

COUNCIL MEETING – 24 FEBRUARY 2009 – AGENDA ITEM 7

The attached Budget reports are being submitted to Executive on 17 February.

Recommendations from Executive to Council will be circulated as supplementary papers.

REVENUE BUDGET PROPOSAL 2009/10 – 2011/12

EXECUTIVE MEMBER: Cllr Allan Holliday, Deputy Leader of the Council

LEAD OFFICER: Julie Crellin, Head of Finance and Management Information Systems

REPORT AUTHOR: Julie Crellin, Head of Finance and Management Information Systems

Summary and Recommendation:

This report provides a summary of the Council's Revenue Budget Proposal for 2009/10 and provisional budgets for 2010/11 and 2011/12.

Through the Resource Planning Working Group, the Council has been considering a range of options to create a sustainable budget for the 2009/10 Budget. This is set within the context of the existing Budget Strategy set out in the Medium Term Financial Strategy (2008/9 – 2010/11) agreed at Full Council on 26th February 2008, but to some extent is superceded by more recent economic factors.

It is recommended that Council agrees the proposed 2009/10 budget requirement and operating budget; the fees and charges schedules, the utilisation of reserves and the Council Tax requirement for the Borough for 2009/10.

Recommendation:

It is recommended that the Executive request Council to approve:-

- 1) The budget requirement of £12,345,000 for 2009/10 (and note the provisional figures of £12,304,000 for 2010/11 and £11,487,000 for 2011/12 subject to the Government's final settlement figures for these years). This is summarised in Appendix H.
- 2) The utilisation of earmarked reserves to support the budget proposal of £1,749,000 in 2009/10, £1,717,000 in 2010/11 and £40,000 in 2011/12. Earmarked reserves (for specific purposes) are projected to be £2,401,000 by 31st March 2012. General Fund balances are projected to be £2,357,000 by 31st March 2012 and this includes the risk based reserve of £1,735,000 over the three year period to mitigate current business risks.

- 3) That Council Tax be increased by 4.5% for 2009/10, and subsequent years. This would result in an additional rise of approximately 10p per week for Band A properties and 15p a week for Band D properties in 2009/10.
- 4) The Budget and Council Tax resolution as shown in Appendix B with approval of the dwelling Council tax base being delegated to the Section 151 Officer in consultation with the Portfolio Holder (Deputy Leader) of the Council.
- 5) The proposed fees and charges for Services as shown in Appendix F.

1.0 INTRODUCTION

- 1.1 The Resource Planning Working Group, comprising of a cross section of Elected Members and senior officers has met on a regular basis during the year to review budget requirements in the light of the resources available to the Council. The Group received presentations from the Heads of Service supported by Service Managers, during November and December to consider the robustness of estimates and budget options put forward. RPWG met on the 29th January 2009, and agreed a budget proposal for Executive to consider.
- 1.2 Executive was asked to recommend the budget proposal set out in this report to Council for adoption at the annual budget meeting on 24th February 2009. The Budget proposal for 2009/10 is summarised in Appendix A.
- 1.3 Scrutiny received a presentation upon the budget proposal at the meeting of Overview and Scrutiny Management Committee on 30th January, to which all Elected Members were invited. Headline budget proposals were posted on the Council's website to inform the public and to seek views.
- 1.4 Preparing a budget involves predicting the future, and given the current economic context, it is difficult to predict the likely budget requirement to fund inflationary pressures, and income receipts from fees and charges and from treasury management activities, in particular.
- 1.5 Before setting out the budget proposals, which have been particularly challenging to determine, given the current and emergent backdrop of the economic downturn, the following section sets out the service, budgetary and financial context facing the Council.

2.0 INTEGRATION OF SERVICE AND BUDGET PLANNING

- 2.1 The purpose of a budget is to express in monetary terms the plan for the use of resources to deliver the organisations activities. Therefore, budget planning runs alongside service planning. Service plans are in the process of construction and will be agreed by Executive Members, following discussions with Heads of Service in February, and Executive will receive the updated Council Plan for consideration in March. The resources required to achieve Corporate priorities are reflected in the budget proposals. In developing the budget options, the Council has recognised the following requirements:-
- Need to maintain the performance of our services.
 - Priority actions as agreed by the Council and the 6 customer priorities.
 - Need to maintain the appropriate resource input to key improvement areas such as financial management, access to services, housing services improvement and the acceleration of our local development framework.
 - Need to maintain the capacity to transform its services to modernise, focus and streamline and to deal with the further challenges we know are coming in the future.
- 2.2 In addition, further challenges for the Council involve acting on the Use of Resources and the Direction of Travel Assessments from the Audit Commission, responding to the implications of Comprehensive Area Assessments and delivering on our locality working arrangements.
- 2.3 It is essential that the Budget, set in the context of unprecedented economic circumstances is sustainable over the three year period. It is also important that the budget, is not one of 'boom and bust' where we reduce services unnecessarily in the short term only to find that by the third year of the budget proposal, income from activities such as treasury management has improved. Every 0.5% reduction in interest rates equates to around £100,000 of reduced income from deposits. The use of reserves to supplement income from treasury management activities which is included as a budget option for 2009/10 and 2010/11 (£163,000 each year for the two year period), for example, would be unusual, but these are unusual times.
- 2.4 The Council is also conscious of the need to play our part in supporting jobs and the local economy at this difficult time by using our reserves (and capital receipts to fund the capital programme) to finance activities that help keep people in work to maintain our overall spend, helping the local economy.

- 2.5 The Budget is reviewed annually, but in this period of economic instability, the need to regularly update the Budget Strategy within the Medium Term Financial Strategy becomes more critical as assumptions are more likely to change.

3.0 FUNDING

3.1 Government Grants – Revenue Support Grant Settlement and Area Based Grant

- 3.1.1 2009/10 is the second year of the three year Revenue Support Grant Settlement announced in December 2007 as part of the Comprehensive Spending Review 2007 (CSR07). The provisional settlement for 2009/10 and 2010/11 have been received, and these are in line with the announcement received in Dec 2007. There is a risk, in the face of economic recession and the consequent pressures upon central government that support to local government in the next round of CSR, i.e. 2011/12+ will be reduced. This is speculative, but the third year of the draft budget proposal prudently assumes no increase in RSG.

RSG funding 2009/10 - £ 7,186,615 (0.39% increase on 2008/09)

Provisional RSG funding 2010/11 - £ 7,222,549 (0.5% increase on 2009/10)

Assumed RSG funding 2011/12 - £ 7,222,549 (no increase assumed on 2010/11)

- 3.1.3 In addition, the Council will receive funding from the Working Neighbourhoods Fund (2008/09 to 2010/11, £1,000,000 was indicated for each of the three years of the programme). This funding is not ring-fenced as is part of the Area Based Grant. There has been a recent consultation exercise on potential changes to the funding formula, but this consultation indicated no change to Copeland's provisional funding. We are expecting confirmation of the final allocation later this month.

Provisional ABG Grant funding 2009/10 - £1,000,000

Provisional ABG Grant funding 2010/11 - £1,000,000

The provisional budget for 2011/12 assumes no funding is received for ABG as government has not indicated this fund will continue, equally, central government has not said that it will not, but it is prudent to assume that this funding ceases.

- 3.1.4 In addition to these government grants which have used to support council services, some services have enjoyed the benefit of service specific grants in the recent past. These grants are generally subject to annual confirmation of funding, and this is usually received during February / early March.

The following assumptions have been included in preparing the 2009/10 revenue base budget:-

- £259,000 from the Safer and Stronger Communities Fund will be received in 2009/10 (final year of the Fund).
- LABGI – no new funding is assumed from this source.
- Housing and Planning Delivery Grant – it is assumed that £93,000 will be received as an annual grant for the three year period. This will fund £30k of staffing costs and £63k to support on-going planning activities. The Local Development Framework growth pressure is proposed to be funded in the majority, from Housing and Planning Delivery Grant reserves accumulated over past years.
- Concessionary Fares Grant – the budget assumes £213,000 of grant is received in 2009/10 which is an increase of 2.5% in relation to 2008/09. The budget assumes this continues for the three year period.

3.1.5 As part of CSR 2007, the Government confirmed that funding assumptions included the requirement for securing efficiency savings of 3% per annum. Local Authorities can decide how the resources released from the efficiency savings are used i.e. in broad terms, to minimise Council Tax increases or be ploughed back into the budget.

3.1.6 The Draft Revenue Budget assumes efficiency savings will be secured in the three year period, and for 2009/10, the current budget proposal totals £599,000 of savings, which is in excess of the 3% net budget target.

3.2 Council Tax

3.2.1 The Council's Budget requirement is the total of its Net Expenditure plus (or minus) any contribution to (or from) balances. Council Tax is expressed as a £ per Band D equivalent property and is calculated by totalling the Council's Budget Requirement and parish precepts, less Central Government Funding and plus (or minus) any Collection Fund surplus (or deficit). The Council Tax requirement is divided by the Tax Base (number of band D equivalent properties). The proposed Budget and Council Tax Resolution which Council will be asked to agree is set out in Appendix B.

3.2.2 It is no longer a requirement for Full Council to approve the Council Tax Base i.e. the number of equivalent band D properties used to calculate the total revenue to be collected from Council tax (i.e. the levy). It is recommended that final approval

of the Council Tax Base be delegated to the Head of Finance and Management Information Systems in consultation with the Portfolio Holder (Deputy Leader) of the Council. 22,236.20 Band D equivalent properties have been used to determine the Council Tax.

This report focuses on the Council's own expenditure and that element of Council Tax which relates to Copeland Borough Council's activities. Resolutions 4 and 5 set out in Appendix B will be completed for the Council meeting. The County Council meets on 19th February to set its budget requirement.

- 3.2.3 In recent years, Central Government has used its powers to cap or limit the increase in Council Tax increases to 5%. After the provisional Revenue Support Grant was announced on 26 November 2008, the Minister for Local Government wrote to all Local Authorities reminding them that he expected to see Council Tax rise to be below the 5.00% threshold again.
- 3.2.4 The current Medium Term Financial Strategy assumed an increase in Council Tax of 3.9% in 2009/10 and 2010/11. However, against the backdrop of extraordinary financial context, the Budget Proposal for 2009/10 – 2011/12 assumes an increase of 4.5% and for every following year.
- 3.2.5 Approximately every 1% increase in Council Tax equates to £ 36,000 increase in total in tax levied across all households. The income from Council Tax for 2009/10 assumed in the base budget is less than in the Medium Term Financial Strategy, as the Council Tax base is less than forecast at this time last year.

Income from Council Tax assumed for 2009/10 - £3,906,000 (before deficit on the Collection Fund)

Income from Council Tax assumed for 2010/11 – £4,082,000 (4.5% increase)

Income from Council Tax assumed for 2011/12 - £4,265,000 (4.5% increase)

- 3.2.6 The table below compares the 2009/10 Band D & Band A Council Taxes for the Borough to the previous year. Approximately 60% of dwellings within the Borough fall within Bands A and B for the purposes of Council Tax.

	CBC Levy 2008/09	CBC Levy 2009/10	Increase on previous year	% increase	Increase per week
Band A	£111.89	£116.94	£5.05	4.5%	10 pence
Band D	£167.84	£175.41	£7.57	4.5%	15 pence

3.2.5 The full details of the calculation of the Council Tax requirement which is shown in Appendix B will be presented to full Council on 24th February 2009 for formal consideration in line with Section 33 (5) of the Local Government Act 1992.

Appendix B is partially completed for the Executive meeting – as other information is required from the County Council and Police Authority.

3.2.6 Following Government decisions about grants and the Council's assumptions of Council Tax, a funding envelope of £12,345,000 for 2009/10 results. 2010/11 and 2011/12 are set out for information purposes at this stage, and are on a prudent base and would indicate a significant reduction (£858,000) in core funding if the current ABG arrangement does not continue. Clearly, the Council would be required to find savings in the region of £1,000,000 to accommodate the loss of this grant and this is reflected in Appendix H.

	2009/10 £'000	2010/11 £'000	2011/12 £'000
Revenue Support Grant (including NNDR)	7,186	7,222	7,222
Provisional ABG (to be confirmed)	1,000	1,000	0
Safer and Stronger Communities Grant	259	0	0
Total Provisional General Revenue Government Grant	8,445	8,222	7,222
Council Tax Revenue (at 4.5% increase)	3,900	4,082	4,265
Total Provisional Funding – Council Tax and Grant	12,345	12,304	11,487

3.3 Use of Balances

3.3.1 The Budget of the Medium Term Financial Strategy agreed at 26th February 2008 Council meeting assumes that reserves will be used to support specific activities of the Council for the period 2008/09 to 2010/11. It is acceptable to use reserves in the short to medium term to reach a position of long term sustainability. However, it is important that the use of reserves is clearly understood.

3.3.2 It is unfortunate that the audit of 2006/07 and 2007/08 has not been completed prior to the preparation of the Budget. Subject to audit, therefore, the opening revenue reserves for at 1st April 2008 are £6,616,000 for sinking funds and

earmarked reserves and general fund balance of reserves of £3,103,000, this totals £9,719,000. Provisions (for insurance) amount to a further £281,000. Budget monitoring returns to the end of November are indicating an underspend of around £1,132,000 against the 2008/09 Budget and of which around £207,000 will be required to meet commitments entered into, but not settled at 31st March and £393,000 relates to underspends on budgets supported by earmarked reserves.

- 3.3.4 The Resources Planning Working Group will review Earmarked reserves during 2009/10, and a revised Reserve Statement will be produced, together with recommendations for the release of earmarked items, where appropriate and the revised Statement will reflect the outcome of the 2006/07 and 2007/08 Audit of Accounts. Appendix C summarises the (provisional) Reserve Position for 2008/09 to 2011/12.
- 3.3.5 Executive can be assured, though, that in planning the budget, there will be sufficient reserves to cover both the risk-based reserve, which is part of the general fund balance and the earmarking of reserves for the three year period of 2009/10 to 2011/12.
- 3.3.6 The existing Medium Term Financial Strategy Budget assumes £1,454,000 is held over the three year period as risk based reserves. The methodology for calculating the risk based reserve was agreed last year, and it has been re-applied. The methodology involves a quantification of risk and a % applied to the likelihood of the risk occurring. The results were discussed by the Resources Planning Working Group and against the backdrop of the economic downturn, and the increased risk to in particular, the achievement of income related targets, the value of the reserve has increased. The Budget proposal increases the Risk Based Reserve to £1,735,000 for the three year period and this is set out in Appendix D.
- 3.3.7 At the end of the three year period, by 31st March 2012 total reserves and provisions are projected to be £6,426,000, split between £3,787,000 in earmarked reserves and sinking funds (£281,000) held for specific purposes, and £2,357,000 in the General Fund.

4.0 EXPENDITURE

4.1 Proposed Revenue Budget 2009/10

- 4.1.1 The availability of funding determines the capacity to spend, Appendix A summarises the budget proposal for 2009/10.
- 4.1.2 The current Net Revenue Budget for 2008/09 is £13,974,000 and is the starting point for planning for 2009/10. The budget assumed £12,309,000 of expenditure funded by Council Tax and Government Grants, and £1,665,000 funded from reserves. The £1,665,000 included £500,000 in relation to renovation grants, the source of this funding was the receipt from the transfer of council houses when Copeland Homes was established, and this receipt has been re-categorised as a capital receipt as during the audit of 2006/07 Accounts. It is, therefore, deducted from the £13,974,000 revenue base budget for planning purposes. The starting point for the Revenue Budget for 2009/10 is £13,474,000.
- 4.1.3 In addition, RPWG has been notified of corrections and amendments required to the Base Budget in preparing a starting point for 2009/10. These total £214,000.
- 4.1.4 Expenditure increases are broadly in line with inflation (2.5% for pay and 3% for non-pay items for 2009/10). For the purposes of budget planning, given the economic forecasts, only 2% for inflation, both pay and non-pay have been assumed for 2010/11 and 2011/12. The net inflationary pressures, including salary and incremental rises total £560,000 for 2009/10.
- 4.1.5 There are a number of items of budget pressures and areas of new growth to fund which total £1, 915,000 and are set out in Appendix E.
- 4.1.6 The budget build also assumes growth in income, largely from volume changes related to waste recycling for example, the inclusion of grants specific to 2009/10, (but not included in the base budget 2008/09), and increases in fees and charges. This total income increase is £434,000. Fees and charges are set out in Appendix F and Executive is asked to agree the increases proposed.
- 4.1.7 The temporary reduction in VAT from 17.5% to 15% announced in the November Budget Statement by the Chancellor of the Exchequer has been considered when proposing the fees and charges. The majority of fees levied are VAT exempt, but for those fees which are charged inclusive of VAT (e.g. car park parking fees) when the VAT rate returns to 17.5% on 31st December 2009, budget managers do not intend for the fee schedule to be amended. For those services levied exclusive of VAT (e.g. building control) the fee schedule will be required to be amended to reflect the VAT rate, but the Authority will not benefit from this amendment.

