

A meeting of the **CABINET** will be held in the **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **THURSDAY, 14 FEBRUARY 2013** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

APOLOGIES


Contact
(01480)

1. MINUTES (Pages 1 - 6)

To approve as a correct record the Minutes of the meeting held on 24th January 2013.

Mrs H J Taylor
388008

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. BUDGET 2013/14 AND MEDIUM TERM PLAN 2014 TO 2018
(Pages 7 - 50)

With the assistance of a report by the Head of Financial Services to consider the 2013/14 Budget and Medium Term Plan.

S Couper
388103

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

4. TREASURY MANAGEMENT STRATEGY 2013/14 (Pages 51 - 76)

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

S Couper
388103

5. PROCURING A GREEN DEAL PARTNER RELATIONSHIP FOR CAMBRIDGESHIRE (Pages 77 - 92)

To consider a report by the Head of Environmental Management on the procurement of a green deal partner relationship for Cambridgeshire.

C Jablonski
388368

6. DELEGATED POWERS - ENVIRONMENTAL ENFORCEMENT (Pages 93 - 98)

To consider a report by the Head of Operations seeking

Ms S Hansen

amendments to the scheme of delegated powers to cover the range of duties carried out by the Operations Division's Environmental Enforcement Team.

388630

Dated this 6 day of February 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 H Taylor, Senior Democratic Services Officer, Tel No. 01480 388008/e-mail Helen.Taylor@huntingdonshire.gov.uk /e-mail: if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Cabinet.

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

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

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.

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Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CABINET held in the Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Thursday, 24 January 2013.

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

APOLOGY: An apology for absence from the meeting was submitted on behalf of Councillor N J Guyatt.

84. MINUTES

The Minutes of the meeting of the Cabinet held on 13th December 2012 were approved as a correct record and signed by the Chairman.

85. MEMBERS' INTERESTS

Councillor T D Sanderson declared a non-pecuniary interest in Minute No. 92 by virtue of his membership of Huntingdon Town Council. Councillor D M Tysoe declared a non-pecuniary interest in Minute No. 89 as the Clerk of Ellington Parish Council.

86. FINANCIAL MONITORING - CAPITAL PROGRAMME 2012/13

Consideration was given to a report by the Head of Financial Services (a copy of which is appended in the Minute Book) highlighting variations to the approved Capital Programme 2012/2013 and the consequential estimated revenue impact. It was

RESOLVED

that the report be received and the expenditure variations noted.

87. FINANCIAL MONITORING - REVENUE BUDGET 2012/13

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

Particular attention was drawn to the New Homes Bonus Scheme and Executive Councillors were mindful of the possibility that the forecast for delivery of new homes may not materialise thereby affecting the level of bonus allocated by the Government. Members were advised that development would be monitored closely and the likelihood of achieving forecast amounts included in the quarterly monitoring reports.

In discussing the total amounts of payments written-off in the year for

Council Tax and National Non-Domestic Rates, Members were reminded that from 2013 the amounts written off will affect the level of business rates the Council is allowed to retain and this may have an impact on the Council's financial position.

Whereupon, it was

RESOLVED

that the spending variations in the revenue budget be noted.

88. HOUSING BENEFIT CHANGES AND THE POTENTIAL IMPACT ON HUNTINGDONSHIRE

The Cabinet received and noted a report by the Head of Customer Services (a copy of which is appended in the Minute Book) on the Government's Welfare Reform Programme and the impact of changes to the Housing Benefit system upon Huntingdonshire residents. The changes had been presented to the Overview and Scrutiny Panel (Social Well-Being) whose comments were relayed to the Cabinet.

Executive Councillors were advised that the Local Housing Allowance rates used to work out Housing Benefit entitlement had been reduced in April 2011. Under the transitional protection arrangements existing tenants had received 9 months protection from the changes. Although some claimants had seen a reduction in benefit of over £70 per week, only a small number had been in contact with the Council for advice.

Members' attention was drawn to further reforms being implemented in April 2013, including the introduction of a benefit cap, the abolition of Council Tax benefit and changes to the calculation of the Local Housing Allowance and to the assessment of Housing Benefit for working age people living in social housing. Executive Councillors were advised that many households would be affected by more than one of the welfare reforms with some experiencing a significant reduction in their benefit entitlement. In that respect, Members were assured that all claimants have been contacted to advise them of their personal changes and advice and help had been offered to them by the Council. Furthermore, in response to an increase in statutory homelessness applications, a Medium Term Plan bid had been made for extra funds to cover the cost of homelessness.

Having thanked members and officers for their efforts in responding to the welfare changes in an efficient and effective manner, the Cabinet

RESOLVED

that the contents of the report now submitted be noted.

89. ALLOCATION OF COUNCIL TAX SUBSIDY GRANT

Further to Minute No. 12/17, the Cabinet received a report by the Head of Financial Services (a copy of which is appended in the Minute Book) which drew attention to the implications for Parish and

Town Council precepts of the Government's Local Council Tax Support Scheme.

Executive Councillors were advised that changes to funding to help eligible households with Council Tax payments will affect the setting of the parish and town council precepts for 2013/2014. However, they felt that the impact of the changes on income could be compensated for by each local council being given a share of the District Council's Council Tax Subsidy Grant. Having considered the options suggested in the report and in stressing that they could not guarantee that a similar grant would be given in future years, the Cabinet

RESOLVED

that the grant allocation to Town and Parish Councils appended to the report now submitted be approved.

90. SAFETY ADVISORY GROUP

In receiving a report of the Safety Advisory Group held on 29th November 2012, Members' attention was drawn to the need for detailed training analysis to be carried out and the lack of skills gap analysis. Having received assurances from the Managing Director (Communities, Partnerships and Projects) that he would investigate the matter, the Cabinet

RESOLVED

that the contents of the Safety Advisory Group be noted.

91. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

that the press and public be excluded from the meeting because the business to be transacted contains exempt information relating to the financial or business affairs of a particular person (including the authority that holds 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.

92. LOAN TO HUNTINGDON GYM

With reference to a joint report by the Head of Legal and Democratic and Financial Services (a copy of which is appended in the Annex to the Minute Book) the Cabinet considered a request by Huntingdon Olympic Gymnastics Club for a loan to enable them to erect a second gymnasium.

The Executive Leader outlined the background to the request and gave a brief summary of the Club's current financial position. He explained that the Club had secured a grant towards part of the construction costs from British Gymnastics but would require further funding to meet the outstanding shortfall.

In discussing the risk associated with the request, Members' attention was drawn to the conclusions reached by the Overview and Scrutiny Panel (Social Well-Being) on the matter. In that respect and given the difficulty of securing a charge on the building because the freehold is owned by the Town Council, Executive Councillors concurred with the Panel that the Town Council should be approached to act as a guarantor for the loan. Having discussed the possibility of other funding streams including the Community Infrastructure Levy and in recognising the community benefit the proposal would have for the district, the Cabinet

RESOLVED

- (a) that a loan to Huntingdon Gym be approved on the terms set out in paragraph 3.3 of the report now submitted;
- (b) that a supplementary capital estimate for the loan be approved with the revenue impact being met from the loan repayments;
- (c) that Officers be requested to instigate discussions with Huntingdon Town Council with a view to them agreeing some form of guarantee on the loan; and
- (d) that the Head of Legal and Democratic Services be authorised to complete the necessary legal documentation.

