

MEDIUM TERM FINANCIAL PLAN - ANNUAL BUDGET 2009/10

1. INTRODUCTION

- 1.1 In accordance with the Council's Financial Strategy this report sets out proposals for:
- General Fund Net Budget Requirement 2009/10
 - General Fund Capital Programme 2009/10 onwards
 - A level of Council Tax for 2009/10
 - Housing Revenue Account budget 2009/10
 - The Medium Term Financial Plan
 - A Strategic Efficiency Savings Plan
 - Treasury Management Strategy for 2009/10
- 1.2 At the Cabinet meeting of 1 October a Budget Strategy for 2009/10 was agreed within the context of the Medium Term Financial Plan. Following consultation with Review Panels this was subsequently updated at Cabinet on 3 December 2008.
- 1.3 During the autumn and winter the implications of the worldwide economic downturn have become more apparent. The Council's budgets are being required to manage a dramatic reduction in the amount of fees and charges income, reducing investment income, as a consequence of lower interest rates, and housing benefit caseloads increasing as the recession impacts. In light of this rapidly changing environment many of the original budget assumptions made in October have had to be re assessed. This report details these changes to the Council's financial plans.
- 1.4 At the December meeting it was reported that work was ongoing to develop the Council's Capital Programme. Proposals for the Capital Programme are set out within this report.
- 1.5 The report also set out proposals to develop a Strategic Efficiency and Savings Plan which will support the Medium Term Financial Plan.

2. REVIEW PANEL CONSULTATION

- 2.1 In accordance with normal practice, detailed revenue budgets for 2009/10 have been reported to Review Panels during January. These were developed within the context of the Council's agreed Budget Strategy for 2009/10, which was updated in December. Due to rapidly changing circumstances these budgets will need to be updated by the latest information. Details of the changes are set out within this report.

3. MEDIUM TERM FINANCIAL PLAN – GENERAL FUND UPDATE

3.1 Budget Assumptions

During the Autumn, Cabinet agreed a budget strategy based around a number of budget assumptions. The rapidly changing and unprecedented worldwide economic situation requires a more fundamental review of many of these

assumptions. In light of this the following is a reassessment of the likely budget position the Council faces.

3.1.1 Base Budget Changes

These are changes to the original budget for 2008/9 of £22,287,000 which arise from decisions taken by Council or Government after the budget was set in February 2008. Also included are changes to budget assumptions previously made. Overall a saving of £478,000 is identified as follows:

	£000's
New Costs	
<i>Loss of grant (PDG)</i>	80
New Approvals in 2008/09	
Community Engagement Grants	16
Ninth Centenary Trust	14
 Savings	
Non Recurring Expenditure	- 28
Income Gain (Rent Reviews)	- 60
Concessionary Fares	<u>-500</u>
	<u>-478</u>

A significant base budget change has been assumed for the national concessionary bus fares scheme which was introduced in April 2008. The take up of this scheme was difficult to predict and a budget estimate of costs of £1.9 million was estimated. During 2008/9, monitoring information, which has been gathered on a countywide basis, has not been forthcoming. Indications were provided before Christmas that there could be a saving of over £200,000. Latest indications are that the potential saving is now in the region of £500,000.

3.1.2 Cost Increases

The latest predictions for inflation in 2009/10 are for it to be below the Government's medium term target of 2%. The Governor of the Bank of England stated in his November report that "it is very likely that the Retail Price Index of inflation will go negative next year." On average, external forecasters predict that inflation will fall to 1.8% in 2009 (CPI in November 2008 was 4.1%).

In light of this, it is proposed to amend the previous budget assumptions for cost inflation as follows:

	Autumn Assumptions	Latest Assumptions
Pay	2.5%	1.8%
General Supplies & Services	2.0%	0%
General Other	2.0%	2.0%
Fuel (net of VAT)	£1.12 per litre	84p per litre (2008/9 95p per litre)
Energy – Gas	32%	32%
Electricity	28%	28%

3.1.3 Proposals for New Expenditure

The development of Portfolio Plans has identified the need for new expenditure of £327,000 and one off project related costs of £48,000. This is set out for consideration of Cabinet within Appendix A(i).

In addition, the capital programme will generate new revenue costs of £122,000. Details of this are set out in section 5 of this report.

Total new expenditure is therefore estimated at £497,000.

3.1.4 Savings and Efficiencies

Portfolio Plans also identified areas of budget saving and efficiency. In total £945,000 has been identified for consideration by Cabinet within Appendix A(ii).

3.1.5 Fees & Charges

The Council currently generates approximately £15 million from charges for services, nearly 20% of gross expenditure (2006/07 District Council average was 19%). In line with the Council's strategy budget, £461,000 (approx.3%) in additional income could normally have been expected to be generated in 2009/10.

On 15 December 2008 Council approved most of the fees and charges for 2009/10. Housing charges were not considered at the time and there has been a change to statutory charges for abandoned vehicles. The proposed charges are set out in Appendix A(iii) for consideration by Cabinet and recommendation to Council. In addition, the detailed budget assumes a 3% increase in site licence fees and service charges at Stillwater Park. This also needs to be recommended to Council.

Impact of Economic Downturn

As previously reported the impact of the economic downturn has had a significant effect on the Council's budget predictions for fees and charges income in 2009/10.

Planning Fees

The area most directly affected has been planning with fee income dramatically falling in Quarter 3 of 2008/9. Based upon current performance (Q3) the projection for 2009/10 is as follows:

	2008/09 Budget	2008/09 Forecast	2009/10 Projections	Year to year Change
Planning Fees	851,000	516,000	506,000	-345,000
Land Charges	442,000	306,000	258,000	-184,000
Building Control	640,000	530,000	383,000	-257,000
Total	1,933,000	1,352,000	1,147,000	-786,000

The latest budget monitoring forecast for 2008/09 indicates a reduction in the year of £581,000 against the original budget. Early budget projections for 2009/10 had predicted a reduction in income of £430,000, but this has been increased to £786,000, based on later activity levels

Health & Leisure Income

Health & Leisure income, which includes five Leisure Centres and Dibden Golf Club, amounts to £4.9 million. The impact of the economic downturn is again difficult to predict. Original projections had assumed £100,000 reduction in income due to the recession. The situation is being closely monitored and latest forecasts indicate income loss in the Leisure Centres for Quarter 3 of 2008/09 of nearly 10% compared to budget forecasts. Budget monitoring in 2008/09 predicts a shortfall in income of nearly £300,000. Based on most recent performance this would represent an overall loss of income for 2009/10 in the region of £600,000, an increase of £500,000 on the earlier forecast.

Recycling Income

The economic downturn has had an impact on the value of recyclable materials which have significantly reduced. Estimated income projections for 2009/10 derived from recyclable materials have been reduced by £100,000.

Fees & Charges Summary

In the present climate it is difficult to predict the likely situation in 2009/10, as a high level of uncertainty surrounds how “deep and long” the current predicted economic downturn will impact on the local community. The latest projections for 2009/10 are a “Best Guess” taking into account latest monitoring reports. A significant level of budget risk relates to these assumptions.

3.2 Interest Earnings

Since the Council established its Budget Strategy in October 2008 Base Rates have been reduced by 3 ½ % to 1 ½ % with an indication that they may still reduce further. In 2008/9 the Council anticipates earning investment income in the region of 5 to 6%. In 2009/10 a rate of return of approximately half of this is assumed, based upon Base Rates remaining at their current level during 2009/10. Investment income is now expected to be £600,000 a fall of £550,000 compared to the original budget for 2008/09.

