED 2013/14 Budget and MTP																				
		30	30	30	30	30	30	30														
Housing Services		Housing benefits																				
		PROPOSED 2013/14 Budget and MTP																				
		-571	-571	-571	-571	-571	-571	-571														
Corporate Services		Local Taxation & Benefits																				
996	Loss of Fraud Team Funding (Part)			22		22		22		22												
994	Localisation of Council Tax Benefit (Reductions)			76		76		76		76												
995	Localisation of Council Tax Benefit (Admin Subsidy)			30		30		30		30												
994	Loss of overpayment subsidy			24		24		24		24												
1025	Cost of extra Post Office payments			25		25		25		25												
1017	Council Tax support module									65												
		PROPOSED 2013/14 Budget and MTP							65													
		-948	-948	-793	-771	-771	-771	-771														
Internal Services		Call Centre																				
981	Call Centre CRM Replacement			-5		-74		-74		-74		-74		136		173						
983	Automated Telephone Payments			-7		-7		-14		-14		-14										
1015	Line Rental Saving			-12		-24		-24		-24		-24										
		PROPOSED 2013/14 Budget and MTP							136 173													
		600	583	495	495	495	495	495														
Internal Services		Customer Service Centres																				
#	Close St Ives Customer Service Centre			-2		-2		-9		-9		-9										
#	Reduce hours at Huntingdon Customer Service Centre			-7		-14		-14		-14		-14										
		PROPOSED 2013/14 Budget and MTP							552 552 538 531 531 531 531													
		552	552	538	531	531	531	531														
Management Units		Customer Services MU																				
#	Customer Services - Staff savings			-33		-33		-48		-48		-48										
1018	Extra Council Tax staff			10		40		40		40		40										
		PROPOSED 2013/14 Budget and MTP							2,098 2,108 2,123 2,123 2,123 2,123 2,123													
		2,098	2,108	2,123	2,123	2,123	2,123	2,123														

		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS							
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	
		2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Management Units	Housing Services																						
	PROPOSED 2013/14 Budget and MTP	16	16	16	16	16	16	16															
	Homelessness																						
	945 Priority Needs Scheme (End of temporary Savings)	31	31	33	33	33	33	33															
	## Homelessness Grant			85	85	85	85	85															
	1020 Homeless Accommodation - Extra Cost			158	210	210	210	210															
	1019 Homeless Accommodation - Cost Reduction Schemes			-138	-170	-170	-170	-170															
	PROPOSED 2013/14 Budget and MTP	236	236	343	363	363	363	363															
	Housing																						
	993 Maintain Service Level (Advice and Homelessness)	35	35	65																			
	PROPOSED 2013/14 Budget and MTP	737	737	767	702	702	702	702															
	2012/13 Budget and MTP	2,750	2,750	2,876	2,869	2,869	2,869	2,869	136	136													
VARIATION		-7	72	49	49	49	49	102															
PROPOSED 2013/14 Budget and MTP	2,750	2,743	2,948	2,918	2,918	2,918	2,918	136	238														

		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS								
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP					
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2018	2012	2012	2013	2014	2015	2016	2017	2018
		£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 IMD																								
Internal Services																								
	Helpdesk & Network Services																							
959	Network and ICT Services	-130	-130	-129	-129	-59	-59	-59																
#	IMD Staff savings	-6	-6	-19	-19	-84	-84	-84																
#	IMD Contract Savings					-40	-40	-40																
970	Telephony and ICT Network Renewal													100	100									
976	ICT Replacements and Server Virtualisation		-10						322	237	258	57	57	277	57									
#	Help Desk										75	75	75	75	75									
	PROPOSED 2013/14 Budget and MTP	874	864	862	862	827	827	827	322	237	333	132	132	377	232									
	Web & Business Systems																							
#	IMD Shared Service Income (part)	-3	-3	-15	-10	-10	-10	-30																
	PROPOSED 2013/14 Budget and MTP	267	267	255	260	260	260	240																
	Corporate Systems																							
	PROPOSED 2013/14 Budget and MTP	237	237	237	237	237	237	237																
	Business Analysis & Project Management																							
891	Business Systems	-4	-4	-4	-28	-28	-58	-58	220	225	225	195	195	195	195									
900	Working Smarter	-21	-21	-21	-21	-21	-21	-21	23	13														
#	IMD Shared Service Income (part)	-2	-2	-5	-10	-10	-10	-10																
	PROPOSED 2013/14 Budget and MTP	356	356	353	324	324	294	294	243	238	225	195	195	195	195									
	Corporate																							
1002	Business Continuity Review	10	6	4	4	4	4	4																
	PROPOSED 2013/14 Budget and MTP	10	6	4	4	4	4	4																
	Head of IMD																							
	PROPOSED 2013/14 Budget and MTP	183	183	183	183	183	183	183																
	2012/13 Budget and MTP	1,927	1,927	1,900	1,941	1,906	1,876	1,876	565	565	252	252	352	572										
	VARIATION		-14	-6	-71	-71	-71	-91		-90	306	75	-25	427										
	PROPOSED 2013/14 Budget and MTP	1,927	1,913	1,894	1,870	1,835	1,805	1,785	565	475	558	327	327	572	427									

General Manager, One Leisure

		REVENUE						NET CAPITAL						CAPITAL GRANTS AND CONTRIBUTIONS								
		Budget	F'cast	Budget	MTP			Budget	F'cast	Budget	MTP			Budget	F'cast	Budget	MTP					
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017
		2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018	2013	2013	2014	2015	2016	2017	2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Community Services	Leisure Centres																					
	857 St Neots LC Development	-149	-149	-149	-149	-209	-209	-209					250									
	896 St Ivo LC - Football Improvements								-25	-53					25	53						
	922 St Ivo LC Redevelopment	-176	-88	-350	-541	-563	-561	-578	3,080	3,208	1,000				225							
	861 Future maintenance	-42	-42	-42	-42	-42	-42	-42	612	109	272	322	322	385	550							
	956 Replacement Fitness Equipment	20	20	-22	-22	-22	-22	-22	77	22	330											
	Additional savings proposals	-136	-136	-162	-403	-402	-401	-401														
	1000 Ramsey Development	-20							560													
	22 CCTV Improvements									13												
	1006 OLSI Replacement Tractor & Mower		-6	-6	-6	-6				21												
	PROPOSED 2013/14 Budget and MTP	289	391	60	-371	-452	-443	-460	4,329	3,348	1,549	322	572	385	550	250	53					
Management units	Leisure MU																					
	PROPOSED 2013/14 Budget and MTP	208	208	208	208	208	208	208														
	2012/13 Budget and MTP	497	497	157	-90	-286	-279	-296	4,329	4,329	697	422	672	535								
	VARIATION		102	111	-73	42	44	44		-981	852	-100	-100	-150	550	250	53					
	PROPOSED 2013/14 Budget and MTP	497	599	268	-163	-244	-235	-252	4,329	3,348	1,549	322	572	385	550	250	53					