93. BUSINESS PLAN ONE LEISURE

By way of a report by the General Manager (a copy of which is appended in the Annex to the Minute Book) the Cabinet considered the contents of a proposed Business Plan for One Leisure. The report which included options for improving the centres cost effectiveness had been considered also by the Overview and Scrutiny Panel (Economic Well-Being) whose comments were relayed to the Cabinet.

In discussing the financial summary, Executive Councillors were of the opinion that the focus should remain on controllable net expenditure. Furthermore, they emphasised the need to ensure that the practice of recharging between services was equitable across the Council. Members also questioned why forecast revenue returns for One Leisure Huntingdon were significantly lower than those for One Leisure St Neots and St Ives. In response to which the General Manager, One Leisure, explained that the level of investment at One Leisure Huntingdon had been considerably lower than the other centres and the fitness studio, spa and pool were smaller. He added that expansion of the Centre was limited partly due to land ownership issues.

In concluding their discussions, Executive Councillors acknowledged the steps being taken to improve controllable income and expenditure and thanked all those involved. Having noted that information on the Plan's progress would be submitted to future meetings, the Cabinet

RESOLVED

that the General Manager (One Leisure), in consultation with the Head of Paid Service, be authorised to achieve a level of savings of the order of £250,000 as part of the wider Business Plan and in accordance with appropriate consultation procedures.

Chairman

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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 LOSS 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
	£000	£000	£000	£000	£000
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			
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

The Service based budget includes direct expenditure, the allocation of support costs and depreciation on assets.

This basis has to be used for statistical returns and statutory accounts.

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

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																					
34	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	4,168	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																							
35	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	

		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														
		Community initiatives																				
		PROPOSED 2013/14 Budget and MTP																				
		37	37	37	37	37	37	37														
Corporate Services		Corporate Management																				
		PROPOSED 2013/14 Budget and MTP																				
		59	59	59	59	59	59	59														
		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														
Internal Services		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														
Planning		Economic Development (Estates)																				
239	New Industrial Units		19	11	6																	
509	Industrial Estate Repairs															8						
		PROPOSED 2013/14 Budget and MTP														8						
		-1,566	-1,547	-1,555	-1,560	-1,566	-1,566	-1,566														
		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														8						
		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	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 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								

37

		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			

		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 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	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	
40	Internal Services	Parks																						
		854 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		

		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	
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	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	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			

42

		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																							
	PROPOSED 2013/14 Budget and MTP	20	20	20	20	20	20	20								-15								
	Environmental Health (energy efficiency)																							
879	Environment Strategy Funding								55	95	55	55	55	55	55									
880	Sustainable Homes Retrofit																							
882	Energy and Water Efficiency				-20	-20	-20	-20	-20															
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									
43	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

44

		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	76																	
995	Localisation of Council Tax Benefit (Admin Subsidy)			30	30	30	30	30																	
994	Loss of overpayment subsidy			24	24	24	24	24																	
1025	Cost of extra Post Office payments			25	25	25	25	25																	
1017	Council Tax support module								65																
		PROPOSED 2013/14 Budget and MTP							65																
Internal Services		Call Centre																							
981	Call Centre CRM Replacement			-5	-74	-74	-74	-74	-74	136	173														
983	Automated Telephone Payments			-7	-7	-14	-14	-14	-14																
1015	Line Rental Saving			-12	-24	-24	-24	-24	-24																
		PROPOSED 2013/14 Budget and MTP							600	583	495	495	495	495	495	495	136	173							
Internal Services		Customer Service Centres																							
#	Close St Ives Customer Service Centre			-2	-2	-9	-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										
Management Units		Customer Services MU																							
#	Customer Services - Staff savings			-33	-33	-48	-48	-48	-48																
1018	Extra Council Tax staff			10	40	40	40	40	40																
		PROPOSED 2013/14 Budget and MTP							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	
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													

46

Head of IMD

		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			
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									

47

		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	
General Manager, One Leisure																							
Community Services																							
Leisure Centres																							
857	St Neots LC Development	-149	-149	-149	-149	-209	-209	-209															
896	St Ivo LC - Football Improvements																						
922	St Ivo LC Redevelopment	-176	-88	-350	-541	-563	-561	-578	3,080	3,208	1,000												
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	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						



		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 Financial Services	Highways & Transportation																					
	Environmental Improvements																					
	920 East of Sapley - Preliminary Costs								-15	-15					15	15						
	PROPOSED 2013/14 Budget and MTP								-15	-15					15	15						
Corporate Services	Corporate Management																					
	PROPOSED 2013/14 Budget and MTP	213	213	213	213	213	213	213														
Other expenditure	Interest and borrowing costs																					
	Interest	83	97	324	545	557	660	782														
	Interest - Council Tax instalments changes			50	50	50	50	50														
	PROPOSED 2013/14 Budget and MTP	-11	3	280	501	513	616	738														
Other expenditure	Other expenditure																					
	Pensions Fixed Sum	236	236	479	718	758	758	758														
	Doubtful Debts Provision	-10	-10	-20	-30	-40	-40	-40														
	Variation in MRP	225	143	574	922	1,289	1,548	1,940														
PROPOSED 2013/14 Budget and MTP	1,832	1,750	2,414	2,991	3,388	3,647	4,039															
Management units	Financial Services																					
	PROPOSED 2013/14 Budget and MTP	1,125	1,125	1,125	1,125	1,125	1,125	1,125														
Internal Services	Insurance																					
	PROPOSED 2013/14 Budget and MTP	405	405	405	405	405	405	405														
Internal Services	Financial services																					
	PROPOSED 2013/14 Budget and MTP	87	87	87	87	87	87	87														
	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						

49

		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	2017	2017	2017	2017	2017	2017	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			
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)																						
						50	150	300	450															
							100	200	200															
				20	20	20	20	20																
						90	180	270	240															
				320	640	960	1,300	1,600																
						38	88	177	275															
						100	100	100	100															
								200	200															
								140																
PROPOSED 2013/14 Budget and MTP				340	1,078	1,599	2,567	3,085																
Other items																								
		2012/13 Forecast - other net variations																						
								-230																
								-31																
										67	176	276	373											
														3,181										
919	E-Marketplace	-25	-25	-28	-28	-28	-28	-28																
														-3,181										
						357	357	357	357	357														
						-300	-300	-300	-300	-300														
						-306	-233	-345	-395	-395	-395	-395												
						-68	407	809	1,198	1,290	1,676													
						475	124	124	124	124	124	400	400	500	500	500	500							
						-124	-124	-124	-124	-124	-124	-500	-500	-500	-500	-500	-500							
								-1,500	-1,856	-2,687	-2,636													
						3	3	6	6	6	6	162	162	53	34	96								
						-3	-2	-3	-9	-8	-4			1										
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		

50

**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

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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	4.2	4.2	4.2	4.2	4.2
<i>available on a year by year basis</i>	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	£5M	£11M
	to	£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:

Loans to Organisations	0.0	0.0	25.0	50.0	75.0	75.0	75.0
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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.

