

A meeting of the **OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING)** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE. ST MARY'S STREET, HUNTINGDON PE29 3TN** on **THURSDAY, 6 FEBRUARY 2014** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact  
(01480)**

### **APOLOGIES**

**1. MINUTES (Pages 1 - 4)**

To approve as a correct record the Minutes of the meeting held on 9 January 2014.

**C Bulman  
388234**

**2. MEMBERS' INTERESTS**

To receive from Members declarations as to disclosable pecuniary, non disclosable pecuniary or non pecuniary interests in relation to any Agenda Item.

**3. NOTICE OF KEY EXECUTIVE DECISIONS (Pages 5 - 8)**

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

**H Taylor  
388008**

**4. HUNTINGDONSHIRE DISTRICT COUNCIL LEADERSHIP DIRECTION 2014-16**

To consider the Huntingdonshire District Council Leadership Direction 2014-16 **(TO FOLLOW)**.

**H Thackray  
388035**

**5. BUDGET 2014/15 AND MEDIUM TERM PLAN 2015 TO 2019 (Pages 9 - 66)**

To consider a report by the Assistant Director (Finance and Resources) prior to its consideration by Cabinet.

**S Couper  
388103**

(A copy of the separate appendix of budget tables has been circulated separately to Panel Members and is also available at [www.huntingdonshire.gov.uk](http://www.huntingdonshire.gov.uk))

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

6. **2014/15 TREASURY MANAGEMENT STRATEGY** (Pages 67 - 94)

To consider the draft 2014/15 Treasury Management Strategy prior to its consideration by the Cabinet.

S Couper  
388103  
C Mason  
388157

7. **WORKPLAN STUDIES** (Pages 95 - 96)

To consider with the aid of a report by the Head of Legal and Democratic Services, the programme of studies being undertaken by the other Overview and Scrutiny Panels.

C Bulman  
388234

8. **OVERVIEW & SCRUTINY (ECONOMIC WELL-BEING) - PROGRESS** (Pages 97 - 100)

To consider a report by the Head of Legal and Democratic Services detailing progress on the Panel's activities.

C Bulman  
388234

9. **SCRUTINY**

To scrutinise decisions taken since the last meeting as set out in the Decision Digest and to raise any other matters for scrutiny that fall within the remit of the Panel **(TO FOLLOW)**.

Dated this 29 day of January 2014



Head of Paid Service

**Notes**

**1. 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.

### **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.

## **2. Filming, Photography and Recording at Council Meetings**

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

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

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

Agenda and enclosures can be viewed on the District Council's website – [www.huntingdonshire.gov.uk](http://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.*



## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) held in CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN on Thursday, 9 January 2014.

PRESENT: Councillor T V Rogers – Chairman.

Councillors P L E Bucknell, G J Bull,  
E R Butler, K J Churchill, S Greenall,  
R Harrison, P G Mitchell, M F Shellens and  
A H Williams.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors S Akthar and S Cawley and Mr R Eacott.

### **67. MINUTES**

The Minutes of the meeting held on 5th December 2013 were approved as a correct record and signed by the Chairman.

### **68. MEMBERS' INTERESTS**

No declarations were received.

### **69. NOTICE OF KEY EXECUTIVE DECISIONS**

The Panel considered and noted the current Notice of Key Executive Decisions (a copy of which is appended in the Minute Book). Members were informed that the items entitled 'Service Delivery Options', 'Budget & MTP' and the 'Treasury Management Strategy' would be submitted to their next meeting. A meeting of the Corporate Plan Working Group had been held on 18th December 2013 and the Chairman reported that progress had been made with the preparation of a new Corporate Plan.

With regard to the forthcoming item on the 'Pay Review Framework', the Chairman explained that employment issues were normally dealt with by the Employment Panel.

### **70. LOCAL GOVERNMENT SHARED SERVICES**

*(Councillors Mrs B Boddington, R C Carter, R B Howe and Ms L Kadic, were in attendance for the discussion on this item).*

*(Councillor G J Bull left the meeting at 20.15pm during the discussion on this item).*

Pursuant to Minute No.13/61, the Chairman welcomed Messrs Quentin Baker, Director of Law, Property and Governance, and Mr Ian Farrar, Director of Information Technology Services who had been invited to give a presentation to the Panel on Local Government

Shared Services (LGSS). As part of the presentation, Members were provided with details of LGSS' business scope and services, its key objectives, its customers and partners and the work which was ongoing to develop a business case for sharing Information Technology (IT) and Legal Services with the District Council.

Having been informed that LGSS was established in October 2010 as a shared services partnership jointly hosted by Cambridgeshire and Northamptonshire County Councils, Members were advised that its management arrangements comprised a Joint Committee and a Partnership Board involving elected Members from partner authorities. Should Huntingdonshire District Council choose to share its services under a Partnership Delegation Agreement, it would be offered representation on the Partnership Board. Information was then provided on the relationship between the Joint Committee and the Partnership Board and the ways in which the latter could influence the elected Members from the founding authorities.

Having noted that LGSS currently employed in excess of 1100 full time equivalent staff, Members were provided with details of the scale of its activities. LGSS had adopted a five year strategic plan and primarily operated within Cambridgeshire and Northamptonshire. The success of LGSS in providing corporate 'back office' resources derived from its ability to broker better deals through economies of scale. LGSS operated on an 'at cost' basis and Members were reminded of the arrangements for the distribution of any surpluses.

Members requested details of the ways in which savings were achieved. Having been informed that significant benefits were obtained from economies of scale, discussion took place on the size of the professional services offered by the LGSS Legal and IT divisions. Members were informed that the ability of the Legal team to undertake work had increased significantly in recent months. There were 180 staff within the IT Division which enabled the organisation to adopt a flexible approach towards such matters as out of hours working arrangements.

Members questioned what LGSS' approach was to outsourcing its activities. LGSS currently had a number of contracts running, but it was intending to bring them back in-house.

A Member asked what effort was put into improving internal processes to deliver better returns. In response, the Panel was informed that productivity had improved by 15% over the first two years of operation. Specific examples of improved processes within IT Services and in the revenues and benefits services at Norwich City Council were provided. Following a further question about the point at which LGSS would experience diseconomies of scale, the Panel noted that this would vary by service.

The Panel was assured that LGSS tried to share best practice amongst its constituent organisations rather than impose its own practices on them. The existing arrangement for the provision of HR, Payroll and Organisational Workforce Development services and the revenues and benefits service at Norwich City Council were cited as examples to support this point.

Having been advised of the approach which had been adopted to the development of a joint business case for sharing IT and Legal services between the District Council and LGSS, the Panel was informed that the ways in which further savings would be delivered during the life of the agreement would be specified. This was different from the HR, Payroll and Organisational Workforce Development arrangements because, under the new agreement, the level of savings which were achieved would be reflected in the benefits to both parties.

It was expected that the detailed business case shortly would be submitted to Overview and Scrutiny, Cabinet and full Council. A detailed partnership agreement would then be developed. Either party would be able to withdraw from the agreement simply by giving notice for a specified period. However, Members accepted that it would be difficult to return to the status quo once the agreement had been made.

The Panel referred to the mechanisms through which LGSS could be held to account. The Managing Director assured Members that the Authority would ensure the business case was sustainable and it would act as an 'Intelligent Client' during the development of the partnership agreement specification requirements and the management of the delivery of the services. A number of matters were discussed with regard to the operation of the agreement, specifically how the legal arrangements would operate to avoid conflicts of interest and the interface between the two parties relating to the provision of IT services.

Councillor M F Shellens suggested that the Panel should be given sight of any potential agreement, including the arrangements for profit saving, before it was signed. He also expressed concern about the way in which the Authority, which had already reduced its establishment, would continue to make savings, particularly at a time when Government grant was reducing.

Having been informed of extent of LGSS' discussions with other Councils within the County about further potential agreements, the Chairman emphasised the benefits which any partnership arrangement with Huntingdonshire District Council might offer to LGSS.

The Chairman thanked Mr Baker and Mr Farrer for their attendance at the meeting.

## **71. FACING THE FUTURE UPDATE**

The Chairman delivered an update on the Facing the Future process. The Overview and Scrutiny Chairmen and Vice-Chairmen had met on 18th December 2013 to review the complete list of potential savings and discuss the priorities that items might be accorded. Further meetings would be held on 9th and 16th January 2014. The Council's Chief Officer Management Team would be present at the latter meeting. It was noted that an informal Cabinet away-day had been arranged for late January 2014 to enable Executive Councillors to

consider the outcome of the Panels' deliberations and their own priorities. Reports on progress would then be submitted to Overview and Scrutiny and to the Cabinet in February 2014.

Members enquired whether it was yet possible to gauge the level of savings that the exercise had generated. The Panel was informed that many of the straightforward issues would be incorporated within the 2014/15 Budget and Medium Term Plan and that those matters which required further investigation would be fed in as appropriate when they had been further developed.

In response to a question as to whether the Council's Corporate Plan would need to be re-visited in light of the Facing the Future process, the Panel was informed that a new Corporate Plan was being developed to bring together the Authority's business and financial planning cycles. It was envisaged that this would be launched in April 2014.

## **72. WORKPLAN STUDIES**

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

## **73. OVERVIEW & SCRUTINY (ECONOMIC WELL-BEING) - PROGRESS**

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) reviewing progress on matters that had been previously discussed. Members' attention was drawn to the outcome of the audit on Electronic Document Management. A link to the final report was contained within the report by the Head of Legal and Democratic Services. It was also reported that the date on which representatives from the Local Enterprise Partnership would be invited to give a presentation to the full Council meeting had not yet been confirmed.

With regard to the development of the new Corporate Plan for the Authority, Members were of the opinion that the Council should distinguish between 'must have' activities and those that were 'nice to have'.

In terms of the Panel's ongoing work programme, namely the studies on Communications, Shared Services and Estates, it was agreed that these should remain on hold, pending the outcome of the Cabinet's recommendations on the Facing the Future programme.

## **74. SCRUTINY**

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

Chairman




Colin Meadowcroft  
Head of Legal and Democratic Services

Huntingdonshire District Council  
Pathfinder House  
St Mary's Street  
Huntingdon PE29 3TN.

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

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private.	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Service Delivery Options###	Cabinet	13 Feb 2014		Steve Couper, Assistant Director of Finance and Resources Tel No 01480 388103 or email Steve.Couper@huntingdonshire.gov.uk		J D Ablewhite	Economic Well-Being
Facing the Future - Suggested Priorities	Cabinet	13 Feb 2014		Steve Couper, Assistant Director of Finance and Resources Tel No 01480 388103 or email Steve.Couper@huntingdonshire.gov.uk		J A Gray	All
Budget & MTP	Cabinet	13 Feb 2014		Steve Couper, Assistant Director of Finance and Resources Tel No 01480 388103 or email Steve.Couper@huntingdonshire.gov.uk		J A Gray	Economic Well-Being
Treasury Management Strategy	Cabinet	13 Feb 2014		Steve Couper, Assistant Director of Finance and Resources Tel No 01480 388103 or email Steve.Couper@huntingdonshire.gov.uk		J A Gray	Economic Well-Being

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Corporate Plan	Cabinet	13 Feb 2014		Howard Thackray, Policy and Strategic Services Manager Tel No 01480 388035 or email Howard.Thackray@huntingdonshire.gov.uk		J D Ablewhite	All
Local Plan to 2036 - Proposed Submission	Cabinet	20 Mar 2014	Submission - Draft Local Plan	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Carbon Management Plan	Cabinet	20 Mar 2014		Chris Jablonski, Environment Team Leader Tel No. 01480 388368 or email Chris.Jablonski@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being
 Green Deal	Cabinet	20 Mar 2014		Chris Jablonski, Environment Team Leader Tel No. 01480 388368 or email Chris.Jablonski@huntingdonshire.gov.uk		D M Tysoe	Environmental Well-Being
Huntingdonshire Infrastructure Business Plan	Cabinet	20 Mar 2014		Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Huntingdon West Masterplan	Cabinet	20 Mar 2014	Following consultation. Preferred option.	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
Wind Turbines SPD	Cabinet	20 Mar 2014	Draft SPD	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being

Subject/Matter for Decision	Decision/ recommendation to be made by	Date decision to be taken	Documents Available	How relevant Officer can be contacted	Reasons for the report to be considered in private	Relevant Executive Councillor	Relevant Overview & Scrutiny Panel
Consultation and Engagement Strategy	Cabinet	10 Apr 2014		Louise Sboui, Senior Policy Officer Tel No. 01480 388032 or email Louise.Sboui@huntingdonshire.gov.uk		J D Ablewhite	Social Well-Being
Huntingdon and Godmanchester Market Town Transport Strategy	Cabinet	10 Apr 2014	Market Town Transport Strategy	Paul Bland, Planning Service Manager (Policy) Tel No. 01480 388430 or email Paul.Bland@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being
A14	Cabinet	10 Apr 2014		Steve Ingram, Assistant Director, Environment, Growth and Planning Tel No. 01480 388400 or email Steve.Ingram@huntingdonshire.gov.uk		N J Guyatt	Environmental Well-Being

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# Agenda Item 5

Public  
Key Decision

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	<b>BUDGET 2014/15 AND MEDIUM TERM PLAN 2015 to 2019</b>
<b>Meeting/Date:</b>	<b>Cabinet – 13 February 2014</b>
<b>Executive Portfolio:</b>	<b>Resources</b>
<b>Report by:</b>	<b>Assistant Director, Finance and Resources</b>
<b>Ward(s) affected:</b>	<b>All</b>

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### **Executive Summary:**

The purpose of this report is to allow the Cabinet to make its recommendations to Council on 26 February on the Council's Budget, Medium Term Plan and Council Tax level for 2014/15.

Although generally anticipated, this Council's Formula Grant fell by 24% for 2014/15.

The proposed top-slicing of New Homes Bonus did not take place, which significantly reduces the immediate pressure for savings.

The Government has offered a Council Tax Freeze Grant for 2014/15 of 1% for two years. The limit on Tax increases that would be permitted without a positive referendum result will not be announced until mid-February but it is rumoured that it will be less than 2%. The Minister has indicated that there will be no special arrangements for low taxing Districts like Huntingdonshire next year. In order to allow debate of all options the proposed budget is currently based on no Council Tax increase for 2014/15. Future Tax levels are based on 2% per year but allowance is made in the Risk Provision for a nil rise in 2015/16 in case the position mirrors what may emerge this year.

Savings continue to be successfully identified and delivered and this will result in forecast savings of £1.6M this year (£0.5M is as a result of projects being delayed until next year leaving a net benefit of £1.1M). This means that our reserves at the beginning of April will be £10M after using £0.6M from reserves to balance the budget.

Provision has been specifically made for the most significant or more certain risks.

A balance has been taken between progress on savings and the use of reserves in order to ensure that savings are properly targeted and effectively delivered to manage service impact. It also results in more comfortable reserve levels over the next few years when the greatest uncertainty on Government Funding levels is anticipated. Unidentified savings of £0.7M for 2015/16 rising to £2.1M in 18/19 are required and the Facing the Future exercise will form a base for identifying these.

The resulting Budget and MTP:

PROPOSED BUDGET/MTP	FORECAST	BUDGET	MTP			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
<b>2013/14 BUDGET/MTP</b>	<b>22,764</b>	<b>22,198</b>	<b>22,755</b>	<b>23,046</b>	<b>24,227</b>	<b>25,141</b>
Proposed variations	-1,638	-1,328	-2,366	-2,752	-3,364	-3,186
<b>PROPOSED 2014/15</b>	<b>21,126</b>	<b>20,870</b>	<b>20,389</b>	<b>20,294</b>	<b>20,863</b>	<b>21,955</b>
<b>FUNDING</b>						
Use of revenue reserves	-568	-1,005	-1,117	-437	-555	-776
<b>Remaining revenue reserves EOY</b>	<b>10,032</b>	<b>9,027</b>	<b>7,910</b>	<b>7,473</b>	<b>6,918</b>	<b>6,142</b>
New Homes Bonus	-2,905	-3,344	-4,013	-4,993	-5,628	-6,340
Council Tax Freeze Grant		-82	-82	0	0	0
Formula Grant (RSG)	-6,019	-4,562	-3,074	-2,400	-1,800	-1,500
Retained Business Rates	-4,052	-4,218	-4,245	-4,351	-4,460	-4,572
Collection Fund Deficit	-76	-21				
Council Tax	-7,506	-7,639	-7,858	-8,112	-8,420	-8,767
<b>COUNCIL TAX LEVEL</b>	<b>£133.18</b>	<b>£133.18</b>	<b>£135.84</b>	<b>£138.56</b>	<b>£141.33</b>	<b>£144.16</b>
% increase	<b>3.63%</b>	<b>0.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
£ increase	<b>£4.67</b>	<b>£0.00</b>	<b>£2.66</b>	<b>£2.72</b>	<b>£2.77</b>	<b>£2.83</b>
<b>Unidentified Spending Adjustments still required</b>						
<b>Proposed MTP</b>	<b>0</b>	<b>0</b>	<b>-700</b>	<b>-1,300</b>	<b>-1,800</b>	<b>-2,100</b>
<b>Current MTP</b>		<b>-1,500</b>	<b>-1,856</b>	<b>-2,687</b>	<b>-2,637</b>	<b>-3,374</b>

The Council's Chief Financial Officer considers that the budget for 2014/15, is sufficiently robust and that there are adequate reserves though he draws attention to:

- the need to make prompt progress with identifying the savings required for future years especially recognising the major and increasing reliance on New Homes Bonus which may be vulnerable to change.
- The importance of effective financial monitoring.

**Recommendations:**

**That Cabinet Recommend to February Council:**

- Approval of the proposed Budget and MTP as shown in the Budget Tables in the Appendix to this report.
- Acceptance that the 15% limit on Net Interest and Borrowing Costs has been breached but that the actions described in Para. 8.6c be undertaken over the next year to mitigate the impact.
- A Council Tax level for 2014/15.

**That Cabinet endorse**, subject to Council approving the Budget,

- the additional approvals required for those MTP schemes highlighted in Appendix – Table 4.

## 1 PURPOSE

1.1 The purpose of this report is to allow the Cabinet to make its recommendations to Council on 26 February on the Council's Budget, Medium Term Plan and Council Tax level for 2014/15.