- 4.1.8 The total Net Revenue Budget Requirement for 2009/10, before efficiencies, savings and reductions options and options to increase income further, is £15,729,000 and in comparison to funding of £12,345,000, results in a shortfall of £3,384,000 to find.
- 4.1.9 As part of CSR 2007, the Government confirmed that funding assumptions included the requirement for securing efficiency savings of 3% per annum. Local Authorities can decide how the resources released from the efficiency savings are used i.e. in broad terms, to minimise Council Tax increases or be ploughed back into the budget. The budget proposals assume the efficiency savings will be used to support the budget.
- 4.1.10 The revenue budget proposal assumes cashable efficiency savings will be secured during the three year period, and for 2009/10, this is £599,000. These are included in Appendix G (first three columns).
- 4.1.11 In closing the budget gap, Appendix G presents further options of reductions to budgets (£946,000) and additional fees and charges (£90,000) and these total £1,036,000. In addition, the increased use of reserves is proposed (i.e. above the minimum £1,000,000 utilisation to support the Regeneration and Delivery Plan already assumed in the Medium Term Financial Strategy) totalling a further £749,000. The further options to close the gap, therefore, total £1,784,000 and are set out in Appendix G.
- 4.1.12 Executive is recommended to accept these budget proposals. In summary, the Budget Proposal for 2009/10 is of a total operating budget of £14,094,000, funded by £1,749,000 of reserves, resulting in a net budget requirement of £12,345,000, funded by Council Tax and Government Grants.
- 4.1.13 The Medium Term Financial Strategy Budget for the next three year period has been revised accordingly, and this is set out in Appendix H. Executive is recommended to agree the provisional budgets for 2010/11 and 2011/12, but these will be revised in preparing the 2010/11 budget next year.

4.2 Uncertainties and Risks in the Budget Proposals

4.2.1 There will always be some risks associated with budget setting – as it requires forecasting into the future. Some expenditure is demand led whilst other areas of the budget are dependent upon income from fees and charges. Specific uncertainties contained in the budget proposals for 2009/10 are as follows:-

- Interest received from Treasury Management Activities – if the Bank of England reduces interest rates further (albeit there is little capacity to reduce further as the base rate (5 Feb 2009) is now 1.0%), then income from interest earned will decrease
- Recycling income – the budget assumes total income from recyclables (paper, card, plastics etc) which is less than the 2008/09 Budget. The recent decrease in income from this activity may be more acute in 2009/10.
- Fuel costs – world oil prices have been subject to significant increases and decreases in the last twelve months. Fuel budgets assume a rate of £1 per litre for diesel and petrol.
- Concessionary travel expenditure – the cost of reimbursement to bus operators for use of the concessionary travel pass to over 60s is demand led. Patronage in 2009/10 may be significantly different to that assumed in the budget proposals.
- Income from fees and charges – income generated in 2009/10 could be much less than forecast as a result of the economic downturn, whose effects are difficult to quantify with certainty.
- The impact of Job Evaluation – the base budget assumes £450,000 of permanent provision to accommodate the costs of the JE scheme, once it is agreed. Preliminary indications of the net cost of the scheme, prior to appeals procedure indicates that the budget provision will be sufficient to meet the costs of the scheme. However, the implementation is subject to final agreement of staff and the Executive.
- The budget assumes the use of reserves to support the budget. The reserve position at 1st April 2008 has not been confirmed, as the external Audit of 2006/07 and 2007/08 has not been completed. However, we are confident that the broad position of reserves is reasonable and can be used for budget planning.

4.2.2 The items set out in 4.2.1 have been considered in determining the risk based reserve to mitigate these foreseeable business risks. The budget proposal has calculated that £1,735,000 required in risk based reserves for the period covered by 2009/10 – 2011/12.

4.2.3 In addition to these uncertainties and risks in next year's budget proposals, looking further, for 2010/11 onwards, the following items may need further consideration as the 2010/11 budget is prepared:-

- Income from fees, charges and interest received – if the recovery from the economic downturn is in excess of 18 months, income projections from these sources will be vulnerable to change.
- RSG 2011/12 – it is speculative to suggest, but likely, that in the face of economic recession and pressures upon the national purse, that funding to Local Authorities will be reduced as part of CSR 2010.
- Concessionary travel – Central Government has indicated after 2010/11, the responsibility for the administration of this activity will pass to the County Council. This would result in revisions to the Revenue Support Grant allocation for Counties and Districts and the result might not be funding neutral to every individual authority.
- Employers' superannuation contributions – the next triennial review will be undertaken during 2010 and new rates will be set from April 2011. Given the decrease in the FTSE share index of leading companies during the calendar year 2008 and the decrease in Bank of England lending (and therefore investment rates) you would expect that the performance of the Local Government Pension Fund will have been affected. If losses are not recovered, it will lead to increased contributions from employers.

4.2.4 In setting its Budget Requirement, the Council is required under the Local Government Act 2004 (Section 25) to consider the formal advice of the statutory responsible officer (the Head of Finance and Management Information Systems) on the robustness of the estimates included in the budget and the adequacy of the reserves.

4.2.5 Relevant budget holders are responsible for the management of individual budgets and the preparation of estimates has been considered by Accountancy Services, Corporate Management Team and the Resource Planning Working Group. Revenue Budget preparation is considered alongside Capital Programme development to ensure that wherever possible, any on-going financial impact of capital expenditure is reflected in the Revenue Budget Estimates.

- 4.2.6 Budget preparation involves risks, as it is based on making estimates and assumptions at a point in time in relation to a period in the future. However, the identification of immediate and medium term risks set out in paras 4.2.1 and 4.2.3, together with the quantification of a risk-based reserve, it is my opinion that the budget proposal for 2009/10 presented for Council approval is sufficiently robust. However, it is of critical importance that work is undertaken during 2009/10 to prepare budget options for 2010/11 and 2011/12 which reduce the Authority's reliance upon revenue reserves. Regular and robust budget monitoring will be required during 2009/10 to ensure the savings identified are achieved and in particular, budgets vulnerable to external factors, beyond the immediate control of budget managers, such as Treasury Management, will need to be sufficiently rigorous.

5.0 FINANCIAL AND HUMAN RESOURCE IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 5.1 Resources will need to be allocated in line with the Budget Strategy and agreed Council Plan. Key risks associated with the Budget proposals are set out in paras 4.2.1 to 4.2.3. However, at a time of economic uncertainty, the need to regularly update the Medium Term Financial Strategy becomes more critical as assumptions are more subject to change. The appropriateness of the Budget will be subject to review during the year, as part of budget monitoring.

6.0 IMPACT ON CORPORATE PLAN

- 6.1 The budget and monitoring process is fully integrated into the planning process of the Council, embracing all the corporate objectives. Budget planning runs alongside service planning. Service plans are in the process of construction and will be presented to Executive for approval in March. Resources required to achieve Corporate priorities are reflected in the budget proposals.

List of Appendices

- Appendix A - Summary Net Revenue Budget Proposal 2009/10
- Appendix B – Budget and Council Tax Resolution
- Appendix C – Summary of Reserves and Provisions 2008/09 – 2011/12
- Appendix D – Proposed Application of Reserves – 2008/09 – 2011/12
- Appendix E – Proposed Pressures and Growth Items 2009/10

- Appendix F – Proposed Fees and Charges 2009/10 (20 templates)
- Appendix G – Proposed Savings, Reductions and Options to Use Reserves to achieve a Balanced Budget Proposal for 2009/10
- Appendix H – Revised Medium Term Financial Strategy Revenue Budget 2008/09 – 2011/12

List of Background Documents

Medium Term Financial Strategy – 26th February 2008 Council Budget Report

Papers received by RPWG at meetings of 12 and 13th November 2008, 4th December 2008 and 18th December 2008, RPWG 22nd January and 29th January 2009

List of Consultees – DMT, Deputy Leader

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Section 151 Officer Comments	The budget proposal is robust and the reserves proposed at the end of the three year period are adequate (see para 4.2.6).
Monitoring Officer Comments	None

SUMMARY NET REVENUE BUDGET PROPOSAL 2009/10

	£'000	£'000
Sources of Funding		
Central Government Grants		
Revenue Support Grant		7,186
Area Based Grant - Working Neighbourhoods Funding		1,000
Safer and Stronger Communities Grant		259
Total Government Grants 2009/10		8,445
Council Tax Revenue (at 4.5% increase)		3,905
Less : Deficit on Council Tax Fund		-5
		3,900
Total Funding - General Grants & CT Revenue		12,345

	£'000	£'000
Net Revenue Budget 2009/10		
Total Net Operating Budget 2008/09		13,974
Less : Private Sector Housing Renewal grants (capital)		-500
Adjusted Base Budget 2008/09		13,474
Plus : Corrections to the Base Budget 2008/09		214
Adjusted Base Budget 2008/09 for planning purposes <i>(including items funded from reserves of £1,000,000)</i>		13,688
Plus : Inflation		
Salary Inflation and Increments	403	
Net Inflation on other budgets	157	560
Contingency Base Budget 2009/10		14,248
Plus: Pressures and Growth Items (Appendix E)		
Expenditure Items	880	
Pressures which reduce income	1,035	1,915
		16,163
Less : Increases to Income		
Fees and Charges Price Increases	-50	
Additional Grants Income (not in Base 08/09)	-107	
Growth in Income due to volume	-277	-434
Net Expenditure Budget Requirement 2009/10		15,729
Budget Gap (Difference between Requirement and Funding)		3,384
Proposals to Meet the Budget Gap :-		
Less : Efficiency Savings (Appendix G)		-599
Less : Proposed Savings and Reductions (Appendix G)		
Additional Income Generation	-90	
Other Savings and Reductions	-946	-1,036
Use of Reserves (Appendix C)		
Assumed Use of Reserves (MTFS)	-1,000	
Additional Use of Reserves	-749	-1,749
Total Options to Close the Gap		-3,384

	£'000	£'000
Net Budget Requirement 2009/10 to be funded from Council Tax and Government Grant		12,345
Net Budget Requirement 2009/10 funded from Reserves		1,749
Net Operating Budget 2009/10		14,094

COPELAND BOROUGH COUNCIL**24th FEBRUARY 2009****BUDGET AND COUNCIL TAX RESOLUTION**

1. Following approval of items elsewhere on this agenda, the Council is asked to resolve formally:

Resolution 1

- a) That the 2009/10 Net Revenue Budget Requirement be approved at £12.345 million (with a further £1.749 million to be utilised from reserves making the total Net Operating Budget £14.094 million).
- b) That a Capital Budget of £3.119 million be approved for 2009/10.

2. Resolution 2

That it be noted that at its meeting of the 26th February 2008, the Council delegated the final approval of the Council Tax Base to the Head of Finance & Management Information Systems and the portfolio holder (The Deputy Leader.) The final amount is calculated as:

- a) £22,236.20 being the amount calculated in accordance with Regulation 3 of the Local Authorities (Calculation of the Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992 as its council tax base for the year.
- b) Part of the Council's area (band D equivalent Council Tax Base)

PARISH	COUNCIL TAX BASE (Band D equivalents)
Arlecdon & Frizington	1163.50
St Bridget's Beckermest	166.60
Bootle	266.62
St Bees	750.87
Cleator Moor	2051.88
Distington	681.56
Drigg & Carleton	182.50
Egremont	2366.67
Eskdale	148.25
Ennerdale & Kinniside	121.20
Gosforth	527.82
Haile & Wilton	112.75
Irtton with Santon	166.46
St John's	616.66
Lowside Quarter	225.79

PARISH	COUNCIL TAX BASE (Band D equivalents)
Lamplugh	342.32
Lowca	229.05
Millom	2141.60
Moresby	427.23
Muncaster	142.44
Millom Without	432.06
Ponsonby	36.42
Parton	261.95
Seascale	611.49
Ulpha	75.26
Waberthwaite	97.82
Wasdale	62.52
Whicham	149.09
Weddicar	163.91
All other parts of the Council Area	7513.91
TOTAL	22236.20

Being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

3. Resolution 3

That the following amounts be now calculated by the Council for the year 2009/10 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended):

- a) £43,398,106 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.

- b) £31,053,106 being the aggregate of the amounts which the Council estimates set out in Section 32(3)(a) to (c) of the Act.

- c) £12,345,000 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 32(4) of the Act, as its budget requirement for the year.

- d) £8,445,615 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic rates, Revenue Support Grant and decreased by £4,900 being the sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the Collection Fund Regulations (Council Tax Deficit)

- e) £192.71 being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 2(a) above calculated by the Council in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
- f) £384,583.00 being the aggregate amount of all special items Parish and Town Council Precepts) referred to in Section 34(1) of the Act
- g) £175.41 being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of the area to which no special item relates.
- h) The following are calculated by adding to the amount at 3 (g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2 (b) above, calculated by the Council, in accordance with Section 34(3) of the Act as the basic amount of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate.

PARISH	Parish/Town precepts (Band D equivalents) £
Arlecdon & Frizington	29.22
St Bridget's Beckermest	27.01
Bootle	27.19
St Bees	22.55
Cleator Moor	18.28
Distington	17.61
Drigg & Carleton	17.81
Egremont	36.97
Eskdale	6.75
Ennerdale & Kinniside	24.75
Gosforth	35.31
Haile & Wilton	17.74
Irton with Santon	0.00
St John's	19.46
Lowside Quarter	15.50
Lamplugh	36.52
Lowca	11.92
Millom	32.03
Moresby	31.60
Muncaster	26.07
Millom without	11.57
Ponsonby	0.00
Parton	38.18

PARISH	Parish/Town precepts (Band D equivalents) £
Seascale	26.98
Ulpha	0.66
Waberthwaite	10.22
Wasdale	10.72
Whicham	23.48
Weddicar	22.88

- i) The following are calculated by multiplying the amount at 3 (g) and 3 (h) above by the number which in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that portion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

VALUATION BANDS

Disabled A £	A £	B £	C £	D £	E £	F £	G £	H £
97.45	116.94	136.43	155.92	175.41	214.39	253.37	292.35	350.82

	Dis. A	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Arlecdon and Frizington	16.23	19.48	22.73	25.97	29.22	35.71	42.21	48.70	58.44
St Bridget's Beckermant	15.01	18.01	21.01	24.01	27.01	33.01	39.01	45.02	54.02
Bootle	15.11	18.13	21.15	24.17	27.19	33.23	39.27	45.32	54.38
St Bees	12.56	15.03	17.54	20.04	22.55	27.56	32.57	37.58	45.10
Cleator Moor	10.16	12.19	14.22	16.25	18.28	22.34	26.40	30.47	36.56
Distington	9.78	11.74	13.70	15.65	17.61	21.52	25.44	29.35	35.22
Drigg & Carleton	9.89	11.87	13.85	15.83	17.81	21.77	25.73	29.68	35.62
Egremont	20.54	24.65	28.75	32.86	36.97	45.19	53.40	61.62	73.94
Eskdale	3.75	4.50	5.25	6.00	6.75	8.25	9.75	11.25	13.50
Ennerdale and Kinniside	13.75	16.50	19.25	22.00	24.75	30.25	35.75	41.25	49.50
Gosforth	19.62	23.54	27.46	31.39	35.31	43.16	51.00	58.85	70.62
Haile & Wilton	9.86	11.83	13.80	15.77	17.74	21.68	25.62	29.57	35.48
Irton with Santon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
St John's Beckermant	10.81	12.97	15.14	17.30	19.46	23.78	28.11	32.43	38.92
Lowside Quarter	8.61	10.33	12.06	13.78	15.50	18.94	22.39	25.83	31.00
Lamplugh	20.29	24.35	28.40	32.46	36.52	44.64	52.75	60.87	73.04
Lowca	6.62	7.95	9.27	10.60	11.92	14.57	17.22	19.87	23.84

Millom	17.79	21.35	24.91	28.47	32.03	39.15	46.27	53.38	64.06
Moresby	17.56	21.07	24.58	28.09	31.60	38.62	45.64	52.67	63.20
Muncaster	14.48	17.38	20.28	23.17	26.07	31.86	37.66	43.45	52.14
Millom	6.43	7.71	9.00	10.28	11.57	14.14	16.71	19.28	23.14
Without									
Ponsonby	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Parton	21.21	25.45	29.70	33.94	38.18	46.66	55.15	63.63	76.36
Seascale	14.99	17.99	20.98	23.98	26.98	32.98	38.97	44.97	53.96
Ulpha	0.37	0.44	0.51	0.59	0.66	0.81	0.95	1.10	1.32
Waberthwaite	5.68	6.81	7.95	9.08	10.22	12.49	14.76	17.03	20.44
Wasdale	5.96	7.15	8.34	9.53	10.72	13.10	15.48	17.87	21.44
Whicham	13.04	15.65	18.26	20.87	23.48	28.70	33.92	39.13	46.96
Weddicar	12.71	15.25	17.80	20.34	22.88	27.96	33.05	38.13	<u>45.76</u>

4. Resolution 4

This Resolution concerns the Council Tax demands for each tax band for the Cumbria County Council and the Cumbria Police Authority. At the present time details of the precept requirements for the Cumbria County Council and Cumbria Police Authority are unavailable and the Resolution will be provided once these demands are known.

5 Resolution 5

This Resolution concerns the composite Council Tax Demands from all precepting authorities for each tax band in each parish area and non-parished area of the borough. As in the case of Resolution 4 this Resolution cannot be completed until details of the precept requirements for the Cumbria County Council and Cumbria Police Authority are known.