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		REVENUE							NET CAPITAL							CAPITAL GRANTS AND CONTRIBUTIONS																				
		Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP				Budget	F'cast	Budget	MTP																	
		2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2012	2012	2013	2014	2015	2016	2017	2018													
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000													
Non-Allocated Items																																				
Non-Allocated Items																																				
Recharges to non-revenue accounts																																				
Revenue staff charged to capital									50	50	50	50	50	50	50																					
PROPOSED 2013/14 Budget and MTP		-562	-562	-562	-562	-562	-562	-562	50	50	50	50	50	50	50																					
Risk Provision																																				
Reduced New Homes Bonus (lower completions)																																				
Formula Grant reduction due to New Homes Bonus																																				
Lower increase in car park charges																																				
Provision for demographic growth																																				
Protection and Performance Pay																																				
Lower Council Tax Increases																																				
Homelessness																																				
A14 Funding Contribution																																				
MMI Drawdown																																				
PROPOSED 2013/14 Budget and MTP		340							1,078							1,599							2,567							3,085						
Other items																																				
2012/13 Forecast - other net variations																																				
Back Office - Reorganisation (part)																																				
Capital Inflation																																				
Capital Provision																																				
919	E-Marketplace	-25	-25	-28	-28	-28	-28	-28																												
Future Capital Provision (outturn prices)																																				
Grant to Towns and Parishes (Loss of Taxbase)																																				
Previous allowances review																																				
Reorganisation - Senior managers		-306	-233	-345	-395	-395	-395	-395																												
Revenue Inflation																																				
Schemes brought forward																																				
Schemes carried forward																																				
Spending Adjustments still to be identified																																				
VAT Partial Exemption																																				
Roundings																																				
PROPOSED 2013/14 Budget and MTP		-68	90	388	-766	-732	-1,467	-1,033	62	62	53	102	272	276	373																					
2012/13 Budget and MTP		-630	-630	136	735	1,730	2,462	3,238	112	112	198	223	414	315	3,231																					
VARIATION		158	31	-984	-1,425	-1,923	-1,748	-95	-71	-92	11	-2,808																								
PROPOSED 2013/14 Budget and MTP		-630	-472	167	-249	305	539	1,490	112	112	103	152	322	326	423																					
2012/13 Budget and MTP		21,722	21,722	22,299	22,842	23,611	24,365	25,363	10,770	10,770	3,990	2,969	3,900	2,867	2,757	8,677	8,677	2,936	1,142	1,100	1,574															
TOTAL BUDGET VARIATION		306	465	-644	-856	-1,319	-1,136	-3,492	4,873	-180	-253	999	1,210	-5,527	6,070	1,395	-621	-1,109	455																	
PROPOSED 2013/14 Budget and MTP		21,722	22,028	22,764	22,198	22,755	23,046	24,227	10,770	7,278	8,863	2,789	3,647	3,866	3,967	8,677	3,150	9,006	2,537	479	465	455														

**OVERVIEW AND SCRUTINY
CABINET
COUNCIL**

**7 February 2013
14 February 2013
20 February 2013**

2013/14 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 that it reflects relevant Government advice.
- 1.2** CIPFA issued a revised version of their code of practice in 2011; this years' strategy is based upon it along with the Government's guidance, which 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 maximising the interest earned.
- 1.3** When the Government removed its controls on capital expenditure 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.
- 1.4** The proposed Treasury Management Policy (Annex B) and the 2013/14 Strategy (Annex C) are attached. A new element for 2013/14 in both the Policy and Strategy is the potential for the Council to provide loan finance to local organisations that can support Council services or to organisations where the Council may make a margin on the loan subject to adequate safeguards.
- 1.5** Overview and Scrutiny will consider this report on the 7th February 2013 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 and Strategy in Annex B.
 - b) The Treasury Management and Prudential Indicators for 2013/14 in Annex C.

BACKGROUND PAPERS:

Background files in Accountancy Section: Treasury Management Reports
Reports on the 2013/14 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
Clive Mason	Accountancy Manager	(01480) 388157

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, but 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, which consists of four 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.

Loans to Organisations

The Council may make loans to:

- local organisations, if this will allow the organisation to provide services that will further the Council's own objectives, and
- organisations where no service benefits are involved, but with the objective of earning a margin on the amounts loaned.

In either case loans will only be made where all risks have been considered and appropriate safeguards are in place.

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 2013/14

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

Despite some stronger economic growth data towards the end of 2012, consumers are yet to loosen their purse strings and businesses are still reticent to make long-term investment decisions. The momentum in GDP growth is therefore unlikely to be sustained while uncertainty over the economic outlook persists. Consumer Price Inflation has fallen close to the Bank of England's 2% target, although it is expected to be affected by volatility in energy and commodity prices throughout 2013.

Having voted to increase quantitative easing by £50bn in July, the Bank's Monetary Policy Committee is waiting to assess the effectiveness of the Funding for Lending Scheme that started in August. Further asset purchases remain a distinct possibility, although there is a developing consensus that quantitative easing is becoming less effective.

The US Federal Reserve has responded to the slowdown in growth and employment with large scale asset purchases of \$40bn a month until the outlook for the labour market improves substantially. The US public finance 'fiscal cliff' nevertheless remains a serious risk unless a political solution is reached soon.

The Eurozone is making slow headway, with the European Stability Mechanism now operational, announcements on the Outright Monetary Transactions programme well received, and some progress being made towards banking union. These have placated markets and curtailed some of the immediate risks to the stability of the monetary union. A sustainable solution to the Eurozone crisis is some way off though, as fiscal integration and mutualisation of Eurozone sovereign debt liabilities remain politically unpalatable.

INTEREST RATE FORECASTS

The Council's treasury management adviser, Arlingclose, believes that it could be 2016 before official UK interest rates rise. The US Federal Reserve has signalled it will keep interest rates "at exceptionally low levels" until at least 2015. More QE is expected from the Bank of England, and together with the UK's safe haven status and minimal prospect of short-term rate rises, gilt yields are expected to remain near their current lows.

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.

	2013/14	2014/15	2015/16	2016/17	2017/18
	%	%	%	%	%
Temporary investments	0.70	0.60	0.60	0.86	1.30
PWLB 20 year borrowing (EOY)	3.63	3.73	3.80	4.05	4.30
Temporary borrowing	0.30	0.40	0.40	0.76	1.20

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 2012/13 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 2012/13 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 AND EXPECTED TREASURY PORTFOLIOS

The Council's position as at 31 December 2012 was:

INVESTMENTS & BORROWING		Principal Amount £m	Average Interest Rate %
Investments			
Short Term	- maturing by 31 st March 2013	7.6	0.64%
	- maturing 2013/14	5.0	
Long Term	- maturing later	0.0	4.85%
Total		12.6	2.31%
Borrowing			
Short term	- maturing by 31 st March 2013	0	0%
	- maturing 2013/14	0	0%
Long term	- maturing later	(10.0)	3.91%
Total		(10.0)	3.91%

Net Borrowing	£2.6m	3.81%
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Expected changes in portfolio

According to current cash flow forecasts, net borrowing is expected to increase to £15 million by 31st March 2013.

Budget implications

The budget for net interest received in 2012/13 was -£11K; as a result of actual interest rates and cash flow differing from the assumptions used in the budget, the forecast outturn is £11k.

The budget for net interest in 2013/14 is £280K.

THE COUNCIL'S FINANCIAL STRATEGY

BORROWING STRATEGY

As noted above, the Council currently holds £10m of long-term loans.