## 2 BACKGROUND

2.1 The budget/MTP approved in February 2013 was as shown below:

APPROVED 2013 BUDGET/MTP	BUDGET	MTP			
	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
<b>FORECAST</b>	<b>22,764</b>	<b>22,198</b>	<b>22,755</b>	<b>23,046</b>	<b>24,227</b>
<b>FUNDING</b>					
Use of revenue reserves	-2,254	-2,084	-1,458	0	0
<b>Remaining reserves EOY</b>	<b>8,542</b>	<b>6,458</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
New Homes Bonus	-2,905	-3,505	-4,489	-5,964	-6,832
Formula Grant (RSG)	-6,019	-4,600	-4,255	-3,936	-3,641
Retained Business Rates	-4,004	-4,127	-4,230	-4,336	-4,444
Collection Fund Deficit	-76				
Council Tax	-7,506	-7,882	-8,323	-8,810	-9,311
<b>COUNCIL TAX LEVEL</b>	<b>£133.18</b>	<b>£137.85</b>	<b>£142.67</b>	<b>£147.67</b>	<b>£152.84</b>
% increase	<b>3.63%</b>	<b>3.51%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>
£ increase	<b>£4.67</b>	<b>£4.67</b>	<b>£4.82</b>	<b>£4.99</b>	<b>£5.17</b>
<b>Unidentified Spending Adjustments still required</b>	<b>0</b>	<b>-1,500</b>	<b>-1,856</b>	<b>-2,687</b>	<b>-2,637</b>

2.2 In September a Forecast Report was presented to Council which took account of:

- the 2012/13 outturn
- reduced Formula Grant (RSG)
- a top slice of New Homes Bonus (NHB) to be transferred to the Local Enterprise Partnership (LEP)
- a list of targeted savings.

2.3 This gave the following position:

SEPTEMBER 2013 FORECAST	FORECAST	BUDGET	MTP			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
<b>FORECAST</b>	<b>22,962</b>	<b>22,090</b>	<b>19,768</b>	<b>19,950</b>	<b>21,159</b>	<b>22,166</b>
<b>FUNDING</b>						
Use of revenue reserves	-2,752	-2,386	-1,435			
<b>Remaining reserves EOY</b>	<b>8,821</b>	<b>6,435</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
New Homes Bonus	-2,905	-3,505	-3,142	-4,175	-4,782	-5,182
Formula Grant (RSG)	-6,019	-4,500	-2,995	-2,995	-2,995	-2,995
Retained Business Rates	-3,704	-3,817	-3,913	-4,011	-4,111	-4,214
Collection Fund Deficit	-76					
Council Tax	-7,506	-7,882	-8,323	-8,810	-9,311	-9,816
<b>COUNCIL TAX LEVEL</b>	<b>£133.18</b>	<b>£137.85</b>	<b>£142.67</b>	<b>£147.67</b>	<b>£152.84</b>	<b>£158.19</b>
% increase	<b>3.63%</b>	<b>3.51%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.50%</b>	<b>3.5%</b>
£ increase	<b>£4.67</b>	<b>£4.67</b>	<b>£4.82</b>	<b>£4.99</b>	<b>£5.17</b>	<b>£5.35</b>

Savings Required:						
a) Targetted		1,377	1,852	2,050	2,090	2,090
b) Unidentified		138	2,620	2,948	3,181	3,694

2.4 Due to the continued uncertainty in many areas it was decided not to produce a Draft Budget/MTP in December but only to provide an update to the Forecast Report. Before the report reached Council it had to be updated to reflect the very late notification of the draft local government finance settlement.

2.5 This gave the proposed reductions in Formula Grant for 2014/15 and 2015/16 but also the very good news that New Homes Bonus would not, after all, be top sliced this year. It resulted in the position below:

December 2013 Update REVENUE SAVINGS	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
<b>From September Forecast Report</b>					
Targetted	-1,377	-1,852	-2,050	-2,090	-2,090
Unidentified	-138	-1,273	-1,159	-1,131	-1,473
<b>total</b>	<b>-1,515</b>	<b>-3,125</b>	<b>-3,209</b>	<b>-3,221</b>	<b>-3,563</b>
<b>% of Budget</b>	<b>6.4%</b>	<b>12.9%</b>	<b>12.9%</b>	<b>12.2%</b>	<b>12.7%</b>
<b>Identified so far (from above)</b>	<b>-719</b>	<b>-1,532</b>	<b>-1,702</b>	<b>-1,848</b>	<b>-1,794</b>
<b>Still required</b>	<b>-796</b>	<b>-1,593</b>	<b>-1,507</b>	<b>-1,373</b>	<b>-1,769</b>
<b>% of Budget</b>	<b>3.4%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>5.2%</b>	<b>6.3%</b>



### 3. SUBSEQUENT CHANGES IN SPENDING

- 3.1 The **savings** included in the original budget and those subsequently identified as “targeted” savings are being monitored and the latest forecast of their achievements in both value and timescale are included in the proposed MTP. The Facing The Future exercise has also identified a significant number of potential savings in the “No significant service impact” category and many of these have also been included.
- 3.2 There have also been some **increased costs** identified. Examples include the latest forecasts of car parking income and the fact that the County Council have informed us that they will require us to pass the net surplus on on-street parking to them in future to fund their Transportation schemes.
- 3.3 The impact of the **Pension Fund Revaluation** has also been assessed. Whilst it requires further increases the MTP already included provision for much of this and because the new requirement is staggered it produces significant savings for 2014/15 (£589k) which reduces until additional funding of £156k per year is required from 2017/18. There is also a change to the regulations from April that makes all overtime pensionable with the added cost of contributions being £67k.
- 3.4 The table below summarises these changes:

SPENDING ADJUSTMENTS since the December Update Report	FORE CAST	BUDGET	MTP			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Savings - Facing the Future	-100	-377	-496	-511	-476	-476
Savings - Other	-57	-121	-220	-166	-167	-172
Extra expenditure	151	123	129	136	147	150
Technical - Pensions	0	-522	-216	159	223	223
Technical - Reduction in Unidentified Savings	0	1,500	1,156	1,387	837	1,274
Technical - Other	-661	-133	-274	-538	-166	26
Risk Provision	-20	-1,078	-912	-1,516	-1,913	-2,415
<b>Total</b>	<b>-687</b>	<b>-608</b>	<b>-833</b>	<b>-1,049</b>	<b>-1,515</b>	<b>-1,391</b>

The **Appendix – Table 6** shows all the variations with those post the December report having a black highlight in the first column.

### 4. FUNDING

- 4.1 Information about the **Council Tax Freeze grant** has been received and the Council would receive £82k in 2014/15 and 2015/16 if it were to freeze or reduce its current Council Tax level of £133.18 for 2014/15. There have been suggestions that such grants would be built into the base so they would be permanent but the letter received from the government makes no reference to this and so the figures in this report just assume the two years.
- 4.4 Part of the draft settlement was the information on Retained Business Rates for 2014/15 and 2015/16. Members will recall that during this first year of the retention it

has been very difficult to forecast the expected levels with any degree of precision due to the significant number of valuation appeals still awaiting determination. Successful appeals are usually backdated for a number of years making the result very volatile. During the latter part of the current year it has become clear that we may achieve the Government's assumed base level. The approach taken in the proposed MTP is therefore to assume that the base line figures will be achieved but to include in the Risk Contingency a sum half way between the base line and the safety net level.

## 5. OUTSTANDING ITEMS

5.1 The following items are still outstanding and will require assumptions to be made in order to finalise the budget:

### **The limit for Council Tax increases without a positive referendum**

The Government had signalled a limit of 2% but has now stated that the figure will not be released until the second week of February. There are strong rumours that the limit will be less than 2%. Obviously any reduction below 2% considerably weakens the argument for an increase even recognising the longer term impact on the base. This report is therefore based on a freeze for 2014/15 and section 7 below outlines the impact of alternative decisions.

### **Pay Review**

The figures contained in the report to Cabinet's January meeting include some forecasts and two contingency elements.

### **Continued Uncertainty**

Assumptions on Formula Grant post 2015/16 continue to show reductions but could be subject to significant change. The New Homes Bonus process could be amended as originally proposed this year or in some other way.

## 6. RISK PROVISION AND OTHER POTENTIAL RISKS

6.1 The Risk Provision included in the MTP is shown below:

Risk Provision in MTP	14/15	15/16	16/17	17/18	18/19
	£000	£000	£000	£000	£000
Formula Grant reduction due to New Homes Bonus		100	200	200	200
Reduced New Homes Bonus (long term empty properties)	0	60	70	80	90
Provision for demographic growth #	0	90	180	150	240
Zero tax rise in 2016/17 with 1% reward grant for 2 years		72	77	165	172
Pay Protection and Performance Pay	184	114	274	427	565
Homelessness	50	100	100	0	0
NNDR - Appeals (Half way between base level and safety net)		150	150	150	150
Repayment of land charge fees - assume half	86	0	0	0	0
	<b>320</b>	<b>686</b>	<b>1,051</b>	<b>1,172</b>	<b>1,417</b>

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

6.2 **Annex A** 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.

## 7. COUNCIL TAX INCREASES

7.1 Huntingdonshire continues to have a very low level of Council Tax. In the current year the Council's £133.18 charge (Band D) was 28<sup>th</sup> lowest of the 201 District Councils which have an average of £167 and a maximum of £316. Almost two thirds of Huntingdonshire's properties are in Bands A to C and so have a lower Tax level.

7.2 As referred to above the Government is encouraging authorities not to increase Council Tax for 2014/15 with the offer of a special grant approximating to 1% of 2013/14 Council Tax income for two years.

7.3 Last year Huntingdonshire was permitted to increase its Council Tax by almost £5 (3.63%) because it had one of the lowest 20% of Council Tax levels. It is not anticipated that this offer will be repeated. However, to cover every eventuality the following table compares the impact of a number of scenarios compared to the base assumption of no increase this year and effectively no increase in 2015/16 either. This is because provision is included in the Risk Contingency for the headline level of 2% not being attractive in the light of the combination of the Government's limitation rules and reward grants for 2015/16. 2% per year is assumed post 2015/16.

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
<b>BASE OPTION</b>					
Council Tax Increase	£0	2%	2%	2%	2%
<b>After Risk Provision</b>	£0	£0	2%	2%	2%
OPTION 1	£5	2%	2%	2%	2%
<b>CHANGE IN SAVINGS NEEDED</b>	-205	-285	-381	-481	-501
OPTION 2	2%	2%	2%	2%	2%
<b>CHANGE IN SAVINGS NEEDED</b>	-71	-147	-239	-334	-347
OPTION 3	1.5%	2%	2%	2%	2%
<b>CHANGE IN SAVINGS NEEDED</b>	-33	-108	-198	-291	-303
OPTION 4	1%	2%	2%	2%	2%
<b>CHANGE IN SAVINGS NEEDED</b>	5	-69	-158	-249	-259
OPTION 5	£0	2%	3.5%#	3.5%	3.5%
<b>CHANGE IN SAVINGS NEEDED</b>		-72	-196	-415	-564

+ = more required - = less required

# Previous policy was a rise of 3.5% per year.

7.4 It is assumed that £5 would only be considered if it was permitted by the Government. If it was not it would require a positive referendum result. This would be

a very high risk without any guarantee of a return because a referendum would cost around £70k even if at the same time as the European Elections. If unsuccessful, rebilling would amount to a further £70k.

## 8. RESERVES OR SAVINGS

- 8.1 Once the net cost of services and the main funding elements have been determined or estimated there are only two ways left to balance the budget each year. One is to use our revenue reserves until they reach the minimum prudent level and the other is to identify further savings targets.
- 8.2 Whilst the Facing the Future savings exercise is progressing well there are still many months of work to be undertaken before all of the 460 items have been researched to the point of having definite savings levels and phasing. Given this situation it would not be prudent to assume an over-optimistic level of savings for 2015/16. However it would also be inappropriate to reduce reserve levels too quickly because, as mentioned previously, there are major uncertainties about future Government Funding to Local Authorities. It is clear that further reductions will take place post 2015/16 and the scale of potential changes to the New Homes Bonus, which is an increasingly major element of the Council's funding, was highlighted earlier in the year.
- 8.3 Thus a mid-course has been taken involving both targeting savings and the use of reserves each year to give the following position.

PROPOSED BUDGET/MTP	FORECAST 2013/14 £000	BUDGET 2014/15 £000	MTP			
			2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
<b>2013/14 BUDGET/MTP</b>	<b>22,764</b>	<b>22,198</b>	<b>22,755</b>	<b>23,046</b>	<b>24,227</b>	<b>25,141</b>
Proposed variations	-1,638	-1,328	-2,366	-2,752	-3,364	-3,186
<b>PROPOSED 2014/15</b>	<b>21,126</b>	<b>20,870</b>	<b>20,389</b>	<b>20,294</b>	<b>20,863</b>	<b>21,955</b>
<b>FUNDING</b>						
Use of revenue reserves	-568	-1,005	-1,117	-437	-555	-776
<b>Remaining reserves EOY</b>	<b>10,032</b>	<b>9,027</b>	<b>7,910</b>	<b>7,473</b>	<b>6,918</b>	<b>6,142</b>
New Homes Bonus	-2,905	-3,344	-4,013	-4,993	-5,628	-6,340
Council Tax Freeze Grant		-82	-82	0	0	0
Formula Grant (RSG)	-6,019	-4,562	-3,074	-2,400	-1,800	-1,500
Retained Business Rates	-4,052	-4,218	-4,245	-4,351	-4,460	-4,572
Collection Fund Deficit	-76	-21				
Council Tax	-7,506	-7,639	-7,858	-8,112	-8,420	-8,767
<b>COUNCIL TAX LEVEL</b>	<b>£133.18</b>	<b>£133.18</b>	<b>£135.84</b>	<b>£138.56</b>	<b>£141.33</b>	<b>£144.16</b>
% increase	<b>3.63%</b>	<b>0.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>2.00%</b>
£ increase	<b>£4.67</b>	<b>£0.00</b>	<b>£2.66</b>	<b>£2.72</b>	<b>£2.77</b>	<b>£2.83</b>
<b>Unidentified Spending Adjustments still required</b>						
<b>Proposed MTP</b>	<b>0</b>	<b>0</b>	<b>-700</b>	<b>-1,300</b>	<b>-1,800</b>	<b>-2,100</b>
<b>Current MTP</b>		<b>-1,500</b>	<b>-1,856</b>	<b>-2,687</b>	<b>-2,637</b>	<b>-3,374</b>

8.4 Last year Council agreed that an MTP with Interest and Borrowing Costs in excess of 15% of net expenditure would need specific consideration. The table below shows the position for the proposed MTP:

PROPOSED BUDGET/MTP	FORECAST	BUDGET	MTP			
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Forecast additional borrowing	11,041	3,823	2,111	3,545	3,614	3,069
Average borrowing in year net of Minimum Revenue Provision	31,883	37,945	39,104	39,857	41,103	41,798
<b>Net Interest and Borrowing Costs</b>						
- total	1,444	1,903	2,282	2,460	2,978	3,592
- as % of net spending	6.8%	9.1%	11.2%	12.1%	14.3%	16.4%
- value in excess of 15%						299

8.5 The 2018/19 forecast Net Interest and Borrowing Costs would have represented 14.3% of the current MTP's forecast of Net Spending of £25,141k. It is the fall in spending due to the savings targets that has increased the percentage to 16.4%.

8.6 Cabinet have three options:

- a) To insist that the 15% limit is maintained by reducing capital expenditure. It may not be possible to reduce the capital programme sufficiently to achieve this given the fact that it is relatively low in historical terms and concentrates on those items that are necessary to preserve services (e.g. refuse freighters or IT equipment), preserve buildings (e.g. major maintenance) or is a statutory requirement (e.g. Disabled Facilities Grants). To save a revenue impact of £299k would require capital reductions of approximately £3M.
- b) To insist that the 15% limit is maintained by funding some of the schemes from revenue. The revenue impact of achieving the limit by this method would be in the order of £3M though this would create savings of £300k per year thereafter. It is difficult to recommend considering such a move until the majority of the savings target is seen to be achievable.
- c) To agree to recommend the current MTP to Council. The MTP proposal to increase the volume of margin-making loans to fund relevant projects with appropriate partners will lead to a reduction in the excess (£30M of loans with a 1% margin would cover the £299k). A careful review of the capital programme can also be programmed into the coming year to see if there are any possibilities of savings (this is certainly possible on the IT front if we have a shared service with LGSS due to their additional market leverage).

8.7 The following annexs showing the detail of the proposed Budget and MTP:

**Appendix – Table 2**

Overall Budget and MTP – Subjective analysis

**Appendix – Table 3**

Head of Service Budgets – Subjective and Objective analysis

8.8 **Appendix – Table 4** shows all the MTP variations from the 2013/14 approved budget level. This includes the variations included in last year's MTP together with the new variations this year shown in **Table 5**. All items can proceed on the decision of the relevant Head of Service except those that are highlighted as needing the additional levels of approval shown.

## 9. RESERVES AND THE ROBUSTNESS OF THE 2014/15 BUDGET

9.1 The Local Government Act 2003 requires the Assistant Director, Finance and 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 B** 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.

## 10. CONSULTATION AND COMMENTS

10.1 This report will be considered at a meeting of the Overview and Scrutiny (Economic Wellbeing) Panel on the 6 February and a consultation meeting with members of the business community on 10 February. Comments from both meetings will be reported to Cabinet.

## 11. PRUDENTIAL CODE

11.1 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.

## **ACCESS TO INFORMATION ACT 1985**

Grant Settlement Information – Files in Financial Services

Working Papers - Files in Financial Services

Project Appraisals

2013/14 Revenue Budget and the 2014/18 MTP

Forecast Report

December 2013 Update Report

**Contact Officer: Steve Couper**

Assistant Director, Finance and Resources    ☎ **01480 388103**

## **ANNEXS**

- A     Risks for which no or limited provision has been made in the Risk Contingency
- B     Chief Financial Officer's statement on robustness of budget and adequacy of reserves (including information about main assumptions and sensitivity analysis)

## **SEPARATE APPENDIX OF BUDGET TABLES**

### **Table**

- 1 Overall Summary
2. Overall Budget and MTP – Subjective analysis
3. Head of Service Budgets – Subjective and Objective analysis
4. All MTP variations from the 2013/14 base, highlighting those needing approval before commencement. i.e. previous years and current years approvals
5. All MTP changes to the current approved MTP (Those since the December update report have a black indicator in the first column.
6. Capital Programme

## OTHER POTENTIAL RISKS

The most fundamental issue is the speed with which the UK economy will grow and its impact on Government funding of local authorities and the resources of Huntingdonshire residents. There are conflicting views on the scale and speed of this recovery and so it is difficult to forecast the impact on:

- Income from planning fees, building control fees and leisure charges.
- House building and hence New Homes Bonus (15% caution built in)
- More applicants for housing and council tax benefit
- Higher homelessness costs (£50k provision in 2014/15)
- Reductions in Government Grant (assumption made post 2015/16 but limited data to base this on)

Other issues include:

- Delivery of the items contained in identified savings
- Identification and consequent 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 (reasonable estimate included with some contingency provision)
- Ability to maintain income levels
- Impact of variations in retained Business Rates (very volatile due to appeals)
- Change in Pension Fund contributions payable from April 2018 as a result of the three yearly revaluation.
- 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 (part provision in contingency)
- Low demand for sites in Huntingdon e.g. assumed sale of plot fronting St. Mary’s Street.