Pages to be inserted when available

COLLECTION FUND POSITION IN RELATION TO COUNCIL TAX ITEMS**EXPENDITURE**

	£	£
Cumbria County Council	24,817,220	
Police Authority Precept	4,004,916	
Increase in Bad Debts provision	79,477	
Copeland Borough Council (inc Parishes)	4,114,035	

INCOME

Council Tax estimated to be Collected as at 15 th January 2009	33,026,225
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ESTIMATED SURPLUS/(DEFICIT) FOR 2008/09	10,577
(Deficit) brought forward from 2007/08	(53,394)

TOTAL DEFICIT	(42,817)
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APPORTIONMENT OF DEFICIT

Cumbria County Council	32,648
Police Authority	5,269
Copeland Borough Council	4,900

Pages to be inserted when available

	BAND A DISA	BAND A	BAND B	BAND C	BAND D	BAND E	BAND E	BAND F	BAND G	BAND H
NO OF DWELLINGS IN VALUATION LIST 8th DEC 2008		19,186	4,306	3,933	2,940	1704		426	89	16
ADD ESTIMATED NO. OF ADDITIONAL PROPERTIES (Apportioned)		10	13	41	32	5		0	0	0
DEDUCT ESTIMATED NO. OF PROPERTIES TO BE DELETED. COMMERCIAL, EXEMPTIONS & DEMOLISHED		0	0	0	0	0		0	0	0
DEDUCT NO. OF PROPERTIES WHICH WILL BE EXEMPT		611	85	78	41	23		9	2	2
ADJUSTMENT FOR NO. OF PROPERTIES WHICH WILL FALL INTO LOWER BAND DUE TO DISABLED PERSONS	81	-50	10	-16	-2	-13		-5	-1	-4
DEDUCT SINGLE PERSON DISCOUNTS AT 25%	16	7810	1307	921	532	252		40	10	0
DEDUCT DISCOUNTS AT 50% ON EMPTY & DISREGARDED PROPERTIES	0	978	178	170	112	62		27	11	8
MOD PROPERTIES IN LIEU	0	0	0	0	0	0		0	0	0
TOTAL NET OF DISCOUNTS EXEMPTIONS ETC.	77.00	16,093.50	3,828.255	3,564.75	2,740.00	1,579.00		388.50	78.00	6.00
BAND D EQUIVALENT	42.78	10,729.00	2977.53	3,168.67	2,740.00	1,929.89		561.17	130.00	12.00
TOTAL RELEVANT AMOUNT (A)			22,291.03							
ESTIMATED COUNCIL TAX BASE			21956.66							
2ND HOMES			283.79							
2ND HOMES @ 98.5%			279.53							
TOTAL ESTIMATED COUNCIL TAX BASE			22,236.20							

A x Collection Rate @ 98.5%

APPENDIX C - RESERVE STRATEGY 2008/09 - 2011/12

SUMMARY OF RESERVES AND PROVISIONS 2008/09 - 2011/12

	2007/08	2008/09	2009/10	2010/11	2011/12
	Un-audited Balance as at 31 03 08 £	Approved Carry Forwards from 2007/08 subject to Audit £	Utilised / Transferred to Earmarked Reserves from general Fund £	Utilised / Transferred to Earmarked Reserves from general Fund £	Balance Carried forward £
General Fund Balances					
Risk Based	-1,434,000				-1,734,752
Unallocated	-1,669,000	-1,139,000	1,795,321	380,000	-622,679
	-3,103,000	-1,139,000	1,795,321	0	-2,357,431
Earmarked Reserves and Sinking Funds					
Earmarked Reserves	-5,443,193	-799,100	1,214,458	1,955,953	-2,440,701
Sinking Funds	-1,172,332	-118,839	18,065	5,000	-1,386,538
	-6,615,526	-917,939	1,232,523	1,960,953	-3,787,240
Provisions (Insurances)					
	-281,481			-281,481	-281,481
	-10,000,007	-2,056,939	-996,221	-477,594	-67,881
			3,027,844	2,340,953	40,000
			-10,025,323	1,846,650	40,000
			-8,161,964	-82,957	0
				1,716,650	40,000
				1,748,953	40,000

Earmarked Reserves Utilised to Support Base Budget Proposal

SUMMARY MOVEMENTS ON RESERVES

	2008/09 Provisional Balance Carried Forward £	2009/10			2010/11			2011/12		
		Additions £	Possible Utilisation £	Balance Carried forward £	Additions £	Possible Utilisation £	Balance Carried forward £	Additions £	Possible Utilisation £	Balance Carried forward £
Sinking Funds										
Recycling Sinking Fund	-22,246	0	0	-22,246	0	20,000	-2,246	0	0	-2,246
Bin Replacement Sinking Fund	-165,080	-10,000	0	-175,080	0	100,000	-75,080	-10,000	0	-85,080
PFI Sinking Fund	-935,072	-76,094	0	-1,011,166	-61,457	0	-1,072,623	-46,381	0	-1,119,004
Phonic Court Sinking Fund	-6,825	-3,000	0	-9,825	-3,000	0	-12,825	-3,000	0	-15,825
Catherine Street Car Park Sinking Fund	-57,873	0	5,000	-52,873	0	0	-52,873	0	0	-52,873
Crematorium Car Park Sinking Fund	-86,010	-8,500	0	-94,510	-8,500	0	-103,010	-8,500	0	-111,510
TOTAL SINKING FUNDS	-1,273,106	-97,594	5,000	-1,365,700	-72,957	120,000	-1,318,657	-67,881	0	-1,386,538

APPENDIX D – PROPOSED APPLICATION OF RESERVES 2009/10 - 2011/12

SUMMARY MOVEMENTS ON RESERVES

	2008/09			2009/10			2010/11			2011/12		
	Provisional Balance Carried Forward	£		Additions	Possible Utilisation	Balance Carried forward	Additions	Possible Utilisation	Balance Carried forward	Additions	Possible Utilisation	Balance Carried forward
General Fund Risk Based Reserves												
Sustainability of Base Budget	-212,532			-36,244		-248,776			-248,776			-248,776
Reduced Fees and Charges	-137,500			-91,716		-229,216			-229,216			-229,216
Reduced Investment Income	-6,093			-155,814		-161,907			-161,907			-161,907
Civil Emergencies	-21,212					-21,212			-21,212			-21,212
Insurance Excesses	-17,043			0	1,606	-15,436			-15,436			-15,436
MTTP	-26,514			-1,616		-28,130			-28,130			-28,130
Assets and Property	-130,157				29,452	-100,705			-100,705			-100,705
Vacancy Factor - Staffing Management	-106,968			-43,395		-150,363			-150,363			-150,363
Housing Benefits	-317,417				1,293	-316,124			-316,124			-316,124
HGV Licence - Operators Fund	-16,000			-1,600		-17,600			-17,600			-17,600
Concessionary Fares	0			-42,500		-42,500			-42,500			-42,500
Dangerous Structures	-6,437					-6,437			-6,437			-6,437
Prov For VAT repayment	-1,198					-1,198			-1,198			-1,198
Coast Protection Fund	-775					-775			-775			-775
Haigh Pit	-40,055				40,055	0			0			0
Sea Walls North Shore	-30,791					-30,791			-30,791			-30,791
Environ Warranty Sinking Fund	-139,883					-139,883			-139,883			-139,883
Vertex	-37,500					-37,500			-37,500			-37,500
Env Insurance Reserve	-186,200					-186,200			-186,200			-186,200
TOTAL RISK BASED RESERVE	-1,434,274			-372,885	72,406	-1,734,752			-1,734,752			-1,734,752

TOTAL EARMARKED RESERVES, SINKING FUNDS, AND GENERAL FUND RISK BASED RESERVES	-8,430,684	-850,479	2,033,359	-7,247,804	-82,957	1,836,650	-5,494,111	-67,881	40,000	-5,521,992
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Plus: Provisions at 31 March 2012 -281,481
Plus: Unallocated Reserves at 31 March 2012 -622,679
Total Reserves and Provisions at 31 March 2012 -6,426,152
(see Appendixc)

APPENDIX E - PROPOSED PRESSURES AND GROWTH 2009/10

Finance and Management Information Services		Gross Expenditure		Gross Income		Details	
Treasury Management	Investment Interest	Pressures £	Proposed Reduction Bids £	Reduction in Income Forecasts £	Reduction In Grants £	Total £	Total £
Accountancy Services	Staffing	20,000	0	0	0	0	20,000
Audit and Fraud	Grant Income	0	0	0	1,686	0	1,686
Procurement	Procurement Supplies and Services	9,500	0	0	0	0	9,500
Total Finance and MIS		29,500	0	786,000	1,686	0	817,186
Policy and Performance		0		0		0	
Performance Improvement Team		0		0		0	
Performance Improvement Team		4,329	0	0	0	0	4,329
Website Maintenance		15,351	0	0	0	0	15,351
Total Policy and Performance		19,680	0	0	0	0	19,680
Customer Services		0		0		0	
Customer Services		11,131	0	0	0	0	11,131
Revenues and Benefits		6,800	0	0	0	0	6,800
Council Tax Benefits		0	0	0	0	0	0
Staffing		27,000	0	20,000	0	0	27,000
NNDR		180	0	0	25,000	0	25,180
Total Customer Services		45,111	0	20,000	25,000	0	90,111
Legal and Democratic Services		0		0		0	
Land Charges		0	0	96,021	0	0	96,021
Total Legal and Democratic Services		0	0	96,021	0	0	96,021
Development Operations		0		0		0	
Planning		24,535	0	0	0	0	24,535

APPENDIX E - PROPOSED PRESSURES AND GROWTH 2009/10

	Gross Expenditure			Gross Income			Total
	Pressures £	Proposed Reduction Bids £	Total £	Reduction in Income Forecasts £	Reduction In Grants £	Proposed Pressure Bids £	
Property							
Land Management	0	0	0	0	0	0	0
Holding account	0	0	0	0	0	0	0
Public Buildings							
General	9,173	0	9,173	0	0	0	9,173
Admin Buildings							
Copeland Centre	3,105	0	3,105	0	0	0	3,105
Egremont Ariva Office	0	0	0	3,144	0	0	3,144
Cleator Moor Area Office	0	0	0	0	0	0	0
Beacon and TIC							
Millom Offices	1,951	0	1,951	0	0	0	1,951
Moresby Parls Depot	2,043	0	2,043	0	0	0	2,043
Beacon	6,124	0	6,124	0	0	0	6,124
TIC	1,500	0	1,500	0	0	0	1,500
Holding Account	4,500	0	4,500	0	0	0	4,500
Total Development Operations	52,931	0	52,931	3,144	0	0	56,075
Development Strategy							
Development Strategy	35,000	0	35,000	0	0	0	35,000
Development and Regeneration Delivery Plan							
Working Neighbourhoods Related Activity	330,000	0	330,000	0	0	0	330,000
Development Strategy							
Planning Policy	275,905	0	275,905	0	0	0	275,905
Total Development Strategy	640,905	0	640,905	0	0	0	640,905
Leisure and Environmental Services							
Waste Management							
Building clearing	0	0	0	8,931	0	0	8,931
Public Conveniences	5,391	0	5,391	0	0	0	5,391
Refuse Bulk	4,067	0	4,067	22,172	0	0	26,239
Refuse Collection	5,837	0	5,837	0	0	0	5,837
Kerbside Recycling	5,150	0	5,150	37,300	0	0	42,450
	20,445	0	20,445	68,403	0	0	88,848

Details

Increase in general repairs costs based on current and expected activity

Net pressure from additional sinking fund costs and reduction in PFI payment as RPI being less than forecast.

Loss of rental income

£1.9k increased rates,
 Increase in gas prices
 £3.5k increased electricity costs, £0.8k ground rent and wayleaves, £1.8k rates

Premises costs in excess of inflationary provision

£1.5k external plan check fees, £3.0k marketing (both new budgets to ensure service delivery)

CBC contribution to the partnership. The assumption is that this £35k contribution will match fund Allerdale's contribution. However, Allerdale is also considering its contribution to LSP activities and this team at the moment too.

The Executive received a report on 12 August 2008 which set out the application of the WNF allocation to the Dev & Regen Delivery Plan. In the report it set out a spending profile of £740k in 08/09, £1,100k in 09/10 and £850k in 10/11, totalling £2,690k. This is all funded from reserves. This pressure is to increase the base budget 08/09 of £770k up to the £1,100k forecast for 09/10.

Development of Local Development Framework is estimated to cost a further £270k in 2009/10. This will increase the budget to £300k and it is assumed that this will also be required in 2010/11 too. In addition, there are minor increases required for £2.0k postage costs, £1.5k PC Hardware, in line with 08/09 spending.

Loss of income due to demand

£5.3k increased rates,

£22.2k Loss of income due to demand, £4.1k increased vehicle running costs

£1.7k advertising costs, £4k additional transport contract hire costs to reflect contractual price increases in October 2009

£37.3k loss of material sales due to price, £2.7k protective clothing, £2.5k promotions

APPENDIX E - PROPOSED PRESSURES AND GROWTH 2009/10

	Gross Expenditure			Gross Income			Total £
	Pressures £	Proposed Reduction Bids £	Total £	Reduction in Income Forecasts £	Reduction In Grants £	Proposed Pressure Bids £	
Open Spaces							
Allotments and Pigeon Lofts	0	0	0	0	0	0	0
Copeland Homes	20,508	0	20,508	0	0	0	20,508
Crematorium	14,000	0	14,000	0	0	0	14,000
Nursery	3,000	0	3,000	5,300	0	0	8,300
Open Spaces	5,000	0	5,000	0	0	0	5,000
Parks and Open Spaces	4,500	0	4,500	0	0	0	4,500
Street Scene	12,000	0	12,000	0	0	0	12,000
Tree Management	12,500	0	12,500	0	0	0	12,500
	71,508	0	71,508	5,300	0	0	76,808
Enforcement Unit							
CBC Car Parks:	0	0	0	9,000	0	0	9,000
Markets	0	0	0	20,000	0	0	20,000
	0	0	0	29,000	0	0	29,000
Total Leisure and Environmental Services	91,953	0	91,953	102,703	0	0	194,656
TOTAL PRESSURES	880,079	0	880,079	1,007,868	26,686	0	1,034,554
							1,914,633

Details

Refuse collection charges
Reduction of surplus on external income
Increases in premises costs over and above inflationary increases in the base budget £6.0k gas, £8.0k rates
£3.0k gas, £5.3k loss of income
£3.5k protective clothing, £1.5k telephones
£3.0k hire of transport, £1.5k rates
£5.0k general repairs, £2.0k electricity, £5.0k hire of transport,
Hire of transport and running costs £4.5k. And health and safety survey of trees £8k.

£7.5k rates and £1.5k hire of transport
Forecast loss of income in 09/10 in comparison to 08/09, related to economic downturn

APPENDIX F - PROPOSED FEES AND CHARGES 2009/10

Page No.	Service	2008/09 Base Budget £	2009/10 Base Proposal £	Change £	Additions Refer to Appendix G £	2009/10 Additional Increase Proposal £	Change £
2	Beacon & TIC	92,612	100,140	7,528	2,000	102,140	9,528
3	Plan Printing	8,500	12,678	4,178	0	12,678	4,178
4	Building Control	215,000	215,000	0	0	215,000	0
5	Development Control	248,720	248,720	0	0	248,720	0
6	Homelessness	4,163	4,287	124	0	4,287	124
		568,995	580,825	11,830	2,000	582,825	13,830
7	Crematorium	346,840	395,502	48,662	31,000	426,502	79,662
8	Cemeteries	74,838	77,083	2,245	2,500	79,583	4,745
9	Trinity Gardens	2,000	2,000	0	0	2,000	0
10	Markets	73,000	55,190	-17,810	0	55,190	-17,810
11	Pest Control	26,920	22,728	-4,192	0	22,728	-4,192
12	Outdoor Facilities	4,617	4,756	139	0	4,756	139
13	Car Parks	295,845	299,000	3,155	0	299,000	3,155
14	Food Hygiene	9,659	9,949	290	0	9,949	290
15	Health and Safety	545	515	-30	0	515	-30
17	Environmental Protection	17,053	17,565	512	0	17,565	512
17	Waste	280,915	359,949	79,034	45,000	404,949	124,034
		1,132,232	1,244,237	112,005	78,500	1,322,737	190,505
18	Land Charges	181,021	90,431	-90,590	0	90,431	-90,590
19	Licences	125,000	125,442	442	0	125,442	442
		306,021	215,873	-90,148	0	215,873	-90,148
20	Court Costs	134,200	150,226	16,026	10,000	160,226	26,026
		2,141,448	2,191,161	49,713	90,500	2,281,661	140,213

2009/10 Base Proposal

Increasing fees and charges in line with inflation (RPI of approximately 3%), subject to money handling requirements (i.e. Rounding up or down to nearest 5p or 10p).

2009/10 Additional Increase Proposal

Includes further specific increases to fees and charges to generate further income to fund the Council's budget requirement. These are included and highlighted in Appendix G "Proposed Saving and Income Generation".