3.3 Conclusion & Proposed Actions

- # 3.3.1 A comparison of 2009/10 budget projections and the 2008/09 budget are set out at Appendix A(v). This clearly shows that without the economic downturn the “normal” budget would have been developed and proposed within the actions already identified within the previously presented Portfolio Plans. However the economic downturn has through lower interest earnings and a decline in fees and charges income created an additional budget pressure of over £2 million. Despite identifying savings of nearly £1 million, which in themselves equate to more than 3% and the budget benefiting from a saving of approximately £500,000 in the cost of Concessionary Fares it is not envisaged

that this additional shortfall can be bridged in the short term from service budgets alone. These are clearly unprecedented times that the Council finances are facing.

- 3.3.2 The Council's financial standing in the short term is good. General Fund Reserves stand at £2,036,000. Monitoring of the 2008/09 budget indicates that the revenue budget may need support of reserves in the region of £250,000. Current Council policy has been to adjust the level of Capital reserves from resources generated by variations to the revenue budget. This will continue.
- 3.3.3 Given the future outlook, actions are already being taken to reduce expenditure, including new arrangements to review vacancies and to only incur expenditure which is essential. The development of a Strategic Efficiency and Savings programme is ongoing with the objective of delivering significant savings by April 2010, as identified by the Medium Term Financial Plan (Appendix A(vi)).
- # 3.3.4 There remains considerable uncertainty surrounding the budget for 2009/10 given the rapid decline in economic conditions. In addition to the items already highlighted in this report, there are probable other budget issues, such as the potential for further costs of Single Status and possible additional income from Local Authority Business Growth Initiative Grant and a share of Local Public Service Agreement funding, but these cannot be quantified at this stage. The position will be closely monitored and Members will be updated over the coming months. It is likely that the budget for 2009/10 will require corporate financial support. The following actions are proposed:
- a) The estimated 2009/10 budget shortfall of £1,298,000 will need to be funded from reserves.
 - b) To support this action it is proposed to use reserves as follows:
 - Set the General Fund Revenue Reserve requirement in 2009/10 to between £1.5 million and £2 million, in light of the current economic position.
 - Revise the reserve for Major Projects from £2 million to £1 million.
 - Balance the General Fund revenue budget through adjustment to the level of capital reserves maintained.
- # 3.3.5 The General Fund net budget requirement for 2009/10 will be £22,700,000 (Appendix iv), an increase of 1.9%. Government Grant, including share of business rates will be £11,468,000, an increase of 0.7%. The cost to met from Council Taxpayers will be £11,232,000, which after taking into account collection fund performance will result in a Band D Council Tax of £153.16 (2008/09 £148.70), an increase of 3% in line with the Council's strategy.

4. STRATEGIC EFFICIENCY AND SAVINGS PROGRAMME

- 4.1 The Council has for some time been successful at generating efficiency savings for redeployment to meet service spending pressures, to deliver a balanced budget and to meet central government requirements for cashable and non-cashable efficiencies associated with the spending settlement and wider government reviews such as "Gershon".

- 4.2 In 2009/10 the Council is required to publish on Council Tax bills its efficiency performance. The amounts to be presented are determined by central government based upon the Council's response to "Gershon" agenda. The following information with regard to New Forest District Council will appear either on the Council Tax bill or accompanying leaflet.

Forecast Efficiency Savings by March 2009	£1,008,000
Proportion of 2007/08 spend	3%
Aggregate impact of forecast efficiency by March 2009 for Band D savings (HCC, NFDC & Hampshire Fire Authority)	£65
Impact of Forecast efficiency savings by March 2009 for Band D – New Forest District Council (Average Hampshire District Council figure is £11)	£14
Impact of Forecast efficiency savings by March 2009 for Band D – Average for District Councils	£22

- 4.3 The government has established a target of 3% cashable efficiency savings for 2008/09 to 2010/11. The Council is on target to meet what is undoubtedly a stretching target.
- 4.4 The Council should develop an approach to embed further efficiency savings particularly recognising the difficult economic climate emerging within the UK and the rest of the world. This need for development of a Strategic Efficiency and Savings Plan is brought forward with the 2009/10 budget so that suitable arrangements can be put in place to support the Medium Term Financial Plan.
- 4.5 The purpose of this plan is not to set out detailed efficiency targets – this will be done in the budget preparation process for future budgets– but to develop a direction of travel for the Council in relation to efficiency.
- 4.6 The Strategic Efficiency and Savings Plan will seek to identify how further efficiencies and savings could come about, the processes to be followed and the potential areas for activity.
- 4.7 Developing a strategic approach to efficiency builds upon the success of the past and looks across the organisation in a corporate sense and where efficiencies will arise
- 4.8 The Strategic Efficiency Plan will include planned reviews of whole services, business process e.g. ongoing procurement initiatives, restrictions on spending, headcount reductions etc and business change e.g. increased self service, shared services etc.
- 4.9 The plan will work within a time frame which supports the Council's Medium Term Financial Plan.

4.10 This Plan is currently being developed by Officers in consultation with Portfolio Holders. It is proposed that a draft plan be developed prior to April 2009 for consideration by all members to enable delivery within the parameters of the Medium Term Financial Plan.

5. CAPITAL PROGRAMME & PROJECT WORKS

5.1 The proposed capital programme for 2009/10 totals £12.084m. It is summarised by
Portfolio in Appendix B(i) and details of the specific schemes are set out in
Appendices B(iii) to B(ix).

5.2 The programme includes investment of £2.14m in new/replacement equipment related to maintaining and enhancing services.

	£'000
Vehicle Fleet	1107
ICT Hardware & Software	498
Leisure Equipment	535

	2140

This expenditure is deferred over the life of the assets and is financed from service revenue budgets. The additional revenue cost in 2009/10 of the proposed programme is estimated at £76,000 and is included within New Expenditure items in Appendix A(i). The programme includes items totalling £516,000 which are scheduled for replacement in 2009/10 but replacement in that year is not essential.

5.3 The programme also includes proposed expenditure of £7.099m on Housing projects, which is financed from Housing capital resources, £675,000 on Coast Protection items, financed from Government Grants and £92,000 of schemes financed from Developers' Contributions.

5.4 After allowing for the items in paragraphs 5.2 and 5.3 the balance of the
programme, which is analysed in Appendix B(ii), is £2.078m. This is financed,
in line with the Council's financial strategy, by means of:

5.4.1 A Corporate Annual Revenue Contribution - The General Fund Revenue budget contribution to capital expenditure is determined in light of the overall revenue budget.

5.4.2 A Capital Reserve – This has been generated from surplus revenue funds accumulated in earlier years. As at 1st April 2008 the Capital Reserve was £5,880,000. At the October meeting of Cabinet the Council determined to provide £2 million of the uncommitted capital reserves to enable three major projects currently identified (One Site, Totton Health & Leisure, Ringwood Town Centre) to enable progress during the early stages of their development, but as detailed in paragraph 3.3.4 it is now proposed to reduce this to £1m. .

5.4.3 Capital Receipts - Proceeds from the sale of assets are used to support the capital programme. Assumptions over the medium term (2008/09-2010/11) assume £300,000 to be generated.

- 5.5 Every year demand for projects is always in excess of the funds available.
- 5.6 To help support Cabinet the Asset Management Group have developed a system of project prioritisation for expenditure on the Council's existing assets that addresses the following categories of work:
- a. Statutory
 - b. Intended to protect the fabric of the building.
 - c. Likely to have a positive impact on income generation.
 - d. Desirable to enhance the quality of service.