## RESERVES AND THE ROBUSTNESS OF THE 2014/15 BUDGET

The Local Government Act 2003 requires me, as the Council's Chief Financial Officer, to report on the robustness of the 2014/15 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 there is an element of prudent budgeting and that managers have taken a mature approach to budgetary control rather than simply spending any spare sums on low priority items. As budgets further tighten this opportunity will significantly 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 which has been developed further this year and will be further extended next year to ensure that any non-achievement of budgets is promptly recognised and reported. The process this year has been used to ensure that any necessary budget variations have fed into this budget/MTP process.

The 2014/15 budget has been prepared using the budget for 2013/14 as a base, and amending it for known changes, particularly:

- Inflation including a 1.5% provision for an April 2014 pay award. There will be no performance pay in 2014/15. Pay is by far the most significant inflation element.
- The impact of the 2012/13 outturn and forecast spending for 2013/14.
- Variations in existing budgets and MTP schemes together with new MTP proposals. A significant number of these reflect savings rather than extra costs.

There have been some proposals in previous MTPs that included an element of challenge which has not always turned out to be achievable. I am satisfied that adjustments have generally been made to remove or minimise any such levels of uncertainty.

There will always be some items that emerge after the budget has been prepared. These may be the non-achievement of an MTP item or some new unexpected item. These will first be met by any compensating savings that have emerged elsewhere in the budget but, if this is not possible, from reductions in service provision or the use of revenue reserves.

The most significant potential risks to the budget are:

- higher inflation
- further reductions in income
- non-achievement of planned savings
- failure of a borrower
- an emergency (e.g. flooding)
- increased demands on services (e.g. benefits or homelessness)
- Level of retained Business Rates

**Tables at the end of this Annex show the key assumptions and the financial impact of changes over the MTP period but the figures quoted below are the potential impact on the 2014/15 budget.**

### **Inflation**

A 1% increase in pay would cost £200k

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 £175k.

An increase in interest rates of 1% would cost £96k.

### **Reduced Income**

A 1% loss of income from fees, rents, charges and recharges would amount to around £178k. The largest areas susceptible to variation are:

- Car Parks £1.8M
- Leisure Centres £7.5M
- Property £2.0M
- Planning and Building Control Fees £1.9M

### **Non Achievement of Planned Savings**

There is clearly no guarantee that all savings will be achieved within the timescales shown. In total the additional savings target over the current year's forecast is around £2.9M which includes significant sums relating to the new pension contribution levels and the pay review. However, it is also likely that some more of the items from the Facing the Future review will start to impact in 2014/15 and this will help counteract any difficulties with the items already included.

### **Failure of a Borrower**

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.

### **An emergency**

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).

### **Increased demands on services**

The services most susceptible to increased demand that would have a significant revenue impact are homelessness and Council Tax Support.

### **Retained Business Rates**

Since the introduction of this new element of funding for authorities in April 2013 it has become increasingly clear that the levels that the authority will be able to retain are very difficult to forecast. Whilst there are some opportunities for estimating when new buildings will be completed once they have started it is very difficult to judge when development will

commence on allocated land even if planning permission has been granted.

It is even more difficult to estimate the results of appeals against the valuation set by the Valuation Office Agency. These appeals sometimes take years to finalise and are often backdated for a number of years, drastically adding to the volatility.

Other variations can result from property being burnt down (e.g. the public house/restaurant at Hartford Marina) or demolished.

The revenue impact is limited by the existence of a safety net which limits our loss to around £300k and a contingency has been included for half this sum.

### **Revenue Reserves**

Theoretically, though it is extremely unlikely, all of the above items could occur next year in which case it is critical that the Council has sufficient reserves to fund unavoidable additional costs pending the introduction of compensating service savings.

Reserves are forecast to be £10.0m at April 2014 and reduce to £9.1m by March 2015 in order to support revenue spending. This is still significantly above what would be considered a safe minimum level when considering the 2014/15 budget in isolation but clearly not excessive given the future uncertainties on Government financial support and the need for further significant savings.

Therefore, even if a number of unexpected additional costs emerged there would still be sufficient funding to cover the deficit for 2014/15.

### **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 2014/15.

However, for future years, 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 recognising the major and increasing reliance on New Homes Bonus which may be vulnerable to change.
- 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, the level of housing completions that result in New Homes Bonus and the level of retained Business Rates.

**Steve Couper**  
Assistant Director  
Finance and Resources

## ASSUMPTIONS

INFLATION	for	for	for	for	for
	Apr 2014	Apr 2015	Apr 2016	Apr 2017	Apr 2018
<i>Pay award</i>	1.5%	1.5%	1.5%	2.0%	2.0%
<i>Prices</i>	2.5%	2.5%	2.5%	2.5%	2.5%
<i>electricity</i>	0.0%	-0.5%	2.4%	8.9%	31.1%
<i>gas</i>	0.0%	0.0%	2.6%	5.1%	0.0%
<i>fuel</i>	0.1%	0.5%	1.0%	1.5%	1.5%
<i>car park charges</i>				10%	
<i>planning fees</i>				10%	

The cost of performance pay is allowed for in the Risk Provision for the Pay Review and assumes an average of one increment every 2 years starting from April 2015 for those employees not at the top of their grade.

INTEREST RATES	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
	Temporary Borrowing	0.43%	0.43%	0.45%	0.85%
Temporary Investments	0.58%	0.58%	0.55%	0.95%	1.43%
PWLB 20 year borrowing	3.39%	3.64%	4.08%	4.25%	4.50%

## SENSITIVITY

IMPACT OF CHANGES	Impact on saving requirement				
	14/15	15/16	16/17	17/18	18/19
	£M	£M	£M	£M	£M
Pay - 1% higher award each April starting 2014	199	386	581	794	1,018
Pensions – 1% higher employers' contribution from April 2018					142
Expenditure excluding pay - 1% higher inflation each year	175	352	531	712	894
Income – 1% higher assumption	-178	-359	-540	-724	-910
Interest Rates - 1% higher	96	115	131	145	160

**BUDGET 2014/15  
AND  
MEDIUM TERM PLAN 2015/16 to 2018/19**

**TABLES**

- 1 Overall Summary**
- 2 Overall Budget and MTP – Subjective analysis**
- 3 Head of Service Budgets – Subjective and Objective analysis**
- 4 All MTP variations from the 2013/14 base, highlighting those needing approval before commencement. i.e. previous years and current years approvals**
- 5 All MTP changes to the current approved MTP  
(Those since the December update report have a black indicator in the first column.)**
- 6 Capital Programme showing external funding**

TABLE 1 – OVERALL SUMMARY

PROPOSED BUDGET/MTP	FORECAST	BUDGET	MTP			
	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
<b>2012/13 BUDGET/MTP</b>	<b>22,764</b>	<b>22,198</b>	<b>22,755</b>	<b>23,046</b>	<b>24,227</b>	<b>25,141</b>
Proposed variations	-1,638	-1,328	-2,366	-2,752	-3,364	-3,186
<b>NEW FORECAST</b>	<b>21,126</b>	<b>20,870</b>	<b>20,389</b>	<b>20,294</b>	<b>20,863</b>	<b>21,955</b>
<b>FUNDING</b>						
Use of revenue reserves	-568	-1,005	-1,117	-437	-555	-776
<b>Remaining revenue reserves EOY</b>	<b>10,032</b>	<b>9,027</b>	<b>7,910</b>	<b>7,473</b>	<b>6,918</b>	<b>6,142</b>
New Homes Grant	-2,905	-3,344	-4,013	-4,993	-5,628	-6,340
Council Tax Freeze Grant	-82	-82	-82	0	0	0
Formula Grant (RSG)	-6,019	-4,562	-3,074	-2,400	-1,800	-1,500
Retained Business Rates	-4,052	-4,218	-4,245	-4,351	-4,460	-4,572
Collection Fund Deficit	-76	-21	-7,858	-8,112	-8,420	-8,767
Council Tax	-7,506	-7,639	-7,858	-8,112	-8,420	-8,767
<b>COUNCIL TAX LEVEL</b>	<b>£133.18</b>	<b>£133.18</b>	<b>£135.84</b>	<b>£138.56</b>	<b>£141.33</b>	<b>£144.16</b>
% increase	3.63%	0.00%	2.00%	2.00%	2.00%	2.00%
£ increase	£4.67	£0.00	£2.66	£2.72	£2.77	£2.83
<b>Unidentified Spending Adjustments still required</b>						
<b>Proposed MTP</b>	<b>0</b>	<b>0</b>	<b>-700</b>	<b>-1,300</b>	<b>-1,800</b>	<b>-2,100</b>
<b>Current MTP</b>		<b>-1,500</b>	<b>-1,856</b>	<b>-2,687</b>	<b>-2,637</b>	<b>-3,374</b>

**TABLE 2 - OVERALL BUDGET AND MTP - SUBJECTIVE ANALYSIS**

Huntingdonshire District Council								
Subjective Analysis: Controllable Income & Expenditure								
ALL SERVICES	2013/14		2014/15	Medium Term Plan				
	Budget £000	Forecast £000		Budget £000	Budget £000	Budget £000	Budget £000	Budget £000
Employees	Salaries	17,707	17,362	17,754	17,415	17,527	17,802	17,968
	National Insurance & Pensions	5,221	5,040	4,850	5,179	5,554	5,998	6,000
	Overtime	368	293	373	375	375	375	375
	Bonus	225	223	224	224	224	224	224
	Hired Staff	460	692	490	475	445	445	347
	Allowances	75	70	86	86	86	86	86
	Childcare Admin Vouchers	5	5	5	5	5	5	5
	Commission On Sales	17	14	1	1	1	1	1
	Employee Insurance	120	100	103	103	103	103	103
	Long Service Awards	1	1	1	1	1	1	1
	Recruitment	27	29	27	27	27	27	27
	Termination	230	203	206	206	205	205	205
	Training	329	274	281	281	281	281	281
		<b>24,785</b>	<b>24,306</b>	<b>24,401</b>	<b>24,378</b>	<b>24,834</b>	<b>25,553</b>	<b>25,623</b>
Benefit & Transfer Payments	Benefits	35,801	35,928	37,377	37,311	37,311	37,311	37,311
	Grants Paid	1,476	1,711	1,219	1,135	1,085	1,085	1,085
	Irrecoverable V A T	149	145	137	137	137	137	137
	Precepts	390	390	399	399	399	399	399
	Profit Share Payable	0	6	6	6	6	6	6
		<b>37,816</b>	<b>38,180</b>	<b>39,138</b>	<b>38,988</b>	<b>38,938</b>	<b>38,938</b>	<b>38,938</b>
Buildings	Building Security	111	109	112	112	112	112	112
	Building Structure	688	693	703	703	703	703	703
	Energy	874	779	753	738	724	754	754
	Fixtures & Fittings	63	84	71	71	71	71	71
	Land	201	246	209	209	209	209	209
	Leases & Rents	279	242	270	230	230	216	230
	Property Taxes	1,056	1,046	1,084	1,084	1,084	1,084	1,084
	Water & Sewerage	162	156	163	163	163	163	163
		<b>3,434</b>	<b>3,355</b>	<b>3,365</b>	<b>3,310</b>	<b>3,296</b>	<b>3,312</b>	<b>3,326</b>
Supplies & Services	Advertising	188	165	184	184	184	184	184
	Equipment & Furniture	1,385	1,462	1,435	1,422	1,427	1,422	1,422
	Insurance (Service Related)	89	77	93	93	93	93	93
	Interest Paid	704	438	888	900	920	1,086	1,428
	Materials	746	730	719	719	719	719	719
	Members Expenses	393	386	392	392	392	392	392
	Postage	240	260	272	274	242	229	244
	General Supplies and Services	346	329	225	225	225	225	225
	Professional Services	2,072	1,926	2,078	1,841	1,779	1,683	1,687
	Public Consultation, Surveys	94	76	53	53	53	53	53
	Subscriptions	38	32	38	38	38	38	38
	Treasury Related Services	163	186	175	175	175	175	175
	External Audit Fees	163	113	117	117	117	117	117
	Subsistence	6	7	6	6	6	6	6
	Telephones	278	249	259	255	255	255	267
		<b>7,312</b>	<b>6,831</b>	<b>7,361</b>	<b>7,119</b>	<b>7,050</b>	<b>7,087</b>	<b>7,475</b>
Transport	Car Allowances	330	258	307	307	307	307	307
	Vehicles & Plant	1,533	1,416	1,579	1,580	1,580	1,580	1,580
		<b>1,863</b>	<b>1,674</b>	<b>1,886</b>	<b>1,887</b>	<b>1,887</b>	<b>1,887</b>	<b>1,887</b>
Technical Adjustments	Renewals Fund Contribution	327	262	285	285	285	285	285
	Minimum Revenue Provision	1,255	1,118	1,623	1,992	2,158	2,509	2,784
	Pay Protection	320	0	0	0	0	0	0
	Contingencies	331	21	123	633	736	1,070	1,820
	Unallocated Savings	0	0	0	(467)	(867)	(1,183)	(1,384)
		<b>2,233</b>	<b>1,401</b>	<b>2,031</b>	<b>2,443</b>	<b>2,312</b>	<b>2,681</b>	<b>3,505</b>
<b>Total Service Expenditure</b>		<b>77,443</b>	<b>75,747</b>	<b>78,182</b>	<b>78,125</b>	<b>78,317</b>	<b>79,458</b>	<b>80,754</b>
Reserve-Revenue Transfers	Renewals Fund Contn Adjustment	0	(58)	0	0	0	0	0
		<b>0</b>	<b>(58)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income & Fees	Bad Debts Provision	262	75	81	81	81	81	81
	Charges & Fees	(10,834)	(10,424)	(11,367)	(12,021)	(12,433)	(12,866)	(12,991)
	Commuted Sums	(118)	(186)	(172)	(125)	(125)	(245)	(245)
	Costs Recovered	(2,634)	(2,681)	(2,771)	(2,717)	(2,689)	(2,684)	(2,684)
	Government Grants	(36,523)	(37,205)	(38,144)	(37,951)	(37,800)	(37,763)	(37,845)
	Interest Received	(446)	(272)	(594)	(642)	(696)	(749)	(752)
	Licence Fees	(359)	(376)	(343)	(343)	(343)	(343)	(343)
	Lottery Grant	(77)	(50)	0	0	0	0	0
	Private Grants	(18)	(16)	(17)	(17)	(17)	(17)	(17)
	Rent	(2,396)	(2,235)	(2,323)	(2,343)	(2,343)	(2,343)	(2,343)
	Sales	(1,033)	(970)	(1,053)	(1,053)	(1,053)	(1,053)	(1,053)
		<b>(54,176)</b>	<b>(54,340)</b>	<b>(56,703)</b>	<b>(57,131)</b>	<b>(57,418)</b>	<b>(57,982)</b>	<b>(58,192)</b>
<b>Total Service Income</b>		<b>(54,176)</b>	<b>(54,398)</b>	<b>(56,703)</b>	<b>(57,131)</b>	<b>(57,418)</b>	<b>(57,982)</b>	<b>(58,192)</b>
<b>Total Net Service Budget</b>		<b>23,267</b>	<b>21,349</b>	<b>21,479</b>	<b>20,994</b>	<b>20,899</b>	<b>21,476</b>	<b>22,562</b>
Less Technical Adjustments	Recharges Outside of Revenue	(503)	(651)	(609)	(605)	(605)	(610)	(607)
<b>NEW FORECAST</b>		<b>22,764</b>	<b>20,698</b>	<b>20,870</b>	<b>20,389</b>	<b>20,294</b>	<b>20,866</b>	<b>21,955</b>