2008/09 BASE BUDGET INCOME

92,612

PROPOSED 2009/10 BASE BUDGET INCOME

100,140

102,140

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES (NON-MEMBERS) 2008/09 £	BASE PROPOSAL (NON-MEMBERS) 2009/10 £	ADDITIONAL INCREASE PROPOSALS (NON-MEMBERS) 2009/10 £
TICKETS			
Adult	5.00	5.00	5.00
Child	0.00	0.00	0.00
Priority	n/a	n/a	n/a
Student	4.00	4.00	4.00
Senior	4.00	4.00	4.00
Educational Group	0.00	0.00	0.00
Adult Group (10+)	3.60	3.60	3.60
Child Group (10+)	0.00	0.00	0.00
PASSPORTS (Membership)			
Adult	8.00	8.00	8.00
Senior	8.00	8.00	8.00
Child	0.00	0.00	0.00
ROOM HIRE			
Conference Centre (Free for Visiting Schools)	0.00	0.00	0.00
Per Hour	16.00	16.00	16.00
Per Half Day	50.00	50.00	50.00
Full Day	90.00	90.00	90.00
LIBRARY (Free for Research)			
Hourly	11.00	11.00	11.00
DARKROOM	12.00	12.00	12.00
HARBOUR GALLERY (Per Hour - Subject to Availability)	40.00	40.00	40.00

PLAN PRINTING**2008/09 BASE BUDGET INCOME****8,500****PROPOSED 2009/10 BASE BUDGET INCOME****12,678**

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
	£	£
Copy OS Sheet extracts (x8)	25.00	25.00
Detailed file histories, planning, blg regs., env. Health (domestic)	50.00	50.00
Detailed file histories, planning, blg regs., env. Health (business)	100.00	100.00
Copy approval notices, completion notices, and statutory notices	10.00	10.00
Copy planning applications - to interested parties not directly consulted	0.00	0.00

BUILDING CONTROL

2008/09 BASE BUDGET INCOME

215,000

PROPOSED 2009/10 BASE BUDGET INCOME

215,000

PROPOSED FEES & CHARGES 2009/10 (STATUTORY SET FEES)	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
please see attached Appendix	£	£

DEVELOPMENT CONTROL

2008/09 BASE BUDGET INCOME

248,720

PROPOSED 2009/10 BASE BUDGET INCOME

248,720

PROPOSED FEES & CHARGES 2009/10 (STATUTORY SET FEES)	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
	£	£

HOMELESSNESS

2008/09 BASE BUDGET INCOME

4,163

PROPOSED 2009/10 BASE BUDGET INCOME

4,287

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
	£	£
Homelessness All Room Sizes (per night)	12.00	12.60

CREMATORIUM

2008/09 BASE BUDGET INCOME

346,840

PROPOSED 2009/10 BASE BUDGET INCOME

395,502

426,502

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES 2008/09 £	BASE PROPOSAL 2009/10 £	ADDITIONAL INCREASE PROPOSALS 2009/10 £
PART 1: CREMATION FEES			
Stillborn or Child up to 1-month	0.00	0.00	0.00
Child 1-month to 12 Years	138.00	150.00	150.00
Person over 12 Years: Resident	460.00	486.00	516.00
Person over 12 Years: Non Resident	523.00	551.00	616.00
Medical Referee's Fees Mon-Fri	22.00	25.00	25.00
Sat, Sun & Public Hols	22.00	25.00	25.00
Cameo Tax	35.00	40.00	40.00
PART 2: OPTIONAL CHARGES			
Certificate of Cremation	21.00	25.00	25.00
Postage of Remains (UK Only)	37.00	40.00	40.00
Strewing of Remains (From Other Crematoria)	35.00	40.00	40.00
Strewing of Remains (From those returned)	15.00	20.00	20.00
Use of Chapel of Rest (24hrs or part)	37.00	42.00	42.00
URNS & CASKETS			
Metal Urn	20.00	23.00	23.00
Wooden Casket	31.00	35.00	35.00
Plastic Urn	8.00	9.00	9.00
Bio-Degradable Urns	8.00	9.00	9.00
BOOK OF REMEMBRANCE INSCRIPTION CHARGES (Incl. VAT)			
<i>Book of Remembrance:</i>			
2-Line Entry	49.00	53.00	53.00
5-Line Entry	74.00	77.00	77.00
8-Line Entry	95.00	110.00	110.00
<i>Miniature Books:</i>			
2-Line Entry	53.00	57.00	57.00
5-Line Entry	60.00	65.00	65.00
8-Line Entry	70.00	77.00	77.00
<i>Memorial Cards:</i>			
<i>Coloured:</i>			
2-Line Entry	25.00	27.00	27.00
5-Line Entry	32.00	35.00	35.00
8-Line Entry	42.00	47.00	47.00
<i>White:</i>			
2-Line Entry	22.00	25.00	25.00
5-Line Entry	26.00	29.00	29.00
8-Line Entry	38.00	41.00	41.00
Floral Emblem, Badge or Motif	48.00	55.00	55.00
Coat of Arms	75.00	85.00	85.00

CEMETERY

2008/09 BASE BUDGET INCOME

74,838

PROPOSED 2009/10 BASE BUDGET INCOME

77,083

79,583

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL	ADDITIONAL INCREASE PROPOSALS
	2008/09	2009/10	2009/10
PART 1: INTERNMENT FEES			
Stillborn or Child up to 1-month	0.00	0.00	0.00
Child 1-Month up to 16 Years	159.00	170.00	170.00
Person 17 Years and over	446.00	465.00	491.00
Internment in a Vault	521.00	550.00	550.00
Cremated Remains	120.00	135.00	135.00
Strewing of Cremated Remains	35.00	40.00	40.00
Additional charge for non-resident of Copeland Borough (Applicable to [3] & [4] above)	240.00	255.00	255.00
PART 2: EXCLUSIVE RIGHTS OF BURIAL			
In a grave adjoining main paths (all areas of Copeland)	340.00	355.00	355.00
Other Graves	410.00	425.00	425.00
Cremated Remains	120.00	125.00	125.00
PART 3: MEMORIALS & INSCRIPTIONS			
Flat Stone not exceeding 600mm x 600mm	37.00	40.00	40.00
Flat Stone between 600mm x 600mm and 1000mmx1000mm	45.00	49.00	49.00
Flat Stone exceeding 1000mm x 1000mm	73.00	77.00	77.00
Head Stone not exceeding 1.5m in height	85.00	89.00	89.00
Vase not exceeding 600mm in height	21.00	23.00	23.00
Additional Inscription	26.00	29.00	29.00
PART 4: MISCELLANEOUS FEES			
Exhumation (Not including Labour)	880.00	950.00	950.00
Transfer of Exclusive Rights	37.00	45.00	45.00
Certified copy of Register Entry	37.00	45.00	45.00
Family Tree search Fee	64.00	85.00	85.00

TRINITY GARDENS**2008/09 BASE BUDGET INCOME****2000****PROPOSED 2009/10 BASE BUDGET INCOME****2000**

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
Strewing	35.00	40.00
Charge per Plaque	35.00	40.00
Inscription per Letter/Number	4.90	5.50
Garden Grave (Platinum Service)	270.00	300.00
Garden Grave (Diamond Service)	225.00	250.00

MARKETS

2008/09 BASE BUDGET INCOME

73,000

PROPOSED 2009/10 BASE BUDGET INCOME

55,190

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
WHITEHAVEN		
<i>Summer:</i>		
Regular	18.00	15.00
Casual	25.00	22.50
<i>Winter:</i>		
Regular	18.00	15.00
Casual	24.00	22.50
EGREMONT		
<i>Summer:</i>		
Regular	17.00	15.00
Casual	20.00	22.50
<i>Winter:</i>		
Regular	16.00	15.00
Casual	20.00	22.50
CLEATOR MOOR (Subject to ongoing review)		
<i>Summer:</i>		
Regular	9.00	9.00
Casual	10.00	10.00
<i>Winter:</i>		
Regular	9.00	9.00
Casual	10.00	10.00

PEST CONTROL**2008/09 BASE BUDGET INCOME****26,920****PROPOSED 2009/10 BASE BUDGET INCOME****22,728**

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
Wasps (Domestic Full Rate)	50.00	35.00
Wasps (Domestic Concessionary)	40.00	20.00
Wasps (Commercial Contract)	65.00	60.00
Wasps (Commercial One-off)	75.00	70.00
Rats (Domestic Full Rate)	0.00	0.00
Rats (Domestic Concessionary)	0.00	0.00
Rats (Commercial Contract)	65.00	60.00
Rats (Commercial One-off)	75.00	70.00
Mice (Domestic Full Rate)	50.00	35.00
Mice (Domestic Concessionary)	0.00	0.00
Mice (Commercial Contract)	65.00	60.00
Mice (Commercial One-off)	75.00	70.00
Bedbugs (Domestic Full Rate)	50.00	35.00
Bedbugs (Domestic Concessionary)	0.00	0.00
Bedbugs (Commercial Contract)	65.00	60.00
Bedbugs (Commercial One-off)	75.00	70.00
Cockroaches (Domestic Full Rate)	50.00	35.00
Cockroaches (Domestic Concessionary)	0.00	0.00
Cockroaches (Commercial Contract)	65.00	60.00
Cockroaches (Commercial One-off)	75.00	70.00
Fleas (Domestic Full Rate)	50.00	35.00
Fleas (Domestic Concessionary)	40.00	25.00
Fleas (Commercial Contract)	65.00	60.00
Fleas (Commercial One-off)	75.00	70.00
Ants (Domestic Full Rate)	50.00	35.00
Ants (Domestic Concessionary)	35.00	25.00
Ants (Commercial Contract)	65.00	60.00
Ants (Commercial One-off)	75.00	70.00

Note that 2009/10 proposals show a reduction in current prices. These are strategically priced to those of the private sector within the market, and will ensure that the service remains competitive, whilst maximising income.

OUTDOOR FACILITIES

2008/09 BASE BUDGET INCOME

4,617

PROPOSED 2009/10 BASE BUDGET INCOME

4,756

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
PLAYING PITCHES		
Per Season	390.00	405.00
Per Match	45.00	50.00
MILLOM PARK		
<i>Bowling Green:</i>		
Season Ticket Snr	0.00	0.00
Season Ticket Jnr/OAP	0.00	0.00
Green Fees Snr	0.00	0.00
Green Fees Jnr/OAP	0.00	0.00
<i>Millom Tennis</i>		
Season Ticket Snr	0.00	0.00
Season Ticket Jnr/OAP	0.00	0.00
Court 45 Mins) Snr	0.00	0.00
Court 45 Mins) Jnr/OAP	0.00	0.00
Hire of Racket	0.00	0.00
Hire of Balls	0.00	0.00
<i>Millom Tennis</i>		
Seniors	0.00	0.00
Juniors/OAP	0.00	0.00

CAR PARKS

2008/09 BASE BUDGET INCOME

295,845

PROPOSED 2009/10 BASE BUDGET INCOME

299,000

299,000

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
CHAPEL STREET EGREMONT		
Up to 1 hr	0.40	0.50
Up to 2 hrs	0.65	0.75
Up to 3 hrs	0.85	0.95
Up to 4 hrs	1.15	1.25
Over 4 hrs	1.95	2.05
Monthly Car Passes (25 bays only)	29.00	33.00
SCHOOLHOUSE LANE WHITEHAVEN		
Up to 1 hr	0.90	1.05
Up to 2 hrs	1.35	1.45
Up to 3 hrs	1.80	1.90
Up to 4 hrs	0.00	
Over 4 hrs	0.00	
Overnight parking (maximum stay 3hrs)	3.20	3.35
SENHOUSE STREET WHITEHAVEN		
Up to 1 hr	0.90	1.05
Up to 2 hrs	1.30	1.40
Up to 3 hrs	1.90	2.05
Up to 4 hrs	2.50	2.60
Overnight parking (maximum stay 4hrs)	3.20	3.35
ST BEES FORESHORE		
Up to 1 hr	0.80	0.80
Up to 2 hrs	1.20	1.20
Up to 3 hrs	1.70	1.70
Up to 4 hrs	2.30	2.30
Up to 5 hrs	2.90	2.90
Over 5 hrs	3.30	3.30
7 Day Permit	7.55	7.55
THE COPELAND CENTRE WHITEHAVEN		
Up to 1 hr	0.90	1.05
Up to 2 hrs	1.35	1.45
Up to 3 hrs	1.90	2.05
Up to 4 hrs	2.40	2.50
Over 4 hours	3.20	3.35
Overnight parking (Charges apply Saturday and Sunday only)	0.00	

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
SPORTS CENTRE WHITEHAVEN		
Up to 1 hr	0.90	1.05
Up to 2 hrs	1.35	1.45
Up to 3 hrs	1.80	1.95
Up to 4 hrs	2.40	2.50
Over 4 hrs	3.30	3.40
Overnight parking	3.20	3.35
Season Tickets per month (59bays only)	50.00	55.00
BECK GREEN EGREMONT		
Up to 1 hr	0.40	0.50
Up to 2 hrs	0.65	0.75
Up to 4 hrs / 3 hrs	0.85	0.95
Upto 6 hrs / 4 hrs	1.15	1.25
Over 6 hrs / 4 hrs	1.95	2.05
BEACON WHITEHAVEN		
Up to 1 hour	0.90	1.05
Up to 2 hrs	1.20	1.30
Up to 3 hrs	1.80	1.95
Up to 4 hrs	2.40	2.50
Over 4 hrs	3.20	3.35
Overnight parking	3.20	3.35
NORTH SHORE, WHITEHAVEN		
Up to 1 hour	0.90	1.05
Up to 2 hrs	1.20	1.30
Up to 3 hrs	1.80	1.95
Up to 4 hrs	2.40	2.50
Over 4 hrs	3.20	3.35
Overnight parking	3.20	3.35
Monthly car park pass (10 bays only)		
SOUTH SHORE, WHITEHAVEN (CAR PARK)		
Up to 1 hour	0.90	1.05
Up to 2 hrs	1.35	1.45
Up to 3 hrs	1.80	1.95
Up to 4 hrs	2.40	2.50
Over 4 hours	3.20	3.35
Overnight parking	3.10	3.35
Monthly car park pass(5 bays only)	50.00	55.00
SOUTH SHORE, WHITEHAVEN (BUS BAYS)		
Up to 4 hrs	4.50	50.00
Over 4 hrs	11.00	15.00
Overnight parking	3.10	3.35

FOOD HYGIENE**2008/09 BASE BUDGET INCOME****9,659****PROPOSED 2009/10 BASE BUDGET INCOME****9,949**

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
EXPORT CERTIFICATES	0	30.00
FOOD HYGIENE COURSE Foundation	0	37.00
Sampling Costs (Administration & Travelling) (Per Supply) (STATUTORY)	No change - rate set in Private Water Supplies Regulations 1991. Note - Private Water Regulations are due for amendment no details are available to date (5.12.07)	No change - rate set in Private Water Supplies Regulations 1991. Note - Private Water Regulations are due for amendment no details are available to date (29.1.09)

HEALTH & SAFETY**2008/09 BASE BUDGET INCOME****545****PROPOSED 2009/10 BASE BUDGET INCOME****515**

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
Training Course (Basic H&S)	37.00	37.00
Skin Piercing Registration	88.00	88.00
Transfer of Registration (For Premises or Individual)	88.00	88.00

ENVIRONMENTAL PROTECTION

2008/09 BASE BUDGET INCOME

17,053

PROPOSED 2009/10 BASE BUDGET INCOME

17,565

PROPOSED FEES & CHARGES 2009/10 (STATUTORY SET FEES - Announced by DEFRA)	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
Application for authorisation in accordance with the Environmental Protection Act 1990, Part I, Part B processes	Statutory	Statutory - fees for 09/10 not confirmed (28.1.09)
Except for small waste oil burners <0.4 MWTh	Statutory	Statutory - as above
Unloading of petrol into storage tanks at a service station	Statutory	Statutory - as above
Substantial changes to an Authorisation	Statutory	Statutory - as above
Except for small waste oil burners <0.4MWTh	Statutory	Statutory - as above
Unloading of Petrol into storage tanks at a service station	Statutory	Statutory - as above
Change to implement an upgrading plan	Statutory	Statutory - as above
Annual subsistence Charge	Statutory	Statutory - as above
Standard Charge where paid quarterly	Statutory	Statutory - as above
Except for Small Waste oil burners <0.4MWTh	Statutory	Statutory - as above
Unloading of Petrol into storage tanks at a service station	Statutory	Statutory - as above
Odourising of Natural Gas	Statutory	Statutory - as above
Pet Shops	66.00	66.00
Dangerous Wild Animals	0.00	153.00
Riding Establishments	168.00	168.00
Animal Boarding Establishments	122.00	122.00
Dog Breeding	58.00	58.00
Zoo Licence (Exclusive of Veterinary Fees the Full cost of which is added)	153.00	153.00

WASTE MANAGEMENT

2008/09 BASE BUDGET INCOME

280,915

PROPOSED 2009/10 BASE BUDGET INCOME

359,949

404,949

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL	ALTERNATIVE PROPOSED FEES
	2008/09	2009/10	2009/10
	£	£	£
Commercial Collections			
240 Litre Container	3.20	5.00	5.00
360 Litre Container	4.76	6.50	6.50
660 Litre Container	8.72	11.00	11.00
1100 Litre Container	14.54	17.00	17.00
Trade Sacks (Per 50)	57.50	130.00	130.00
Annual Waste Transfer Note	10.00	15.00	15.00
OTHER CHARGEABLE COLLECTIONS			
Household waste for which a charge for collection can be made			
240 Litre Container	2.00	3.00	3.00
360 Litre Container	2.15	4.00	4.00
660 Litre Container	3.94	6.00	6.00
1100 Litre Container	6.57	9.00	9.00
Orange sacks	0.70		
Bulk Collections	0.00	0.00	15.00
Domestic Bins	n/a	n/a	n/a
Domestic Wheeled Bins (240L)	n/a	30.00	30.00
Collection Rate per hour for larger jobs to be based on time taken to collect (minimum charge)			
First Hour Rate		70.00	70.00
Second & Subsequent Hours		60.00	60.00
Half Hour Rate		35.00	35.00
Building Cleaning Hourly Rate (Std Mon-Fri)	yet to be determined following decisions on service review	12.50	12.50