Individual scheme proposals are set out in Appendices B(vi) to B(ix) with references to the above categories.

5.7 In addition to investment in the Council's own assets, plans are presented related to partnership and community projects. Currently schemes totalling £105,000 are set out within Appendix B(ii) for consideration by Cabinet.

5.8 The reduction in Capital Reserves as a consequence of the 2009/10 action to support the revenue budget will require a review of both the capital programme and future capital financing strategies during 2009/10. Planned resources available indicate that the annual asset capital programme (council resources) under current policies will reduce as follows:

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
Capital Programme	2,256	2,078	1,981	811

This level of programme is also dependant on the £811,000 Revenue Contribution to Capital continuing. For this to occur, the Efficiency and Savings plan would need to deliver a balanced revenue budget for 2009/10 with no continuing draw from capital resources.

6. HOUSING REVENUE ACCOUNT

- # 6.1 The proposed Housing Revenue Account budget for 2009/10 (Appendix C) was considered by Housing Review Panel on 21 January 2009. It includes recommended increases of 5.8% in Housing rents, in line with the Government's convergence criteria, a 40p per week (plus VAT for non-Council Tenants) increase in garage rents and increases in service charges in line with detailed proposals as set out in Section 2 of the report.
- 6.2 **Tenants Comments** – Whilst tenants recognised the Council's position in relation to Government guidelines on rent setting, and did understand and accept the need for the proposed rent increase, they did raise concerns that many people's pay increases were a lot less than the proposed new rents.

7. TREASURY MANAGEMENT STRATEGY

- # 7.1 The Prudential Code for Capital Finance in Local Authorities requires the Council to approve, revise and monitor a number of prudential indicators. The indicators cover the affordability and prudence of capital expenditure, external debt and the Council's treasury and investment strategies for each financial year. The detailed report is set out in Appendix D.

8. CRIME AND DISORDER, ENVIRONMENT AND EQUALITY & DIVERSITY

- 8.1 There are no specific implications arising directly from this report.

9. EMPLOYEE SIDE COMMENTS

- 9.1 These will be reported orally at the meeting.

10. RECOMMENDATIONS

Cabinet is asked to recommend to Council :

- 10.1 That site licence fees and service charges at Stillwater Park be increased by 3%.
- 10.2 That the additional fees and charges schedules, as set out in Appendix A(iii) be approved.
- 10.3 A General Fund Net Budget Requirement of £22,700,000.
- 10.4 A Band D Council Tax of £153.16.
- 10.5 The Capital Programme for 2009/10 of £12.084m.
- 10.6 Approval of the HRA budget set out in Appendix C, including an average increase of 5.8% in rents for 2008/09, in line with rent restructuring guidelines, a 40p per week increase in garage rents (plus VAT for garages let to non-Council tenants) and increases in service charges in line with the detailed proposals in Section 2 of Appendix C.
- 10.7 Adoption of the Treasury Management prudential indicators, and approval of the treasury management strategy and prudential indicators as set out in Appendix D.
- 10.8 Development of a Strategic Efficiency and Savings Plan to be presented for consideration by Cabinet in April 2009.

For Further Information Contact:

Bob Jackson, Executive Director
Tel: 023 8028 5263
E-mail: bob.jackson@nfdc.gov.uk

Background Papers:

NEW EXPENDITURE

	£'000	£'000
Employment, Health & Wellbeing Portfolio		
Aim 4.2- Various	8	
Aim 4.3 - Not increasing Life Line Charges	<u>9</u>	17
Environment Portfolio		
Aim 5.1 - Kerb Line Detritus	35	
Aim 5.1 - Health and Safety Assessments	3	
Aim 5.3 - Hard Disk Recording on RCVs	12	
Aim 5.3 - Health and Safety Assessments	<u>2</u>	52
Finance & Efficiency Portfolio		
Aim 2.1 - Loss of HB Administrative Grant		72
Housing Portfolio		
Aim 6.1 - Rural Housing Enabler (HARAH)	9	
Aim 6.1 - Various	4	
Aim 6.2 - 5 Yearly Stock Survey of Private Sector Housing (Annual Contribution)	<u>12</u>	25
Leisure Portfolio		
Aim 7.2 - Free Swimming (over 60s / under 16s)	38	
Aim 7.2 - Superannuation	21	
Aim 7.2 - Total other items	<u>44</u>	103
Policy & Resources Portfolio		
Aim 1.4 - Partnership Work	<u>10</u>	10
Planning & Transportation Portfolio		
Aim 8.3 - Lymington Parking Survey	15	
Aim 8.3 - New Forest Tour (Continuation of Funding)	15	
Aim 8.3 - Lighting Maintenance (PFI)	<u>18</u>	48
Total Proposed New Expenditure		<u>327</u>
Revenue Implication of Capital Equipment Programme		76
Revenue Implication of CCTV Extension		46
<u>PROJECT RELATED</u>		
Housing Portfolio		
Aim 6.2 - 5 Yearly Stock Survey "Top Up"		48
TOTAL ADDITIONAL EXPENDITURE INCLUDED IN 09/10 BUDGET		<u><u>497</u></u>
Policy & Resources Portfolio (ICT INVESTMENT PANEL CONSIDERATION)		
Aim 1.2 - Performance Management System		15

BUDGET SAVINGS

	£'000	£'000
Crime & Disorder Portfolio		
Aim 3.1 - Policy Change Savings - ACSOs	-48	
Aim 3.1 - Various Management Efficiencies	-30	-78
	<hr/>	
Employment, Health & Wellbeing Portfolio		
Aim 4.1 - Management Efficiencies	-44	
Aim 4.2 - Policy Change re Stray Dogs	-25	
Aim 4.2 - Management Efficiencies	-29	-98
	<hr/>	
Environment Portfolio		
Aim 5.1 - Various Efficiencies	-74	
Aim 5.2 - Management Efficiencies	-10	
Aim 5.3 - Various Efficiencies	-52	
Aim 5.4 - Management Efficiencies	-5	
Aim 5.1 - Cemetery Fees	-19	-160
	<hr/>	
Finance & Efficiency Portfolio		
Aim 2.1 - Savings proposed to deliver		-280
Housing Portfolio		
Aim 6.2 - Management Efficiencies		-40
Leisure Portfolio		
Aim 7.2 - Management Efficiencies		-87
Policy & Resources Portfolio		
Aim 1.1 - Policy Change (Reduced Consultants Costs)	-5	
Aim 1.4 - Management Efficiencies	-2	-7
	<hr/>	
Planning Development Control Committee		
Closure of Planning Reception Desk	-23	
Reduction of Development Control Administration	-11	-34
	<hr/>	
Planning & Transportation Portfolio		
Aim 8.2 - Land Charges Team	-36	
Aim 8.2 - Building Control	-44	
Aim 8.3 - Increased Parking Charges	-81	-161
	<hr/>	
Total Proposed Budget Savings		<u><u>-945</u></u>

ABANDONED VEHICLES FEES AND CHARGES FOR 2009/10 - UPDATE

1 INTRODUCTION

- 1.1 Cabinet considered the consolidated fees and charges proposals of all Review Panels and Committees in December and these were subsequently approved by Council on the basis of Cabinet recommendation.
- 1.2 On 15 January the Environment Review Panel has considered an amendment to the proposed charges for abandoned vehicles which are prescribed by Government and supports the revised fees and charges proposals.