**TABLE 3 - HEAD OF SERVICE BUDGETS – SUBJECTIVE AND OBJECTIVE ANALYSIS**

Huntingdonshire District Council								
Subjective & Objective Analysis: Service Controllable Income & Expenditure								
Managing Director & Corporate Office		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000
<b>Subjective Analysis:</b>								
Employees	Salaries	762	578	623	623	623	623	623
	National Insurance & Pensions	183	154	164	164	164	180	180
	Allowances	2	2	1	1	1	1	1
	Childcare Admin Vouchers	5	5	5	5	5	5	5
	Employee Insurance	27	0	0	0	0	0	0
	Long Service Awards	1	1	1	1	1	1	1
	Recruitment	20	20	21	21	21	21	21
	Pension Added Years	229	199	204	204	204	204	204
	Training	40	37	31	31	31	31	31
		<b>1,269</b>	<b>996</b>	<b>1,050</b>	<b>1,050</b>	<b>1,050</b>	<b>1,066</b>	<b>1,066</b>
Benefit & Transfer Payments	Grants Paid	3	3	3	3	3	3	3
	Irrecoverable V A T	31	31	28	28	28	28	28
	Profit Share Payable	0	6	6	6	6	6	6
		<b>34</b>	<b>40</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
Buildings	Building Security	44	45	46	46	46	46	46
	Building Structure	60	70	62	62	62	62	62
	Energy	4	6	5	5	5	5	5
	Land	1	29	2	2	2	2	2
	Leases & Rents	171	140	151	151	151	151	151
	Property Taxes	25	35	30	30	30	30	30
	Water & Sewerage	0	1	0	0	0	0	0
	<b>Total</b>	<b>305</b>	<b>326</b>	<b>296</b>	<b>296</b>	<b>296</b>	<b>296</b>	<b>296</b>
Supplies & Services	Advertising	5	14	6	6	6	6	6
	Equipment & Furniture	68	46	64	53	53	53	53
	Materials	0	2	0	0	0	0	0
	Members Expenses	13	13	13	13	13	13	13
	Postage	15	15	3	3	3	3	3
	Printing & Stationery	12	11	9	7	7	7	7
	General Supplies and Services	1	2	1	1	1	1	1
	Professional Services	746	752	650	637	618	626	629
	Public Consultation, Surveys	38	24	0	0	0	0	0
	Subscriptions	13	13	13	13	13	13	13
	Subsistence	1	1	1	1	1	1	1
	Telephones	4	3	2	2	2	2	2
		<b>916</b>	<b>896</b>	<b>762</b>	<b>736</b>	<b>717</b>	<b>725</b>	<b>728</b>
Transport	Car Allowances	25	17	16	16	16	16	16
	Vehicles & Plant	8	8	8	8	8	8	8
		<b>33</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
Technical Adjustments	Renewals Fund Contribution	93	93	96	96	96	96	96
		<b>93</b>	<b>93</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>96</b>
<b>Total Service Expenditure</b>		<b>2,650</b>	<b>2,376</b>	<b>2,265</b>	<b>2,239</b>	<b>2,220</b>	<b>2,244</b>	<b>2,247</b>
Reserve-Revenue Transfers	Renewals Fund Contn Adjustment	0	(23)	0	0	0	0	0
		<b>0</b>	<b>(23)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income & Fees	Charges & Fees	(57)	(60)	(62)	(62)	(62)	(62)	(62)
	Costs Recovered	(51)	(63)	(115)	(120)	(82)	(82)	(82)
	Rent	(1,939)	(1,838)	(1,901)	(1,921)	(1,921)	(1,921)	(1,921)
		<b>(2,047)</b>	<b>(1,961)</b>	<b>(2,078)</b>	<b>(2,103)</b>	<b>(2,065)</b>	<b>(2,065)</b>	<b>(2,065)</b>
<b>Total Service Income</b>		<b>(2,047)</b>	<b>(1,984)</b>	<b>(2,078)</b>	<b>(2,103)</b>	<b>(2,065)</b>	<b>(2,065)</b>	<b>(2,065)</b>
<b>Net Service Budget</b>		<b>603</b>	<b>392</b>	<b>187</b>	<b>136</b>	<b>155</b>	<b>179</b>	<b>182</b>
<b>Objective Analysis:</b>								
Direct Services	Community Initiatives	38	0	0	0	0	0	0
	Corporate Management	69	85	52	39	39	39	39
	Democratic Services	30	33	30	30	30	30	30
	Economic Development	113	123	95	95	95	95	95
	Economic Development Estates	(1,595)	(1,471)	(1,594)	(1,619)	(1,624)	(1,624)	(1,624)
	Non Distributed Costs	229	199	204	204	204	204	204
Internal Services (rechargeable)	Corp Office & Directors Mgmt Unit	365	206	186	186	186	190	190
	Corporate Office Mgmt Unit	676	622	624	624	667	679	679
	Payroll & HR	678	595	590	577	558	566	569
<b>Net Service Budget</b>		<b>603</b>	<b>392</b>	<b>187</b>	<b>136</b>	<b>155</b>	<b>179</b>	<b>182</b>



**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

Head of Legal & Democratic Services		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	Budget £000	Budget £000	Budget £000	Budget £000
<b>Subjective Analysis:</b>								
Employees	Salaries	1,063	1,006	1,078	1,057	1,047	1,014	1,071
	National Insurance & Pensions	253	243	257	257	257	280	280
	Overtime	11	5	11	11	11	11	11
	Bonus	0	5	0	0	0	0	0
	Hired Staff	14	14	14	14	14	14	14
	Allowances	8	8	8	8	8	8	8
	Training	23	21	19	19	19	19	19
		<b>1,372</b>	<b>1,302</b>	<b>1,387</b>	<b>1,366</b>	<b>1,356</b>	<b>1,346</b>	<b>1,403</b>
Buildings	Leases & Rents	0	0	14	14	14	0	14
		<b>0</b>	<b>0</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>14</b>
Supplies & Services	Advertising	1	0	0	0	0	0	0
	Equipment & Furniture	157	168	175	173	178	173	173
	Insurance (Service Related)	4	6	6	6	6	6	6
	Materials	47	46	42	42	42	42	42
	Members Allowances & Expenses	380	373	379	379	379	379	379
	Postage	73	92	132	134	102	89	104
	Printing & Stationery	142	143	165	165	165	150	165
	General Supplies and Services	4	4	1	1	1	1	1
	Professional Services	60	78	30	3	0	0	2
	Public Consultation, Surveys	21	21	21	21	19	19	21
	Telephones	22	21	21	21	21	21	21
		<b>911</b>	<b>952</b>	<b>972</b>	<b>945</b>	<b>913</b>	<b>880</b>	<b>914</b>
Transport	Car Allowances	28	22	26	26	26	26	26
	Vehicles & Plant	35	34	35	35	35	35	35
		<b>63</b>	<b>56</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>Total Service Expenditure</b>		<b>2,346</b>	<b>2,310</b>	<b>2,434</b>	<b>2,386</b>	<b>2,344</b>	<b>2,287</b>	<b>2,392</b>
Income & Fees	Charges & Fees	(252)	(356)	(297)	(308)	(308)	(366)	(366)
	Costs Recovered	(78)	(40)	(54)	(54)	(54)	(54)	(54)
	Government Grants	0	0	(22)	(13)	(17)	10	68
	Licence Fees	(359)	(354)	(343)	(343)	(343)	(343)	(343)
	Sales	0	(2)	(1)	(1)	(1)	(1)	(1)
		<b>(689)</b>	<b>(752)</b>	<b>(717)</b>	<b>(719)</b>	<b>(723)</b>	<b>(754)</b>	<b>(696)</b>
<b>Total Service Income</b>		<b>(689)</b>	<b>(752)</b>	<b>(717)</b>	<b>(719)</b>	<b>(723)</b>	<b>(754)</b>	<b>(696)</b>
<b>Net Service Budget</b>		<b>1,657</b>	<b>1,558</b>	<b>1,717</b>	<b>1,667</b>	<b>1,621</b>	<b>1,533</b>	<b>1,696</b>
<b>Objective Analysis:</b>								
Direct Services	Central Services	(67)	(138)	17	15	(26)	(137)	22
	Corporate Services Democratic	476	461	463	459	459	459	463
	Environmental Serv - Licensing	(304)	(302)	(286)	(286)	(286)	(286)	(286)
	Printing External Work	0	(14)	(14)	(14)	(14)	(14)	(14)
Internal Services (rechargeable)	Document Centre	486	523	493	470	465	470	470
	Legal & Democratic Management	1,066	1,028	1,044	1,023	1,023	1,041	1,041
<b>Net Service Budget</b>		<b>1,657</b>	<b>1,558</b>	<b>1,717</b>	<b>1,667</b>	<b>1,621</b>	<b>1,533</b>	<b>1,696</b>

Huntingdonshire District Council								
Subjective & Objective Analysis: Service Controllable Income & Expenditure								
Head of Environmental & Community Services		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	Budget	Budget	Budget	Budget
<b>Subjective Analysis:</b>								
Employees	Salaries	1,347	1,249	1,287	1,252	1,219	1,219	1,219
	National Insurance & Pensions	337	305	324	324	324	354	355
	Overtime	11	15	11	11	11	11	11
	Hired Staff	0	8	0	0	0	0	0
	Allowances	10	3	10	10	10	10	10
	Recruitment	0	2	0	0	0	0	0
	Termination	0	2	0	0	0	0	0
	Training	24	36	23	23	23	23	23
		<b>1,729</b>	<b>1,620</b>	<b>1,655</b>	<b>1,620</b>	<b>1,587</b>	<b>1,617</b>	<b>1,618</b>
Benefit & Transfer Payments	Grants Paid	370	439	379	379	329	329	329
		<b>370</b>	<b>439</b>	<b>379</b>	<b>379</b>	<b>329</b>	<b>329</b>	<b>329</b>
Buildings	Building Structure	6	6	7	7	7	7	7
	Leases & Rents	17	20	11	11	11	11	11
		<b>23</b>	<b>26</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
Supplies & Services	Advertising	23	14	19	19	19	19	19
	Equipment & Furniture	62	62	62	62	62	62	62
	Materials	7	7	7	7	7	7	7
	Postage	8	5	7	7	7	7	7
	Printing & Stationery	31	20	25	25	25	25	25
	Professional Services	87	90	139	136	106	75	74
	Public Consultation, Surveys	14	13	14	14	14	14	14
	Subscriptions	13	8	13	13	13	13	13
	Subsistence	3	3	3	3	3	3	3
	Telephones	10	8	6	6	6	6	6
		<b>258</b>	<b>230</b>	<b>295</b>	<b>292</b>	<b>262</b>	<b>231</b>	<b>230</b>
Transport	Car Allowances	64	47	64	64	64	64	64
	Vehicles & Plant	14	15	13	13	13	13	13
		<b>78</b>	<b>62</b>	<b>77</b>	<b>77</b>	<b>77</b>	<b>77</b>	<b>77</b>
Technical Adjustments	Renewals Fund Contribution	6	6	7	7	7	7	7
		<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Total Service Expenditure</b>		<b>2,464</b>	<b>2,383</b>	<b>2,431</b>	<b>2,393</b>	<b>2,280</b>	<b>2,279</b>	<b>2,279</b>
Income & Fees	Charges & Fees	(151)	(148)	(214)	(218)	(188)	(156)	(156)
	Costs Recovered	(63)	(88)	(104)	(109)	(114)	(119)	(119)
	Licence Fees	0	(21)	0	0	0	0	0
	Lottery Grant	(77)	(50)	0	0	0	0	0
		<b>(291)</b>	<b>(307)</b>	<b>(318)</b>	<b>(327)</b>	<b>(302)</b>	<b>(275)</b>	<b>(275)</b>
<b>Total Service Income</b>		<b>(291)</b>	<b>(307)</b>	<b>(318)</b>	<b>(327)</b>	<b>(302)</b>	<b>(275)</b>	<b>(275)</b>
<b>Net Service Budget</b>		<b>2,173</b>	<b>2,076</b>	<b>2,113</b>	<b>2,066</b>	<b>1,978</b>	<b>2,004</b>	<b>2,004</b>
<b>Objective Analysis:</b>								
Direct Services	Community Initiatives	13	8	13	13	13	13	13
	Community Facilities	18	20	18	18	18	18	18
	Community Safety	324	380	327	322	267	262	262
	Leisure Policy	198	198	179	179	179	183	183
	Planning Policy	9	4	9	2	2	2	2
	Commercial Health	31	17	22	22	22	22	22
	Environmental Health	105	101	68	68	68	70	70
	Public Health	20	11	17	17	17	17	17
Internal Services (rechargeable)	ECHS Internal Services	34	24	26	26	26	26	26
	ECHS Management Units	1,409	1,307	1,422	1,387	1,354	1,379	1,379
	Service Administration	12	6	12	12	12	12	12
<b>Net Service Budget</b>		<b>2,173</b>	<b>2,076</b>	<b>2,113</b>	<b>2,066</b>	<b>1,978</b>	<b>2,004</b>	<b>2,004</b>

**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

Head of Operations		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000
<b>Subjective Analysis:</b>								
Employees	Salaries	3,631	3,574	3,519	3,519	3,519	3,639	3,639
	National Insurance & Pensions	869	860	918	918	918	1,001	1,003
	Overtime	243	177	247	247	247	247	247
	Bonus	224	219	224	224	224	224	224
	Hired Staff	386	399	393	393	393	393	393
	Allowances	24	22	24	24	24	24	24
	Recruitment	2	0	2	2	2	2	2
	Termination	0	2	0	0	0	0	0
	Training	57	59	56	56	56	56	56
		<b>5,436</b>	<b>5,312</b>	<b>5,383</b>	<b>5,383</b>	<b>5,383</b>	<b>5,586</b>	<b>5,588</b>
Benefit & Transfer Payments	Grants Paid	43	73	44	44	44	44	44
	Irrecoverable V A T	8	9	3	3	3	3	3
		<b>51</b>	<b>82</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
Buildings	Building Security	3	2	2	2	2	2	2
	Building Structure	48	21	22	22	22	22	22
	Energy	54	41	45	45	45	45	45
	Land	29	49	57	57	57	57	57
	Leases & Rents	14	15	14	14	14	14	14
	Property Taxes	226	219	228	228	228	228	228
	Water & Sewerage	14	13	15	15	15	15	15
		<b>388</b>	<b>360</b>	<b>383</b>	<b>383</b>	<b>383</b>	<b>383</b>	<b>383</b>
Supplies & Services	Advertising	23	15	22	22	22	22	22
	Equipment & Furniture	225	229	232	232	232	232	232
	Materials	204	237	211	211	211	211	211
	Postage	2	8	6	6	6	6	6
	Printing & Stationery	18	26	18	18	18	18	18
	General Supplies and Services	199	170	73	73	73	73	73
	Professional Services	133	84	169	146	144	144	144
	Public Consultation, Surveys	4	1	4	4	4	4	4
	Subscriptions	5	5	5	5	5	5	5
	Treasury Related Services	64	64	65	65	65	65	65
	Telephones	34	30	30	30	30	30	30
		<b>911</b>	<b>869</b>	<b>835</b>	<b>812</b>	<b>810</b>	<b>810</b>	<b>810</b>
Transport	Car Allowances	40	33	39	39	39	39	39
	Vehicles & Plant	1,345	1,209	1,366	1,366	1,366	1,366	1,366
		<b>1,385</b>	<b>1,242</b>	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>
Technical Adjustments	Renewals Fund Contribution	121	121	99	99	99	99	99
		<b>121</b>	<b>121</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>
<b>Total Service Expenditure</b>		<b>8,292</b>	<b>7,986</b>	<b>8,152</b>	<b>8,129</b>	<b>8,127</b>	<b>8,330</b>	<b>8,332</b>
Income & Fees	Charges & Fees	(2,599)	(2,386)	(2,595)	(2,790)	(2,977)	(3,164)	(3,164)
	Commuted Sums	(117)	(185)	(171)	(124)	(124)	(244)	(244)
	Costs Recovered	(982)	(881)	(894)	(894)	(894)	(894)	(894)
	Government Grants	(12)	(23)	(12)	(12)	(12)	(12)	(12)
	Private Grants	(18)	(16)	(17)	(17)	(17)	(17)	(17)
	Rent	(56)	(44)	(49)	(49)	(49)	(49)	(49)
	Sales	(136)	(116)	(139)	(139)	(139)	(139)	(139)
		<b>(3,920)</b>	<b>(3,651)</b>	<b>(3,877)</b>	<b>(4,025)</b>	<b>(4,212)</b>	<b>(4,519)</b>	<b>(4,519)</b>
<b>Total Service Income</b>		<b>(3,920)</b>	<b>(3,687)</b>	<b>(3,877)</b>	<b>(4,025)</b>	<b>(4,212)</b>	<b>(4,519)</b>	<b>(4,519)</b>
<b>Net Service Budget</b>		<b>4,372</b>	<b>4,299</b>	<b>4,275</b>	<b>4,104</b>	<b>3,915</b>	<b>3,811</b>	<b>3,813</b>
<b>Objective Analysis:</b>								
Direct Services	Abandoned Vehicles	2	2	2	2	2	2	2
	CCTV	227	278	141	118	116	118	118
	Countryside	357	351	357	357	357	244	244
	Car Parks	(1,288)	(1,069)	(1,131)	(1,240)	(1,427)	(1,611)	(1,611)
	Emergency Planning	33	9	11	11	11	11	11
	Grounds Maint Other Organisation	(93)	(93)	(95)	(95)	(95)	(95)	(95)
	Markets	(116)	(111)	(120)	(120)	(120)	(120)	(120)
	Parks	74	(7)	0	47	47	47	47
	Recycling	(35)	(112)	(47)	(133)	(133)	(125)	(125)
	Trade Waste	(31)	(31)	(31)	(31)	(31)	(31)	(31)
	Refuse Collection	2,131	2,168	2,176	2,176	2,176	2,319	2,319
	Street Cleaning & Litter	1,034	897	986	986	986	997	997
Internal Services (rechargeable)	Fleet Management	269	269	278	278	278	281	281
	Grounds Maintenance	772	770	787	787	787	797	798
	Operations Mgmt Budgets	1,036	978	961	961	961	977	978
<b>Net Service Budget</b>		<b>4,372</b>	<b>4,299</b>	<b>4,275</b>	<b>4,104</b>	<b>3,915</b>	<b>3,811</b>	<b>3,813</b>