LAND CHARGES

2008/09 BASE BUDGET INCOME

181,021

PROPOSED 2009/10 BASE BUDGET INCOME

90,431

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
Search Fees	111.00	111.00
Personal Search (Statutory)	11.00	Actual cost

LICENSING

2008/09 BASE BUDGET INCOME

125,000

PROPOSED 2009/10 BASE BUDGET INCOME

125,442

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL
	2008/09	2009/10
Hackney Carriage Vehicle	104.96	104.96
Hackney Carriage Driver	62.00	62.00
Private Hire Vehicle	102.61	102.61
Private Hire Driver	62.00	62.00
Private Hire Operator	120.00	120.00

HOUSING BENEFITS

2008/09 BASE BUDGET INCOME

134,200

PROPOSED 2009/10 BASE BUDGET INCOME

150,226

160,226

PROPOSED FEES & CHARGES 2009/10	CURRENT FEES	BASE PROPOSAL	ADDITIONAL INCREASE PROPOSALS
	2008/09	2009/10	2009/10
	£	£	£
COURT COSTS			
Summons costs	55.00	55.00	57.00

APPENDIX G - PROPOSED SAVINGS AND INCOME GENERATION AND USE OF RESERVES 2009/10

	GERSHON TARGET SAVINGS			OPTIONS		Details	Total Savings Proposals £	Fees and Charges Related £
	Cash Savings £	Efficiency Savings £	Total Efficiency Savings £	Further Options £				
Policy and Performance								
Human Resources	38,045	235	38,280	0		Reduction in salaries establishment hours and use of external resources	38,280	
Human Resources	0	0	0	70,000		Reduction in training budget from £250k to £180k. Total commitment to date for 08/09 is £147k. Reducing the budget to £180k would require re-prioritisation of needs, but is sustainable over the medium term. Further reductions would impact upon Workforce planning and impact upon employee morale.	70,000	
Head of Policy & Performance Communications	0	0	0	12,000		Reduction in running costs based on current and future needs	12,000	
	0	0	0	11,500		Reduction of establishment by 0.4 full time equivalent. Workload priorities to be re-assessed	11,500	
Total Policy and Performance	38,045	235	38,280	93,500			131,780	
Customer Services								
Head of Customer Services	2,000	0	2,000			Cash limited to 2008/09 budget	2,000	
Cash Collection	45,000	824	45,824			Realisation of reduction in establishment and other costs due to implementation of alternative pay arrangements of 'ALL PAY'	45,824	
Council Tax Benefits	32,000	0	32,000			Net saving as a result of change in anticipated demand for Council Tax benefit claims (based on 07/08 actuals and 08/09 estimate)	32,000	
Housing Benefits	77,000	0	77,000			Net saving as a result of change in anticipated demand for Housing Benefits Subsidy claims (based on 07/08 actuals and 08/09 estimate)	77,000	
Housing Benefits	0	0	0	10,000		Income from court costs - summons costs re increasing by £5 from 1st April 2009, which at current levels of issue could generate between £10k-£20k. This is 'demand led' and could be affected by recession - so assume lesser figure.	10,000	
NINDR	6,000	0	6,000			Reduction in discretionary rate relief given to local organisations - consistent with policies	6,000	
Total Customer Services	162,000	824	162,824	10,000			172,824	10,000
Legal and Democratic Services								
Democratic Services	18,750	0	18,750	0		Based on 08/09 expenditure to 31st October and the forecast at that stage, the reduction can be offered.	18,750	
Democratic Services	0	0	0	8,000		Based on 08/09 expenditure to date where the forecast is for an underspend of £30k, a further £8,000 saving is offered. This matches the inflationary increase which is built into the budget for 2009/10.	8,000	
Democratic Services	0	0	0	0			0	
Democratic Services	7,000	0	7,000	0		Provide service internally rather than use external supplier to provide service (further review of costs from above)	7,000	
Democratic Services	0	0	0	7,000		Provide service internally rather than use external supplier to provide service (further review of costs from above)	7,000	
Democratic Services	0	0	0	10,000		Limit demand for upgrades to Members computers	10,000	
Legal	670	0	670	0		Saving in legal based supplies for stationery and administration	670	
Legal	0	0	0	500		Saving based on current usage in 08/09 to date	500	

APPENDIX G - PROPOSED SAVINGS AND INCOME GENERATION AND USE OF RESERVES 2009/10

	GERSHON TARGET SAVINGS			OPTIONS		Total Savings Proposals £	Details	Fees and Charges Related £
	Cash Savings £	Efficiency Savings £	Total Efficiency Savings £	Further Options £				
Legal						500	Saving based on current usage in 08/09 to date	
<i>Total Legal and Democratic Services</i>	<i>26,420</i>	<i>0</i>	<i>26,420</i>	<i>26,000</i>		<i>52,420</i>		
Development Operations								
Public Buildings						20,000	Ability to capitalise an element of planned work following review of the works scheduled for 2009/10	
						<i>20,000</i>		
Development Control								
						26,273	Deletion of vacant establishment post with workload absorbed by existing staff	
						23,000	As a result of introduction of new management system, no longer a requirement to pay for the old system mainframe software licence	
						<i>49,273</i>		
TIC & Beacon								
	3,001	0	3,001	0		3,001	Budget reduction is based on current usage savings in supplies relating to stationery, administration, and equipment	
	22,670	0	22,670	0		22,670	Deletion of post following end of external funding source.	
	0	0	0	2,000		2,000	Based on latest review of TIC activity, income level anticipated to increase during 2009/10	
	0	0	0	4,000		4,000	Grant reduction	
	0	0	0	2,000		2,000	Grant reduction	
	<i>25,671</i>	<i>0</i>	<i>25,671</i>	<i>8,000</i>		<i>33,671</i>		
Building Control								
	7,770	0	7,770	0		7,770	Deletion of Assistant Building Control Surveyor post (slightly offset by regrading of Building Control Surveyor). This post may be required in the future, when economic circumstances improve, but if so, the post should be able to be funded from additional income	
	28,801	0	28,801	0		28,801		
	<i>36,571</i>	<i>0</i>	<i>36,571</i>	<i>0</i>		<i>36,571</i>		
Admin Buildings								
	575	0	575	0		575	Review of cost base in 2008/09 - and rates can be reduced	
	5,764	0	5,764	0		5,764	Review of water consumption and billing in 08/09 - capacity to reduce this budget	
	8,355	0	8,355	0		8,355	Reduction in contract cleaning	
	3,865	0	3,865	0		3,865	£2.3k reduction in general repairs, £1.5k reduction in fixtures and fittings	
	<i>18,559</i>	<i>0</i>	<i>18,559</i>	<i>10,000</i>		<i>28,559</i>	10,000 12 months additional income from commercial rent	
Public Buildings								
	0	0	0	<i>10,000</i>		<i>18,000</i>	Further reduction to the public buildings maintenance budget, reducing the budget to £30k.	

APPENDIX G - PROPOSED SAVINGS AND INCOME GENERATION AND USE OF RESERVES 2009/10

K:\Committees\System\2009\Full Council\24 February\09 02 16 Appendices to Council Revenue Budget Paper

APPENDIX G - PROPOSED SAVINGS AND INCOME GENERATION AND USE OF RESERVES 2009/10

	GERSHON TARGET SAVINGS			OPTIONS		
	Cash Savings £	Efficiency Savings £	Total Efficiency Savings £	Further Options £		
Open Spaces	Refuse Collection	45,774	0	45,774	0	21,000 10,000 2,500
	Refuse Commercial	841	0	841	0	
	Refuse domestic	2,783	0	2,783	0	
	Recycling	5,000	0	5,000	0	
	Karlside Recycling	1,278	0	1,278	0	
	Environmental Cleansing	0	0	0	22,000	
	Environmental Cleansing	0	0	0	6,000	
	Environmental Cleansing	2,487	0	2,487	0	
		63,413	0	63,413	73,000	
Enforcement Unit	Bowling Greens	6,000	0	6,000	0	21,000 10,000 2,500
	Street Scene	4,700	0	4,700	0	
	Pest Control	0	0	0	5,000	
	Crematorium	0	0	0	21,000	
	Crematorium	0	0	0	10,000	
	Cameteries	0	0	0	2,500	
	Open spaces	0	0	0	1,000	
		10,700	0	10,700	39,500	
Environmental Health	CBC Car Parks	3,000	0	3,000	0	21,000 10,000 2,500
	Dogs Enforcement	400	0	400	0	
	Markets	200	0	200	0	
		3,600	0	3,600	0	
	Environmental Health	920	0	920	0	
	Food Hygiene		1,550	1,550	0	
	Health and Safety	600	0	600	0	
	Protection	1,000	970	1,970	0	
		1,920	3,120	5,040	0	
Cultural Services	Project Development Pot	0	0	0	10,000	21,000 10,000 2,500
	Grants	0	0	0	8,290	
	Arts Development	0	0	0	5,000	
	Sports Development	0	0	0	5,000	
	North Country Leisure	0	0	0	3,000	
	North Country Leisure	0	0	0	10,000	
	North Country Leisure	0	0	0	13,000	
		0	0	0	54,290	
		0	0	0		

	Total Savings Proposals £	Details	Fees and Charges Related £
Open Spaces	45,774	£35.8k reduction in direct materials required, £10.0k reduction in transport hire and running costs	
	841	Reduction in transport hire and running costs	
	2,783	Reduction in transport hire and running costs	
	5,000	Reduction in direct materials	
	1,278	Reduction in transport hire and running costs	
	22,000	Utilise sweeper used on South Whaven partnership rather than hire new one	
	6,000	Reduction in spot hire when vehicles are out of service	
	2,487	£2.0k reduction in transport hire and runnig costs, £0.5k reduction in direct materials	
	136,413		
Enforcement Unit	6,000	Reduced Maintenance of Bowling Greens	
	4,700	Reduction in use of contractor for street nameplates	
	5,000	Reduction in general supplies and services in this area.	
	21,000	Increase fees by a further £25	
	10,000	Increase the diffential for non-resident cremations to £100	
	2,500	Increase fees by a further £25	
	1,000	delay renewing fleet vehicles	
	50,200		
Environmental Health	3,000	£2.0k stationery, £1.0k other misc expenses	
	400	Minor pressures upon printing and office supplies	
	200	Minor pressures upon printing and office supplies	
	3,600		
	920	Admin equipment - reduced budget requirement	
	1,550	£0.9k operational equipment, £0.5k food sampling, £0.2k books	
	600	£0.5k operational equipment, £0.1k books	
	1,970	£1.6k operational equipment, £0.4k books	
	5,040		
Cultural Services	10,000	Reduction in projects delivered in 2009/10.	
	8,290	Reduce the grants pot to which local organisations can bid	
	5,000	Reduce the grants pot to which local organisations can bid	
	5,000	Reduction in funding to reflect the one-off source of funding from earmarked reserves in 2008/09 (Sports Action Zone)	
	3,000	Convert unused office to party room to create additional income	
	10,000	Reduce planned maintenance programme and link to Pow Beck Scheme	
	13,000	Reduction in NCL management fee reflecting alternative delivery arrangements for the Health Suite and opening of the Civic Hall	
	54,290		

APPENDIX G - PROPOSED SAVINGS AND INCOME GENERATION AND USE OF RESERVES 2009/10

	GERSHON TARGET SAVINGS			Options	Details	Fees and Charges Related £
	Cash Savings £	Efficiency Savings £	Total Efficiency Savings £	Further Options £	Total Savings Proposals £	
Total Leisure and Environmental Services	79,633	3,120	82,753	166,790	249,543	
Finance and Management Information Services						
Management Information Services						
Reduction in Post and Supplies	21,740	-3,000	18,740	0	18,740	Reduction of one full time equivalent post and a reduction in use of supplies and services following a review of licenses held by IT department
Reduction in Post and Supplies	35,000	0	35,000	0	35,000	
Other Miscellaneous	0	0	0	0	0	
Finance Miscellaneous	16,900	0	16,900	0	16,900	Misc. savings based on 2008/09 actuals to date in relation to supplies in accountancy and head of finance, insurances and subscriptions
Concessionary Fares	0	0	0	20,000	20,000	Cash limit budget to 2008/09 and do not apply inflation
Reduction in line with 08/09 actuals	0	0	0	150,000	150,000	Currently showing an underspend of £190k in 08/09 - reflect the risk of this budget reduction in the risk based reserves.
Total Finance and MIS	73,640	-3,000	70,640	170,000	240,640	
Sub-Total Service Specific Savings and Reductions	551,938	47,451	599,389	620,290	1,219,679	
Authority Wide						
Human Resource considerations - Vacancy savings	0	0	0	200,000	200,000	Vacancies are being managed in the authority. This continues the process and requires constant appraisal of staffing requirements.
Estimate of income from County Council 2nd Homes Levy	0	0	0	100,000	100,000	Subject to formal agreement of arrangement with the County Council. New income sharing agreement for 10 years (1/3rd to the Districts) - is agreed in principle. Current MTFS does not assume any income from this source.
Introduce Procurement Target across the Authority	0	0	0	30,000	30,000	Disaggregate the target during the year as it is achieved, through the implementation of improved procurement activities
Cash Freeze supplies and services for printing, stationary and general office expenditure	0	0	0	50,000	50,000	Inflationary allowances for general equipment, printing, paper, stationary and office purchases across the authority to be zero. Managing within the envelope will require tighter management and working with procurement.
Director of Public Service Delivery	0	0	0	35,000	35,000	Do not fund additional pressure of shortfall - require the activity to operate within the resources available to it.
Further Authority Wide Options	0	0	0	415,000	415,000	
TOTAL PROPOSED SAVINGS AND REDUCTIONS:	551,938	47,451	599,389	1,035,290	1,634,679	
All Service + Authority wide	551,938	47,451	599,389	1,035,290	1,634,679	

APPENDIX G - PROPOSED SAVINGS AND INCOME GENERATION AND USE OF RESERVES 2009/10

	GERSHON TARGET SAVINGS				OPTIONS		Total Savings Proposals £	Details	Fees and Charges Related £
	Cash Savings £	Efficiency Savings £	Total Efficiency Savings £	Further Options £					
Activities Funded From Earmarked Reserves									
Policy and Performance									
Job Evaluation	0	0	0	60,000			60,000	This is included in the base budget for 2008/09 (funded from reserves) but it is unlikely to be spend in 08/09. The purpose of this was to fund the in-year implications of the introduction of JE (i.e. Pay protection for Year 1). If JE is implemented in 09/10 with pay protection commencing, then the reserve can be rolled forward to fund this.	
Legal and Democratic Services									
Special Elections	0	0	0	22,453			22,453	This is included in the base budget for 2008/09 (funded from reserves) but it is unlikely to be spend in 08/09. The purpose of the reserve (which was originally funded from specific government grant received in prior years) is to provide electronic signature matching. The project is currently delayed due to contract negotiations with the provider, and is unlikely to be resolved in 08/09. The activity and the funding is required for 09/10.	
Development Strategy									
Part fund Local Development Framework from Planning Delivery Grant Earmarked Reserve	0	0	0	180,000			180,000	Use of planning delivery grant to partially fund the Local Delivery Framework	
Development Strategy									
LDF Framework - fund £40k from earmarked reserve	0	0	0	40,000			40,000	Analysis of earmarked reserves has indicated that £40k could be used (one off) to fund pressures in 2009/10	
Development Strategy									
Delivery and Regeneration Plan budget applying Area Based Grant	0	0	0	330,000			330,000	The Executive received a report on 12 August 2008 which set out the application of the WNF (ABG) allocation to the Dev & Regen Delivery Plan. In the report it set out a spending profile of £740k in 08/09, £1,100k in 09/10 and £850k in 10/11, totalling £2,690k. This is all funded from reserves. This pressure is to increase the base budget 08/09 of £770k up to the £1,100k forecast for 09/10.	
Finance and MIS									
Part-fund Treasury Management Pressure from reserves	0	0	0	81,500			81,500	Reserves in the past have benefited from over achievement of TM income. The forecast for 2008/09 is for an overachievement of £135k. The proposal is to use £163k reserves over two year period to address this extra-ordinary rapid decline in Bank of England Base Rates	
Customer Services									
Funding of Welfare Benefits Officer from reserves	0	0	0	35,000			35,000	Use of reserves to fund a post for two years. In periods of recession, demand on this service increases and nationally, the LGA is forecasting a significant increase in demand for this service in 09/10. Not all grant received in 07/08 was required to fund the service, and the balance (£77k) was incorrectly recorded in the ledger. Preparation of Accounts 07/08 has resulted in this income being added to reserves - and this could be used to support this service in 09/10 and 10/11.	
Use of Earmarked Reserves	0	0	0	748,953			748,953		
TOTAL PROPOSED OPTIONS TO BALANCE THE BUDGET INCLUDING USE OF RESERVES	551,938	47,451	599,389	1,784,243			2,383,632		90,500