2 RECOMMENDATIONS / COMMENTS FROM PANELS AND COMMITTEES

- 2.1 The amounts that the Council is able to charge for abandoned vehicle are fixed by the Government. For many years, these statutory charges were fixed at £105 for the removal of an abandoned vehicle and £85 for the disposal of an abandoned vehicle.
- 2.2 The Government has reviewed the statutory charges for abandoned vehicles and has decided to introduce a scale of charges which depend upon the size of the vehicle abandoned, the condition of the vehicle and the location of the vehicle. A summary of the new charges is given below. These new statutory charges are effective from 1 October 2008.

CHARGE FOR THE REMOVAL OF AN ABANDONED VEHICLE

	Less than 3.5 tonnes	3.5 to 7.5 tonnes	7.5 to 18 tonnes	More than 18 tonnes
On-road	£150	£200	£350	£350
On-road, damaged	£250	£650	Unladen £2000 Laden £3000	Unladen £3000 Laden £4500
Off-road	£200	£400	Unladen £1000 Laden £1500	Unladen £1500 Laden £2000
Off-road, damaged	£300	£850	Unladen £3000 Laden £4500	Unladen £4500 Laden £6000

STORAGE – per 24 hours or part thereof

Two wheeled	Less than 3.5 tonnes	3.5 to 7.5 tonnes	7.5 to 18 tonnes	More than 18 tonnes
£10	£20	£25	£30	£35

DISPOSAL

Two wheeled	Less than 3.5 tonnes	3.5 to 7.5 tonnes	7.5 to 18 tonnes	More than 18 tonnes
£50	£75	£100	£125	£150

3 FINANCIAL IMPLICATIONS

3.1 The proposed fees and charges shown in Section 2 are statutory charges set by the Government. In most cases the new statutory charges are considerably higher than the old charges. However the overall increase in income for the Council is not expected to be significant.

HOUSING PORTFOLIO**PROPOSED SCALE OF FEES AND CHARGES FOR 2009/10**

	Charges 2008/09 £	Proposed Charges 2009/10 £	Increase %	Review Indicator
Lifeline Charge - Hire per week	3.40	3.40	0.0	M / L
Lifeline Charge - Link to Central Control for private units per year	83.50	83.50	0.0	M / L
Sheltered Housing - Guestroom Charge	10.00	10.00	0.0	M / L
Property Inspection	93.50	93.50	0.0	M / L

Charges are inclusive of 17¹/₂ % VAT.

Review Indicator Key

- M*** = Market Comparisons undertaken
- L*** = Local Authority Comparisons undertaken
- S*** = Statutory Charge Level

NEW FOREST DISTRICT COUNCIL
GENERAL FUND REVENUE BUDGET SUMMARIES
SUMMARY OF NET BUDGET REQUIREMENTS WITH FINANCE

	2008/09 Budget	2009/10 Gross Expenditure	2009/10 Income	2009/10 Budget
	£,000	£,000	£,000	£,000
PORTFOLIO REQUIREMENTS				
Finance & Efficiency	5,028	47,583	-42,533	5,050
Crime & Disorder	691	711	-55	656
Planning & Transportation	2,507	6,916	-4,570	2,346
Environment	7,482	8,868	-1,301	7,567
Housing	1,396	1,951	-467	1,484
Employment, Health & Wellbeing	2,286	3,119	-834	2,285
Leisure, Culture & Youth Matters	3,407	10,667	-6,391	4,276
General Purposes & Licensing Committee	664	999	-270	729
Planning Development Control Committee	881	2,056	-750	1,306
Inflation Adjustment: re Pay, Supplies & Services	0	-301	0	-301
	24,342	82,569	-57,171	25,398
Deduct - Asset Rental Income	-3,199	0	-3,391	-3,391
NET PORTFOLIO REQUIREMENTS	21,143	82,569	-60,562	22,007
ADD - Capital Financing Provision	811	811	0	811
- Minimum Revenue Provision	1,514	1,780	0	1,780
	23,468	85,160	-60,562	24,598
DEDUCT - Interest Earnings (Net)	-1,150	0	-600	-600
	22,318	85,160	-61,162	23,998
	-31	0	0	0
Transfer from Reserves	0	0	-1,298	-1,298
	0	0	0	0
GENERAL FUND NET BUDGET REQUIREMENTS	22,287	85,160	-62,460	22,700
<u>COUNCIL TAX CALCULATION</u>				
Budget Requirement	22,287	85,160	-62,460	22,700
Less:				
Estimated Collection Fund Surplus	-173	0	-151	-151
Revenue Support Grant	-1,392	0	-2,151	-2,151
Non Domestic Rate Redistribution	-10,000	0	-9,317	-9,317
COUNCIL TAX	10,722	85,160	-74,079	11,081
TAX BASE NUMBER OF PROPERTIES	72,101.30			72,350.90
COUNCIL TAX PER BAND D PROPERTY	148.70			153.16
GENERAL FUND BALANCE REQUIREMENT	2.036M			£1.5M - £2M

General Fund Revenue Budget- Variation from 2008/09 budget to 2009/10 budget

	£000's	£000's
Original Budget 2008/09		22,287
Changes to Base Budget		<u>-478</u>
		21,809
<u>Service Cost Changes</u>		
Pay Award (Inc Incremental)	675	
General Costs - Supplies & Services	0	
General Costs - Other	262	
Fuel	-40	
Energy	165	
Additional Income @ 3% (Original Plans)	<u>-461</u>	
	601	
New Expenditure	<u>497</u>	
	1,098	
Annual Efficiency/Savings	<u>-945</u>	153
<u>Impact of Economic Downturn</u>		
Reduction in Income from Fees & Charges	1,486	
Interest on Cash Balances	<u>550</u>	2,036
Use of Reserves		-1,298
<u>Net Budget Requirement</u>		<u><u>22,700</u></u>
<u>Financed from:</u>		
Government Grant		11,468
Council Tax		<u>11,232</u>
		<u><u>22,700</u></u>

Medium Term Financial Plan

3 Year Projections

	2009/10 £000's	2010/11 £000's	2011/12 £000's
Opening Base Budget	22,287	23,998	23,198
Changes to Base Budget	-478	-48	0
<u>Service Cost Changes</u>			
Pay Award (Inc Incremental)	675	800	800
Pension - Actuarial Revaluation	0	200	0
General Costs - Supplies & Services	0	195	195
General Costs - Other	262	192	192
Fuel	-40	30	30
Energy	165	20	20
Income from Fees & Charges	-461		-500
	123	1,389	737
New Expenditure	497	500	700
	620	1,889	1,437
Annual Efficiency/Savings	-945	-2,689	-840
	-325	-800	597
<u>Impact of Economic Downturn</u>			
Reduced Income from Fees & Charges	1,486	0	0
Interest on Cash Balances	550		-250
	2,036	0	-250
Base Budget	23,998	23,198	23,545
Use of Reserves	-1,298	0	0
<u>Net Budget Requirement</u>	<u>22,700</u>	<u>23,198</u>	<u>23,545</u>
<u>Financed from:</u>			
Government Grant	11,468	11,629	11,629
Council Tax @ 3%	11,232	11,569	11,916
	<u>22,700</u>	<u>23,198</u>	<u>23,545</u>

NEW FOREST DISTRICT COUNCIL
CAPITAL EXPENDITURE
SUMMARY AND RESOURCES 2008/09 TO 2012/13

APPENDIX B(i)