**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

Assistant Director (Environment, Growth & Planning)		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000
<b>Subjective Analysis:</b>								
Employees	Salaries	1,780	1,763	1,749	1,724	1,724	1,724	1,724
	National Insurance & Pensions	434	427	421	421	421	459	460
	Overtime	7	6	9	9	9	9	9
	Hired Staff	0	1	0	0	0	0	0
	Allowances	3	10	9	9	9	9	9
	Recruitment	0	4	0	0	0	0	0
	Training	18	12	14	14	14	14	14
		<b>2,242</b>	<b>2,223</b>	<b>2,202</b>	<b>2,177</b>	<b>2,177</b>	<b>2,215</b>	<b>2,216</b>
Benefit & Transfer Payments	Grants Paid	202	224	189	189	189	189	189
	Irrecoverable V A T	8	6	5	5	5	5	5
		<b>210</b>	<b>230</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>
Buildings	Building Structure	10	10	10	10	10	10	10
	Energy	19	19	19	19	19	19	19
	Land	1	1	1	1	1	1	1
	Property Taxes	2	0	0	0	0	0	0
	Water & Sewerage	15	15	16	16	16	16	16
		<b>47</b>	<b>45</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>
Supplies & Services	Advertising	7	7	7	7	7	7	7
	Equipment & Furniture	31	30	31	31	31	31	31
	Materials	10	10	10	10	10	10	10
	Postage	13	12	10	10	10	10	10
	Printing & Stationery	44	41	37	37	37	37	37
	General Supplies and Services	0	1	1	1	1	1	1
	Professional Services	649	535	575	317	268	193	193
	Subscriptions	2	0	0	0	0	0	0
	Subsistence	1	1	1	1	1	1	1
	Telephones	4	4	2	2	2	2	2
		<b>761</b>	<b>641</b>	<b>674</b>	<b>416</b>	<b>367</b>	<b>292</b>	<b>292</b>
Transport	Car Allowances	47	42	48	48	48	48	48
	Vehicles & Plant	6	6	6	6	6	6	6
		<b>53</b>	<b>48</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>
Technical Adjustments	Renewals Fund Contribution	11	(19)	12	12	12	12	12
		<b>11</b>	<b>(19)</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Total Service Expenditure</b>		<b>3,324</b>	<b>3,168</b>	<b>3,182</b>	<b>2,899</b>	<b>2,850</b>	<b>2,813</b>	<b>2,814</b>
Income & Fees	Charges & Fees	(1,170)	(1,120)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)
	Costs Recovered	(187)	(258)	(204)	(240)	(260)	(260)	(260)
	Interest Received	(1)	0	0	0	0	0	0
	Rent	(88)	(89)	(99)	(99)	(99)	(99)	(99)
	Sales	(15)	(30)	(15)	(15)	(15)	(15)	(15)
		<b>(1,461)</b>	<b>(1,497)</b>	<b>(1,489)</b>	<b>(1,525)</b>	<b>(1,545)</b>	<b>(1,545)</b>	<b>(1,545)</b>
<b>Total Service Income</b>		<b>(1,461)</b>	<b>(1,497)</b>	<b>(1,489)</b>	<b>(1,525)</b>	<b>(1,545)</b>	<b>(1,545)</b>	<b>(1,545)</b>
<b>Net Service Budget</b>		<b>1,863</b>	<b>1,671</b>	<b>1,693</b>	<b>1,374</b>	<b>1,305</b>	<b>1,268</b>	<b>1,269</b>
<b>Objective Analysis:</b>								
Direct Services	Development Management	(1,109)	(1,107)	(1,163)	(1,274)	(1,294)	(1,294)	(1,294)
	Contributions To H R A	0	1	0	0	0	0	0
	Housing Services	(29)	(77)	(43)	(43)	(43)	(43)	(43)
	Car Parks Strategy	2	0	0	0	0	0	0
	Economic Development	93	15	91	5	5	5	5
	Planning Policy & Conservation	406	386	366	269	220	145	145
	Public Transport	11	11	11	11	11	11	11
	Private Housing Support	72	85	73	73	73	73	73
	Transportation Strategy	100	75	103	103	103	103	103
Internal Services	Head of Planning Int Services	3	3	3	3	3	3	3
	Head of Planning Mgmt Unit	2,314	2,279	2,252	2,227	2,227	2,265	2,266
<b>Net Service Budget</b>		<b>1,863</b>	<b>1,671</b>	<b>1,693</b>	<b>1,374</b>	<b>1,305</b>	<b>1,268</b>	<b>1,269</b>

**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

Service Manager Environmental Management		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	Budget £000	Budget £000	Budget £000	Budget £000
<b>Subjective Analysis:</b>								
Employees	Salaries	1,074	1,020	1,050	1,050	1,050	1,050	1,020
	National Insurance & Pensions	270	264	274	274	274	299	294
	Overtime	34	17	29	29	29	29	29
	Hired Staff	1	1	1	1	1	1	1
	Allowances	5	5	6	6	6	6	6
	Training	19	12	17	17	17	17	17
		<b>1,403</b>	<b>1,319</b>	<b>1,377</b>	<b>1,377</b>	<b>1,377</b>	<b>1,402</b>	<b>1,367</b>
Benefit & Transfer Payments	Irrecoverable V A T	8	11	8	8	8	8	8
	Precepts	390	390	399	399	399	399	399
		<b>398</b>	<b>401</b>	<b>407</b>	<b>407</b>	<b>407</b>	<b>407</b>	<b>407</b>
Buildings	Building Structure	289	304	317	317	317	317	317
	Energy	254	187	157	142	128	158	158
	Fixtures & Fittings	5	5	6	6	6	6	6
	Land	154	144	138	138	138	138	138
	Property Taxes	352	341	366	366	366	366	366
	Water & Sewerage	22	22	23	23	23	23	23
		<b>1,076</b>	<b>1,003</b>	<b>1,007</b>	<b>992</b>	<b>978</b>	<b>1,008</b>	<b>1,008</b>
Supplies & Services	Advertising	19	14	20	20	20	20	20
	Equipment & Furniture	71	41	39	39	39	39	39
	Materials	6	6	6	6	6	6	6
	Postage	10	4	9	9	9	9	9
	Printing & Stationery	21	12	18	18	18	18	18
	General Supplies and Services	47	47	48	48	48	48	48
	Professional Services	40	41	41	41	41	41	41
	Public Consultation, Surveys	4	4	4	4	4	4	4
	Subsistence	1	1	1	1	1	1	1
	Telephones	10	7	6	6	6	6	6
		<b>229</b>	<b>177</b>	<b>192</b>	<b>192</b>	<b>192</b>	<b>192</b>	<b>192</b>
Transport	Car Allowances	43	26	29	29	29	29	29
	Vehicles & Plant	28	28	29	29	29	29	29
		<b>71</b>	<b>54</b>	<b>58</b>	<b>58</b>	<b>58</b>	<b>58</b>	<b>58</b>
Technical Adjustments	Renewals Fund Contribution	69	35	46	46	46	46	46
		<b>69</b>	<b>35</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>
<b>Total Service Expenditure</b>		<b>3,246</b>	<b>2,989</b>	<b>3,087</b>	<b>3,072</b>	<b>3,058</b>	<b>3,113</b>	<b>3,078</b>
Income & Fees	Charges & Fees	(539)	(459)	(499)	(499)	(499)	(499)	(499)
	Commuted Sums	(1)	(1)	(1)	(1)	(1)	(1)	(1)
	Costs Recovered	(29)	(49)	(91)	(75)	(60)	(50)	(50)
	Rent	(98)	(88)	(84)	(84)	(84)	(84)	(84)
		<b>(667)</b>	<b>(597)</b>	<b>(675)</b>	<b>(659)</b>	<b>(644)</b>	<b>(634)</b>	<b>(634)</b>
<b>Total Service Income</b>		<b>(667)</b>	<b>(597)</b>	<b>(675)</b>	<b>(659)</b>	<b>(644)</b>	<b>(634)</b>	<b>(634)</b>
<b>Net Service Budget</b>		<b>2,579</b>	<b>2,392</b>	<b>2,412</b>	<b>2,413</b>	<b>2,414</b>	<b>2,479</b>	<b>2,444</b>

<b>Objective Analysis:</b>								
Direct Services	Building Control	(498)	(430)	(445)	(445)	(445)	(445)	(445)
	Car Parks	47	57	48	48	48	48	48
	Drainage & Sewers	457	457	469	469	469	469	469
	Environmental Projects	56	37	(36)	(35)	(34)	6	6
	Environmental Improvements	44	25	35	35	35	35	35
	Closed Churchyards	5	5	6	6	6	6	6
	Public Conveniences	21	16	21	21	21	21	21
	Public Transport	108	101	100	100	100	100	100
	Street Naming	42	22	11	11	11	11	11
Internal Services (rechargeable)	Building Control Mgmt Budgets	434	418	441	441	441	448	448
	Eastfield House & depots	211	181	214	214	214	214	214
	Environmental Mgmt-Mgmt Unit	913	816	857	857	857	873	838
	Pathfinder House	699	647	650	650	650	652	652
	Staff Restaurant	40	40	41	41	41	41	41
<b>Net Service Budget</b>		<b>2,579</b>	<b>2,392</b>	<b>2,412</b>	<b>2,413</b>	<b>2,414</b>	<b>2,479</b>	<b>2,444</b>

**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

Head of Customer Services		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	Budget	Budget	Budget	Budget
<b>Subjective Analysis:</b>								
Employees	Salaries	2,681	2,665	2,668	2,633	2,628	2,674	2,673
	National Insurance & Pensions	603	593	605	605	605	662	664
	Overtime	33	31	33	33	33	33	33
	Hired Staff	31	92	1	1	1	1	1
	Allowances	7	4	6	6	6	6	6
	Recruitment	0	1	0	0	0	0	0
	Training	44	16	41	41	41	41	41
		<b>3,399</b>	<b>3,402</b>	<b>3,354</b>	<b>3,319</b>	<b>3,314</b>	<b>3,417</b>	<b>3,418</b>
Benefit & Transfer Payments	Benefits	35,801	35,928	37,377	37,311	37,311	37,311	37,311
	Grants Paid	501	613	595	511	511	511	511
		<b>36,302</b>	<b>36,541</b>	<b>37,972</b>	<b>37,822</b>	<b>37,822</b>	<b>37,822</b>	<b>37,822</b>
Buildings	Building Structure	19	8	19	19	19	19	19
	Energy	2	2	2	2	2	2	2
	Leases & Rents	77	67	79	39	39	39	39
	Property Taxes	6	4	5	5	5	5	5
		<b>104</b>	<b>81</b>	<b>105</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>
Supplies & Services	Advertising	19	9	19	19	19	19	19
	Equipment & Furniture	114	178	131	131	131	131	131
	Insurance (Service Related)	2	1	2	2	2	2	2
	Materials	7	4	7	7	7	7	7
	Postage	98	113	96	96	96	96	96
	Printing & Stationery	85	68	70	70	70	70	70
	General Supplies and Services	16	16	18	18	18	18	18
	Professional Services	218	151	199	194	194	194	194
	Public Consultation, Surveys	9	12	9	9	9	9	9
	Subscriptions	2	0	1	1	1	1	1
	Treasury Related Services	6	3	6	6	6	6	6
Telephones	28	20	23	23	23	23	35	
		<b>604</b>	<b>575</b>	<b>581</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>588</b>
Transport	Car Allowances	45	33	47	47	47	47	47
	Vehicles & Plant	6	1	0	0	0	0	0
		<b>51</b>	<b>34</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Total Service Expenditure</b>		<b>40,460</b>	<b>40,633</b>	<b>42,059</b>	<b>41,829</b>	<b>41,824</b>	<b>41,927</b>	<b>41,940</b>
Income & Fees	Bad Debts Provision	262	75	81	81	81	81	81
	Charges & Fees	(51)	(35)	(48)	(48)	(48)	(48)	(48)
	Costs Recovered	(1,243)	(1,200)	(1,307)	(1,223)	(1,223)	(1,223)	(1,223)
	Government Grants	(36,510)	(37,078)	(38,065)	(38,041)	(38,041)	(38,041)	(38,041)
		<b>(37,542)</b>	<b>(38,238)</b>	<b>(39,339)</b>	<b>(39,231)</b>	<b>(39,231)</b>	<b>(39,231)</b>	<b>(39,231)</b>
<b>Total Service Income</b>		<b>(37,542)</b>	<b>(38,238)</b>	<b>(39,339)</b>	<b>(39,231)</b>	<b>(39,231)</b>	<b>(39,231)</b>	<b>(39,231)</b>
<b>Net Service Budget</b>		<b>2,918</b>	<b>2,395</b>	<b>2,720</b>	<b>2,598</b>	<b>2,593</b>	<b>2,696</b>	<b>2,709</b>
<b>Objective Analysis:</b>								
Direct Services	Council Tax Support	(245)	(376)	(190)	(180)	(180)	(180)	(180)
	Economic Development	31	0	0	0	0	0	0
	Housing Benefits	(604)	(764)	(677)	(729)	(729)	(729)	(729)
	Homelessness	351	227	273	293	293	293	293
	Housing Services	17	18	18	18	18	18	18
Internal Services (rechargeable)	Local Tax Collection	(576)	(568)	(586)	(586)	(586)	(586)	(586)
	Internal Services: Customer Service	1,130	989	1,125	1,050	1,045	1,053	1,065
	Revenues Management Units	2,814	2,870	2,757	2,732	2,732	2,827	2,828
<b>Net Service Budget</b>		<b>2,918</b>	<b>2,396</b>	<b>2,720</b>	<b>2,598</b>	<b>2,593</b>	<b>2,696</b>	<b>2,709</b>

**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

Service Manager Information Management		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000
<b>Subjective Analysis:</b>								
Employees	Salaries	1,149	974	1,015	860	860	850	850
	National Insurance & Pensions	299	265	286	270	270	300	301
	Overtime	6	7	6	8	8	8	8
	Hired Staff	(21)	142	29	14	(16)	(16)	(114)
	Allowances	1	1	1	1	1	1	1
	Training	23	23	24	24	24	24	24
		<b>1,457</b>	<b>1,412</b>	<b>1,361</b>	<b>1,177</b>	<b>1,147</b>	<b>1,167</b>	<b>1,070</b>
Supplies & Services	Advertising	2	2	2	2	2	2	2
	Equipment & Furniture	278	278	285	285	285	285	285
	Postage	1	1	1	1	1	1	1
	Printing & Stationery	3	3	3	3	3	3	3
	Professional Services	10	10	10	43	43	43	43
	Telephones	155	147	158	154	154	154	154
		<b>449</b>	<b>441</b>	<b>459</b>	<b>488</b>	<b>488</b>	<b>488</b>	<b>488</b>
Transport	Car Allowances	16	16	17	17	17	17	17
		<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Total Service Expenditure</b>		<b>1,922</b>	<b>1,869</b>	<b>1,837</b>	<b>1,682</b>	<b>1,652</b>	<b>1,672</b>	<b>1,575</b>
Income & Fees	Charges & Fees	(34)	(34)	(35)	(35)	(35)	(55)	(55)
	Sales	(1)	(1)	(1)	(1)	(1)	(1)	(1)
		<b>(35)</b>	<b>(35)</b>	<b>(36)</b>	<b>(36)</b>	<b>(36)</b>	<b>(56)</b>	<b>(56)</b>
<b>Total Service Income</b>		<b>(35)</b>	<b>(35)</b>	<b>(36)</b>	<b>(36)</b>	<b>(36)</b>	<b>(56)</b>	<b>(56)</b>
<b>Net Service Budget</b>		<b>1,887</b>	<b>1,834</b>	<b>1,801</b>	<b>1,646</b>	<b>1,616</b>	<b>1,616</b>	<b>1,519</b>
<b>Objective Analysis:</b>								
Direct Services	External Services: IMD	(31)	(31)	(31)	(31)	(31)	(51)	(51)
Internal Services (rechargeable)	Internal Services: IMD	1,918	1,865	1,832	1,677	1,647	1,667	1,570
<b>Net Service Budget</b>		<b>1,887</b>	<b>1,834</b>	<b>1,801</b>	<b>1,646</b>	<b>1,616</b>	<b>1,616</b>	<b>1,519</b>

**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

General Manager One Leisure		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	Budget £000	Budget £000	Budget £000	Budget £000
<b>Subjective Analysis:</b>								
Employees	Salaries	3,898	3,738	3,738	3,738	3,738	3,738	3,738
	National Insurance & Pensions	592	575	588	588	588	645	646
	Overtime	22	35	26	26	26	26	26
	Bonus	1	0	0	0	0	0	0
	Hired Staff	15	15	15	15	15	15	15
	Allowances	15	9	15	15	15	15	15
	Childcare Admin Vouchers	1	0	0	0	0	0	0
	Commission On Sales	17	14	1	1	1	1	1
	Employee Insurance	0	1	1	1	1	1	1
	Recruitment	4	3	3	3	3	3	3
	Training	56	44	51	51	51	51	51
		<b>4,621</b>	<b>4,434</b>	<b>4,438</b>	<b>4,438</b>	<b>4,438</b>	<b>4,495</b>	<b>4,496</b>
Benefit & Transfer Payments	Grants Paid	0	2	0	0	0	0	0
	Irrecoverable V A T	94	87	90	90	90	90	90
		<b>94</b>	<b>89</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>90</b>
Buildings	Building Security	11	11	11	11	11	11	11
	Building Structure	257	274	266	266	266	266	266
	Energy	541	525	526	526	526	526	526
	Fixtures & Fittings	57	79	66	66	66	66	66
	Land	16	22	11	11	11	11	11
	Leases & Rents	1	0	0	0	0	0	0
	Property Taxes	446	446	454	454	454	454	454
	Water & Sewerage	109	105	109	109	109	109	109
		<b>1,438</b>	<b>1,462</b>	<b>1,443</b>	<b>1,443</b>	<b>1,443</b>	<b>1,443</b>	<b>1,443</b>
Supplies & Services	Advertising	89	89	88	88	88	88	88
	Equipment & Furniture	313	364	345	345	345	345	345
	Materials	461	418	435	435	435	435	435
	Postage	10	7	6	6	6	6	6
	Printing & Stationery	59	54	56	56	56	56	56
	General Supplies and Services	79	89	83	83	83	83	83
	Professional Services	75	97	208	267	310	310	310
	Public Consultation, Surveys	4	1	1	1	1	1	1
	Subscriptions	0	0	0	0	0	0	0
	Treasury Related Services	37	46	47	47	47	47	47
	Subsistence	0	1	0	0	0	0	0
	Telephones	12	9	10	10	10	10	10
		<b>1,139</b>	<b>1,175</b>	<b>1,279</b>	<b>1,338</b>	<b>1,381</b>	<b>1,381</b>	<b>1,381</b>
Transport	Car Allowances	14	18	15	15	15	15	15
	Vehicles & Plant	13	13	13	14	14	14	14
		<b>27</b>	<b>31</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>
Technical Adjustments	Renewals Fund Contribution	26	25	26	26	26	26	26
		<b>26</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>
<b>Total Service Expenditure</b>		<b>7,345</b>	<b>7,216</b>	<b>7,304</b>	<b>7,364</b>	<b>7,407</b>	<b>7,464</b>	<b>7,465</b>
Income & Fees	Charges & Fees	(5,978)	(5,826)	(6,424)	(6,630)	(6,685)	(6,703)	(6,727)
	Costs Recovered	(2)	(13)	(2)	(2)	(2)	(2)	(2)
	Government Grants	0	(1)	0	0	0	0	0
	Rent	(216)	(177)	(191)	(191)	(191)	(191)	(191)
	Sales	(880)	(818)	(896)	(896)	(896)	(896)	(896)
		<b>(7,076)</b>	<b>(6,835)</b>	<b>(7,513)</b>	<b>(7,719)</b>	<b>(7,774)</b>	<b>(7,792)</b>	<b>(7,816)</b>
<b>Total Service Income</b>		<b>(7,076)</b>	<b>(6,835)</b>	<b>(7,513)</b>	<b>(7,719)</b>	<b>(7,774)</b>	<b>(7,792)</b>	<b>(7,816)</b>
<b>Net Service Budget</b>		<b>269</b>	<b>381</b>	<b>(209)</b>	<b>(355)</b>	<b>(367)</b>	<b>(328)</b>	<b>(351)</b>
<b>Objective Analysis:</b>								
Direct Services	One Leisure Sites (Recreation & Sport)	50	186	(430)	(576)	(588)	(554)	(577)
Internal Services (rechargeable)	One Leisure Management Units	219	195	221	221	221	226	226
<b>Net Service Budget</b>		<b>269</b>	<b>381</b>	<b>(209)</b>	<b>(355)</b>	<b>(367)</b>	<b>(328)</b>	<b>(351)</b>