APPENDIX H
REVISED MEDIUM TERM FINANCIAL STRATEGY REVENUE BUDGET 2008/09 - 2011/12

	2008/09 £'000	2009/10 £'000	Provisional	
			2010/11 £'000	2011/12 £'000
Net Base Budget	10,606	12,688	12,345	12,304
3% savings target	-305	-376	-370	-369
Additional Grant income expected		-107	-107	-107
Additional Savings, Reductions and Efficiencies required		-1,259		-1,029
Other Growth in Income	-151	-327	-334	-340
Expenditure Pressures and Growth (excluding those funded from reserves)	1,772	1,166	154	355
Inflation including increments	387	560	616	674
Net Budget Requirement	12,309	12,345	12,304	11,487
Expenditure Funded From Reserves to support the Budget	1,665	1,749	1,717	40
Total Net Operating Budget	13,974	14,094	14,021	11,527
Funded From				
Central Government Grants				
Revenue Support Grant	7,105	7,186	7,222	7,222
Area Based Grant - WNF	1,000	1,000	1,000	
Safer and Stronger Communities Grant	459	259		
	8,564	8,445	8,222	7,222
District Council Tax Requirement (4.5% increase)	3,738	3,906	4,082	4,265
Collection Fund Surplus	7			
Collection Fund Deficit		-6		
Total Government Support & Council Tax	12,309	12,345	12,304	11,487

RESERVE STRATEGY SUMMARY

General Reserves - Opening Balance	3,103	2,748	2,368	2,358
Transfer to Earmarked Reserves	-1,795	-380	-10	0
Additions to General Reserves	1,440			
General Reserves - Closing Balance	2,748	2,368	2,358	2,358
Earmarked Reserves - Opening Balance	5,443	5,723	4,147	2,441
Budget Contribution to Earmarked Reserves	0	-1,749	-1,717	-40
Utilisation of Reserves	-1,215	-207		
Additions to Reserves	1,495	380	11	
Earmarked Reserves - Closing Balance	5,723	4,147	2,441	2,401
Total Reserves (General and Earmarked)	8,471	6,515	4,799	4,759

Analysis of Closing Balances - Reserves and Provisions

1 General Reserves				
Risk Based Reserve	1,735	1,735	1,735	1,735
Unallocated Reserves	1,013	633	623	623
	2,748	2,368	2,358	2,358
2 Earmarked Reserves	5,723	4,147	2,441	2,401
Total Reserves - General and Earmarked	8,471	6,515	4,799	4,759
3 Sinking Funds (incl PFI and Bin Replacement Fund)	1,273	1,366	1,318	1,387
4 Provisions (Insurance)	281	281	281	281
	1,554	1,647	1,599	1,668
Total Reserves, Provisions and Sinking Funds	10,025	8,162	6,398	6,427

PROPOSED CAPITAL PROGRAMME 2009/10 – 2011/12

EXECUTIVE MEMBER: Cllr. Allan Holliday, Deputy Leader of the Council
LEAD OFFICER: Julie Crellin, Head of Finance and Management
Information Systems
REPORT AUTHOR: Alison Clark, Accountancy Services Manager

Summary:

The purpose of this report is to seek Council approval for the proposed Capital Programme 2009/10 – 2011/12. It sets out the proposed financing for the Programme and the estimated capital resources available to fund it.

If approved, this capital investment will assist in ensuring the Council delivers its front line services and meet its key objectives and priorities over the next 3 years as set out in its corporate plan.

Recommendations:

- (i) To agree, in principle, the Capital Programme 2009/10 – 2011/12 as set out in this report, subject to the further appraisal of each scheme.
- (ii) To agree to delegate the decision as to who will appraise each scheme to the Head of Finance and MIS and the Portfolio Holder (Deputy Leader) and decisions to be reported to Executive as part of the Capital Budget monitoring process during the year.

1. INTRODUCTION

- 1.1 Each year the Council updates its three year rolling capital programme for the purchase of tangible fixed assets, bringing them into use and enhancing them as defined in accounting standards.
- 1.2 There are several sources of funding available for the capital programme, including the option of prudential borrowing, the application of capital receipts, revenue contributions to capital expenditure and the use of external funding and grants.
- 1.3 There are strict definitions of what constitutes capital expenditure and capital resources can only be used to fund capital expenditure. As with previous years, it is not anticipated that the Council will need to arrange any external borrowing to support the short to medium term capital programme, and will utilise usable capital receipts available to it.

- 1.4 It must be noted, however, that the capital receipts generated during the lifetime of the Programme are estimates at this stage, and in the light of the current economic downturn, the need to consider flexibly the programme against resources is even more critical.
- 1.5 The proposals were discussed by the Resources Planning Working Group at its meetings in January, and in recommending the Programme to Executive for its recommendation to Council, RWPG recommended that the Programme be agreed in principle, but that before new starts commence, the schemes are further appraised by an appropriate body, depending on their magnitude and impact, and Corporate Management Team and the Corporate Improvement Board were suggested as appropriate bodies. The Head of Finance and MIS, in consultation with the Deputy Leader are recommended to agree the appraisal threshold and ensure that approvals are reported to Executive as part of the budget monitoring and reporting cycle.

2 PROPOSED CAPITAL PROGRAMME 2009/10 – 2011/12

- 2.1 The proposed Capital Programme for the three year period 2009/10 – 2011/12, including the existing programme and new bids (excluding slippage) totals £5,457,500. Slippage from 2008/09 is forecast to be £2,254,000. The proposed Capital Programme is set out in Appendix A.
- 2.2 The proposed Capital Programme is shown in two parts, the Other (Corporate) Programme and the Housing Programme. The Head of Finance and MIS believes it is important that the funding for these elements of the Capital Programme is clearly delineated and monitoring against the funding is explicit. This represents a step-change improvement in reporting and budgetary management for 2009/10.
- 2.3 Appendix B, which is detailed, sets out the proposed funding of the Capital Programme 2009/10 – 2011/12. It is unfortunate the audit of the 2006/07 and 2007/08 Accounts has not been completed prior to the preparation of the Budget and so the funding statements show the opening balances of funding at 1st April 2008, as provisional at this stage. Once the audit is complete, there may be a requirement to amend the opening balances and adjust the Minimum Revenue Provision which, if required, would impact upon the Usable Capital Receipts Balance. If so, these amendments and their implications would be reported to Executive.

- 2.4 The proposed Capital Programme 2009/10 – 2011/12 (excluding slippage from 08/09) is to be funded from Usable Capital Receipts of £2,218,000, draw down from the (capital) Crematorium Sinking Fund of £167,500 and external funding of £3,072,000. This is summarised in Appendix C.
- 2.5 Capital receipts for the three year period to 31 March 2012 are estimated at £1,836,000. There is no external borrowing requirement as there are sufficient capital receipts to fund the programme in the medium term. However, it should be noted that capital receipts estimated for 2009/10 of £1,756,000 includes £1,400,000 relating to a self build group project. Given current economic conditions, this may not be realised, and the appraisal of new starts before commencement will provide the opportunity to 'flex' the timing of the expenditure if necessary.
- 2.6 The proposed Capital Programme covers a wide range of major investment in information and communications technology (£250,000), public buildings (£1,126,000), council owned property (£980,000), various leisure and environmental projects (£281,000), and housing (£2,820,000).
- 2.7 Because of the nature and size of the projects mentioned above, these are not all planned to be fully completed by the end of 2009/10 and will be rolled over where applicable into the following financial year.
- 2.8 The Proposed Capital Programme for 2009/10 of £3,119,000 consists of £696,000 for the existing programme and £2,423,000 for new starts. This is to be financed from usable capital receipts of £1,349,000 and £1,602,000 from external sources.
- 2.9 It is anticipated that usable capital receipts at the commencement of 2009/10 will be £6,930,000 reducing by £1,344,000 to £5,586,000 at financial year end.
- 2.10 In the longer term, and based on future capital expenditure and receipts, it is estimated that usable capital receipts will show a balance in the region of £4,797,000 at 31 March 2012.
- 2.11 The Proposed Capital Programme Expenditure is attached at Appendix A, the Proposed Capital Programme Funding is attached at Appendix B and Appendix A & B are summarised in Appendix C. The Capital Strategy is attached at Appendix B, and Appendix C contains high level forecasts of capital spend and funding for the period from 2008/09 (forecast outturn), to 2011/12, (proposed programme).

3 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 3.1 The Proposed Capital Programme of £5,458,000 (excluding forecast slippage of £2,254,198), is to be funded from usable capital receipts (£2,218,000), draw down from the Crematorium Sinking Fund of £167,500 and external funding of £3,072,000. There is no requirement for prudential borrowing.
- 3.2 In setting its Budget Requirement, the Council is required under the Local Government Act 2004 (Section 25) to consider the levels of borrowing, if any, it wishes to make under the Prudential Code. The Prudential Code enables Councils to borrow subject to affordability criteria. The draft Prudential Indicators are included in the Treasury Management Strategy. For the period 2009/10 – 2011/12, it is recommended that no borrowing will be undertaken as the level of capital receipts will be sufficient to fund the proposed Capital Programme.
- 3.3 The programme is funded from capital receipts, grants and other external funding, and for housing, the preserves and residual right to buy receipts. However, there is a risk in the current economic climate that capital receipts may not be generated, and therefore, the use of prudential borrowing will be subject to review, as appropriate.

4 IMPACT ON CORPORATE PLAN

- 4.1 By ensuring that the Council utilises its resources effectively, the Capital Strategy supports delivery of the Corporate Plan.

List of Appendices

Appendix A: Forecast Expenditure outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12

Appendix B: Forecast Funding outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12

Appendix C: Forecast Summary outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12

List of Background Documents: Capital Programme budget build, Report to RPWG at its meetings of 22nd and 29th January 2009.

List of Consultees: Resource Planning working Group, Corporate Team, Budget Managers

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Section 151 Officer Comments	The Proposed Capital Programme 2009/10 – 2011/12 does not require the need for prudential borrowing. The use of prudential borrowing, however, will be kept under review. If schemes were brought forward during the year which required prudential borrowing, Council approval would be sought.
Monitoring Officer Comments	None

APPENDIX A

2008/09		2009/10		2010/11		2011/12		OVERALL	
Budget	Forecast	Existing programme	New bids / changes to bids	Existing programme	New bids / changes to bids	Existing programme	New bids / changes to bids	TOTAL 09/10 to 11/12 (excl 08/09 slippage)	Manager
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
OTHER (CORPORATE)									
Corporate Department:									
Management Information Systems									
	3,000								H Michell
Revenues and Benefits Remote Working	54,535								J Orellin
New Financial Mgmt System	13,860								C Lloyd
E Market Place	39,119	20,000						20,000	J Sak
New CRM	60,000	90,000						90,000	R Quayle
T-Enabling		30,000						30,000	R Quayle
T Enabling/New CRM/Website Development			10,000					10,000	H Michell
GIS Upgrade	183,489	5,000	23,000					28,000	P Graham
Regeneration Software		3,000	3,500					6,500	H Michell
Performance Management Software			32,500					32,500	J Carroll
Waste Route Optimisation using GIS			30,000					30,000	P Graham
Data Capture									
Management Information Systems - Total	315,469	148,000	99,000	-	-	-	-	99,000	250,000
Public Buildings									
Public Toilets	757								C Lloyd
Public Buildings Condition Survey Backlog		312,000	9,360		7,020		5,670	22,050	C Lloyd
Energy Efficiency Measures			53,000		53,000		53,000	159,000	C Lloyd
Land purchase for Milton Cemetery Extension			60,000		50,000		50,000	150,000	C Lloyd
NCL Capital Improvements Work			(113,000)		(100,000)		(213,000)	60,000	C Lloyd
Public Buildings - Total	391,459	388,948	757	(640)	10,020	189,000	108,670	118,050	1,126,050
Property									
New crematorium Crematorium			500,000		200,000			700,000	C Lloyd
Surveys Cleaning Repairs Adopt Drain	164,482		264,000					284,000	J Orellin
Chapel Street car park miltinchaff phase 3			16,000					16,000	C Lloyd
Milton Office Customer Service ref									P Graham
Property - Total	1,420,261	1,046,721	164,482	-	200,000	-	-	980,000	980,000
Leisure & Environmental Services									
Gordon Barfields - Seascale	5,700								J Orellin
Whitehaven Cemetery	10,000								T Magean
NCL (Invest to save)			10,000					10,000	C Lloyd
Cemeteries and Children's Play Areas H&S Condition Report			123,350		44,100			167,450	T Magean
Egremont Play Area		49,000	5,000					54,000	T Magean
Seascale Wheelshed Activity Area		54,000	(4,000)					(4,000)	
Leisure & Environmental Services - Total	214,082	220,765	15,700	-	44,100	-	-	179,450	281,450
Regeneration									
Milton & Havelrig MTI	14,335								J Betteridge
MTI Prog (Egremont)	2,062								J Betteridge
Market Towns Regeneration - Capital Infrastructure	20,000								J Betteridge
Egremont Historic Buildings Grant	6,605								J Betteridge
Regeneration - Total	1,336,487	1,388,755	43,022	-	-	-	-	-	-
TOTAL CAPITAL PROGRAMME - OTHER	4,032,403	3,360,640	672,983	(58,000)	1,042,710	(156,000)	(108,330)	4,376,500	4,376,500

EXECUTIVE 17TH FEBRUARY 2009**APPENDIX A****PROPOSED CAPITAL PROGRAMME - EXPENDITURE**

Forecast Expenditure outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

HOUSING	2008/09		2008/10		2010/11		2011/12		OVERALL	Manager	
	Budget £'000	Forecast Outturn £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	TOTAL 09/10 to 11/12 (excl slippage) £'000		
Grants & Financial Assistance: Renovation Grants - Home Repair Assist ance Renovation Grants - Owner/Occupier Renovation Grants - Empty Properties Disabled Facilities Grants	69,709	38,232	}	1,200,000	}	TBC	}	2,400,000	}	L Priebe	
	2,114,024	960,213		1,200,000		2,400,000		2,400,000		L Priebe	
	5,000	1,000		4,000		420,000		420,000		L Priebe	
	613,917	600,000		13,917		210,000		210,000		L Priebe	
	2,802,650	1,629,445	1,173,205	1,410,000	-	1,410,000	-	2,820,000	2,820,000		
Housing Market Renewal Basket Road - Lead Design Consultancy Basket Road - Capital Scheme Implementation (inc Kale) Woodhouse Clearance Greenbank Ground Conditions	35,032	30,000	-	-	-	-	} Programme funding ceases 2011	-	-	C Pickles	
	456,383	10,000	440,000	-	-	-		-	-	-	C Pickles
	398,800	388,945	10,000	-	-	-		-	-	-	J Battenidge
	80,000	31,631	48,000	-	-	-		-	-	-	
Structural Remedial Works Structural Remedial Works - Tri-axial	970,225	460,576	-	-	-	-	-	-	-	J Battenidge	
	347,548	195,000	-	-	-	-	-	-	-		
	347,548	195,000	-	-	-	-	-	-	-		
TOTAL CAPITAL PROGRAMME - HOUSING	5,120,423	2,285,021	-	1,410,000	-	1,410,000	-	-	2,820,000		
TOTAL CAPITAL PROGRAMME EXPENDITURE	8,152,826	5,645,681	2,254,198	2,422,710	377,000	1,664,120	189,000	108,670	4,195,500	5,457,500	
Total New Annual Programme				3,118,710		2,041,120		297,670		5,457,500	

APPENDIX B

FUNDING - OTHER (CORPORATE)									
	2008/09	2009/10	2010/11	2011/12	TOTAL 09/10 to 11/12 (excl 09/09 slippage)				
	Budget £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Existing programme Feb 08 Council £'000	New bids / changes to bids £'000	Total New Bids			
	Forecast Outturn £'000	Slippage £'000							
Funded by:									
Usable Capital Receipts	(2,499,251)	(1,610,200)	(577,981)	(757,210)	(167,500)	(88,000)	(189,000)	(78,670)	(2,218,000)
Crematorium Sinking Fund									(167,500)
New crematoria, (Lillingdon Crematorium (Carnegie) Equestrian Play Area									(140,000)
Seascale Wildlife Activity Area	(1,514,152)	(1,731,460)							(54,000)
Other External Funding	(19,000)	(19,000)							(54,000)
Other Reserves & contributions	(1,004,000)	(1,004,000)							(54,000)
TOTAL FUNDING - OTHER	(4,032,403)	(3,360,660)	(677,981)	(1,812,710)	(377,000)	(254,120)	(189,000)	(108,670)	(2,637,600)
FUNDING - HOUSING									
Funded by:									
Capital Receipts Preserved right to buy sales (post stock transfer)	(500,000)	(246,445)	(253,555)						
Residual Right to Buy receipts (pre stock transfer)	(919,650)	(919,650)							
Usable Capital Receipts	(347,548)	(195,000)							
Other External Funding	(1,175,000)	(1,175,000)							
Local Authority Housing Capital Allocation	(200,000)	(200,000)							
Disabled Facilities Grant	(970,225)	(960,576)	500,000						
Housing Market Renewal	(2,353,225)	(1,843,576)	(509,652)						
Other External Funding									
TOTAL FUNDING - HOUSING	(4,120,428)	(2,205,621)	(1,576,227)	(1,410,000)	(1,410,000)	(1,410,000)	(1,410,000)	(2,920,000)	(2,920,000)
RESERVES									
Analysis of Capital Receipts Unapplied - Capital receipts from Sale of assets & repayment of third party loans:									
Opening balance (April) PROVISIONAL	1,349,395	1,349,385		909,400	798,229	167,109			
Receipts in year - OTHER	1,365,215	1,365,215		1,755,000	30,000	80,000			
Utilised in year - HOUSING	(2,499,251)	(1,810,200)		(1,927,171)	(601,120)	(267,670)			
Utilised in year - HOUSING	(347,548)	(195,000)							
BALANCE CARRIED FORWARD - General Capital Receipts	(132,199)	909,400		736,229	167,109	(50,561)			
Analysis of Capital Receipts Unapplied - Right to Buy Receipts:									
Opening balance (April) PROVISIONAL	4,867,066	4,867,066		4,620,652	3,447,446	3,447,446			
Receipts in year - HOUSING	(1,419,650)	(246,445)		(1,173,205)					
Utilised in year - HOUSING	(3,447,446)	(4,620,652)		(3,447,446)	(3,447,446)	(3,447,446)			
BALANCE CARRIED FORWARD - Right to Buy	(1,000,000)	(1,000,000)		(1,000,000)	(1,000,000)	(1,000,000)			
Analysis of Capital Receipts Unapplied - VAT sharing receipt following Housing Stock Transfer:									
Opening balance (April) PROVISIONAL	1,400,000	1,400,000		1,400,000	1,400,000	1,400,000			
Receipts in year - HOUSING									
Utilised in year - HOUSING	(1,400,000)	(1,400,000)		(1,400,000)	(1,400,000)	(1,400,000)			
BALANCE CARRIED FORWARD - VAT sharing receipt	(1,400,000)	(1,400,000)		(1,400,000)	(1,400,000)	(1,400,000)			

PROPOSED CAPITAL PROGRAMME - FUNDING

Forecast Funding outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

Notes:

1. Receipts in year shown here are those deemed 'likely' by the Contracts and Projects Manager. All receipts deemed 'unlikely' have been excluded. Where sale price is not known, market price has been used instead. The receipts figure for 2009/10 of £1,756,000 includes £1,400,000 relating to a self build group project. Given current economic conditions, it is debatable whether this will be realised in 2009/10. It is therefore advisable to move as much of the 2009/10 programme as possible forward into 2011/12 to ensure that capital receipts are sufficient to fund the programme.