Planned borrowing strategy for 2013/14 and future years

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

	2013/ 2014 £m	2014/ 2015 £m	2015/ 2016 £m	2016/ 2017 £m	2017/ 2018 £m
Existing long term borrowing <i>available long term</i>	10.0	10.0	10.0	10.0	10.0
Revenue Reserves (EOY)	8.5	6.5	5.0	5.0	5.0
Provision for repaying loans (EOY)	2.9	4.5	6.5	8.7	11.4
Earmarked Reserves (EOY) ❶ <i>available on a year by year basis</i>	4.2	4.2	4.2	4.2	4.2
	15.6	15.2	15.7	17.9	20.6
Cash Flow benefit average <i>fluctuates from day to day</i>	7.5	7.5	7.5	7.5	7.5
FUNDING REQUIRED					
Capital Expenditure					
Brought Forward	(39.0)	(47.7)	(50.3)	(53.8)	(57.5)
Capital Expenditure in Year	(8.7)	(2.6)	(3.5)	(3.7)	(3.8)
Carried Forward	(47.7)	(50.3)	(53.8)	(57.5)	(61.3)
Fixed Term Investment (EOY) ❷					
Total Required Funding	(47.7)	(50.3)	(53.8)	(57.5)	(61.3)
<i>Excluding Use of Reserves</i>					
MAY BORROW	(37.7)	(40.3)	(43.8)	(47.5)	(51.3)
<i>Including Use of Reserves</i>					
MUST BORROW	(22.1)	(25.1)	(28.1)	(29.6)	(30.7)
NEED FOR FURTHER BORROWING – FUNDING IN ADVANCE					
MAY BORROW A FURTHER	(13.6)	(14.3)	(14.1)	(13.8)	(13.6)
NEED FOR FURTHER BORROWING – LOANS TO ORGANISATIONS					
MAY BORROW A FURTHER	(25.0)	(50.0)	(75.0)	(75.0)	(75.0)

Notes

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

❷ takes account of fact that the £5m of the £10m borrowed in anticipation is invested until 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 and Business Rate receipts will be different to the days the money is physically received from Council Tax and Business 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 whomever 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.

There is added uncertainty in 2013/14 due to changes in the arrangements for Business Rates and potential delays in the collection of Council Tax due to the new Benefits Scheme.

Borrowing – No Funding Activity

The amount of capital borrowing up until March 2014 (i.e. up to an estimated £37.7M) 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.

The MUST borrow amount represents the minimum amount that it is estimated that the Council will have to borrow if it uses its own reserves to fund part of the borrowing. The MAY borrow limit is based on using no internal funds for this purpose.

Borrowing – Funding in Advance

This additional limit is based on the 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. This 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% this would be extremely unlikely.

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 – Loans to Organisations

The amounts shown are indicative at this stage and any such loans to organisations would be subject to a separate approval by Cabinet.

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 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 adverse market movements affecting the cost of borrowing. 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 "Lender's Option Borrower's Option" deal, better known as 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'. This will include forward funding of the MTP and Loans to Organisations but the three elements will be kept separate. With regard to 2013/14:

1. £73m No Forward Funding Activity
 - temporary borrowing for cash flow purposes (£20m)
 - long term existing borrowing (£10m)
 - borrowing to fund the forecast capital programme (£38m)
 - an allowance for other long-term liabilities, such as finance leases (£5m)
2. £14m Long term based on maximum borrowing in advance
3. £25m Long term borrowing to finance Long Term loans to Other Organisations: £25m

INVESTMENT STRATEGY

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 and other organisations (further definition of the latter is shown below) 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 credit worthiness 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 (the exception being in respect of the domicile of Money Market Funds, see later section).

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.

Current account bank

Following a competitive tender exercise, in April 2010 the Royal Bank of Scotland was appointed to provide Banking Services in respect of the Council’s current accounts. With a long term rating of “A” (December 2012) the bank is close to the bottom of the above credit rating criteria for this type of institution.

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. The domicile for some of these funds can be in a low rated country; however as it is stipulated that the fund itself has to be Triple A, this is acceptable.

These funds will be used as appropriate taking account of comparative security and yields. During 2012/13, the Council used two money market funds, the:

- Public Sector Deposit Fund, operated by Church's, Charities and Local Authorities, and
- Ignis Liquidity Fund, operated by Ignis Asset Management.

If during 2013/14, where it becomes advantageous, further funds may be used.

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.

LOANS TO SUPPORT THE ACHIEVEMENT OF SERVICE OBJECTIVES

Opportunities will arise from time to time for the Council to further its objectives by making loans to local organisations or businesses. Such loans are considered to be investments as defined in this strategy. All such loans would require Cabinet approval and details of any risks pertaining to the loan would be included in the relevant Cabinet report. These loans would not be subject to the 5 year investment limit.

LOANS WITH SECURITY

The Localism Act potentially enables the Council to benefit from its low cost of borrowing to earn a margin by providing a loan to other bodies where no service benefits are involved. This option will be investigated but would only be implemented following legal and external audit confirmation of the statutory power, including consideration of the impact of the state aid regulations, and where security of the investment can be made through a legal charge on an adequate value of asset(s) to protect the Council from the possibility of default. If it is proposed to make such a loan, the Cabinet report requesting approval will include appropriate legal and valuation advice. These loans would not be subject to the 5 year investment limit.

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). In the late summer of 2012, Sterling Consultancy Services was transferred to Arlingclose, who are another independent firm of Treasury Management Advisors. The Council has received assurance that all contractual obligations will be met and to date the transfer has been seamless.

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. It should be noted that having external advisors does not negate the responsibility for Treasury Management decisions from the Council and its 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.

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 Loans to organisations																
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> <p>Loans to Organisations These will not require a specific credit rating but will be subject to individual approval by Cabinet.</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) – Country of Domicile for Money Market Funds – unlimited, providing the fund is AAA. <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</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																

	<p>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> <p>Loans to Organisations No limit in value or period.</p>
Benchmark	LGC 7 day rate

INVESTMENT LIMITS FOR INCREASES IN ADVANCE BORROWING

	Level of Borrowing in Anticipation		Rating Constraints
	from	to	
	£5M	£11M	
	£10M	£20M	
BUILDING SOCIETIES			
Assets over £2bn	£5M	£5M	
Assets over £1bn	£4M	£4M	
Rest of top 25 by assets	£3M	£3M	
BANKS & OTHER INSTITUTIONS			
F1+ or legal status	£5M	£5M	AA- if more than 1 year
F1	£4M	£4M	AA- if more than 1 year
LIQUIDITY ACCOUNTS			
Limit in liquidity account	£5M	£6M	F1+or legal status
Limit with any other investments in institution	£8M	£9M	
Time Deposits over 1 year in total	£20M	£30M	
Corporate Bonds in total	£5M	£8M	Not yet determined
Total	£20M	£30M	
TERRITORIAL LIMITS			
UK	Unlimited		
EU (excluding UK)	£20M	£20M	
EU Country (other than UK)	£10M	£10M	
Any other Country	£5M	£5M	

**CIPFA Prudential Code for Capital Finance in Local Authorities
Prudential Indicators and Treasury Management Indicators for 2013/14**

The relevant Prudential and Treasury Management indicators that need to reflect the potential borrowing to finance funding in advance and loans to organisations have been amended. Where no requirement is shown, the indicator only reflects what is included in the Council's Medium Term Plan.