**Huntingdonshire District Council**  
**Subjective & Objective Analysis: Service Controllable Income & Expenditure**

Assistant Director (Finance & Resources) & Non Allocated Items		2013/14		2014/15	Medium Term Plan			
		Budget	Forecast	Budget	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000	£000	£000
<b>Subjective Analysis:</b>								
Employees	Salaries	323	793	1,031	963	1,123	1,275	1,414
	National Insurance & Pensions	1,380	1,357	1,012	1,358	1,733	1,818	1,818
	Overtime	1	0	1	1	1	1	1
	Hired Staff	35	20	36	36	36	36	36
	Allowances	0	5	5	5	5	5	5
	Employee Insurance	93	99	102	102	102	102	102
	Termination	1	0	1	1	0	0	0
	Training	25	14	6	6	6	6	6
		<b>1,858</b>	<b>2,288</b>	<b>2,194</b>	<b>2,472</b>	<b>3,006</b>	<b>3,243</b>	<b>3,382</b>
Benefit & Transfer Payments	Grants Paid	357	357	9	9	9	9	9
	Irrecoverable V A T	1	1	1	1	1	1	1
		<b>358</b>	<b>358</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Buildings	Building Security	52	52	53	53	53	53	53
		<b>52</b>	<b>52</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>
Supplies & Services	Equipment & Furniture	66	65	70	70	70	70	70
	Insurance (Service Related)	83	70	85	85	85	85	85
	Interest Paid	704	438	888	900	920	1,086	1,428
	Materials	4	0	0	0	0	0	0
	Postage	9	4	3	3	3	3	3
	Printing & Stationery	(7)	17	26	26	26	26	26
	Professional Services	54	86	58	58	58	58	58
	Subscriptions	3	6	6	6	6	6	6
	Treasury Related Services	56	73	57	57	57	57	57
	External Audit Fees	163	114	118	117	117	117	117
		<b>1,135</b>	<b>873</b>	<b>1,311</b>	<b>1,322</b>	<b>1,342</b>	<b>1,508</b>	<b>1,850</b>
Transport	Car Allowances	4	3	6	6	6	6	6
	Vehicles & Plant	80	103	111	111	111	111	111
		<b>84</b>	<b>106</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>117</b>
Technical Adjustments	Minimum Revenue Provision	1,255	1,118	1,623	1,992	2,158	2,509	2,784
	Pay Protection	320	0	0	0	0	0	0
	Contingencies	331	21	123	633	736	1,070	1,820
	Unallocated Savings	0	0	0	(467)	(867)	(1,183)	(1,384)
		<b>1,906</b>	<b>1,139</b>	<b>1,746</b>	<b>2,158</b>	<b>2,027</b>	<b>2,396</b>	<b>3,220</b>
<b>Total Service Expenditure</b>		<b>5,393</b>	<b>4,816</b>	<b>5,431</b>	<b>6,132</b>	<b>6,555</b>	<b>7,327</b>	<b>8,632</b>
Income & Fees	Charges & Fees	(2)	(2)	(22)	(260)	(460)	(643)	(743)
	Costs Recovered	0	(90)	0	0	0	0	0
	Government Grants	0	(102)	(45)	115	270	280	140
	Interest Received	(445)	(271)	(594)	(642)	(696)	(749)	(752)
	Sales	0	(2)	0	0	0	0	0
		<b>(447)</b>	<b>(467)</b>	<b>(661)</b>	<b>(787)</b>	<b>(886)</b>	<b>(1,112)</b>	<b>(1,355)</b>
<b>Total Service Income</b>		<b>(447)</b>	<b>(467)</b>	<b>(661)</b>	<b>(787)</b>	<b>(886)</b>	<b>(1,112)</b>	<b>(1,355)</b>
<b>Net Service Budget</b>		<b>4,946</b>	<b>4,349</b>	<b>4,770</b>	<b>5,345</b>	<b>5,669</b>	<b>6,215</b>	<b>7,277</b>
<b>Objective Analysis:</b>								
Direct Services	Risk Contingency	205	0	301	913	1,286	1,783	2,531
	Corporate Management	219	181	174	174	174	174	174
	Pensions Termination Benefits	1	0	1	1	0	0	0
	General Bad Debt Provision	21	21	11	1	1	1	1
	Minimum Revenue Provision	1,255	1,118	1,624	1,992	2,158	2,509	2,785
	Pension Contribution Lump Sum	1,139	1,139	789	1,135	1,510	1,574	1,574
	Grants To Towns & Parishes	357	357	9	9	9	9	9
	Investment Interest	268	174	303	267	233	346	685
	Other Exp: Grants	(49)	(102)	(45)	(278)	(433)	(616)	(716)
	Other Exp: Savings Budgets	0	0	0	(467)	(867)	(1,183)	(1,384)
Internal Services (rechargeable)	Internal Services: Financial Systems	64	51	54	54	54	54	54
	Audit Budget	572	510	625	625	625	628	628
	Head of Finance Mgmt Unit	124	140	102	97	97	100	100
	Accountancy Budgets	718	704	765	765	765	778	778
	Procurement	52	56	57	57	57	58	58
<b>Net Service Budget</b>		<b>4,946</b>	<b>4,349</b>	<b>4,770</b>	<b>5,345</b>	<b>5,669</b>	<b>6,215</b>	<b>7,277</b>

**TABLE 4 - ALL MTP VARIATIONS FROM THE 2013/14 BASE**

**KEY**  
**The highlighted items require further approval before commencement**

Managing Director and then Cabinet
Head of Service following consultation with the Managing Director or relevant Corporate Director and the Executive Councillors for the Service and Resources
Managing Director

ALL MTP VARIATIONS FROM THE 2013/14 BASE		REVENUE										NET CAPITAL					
		BASE		F'CAST	BUDGET		MTP		BASE		F'CAST	BUDGET	MTP				
		2013	2014	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018		
Bid No.	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	<b>BASE</b>	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	22,187	0
<b>Managing Director and Corporate Office</b>																	
	<b>HR &amp; Payroll</b>																
1001	Cover for Staff Side Representatives	50	10														
1008	HR & Payroll Outsourcing	17	17	5	-8	-21	-3										
1007	Pay Review	15	15														
1047	Review of HR Contracts					-6	-16										
1050	Pensions Increase Saving		-30	-30	-30	-30	-30										
	<b>Economic Development (Estates)</b>																
239	New Industrial Units	11	-1	-6	-6	-6	-6										
1048	Re-alignment of Commercial Estates Budget		116	111	106	101	101										
1049	Invest to Save Proposal - Highlode (Ramsey)		-15	-23	-23	-23	-23										263
	<b>Economic Development (Other)</b>																
1046	Management/Equalities/Community Strategy Saving			-18	-18	-23	-23										
1058	Funded Support for Local Enterprise Partnership		-20	-43	-43												
FF0008	Economic Development project savings			-20	-20	-20	-20										
	<b>Estates</b>																
	Increased income from proactive management of commercial estate			-20	-20	-20	-20										
	<b>Corporate Management</b>																
FF0009	COMT support costs & training saving			-29	-29	-29	-29										
FF0010	Communications remove town centre kiosks			-13	-13	-13	-13										
	<b>Corporate Office MU</b>																
FF0011	Office costs saving			-28	-28	-23	-23										





















Bid No.	Scheme	REVENUE										NET CAPITAL								
		BASE		F'CAST		BUDGET		MTP				BASE		F'CAST		BUDGET				
		2013	2014	2013	2014	2014	2015	2016	2017	2018	2019	2013	2014	2013	2014	2015	2016	2017	2018	2019
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
956	Replacement Fitness Equipment	-22	-4	-25	-50	-50	-50	-50	-75	-75	330	50	200	250	250					
	Leisure Savings Target not yet identified	78	78	55	40	46	46	46	46	46										
	Leisure Savings	-190	-190	-300	-400	-400	-400	-400	-400	-400										
	Overperformance			-107	8	4	4	4	4	4										
	Estimated need to rephase target	-50	-50	-50	-50	-50	-50	-50	-50	-50										
1006	OLSI Replacement Tractor & Mower	-6	-6	-6	-6	-6	-6	-6	-6	-6										
1029	One Leisure Savings Proposals		0	12	12	10	10	10	10	10										
922	One Leisure St Ives Redevelopment			75																
SM FF	Review Advantage Package			-25	-50	-70	-70	-70	-70	-70										
SM FF	One Leisure Card Annual Fee			-45	-45	-45	-45	-45	-45	-45										
SM FF	Reduce Use of External Contractors			-2	-2	-2	-2	-2	-2	-2										
<b>Assistant Director (Finance and Resources)</b>																				
<b>Interest and Borrowing Costs</b>																				
	Interest	674	843	870	882	901	1068	1410	1410	1410										
<b>Other Expenditure</b>																				
950	VAT Partial Exemption	6	7	-5	-5	-5	-5	-5	-5	-5	53	74	27	23	22	31	31	36	36	36
	Doubtful Debts Provision	-20	-20	-30	-40	-40	-40	-40	-40	-40										
	Variation in MRP	273	136	641	1,011	1,176	1,527	1,802	1,802	1,802										
***	Pensions Fixed Sum	479	479	129	475	850	914	914	914	914										
1057	Huntingdonshire Regional College Loan		-72	-146	-149	-153	-156	-159	-159	-159										
1076	Saving in External Audit Fee		-50	-50	-50	-50	-50	-50	-50	-50										
1077	Insurance Premium Income		28	34	34	34	34	34	34	34										
1081	Advertising Opportunities			-20	-25	-25	-25	-25	-25	-25										
1082	Reduce training budgets			-20	-20	-20	-20	-20	-20	-20										
1083	Margin on Loans to RSL's etc			-21	-66	-116	-166	-166	-166	-166										
1085	No grants to towns/parishes re. Housing Support			-357	-357	-357	-357	-357	-357	-357										
1087	Group Life Insurance		-21	-21	-21	-21	-21	-21	-21	-21										
1101	Removal of Credit Interest Budget		6	6	6	6	6	6	6	6										
	NI increase: From "D" Rate to "A" Rate																			

Bid No.	Scheme	REVENUE										NET CAPITAL								
		BASE		F'CAST		BUDGET		MTP		BASE		F'CAST		BUDGET		MTP				
		2013	2014	2013	2014	2014	2015	2016	2017	2018	2019	2013	2014	2013	2014	2015	2016	2017	2018	2019
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Non-Allocated Items</b>																				
	<b>Recharges to Non-Revenue Accounts</b>																			
	Revenue staff charged to capital																			
	<b>Risk Provision</b>																			
	Formula Grant reduction due to New Homes Bonus																			
	Reduced New Homes Bonus (long term empties)																			
	Provision for demographic growth																			
	Lower increase in car park charges	20																		
	Lower Council Tax Rises																			
	Protection and Performance Pay	320		184																
	Homelessness			50																
	NNDR Appeals (Half way to safety net)																			
	Refund of Land Charges (assume half)			86																
	<b>Other Items</b>																			
	Reorganisation - Senior managers	-345		-395																
	Pay & allowances Review	-150		-150																
	Capital Inflation																			
	Revenue Inflation	407		691																
	Grant to Towns and Parishes (Loss of Taxbase)	357		357																
	Spending Adjustments still to be identified																			
	20013/14 Forecast variations																			
	Removal of T/O allowance	250		250																
	Correction of contingency and internal recharges			-21																
	Roundings	-1		-6																
1098																				
	<b>TOTAL</b>	<b>22,764</b>	<b>21,127</b>	<b>20,870</b>	<b>20,389</b>	<b>20,294</b>	<b>20,863</b>	<b>21,955</b>	<b>8,863</b>	<b>11,900</b>	<b>4,623</b>	<b>2,511</b>	<b>3,845</b>	<b>3,914</b>	<b>3,369</b>					

**TABLE 5 - ALL MTP CHANGES TO THE CURRENT APPROVED MTP**

**KEY**

Changes since December update report have a black indicator in the first column.

**Line Colours**

Rephasing
Saving
Net Nil
Transfers (net nil)
Extra Cost
Capital to Revenue
Revenue to Capital
Technical

CHANGES TO CURRENT MTP		REVENUE						NET CAPITAL					
		F'CAST		BUDGET		MTP		F'CAST		BUDGET		MTP	
		2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000
Bid No.	Scheme												
<b>Managing Director and Corporate Office</b>													
HR & Payroll													
1001		-40	-25	-25	-25	-25							
1047				-6	-16	-16							
1050		-30	-30	-30	-30	-30							
Economic Development (Estates)													
239		-12	-12	-6	-6	-6							
1048		116	111	106	101	101							
1049		-15	-23	-23	-23	-23							263
Economic Development (Other)													
1046			-18	-18	-23	-23							
1058		-20	-43	-43									
FF0008			-20	-20	-20	-20							
Estates													
			-20	-40	-50	-50							
			0	20	30	30							
Corporate Management													
FF0009			-29	-29	-29	-29							
FF0010				-13	-13	-13							
Corporate Office MU													
FF0011			-28	-28	-23	-23							
Estates													
FF???				-20	-20	-20							



CHANGES TO CURRENT MTP				REVENUE					NET CAPITAL				
Bid No.	Scheme	F'CAST 2013 £000	BUDGET 2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	F'CAST 2013 £000	BUDGET 2014 £000	2015 £000	2016 £000	2017 £000	2018 £000
<b>Head of Legal &amp; Democratic Services</b>													
Environmental Health (Licensing)													
SAVING	Regulatory Limitation on price increases		19	19	19	19	19						
	Licensing												
FF0015	Review attribution of costs		-6	-6	-6	-6	-6						
Democratic Representation													
825	Members Allowances Review						4						
885	District Elections		-34	-25	-29	-64	12						
1041	Individual Electoral Registration (IER)	8	3	5	18	20	20						
1042	Members Allowances - Automatic Index Mechanism	-7	-7	-7	-7	-7	-7						
1044	Overview & Scrutiny Panel - Budget Provision	-3	-3	-3	-3	-3	-3						
Document Centre													
380	Replacement Printing Equip.							-45			-30		
894	Replacement Equipment Document Centre							-34	22	-12	2	25	12
895	Multi-functional Devices							-80	80		-80		80
SAVING	Document Centre - efficiency and external work		-10	-15	-20	-20	-20						
Legal & Democratic Mu													
1043	Legal & Democratic Budget Reduction	-22	-22	-22	-22	-22	-22						
Strategic Review													
Outsourced/Shared Legal Service													
Outsourced/Shared Legal Service													
	Central Services												
FF0015	Land Charges market service, review fees & costs		-13	-23	-23	-23	-23						
FF0016	Elections: efficiency savings & improved csot recovery		-2	-3	-3	-3	-3						

CHANGES TO CURRENT MTP				REVENUE					NET CAPITAL								
Bid	No.	Scheme	F'CAST 2013 2014 £000	BUDGET		MTP			F'CAST 2013 2014 £000	BUDGET		MTP					
				2014 £000	2015 £000	2015 £000	2016 £000	2017 £000		2018 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	
		Democratic Representation															
FF0017		Committee savings: reduced catering, charge/discontinue support for Town Centres		-5	-5	-5	-5	-5									
FF0018		Member support: training and office savings		-8	-8	-8	-8	-8									
		Document Centre															
FF0019		Reduction in cost of print - to be allocated across all relevant service budgets		-27	-30	-30	-30	-30									
FF0020		Office costs and post room savings		-10	-10	-10	-10	-10									
<b>Head of Environmental and Community Services</b>																	
		Environmental Health															
1061		Deletion of Commercial Team Post		-35	-35	-35	-35	-35									
SM FFF		Review Pest Control Service		-38	-38	-38	-38	-38									
SMFFF		Health & Safety Contract		-9	-9	-9	-9	-9									
911		Delete House Condition Survey		-55	-55	-55	-55	-55									
		Community Initiatives															
952		Loves Farm Community Centre							-60		37						
1060		Deletion of Arts Development Budget		-11	-11	-11	-11	-11									
1063		Reduction in Voluntary Grants			-50	-50	-50	-50									
1065		Review of Community Development Service			-33	-33	-33	-33									
		Leisure Policy and Development															
1064		Reduction to Leisure Development Budget		-7	-7	-7	-7	-7									
1106		DASH Sport England Lottery Fund	0	0	0	0	0	0									
		Environmental & Community Health MU															
1062		ECHS Income Generation	-9	-19	-24	-29	-34	-34									



CHANGES TO CURRENT MTP				REVENUE					NET CAPITAL					
Bid No.	Scheme	F'CAST 2013 £000	BUDGET 2014 £000	MTP			F'CAST 2013 £000	BUDGET		MTP				
				2015 £000	2016 £000	2017 £000		2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	
	Car Parks													
1055	Christmas Parking	13												
SAVING	Increase in Car Park Charges		16											
1103	Parking Budget Saving	-16	-16	-16	-16	-16								
1112	Car parking volume reduction	90	90	90	90	90								
1113	On street parking surplus to County	58	29	29	29	29								
	Vehicles and Plant													
886	Vehicle fleet replacements.													
886EY	Vehicle fleet replacements.													408
	Pool Cars													
1026	Pool Cars													
1026EY	Pool Cars													60
	Operations Management													
1045	Ops Management and Admin Savings	-55	-88	-88	-88	-88								
FF0023	Operations Management efficiency saving		-13	-26	-26	-26								
	Assistant Director (Environment, Growth and Planning)													
	Development Management													
997	RAF Alconbury Development	-75	75											
1068	CIL related staff reorganisation		-30	-30	-30	-30								
1072	Wyton Airfield Development		50	75	75	75								
FF0003	Implement E-Consultation		-2	-2	-2	-2								
SM FF	Recover Consultants Costs		-1	-1	-1	-1								