COMT
OVERVIEW & SCRUTINY PANEL
(ENVIRONMENTAL WELL-BEING)
CABINET

28 JANUARY 2013
12 FEBRUARY 2013
14 FEBRUARY 2013

PROCURING A GREEN DEAL PARTNER RELATIONSHIP FOR CAMBRIDGESHIRE (Report by Head of Environmental Management)

1. EXECUTIVE SUMMARY

- 1.1 The Green Deal was launched by government in October 2012 and is a fully accredited route for householders and businesses to have appropriate energy efficiency improvements to their properties identified, financed and installed.
- 1.2 The Green Deal replaces all existing government funding for domestic and community based energy efficiency grant schemes. Funding will be made available through a Green Deal Finance package or an Energy Company Obligation (ECO) grant depending on financial circumstances, tenure and property type.
- 1.3 Local Authorities have a **statutory duty** under the updated Home Energy Conservation Act (HECA) **to actively promote and report on local Green Deal activity within their area** and DECC are expecting local authorities **to play a leading role in the delivery of Green Deal and ECO.**
- 1.4 The County and District Council's in Cambridgeshire recognise that there are significant advantages from working in partnership to deliver a countywide local authority backed scheme to maximise take-up of energy efficiency measures, help alleviate fuel poverty and support the duties required under HECA. There are also potential consequences of not engaging positively with the Green Deal, including reduced energy efficiency investment locally, lack of ECO support for vulnerable households and censure from the Secretary of State for Energy.
- 1.5 A consultation exercise and preliminary market testing has identified that **the most effective way of delivering the Green Deal locally is to create a single Cambridgeshire brand and to jointly procure a partnership relationship with a fully accredited Green Deal Provider.** The chosen Green Deal Provider will benefit from a common county-wide approach, access to promotional support, networks and information held by each district. In return they will provide a clear and trusted route for residents and property managers to secure energy efficiency improvements to their properties.
- 1.6 The local authorities will benefit from an active partner to help engage with local residents, maximise lead potential and provide a secure and accountable referral network. **This will be provided at minimal cost to local authorities with the potential for revenue income from lead generation outlined with this report.**
- 1.7 **This report presents an outline business case for the establishment of a countywide Green Deal Partnership scheme** (Annexe A attached) and recommends that Huntingdonshire District Council participates in a joint procurement exercise to deliver this project.

2. BACKGROUND

- 2.1 The Green Deal was introduced in the Energy Act of 2011 as a solution to the problem of a lack of investment in energy saving measures in homes and non-domestic buildings.
- 2.2 The core principle of the Green Deal is 'The Golden Rule'; that the payment for the energy saving measure/s, including the cost of finance, labour and products should not exceed the projected cost savings on an average bill for the duration of the green finance arrangement, which can be as long as 25 years for houses.
- 2.3 Green Deal loans will be attached to the property rather than the occupier with repayments made through fuel bills. If the occupier moves, the financial obligation stays with the property and repayments move to the subsequent bill-payer.
- 2.4 Green Deal loans will be available for a full range of energy efficiency measures, currently 45 in total. These measures include cavity wall and loft insulation, boiler replacement, heating controls, double glazing, secondary glazing, solid wall insulation, flat roof insulation and micro-generation e.g. solar thermal hot water.
- 2.5 The introduction of the Green Deal has necessitated a number of legislative changes including the introduction of the Energy Company Obligation (ECO) which replaces the previous funding stream for energy efficiency improvements for vulnerable householders, known as CERT (Carbon Emission Reduction Target) which ended in December 2012. ECO funding will integrate with the Green Deal with a focus on hard to treat properties, vulnerable and fuel poor households. Around £1.3bn of ECO funding will be invested by the major energy companies per annum and will only be accessible through Green Deal Providers.

3. DELIVERY OF A JOINT GREEN DEAL FOR CAMBRIDGESHIRE

- 3.1 In preparation for the launch of the Green Deal relevant officers from the Cambridgeshire districts have been working collaboratively to evaluate the legislation; establish the local authority role in the Green Deal; and gauge how best to deliver strategic goals.
- 3.2 Officers from Huntingdonshire District Council, South Cambs, East Cambs, Fenland and Cambs City – and more recently Cambs County Council have formed a steering group. The terms of reference of the group are attached as Annexe B to this report and group will seek to develop a business plan to secure a suitable partner relationship with a Green Deal Provider. The business plan will be drafted in the form of a tender brief.
- 3.3 It is intended that the Local Authority Partners will conduct a joint competitive procurement exercise to select one or more Green Deal Provider partners. The County Council will lead the procurement exercise on behalf of partners, with full input from each partner authority.
- 3.4 A comprehensive risk assessment has been undertaken (included as Annexe C attached) which addresses a wide range of risks (35 in total) associated with such issues as pressure selling and incorrect financial advice being given and which will inform any tender exercise.

- 3.5 The project will fall within the scope of the OJEU (European) procurement regime. The procurement will be in two stages, the first stage a pre qualification round from which the leading applicants will be short-listed, followed by the invitation to tender to those short-listed applicants (the second stage).
- 3.6 The suitability of a Green Deal Provider will be based on their ability to meet the objectives set out below:
- Securing the maximum take-up of Green Deal measures across the building stock of all Cambridgeshire's districts to reduce fuel poverty, carbon emissions and improve the building stock;
 - Ensuring good value, high quality energy efficiency installations with outstanding quality of work and customer care;
 - Boosting the local economy (employment, skills and learning, expansion and development of the energy efficiency and micro-generation business sector);
 - Supporting local community groups and voluntary sector organisations working on sustainable energy-related issues
 - Establishing a financially sustainable energy efficiency/Green Deal programme which continues to re-invest revenue streams in the delivery of the programme to cover marketing costs and affordable warmth support:
- 3.7 If Members approve the recommendations contained within this report, the next step will be to formalise the relationship between the district councils through a Memorandum of Understanding to be approved at Public Service Board.
- 3.8 Secondly work will begin on drafting the detailed procurement specification and assessment criteria. This work will then require scrutiny and agreement by relevant officers within each of the districts before proceeding to the tender stage.

5. FINANCIAL/RESOURCE IMPLICATIONS – OUTLINE BUSINESS CASE

- 5.1 The outline business case for the project (Annexe A attached) gives an assessment of the options available, the benefits, risks, costs and timescales for the development of the project.
- 5.2 A full investment appraisal will not be possible until the tender assessment process has been completed but an initial assessment of the size of the investment opportunity across the County is contained within the table below which shows the greatest potential market (£223 million) is in Huntingdonshire.