Date Prepared :-

26-Jan-09

ESTIMATED EXPENDITURE

Housing

Housing - Private Sector

Housing - Public Sector

TOTAL HOUSING

Other Services

Crime & Disorder

Employment, Health & Wellbeing

Environment - Coast Prot

Environment - General

Finance & Efficiency/Policy & Resources

Leisure - Developers' Contributions

Leisure - General

Planning & Transportation

Reserve List/Saving to be found

TOTAL OTHER SERVICES

TOTAL CAPITAL EXPENDITURE

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
Housing - Private Sector	1,848	1,923	938	518	518	5,745
Housing - Public Sector	5,681	5,176	5,176	5,176	5,171	26,380
TOTAL HOUSING	7,529	7,099	6,114	5,694	5,689	32,125
Other Services						
Crime & Disorder	294	227	-	-	-	521
Employment, Health & Wellbeing	73	-	7	-	-	80
Environment - Coast Prot	2,087	675	861	609	-	4,232
Environment - General	184	290	275	175	175	1,099
Finance & Efficiency/Policy & Resources	1,672	1,687	65	4	-	3,428
Leisure - Developers' Contributions	438	58	-	-	-	496
Leisure - General	1,928	1,694	1,433	287	364	5,706
Planning & Transportation	548	354	43	114	-	1,059
Reserve List/Saving to be found			424	294	302	1,020
TOTAL OTHER SERVICES	7,224	4,985	3,108	1,483	841	17,641
TOTAL CAPITAL EXPENDITURE	14,753	12,084	9,222	7,177	6,530	49,766

PROPOSED FINANCING

Major Repairs Subsidy

Revenue Provision HRA

Total Ringfenced Hsg Public Sector

Grants & Other Contributions

Usable Capital Receipts

TOTAL HOUSING RESOURCES

Grants & Other Contributions

Developers' Contributions

Revenue Provision (Gen. Fund.)

Usable Capital Receipts

Internal Financing

Capital Reserve

TOTALS

	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Major Repairs Subsidy	3,317	3,443	3,443	3,443	3,443	17,089
Revenue Provision HRA	2,364	1,733	1,733	1,733	1,728	9,291
Total Ringfenced Hsg Public Sector	5,681	5,176	5,176	5,176	5,171	26,380
Grants & Other Contributions	314	318	318	318	318	1,586
Usable Capital Receipts	1,534	1,605	620	200	200	4,159
TOTAL HOUSING RESOURCES	7,529	7,099	6,114	5,694	5,689	32,125
Grants & Other Contributions	2,195	675	861	609	-	4,340
Developers' Contributions	863	92	-	-	-	955
Revenue Provision (Gen. Fund.)	811	811	811	811	811	4,055
Usable Capital Receipts	100	100	100	100	100	500
Internal Financing	1,910	2,140	266	340	313	4,969
Capital Reserve	1,345	1,167	1,070	- 377	- 383	2,822
TOTALS	14,753	12,084	9,222	7,177	6,530	49,766

ESTIMATED BALANCES

CAPITAL RESERVE B/FWD

T/F to Major Projects

T/F to Revenue

In Year Use

CAPITAL RESERVE C/FWD

	01/04/08 £000	01/04/09 £000	01/04/10 £000	01/04/11 £000	01/04/12 £000	Total £000
CAPITAL RESERVE B/FWD	5,880	3,535	1,070	-	377	5,880
T/F to Major Projects	- 1,000	-	-	-	-	- 1,000
T/F to Revenue	-	- 1,298	-	-	-	- 1,298
In Year Use	- 1,345	- 1,167	- 1,070	377	383	- 2,822
CAPITAL RESERVE C/FWD	3,535	1,070	-	377	760	760

DEV. CONTRIBUTIONS B/FWD.

In Year Use

DEV. CONTRIBUTIONS C/FWD.

DEV. CONTRIBUTIONS B/FWD.	4,373	3,510	3,418	3,418	3,418	4,373
In Year Use	-863	-92	-	-	-	-955
DEV. CONTRIBUTIONS C/FWD.	3,510	3,418	3,418	3,418	3,418	3,418

Capital Programme

(Inhouse non housing Capital Resources)

	2008/09 £000's	2009/10 £000's	2010/11 £000's
Current Approved Programme			
As detailed in capital expenditure sheets	2256		
Totton Town Centre		320	
CCTV - New Milton & Hythe		227	
		<u>547</u>	<u>0</u>
Asset Management Group			
Statutory		358	228
Fabric of Building		587	410
Income Dependant		60	509
Desirable		39	165
Reserve List			450
		<u>1044</u>	<u>1762</u>
Partnership Funding			
Youth Facilities Project Grant			50
Milford on Sea Community Association Grant		50	
Lyndhurst Community Association		30	
Ringwood Community Association			30
Breamore Village Hall		25	
Waterside Theatre			30
Waterside Synthetic Turf Pitch			50
Marchwood Youth Centre			85
		<u>105</u>	<u>245</u>
Schemes rephased from 2008/09		382	
Saving to be found			-26
	<u>2256</u>	<u>2078</u>	<u>1981</u>
Funding			
Annual Revenue Contribution	811	811	811
Capital Reserves	1445	1267	1170
	<u>2256</u>	<u>2078</u>	<u>1981</u>
Capital Reserves			
As at April	5880	3535	1070
In Year Capital Receipts	100	100	100
	<u>5980</u>	<u>3635</u>	<u>1170</u>
Used	-1445	-1267	-1170
Major Projects Reserve	-1000		
Transfer to Revenue		-1298	
As at March	<u>3535</u>	<u>1070</u>	<u>0</u>

NEW FOREST DISTRICT COUNCIL
HOUSING PORTFOLIO CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13

Appendix B(iii)

PROJECT	Est Total Cost	Actual To 31.03.08	Original Estimate 2008/09	Forecast Capital Expenditure				
	£'000	£'000	£'000	2008/09	2009/10	2010/11	2011/12	2012/13
HOUSING PORTFOLIO PRIVATE SECTOR								
Reductions in programme to be identified						-985	-1,405	-1,405
Improvement Grants:								
Private Sector Renewal / Home Repairs	510		102	102	102	102	102	102
Disabled Facilities Grant	2,531		424	503	507	507	507	507
TOTAL IMPROVEMENT GRANTS	3,041	N/A	526	605	609	609	609	609
Enabling Activities:								
Social Housing Grant	6,499		2,741	1,243	1,314	1,314	1,314	1,314
TOTAL ENABLING ACTIVITIES	6,499	N/A	2,741	1,243	1,314	1,314	1,314	1,314
SUBTOTAL PRIVATE SECTOR	9,540	N/A	3,267	1,848	1,923	938	518	518
PUBLIC SECTOR								
Major Repairs	25,494		5,595	5,595	4,976	4,976	4,976	4,971
Environmental Enhancements	886		100	86	200	200	200	200
SUBTOTAL PUBLIC SECTOR	26,380	N/A	5,695	5,681	5,176	5,176	5,176	5,171
GROSS TOTAL	35,920	N/A	8,962	7,529	7,099	6,114	5,694	5,689
LESS: GRANT INCOME								
Major Repairs Allowance	-17,089		-3,317	-3,317	-3,443	-3,443	-3,443	-3,443
Disabled Facilities Grant	-1,586		-254	-314	-318	-318	-318	-318
NET TOTAL	17,245	N/A	5,391	3,898	3,338	2,353	1,933	1,928