CHANGES TO CURRENT MTP										REVENUE						NET CAPITAL					
Bid		Scheme		F'CAST	BUDGET			MTP			F'CAST	BUDGET			MTP						
No.				2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018	2019					
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000					
Planning Policy and Conservation																					
358		Ramsey Rural Renewal		-5	-3																
903		Local Development Framework (Plan Policies) examinations		-217	105	49															
1073		Listed Building /Conservation Grants			-8	-8	-8	-8	-8												
1075		Planning & Housing Strategy Efficiency Saving		-17	-17	-17	-17	-17	-17												
1073		Additional Listed Buildings (Conservation) Grants Reduction			-29	-29	-29	-29	-29												
Economic Development																					
224		Town Centre Developments		-86	86								74	100							
401		Huntingdon Town Centre Development																			
850		Huntingdon West Development (Housing Growth Fund)																			
		Car Parks																			
923		Extra Car Parking, Huntingdon Town Centre			-10	-10	-10	-10	-10												
480		Car Park Strategy		10																	
SAV132		Reduced Car Park Income due to "free after 3 PM scheme"		82																	
Private Housing Support																					
866		Disabled Facilities Grants																			
867		Repairs Assistance		10																	
869		Social Housing Grant																			
932		Decent Homes - Thermal Efficiency and Category 1 H&S																			
1071		Integration of Housing Strategy with Planning Policy			-25	-50	-50	-50	-50												
1074		Two replacement static caravans		-30																	
FF0001		Review Housing Renewal Assistance Policy																			
FF0002		Mobile Home Park Income			-8	-8	-8	-8	-8												
Planning Management																					
1070		Planning staff savings (existing vacancies)			-50	-50	-50	-50	-50												
1069		Selling planning expertise to other LA's			-20	-20	-20	-20	-20												

CHANGES TO CURRENT MTP		REVENUE						NET CAPITAL					
		F'CAST		BUDGET		MTP		F'CAST		BUDGET		MTP	
		2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018
Bid	No.	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Service Manager Environmental Management</b>													
		Environmental Health (Energy Efficiency)											
879		Environment Strategy Funding											
880		Sustainable Homes Retrofit											
918		Building Efficiency Improvements (Salix Grant)	10	28	42	47	29	29	50	-180	-235	37	
918A		Building Effic. Imps (Potential LC proportion)	-10	-28	-42	-47	-29	-29					
989		St Neots District Heating Scheme											
1039		Environment Team Projects - Reduced Base Budget	-27	-42	-42	-42	-42	-42					
1040		Environment Team Projects - Budget Reduction	-20	-27	-27	-27	-27	-27					
FF0005		DECC Communities Funding		-16									
FF0006		Referral Fees Action on Energy Scheme		-10									
FF0007		Mobilising Local Energy Investment Funding	-15	-15	-15								
FF0024		Energy Saving Equipment		-10	-20		-30						
		Public Transport											
1036		Reduced Bus Shelter and Env Imps R&R Budget	-20	-20	-20		-20	-20					
1038		Street Naming and Numbering Savings	-20	-25	-25		-25	-25					
1038		Street Naming and Numbering Savings		-7	-7		-7	-7					
		Environmental Improvements											
1011		Chequers Court Public Realm											
		Offices											
890		Headquarters											
1012		Rental of space in PFH	25	25	25		25	25					
1033		Reduced Facilities Management Costs	-85	-85	-85		-85	-85					
FF0004		Energy & Water Use Audits		-2	-2		-2	-2					
		Building Control											
1086		Building Control Income	60	60	60		60	60					

CHANGES TO CURRENT MTP										REVENUE					NET CAPITAL						
Bid No.	Scheme	F'CAST 2013 £000	BUDGET 2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	F'CAST 2013 £000	BUDGET 2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	F'CAST 2013 £000	BUDGET 2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	
																					2014 £000
	Environmental Mgmt Management Budget																				
1034	Reduction in Training Budget	-3	-3	-3	-3	-3	-3														
1035	Removal of charge to capital (legacy cost pursuant to Service)	15	15	15	15	15	15														
1037	Reduced Project & Assets Team Management Budget	-25	-25	-25	-25	-25	-25														
<b>Head of Customer Services</b>																					
	Local Taxation and Benefits																				
1017	Council Tax support module							35													
1025	Cost of Post Office Payments	-10	-5	-5	-5	-5	-5														
1059	NDR Discretionary Relief	-30	-30	-30	-30	-30	-30														
1100	Loss of Admin Subsidy		50	50	50	50	50														
1104	Lower Bad Debt Provision Contributions	-177	-177	-177	-177	-177	-177														
SM FF	Recovery of Council Tax Benefit Overpayments	-85	-10																		
	Call Centre																				
1066	New Call Centre Savings-Inc/Restructuring			-25	-25	-25	-25														
SM FF	Relocate Call Centre to PFH			-40	-40	-40	-40														
SM FF	Chanel Migration Strategy			-5	-10	-15	-15														
	Customer Service Centres																				
SM FF	Chanel Migration Strategy			-5	-5	-5	-5														
	Housing Services																				
SM FF	Efficiency Savings		-5	-5	-5	-5	-5														
	Homelessness																				
1019	Homeless Accommodation - Cost Reduction Schemes		32																		
	Strategic Review																				
	Outsourced/Shared Revs and Bens		-50	-150	-150	-100	-100														
	Outsourced/Shared Revs and Bens			75	75	75	75														
CHANGES TO CURRENT MTP															REVENUE					NET CAPITAL	

		F'CAST			BUDGET			MTP			F'CAST			BUDGET			MTP		
		2013	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018	
Bid	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
No.																			
<b>Service Manager IMD</b>																			
	Helpdesk and Network Services																		
976	ICT Replacements and Server Virtualisation																		57
1079	Mobile Phones (lower tariffs)	-5	-20	-20	-20	-20													
	Strategic Review																		
	Outsourced/Shared IT		-50	-100	-100	-100													
	Outsourced/Shared IT		-30	-70	-70	-80													
<b>Business Analysis and Project Management</b>																			
891	Business Systems												34	5	5	5	5	5	200
1002	Business Continuity Review	-1	-1	-1	-1	-1													
1102	IMD Savings & Delivering Cust Serv Strategy	5	-20	-35	-35	-35													
<b>General Manager, OneLeisure</b>																			
<b>Leisure Centres</b>																			
857	St Neots LC Development			60	60	60													-250
861	Future maintenance	20											7						
896	St Ivo LC - Football Improvements												53						-53
922	St Ivo LC Redevelopment	150											358						
956	Replacement Fitness Equipment	18	-3	32	32	32							-280	200					250
956	Replacement Fitness Equipment			-60	-60	-60													
1029	One Leisure Savings Proposals	0	13	12	11	11													
1029	One Leisure Savings Proposals - £1,000 rounding adj		-1	-1	-1	-1													
922	One Leisure St Ives Redevelopment		75																
SM FF	Review Advantage Package		-25	-50	-70	-70													-70
SM FF	One Leisure Card Annual Fee		-45	-45	-45	-45													-45
SM FF	Reduce Use of External Contractors		-2	-2	-2	-2													-2





CHANGES TO CURRENT MTP		REVENUE						NET CAPITAL					
		F'CAST		BUDGET		MTP		F'CAST		BUDGET		MTP	
		2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	2018 £000
Bid	Scheme												
No.													
<b>Non-Allocated Items</b>													
	Risk Provision												
	Reduced New Homes Bonus (long term empties)		-50	-90	-230	-370	-510						
	Provision for demographic growth		-90	-90	-90	-90	-90						
	Lower increase in car park charges	-20	-20	-20	-20	-20	-20						
	Lower Council Tax Rises		-38	-16	-100	-110	-210						
	MMI Drawdown		-140										
	Protection and Performance Pay	-320	320										
	Protection and Performance Pay		-776	-846	-1,026	-1,173	-1,435						
	A14 Funding Contribution			-200	-200	-200	-200						
	Homelessness		-50		-100	-100	-100						
	NDR Appeals (Half way to safety net)			150	150	150	150						
	Refund of Land Charges (assume half)		86										
	Other Items												
	Future Capital Provision (outturn prices)												3,222
1098	Correction of contingency and internal recharges	-101	-21	-21	-21	-21	-21						
	20013/14 Forecast	-693	0	0	0	0	0						
	Revenue Inflation	0	-118	-262	-348	-358	-185						
	Variation in Savings (2014/15 prices)	0	1,500	1,156	1,387	837	1,274						
	Capital Inflation												
	<b>TOTAL</b>	<b>-1,638</b>	<b>-1,328</b>	<b>-2,366</b>	<b>-2,752</b>	<b>-3,364</b>	<b>-3,186</b>	<b>3,037</b>	<b>1,834</b>	<b>-1,135</b>	<b>-21</b>	<b>-53</b>	<b>22</b>

**TABLE 6 – CAPITAL PROGRAMME SHOWING EXTERNAL FUNDING**

CAPITAL PROGRAMME		NET CAPITAL								GRANTS AND CONTRIBUTIONS									
		BASE		F'CAST		MTP				BASE		F'CAST		MTP					
		2013	2014	2013	2014	2014	2015	2016	2017	2018	2013	2014	2014	2015	2016	2017	2018	2018	2019
Bid No.	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Managing Director and Corporate Office</b>																			
<b>Economic Development (Estates)</b>																			
1049	Invest to Save Proposal - Highlode (Ramsey)			263															
<b>Head of Legal &amp; Democratic Services</b>																			
<b>Document Centre</b>																			
380	Replacement Printing Equip.	70		25			178												
894	Replacement Equipment Document Centre	46		12	33	9	33	28	12										
895	Multi-functional Devices	80			80				80										
<b>Head of Environmental and Community Services</b>																			
<b>Community Initiatives</b>																			
952	Loves Farm Community Centre	60			37														
<b>Head of Operations</b>																			
<b>Refuse and Recycling</b>																			
948	Provision for Bin Replacements	38		29	42	54	75	75	75										
979	Wheeled Bins for New Properties	143		107	255	135	130	110	55										
1030	Charge for second green bin	20		32															
1031	Extra refuse round due to housing growth							158											
<b>Street Cleaning and Litter</b>																			
FF0022	Withdraw graffiti removal & fly posting service			-20															
<b>Community Safety</b>																			
865	CCTV - Camera replacements	41		77	45	45	43												
1023	Wireless CCTV	250		290															
1056	CCTV Shared Service				2	2	150	65	3										
<b>Countryside</b>																			
1053	Flail Mower - Countryside			12															
<b>Parks and Open Spaces</b>																			
854	Play Equipment & Safety Surface Renewal	45		45	40	40	20	20	21										
854EY	Play Equipment & Safety Surface Renewal																		
1097	S.106 Play Area Projects			75	47														





CAPITAL PROGRAMME		NET CAPITAL						GRANTS AND CONTRIBUTIONS						
		BASE		F'CAST		MTP		BASE		F'CAST		MTP		
		2013	2014	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017
Bid No.	Scheme	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Assistant Director (Finance and Resources)</b>														
<b>Other Expenditure</b>														
	VAT Partial Exemption	53	74	27	23	22	31	36						
1057	Huntingdonshire Regional College Loan		1,500											
<b>Non-Allocated Items</b>														
<b>Recharges to Non-Revenue Accounts</b>														
	Revenue staff charged to capital	50	50	50	50	50	50	50						
<b>Other Items</b>														
	Capital Inflation				61	185	279	317						
	Schemes brought forward	500	500	500	500	500	500	500						
	Schemes carried forward	-500	-500	-500	-500	-500	-500	-500						
<b>TOTAL</b>		<b>8,863</b>	<b>11,900</b>	<b>4,623</b>	<b>2,511</b>	<b>3,845</b>	<b>3,914</b>	<b>3,369</b>	<b>9,006</b>	<b>2,600</b>	<b>1,644</b>	<b>1,961</b>	<b>852</b>	<b>631</b>

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title:</b>	<b>2014/15 Treasury Management Strategy</b>
<b>Meeting/Date:</b>	<b>Cabinet</b> 13 February 2014
<b>Executive Portfolio:</b>	<b>Resources: Councillor J A Gray</b>
<b>Report by:</b>	<b>Assistant Director (Finance and Resources)</b>
<b>Ward(s) affected:</b>	<b>All Wards</b>

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### **Executive Summary:**

The Council is required by law to approve, on an annual basis a Treasury Management Strategy; this requirement is enshrined within relevant Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy and other guidance issued by central government.

The aim of the Treasury Management Strategy is to manage the Council's investments, cash flows, banking, money market and capital market transactions within the requirements of an effective control environment but coupling this with the pursuit of optimum performance consistent with those risks.

The approval of the Treasury Management Strategy rests with Full Council, with oversight being undertaken by the Cabinet. To support the Cabinet, the Leader, Deputy Leader, Portfolio Holder for Resources and the Chairman of the Overview & Scrutiny Panel (Economic Well-Being), as well as relevant officers, attend the Treasury Management Advisory Group (TMAG). The role of TMAG is to comment on current and future Treasury Management activity.

Highlights of the 2014/15 Treasury Management Strategy include:

- The operation of the strategy within an economic climate that is showing moderate growth but where the likelihood is that interest rates will remain low into the medium term.
- An increase in net borrowing costs due to the Council no longer holding investments at advantageous rates of interests.
- The continuation of the Councils policy to:
  - take advantage of borrowing in advance of need, and
  - the provision of loans to organisations that meet either service objectives or to support local organisations in their development where risk is mitigated by appropriate financial security.
- The addition of Pooled Property Funds for longer term investing purposes.

### **Recommendation(s):**

It is recommended that Overview and Scrutiny notes the report and recommends to Cabinet and then to Council the approval of:

- The Treasury Management Policy, Annex B.
- The Treasury Management Strategy, Annex C.

## **1. PURPOSE**

1.1 The aim of the Treasury Management Strategy is to provide strategic guidance on how the Council shall conduct its Treasury Management activity. The Strategy shall:

- Include relevant policies, objectives and treasury/prudential indicators; as well as illustrating its approach to risk management.
- Comply with the Code or Practice for Treasury Management and the Prudential Code for Capital Finance (as issued by the Chartered Institute of Public Finance and Accountancy, CIPFA) and reflect published Government advice.

1.2 The Strategy is an key element of the Councils Code of Financial Management, Annex A shows what is included in the Code of Financial Management in respect of Treasury Management.

## **2. TREASURY MANAGEMENT POLICY STATEMENT AND STRATEGY**

2.1 The proposed Treasury Management Policy and 2014/15 Strategy is attached as Annex B and C respectively.

2.2 The investment strategy is to invest any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest. The Council's borrowing strategy permits borrowing for cash flow purposes and funding current and future capital expenditure over whatever periods are in the Council's best interests.

## **3. LEGAL IMPLICATIONS**

3.1 No direct, material legal implications arise out of this report.

## **4. RESOURCE IMPLICATIONS**

4.1 The resource implications are noted within this report.

## **5 REASONS FOR THE RECOMMENDED DECISIONS**

5.1 It is recommended that Overview and Scrutiny notes the report and recommends to Cabinet and then to Council the approval of:

- The Treasury Management Policy, Annex B.
- The Treasury Management Strategy, Annex C

## **6. LIST OF APPENDICES INCLUDED**

Annex A: Code of Financial Management (extract)

Annex B Treasury Management Policy Statement

Annex C Treasury Management Strategy 2014/15

The Strategy also includes the following Appendices:

1 - Definition of Credit Ratings




- 2 - In-House Fund Management (If No Further Advance Borrowing)
- 3 - CIPFA Prudential Code For Capital Finance In Local Authorities; Prudential Indicators And Treasury Management Indicators For 2013/14

## **BACKGROUND PAPERS**


Working papers in Financial Services

## **CONTACT OFFICER**

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## Code of Financial Management (extract)

### Treasury Management

#### ➤ Code of Practice

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.

#### ➤ Governance

##### ▪ 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.

##### ▪ The Overview and Scrutiny (Economic Well-being) Panel

.....will be responsible for the scrutiny of treasury management.

##### ▪ The Responsible Financial Officer

.....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.

##### ▪ The Treasury Management Advisory Group (TMAG)

.....will be a formal liaison group between members and those officers responsible for treasury management.

## 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 2014/15

### 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

**Growth:** The flow of credit to households and businesses slowly improved but was still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.1% in November 2013 helped consumers. There was hope it might allow real wage increases (i.e. after inflation) to slowly turn positive, improve confidence and aid future consumer spending.

Stronger UK growth data in 2013 (0.4% in Q1, 0.7% in Q2 and 0.8% in Q3) alongside a pick-up in property prices, mainly stoked by government initiatives to boost mortgage lending, lead markets to price in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. Unemployment was 7.4% in the three months to October 2013. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, economic growth was likely to only be gradual.

**Monetary Policy:** There was no change to UK monetary policy with official interest rates and asset purchases maintained at 0.5% and £375bn respectively. On the probability of unemployment reaching the 7% threshold under the MPC's Forward Guidance, the November Inflation Report attached only a two-in-five chance to the rate having reached the 7% level by the end of 2014. The corresponding figures for the end of 2015 and 2016 were around three-in-five and two-in-three respectively. These forecasts brought forward market expectations of a bank rate rise, although the MPC repeatedly emphasised that the 7% threshold was not an automatic trigger for a rate rise.

A fragile economic recovery, subdued inflation and depressed bank lending resulted in the European Central Bank cutting the repo rate from 0.50% to

0.25%. ECB President Mario Draghi strengthened the Bank's pledge to keep interest rates low for as long as necessary and warned that it was too soon to say the euro region is out of danger.

In the US, following the clear momentum witnessed in its economy – despite the political impasse which resulted in a partial government shutdown during the quarter - the 'tapering' of asset purchases was announced by the Federal Reserve in December. Tapering will commence in January 2014 and with the Fed reducing its monthly purchases from \$85bn to \$75bn a month. Financial markets reacted in a predictably ebullient manner with risk assets such as equities rallying toward higher levels whilst government bond prices reversed, leading to higher yields.

## INTEREST RATE FORECASTS

Markets are still pricing in an earlier rise in rates than warranted under the MPC's forward guidance and the broader economic backdrop. The Council's treasury management adviser, Arlingclose, believes that the projected path for short term interest rates remain flat and it could be the third or fourth quarter of 2016 before official UK interest rates rise. Although the MPC left its policy stance unchanged at its January meeting, there is an increasing view that its forward guidance regime may need adjusting given the reasonably rapid improvements in the labour market as it is unlikely to raise rates until there is a sustained period of strong growth.

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.