Green Deal market investment potential for Cambridgeshire

District/County Council	Investment potential domestic	Investment potential non-domestic	Total Green Deal potential
Huntingdonshire	£190m	£33m	£223m
South Cambs	£187m	£35m	£221m
Fenland	£121m	£18m	£138m
Cambs City	£79m	£49m	£128m
South Cambs	£107m	£10m	£117m
Cambridgeshire	£684m	£146m	£830m

- 5.3 The running of the contract once procured will be as a minimum at no net cost to the Authority but there is some potential for income generation through referral fees or a staff contribution to the partnership. This will form part of the assessment criteria against the procurement specification.
- 5.4 Soft market testing carried out has identified potential referral fees ranging from £25 - £150 per lead dependant on quality and level of information and commitment. £150 would likely be an assessed lead carried through to installation.
- 5.5 A realistic potential lead generation of 500 - 1000 leads for Huntingdonshire per annum would be deliverable. This would generate an income in the region of £30k to £60k per annum (based on a 30% conversion rate to full Green Deal Package). This income stream would also be dependent on the existing market at the time of procurement, the final detailed model adopted and the ability of the Council to promote take-up and support the scheme in the district going forward.
- 5.6 To ensure the future success of implementation of the Green Deal the partnership of Cambridgeshire authorities has been successful is securing £75,000 from the government's "*Green Deal Pioneer Places*" fund. The money will pay for a programme of activity that will lay the foundations for a successful Green Deal roll out in Cambridgeshire, including:
- An initial 200 Green Deal assessments to give a comprehensive understanding of energy efficiency options appropriate to a range of Cambridgeshire housing archetypes.
 - Marketing activity to promote understanding among Cambridgeshire residents of the Green Deal, how it could benefit them and how to access it.
 - Preparation for launch the launch of the Cambridgeshire Green Deal brand

6. CONCLUSIONS

- 6.1 Adopting the 'Producer' model (Option 3 in the outline business case Annexe A attached) , in partnership with a Green Deal Provider as part of a county-wide brand will allow Huntingdonshire District Council to build upon its proven track record in improving the environmental efficiency of existing homes, reducing carbon emissions, and alleviating fuel poverty.
- 6.2 It will provide a clear route for local residents and businesses to maximise the use of the Green Deal to improve their properties with no upfront costs whilst not carrying the same level of risk for the Council as a full joint venture relationship.
- 6.3 It will secure investment and benefits to the local economy, promoting growth and skills in the energy efficiency and micro-generation industry.

7. RECOMMENDATIONS

- 7.1 Cabinet is recommended to:
- (a) Approve the establishment of a partnership of the Cambridgeshire Districts to deliver the Green Deal work proposal, subject to detailed approval of a Memorandum of Understanding between the local authorities involved at Public Service Board;

- (b) Approve a procurement exercise and subsequent award of contract(s) to one or more Green Deal Providers to be let on a Countywide basis and in collaboration with Cambridgeshire Local Authorities.
- (c) Delegate authority to the Managing Director (Communities, Partnerships and Projects)/Head of Paid Service and the Head of Legal and Democratic Services, to negotiate a Memorandum of Understanding governing joint working and to enter into a contract with a chosen Green Deal Provider, subject to consultation with the Executive Councillor for the Environment.

BACKGROUND INFORMATION

DECC Green Deal Guides

VERCO Establishing the Community Connection Final Report

Contact Officer: Chris Jablonski (Environment Team Leader)
Tel: Ext. 8368

ANNEXE A: BUSINESS CASE FOR GREEN DEAL DELIVERY IN CAMBRIDGESHIRE

For entering into a joint procurement exercise to secure a delivery partnership relationship for a county-wide Green Deal Scheme

Lead Officer: Chris Jablonski

Date issued: January 2013

REASONS

The Green Deal (GD) provides local authorities with an excellent opportunity to promote local economic growth, improve the energy efficiency of domestic and commercial buildings, reduce carbon emissions and enable affordable warmth.

Central Government recognise that local authorities will have a key role in the successful delivery of Green Deal and ECO due to their position of trust, impartiality, local knowledge and community engagement. The recently revised Home Energy Conservation Act (HECA) places a duty on local authorities to actively promote and report on the local delivery of Green Deal.

Green Deal is the new national policy framework for investing in energy efficiency and has replaced current funding streams. It is a fully accredited and accountable mechanism with formal assessments, advice and a financial framework requiring no upfront costs for installing energy efficiency measures. It will provide local authorities with a valuable route to encourage energy efficiency, improve the local housing stock, help to reduce fuel bills and alleviate fuel poverty.

Following consultation and a study on the Cambridge Green Deal Community Connection (full final report at <http://bit.ly/13gpYkr>) the most beneficial and cost effective option for local authorities in Cambridgeshire is to partner with one (or maybe two) commercial Green Deal Providers.

To maximise scale and provide sufficient catchment for an effective scheme, the second tier Cambridgeshire local authorities should work jointly together to procure a county-wide partner relationship under a single generic umbrella brand. This would be tailored to each local authority's identity to enable targeted local communication and engagement.

Cambridgeshire district authorities (South Cambs DC, Huntingdonshire DC, Cambridge City, East Cambs DC and Fenland DC), supported by Cambs County Council have formed a steering group, working together to design a Green Deal scheme and prepare for the necessary procurement process. Executive approval from each of the local authorities is sought in order to proceed with the procurement process using this shared approach.

OPTIONS

There are a variety of approaches local authorities can consider to deliver Green Deal:

1. **Doing nothing** – leave the Green Deal market in Cambridgeshire to its own devices.

Response: This would mean that local authorities have no control over any Green Deal activity in their area and would be unable to maximise the potential success of local schemes. They would not be in a position to raise awareness, help local residents and communicate the benefits of Green Deal.

2. **Promoting Green Deal (Promoter Model)** – simple marketing and promotion of the Green Deal to Cambridgeshire’s residents and businesses.

Response: This would help to communicate and promote Green Deal but would not allow LA’S to be involved in any part of the Green Deal process or ensure residents are getting best value. LA’s would not have input into the shape or delivery of a scheme to promote growth in the local economy or be able to prioritise those households in greatest need. With this option alone there would be no potential for income generation or the opportunity to maximise local take-up.

3. **Producing leads and procuring a referral partnership with a Green Deal Provider (Producer Model)** – partner shares the Council’s GD delivery principles.

Response: This option enables effective LA supported marketing and input into Green Deal engagement and delivery without financial, installation and aftercare risks. The partnership principles would revolve around a GD Provider using a shared LA supported Cambridgeshire brand. The GD Provider would benefit from LA’s established local communication channels, community connections, local knowledge and support. The partnership principles would be designed to benefit Cambridgeshire’s residents and businesses and ensure they have access to the best deals. The framework will build confidence in the local market by carefully specifying standards and monitoring customer satisfaction. There is potential for revenue with this option as referral fees could be agreed, or investment into the scheme secured from the GD Provider.

4. **Establishing a joint venture with a Green Deal Provider (Provider Model)** – or establish a social enterprise for the purpose of local Green Deal provision.