All decisions relating to loans to organisations will be subject to approval by the Cabinet. Where these decisions will affect the relevant prudential or treasury indicators noted below, other than Item 7: "the authorised limit for external debt, retrospective approval will sought of Council at either the mid-year or full year reporting periods.

Prudential Indicators

1. Actual and Estimated Capital Expenditure

	2011/12 Actual £m	2012/13 Forecast £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Gross	8.0	10.4	17.9	5.3	4.1
Net	3.8	7.1	8.7	2.6	3.5

Loans to organisations will normally be treated as capital expenditure and would be in addition to the current capital programme.

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.

2011/12 Actual	2012/13 Forecast	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
0%	4%	7%	10%	11%

Assuming no borrowing in advance or loans to organisations.

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.

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Variation	(£2.15)	(£4.09)	(£2.48)
Cumulative	(£2.15)	(£6.24)	(£8.72)

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).

	31/3/12 Actual £m	2012/13 Forecast £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
No Funding Activity	21.9	28.2	35.6	36.6	38.1	39.6	40.2

In addition, this strategy makes provision for loans which may need to be treated as capital expenditure:

	0.0	0.0	25.0	50.0	75.0	75.0	75.0
Loans to Organisations							

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 year and any specific decisions to borrow in advance or make loans to organisations.

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 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 2012

£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 borrowing to fund capital rather than using reserves and the three elements (No activity, borrowing in advance and loans) will be controlled separately.

	2012/13 Limit £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Short term	20	20	20	20
Long term	40	48	50	54
Other long-term liabilities (leases)	5	5	5	5
Total - No Funding Activity	65	73	75	79
Long Term based on the maximum borrowing in advance	0	14	14	14
Long term borrowing to finance Long Term Loans to Organisations	0	25	50	75

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.

	2012/13 Limit £m	2013/14 Limit £m	2014/15 Limit £m	2015/16 Limit £m
Short term	15	15	15	15
Long term	41	48	50	54
Other long-term liabilities (leases)	5	5	5	5
Total – No Funding Activity	61	68	70	74
Plus any long term borrowing in advance	0	14	14	14
Plus any long term borrowing to finance long term loans to organisations	0	25	50	75

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.

At Council on the 19th December 2012, approval was given to a change in this indicator to enable it to better illustrate the Council's particular circumstances and reflect the interest rate exposure and relationship between long and short and borrowing and investing.

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".

		2013/14		2014/15		2015/16	
		Limits		Limits		Limits	
		Max	Min	Max	Min	Max	Min
Borrowing Longer than 1 year	Fixed	100%	75%	100%	75%	100%	75%
	Variable	25%	0%	25%	0%	25%	0%
Investments Longer than 1 year	Fixed	100%	100%	100%	100%	100%	100%
	Variable	0%	0%	0%	0%	0%	0%

11. Borrowing Repayment Profile

The proportion of borrowing in place during 2013/14 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%

This may be affected by any Funding in Advance or Loans to Organisations.

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.

	2013/14 £m	2014/15 £m	2015/16 £m
Limit on investments over 364 days as at 31 March each year.	32.6	32.6	33.2

This may be affected by any Funding in Advance or Loans to Organisations.

**OVERVIEW & SCRUTINY
(ECONOMIC WELL-BEING)**

7 FEBRUARY 2013

CABINET

21 MARCH 2013

**DOCUMENT CENTRE REVIEW
(Report by the Working Group).**

1. INTRODUCTION

- 1.1 On 3rd November 2011, the Overview and Scrutiny Panel (Economic Well-Being) established a Working Group to review the costs of the District Council's Document Centre and to form a view on its efficiency and cost effectiveness. Councillors G J Bull, S Greenall, R B Howe, A MacKender-Lawrence, T V Rogers, and A H Williams were appointed to the Working Group.
- 1.2 For the purposes of undertaking the review and to establish a trial methodology for future reviews, the Working Group agreed to form two teams to investigate:-
- ❖ the financial costs of the service; and
 - ❖ the operation of the service.
- 1.3 This report contains a summary of the work carried out and the Working Groups' findings and recommendations so far.

2. THE DOCUMENT CENTRE

- 2.1 The Document Centre was established in 2007 as part of the review of the Council's Headquarters and other accommodation. Its main roles are:
- ❖ Production and Procurement of printed matter;
 - ❖ Cheque Management;
 - ❖ Design and artwork;
 - ❖ Bulk despatches of mail;
 - ❖ Multi-Functional Devices;
 - ❖ Receipt, sorting, scanning and distribution of incoming post;
 - ❖ Preparation and despatch of outgoing post;
 - ❖ Courier service;
 - ❖ Procurement & provision of postal services; and
 - ❖ Generating external income.
- 2.2 The Financial Position of the Centre as at December 2011 is set out below:
- | | |
|-----------------------------------|-------|
| • Original Budget | £605k |
| • Latest Budget (2011/12) | £487k |
| • Savings Achieved Early | £14k |
| • External Income (to date 11/12) | £16k |
- 2.3 The current number of Full Time Equivalent (FTE) Staff is 12.08. This represents a reduction of 0.73 FTE since 2007.
- 2.4 An update financial summary of revenue expenditure is attached at Appendix A.

- 2.5 The Centre has a target to achieve £75,000 in efficiency savings by 2015/16 and is currently ahead of target.

3. INVESTIGATIONS

- 3.1 To assist them with their investigations, the Working Group has met with:-

- ❖ Mr A Lusha, Document Centre Manager;
- ❖ Mrs L Jablonska, Central Services Manager;
- ❖ Mr Colin Meadowcroft, Head of Legal & Democratic Services;
- ❖ Mr Nigel Green, Principal Accountant;
- ❖ Councillor J D Ablewhite, Executive Leader;
- ❖ Mr C Hall, Head of IMD; and
- ❖ Mrs S Campbell, Document Centre Team Leader.

- 3.2 The Group has also met with representatives from the One Leisure Service and the Planning Division. A tour of the Document Centre and its facilities has been undertaken. The Working Group is grateful to the staff for being open and accommodating and assisting them with their work.

4. SUMMARY OF FINDINGS

- 4.1 Overall, the Working Group is very impressed with the way the Document Centre is run and they are of the opinion that it operates effectively and efficiently. They recognise that the cost of running the Centre has been reduced by 10% in the last 3 years, that the level of operation has increased and they are not aware of any capacity issues. The Working Group has formed the view that there is scope to improve the financial performance of the Document Centre and a number of options have been considered through which this might be achieved. These are discussed in more detail below. However, in order to achieve this improvement in financial performance, significant levels of investment will be required.