**NEW FOREST DISTRICT COUNCIL
CRIME AND DISORDER PORTFOLIO CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13**

PROJECT	Key	No.	Est	Actual Est.	Original	Forecast Capital Expenditure					Future
			Total Cost £'000	To 31.03.08 £'000	Estimate 2008/09 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Years £'000
<u>CRIME & DISORDER PORTFOLIO</u>											
<u>CCTV</u>											
CCTV Programme			510	0	180	180					330
New Milton/Hythe			341			114	227				
TOTAL CCTV			851	0	180	294	227	0	0	0	330
GROSS TOTAL			851	0	180	294	227	0	0	0	330
NET TOTAL			851	0	180	294	227	0	0	0	330

NEW FOREST DISTRICT COUNCIL
EMPLOYMENT, HEALTH AND WELLBEING PORTFOLIO CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13

PROJECT	Key	No.	Est	Actual Est.	Original	Forecast Capital Expenditure					Future
			Total Cost	To 31.03.08	Estimate 2008/09	2008/09	2009/10	2010/11	2011/12	2012/13	Years
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>EMPLOYMENT, HEALTH AND WELLBEING</u>											
<u>Tourism</u>											
DDA works to VIC's			18	0	15	18	0	0	0		0
Eling Wharf			0	0	0	0	0	0	0		0
Contaminated Land Investigations - Hordle			27		27	27	0	0	0		0
Contaminated Land Investigations - Ringwood			28		28	28	0	0	0		0
TOTAL Tourism			73	0	70	73	0	0	0	0	0
Replacement of noise monitoring equipment			7	0	0	0	0	7	0		0
TOTAL			7	0	0	0	0	7	0	0	0
GROSS TOTAL			80	0	70	73	0	7	0	0	0
LESS: Grant from Defra			-55		-55	-55					
NET TOTAL			25	0	15	18	0	7	0	0	0

NEW FOREST DISTRICT COUNCIL
ENVIRONMENT PORTFOLIO CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13

PROJECT	Key	Est	Actual Est.	Original	Forecast Capital Expenditure					Future
		Total Cost	To 31.03.08	Estimate 2008/09	2008/09	2009/10	2010/11	2011/12	2012/2013	Years
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>ENVIRONMENT PORTFOLIO</u>										
<u>COAST PROTECTION*</u>										
Hurst Spit Beach Management		38	0	38	38					
Coastal Strategy Plan Christchurch Bay		0	0	30	0					
Coastal Strategy Plan Western Solent		0	0	30	0					
Solent Dynamic Project		32	0	24	32					
North Solent SMP Review		125	0	106	125					
Strategic Regional Coastal Monitoring Programme - Phase 1		13	0		13					
Strategic Regional Coastal Monitoring Programme - Phase 2		3,185	0	1,045	1,040	675	861	609		
Milford on Sea Emergency Works		839	0	0	839					
GROSS COAST PROTECTION		4,232	0	1,273	2,087	675	861	609	0	0
Less: Grants/Contributions*		-4,232	0	-1,273	-2,087	-675	-861	-609	0	0
NET COAST PROTECTION		0	0	0	0	0	0	0	0	0
<u>CEMETERIES</u>										
Eling Cemetery - setting out new land	S	200	0	0	0	100	100			
TOTAL CEMETERIES		200	0	0	0	100	100	0	0	0
<u>PUBLIC CONVENIENCES</u>										
St Thomas Street, Lymington		0	0							
Library Road, Totton		13	0	10	13					
Rolling programme of replacement PCs	F	853	0	275	153	175	175	175	175	
Toilet Unit Barton on Sea		18	0	0	18					
TOTAL PUBLIC CONVENIENCES		884	0	285	184	175	175	175	175	0
<u>OTHER</u>										
Green Waste Holding Bays	ID	15	0	0	0	15	0			
TOTAL OTHER		15	0	0	0	15	0	0	0	0
GROSS TOTAL		5,331	0	1,558	2,271	965	1,136	784	175	0
LESS: Coast Protection* Grant Contribution		-4,232	0	-1,273	-2,087	-675	-861	-609	0	0
TOTAL GRANTS & CONTRIBUTIONS		-4,232	0	-1,273	-2,087	-675	-861	-609	0	0
NET TOTAL		1,099	0	285	184	290	275	175	175	0

NEW FOREST DISTRICT COUNCIL
FINANCE & EFFICIENCY/POLICY & RESOURCES PORTFOLIOS CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13

PROJECT	Key	Est	Actual	Original	Forecast Capital Expenditure					Future
		Total Cost	To 31.03.08	Estimate 2008/09	2008/09	2009/10	2010/11	2011/12	2012/13	Years
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>CIVIC BUILDINGS</u>										
Health & Safety Compliance		9	0		9					
Design/Preparatory Work		33	0		33					
TOTAL CIVIC BUILDINGS		42	0	0	42	0	0	0	0	0
<u>APPLETREE COURT</u>										
Combined Reception South Wing		3			3					
Install Sound System in Council Chamber		5		5	5					
Pantry Equipment Replacement	D	26		2	2		9	4		11
DDA works - refurbish reception counter		12		12	12					
CCTV		21			21					
Replace Gravel Path	S	5				5				
South Wing Ramp	S	38					38			
North Wing Windows Replacement	F	18					18			
TOTAL APPLETREE COURT		128	0	19	43	5	65	4	0	11
<u>TOWN HALL</u>										
Electrical Circuits		2			2					
Light Alarms	S	2				2				
TOTAL TOWN HALL		4	0	0	2	2	0	0	0	0
<u>RINGWOOD PUBLIC OFFICES</u>										
Light Alarms	S	2				2				
DDA	S	2				2				
TOTAL RINGWOOD PUBLIC OFFICES		4	0	0	0	4	0	0	0	0
<u>INFORMATION OFFICES</u>										
DDA works Fawley Information Office		15		15	15					
TOTAL INFORMATION OFFICES		15	0	15	15	0	0	0	0	0

NEW FOREST DISTRICT COUNCIL
FINANCE & EFFICIENCY/POLICY & RESOURCES PORTFOLIOS CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13

PROJECT	Key	Est	Actual	Original	Forecast Capital Expenditure					Future
		Total Cost	To 31.03.08	Estimate 2008/09	2008/09	2009/10	2010/11	2011/12	2012/13	Years
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>TOTTON DEPOT</u>										
H&S Improvements		10		10	10					
Office Improvements		10		10	10					
TOTAL TOTTON DEPOT		20	0	20	20	0	0	0	0	0
<u>MARSH LANE DEPOT</u>										
Accommodation Improvements & Additions		89			89					
Hythe Depot		17			17					
H&S works		20		20	20					
Replace Main Stores Roof	F	60				60				
Replacement Heaters in Main Store	F	11				11				
TOTAL MARSH LANE DEPOT		126	0	20	126	71	0	0	0	0
<u>INFORMATION TECHNOLOGY</u>										
Hardware/Software		1,407		835	924	483				0
Consultancy/Training		15		65		15				
TOTAL INFORMATION TECHNOLOGY		1,422		900	924	498	0	0	0	0
<u>VEHICLES & PLANT - Replacement</u>										
- Additional		1,508		757	401	1,107				
		74		69	74					
		1,582	0	826	475	1,107	0	0	0	0
<u>ADMINISTRATIVE EQUIPMENT</u>										
		25		6	25	0			0	0
GROSS TOTAL		3,368	0	1,806	1,672	1,687	65	4	0	11
NET TOTAL		3,368	0	1,806	1,672	1,687	65	4	0	11