Response: In the Provider model, the Cambridgeshire LA’s would become the Green Deal Provider by forming a Social Enterprise Company or a Joint Venture with a commercial Green Deal Provider. This organisation would deliver Green Deal locally aiming to maximise local benefits such as using local businesses for assessments and installation, targeting homes in fuel poverty and providing appropriate advice and aftercare to maximise lasting carbon emissions reductions. Becoming a Green Deal Provider involves a number of responsibilities, some of which carry risks and entail activity not necessarily linked to a local authority’s core business. There are also risks involved with entering a new market at such an early stage while there are still a number of policy and market unknowns. This is the highest cost and highest risk of all of the options as there would be responsibility for the consumer credit act, resolving complaints, technical failure, customer default, etc.

Option (3) Producer Model – is the selected delivery model as it allows local authorities to have the greatest input into shaping and developing a specific Green Deal provision to best meet local priorities, issues and circumstances but carries little risk. This model avoids exposure to associated financing, installing and providing aftercare and guarantees for Green Deal measures.

BENEFITS

The suitability of an external GD Provider would revolve around the delivery of the following:

- securing the maximum take-up of Green Deal measures across the building stock of all Cambridgeshire’s districts to reduce fuel poverty, carbon emissions and improve the building stock;

- ensuring good value, high quality energy efficiency installations with outstanding quality of work and customer care;
- Boosting the local economy (employment, skills and learning, expansion and development of the energy efficiency and micro-generation sector);
- Establishing a financially sustainable energy efficiency/Green Deal programme which continues to reinvest referral returns in the delivery of the programme to cover marketing costs, Green Deal assessments, management costs and affordable warmth support.

Additional benefits for Huntingdonshire District Council would include:

- building upon previous successful schemes to promote energy efficiency and carbon reduction across the district
- using the St Ives Green House demonstration property as a 'sign-up' centre for Green Deal and as a resource for examples and further information on the scheme and measures that are available.
- providing a dependable, reputable and reassuring route for households and businesses to apply for the Green Deal
- opportunity to promote other grants and loans for improvements to properties, i.e. Disabled Facilities Grants, Repairs Assistance
- meeting the requirements under the revised Home Energy Conservation Act (HECA)
- promoting local economic growth by attracting investment into the district through energy efficiency and micro-generation industries
- raising profile as a leading local authority with a clear route for delivering Green Deal
- reducing number of households in fuel poverty by improving the energy efficiency of homes and providing affordable warmth
- meeting the targets for improving the environmental efficiency of building as set in the District Council's Environment Strategy
- closer working with community groups
- improvements to the local housing stock

RISKS

1. The five Cambridgeshire districts fail to gain sign-off for the shared Producer model business case, therefore preventing the local authorities from maximising the scalability and wider benefits from procuring a partnership relationship with a Green Deal Provider.
 - The work undertaken to date has received officer and executive member support from all of the five districts.
2. Failure to attract a Green Deal Provider who will agree to the required benefits as listed in above.
 - Soft market testing has proved there is sufficient interest from Green Deal Providers and other stakeholders/key players to establish a partnership delivery model for Cambridgeshire that meets our requirements.
 - We have been successful in securing DECC Pioneer Green Deal funding to run a pilot scheme across the county delivering 200 Green Deal assessments. This will provide an excellent evidence and knowledge base in preparation for setting up the county-wide scheme and introduce Green Deal into the local market place.

3. Lack of capacity in partner local authorities to see procurement process completed.

- Offers of supplemental procurement support through both City and County Councils and sharing of basic legal costs attached to developing and scrutinising contract documents.

COST AND TIMESCALE

The cost of the procurement exercise will be divided between the 5 districts. This will include legal support and development and review of contracts. Costs should not exceed £4k for each local authority (to be taken from the existing Environment Strategy revenue budget). Other costs associated with the development and delivery of the Green Deal scheme will be officer time contributions shared across the LA's.

Full project timescales:

Action	Date
Final Draft of <i>Community Connection</i> project report released (asset assessment, community consultation and preliminary LA option analysis)	11 October 2012 Completed
Green Deal cross-authority officer project group meet to discuss putting the group on more formal footing: reporting process to Exec Mgt, procurement issues, timescales, etc.	23 October 2012 Completed
Update <i>Green Deal: Community Connection in Cambridgeshire</i> website	w/c 29 October 2012 Completed
Market testing – questionnaire to potential Green Deal Providers and other co-ordinating Green Deal players	w/c 29 October 2012 Completed
Series of meetings between the officer project group and potential Green Deal Providers to further develop market testing	7 – 8 November 2012 Completed
Joint meeting to discuss procurement options (project officer team and LA procurement officers)	w/c 12 November 2012 Completed
Submit bid to DECC under the Green Deal Pioneer Places Fund stream of the Local Authority Completion 2012-13	30 November 2012 Completed
Formation of outline Green Deal business case to secure relationship Green Deal Providers	December 2012 Completed
Each LA secures necessary internal approvals (Portfolio Holder/Cabinet) to proceed with Green Deal business plan to procure agreed partnership arrangement.	January/February 2013
Preparation of detailed tender brief documents (PQQ & ITT)	February/March 2013
Release of PQQ	March 2013
Release of ITT to short-listed tenders	June 2013
Tender assessment, interviews and award	August 2013
Launch of Cambs-Wide Green Deal single brand with GDP partner(s)	September 2013

INVESTMENT APPRAISAL

A full investment appraisal will not be possible until the tender process has been completed. However, the following potential investment issues have been raised to date:

- Green Deal investment potential in Huntingdonshire is £190m for the domestic market and £33m for non-domestic, totalling £223m.

- Commercial providers view a partnership relationship with a local authority as a significant business advantage. Experience from previous schemes has shown lead generation and conversion increase from just 1% to 5-10% when co-branded with a local authority.
- Low set up costs to cover procurement, financial and legal requirements and office time.
- Operational costs for the scheme will be net zero for the local authorities but will require officer time. There will be potential for income generation or support for staff resource. This will form part of the criteria in the procurement process.

- Soft marketing testing has shown that Green Deal Providers would be willing to pay LA's referral fees for leads and conversions. These range from £25 to £150 depending upon whether installation work goes ahead and the value of the ECO lead/Green Deal Plan.
- A realistic potential lead generation of 500 – 1000 per annum in Huntingdonshire would be deliverable. This would generate an income in the region of £30k to £60k per annum (based on a 30% conversion rate to full Green Deal Package). Such income streams would also be dependent on the existing market at the time of procurement, the final detailed model adopted and the ability of the Council to promote take-up and support the scheme in the district going forward.

Cambridgeshire Green Deal Partnership Project Steering Group

Vision

To develop and implement a Cambridgeshire wide 'Green Deal Offering' sanctioned by the district level authorities within the Government's framework for Green Deal whilst maximising the local economic and community benefits.

Aim

To develop a sound business case and procurement framework for partnering with an external green deal provider and green deal assessors to deliver cost effective energy efficiency improvements for residents and building owners across Cambridgeshire.

Objectives

1. To consolidate and analyse the output from consultancy, workshops and community engagement to develop a delivery model for green deal in Cambridgeshire
2. To undertake soft market testing and research to establish the likely costs, market appetite for cooperation, acceptable delivery and financial models, and revenue potential
3. To establish the local economic and community benefits required in the chosen delivery model
4. To produce a detailed proposed business case for a chosen 'Green Deal Model'
5. To identify and follow the correct procedure for political scrutiny and authority for taking the project forward to procurement
6. To establish the correct procedure, costs and implications for procurement of partners to implement the chosen green deal model

Principles

To achieve significant improvement to the energy efficiency of homes and commercial buildings across the county by promoting and enabling the flow of funds and finance through ECO and Green Deal to those residents and businesses who can benefit.