2. 2008/09 balance is the closing balance per the unaudited 2007/08 Financial Statements.

3. Other External Funding:

	£
Public Buildings	46,355
Property	295,690
L&ES	149,624
Regeneration	1,239,591
Primarily Coastal Fringe scheme	
	<u>1,731,460</u>

4. It is assumed that the 2009/09 'Other' (i.e. excluding Housing) Capital Programme expenditure slippage will be fully funded from Useable Capital Receipts.

5. Trusteel Project
- K:\Committee\System\2009\Executive\17 February 2009\09 02 17 Final Appendices to Executive Capital Budget Paper
- 4 of 5

EXECUTIVE 17TH FEBRUARY 2009

APPENDIX C

PROPOSED CAPITAL PROGRAMME - SUMMARY

SUMMARY - Forecast return for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

	2008/09	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12	OVERALL
	Budget	Existing programme	New bids / changes to bids	Existing programme	New bids / changes to bids	Existing programme	New bids / changes to bids	TOTAL 09/10 to 11/12 (excl. slippage)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Management Information Systems - Total	670,114	148,000	99,000	3,000	-	3,000	-	250,000
Public Buildings - Total	391,459	445,000	(640)	374,000	10,020	384,020	108,670	1,126,050
Property - Total	1,420,261	-	780,000	-	200,000	-	-	980,000
Leisure & Environmental Services - Total	214,082	103,000	134,350	237,350	44,100	44,100	-	281,450
Regeneration - Total	1,336,487	1,388,756	-	-	-	-	-	-
Housing - Total	4,120,423	2,285,021	1,410,000	1,410,000	1,410,000	-	-	-
TOTAL CAPITAL PROGRAMME EXPENDITURE	8,152,826	6,645,681	2,254,196	696,000	2,422,710	3,113,710	108,670	2,820,000
Funded by:								5,457,500
Useable Capital Receipts	(2,846,799)	(1,805,200)	(577,951)	(592,000)	(757,210)	(1,349,210)	(78,670)	(2,218,000)
Capital Receipts Preserved right to buy sales (pre stock transfer)	(500,000)	(246,445)	(263,555)	-	-	-	-	-
Residual Right to Buy receipts (pre stock transfer)	(919,650)	-	(919,650)	-	-	-	-	-
Crematorium Sinking Fund	(3,867,377)	(3,575,036)	(503,032)	(104,000)	(1,498,000)	(1,602,000)	(30,000)	(167,500)
Other External Funding	(19,000)	(19,000)	-	-	-	-	-	(2,958,000)
Other Reserves & contributions	(8,162,826)	(5,945,681)	(2,254,196)	(696,000)	(2,422,710)	(3,113,710)	(108,670)	(5,457,500)
TOTAL FUNDING								
Analysis of Capital Receipts Unapplied:								
Opening balance (April) PROVISIONAL	7,616,481	7,616,481	-	-	-	6,930,052	-	5,014,555
Receipts in year	1,365,215	1,365,215	-	-	-	1,756,000	-	30,000
Utilised in year - OTHER	(2,498,251)	(1,610,200)	-	-	-	(1,927,171)	-	(267,670)
Utilised in year - HOUSING	(1,767,198)	(441,445)	-	-	-	(1,173,205)	-	-
BALANCE CARRIED FORWARD	4,716,247	6,930,052	-	696,000	(2,422,710)	(3,113,710)	(108,670)	(2,958,000)
PROVISIONAL OPENING BALANCE (per unaudited 2007/08 accounts) - Capital Receipts Unapplied:								2,786,805
Residual Right to Buy receipts (pre stock transfer)	1,349,385	1,349,385	-	-	-	5,595,675	-	5,014,555
Capital Receipts Preserved right to buy sales (pre stock transfer)	1,956,150	1,956,150	-	-	-	30,000	-	50,000
Total Right to Buy Receipts	3,305,535	3,305,535	-	-	-	5,625,675	-	5,064,555
Capital Receipts from sale of assets & repayment of 3rd party loans	2,910,946	2,910,946	-	-	-	(601,120)	-	(267,670)
VAT sharing receipt following the Housing Stock Transfer	1,400,000	1,400,000	-	-	-	-	-	-
TOTAL	7,616,481	7,616,481	-	696,000	(2,422,710)	(3,113,710)	(108,670)	(2,958,000)

(*)

(*)

EXECUTIVE 17TH FEBRUARY 2009**APPENDIX A****PROPOSED CAPITAL PROGRAMME - EXPENDITURE**

Forecast Expenditure outturn for the 2009/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

OTHER (CORPORATE)	2008/09 Budget £'000	2008/09 Forecast Outturn £'000	2009/10 Existing programme Feb 08 Council £'000	2009/10 New bids / changes to bids £'000	2010/11 Existing programme Feb 08 Council £'000	2010/11 New bids / changes to bids £'000	2011/12 Existing programme Feb 08 Council £'000	2011/12 New bids / changes to bids £'000	Total New Bids	OVERALL TOTAL 09/10 to 11/12 (excl 08/09 slippage) £'000	Manager
Corporate Department:											
Management Information Systems											
Revenues and Benefits Remote Working		3,000									H Michell
New Financial Mgmt System		54,535									J Collins
E-Market Place		13,860									C Lloyd
New CRM		38,119		20,000						20,000	J Salt
T Enabling New CRM/Website Development		60,000		30,000						90,000	R Quayle
GIS Upgrade										30,000	H Mitchell
Regeneration Software		183,466		10,000						10,000	P Graham
Performance Management Software				23,000						23,000	H Mitchell
Waste Route Optimisation using GIS				3,500						3,500	P Graham
Data Capture				32,500						32,500	H Mitchell
Management Information Systems - Total	670,114	315,469	354,000	99,000	3,000				99,000	30,000	J Carroll
										250,000	P Graham
Public Buildings											
Public Toilets		757									C Lloyd
Public Buildings Condition Survey Backlog											C Lloyd
Energy Efficiency Measures				9,360	234,000	7,020	189,000	5,670	22,050	757,050	C Lloyd
Land purchase for Milom Cemetery Extension				53,000		53,000		53,000		159,000	C Lloyd
NCL Capital Improvements Work				50,000		50,000		50,000		150,000	C Lloyd
Public Buildings - Total	391,459	388,948	757	(113,000)	374,000	10,020	189,000	108,670	118,050	50,000	C Lloyd
Property											
New cremators, Distington Crematorium				500,000						700,000	C Lloyd
Surveys Cleansing Repairs Adopt Drains				264,000						264,000	J O'Reilly
Chapel Street car park minishaft phase 3				16,000						16,000	C Lloyd
Milom Office Customer Service refit						200,000					P Graham
Property - Total	1,420,261	1,046,721	164,482	760,000					980,000	18,000	
Leisure & Environmental Services											
Gablon Baskets - Seiscale											J O'Reilly
Whitehaven Cemetery		5,700									T Mageean
NCL (Invest to save)		10,000									C Lloyd
Cemeteries and Children's Play Areas H&S Condition Report				123,350						10,000	C Lloyd
Egremont Play Area				49,000						167,450	T Mageean
Seascale Wheeloid Activity Area				54,000						54,000	T Mageean
Leisure & Environmental Services - Total	214,082	220,766	15,700	103,000						50,000	
Regeneration											
Milom & Havergill MTI											J Bettridge
MTI Prog (Egremont)											J Bettridge
Market Towns Regeneration - Capital Infrastructure											J Bettridge
Egremont Historic Buildings Grant											J Bettridge
Regeneration - Total	1,336,487	1,368,756	43,022								
TOTAL CAPITAL PROGRAMME - OTHER	4,032,403	3,360,660	577,961	1,012,710	377,000	254,120	189,000	108,670	1,375,500	2,637,500	

EXECUTIVE 17TH FEBRUARY 2009**APPENDIX A****PROPOSED CAPITAL PROGRAMME - EXPENDITURE**

Forecast Expenditure outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

HOUSING	2008/09	2009/10	2010/11	2011/12	Total New Bids	OVERALL TOTAL 09/10 to 11/12 (excl slippage) £'000	Manager
Grants & Financial Assistance:							
Renovation Grants - Home Repair Assistance	69,709	38,232					
Renovation Grants - Owner/Occupier	2,114,024	980,213					
Renovation Grants - Empty Properties	5,000	1,000					
Disabled Facilities Grants	613,917	600,000					
Housing Market Renewal	2,802,650	1,629,445					
Basket Road - Lead Design Consultancy	35,032	30,000					
Basket Road - Capital Scheme Implementation (the Kells)	456,393	10,000					
Woodhouse Clearance	398,800	388,945					
Greenbank Ground Conditions	80,000	31,831					
Structural Remedial Works	970,225	460,576					
Structural Remedial Works - Trusteel	347,548	195,000					
	347,548	195,000					
TOTAL CAPITAL PROGRAMME - HOUSING	4,120,423	2,285,021	1,410,000	1,410,000	2,820,000	2,820,000	
TOTAL CAPITAL PROGRAMME EXPENDITURE	8,152,826	5,645,681	2,422,710	1,564,120	4,195,500	5,457,500	
Total New Annual Programme		3,118,710	2,041,120	297,670		5,457,500	

EXECUTIVE 17TH FEBRUARY 2009**APPENDIX B****PROPOSED CAPITAL PROGRAMME - FUNDING**

Forecast funding outcome for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

FUNDING - OTHER (CORPORATE)	2008/09 Budget £'000	2008/09 Forecast Outcome £'000	2008/09 Slippage £'000	2009/10 Existing programme Feb 08 Council £'000	2009/10 New bids / changes to bids £'000	2010/11 Existing programme Feb 08 Council £'000	2010/11 New bids / changes to bids £'000	2011/12 Existing programme Feb 08 Council £'000	2011/12 New bids / changes to bids £'000	Total New Bids	OVERALL TOTAL 09/10 to 11/12 (excl 08/09 slippage) £'000
Funded by:											
Useable Capital Receipts											
Crematorium Sinking Fund	(2,499,251)	(1,610,200)	(577,961)	(592,000)	(757,210)	(377,000)	(224,120)	(185,000)	(76,670)	(1,050,000)	(2,215,000)
New crematoria, Dillingham Crematorium (Garnos)					(167,500)		(30,000)			(148,000)	(167,500)
Expenditure Play Area				(54,000)	(68,000)						(148,000)
Seascale Waterside Activity Area				(50,000)							(50,000)
Other External Funding	(1,514,152)	(1,731,460)		(104,000)	(68,000)		(30,000)		(30,000)	(148,000)	(252,000)
Other Reserves & Contributions	(19,000)	(19,000)									
TOTAL FUNDING - OTHER	(4,032,403)	(3,360,660)	(677,961)	(696,000)	(1,413,710)	(377,000)	(254,120)	(185,000)	(106,670)	(1,375,500)	(2,637,500)
Funding - Housing											
Funded by:											
Capital Receipts Preserved right to buy sales (post stock transfer)	(500,000)	(246,445)	(253,555)								
Residual Right to Buy receipts (pre stock transfer)	(919,650)		(919,650)								
Useable Capital Receipts	(347,548)	(195,000)									
Other External Funding	(1,175,000)	(1,175,000)			(1,200,000)						
Local Authority Housing Capital Allocation	(238,000)	(238,000)			(210,000)						
Disabled Facilities Grant	(970,226)	(960,576)	(503,032)								
Housing Market Renewal	(2,353,225)	(1,843,576)	(503,032)		(1,410,000)		(1,410,000)			(2,820,000)	(2,820,000)
TOTAL FUNDING - HOUSING	(4,120,423)	(2,205,021)	(1,676,617)	(1,410,000)	(1,410,000)	(1,410,000)	(1,410,000)	(1,410,000)	(1,410,000)	(2,820,000)	(2,820,000)
RESERVES											
Analysis of Capital Receipts Unapplied - Capital receipts from Sale of assets & repayment of third party loans:											
Opening balance (April) PROVISIONAL	1,349,385	1,349,385			909,400		739,228		167,109		
Receipts in year	1,365,215	1,365,215			1,756,000		30,000		50,000		
Utilised in year - OTHER	(2,499,251)	(1,610,200)			(1,927,171)		(601,120)		(267,670)		
Utilised in year - HOUSING	(347,548)	(195,000)									
BALANCE CARRIED FORWARD - General Capital Receipts	(132,199)	909,400			736,228		167,109		(60,561)		
Analysis of Capital Receipts Unapplied - Right to Buy Receipts:											
Opening balance (April) PROVISIONAL	4,867,096	4,867,096			4,620,652		3,447,446		3,447,446		
Receipts in year	(1,419,650)	(246,445)			(1,173,205)						
Utilised in year - HOUSING	(3,447,446)	(6,620,652)			(3,447,446)		(3,447,446)		(3,447,446)		
BALANCE CARRIED FORWARD - Right to Buy	(1,419,650)	(6,620,652)			(3,447,446)		(3,447,446)		(3,447,446)		
Analysis of Capital Receipts Unapplied - VAT sharing receipt following Housing Stock Transfer:											
Opening balance (April) PROVISIONAL	1,400,000	1,400,000			1,400,000		1,400,000		1,400,000		
Receipts in year											
Utilised in year - HOUSING											
BALANCE CARRIED FORWARD - VAT sharing receipt	(1,400,000)	(1,400,000)			(1,400,000)		(1,400,000)		(1,400,000)		

EXECUTIVE 17TH FEBRUARY 2009

APPENDIX B

PROPOSED CAPITAL PROGRAMME - FUNDING

Forecast Funding Outturn for the 2008/09 Capital Programme and forecasts for the period 2009/10 to 2011/12 use of capital receipts

Notes:

1. Receipts in year shown here are those deemed 'likely' by the Contracts and Projects Manager. All receipts deemed 'unlikely' have been excluded. Where sale price is not known, market price has been used instead. The receipts figure for 2009/10 of £1,758,000 includes £1,406,000 relating to a self-build group project. Given current economic conditions, it is debatable whether this will be realised in 2009/10. It is therefore advisable to move as much of the 2009/10 programme as possible forward into 2001/011 to ensure that capital receipts are sufficient to fund the programme.

2. 2008/09 balance is the closing balance per the unaudited 2007/08 Financial Statements.

3. Other External Funding:

	£
Public Buildings	48,355
Property	295,890
L&ES	148,024
Regeneration	1,239,591
Primarily Coastal Fringe scheme	
	<u>1,731,860</u>

4. It is assumed that the 2008/09 'Other' (i.e. excluding Housing) Capital Programme expenditure slippage will be fully funded from Useable Capital Receipts.

5. Trustee Project

APPENDIX C

(*)	
PROVISIONAL OPENING BALANCE per un audited 2007/08 accounts - Capital Receipts Unapplied:	£
Residual Right to Buy receipts (Oro stock transfer)	1,349,396
Capital Receipts Preserved right to buy sales (post stock transfer)	1,956,150
Total Right to Buy Receipts	3,305,535
Capital Receipts from sale of assets & repayment of 3rd party loans	2,910,946
VAT sharing receipt following the Housing Stock Transfer	1,400,000
	7,616,481

TREASURY MANAGEMENT STRATEGY STATEMENT, INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION STRATEGY REPORT 2009/10

EXECUTIVE MEMBER: Councillor Allan Holliday, Deputy Leader
LEAD OFFICER: Julie Crellin, Head of Finance and MIS
REPORT AUTHOR: Ann Fisher, Senior Accountancy Officer

Recommendations:

The Council is recommended to approve each of the five key elements:

1. The Prudential Indicators and Limits for 2009/10 to 2011/12 contained within Appendix A of the report.
2. The Minimum Revenue Provision (MRP) Statement contained within Appendix A which sets out the Council's policy on MRP.
3. The Treasury Management Strategy 2009/10 to 2011/12, and the treasury Prudential Indicators contained within Appendix B.
4. The Authorised Limit Prudential Indicator.
5. The Investment Strategy 2009/10 contained in the treasury management strategy (Appendix B), and the detailed criteria included in Annex B1.