(a) Internal Printing and Design

- ❖ The Working Group has recognised that to achieve further efficiency and cost savings, Document Centre facilities need to be used more by Council departments. The Centre is a more cost effective way of completing design and print jobs and all departments ought to be compelled to use their facilities for their design and printing requirements wherever possible. The Group has noted that there are a number of departments within the Council who were not fully utilising the Document Centre's facilities. Whilst there is already a Corporate Policy, the Working Group is of the view **that there is a need to establish a corporate mandate for all officers to use the services provided, as opposed to using MFDs and other commercial agencies.** The use of commercial agencies is something that will be referred to later. Greater use of the design service will ensure that the Council's corporate branding is consistently employed.
- ❖ It was evident that a number of individuals are making tens of thousands of copies on their MFD's which is not cost or time effective. **The Group has concluded that the number of Multi-Functional Devices per floor in Pathfinder House should be reduced to encourage more use of the Document Centre service.**
- ❖ From their discussions with representatives from the One Leisure Service it has been apparent that the Service is not aware of the Document Centre's capabilities and the Working Group has asked the Document Centre Manager

to meet with One Leisure representatives to discuss their printing requirements. In a similar light it was suggested that the Document Centre Manager should contact the NHS occupants of the Civic Suite to ascertain whether they might make use of any of the services provided by the Document Centre. **More generally, the Group is of the opinion that the Document Centre needs to clarify and advertise the services it can provide to internal users and that Council officers need to be educated on the use and cost of using ink colours in their printing requirements.**

- ❖ The Working Group has queried why the GIS department are in possession of their own wide format printer and whether this is cost effective.
- ❖ In terms of the preferred list of suppliers who are invited to undertake specialist printing work for the District Council, the Working Group has expressed concern that this might not be the most cost effective way to select an external supplier. **The list of suppliers should be subject to a rigorous procurement process.**
- ❖ **It is recommended that an investigation be undertaken to establish what marketing material is despatched from other services to establish whether higher quantities can be pooled together for printing at a lower rate.**

(b) Post, Mail Handling & Scanning

- ❖ The Working Group is content that overall the mail handling facility is working well and provides a cost effective service. **However Members are of the view that the existing arrangements for issuing Councillors' Mail should be reviewed.** For example Members have commented that a number of the letters they currently receive could be issued by email and that they often receive more than one individual posting on the same day.
- ❖ The Working Group has noted that there were only 6 departments currently involved within the Electronic Document Management project. It is not as far advanced within the District Council as might be expected and a significant number of licences are still available. (Annex A EDM Service Status Update provides further information). **The Group is of the opinion that the progress of EDM should be the subject of a separate investigation.**
- ❖ The Working Group has identified a potential issue which might hinder the roll out of EDM. MFD's cannot scan into Anite. At the time the MFD's were purchased this was not an option due to incompatibility issues. An update to Anite has since made this possible, however this option was not pursued due to MFD limitations e.g. there are no screens for checking scanned images. This would have an impact on the high degree of checking and verifying scanned images against original documents carried out as part of the strict control measures identified in Document Centre protocols.
- ❖ The Working Group has also noted that the Leisure Centres still have their own franking machines and that this was not a cost effective way of distributing mail. **Members are of the opinion that this could form part of the review of the postal arrangements referred to previously.**

(c) External Printing / Business Development

- ❖ The Working Group has formed the opinion that the Document Centre has the capacity to develop significantly its financial performance. This is discussed

further in the following bullet points. For example the printers only operate during normal working hours and there is considerable scope to undertake out of hours work. **To do this, the Council needs to determine whether it has the appetite to undertake significant levels of investment to develop the service.** The Council could provide a printing service to other public sector organisations, including other public sector authorities, charities, schools and voluntary organisations. In this respect, Members have noted the progress which has already been made in negotiations with Cambridge City Council to provide their printing services. They are optimistic that an agreement will be reached soon which will provide additional income for the Service.

- ❖ The Working Group has recognised that if it is to adopt this approach then the Council would need to produce a marketing plan for the service and to market it more proactively, though it is acknowledged that there is some scope to expand the service within existing resources. The service would also need to benchmark its costs against the commercial sector to determine its pricing strategy. The Centre will require its own Business Plan to establish a Strategic Long Term Vision for the service which will require the procurement of external commercial business development expertise.
- ❖ To this end certain members of the Group are willing to assist Management with the development of the Business Plan.
- ❖ The Working Group has recognised that assistance would be required to oversee such a programme and have suggested that the Council should establish a Management Board for this purpose. Given the current staffing arrangements, this proposal will also require additional resources to generate and follow-up sales opportunities. The Working Group has suggested that this will require a dedicated sales and marketing manager.
- ❖ In respect of the One Leisure Service, the Group has noted that 80% of their printing requirements are for litho printing and **has suggested that the Council should give consideration to the purchase of a Litho printer to enable the Document Centre to handle more of their workload.** It would also expand the range of services that the Document Centre is able to offer to other services.
- ❖ **The Group has suggested that there may be some merit in nominating a councillor ‘champion’ for the Centre** and Councillor A H Williams has volunteered for this purpose.

RECOMMENDATION

The Overview & Scrutiny Panel (Economic Well-Being) is **RECOMMENDED** to endorse the Working Group’s findings for submission to the Cabinet.

Contact Officers: **A Roberts, Tel 01480 388015**
 C Bulman, Tel 01480 388234

**BORROWING
(Report of the Working Group)**

1. INTRODUCTION

1.1 The Working Group has met on 17th October and on 19th December 2012 to:-

- ◆ identify the terms of the debate on the Council's policy on borrowing; and
- ◆ develop an understanding of the District Council's approach to borrowing.

2. THE WORKING GROUP'S DISCUSSIONS

2.1 The view has previously been expressed that there do not appear to be any constraints on long-term borrowing. The Working Group has sought to test this view by developing a theoretical model of what the Council's approach ought to be. Members have then assessed how this approach compares with the Council's current practices and future borrowing activities. The Working Group has only looked at long-term borrowing i.e. not that undertaken for cash flow purposes. For this reason the term borrowing to fund capital will be employed.

2.2 As part of their deliberations the following information was requested and provided by the Head of Financial Services:-

- ◆ a view of whether leasing or borrowing is the most cost-effective way of obtaining assets;
- ◆ the current level of reserves and borrowing;
- ◆ the current revenue impact of reserves and borrowing;
- ◆ the future impact of reserves and borrowing on the revenue budget (including these figures as a percentage of the budget);
- ◆ the Council's borrowing profile (period and amount);
- ◆ the current profile of projects for which borrowing is required showing the individual amounts and the terms of the loans and split between replacement and new assets;
- ◆ the position after 2016; and
- ◆ clarification of the terms employed on Page 63 of the budget and MTP 2012/2013.

2.3 The position after 2016 will be as follows:-

			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
NEED FOR BORROWING	Cash	FURTHER Flow	£m	£m	£m	£m	£m	£m	£m	£m
Excluding Benefit			22.9	23.5	24.1	24.5	25.0	25.4	25.9	26.5
MUST BORROW			54.2	57.7	61.3	65.0	68.8	72.7	76.7	80.8
Including Benefit										
MUST BORROW			13.3	13.9	14.5	14.9	15.4	15.8	16.3	16.9