- Provide confidence to residents and businesses in the ECO and Green Deal processes
- Maximise through procurement the use of local assessors and installers to ensure a local economic benefit from the flow of ECO funds and Green Deal Finance
- Make best use of local authority reputation, information, staffing and other assets to ensure successful partnership delivery of the Green Deal
- Make the best use of established community connections with the public, parishes and third sector organisations to promote Green Deal to and engage with our populations.

Accountability

Immediate accountability will be to relevant service heads in the individual authorities and then to relevant committees/ portfolio holders/executive Councillors. Action notes and brief minutes will be taken at meetings and progress should be reported to service heads following fortnightly meetings

Membership

The following partner organisations will be represented:

- Cambridge City Council
- Huntingdonshire District Council
- South Cambridgeshire District Council
- Cambridgeshire County Council
- East Cambridgeshire District Council
- Fenland District Council

Frequency of Meetings

Meetings will be held fortnightly

GREEN DEAL RISKS

ANNEXE C

	Legislation	Reputational	Equalities / Social Exclusion	Equalities / Social Exclusion	Reputational	Equalities / Social Exclusion	Equalities / Social Exclusion	Reputational	Partnership
KEY FIELDS	LEG	REP	ESE	ESE	REP	ESE	ESE	REP	PRT
Date Risk Identified (or none identified)									
Risk	Failure to prepare an effective HECA report	Reduced ECO funding attracted to district	Unable to attract Green Deal partner	Higher Installation costs	Poor reputation if LA's show no interest in Green Deal	No clear Green Deal solution for residents	Reduced potential of leads due to no Green Deal referral network	Unfocussed insulation market	Lack of capacity in partner local authorities
Cause	No active LA involvement with the Green Deal	No County group, therefore reduced ECO market appeal	No effective countywide approach to securing a suitable Green Deal offering leading to providers discounting Cambridgeshire as a business opportunity	No county group means reduced housing stock and reduces the opportunities of economy of scale	No active LA involvement with the Green Deal	No clear County wide scheme means a number of schemes available to residents which may lead to confusion.	No partnership is set up with a Green Deal provider so any potential leads are not referred on directly but left to open market.	No Green Deal partnership set up so all providers promoting the scheme as they feel fit	Budgetary pressures lead to a reduction in the Local Authority Officer time dedicated to the promotion of the scheme
Consequence	Scrutiny from Secretary of State, reputation affected through lack of GD interest and quality of housing stock will not improve.	Fuel poor and hard to treat homes not receiving the assistance they require therefore housing stock not significantly improving in quality.	Fuel poor and hard to treat homes not receiving the assistance they require therefore housing stock not significantly improving in quality.	Cost on installation is higher which will have two effects, 1) increase length of a Green Deal and 2) reduce the measures available	Reputation will be affected as indicates no LA interest in residents welfare. Quality of housing stock will not improve significantly	Confusion will lead to less enquiries due to complication.	This additional barrier will mean that some leads are not taken further	Different messages being promoted, scheme not being promoted to the appropriate areas or residents	Poor take up of the scheme in districts where capacity to deliver is reduced, leading overall reduction in the effectiveness of the scheme
Control Descriptions	HECA demands a reporting requirement in terms of improvement to housing stock and Green Deal activity. Green Deal also meets Climate Change Strategy objectives.	County wide group offers opportunity to consolidate stock and offer greater ECO opportunities to the market.	County wide group offers opportunity to consolidate stock, allows and offers greater opportunities to develop different housing types.	County wide group offers opportunity to consolidate stock, and allows economy of scale.	HECA demands a reporting requirement in terms of improvement to housing stock and Green Deal activity. Green Deal also meets Environment Strategy objectives.	The Green Deal can be a complicated scheme, a County group offers the opportunity to promote one scheme for all of Cambridgeshire. This offers clarity, joined up messages and confidence.	A Green Deal partnership will mean direct referrals can be made. This will increase confidence and reduce the hassle factor and should lead to more installations.	The Green Deal partnership will ensure there is relevant focus to the Green Deal in all areas of Cambridgeshire.	Potential for revenue funding to support local authority officer time will be explored as part of the tender process and there is a possibility for collaborative working between local authorities with differing capacities to support the scheme.
Likelihood	4. Probable	4. Probable	4. Probable	4. Probable	4. Probable	4. Probable	4. Probable	4. Probable	2. Some Possibility
Impact	3. Noticeable Effect	3. Noticeable Effect	3. Noticeable Effect	3. Noticeable Effect	3. Noticeable Effect	3. Noticeable Effect	3. Noticeable Effect	3. Noticeable Effect	2. Some Limited Disruption
Likelihood Score	4	4	4	4	4	4	4	4	2
Impact Score	3	3	3	3	3	3	3	3	2
Risk Residual Score	12	12	12	12	12	12	12	12	4
Risk Classification	Significant	Significant	Significant	Significant	Significant	Significant	Significant	Significant	Low

GREEN DEAL RISKS

ANNEXE C

	Reputational	Financial	Equalities / Social Exclusion	Partnership	Partnership	Procurement & Contract Management	Procurement & Contract Management	Political	Procurement & Contract Management
KEY FIELDS	REP	FIN	ESE	PRT	PRT	CON	CON	POL	CON
Date Risk Identified (or none identified)									
Risk	Negative sales/promotion tactics of Green Deal	Contributions required to support marketing	ECO funding not targeted effectively	Lack of capacity in Green Deal Partner	Lack of Green Deal Market in Cambridgeshire	Inappropriate/Hard Selling of Green Deal Partner	Lack of Finance from Green Deal Partner	Lack of GD finance generally in the market place	Installer costs not value for money.
Cause	No Green Deal partnership set up so no control on how the Green Deal is promoted	Low uptake of Green Deal that requires further promotion	No Green Deal partnership will mean local knowledge is not used to ensure those residents who need it most benefit.	Partnership underestimates success in Cambridge and there is not the capacity to carry out the work	Partnership has overestimated the potential Green Deal market as residents do not want to take up the scheme	No clear guidelines from Council on expectations	Unable to attract money from Green Deal Finance company.	No finance from the Green Deal Finance Companies	Chosen GD provider is installing measures at higher cost than typical market value.
Consequence	Negative press, reduces confidence in the scheme	Increased costs that could require help from LA's	Fuel poor, vulnerable residents are not assisted.	Work taking a long time to carry out, could lead to reputation issues.	Low levels of work carried out and help not getting to households that require it.	Reputation of Council Partnership and Green Deal could be affected, bad publicity and low uptake.	Reduction in potential measures that can be installed and reputation of brand affected.	Reduction in potential measures that can be installed and reputation of brand affected.	Residents are either paying for GD's longer or have reduced measures available to them.
Control Descriptions	The national scheme has a code of practice for selling the Green Deal, however a local partnership offers an additional level of protection and increases confidence for local residents	The County Group will clearly set out what resources and finance is available to support promotion. Any of the LA's can choose additional support if they wish,	The Green Deal partnership will mean local authority knowledge and data is used appropriately to target assistance where needed.	On going review meetings with partner will need to take place. Partnership will seek to include other local SME's to increase workforce and maintain local economy.	Partnership will work together to promote the scheme and to increase demand. Links with NHS and voluntary sector will be maximised.	Green Deal Providers and Assessors are bound by a national Code of Practice that should remove these risks. An additional agreement in place on behalf of the local partnership will add an additional layer of protection.	Contract between LA's and GD provider will clearly state finance required and an alternative Provider can be sought if funding not available.	If finance fails nationally the scheme will fail nationally. Government has a long term commitment to the GD and have built in national protections.	The contract between the LA's and Provider will require prices to be competitive and we will ask provider to demonstrate how this will be done. Residents will be made aware the LA scheme is not guaranteed to be the cheapest in the markets and residents are recommended to seek alternative quotations.
Likelihood	1. Little Chance	2. Some Possibility	2. Some Possibility	1. Little Chance	2. Some Possibility	1. Little Chance	1. Little Chance	1. Little Chance	2. Some Possibility
Impact	2. Some Limited Disruption	1. Virtually No Impact	2. Some Limited Disruption	2. Some Limited Disruption	2. Some Limited Disruption	2. Some Limited Disruption	3. Noticeable Effect	3. Noticeable Effect	2. Some Limited Disruption
Likelihood Score	1	2	2	1	2	1	1	1	2
Impact Score	2	1	2	2	2	2	3	3	2
Risk Residual Score	2	2	4	2	4	2	3	3	4
Risk Classification	Low	Low	Low	Low	Low	Low	low	Low	Low