Executive Summary

This report outlines the Council's prudential indicators for 2009/10 – 2011/12 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of the **prudential indicators** setting out the expected capital activities (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities - Appendix A);
- The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007 – Also Appendix A);
- The **treasury management strategy statement** which sets out how the Council's treasury service will support the capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the **Authorised Limit**, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by s3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and shown at Appendix B;
- The **investment strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance. And also shown in Appendix B.

A summary report outlines the key requirements from these reports.

Capital Expenditure - The projected capital expenditure is expected to be:

Capital expenditure £000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Total	5,646	5,373	2,041	298

Debt Requirement - Part of the capital expenditure programme will be financed directly (through Government Grants, capital receipts etc.), leaving a residue which will increase the Council's external borrowing requirement (its Capital Financing Requirement – CFR). The General Fund CFR, its borrowing need, is reduced each year by the statutory revenue charge for the repayment of debt, the MRP.

Capital Financing Requirement £000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Total	0	0	0	0

Against this borrowing need (the CFR), the Council's expected external debt position for each year (the Operational Boundary), and the maximum amount it could borrow (the Authorised Limit) are:

£000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Authorised limit	9,000	9,000	9,000	9,000
Operational boundary	5,100	5,100	5,100	5,100

The total revenue impact of the new schemes being approved as part of this budgetary cycle on Council Tax levels are expected to be:

Incremental impact of capital investment decisions (£) on:	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Band D Council Tax	0	0	0	0

Investments – The resources applied to finance the capital spend above is one of the elements which influence the overall resources of the Council. The expected position of Council's year end resources (balances, capital receipts, etc.), is shown below supplemented with the expected cash flow position. This provides an overall estimate of the year end investment position. The prudential indicator limiting longer term investments is also shown, which is designed to reduce the Council's risk to adverse cash flow risk and counterparty risk.

£000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Total resources	17,371	14,164	11,829	11,639
Working Capital	2,133	2,133	2,133	2,133
Under/over borrowing	5,060	5,060	5,060	5,060
Total Investments	24,564	21,357	19,022	18,832
Principal sums invested > 364 days	12,000	12,000	12,000	12,000

The Capital Prudential Indicators 2009/10 – 2011/12

Introduction

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, and reflects the outcome of the Council's underlying capital appraisal systems. This report updates currently approved indicators and introduces new indicators for 2011/12.
2. Within this overall prudential framework there is an impact on the Council's treasury management activity – as it will directly impact on borrowing or investment activity. As a consequence the treasury management strategy for 2009/10 to 2011/12 is included as Appendix B to complement these indicators, the treasury strategy includes the prudential indicators relating specifically to the treasury activity.

The Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This needs to be affordable, sustainable and prudent. The revenue consequences of unsupported expenditure will need to be paid for from the Council's own resources.
4. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual expenditure will add to the Council's borrowing need.
5. The key risks to the plans are that the level of Government support has been estimated and therefore maybe subject to change. Similarly some estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale. Anticipated asset sales may be postponed due to the impact of the credit crisis on the property market.
6. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

Capital Expenditure £000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Total	5,646	5,373	2,041	298
Financed by:				
Capital receipts	2,052	3,100	601	268
Capital grants	3,575	2,105	1,440	30
Capital reserves	19	168	0	0
Revenue	0	0	0	0
Net financing need for the year	0	0	0	0

The Council's Borrowing Need (the Capital Financing Requirement)

7. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The capital expenditure above, which has not immediately been paid for, will increase the CFR.
8. The Council is asked to approve the CFR projections below:

£000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
CFR – Non Housing	0	0	0	0
Total CFR	0	0	0	0
Movement in CFR	0	0	0	0

Movement in CFR represented by				
Net financing need for the year (above)	0	0	0	0
MRP/VRP and other financing movements	0	0	0	0
Movement in CFR	0	0	0	0

9. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments (VRP).
10. CLG Regulations have been issued which require full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement :
11. It is intended to voluntarily apply usable capital receipts in 2008/09 to reduce the Capital Financing Requirement to zero. There would be no need for a MRP adjustment if this is achieved. In the event that this is not achieved for capital expenditure incurred before 1 April 2008 or which in the future will Supported capital Expenditure, the MRP policy will be
 - **Existing practice** – MRP will follow the existing practice outline in former CLG Regulations (Option 1).
12. From 1 April 2008 for all unsupported borrowing the MRP policy will be:
 - **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (Option 3);

The Use of the Council's resources and the Investment Position

13. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Fund balances	2,747	2,367	2,357	2,357
Capital receipts	6,930	5,586	5,015	4,797
Earmarked reserves	6,996	5,513	3,759	3,787
Provisions Etc.	698	698	698	698
Total Core Funds	17,371	14,164	11,829	11,639
Working Capital	2,133	2,133	2,133	2,133
Under/over borrowing	5,060	5,060	5,060	5,060
Expected Investments	24,564	21,357	19,022	18,832

Affordability Prudential Indicators

14. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:
15. **Actual and Estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Non-HRA	(8)	(1)	(1)	(1)

16. The estimates of financing costs include current commitments and the proposals in this budget report.
17. **Estimates of the incremental impact of capital investment decisions on the Council Tax** – This indicator identifies the revenue costs associated with *new schemes* introduced to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

18. Incremental impact of capital investment decisions on the Band D Council Tax

£	Proposed Budget 2008/09	Forward Projection 2009/10	Forward Projection 2010/11	Forward Projection 2011/12
Council Tax - Band D	0	0	0	0

Treasury Management Strategy 2009/10 – 2011/12

1. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Appendix A consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets balanced budget requirement under the Local Government Finance Act 1992. There are specific treasury prudential indicators included in this strategy which require approval.
2. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 14th March 2002, and as a result adopted a Treasury Management Policy Statement (24th February 2004). This adoption meets the requirements of the first of the treasury prudential indicators.
3. The policy requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year.
4. This strategy covers:
 - The Council's debt and investment projections;
 - The Council's estimates and limits on future debt levels;
 - The expected movement in interest rates;
 - The Council's borrowing and investment strategies;
 - Treasury performance indicators;
 - Specific limits on treasury activities;
 - Any local treasury issues.

Debt and Investment Projections 2009/10 – 2011/12

5. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. The table below shows this effect on the treasury position over the next three years. The expected debt position at the end of each year represents the Operational Boundary prudential indicator. The table also highlights the expected change in investment balances.

£000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
External Debt				
Debt at 1 April	5,100	5,100	5,100	5,100
Expected change in debt	0	0	0	0
Debt at 31 March	5,100	5,100	5,100	5,100
<i>The debt estimated at 31 March represents the Council's Operational Boundary</i>				
Investments				
Total Investments at 31 March	24,564	21,357	19,022	18,832
Investment change	1,053	(3,207)	(2,335)	(190)

6. The related impact of the above movements on the revenue budget are:

£000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Revenue Budgets				
Interest on Borrowing	0	0	0	0
Investment income	41	(26)	(85)	(122)

Limits to Borrowing Activity

7. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits
8. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2009/10 and the following two financial years. This allows some flexibility for limited early borrowing for future years.

£000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Gross Borrowing	5,000	5,000	5,000	5,000
Investments	(24,564)	(21,357)	(19,022)	(18,832)
Net Borrowing	(19,564)	(16,357)	(14,022)	(13,832)
CFR	0	0	0	0

9. The Head of Finance and MIS reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
10. The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils'

plans, or those of a specific council, although no control has yet been exercised.

11. The Council is asked to approve the following Authorised Limit:

Authorised limit £000	2008/09 Revised	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Borrowing	9,000	9,000	9,000	9,000
Other long term liabilities	0	0	0	0
Total	9,000	9,000	9,000	9,000

Expected Movement in Interest Rates

Annual Average %	Bank Rate	Money Rates		PWL B Rates*		
		3 month	1 year	5 year	20 year	50 year
2008/09	3.9	5.0	5.3	4.2	4.8	4.5
2009/10	1.2	1.8	2.0	2.1	3.9	3.8
2010/11	1.9	2.3	3.0	3.2	4.1	4.0
2011/12	2.6	3.0	3.8	4.0	4.3	4.1

* Borrowing Rates

12. The UK economy has entered a profound recession, worsened by a dangerous combination of negative growth and dislocation in the domestic and world financial markets. The situation in the economy is considered critical by the policy setters who are concerned that the testing financial environment, the sharp decline in house prices and persistently tight credit conditions could trigger a collapse in consumer confidence. At best this could deliver a short, sharp downturn, at worst a prolonged Japanese-style recession.
13. The sharp downturn in world commodity, food and oil prices, the lack of domestic wage pressures and weak retail demand promises a very steep decline in inflation in the year ahead. In the recent pre-Budget Report, the Treasury suggested RPI inflation could fall to minus 2.25% by September 2009. Inflation considerations will not be a constraint upon Bank of England policy action. Indeed, the threat of deflation strengthens the case for more aggressive policy ease.
14. The Government's November pre-Budget Report did feature some fiscal relaxation but it also highlighted the very poor health of public sector finances. The size of the package is considered insufficient to kick-start the economy. The onus for economic stimulation will fall upon monetary policy and the Bank of England.
15. The Bank will continue to ease policy and the need to drive commercial interest rates, currently underpinned by the illiquidity of the money market, to much lower levels suggests the approach will be more aggressive than might otherwise have been the case. A Bank Rate of 1% is now a reality and short-term LIBOR rates of below 2% may result. Only when the markets return to some semblance of normality will official rates be edged higher.

16. Long-term interest rates will be the victim of conflicting forces. The threat of deep global recession should drive bond yields to yet lower levels and this will be a favourable influence upon the sterling bond markets. But the prospect of exceptionally heavy gilt-edged issuance in the next three years (totalling in excess of £100bn per annum), as the Government seeks to finance its enormous deficit, could severely limit the downside potential for yields.

Borrowing Strategy 2009/10 – 2011/12

17. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
18. Long-term fixed interest rates are at risk of being higher over the medium term. In the unlikely event that borrowing proves to be necessary the Head of Finance and MIS, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide better opportunities.
19. With the likelihood of a steepening of the yield curve debt restructuring is likely focus on switching from longer term fixed rates to cheaper shorter term debt, although the Head of Finance and MIS and treasury consultants will monitor prevailing rates for any opportunities during the year.

Investment Counterparty and Liquidity Framework

20. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
21. The Head of Finance and MIS will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will choose rather than defining what its investments are. The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's

minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria.

- **Banks 1** – the Council will use banks which have at least the following Fitch, Moody's and Standard and Poors ratings (where rated):
 - **Short Term** – F1
 - **Long Term** – A
 - **Individual / Financial Strength** – C (Fitch / Moody's only)
 - **Support** – 4 (Fitch only)
 - **Banks 2** – In addition, the Council will use banks whose ratings fall below the criteria specified above if all of the following conditions are met (a) wholesale deposits in the bank are covered by a government guarantee; (b) the government providing the guarantee is rated "AAA" by all three major rating agencies (Fitch, Moody's and Standard & Poors); and (c) the Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.
 - **Banks 3** - the organisation is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008
 - **Banks 4** – The Council's own banker if this fails below the above criteria
 - **Bank Subsidiary and Treasury Operations** – the Council will use these where the parent bank has the necessary ratings outlined above.
 - **Building Societies** – the Council will use the top thirty Societies.
 - **Money Market Funds** – AAA
 - **UK Government** (including gilts and the DMADF)
 - **Local Authorities, Parish Councils etc**
 - **Supranational institutions**
23. Due to the uncertainty in the financial markets it is recommended that the Investment Strategy is approved on a similar approach to previous years which will provide officers with the flexibility to deal with any unexpected occurrences. Officers will restrict the pool of available counterparties from this criteria to safer instruments and institutions. Currently this involves the use of the DMADF, AAA rated Money Market Funds and institutions with higher credit ratings than those outlined in the investment strategy or which are provided support from the Government. Investments are being maintained short term to also improve the security of investments.

22. The time limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch	Moody's	Standard & Poors	Money Limit	Time Limit
Upper Limit Category	AA	Aa1	AA	£3m	3yrs
Middle Limit Category	A-	A3	A-	£3m	2yrs
Lower Limit Category				£3m	1yr
Other Institution Limits	-	-	-	£3m	3yr
Guaranteed Organisations	-	-	-	£3m	1yr

23. The proposed criteria for Specified and Non-Specified investments are shown in Annex B1 for approval.
24. In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
25. The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will also be limited by the investment prudential indicator below.

Investment Strategy 2009/10 – 2011/12

26. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 1% Bank Rate reducing throughout 2009 and into 2010. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.
27. There is a clear operational difficulty arising from the current banking crisis. Ideally investments would be invested longer to secure better returns, however uncertainty over counterparty creditworthiness suggests shorter dated investments would provide better security.
28. **The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Head of Finance and MIS will temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal"**

conditions. Similarly the time periods for investments will be restricted.

29. Examples of these restrictions would be the greater use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria has been amended to reflect these facilities.

Sensitivity to Interest Rate Movements

30. Future Council accounts will be required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to treasury management costs/income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

£000	2009/10 Estimated + 1%	2009/10 Estimated - 1%
Revenue Budgets		
Interest on Borrowing	0	0
Investment income	153	(153)

Treasury Management Prudential Indicators and Limits on Activity

31. There are four further treasury prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs. The indicators are:

- Upper limits on variable interest rate exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

- Total principal funds invested for greater than 364 days – These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

32. The Council is asked to approve the following prudential indicators:

£000	2009/10	2010/11	2011/12
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	5,100	5,100	5,100
Limits on variable interest rates based on net debt	5,100	5,100	5,100
Limits on fixed interest rates:			
• Debt only	5,100	5,100	5,100
• Investments only	30,000	30,000	30,000
Limits on variable interest rates			
• Debt only	5,100	5,100	5,100
• Investments only	15,000	15,000	15,000
Maturity Structure of fixed interest rate borrowing 2009/10			
	Lower	Upper	
Under 12 months	0%	50%	
12 months to 2 years	0%	0%	
2 years to 5 years	0%	0%	
5 years to 10 years	0%	0%	
10 years and above	0%	100%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£000 12,000	£000 12,000	£000 12,000

Performance Indicators

33. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:

- Investments – Internal returns above the 7 day LIBID rate

The results of these indicators will be reported in the Treasury Annual Report for 2008/09.

Local Issues

34. The Council still has the one remaining Market Loan in its debt portfolio, of £5 million. The position of this loan is continually assessed with our Treasury Consultants, Butlers to see whether we are securing the best terms for the Council. At the current time the advice is to leave

this loan in its present form because of the large premium for premature repayment.

35. The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in treasury management are properly trained.

Treasury Management Practice (TMP) 1 (5) – Credit and Counterparty Risk Management

The Office of the Deputy Prime Minister (now CLG) issued Investment Guidance on 12th March 2004, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 14th March 2002 and will apply its principles to all investment activity. In accordance with the Code, the Head of Finance and MIS has produced its treasury management practices. This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

This strategy is to be approved by full Council.

The investment policy proposed for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

1. The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) .
6. A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.

For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

For category 5 this covers bodies with a minimum rating of A (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is a maximum amount of £3M for a maximum period of 3 years.

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	Supranational Bonds greater than 1 year to maturity	
	(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).	3M for 3 years
	(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})	3M for 3 years
	The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	

b.	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	3M
c.	A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes. Where these guarantees are in place and the government has an AAA sovereign long term rating these institutions will be included within the Council's criteria temporarily until such time as the ratings improve or the guarantees are withdrawn. Monies will only be deposited within the timeframe of the guarantee.	3M
d.	A body which is an Eligible Institution for the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008.	3M
e.	The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	3M
f.	Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The council may use such building societies which are in the top 30, but will restrict these type of investments to 1 year in length.	3M for 1 year
g.	Any bank or building society that has a minimum long term credit rating of A, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	Maximum limit of 100%, but no more than £12M of investments to have maturities of longer than one year at any one time.
h.	Any non rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the parent institution having a minimum rating of A (or the equivalent) as rated by Standard & Poor's, Moody's or Fitch rating agencies.	3M for 365 days
i.	Share capital or loan capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be	

invested in corporate bodies.	
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Within categories c, d and e, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. This criteria is that a maximum amount of £18M will be invested over all 3 categories but the length of the investments will be limited to the timescale of the guarantee or 1 year whichever is the shorter period.

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information from Butlers on a daily basis, as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Finance and MIS, and if required new counterparties which meet the criteria will be added to the list.

List of Consultees: Butlers Treasury Management Advisers

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Section 151 Officer Comments	The Proposed Capital Programme 2009/10 – 2011/12 does not require the need for prudential borrowing. The use of prudential borrowing, however, will be kept under review. If schemes were brought forward during the year which required prudential borrowing, Council approval would be sought.
Monitoring Officer Comments	None