Priority key

S = Statutory (H&S / Legislative etc)

F = Fabric of bldg

ID = Income dependant

D = Desirable

NEW FOREST DISTRICT COUNCIL
LEISURE, CULTURE & YOUTH MATTERS PORTFOLIO CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13

PROJECT	KEY	Est	Actual	Original	Forecast Capital Expenditure					Future
		Total Cost £'000	to 31.03.08 £'000	Estimate 2008/09 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	Years £'000
<u>LEISURE PORTFOLIO</u>										
<u>ALL CENTRES</u>										
Equipment										
Pool Treatment Plant Replacement Programme	F	42		12	14	10	10	8		
AIG Lease buy-out		148		44	49	54	45			
Remedial works to Resin Floors		14			14					
Pool Hoists; Totton, NM & Applemore	S	16		16	16					
Feasibility/Design Boiler Parts; Totton, NM & Town Hall	F	15				15				
CCTV/Lighting	D	10				10				
All Centres Signage	D	60				30	30			
TOTAL ALL CENTRES		20				20				
		325	0	72	93	119	105	8	0	0
<u>APPLEMORE HEALTH & LEISURE CENTRE</u>										
Equipment										
Centre Waste Plumbing	R	409		117	75	143	31	48	112	
Tanking and Re-tiling of Wet Change	R	11		11	0	11				
DDA - Remark Car Park		27		28	1	26				
DDA - Changing Room Compliance	R/O	14		15	14					
Centre Roof Works		181			63	118				
Profiles Air Conditioning	ID	8			8					
Chair Lift and Lift Power Supply	S	20				20				
Upgrade to Pirates Paradise	D	15				15				
TOTAL APPLEMORE HEALTH & LEISURE CENTRE		14				14				
		699	0	171	161	333	45	48	112	0
<u>NEW MILTON HEALTH & LEISURE CENTRE</u>										
Equipment										
Sports Hall Lighting		272		118	167	45	16	17	27	
Car Park Barriers		13			13	0				
Works to Lift		15		10	15					
Replacement PA System	S	18			18					
Replacement PA System	S	8				8				
Replace Main Flat Roof	F	7				7				
Bike Racking	D	125				125				
TOTAL NEW MILTON HEALTH & LEISURE CENTRE		9				9				
		467	0	128	213	194	16	17	27	0

PROJECT	KEY	Est	Actual	Original	Forecast Capital Expenditure					Future
		Total Cost	to 31.03.08	Estimate 2008/09	2008/09	2009/10	2010/11	2011/12	2012/13	Years
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>RINGWOOD HEALTH & LEISURE CENTRE</u>										
Equipment		296		22	36	124	43	76	17	
Replacement P.A. System		2		2	2					
Pool Lighting Upgrade		22		22	22					
Extension for 816 gym	R/S	126		130	121	5				
Extension for 816 gym Equipment		90		90	90					
Playsite Air Cooling / Upgrade		17		18	17					
Playsite Air Cooling / Upgrade Equipment		6		6	6					
Fitness Corridor Refurbishment		9		8	9					
Car Park Control and security		62			62					
Replacement of M.U.G.A. Surface	S	46				46				
Poolside Walls Recovering	F	12				12				
External Main Steels/Roof Profile/Guttering	F	18					18			
Poolside CCTV	D						15			
Office Modifications	D	12					12			
TOTAL RINGWOOD HEALTH & LEISURE CENTRE		718	0	298	365	187	88	76	17	0
<u>LYMINGTON HEALTH & LEISURE CENTRE</u>										
Equipment		243		139	26	144	34	32	7	
Extension for 816 Gym	R/ID	489		450	0	5	484			
Extension for 816 Gym Equipment	ID	75		75	0		75			
Studio 2 Refurbishment	R	14		14	6	8				
Studio 2 Refurbishment Equipment		10		10	10					
Sports Hall Refurbishment		12		20	12					
New Entrance Doors	F	11				11				
Replace Bi-flow channel in Pool Hall	F	100					100			
DDA Refurbishment to Wet Village Changing Room	S	80					80			
TOTAL LYMINGTON HEALTH & LEISURE CENTRE		1,034	0	708	54	168	773	32	7	0
<u>TOTTON HEALTH & LEISURE CENTRE</u>										
Equipment		198		42	42	6	12	23	115	
Dance Studio Flooring		0								
Replace Bi-flow channel in Pool Hall		24			24					
Extension for 816 Gym		0								
Extension for 816 Gym Equipment		0								
CCTV Upgrade		1			1					
DDA Refurbishment to Wet Village Changing Room		0								
DDA Accessible Parking		2			2					
Replacement Main Hall Lighting	S	15		13	0	15				
Heat Pump Replacement	F	70				70				
Ladies Wet Side Toilet Refurbishments	F	19				19				
TOTAL TOTTON HEALTH & LEISURE CENTRE		329	0	55	69	110	12	23	115	0

PROJECT	KEY	Est	Actual	Original	Forecast Capital Expenditure					Future
		Total Cost	to 31.03.08	Estimate 2008/09	2008/09	2009/10	2010/11	2011/12	2012/13	Years
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>DIBDEN GOLF COURSE</u>										
Equipment		127		19	20	26	24	22	35	
Course Drainage	ID	120		17	18	25	25	26	26	
Clubhouse Roof and External Redecorations	R	55		56	25	30				
Solent Suite Toilet Refurbishment		20		15	20					
Course Enhancements	F	107		22	32		25	25	25	
Resurface / Drainage 9 hole Car Park		19		25	19					
Replacement Dwelling (Golf Cottage)		172		167	172					
Refurbishment of Foxhills Cottage		22			22					
Reconstruction of Paths on 18 hole course		2		8	2					
Changing Room Refurb/Modification	D	15					15			
Balcony	D	50					50			
TOTAL DIBDEN GOLF COURSE		709	0	329	330	81	139	73	86	0
<u>COAST</u>										
Keyhaven Equipment		15				15				
Milford Promenade		1		0	1					
Keyhaven Quay		32			32					
Hordle - Cliff Top Path (Macadam Spec)		118			118					
Hordle - Steps	R	42		42	5	37				
Calshot Slipway		5		5	5					
Calshot Pedestrian scheme	R	77			60	17				
Beach Huts		7			7					
DDA Works Across Coast	R	45		15	39	6				
Connection of Services - Keyhaven Quay	S	7				7				
Gully at Back of Beach Huts	S	75				75				
TOTAL COAST		408	0	62	267	157	0	0	0	0