06

GREEN DEAL RISKS

ANNEXE C

	Procurement & Contract Management	Procurement & Contract Management	Equalities / Social Exclusion	Equalities / Social Exclusion	Governance	Reputational	Reputational	Reputational	Reputational
KEY FIELDS	CON	CON	ESE	ESE	GOV	REP	REP	REP	REP
Date Risk Identified (or none identified)									
Risk	Partnership excludes local business	Partnership requires additional management/resource	Scheme unable to reach fuel poor	Scheme not reaching all ethnic groups especially those whose first language may not be English	Personal data being wrongly used or concern about personal data being wrongly used	Issues with Green Deal Customer Service behaviour	Green Deal Assessors not being sufficiently impartial	Incorrect financial advice regarding most suitable finance option.	Measures installed through Green Deal Plans/ECO not working
Cause	GD Provider uses national/out of area workforce	GD Provider inadequately running the scheme which requires further resources from LA's	Vulnerable residents inadequately targeted or do not take up the scheme.	Language issues not addressed as part of the scheme	Green Deal Assessors will be recording personal data	Attitude/behaviour of Green Deal customer service questioned.	Assessors do not declare they are representing a private company or that the resident has freedom to use the assessment to obtain the best deal for them.	Staff not suitably trained to give accurate advice.	Faulty equipment, installed incorrectly or equipment not being used properly.
Consequence	Reduced local economy - Reduced work for SME's which could lead to some going out of business.	Unforeseen costs to LA's	Scheme does not help the groups that need it most. Fuel poor residents continue to pay higher bills than needed	Non English speakers could loose out. Plus reputation damage	Residents could be put at risk regarding data protection	Reputation and success of scheme affected	Reputation of Local Authorities would be questioned with questions asked about relationship.	Residents are not told about the best financial options for their situation and could achieve better value for money.	Equipment appears not to be working and energy bills could be affected.
Control Descriptions	Preference of partnership with GD Provider is to use and develop the local SME sector in relation to the Green Deal. LA's will offer additional support where needed to help SME's	Contract between LA's and GD Provider will clearly state the extent of role each party will play. If one side is not performing then the other party can cease the agreement at any time.	LA Partnership to work directly with provider to target areas. Council held data on deprivation to be supplied to GD provider so they visit areas with high likelihood of vulnerable residents.	The entire district will be offered the service with no exclusion. Letters to include standard phrases that offer translation of letter in a number of languages.	Assessors are highly regulated by a national Code of Practice that covers data protection issues. Agreements put in place by LA partnership will add additional level of protection. Building and performance information may be shared with the Council with the consent of resident.	The Green Deal Code of Practice will cover any issues that arise. The Local Authority can also provide assistance and possibly mediate if required.	The Green Deal Code of Practice requires all Assessors to be impartial and to declare when they represent a company. The Contract between the Green Deal Provider and Local Authorities will also require that impartiality is maintained throughout.	Green Deal plans are regulated under the Consumer Credit Act 1974 and the provider will discuss with the resident the most suitable repayment plan.	The Green Deal aftercare service will ensure and issues are addressed whether it be training or repair and replacement of faulty equipment.
Likelihood	2. Some Possibility	1. Little Chance	2. Some Possibility	1. Little Chance	1. Little Chance	1. Little Chance	1. Little Chance	1. Little Chance	2. Some Possibility
Impact	1. Virtually No Impact	2. Some Limited Disruption	2. Some Limited Disruption	1. Virtually No Impact	3. Noticeable Effect	2. Some Limited Disruption	2. Some Limited Disruption	2. Some Limited Disruption	2. Some Limited Disruption
Likelihood Score	2	1	2	1	1	1	1	1	2
Impact Score	1	2	2	1	3	2	2	2	2
Risk Residual Score	2	2	4	1	3	2	2	2	4
Risk Classification	Low	Low	Low	Low	Low	Low	Low	Low	Low