- 2.4 The key concern is the effect of borrowing on the revenue budget. It is accepted that the Council may need to borrow to deliver what it needs to achieve. However, borrowing needs to be at an acceptable level. The Working Group has identified what it considers to be an acceptable level of borrowing. It has been suggested that borrowing that is revenue cost neutral or produces an income will be regarded as acceptable under the terms of a borrowing policy.
- 2.5 The following propositions have been put forward for consideration as part of the Working Group's deliberations:-
- ◆ the Council should only borrow where the cost cannot be afforded from revenue in the succeeding three years;
 - ◆ the policy will only apply to long-term borrowing ie. not that undertaken for cash flow purposes;
 - ◆ the Council should seek to identify a maximum figure for borrowing costs as proportion of the revenue budget. If a proposal for borrowing would mean that this figure is exceeded, reductions would need to be found elsewhere from existing projects that bring the overall cost of borrowing within an acceptable level;
 - ◆ if a project cannot be avoided and is of a significant magnitude, a referendum might be used to increase council tax to meet the cost; and
 - ◆ borrowing must be re-paid within the life of the asset.
- 2.6 The Working Group has considered these propositions and discussed them with the Head of Financial Services. It has concluded that the Council should adopt the following parameters for borrowing to fund capital:-
- (a) borrowing must be repaid within the life of the asset. The Minimum Revenue Provision, which is the statutory requirement to make a charge to revenue each year to cover the repayment of loans, is based on ensuring that borrowing is repaid within the expected life of the asset;
 - (b) where equipment is being replaced or capital expenditure is in a regular cycle e.g. refuse vehicles and disability grants – they should be funded out of revenue from a point to be determined. This should be as soon as practicable. The implementation date should be discussed by the full Panel. A use of reserves would be required to make the transition costs affordable and so further analysis by the Head of Financial Services will be required to determine whether this is feasible within the resources available to the Council. It is accepted that there will be fluctuating demands on the budget and consideration will need to be given as to how they are met at the time.
 - (c) the total cost of borrowing to fund capital should not exceed a particular proportion of the net revenue budget (5%, 10%, 15% or 20%). The exact amount should be a subject for discussion by the full Panel. This is not intended to artificially constrain the Council and remove the flexibility it needs to operate; instead it will serve to alert Members to the fact that there is likely to be an increase in the

profile of borrowing. The full Council will be able to authorise borrowing in excess of this figure when it approves the Budget each year.

- 2.7 It was also felt that Members did not challenge capital schemes as rigorously as revenue ones and so the Head of Financial Services has agreed to produce a “ready reckoner” so that Members can see the revenue consequences per £100k capital spend for a variety of asset lives and interest rates.

3. CONCLUSION

- 3.1 The Working Group has differentiated between prudential financial management and the principle that future beneficiaries should contribute towards the cost of the benefits the Council provides. Members entirely accept the latter argument, however their focus has been on securing the Council’s future financial position. They have concentrated on borrowing to fund capital and have emphasised the importance of understanding its effect on the Council’s finances. To achieve this, the Working Group suggests that the parameters for borrowing to fund capital identified in paragraph 2.6 should be discussed by the Economic Well-Being Panel and that future budget reports should include an illustration of the revenue impact of capital expenditure.

BACKGROUND DOCUMENTS

Briefing Note prepared by the Head of Financial Services and Financial Services Manager

ANNEX A

Capital Expenditure included in Approved Budget/MTP

Bid No.	Scheme	2012	2013	2014	2015	2016	LIFE
		2013	2014	2015	2016	2017	
		£000	£000	£000	£000	£000	
380	Replacement Printing Equip.	70			70		3
894	Replacement Equipment Document Centre	45	5	3	45	5	3
895	Multi-functional Devices	0	80	0	0	80	3
857	St Neots LC Development	0	0	0	250	0	5
923	St Ivo LC Redevelopment	420					5
956	Replacement Fitness Equipment	77	275	0	0	0	5
976	ICT Replacements and Server Virtualisation	301	57	57	57	277	5
380	Replacement Printing Equip.				138		5
894	Replacement Equipment Document Centre	25		8			5
970	Telephony and ICT Network Renewal	0	0	0	100	100	6
892	Government Connect						6
865	CCTV - Camera replacements	27	28	28	28	28	7
886	Vehicle fleet replacements.	792	1,046	908	942	592	7
891	Business Systems	220	195	195	195	195	7
981	Call Centre CRM Replacement	136	0	0	0	0	7
904	CIL	25					7
894	Replacement Equipment Document Centre		24				7
976	ICT Replacements and Server Virtualisation	21					8
900	Working Smarter	23	0	0	0	0	8
927	Air Quality Monitoring Equipment	30	0	0	0	0	10
866	Disabled Facilities Grants	1,298	1,276	1,276	1,276	1,108	10
867	Repairs Assistance	100	100	100	100	100	10
879	Environment Strategy Funding	55	55	55	0	0	10
918	Building Efficiency Improvements (Salix Grant)	58	77	95	71	72	10
854	Play Equipment & Safety Surface Renewal	20	20	20	20	20	12
932	Decent Homes - Thermal Efficiency and Category 1 H&S			11	53	0	15
948	Provision for Bin Replacements	33	38	48	340	75	20
979	Wheeled Bins for New Properties	143	143	139	79	65	20
461	Car Park Repairs	60	60	31	0	0	20
923	Extra Car Parking, Huntingdon Town Centre	300					20
986	PFH & EFH Major Repairs and Replacements			50			20
861	Future maintenance - One Leisure	612	422	422	422	535	25
	Capital Inflation		95	139	268	265	25
	Revenue staff charged to capital	50	50	50	50	50	25
	Schemes brought forward	400	500	500	500	500	25
	Schemes carried forward	-500	-500	-500	-500	-500	25
	VAT Partial Exemption	162	53	34	96	0	25
358	Ramsey Rural Renewal	63	0	0	0	0	30
818	Railway Stations - Improvements	20	0	0	0	0	30
989	St Neots District Heating Scheme	30			0	0	30

224	Town Centre Developments	80	0	0	0	0	40
952	Loves Farm Community Centre	-45	0	0	0	0	40
923	St Ivo LC Redevelopment	2,660					40
1000	Ramsey Development	560	0	0	0	0	40
869	Social Housing Grant	237	0	0	0	0	40
166	St Neots - Cambridge Road Car Park	89	0	0	0	0	40
850	Huntingdon West Development (Housing Growth Fund)	902	2,136	-700	-700	-700	50
923	Extra Car Parking, Huntingdon Town Centre	3,717	1,000	-			50
		13,316	5,235	2,969	3,900	2,867	
Capital Receipts							
1003	South Street, St Neots	15					
923	Extra Car Parking, Huntingdon Town Centre	250					
703	Heart of Oxmoor	1366					
920	East of Sapley - Preliminary Costs	15					
880	Sustainable Homes Retrofit		415				
890	Headquarters	900	830				
	OTHER CAPITAL RECEIPTS	380	380	380	380	380	
		2,926	1,625	380	380	380	
	TOTAL	10,390	3,610	2,589	3,520	2,487	

KEY

New

Mixture

Repair/Replacement

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**OVERVIEW AND SCRUTINY PANELS
(SOCIAL WELL-BEING)
(ECONOMIC WELL-BEING)
(ENVIRONMENTAL WELL-BEING)**

**5 FEBRUARY 2013
7 FEBRUARY 2013
12 FEBRUARY 2013**

**WORK PLAN STUDIES
(Report by the Head of Legal and Democratic Services)**

1. INTRODUCTION

- 1.1 The purpose of this report is to inform Members of studies being undertaken by the other Overview and Scrutiny Panels.

2. STUDIES

- 2.1 The Council has a duty to improve the social, environmental and economic well-being of the District. This gives the Overview and Scrutiny Panels a wide remit to examine any issues that affect the District by conducting in-depth studies.
- 2.2 Studies are allocated according to the Overview and Scrutiny remits. Details of ongoing studies being undertaken by the two other Panels are set out in the attached Appendix.
- 2.3 Members are reminded that if they have a specific interest in any study area which is not being considered by their Panel there are opportunities for involvement in all the studies being undertaken.