	2014/15	2015/16	2016/17	2017/18	2018/19
	%	%	%	%	%
Temporary investments	0.58	0.58	0.55	0.95	1.43
PWLB 20 year borrowing (EOY)	3.39	3.64	4.08	4.25	4.50
Temporary borrowing	0.43	0.43	0.45	0.85	1.33

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 2013/14 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 2013/14 Strategy allowed for borrowing in anticipation of need to fund capital expenditure although that option has not so far been used this year. It is envisaged that a similar allowance is included in the 2014/15 Strategy.

## CURRENT POSITION AND EXPECTED TREASURY PORTFOLIOS

The Council's position as at 31 December 2013 was:

INVESTMENTS & BORROWING		Principal Amount £m	Average Interest Rate %
<b>Investments</b>			
Short Term	- maturing by 31 <sup>st</sup> March 2014	7.4	0.45%
	- maturing 2013/14	3.0	0.38%
Long Term	- maturing later	1.6	3.40%
<b>Total</b>		<b>12.0</b>	<b>0.83%</b>
<b>Borrowing</b>			
Short term	- maturing by 31 <sup>st</sup> March 2014	0	0%
	- maturing 2013/14	0	0%
Long term	- maturing later	(11.5)	3.68%
<b>Total</b>		<b>(11.5)</b>	<b>3.68%</b>
<b>Net Investments</b>		<b>£0.5m</b>	<b>2.23%</b>

### Expected changes in portfolio

According to current cash flow forecasts, net borrowing is expected to increase to £16.3m by 31<sup>st</sup> March 2014.

### Budget implications

The budget for net interest in 2013/14 was £0.239m; the forecast outturn is £0.201m, a saving for £38,000. The small saving is attributable to a combination of low borrowing interest rates (especially between local authorities), delays in capital expenditure and higher than expected revenue reserves.

The budget for net interest in 2014/15 is £0.425m.

## THE COUNCIL'S FINANCIAL STRATEGY

### BORROWING STRATEGY

As noted above, the Council currently holds £11.5m of long-term loans; this is all borrowed from the Public Works Loans Board (PWLb).

### Planned borrowing strategy for 2014/15 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.

	2014/ 2015 £m	2015/ 2016 £m	2016/ 2017 £m	2017/ 2018 £m	2018/ 2019 £m
Existing long term borrowing <i>available long term</i>	11.5	11.5	11.5	11.5	11.5
Revenue Reserves (EOY)	9.0	7.9	7.5	6.9	6.1
Provision for repaying loans (EOY)	4.4	6.4	8.6	11.1	13.9
Earmarked Reserves (EOY) ❶ <i>available on a year by year basis</i>	1.9	1.6	1.6	1.6	1.6
	15.3	15.9	17.7	19.6	21.6
Cash Flow benefit average <i>fluctuates from day to day</i>	13.2	13.2	13.2	13.2	13.2
<b>FUNDING REQUIRED</b>					
<b>Capital Expenditure</b>					
Brought Forward	49.7	53.5	55.6	59.1	62.7
Capital Expenditure in Year	(3.8)	(2.1)	(3.5)	(3.6)	(3.1)
<b>Carried Forward</b>	<b>(53.5)</b>	<b>(55.6)</b>	<b>(59.1)</b>	<b>(62.7)</b>	<b>(65.8)</b>
Fixed Term Investment (EOY)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
<b>Total Required Funding</b>	<b>(55.0)</b>	<b>(57.1)</b>	<b>(60.6)</b>	<b>(64.2)</b>	<b>(67.3)</b>
<i>Excluding Use of Reserves</i>					
<b>MAY BORROW</b>	<b>(43.5)</b>	<b>(45.6)</b>	<b>(49.1)</b>	<b>(52.7)</b>	<b>(55.8)</b>
<i>Including Use of Reserves</i>					
<b>MUST BORROW</b>	<b>(28.2)</b>	<b>(29.7)</b>	<b>(31.4)</b>	<b>(33.1)</b>	<b>(34.2)</b>
<b>NEED FOR FURTHER BORROWING – FUNDING IN ADVANCE</b>					
<b>MAY BORROW A FURTHER</b>	<b>(10.8)</b>	<b>(11.6)</b>	<b>(11.4)</b>	<b>(11.3)</b>	<b>(11.8)</b>
<b>NEED FOR FURTHER BORROWING – LOANS TO ORGANISATIONS</b>					
<b>MAY BORROW A FURTHER</b>	<b>(50.0)</b>	<b>(75.0)</b>	<b>(75.0)</b>	<b>(75.0)</b>	<b>(75.0)</b>

#### Notes

❶ includes specific earmarked reserves (e.g. Special Reserve, Repairs & Renewals Funds)

#### 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 invest, either overnight or for a few weeks depending on the next precept date.

Authorities are permitted to borrow short term for this purpose and all borrowing decisions will be made on the most economically advantageous



rates for the period that is required to be covered. 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.

### **Borrowing – No Funding Activity**

The amount of capital borrowing up until March 2015 (i.e. up to an estimated £43.5M, “may borrow”) 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 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 2014/15:

1. £85m No Forward Funding Activity
  - temporary borrowing for cash flow purposes (£25m)
  - long term existing borrowing (£10m)
  - borrowing to fund the forecast capital programme (£45m)
  - an allowance for other long-term liabilities, such as finance leases (£5m)
2. £11m Long term based on maximum borrowing in advance
3. £50m Long term borrowing to finance Long Term loans to Other Organisations: £50m

## **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, without Cabinet approval, 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.
- Pooled Property Funds

This is a new investment opportunity for the Council for 2014/15. It is intended to be a longer term vehicle (i.e. 5 years or longer), although money can be withdrawn with 1 month's notice. These types of investments are not "credit rated" because the investment is not in "cash", it is in a non-liquidity asset. Before any money is invested, this will be discussed and agreed at TMAG.

## **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 Group (NatWest) was appointed to provide Banking Services in

respect of the Council's current accounts. With a long term rating of "A" (January 2014) 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 2013/14, the Council used the following money market funds:

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

If during 2014/15, 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**

Arlingclose are the Councils appointed advisors. 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 Responsible Financial Officer and his staff will manage and monitor investments and borrowing.

The Treasury Management Advisory Group consists of four members and relevant officers. Members 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 or borrowing shall 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. At this time the Council is unlikely to invest for more than a year unless:

- further advance borrowing is undertaken, or
- "back-to-back" financing of a LoO loan (this would be subject to separate Cabinet approval).

## **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 Overview & Scrutiny (Economic Well-being) 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/or
- reduce or only minimally increase the level of risk, and/or
- supported by the Council's Treasury Management Advisors,

are delegated to the Responsible Financial Officer, after consultation with the Treasury Management Advisory Group. 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) Nationwide Building Society
	F2	Good intrinsic capacity for timely payment of financial commitments.	Leeds Building Society
	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 <b>lowest expectation of credit risk</b> . 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.	Germany, Sweden, Switzerland, USA
	AA	Very high credit quality. 'AA' ratings denote <b>expectations of very low credit risk</b> . They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	United Kingdom AA+
	AA-		Standard Chartered Bank, HSBC Bank
	A	<b>High credit quality.</b> 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.	Nationwide 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)

<b>Duration of investments</b>	No investment shall be longer than 5 years. Maximum duration for a Building Society with no rating is 1 month.																
<b>Types of investments</b>	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 Pooled Property Funds																
<b>Credit Ratings</b>	<p><b>Building Societies</b> All Building Societies with ratings of BBB or above. Building Societies with no ratings. (maximum duration 1 month)</p> <p><b>Money Market Funds</b> AAA credit rating <b>Pooled Property Funds</b> (such funds are not credit rated as they are investments in non-liquid assets)</p> <p><b>Local Authorities or UK Government</b> No rating required</p> <p><b>Non-Building Societies</b> 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><b>Loans to Organisations</b> These will not require a specific credit rating but will be subject to individual approval by Cabinet.</p>																
<b>Maximum limits per counterparty (group), country or non-specified category</b>	<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 F2 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><b>Limit for Non-specified investments</b></p> <ul style="list-style-type: none"> <li>- £10M in time deposits more than one year</li> <li>- £5M in corporate bonds</li> <li>- £10M in any other types.</li> <li>- £10M Pooled Property funds</li> <li>- £15M in total</li> </ul> <p><b>Country limits</b></p> <ul style="list-style-type: none"> <li>- UK - unlimited</li> <li>- £5M in a country outside the EU</li> <li>- £10M in a country within the EU (excluding UK)</li> <li>- £20M in EU countries combined (excluding UK)</li> </ul>	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 F2 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																
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Liquidity (Call) Account with a credit rating of F2 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>– Country of Domicile for Money Market Funds – unlimited, providing the fund is AAA.</p> <p>Except for Money Market Funds, no investment will be made in country with a sovereign rating of less than AA.</p> <p>These limits will be applied when considering any new investment from 27 February 2014. 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><b>Loans to Organisations</b> No limit in value or period.</p>
<b>Benchmark</b>	LGC 7 day rate

**INVESTMENT LIMITS FOR INCREASES IN ADVANCE BORROWING**

	Level of Borrowing in Anticipation		Rating Constraints
	from	to	
	£5M	£11M	
	£10M	£20M	
<b>BUILDING SOCIETIES</b>			
Assets over £2bn	£5M	£5M	
Assets over £1bn	£4M	£4M	
Rest of top 25 by assets	£3M	£3M	
<b>BANKS &amp; OTHER INSTITUTIONS</b>			
F2+ or legal status	£5M	£5M	AA- if more than 1 year
F2	£4M	£4M	AA- if more than 1 year
<b>LIQUIDITY ACCOUNTS</b>			
Limit in liquidity account	£5M	£6M	F2or legal status
Limit with any other investments in institution	£8M	£9M	
<b>POOLED PROPERTY FUND</b>			
	£10M	£10M	
<b>NON-SPECIFIED INVESTMENTS</b>			
Time Deposits over 1 year in total	£20M	£30M	
Corporate Bonds in total	£5M	£8M	Not yet determined
<b>TERRITORIAL LIMITS</b>			
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

	<b>2012/13 Actual £m</b>	<b>2013/14 Forecast £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>
<b>Gross</b>	8.3	14.4	5.4	4.0	4.3
<b>Net</b>	6.5	11.9	3.8	2.1	3.5

Where it is determined that loans to organisations are for capital purposes, this will 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.

<b>2012/13 Actual</b>	<b>2013/14 Forecast</b>	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>
4%	7%	10%	13%	13%

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.

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
<b>Variation</b>	£1.08	£1.90	(£0.96)
<b>Cumulative</b>	£1.08	£2.98	£2.02

### 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).

	31/3/13 Actual £m	2013/14 Forecast £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
<b>No Funding Activity</b>	27.0	37.8	40.0	40.1	41.4	42.5	42.8

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

	0.0	25.0	50.0	75.0	75.0	75.0	75.0
<b>Loans to Organisations</b>							

### 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 (cash flow).

## 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 2013

**£10m**

(the current level of PWLB borrowing is £11.5m)

## 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.

	2013/14 Limit £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Short term	20	25	25	25
Long term	48	55	57	61
Other long-term liabilities (leases)	5	5	5	5
<b>Total - No Funding Activity</b>	<b>73</b>	<b>85</b>	<b>87</b>	<b>91</b>
Long Term based on the maximum borrowing in advance	14	11	12	11
Long term borrowing to finance Long Term Loans to Organisations	25	50	75	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.

	2013/14 Limit £m	2014/15 Limit £m	2015/16 Limit £m	2016/17 Limit £m
Short term	15	20	20	20
Long term	48	55	57	61
Other long-term liabilities (leases)	5	5	5	5
<b>Total – No Funding Activity</b>	<b>68</b>	<b>80</b>	<b>82</b>	<b>86</b>
Plus any long term borrowing in advance	14	11	12	11
Plus any long term borrowing to finance long term loans to organisations	25	50	75	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.

If the Council does not borrow in advance it is quite possible that all investments will be of less than a year's duration and hence count as "variable rate".

		2014/15		2015/16		2016/17	
		Limits		Limits		Limits	
		Max	Min	Max	Min	Max	Min
<b>Borrowing</b> Longer than 1 year	Fixed	100%	75%	100%	75%	100%	75%
	Variable	25%	0%	25%	0%	25%	0%
<b>Investments</b> 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 2014/15 that will mature in successive periods. This indicator is set to control the Council's exposure to refinancing risk.

The Council has £11.5M 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.

<b>Funding capital schemes</b>	<b>Upper limit</b>	<b>Lower limit</b>
Under 12 months	92%	0%
12 months and within 24 months	92%	0%
24 months and within 5 years	92%	0%
5 years and within 10 years	93%	1%
10 years and above	100%	7%

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.

	2014/15 £m	2015/16 £m	2016/17 £m
Limit on investments over 364 days as at 31 March each year.	<b>32.7</b>	<b>34.0</b>	<b>37.7</b>

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

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## ONGOING STUDIES

STUDY	OBJECTIVES	PANEL	STATUS	TYPE
Consultation Processes	To assist the Corporate Team with its review of the Council's Consultation and Engagement Strategy.	Social Well-Being	Strategy and Guidance being updated by the Corporate Office to incorporate comments suggested by the Working Group which met on 28th August 2013 and Chief Officers Management Team. Due to be presented to the Panel and Cabinet in April 2014.	Working Group
Great Fen	To monitor the latest developments in respect of the Great Fen.	Environmental Well-Being	The Project Collaboration Agreement has been renewed for a further 5 year period. Further updates will continue to be provided in due course.	Whole Panel.
Delivery of Advisory Services Across the District	To monitor the performance of the voluntary organisations awarded grant aid by the Council in 2013-2015.	Social Well-Being	Working Group has met with 5 out of the 6 voluntary organisations to monitor their progress against acceptance agreements. Report awaited.	Working Group.
Housing and Council Tax Benefit Changes and the Potential Impact Upon Huntingdonshire	To monitor the effect of Government changes to the Housing Benefit System arising from the Welfare Reform Act.	Social Well-Being	Six monthly reports to be presented to the Panel. Members of the Economic Well-Being Panel will be invited to attend. Next report to be submitted to the Panel's June 2014 meeting.	Whole Panel

Review of Elderly Patient Care at Hinchingsbrooke Hospital	To undertake a review of elderly patient care at Hinchingsbrooke Hospital.	Social Well-Being	Working Group appointed to undertake a review which will be undertaken in conjunction with the Hospital. Meetings held on 18th July and 11th November 2013. Further meeting being arranged to consider the End of Life Pathway – details to be confirmed.	Working Group

## Progress Report

<u>Panel Date</u>	<u>Decision</u>	<u>Action</u>	<u>Response</u>	<u>Date for future action</u>
04/07/13	<p><b><u>Customer Services</u></b></p> <p>Performance reports to be submitted to the Panel twice a year (February &amp; October).</p>		Next report due in March 2014. This was deferred from the February meeting because of the extent of the other business on the Agenda.	06/03/14
16/05/13	<p><b><u>Corporate Plan</u></b></p> <p>Councillors Rogers and Harrison have been appointed to the Corporate Plan Working Group.</p>		Corporate Plan to be launched on 1st April 2014. Working Group met on 18th December 2013 to discuss further the content of the Plan. <b>This item appears elsewhere on the Agenda.</b>	04/02/14
05/09/13	<p><b><u>Cambridgeshire Public Sector Asset Management Strategy</u></b></p> <p>The Panel recommended that the Cabinet should note the creation of a countywide publicly-owned joint venture and agreed that if any proposals were forthcoming, they should be fully 'costed' for consideration by the Panel.</p>			
05/07/13	<p><b><u>Economic Development</u></b></p> <p>The Huntingdonshire Economic Growth Plan 2013 to 23 was considered by the Panel. The Economic Development Manager was asked to give a further update on the marketing and implementation plans in due course.</p>		This is expected to be in May / June time.	12/06/14

<u>Panel Date</u>	<u>Decision</u>	<u>Action</u>	<u>Response</u>	<u>Date for future action</u>
03/10/13	<p><b><u>Audit of EDM</u></b></p> <p>Agreed that the Panel should consider the outcome of this Audit when it is concluded.</p>		<p>The internal audit review concluded that the systems in place to manage EDM across the six areas that use the Document Centre for scanning documents into the EDM system was adequate. Four actions were suggested for improving the current system, all were accepted. <b>The Chairman undertook to review the outcome of the Audit and report back if further action was required.</b></p>	
02/11/11	<p><b><u>Scrutiny of Partnerships</u></b></p> <p>Following a review of the Strategic Partnership, the Overview &amp; Scrutiny Chairmen and Vice Chairman agreed that responsibilities should be divided as follows:-</p> <p>Social Well Being</p> <ul style="list-style-type: none"> <li>❖ Community Safety</li> <li>❖ Children &amp; Young People</li> <li>❖ Health &amp; Well-Being</li> </ul> <p>Environmental Well Being</p> <ul style="list-style-type: none"> <li>❖ Growth &amp; Infrastructure</li> </ul> <p>Economic Well Being</p> <ul style="list-style-type: none"> <li>❖ Local Enterprise Partnership</li> </ul>		<p>The Panel has already received two presentations on the Local Enterprise Partnership. A presentation on the Local Enterprise Zone was given to the Panel's meeting in November 2011.</p> <p><b>In recognition that little appears to be being done to develop an area approach to scrutinising the Local Enterprise Partnership, the Panel has suggested that the Chairman and the Chief Executive of the Local Enterprise Partnership should be invited to a future meeting of the Council to give a presentation on their business plan. A date for which is yet to be confirmed.</b></p>	

## Progress Report

<u>Panel Date</u>	<u>Decision</u>	<u>Action</u>	<u>Response</u>	<u>Date for future action</u>
04/07/13	<p><b><u>Communications and Marketing</u></b></p> <p>Agreed to establish a working group to undertake a study of marketing and communications. Councillors P G Mitchell, P D Reeve and T V Rogers have been appointed.</p>		This review has been put on hold.. <b>Panel to determine if and when this review should continue.</b>	TBC
04/07/13	<p><b><u>Shared Services</u></b></p> <p>Agreed to establish a working group to undertake a review of Shared Services.</p>		This review was put on hold. <b>Panel to determine if and when this review should continue.</b>	TBC
04/07/13	<p><b><u>Estates</u></b></p> <p>A review of Estates will be pursued at a later date.</p>		<p>The Executive Councillor for Resources has been asked to report back to the Panel at an appropriate time.</p> <p>This review was put on hold. <b>Panel to determine if and when this review should continue.</b></p>	TBC

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