16

GREEN DEAL RISKS

ANNEXE C

	Reputational	Partnership	Reputational	Reputational	Partnership	Reputational	Reputational	Reputational
KEY FIELDS	REP	PRT	REP	REP	PRT	REP	REP	REP
Date Risk Identified (or none identified)								
Risk	Anticipated savings not being achieved through savings.	Information discovered about illegal practices within property. Such as growing drugs	Council may be seen as less than impartial in that we would work with one company	Residents feel they are being pushed into the scheme against their will.	Residents contacting LA to discuss Green Deal plans rather than Provider	Damage to householders person/property when surveying/installing	Long term damage appearing to property some time after installation	HDC could be liable for outstanding work/damages
Cause	Even though measures installed, energy use in property means increase in bills.	Assessors may come across houses used to grow drugs.	Partnership with single private company	Council will promote the scheme and will try to develop interest in local residents	Information does not clearly state who to contact regarding enquiries	Poorly trained surveyors/installers damaging property when surveying/installing insulation. Inadequate HSW risk assessments	Faults occur in property as a result, or believed to be as a result of measures being installed	Green Deal Provider may cease trading and makes LA's liable
Consequence	Customer believes they are not saving as much as expected and bill higher than predicted.	Clear procedures would need to be established as to how and when it would be appropriate to liaise with the police	Reputation and confidence of Council could be affected	Lack of uptake in scheme and reputation of Council affected. Could lead to complaints to Councillors, Ombudsman and lack of confidence in the Council	Increased calls to Local Authority rather than to the GD Provider	Damage would mean work would need to be rectified. Potential bad publicity	Claim for damage and or repairs work. Potential bad publicity and loss of reputation.	LA's could potentially incur additional costs. Reputational damage being associated with a failed company/scheme
Control Descriptions	Residents will be shown how to work the measures properly and that increase in home temperature could increase bills. Governments use and regular update of 'in-use factors' will ensure realistic correlation between savings and repayments	To comply with data protection the information is kept only between HDC and the Green Deal Assessor/Provider. However we may need to liaise with the Police in extreme case.	Clear marketing to promote; the relationship between the two organisations, and availability of other installers to be specified in correspondence.	Both the Council and GD Assessors/Providers will make it clear the scheme is voluntary. No hard selling or excessive pushing of the scheme will take place.	All promotional material and paperwork will clearly state who to contact in case of enquiry. Customer Service Centre will also be briefed on these details to ensure residents are referred effectively.	All work is covered by installers insurance. Installer has experience in dealing with past issues. Trained staff up to various accredited standards. LA's could offer to mediate in appropriate cases	Installer member of trade associations covered by guarantees which provides financial cover and arbitration schemes	If Green Deal Provider ceases trading then resident will be protected by the national scheme.
Likelihood	2. Some Possibility	1. Little Chance	1. Little Chance	1. Little Chance	1. Little Chance	1. Little Chance	1. Little Chance	1. Little Chance
Impact	2. Some Limited Disruption	1. Virtually No Impact	3. Noticeable Effect	2. Some Limited Disruption	2. Some Limited Disruption	2. Some Limited Disruption	2. Some Limited Disruption	2. Some Limited Disruption
Likelihood Score	2	1	1	1	1	1	1	1
Impact Score	2	1	3	2	2	2	2	2
Risk Residual Score	4	1	3	2	2	2	2	2
Risk Classification	Low	Low	Low	Low	Low	Low	Low	Low

92

CABINET

14th FEBRUARY 2013

DELEGATED POWERS FOR ENVIRONMENTAL ENFORCEMENT (Report by the Head of Operations)

1. PURPOSE

- 1.1 The purpose of this report is to update the scheme of delegated powers to cover the range of duties carried out by the Operations Division's Environmental Enforcement team.

2. BACKGROUND

- 2.1.1 Following the enactment of the Clean Neighbourhoods and Environment Act 2005 an Environmental Enforcement team was established within the council's Operations Division with two officers who are engaged in prevention, intervention, investigation and enforcement of environmental crime such as littering, fly tipping and abandoned vehicles.
- 2.1.2 Since the establishment of the team the workload has expanded and for completeness some further powers require formal delegation.


3. DELEGATED POWERS

- 3.1 The Environmental Enforcement team already operate as authorised officers for issuing Fixed Penalty Notices under the Clean Neighbourhood and Environment Act 2005 and section 88 of the Environmental Protection Act 1990. The Head of Operations already has powers for prosecuting for certain environmental offences and removal of abandoned vehicles.
- 3.2 The team deal with a wide variety of complaints about littering, bins, fly tipping, abandoned vehicles, nuisance cars for sale and waste carriers. Some of the investigations in to the cases can become quite protracted and due complexity of certain cases a wider range of powers sometimes need to be used to solve the problems. Some of the powers required are already delegated to the Head of Environmental and Community Health Services but require amendment to be also delegated to the Head of Operations.
- 3.3 The attached table sets out the required additions and amendments to the scheme of delegation.

5. RECOMMENDATION

- 5.1 It is recommended that Cabinet approve this update to the scheme of delegation.

Contact Officer: Sonia Hansen, Streetscene Manager

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Delegated Powers for Environmental Enforcement – Appendix To Cabinet Report February 2013				
Already delegated?	Act	Power Delegated	Delegated to	Consult with Exec Councillor?
Yes 20/9/00	Environment Act 1995 s108 (4)	To exercise power of entry in respect of pollution control enactments	Authorised Officers	
To add		Power to serve notice requiring information relevant to an investigation	Authorised Officers	
To add	Environmental Protection Act 1990 part II Waste on Land	Power to serve notices, FPN's for offences regarding waste on land both domestic and commercial	Authorised Officers	
To add		Prosecute for offences regarding waste on land both domestic and commercial	Head of Operations	yes
Yes Delegated 5.3.91	Environmental Protection Act 1990 Part IV - Litter	Issue Litter Control Notices	Head of Operations	
Yes already delegated 5.3.91		Prosecute for s87 offences (littering)	Head of Operations	Yes
Already delegated 9.9.98 needs amending to say authorised officers		Issue FPNs (s88)	Authorised Officers	
Already delegated 6/5/04	Anti Social behaviour Act 2003 section 55	Amends EPA 1990 s30 , s59 & s71 Amends s108 Environment Act 1995 Amends Control of Pollution Act 1990 (WCA Authorisations)	Head of Operations	
To add	section 56	Power to enter land to clear litter and recover expenses	Head of Operations	

Yes but needs addition of Head of Operations		Power to issue Fixed Penalty notices	Authorised Officers	
Already delegated 1/9/05	Clean Neighbourhoods & Environment Act 2005	Abandoned & Nuisance Vehicles, Litter & Refuse,		
Already delegated 1/9/05	Parts 2-5	Graffiti & Defacement, Transporting & Depositing of Waste		
Already delegated 1/9/05	Other	Power to issue fixed Penalty Notices for above offences	Authorised Officers	
		To institute legal proceedings for above provisions	Head of Operations	Yes
Already delegated 15/12/05	Vehicles Excise Duty (Immobilisation, Removal & Disposal of Vehicles Regs 1997 (as amended))	Clamp & remove untaxed vehicles from public highway	Head of Operations	
Already delegated 2/11/11				
To add (29.1.74 powers were delegated for inspection of land)	Refuse Disposal (amenity) act 1978	Removal and Disposal of Abandoned Vehicles	Authorised Officers	
Yes 7/1/75		To institute legal proceedings for above Act	Head of Operations	Yes
To add	Local Government (Miscellaneous Provisions) Act 1976 (s16)	To serve notice to ascertain the nature of interest in land	Authorised Officers	
To add	Public Health Acts 1936 (s78)	To clear courts, yards or passages and recover expenses	Authorised Officers	

To add	(s287)	Power of entry for such purposes	Authorised Officers	
To add	Control of Pollution (Amendment) Act 1989	Power to produce authority to carry waste	Authorised Officers	
To add		Power to seize vehicle used in committing offence	Head of Operations	
To add		Power to FPN for failure to produce waste docs	Authorised Officers	
To add		Power to prosecute for failure to produce waste docs	Head of Operations	Yes
To add	Control of Pollution Act 1974 (s22)	Power to clear land (not a highway) to which the public have access	Authorised Officers	
To add	Road Traffic Regulation Act 1984 s99 – 102	Power to remove illegally, obstructively or dangerously parked, or abandoned or broken down vehicles. Power to dispose, and charge for removal, storage and disposal.	Authorised Officers	

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