3. RECOMMENDATION

- 3.1 The Panel is requested to note the progress of the studies selected.

BACKGROUND DOCUMENTS

Minutes and Reports from previous meetings of the Overview and Scrutiny Panels.

**Contact Officers: Miss H Ali, Democratic Services Officer
01480 388006**

**Mrs C Bulman, Democratic Services Officer
01480 388234**

ONGOING STUDIES

STUDY	OBJECTIVES	PANEL	STATUS	TYPE
Leisure Centre Financial Performance and Employment Structure	To consider the future business model for "One Leisure" and the development of a methodology for the quantification of Social Value.	Economic Well-Being and Social Well-Being	<p>Working Group met on 28th February 2012. Agreed to split into two sub groups to investigate each area.</p> <p>Sub-Group looking at the Social Methodology will focus on three key areas; namely social, health and financial benefits of the Council's activities.</p> <p>The One Leisure Business Plan was considered by the Economic Well-Being Panel at their January meeting. Panel to determine whether to pursue its study into the business model.</p>	Joint Working Group
CCTV Provision within the District	To review the impact of the Council's proposal to cease the CCTV service with effect from April 2012.	Social Well-Being	A report on changes to the CCTV service in 2012/13 will be submitted to the Panel in April 2013.	Whole Panel Study.
Consultation Processes	To assist the Corporate Team with its review of the Council's Consultation and Engagement Strategy.	Social Well-Being	Strategy and Guidance being updated by the Corporate Office to incorporate comments suggested by the Working Group. Draft considered by	Working Group.

			Working Group at their meeting on 23rd January 2013. Further work to refine both documents is being undertaken.	
Great Fen	To monitor the latest developments in respect of the Great Fen.	Environmental Well-Being	Site visits undertaken by the Panel in July 2010 and October 2012. Business Plan is awaited – expected to be made available to Panel at their March 2013 meeting.	Whole Panel.
Tree Strategy	To form a strategy in conjunction with the Tree Officers for the retention and planting of trees.	Environmental Well-Being	Work is yet to commence on the Draft Tree Strategy. Owing to resource constraints within the Planning Department alternative ways of finalising the Tree Strategy are being considered. A proposal for a programme of work to complete the Strategy is awaited from the consultant. Likely timescales to be advised in due course.	Working Group.
Land Use for Agricultural Purposes in the Context of Planning Policies and its Contribution to the Local Economy.	To review the lack of promotion and protection of land for this purpose.	Environmental Well-Being	The final report of the Working Group was considered at the Panel's November meeting. The report's recommendations have been endorsed by the Cabinet. Working Group met on 30th January 2013	Working Group.

			to discuss progress against the recommendations.	
Rural Transport	To review the provision of transportation in rural areas.	Environmental Well-Being	Transport for Cambridgeshire report received in July 2011. Comments conveyed to Cabinet. Final report expected in due course.	To be determined.
Review of Neighbourhood Forums in Huntingdonshire	To undertake a review of the Neighbourhood Forums in Huntingdonshire.	Social Well-Being	Cabinet agreed to hold a pilot in the Norman Cross County Division. Panel requested to undertake a review of the pilot during its 12 months of operation. Pilot meeting held on 7th November 2012. Further informal meeting to be arranged.	Working Group
Maintenance of Water Courses	To receive a presentation on the maintenance arrangements in place for Water Courses within the District.	Environmental Well-Being	Following consideration of the St Neots Surface Water Management Plan and discussions on widespread drainage problems within the District, a working group was convened to engage with Anglian Water in order to establish their general powers, responsibilities and the limitations on its ability to prevent flooding. Meetings have been held with representatives from	Working Group

			Anglian Water and the Environment Agency. The Working Group has produced a report on its findings. Panel has received an update on the outcome of negotiations between Anglian Water and the County Council on drainage in Yaxley. This was delivered to the Panel at its January 2013 meeting.	
Design Principles for Future Developments	To examine issues that have arisen at Loves Farm, St Neots and to make recommendations to inform future developments.	Environmental Well-Being	The Working Group has produced a report detailing its findings to date. The Working Group will now focus on detailed aspects of the design guide with the Council's Urban Design, Trees and Landscape Team Leader. This is expected to be made available to the Working Group in February 2013.	Working Group.
Equality Framework for Local Government	To review the action plan arising from the Equality Framework for Local Government peer assessment.	Social Well-Being	Action Plan was subject to review by the Working Group at their meeting on 23rd January 2013. Report to be presented to Panel at its February 2013 meeting.	Working Group
Corporate Plan	To assist the Corporate Office with the development of a new	All O&S Panels	Executive Leader's Strategy Group considered the Council Delivery Plan on	Working Group

	Corporate Plan.		14th January 2013 with a view to taking responsibility for the actions contained therein. A programme of bi-monthly meetings of the Working Group will be arranged over the course of the next year with a view to holding Executive Members to account. The Delivery Plan is currently undergoing refinement by the Corporate Office.	
Delivery of Advisory Services Across the District	To consider the social implications of the announcement made by the Huntingdonshire CAB to go into voluntary liquidisation.	Social Well-Being	Executive Leader provided an update to the Panel in October, November and December 2012. A report on interim arrangements for Jan-Mar 2013 and grant aid awards for 2013/14 was submitted to the Panel at its January 2013 meeting. The Voluntary Sector Working Group will meet biennially to review progress of those organisations in receipt of grant funding.	Whole Panel Study.
Waste Collection	To identify options for improving the Council's waste collection and recycling arrangements and for enhancing public satisfaction with the service.	Environmental Well-Being	The Working Group has decided to focus on how best to engage with residents as to what should be placed in which bin. The Group may go on to study waste collection procedures in more detail, this is	Working Group

			<p>dependent on the work of RECAP.</p> <p>The Panel expressed its support for the use of wheelie bin stickers to convey messages with community benefits, such as speed restrictions. In January 2013, representatives of Speedwatch and Hilton Parish Council presented a proposal intended to reduce speeding within the village to the Panel. A written proposal will be submitted at a future meeting. Members also wish to discuss the matter further with the Head of Operations and the Executive Councillor for Environment.</p>	
Local Plan 2036 – Provision of Social and Affordable Housing and Impact Upon Homelessness	To explore how the new Local Plan would help to address housing and homelessness needs within the District.	Social Well-Being	An outline of how the new Local Plan would help to address housing and homelessness needs within the District was delivered to the Panel. 6 monthly updates to be provided. Next update expected July 2013.	Whole Panel.
Green Waste and Energy Generation	To consider what opportunities the Council might have in terms of	Environmental Well-Being	Scoping report on green waste and energy generation requested for	To be determined.

	generating energy from green waste.		submission to a future meeting. Head of Operations will be delivering a presentation to Executive Leaders Strategy Group at their meeting on 26th February with a view to bringing a report before the Panel thereafter. Report anticipated March/April 2013.	
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Progress Report

<p>13/05/09</p> <p>10/01/13</p>	<p><u>Customer Services</u></p> <p>Quarterly performance reports to be circulated informally to the Panel twice per year and formally twice per year.</p> <p>Agreed to establish a working group to assist with the development of a new Customer Services Strategy and interrelated Strategy for Channel Migration.</p>	<p>Latest report considered in January 2013. Next report due in July 2013.</p>	<p><i>Representatives to be formally appointed at February meeting.</i></p>	<p>04/07/13</p>
<p>16/05/12</p>	<p><u>Corporate Plan</u></p> <p>Councillors T V Rogers and G J Bull have been appointed to the Corporate Plan Working Group.</p>		<p>The new Council Delivery Plan was considered by the Executive Leader's Strategy Group on 14th January 2013. Work is currently ongoing to 'fine tune' the Plan. Once this is completed, a programme of bi-monthly meetings of the Corporate Plan Working Group will be arranged over the course of the next year with a view to holding Executive Members to account.</p>	<p>TBC</p>
<p>02/11/11</p>	<p><u>Scrutiny of Partnerships</u></p> <p>Following a review of the Strategic Partnership, the Overview & Scrutiny Chairmen and Vice Chairman agreed that responsibilities should be divided as follows:-</p> <p>Social Well Being</p> <ul style="list-style-type: none"> ❖ Community Safety ❖ Children & Young People ❖ Health & Well-Being 		<p>The Panel has already received two presentations on the Local Enterprise Partnership. A presentation on the Local Enterprise Zone was given to the Panel's November meeting.</p> <p>Work is ongoing to develop a LEP wide approach to scrutiny.</p>	

Progress Report

	<p>Environmental Well Being ❖ Growth & Infrastructure</p> <p>Economic Well Being ❖ Local Enterprise Partnership</p>			
<p>05/01/12</p>	<p><u>Leisure Centres</u> Working Group's report approved for submission to the Cabinet meeting on 19th January 2012.</p>	<p>Endorsed by the Cabinet at their meeting on 19th January 2012. Working Group to continue its investigations into the future business model and a methodology for the quantification of social value.</p>	<p>Working Group met on 28th February 2012. Agreed to divide their work between two sub-groups. Members of the Overview & Scrutiny Panel (Social Well Being) are investigating the development of a methodology for the quantification of social value.</p> <p>The Working Group investigating the development of a methodology for the quantification of social value met on 23rd November 2012. Officers currently undertaking further investigations.</p> <p>The Business Plan was submitted to the Panel and the Cabinet in January 2013. Panel to give further consideration to whether to pursue its study into the One Leisure business model.</p>	
<p>07/07/11</p>	<p><u>District Council Support Services</u></p> <p>Agreed to establish a Working Group to review the Document Centre and its costs to form a view on its efficiency and cost effectiveness.</p> <p>Councillors Bull, Greenall, Howe, Mackender-Lawrence, Rogers and Williams volunteered for the Group.</p>		<p>Working Group has formed two sub groups to consider:-</p> <p style="padding-left: 40px;">a) the financial cost of the service; and b) the operation of the service.</p> <p>Report of the Working Group appears elsewhere on the Agenda.</p>	<p>07/02/13</p>

Progress Report

07/07/11	<p><u>A14 Improvements</u> Agreed that a representative of the Highways Agency should be invited to a future meeting to discuss their plans in the event of an interruption to traffic flow.</p>	Invitation sent to Highways Agency.		
02/02/11	<p>Agreed to receive further updates on progress by email.</p> <p>In view of the difficulties in obtaining a representative from the Highways Agency to attend a future meeting, agreed that a presentation on A14 developments should be given to the whole Council, when this is appropriate.</p>		<p>The Secretary of State for Transport has recently announced plans to improve the A14 between Milton and Huntingdon as part of a major drive on infrastructure investment</p> <p>The full Council received an update at the meeting on 19th December 2012.</p>	
06/10/11	<p><u>Cambridgeshire Public Sector Asset Management Strategy</u> Requested a report outlining the progress made on the Huntingdonshire projects in six months time.</p>	Progress report submitted to June 2012 meeting.	Managing Director (CPP) to report back at a future meeting on the development of the business case methodology.	
14/06/12	<p><u>Economic Development</u> Agreed that the update of the Council's Economic Strategy should be submitted to a future meeting</p>		The findings from the local economic assessment were presented to the Panel's November meeting. The Economic Development Manager will present the Strategy to the Panel in the Spring.	04/04/13

Progress Report

Progress Report				
<u>Community Infrastructure Levy</u>				
03/11/11	Informal Discussion held at the conclusion of the meeting. Agreed that Managing Director (CPP) would report back when it was appropriate.		Report on future governance and spending arrangements to be submitted to a future meeting. The Business Plan will be submitted to the March Meeting.	07/03/13
08/03/12	Councillor M F Shellens suggested that the Panel should discuss		Added to the Work Programme for the forthcoming year. Managing Director (Communities, Partnerships & Projects) to discuss the issue with Councillor M F Shellens directly.	
05/04/12	<ul style="list-style-type: none"> ❖ the priorities for CIL funding at a future meeting. ❖ the implications of planning social housing requirements on Community Infrastructure Levy Income and the housing waiting list. 			
<u>Housing Benefit Changes</u>				
05/01/12	Agreed to receive a further report drawing together the wider housing policy implications for the Council arising from the Government's Welfare Reform Bill be submitted to a future meeting of the Panel.		Report considered by the Overview & Scrutiny Panel (Social Well-Being) at their meeting on 8 th January 2013. Further reports to be submitted on a quarterly basis and Members of the Panel will be invited to attend.	02/04/13
12/07/12	Requested that a report on rental rates and rent costs be submitted to the Panel on a quarterly basis.	Second report submitted to January meeting.	Agreed that future reports should be presented every six months. Next report due in July.	04/07/13

Progress Report

<p>12/07/12</p>	<p><u>Use of Consultants</u></p> <p>Received a report outlining the progress which had been made on agreeing, modifying and implementing the Panel's previous recommendations.</p>	<p>Agreed that further reports detailing expenditure on consultants, hired and temporary staff should be submitted to the Panel on an annual basis. This report should include a breakdown of revenue and capital.</p>	<p>Next report due July 2013.</p>	<p>04/07/13</p>
<p>06/09/12</p>	<p><u>Borrowing</u></p> <p>In considering the Financial Forecast, agreed to establish a Working Group to develop an understanding of the District Council's approach to borrowing and to identify the terms of a Panel debate.</p>	<p>Working Group to comprise Councillors L Duffy, P G Mitchell, M F Shellens and A H Williams.</p>	<p>Working Group met on 17th October and 19th December 2012. Their report appears elsewhere on the Agenda.</p>	<p>07/02/13</p>
<p>08/11/12</p> <p>06/12/12</p> <p>10/01/13</p>	<p><u>Budget</u></p> <p>Agreed to hold an Informal Meeting of the Panel to discuss possible suggestions for Council savings.</p> <p>Agreed to hold a further meeting in January 2012 to discuss the Capital Budget.</p> <p>Liberal Democrat and UKIP Group Leaders invited to present their views on the Budget to the Panel.</p>	<p>A number of proposals for budgetary savings were made by the Liberal Democrat Group..</p>	<p>Meeting held on 29th November 2012, a number of resulting issues were then presented to the Executive Leaders Strategy Group.</p> <p>Meeting to be held on Wednesday 30th January 2013 at 7pm.</p> <p>The Chairman and other Panel representatives met with the UKIP Group Leader on 22nd January 2013.</p>	

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