PROJECT	KEY	Est Total Cost £'000	Actual to 31.03.08 £'000	Original Estimate 2008/09 £'000	Forecast Capital Expenditure					Future Years £'000
					2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	
<u>DUAL USE / JOINT PROVISION</u>										
Marchwood Youth Centre		85					85			0
Eling Tide Mill	R	43		10	22	21				
Lymington Town Sailing Club - DDA Works		15			15					
Lyndhurst Scout Hall	R	40		40	5	35				
Ringwood Meeting House	R	50			0	50				
St Mary Magdeline, New Milton		15			15					
Youth Facilities	R/O	116		50	26	40	50			
Open Door Project		12			12					
Pennington Children's Centre - Community Facility		40			40					
Brockenhurst Village Hall Phase 2		10		10	10					
Hurst Castle Sailing Club	R	20		20	0	20				
Ibsley Village Hall Refurb		7		7	7					
St Barbe Works against Vandalism		14		14	14					
Eling Causway		7		7	7					
Calshot - St Georges Hall		22		22	22					
Sway Village Hall		25		25	25					
Testwood Table Tennis		30		30	30					
Waterside Tennis Club		30		30	30					
Lyndhurst Community Association		30				30				
Ringwood Community Association		30					30			
Milford-on-Sea Community Association		50		0	0	50				
Breamore Village Hall		25				25				
Waterside Theatre		30					30			
Waterside Synthetic Turf Pitch		50					50			
Eling Tide Mill Causeway	F	40		30		40				
		0								
TOTAL DUAL USE / JOINT PROVISION		836	0	295	280	311	245	0	0	0
<u>OPEN SPACE</u>										
Parish Partnership Programme		80		85	80					
Safety Signage	R/S	50		10	16	14	10	10		
Works from Barton Management Plan	S	20				20				
TOTAL OPEN SPACE		150	0	95	96	34	10	10	0	0
<u>OTHER</u>										
		0								
TOTAL OTHER		0	0	0	0	0	0	0	0	0
SUB TOTAL - Excl. Developers' Contributions Schemes		5,691	0	2,213	1,928	1,694	1,433	287	364	0

PROJECT	KEY	Est	Actual	Original	Forecast Capital Expenditure					Future
		Total	to	Estimate	2008/09	2009/10	2010/11	2011/12	2012/13	Years
		Cost	31.03.08	2008/09	2008/09	2009/10	2010/11	2011/12	2012/13	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>DEVELOPERS CONTRIBUTIONS</u>										
Hythe Promenade		24			24					
Ringwood - Land at Poulner Lakes		0			0					
Ringwood - North Poulner Monitoring		1			0	1				
Ringwood - Bickerley		29			0	29				
Ringwood & Ellingham Rugby Club		175			175					
Marchwood - Admiralty Quay Promenade Proposals		14			0	14				
Other - Parish Paths Project		27		9	18	9				
Totton - Rushington Amenity Land		5			0	5				
Public Access; Ellingham, Harbridge & Ibsley		32			32					
New Milton - Fawcetts Field Study		39			39					
Fordingbridge - Enhancing Facilities Rec Ground		17			17					
New Milton - MUGA at Ashley Rec		27			27					
Totton - Green Route		31			31					
Totton - New Forest Park		75			75					
TOTAL DEVELOPERS CONTRIBUTIONS		496	0	9	438	58	0	0	0	0
GROSS TOTAL		6,187	0	2,222	2,366	1,752	1,433	287	364	0
LESS: Developers' Contributions - DC Schemes Swimming Grant		496		9	438	58				
					53					
NET TOTAL		5,691	0	2,213	1,875	1,694	1,433	287	364	0

Priority key

S = Statutory (H&S / Legislative etc)

Equipment Cycle Replacement;

F = Fabric of bldg

Equipment Within Schemes;

ID = Income dependant

D = Desirable

	469	380	513	170	226	313	0
	181	106	22	75	0	0	0
	650	486	535	245	226	313	0

Schedule	667	331	168
rephasing	-136	136	2
rephasing	-46	46	
NM PA		7	
DDA Hoists		15	
Lym 816			75
	<u>485</u>	<u>535</u>	<u>245</u>

NEW FOREST DISTRICT COUNCIL
PLANNING & TRANSPORTATION PORTFOLIO CAPITAL EXPENDITURE PLANS
2008/09 TO 2012/13

PROJECT	Key	Est	Actual	Original	Forecast Capital Expenditure					Future
		Total Cost	to 31.03.08	Estimate 2008/09	2008/09	2009/10	2010/11	2011/12	2012/13	Years
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>PLANNING & TRANSPORTATION PORTFOLIO</u>										
<u>CAR PARKS</u>										
St John's Car Park Hythe #		8	0	8	8					
Fordingbridge Gateway A338 #		0	0							
Elm Avenue New Milton Resurfacing		0	0							
Ringwood Long Stay Additional Spaces #		0	0							
Calshot Spit Car Park Resurfacing		65	0	65	65					
Westfield Car Park Totton Resurfacing & Env Improvements		50	0	50	50					
Replace Ringwood Fences & Benches	F	29	0	0	0		29			
Equipment		128	0	0	0		14	114		
TOTAL CAR PARKS		280	0	123	123	0	43	114	0	0
<u>ENVIRONMENTAL INITIATIVES</u>										
Totton Town Centre		100	0	100	0	100				
Marchwood RNAD #		370	0	205	370					
Totton Town Centre Regeneration		220	0	110	0	220	0			
TOTAL ENVIRONMENTAL INITIATIVES		690	0	415	370	320	0	0	0	0
<u>OTHER</u>										
Ampress Enhance Public Transport #		75	0	33	41	34				
Ampress to Lymington Cycle Route #		14	0	10	14					
Footway Extension, The Bickerley #		0	0	0						
TOTAL OTHER		89	0	43	55	34	0	0	0	0
GROSS TOTAL		1,059	0	581	548	354	43	114	0	0
LESS: Developers Contributions - Marchwood #		-370	0	-205	-370					
Developers Contributions - Public Transport #		-75	0	-33	-41	-34				
Developers Contributions - Cycle Route #		-14	0	-10	-14					
			0							
TOTAL DEVELOPERS CONTRIBUTIONS		-459	0	-248	-425	-34	0	0	0	0
NET TOTAL		600	0	333	123	320	43	114	0	0

Priority key

S = Statutory (H&S / Legislative etc)

F = Fabric of bldg

ID = Income dependant

D = Desirable

HOUSING REVENUE ACCOUNT BUDGET 2009/10

1. INTRODUCTION

- 1.1 The Department for Communities and Local Government (DCLG) issued the Final Subsidy Determination for the Housing Revenue Account for 2009/10 (the Subsidy) on 18 December 2008.
- 1.2 This report sets out the Housing Revenue Account (HRA) budget for 2009/10 based on the Subsidy. The figures incorporate allocations from internal business units and may change if DCLG amends the Subsidy.
- 1.3 The indicative HRA budget is included as **Appendix 1**.

2. KEY ISSUES

- 2.1 Members are asked to consider a number of financial issues for 2009/10.
- 2.2 **Housing Rents**
The report identifies the potential rent increase in line with the adoption of DCLG proposals on rent restructuring, as approved by Cabinet on 5 December 2001. This reflects the policy adopted in the Council's HRA business plan, which was approved by Cabinet on 8 July 2002. The effect following a change to the rent restructuring criteria within the Subsidy is an estimated increase of 5.8%, although the actual rise will vary by property. This would raise the average rent by £4.46 to £81.42 per week.
- 2.3 **Hostels – Service Charges**
Due to cost pressures particularly from the substantial rises in utilities charges which make up a significant proportion of costs, a £12,000 gap has developed between costs and service charge income. As a result, whilst the longer term goal is to fully recover costs, it is proposed to continue with the phased approach adopted previously. This is to increase service charges by 5% and so minimise the immediate cost impact on a vulnerable client group.
- 2.4 **Sheltered Housing – Service Charges**
The primary aim when reviewing and setting the service charge for Sheltered Housing tenants is to ensure that relevant costs are fully recovered. It includes tenants in decommissioned sites who wanted to retain the service.

As with rents, the service charge payable by individual users varies according to their property and other factors such as whether utilities costs are included and the level of service received.
- 2.5 A garage rent increase of 40 pence per week is recommended. This is a rise of 5.3% from £7.60 to £8.00 each week and is based on the average percentage growth proposed for Housing Rents.

- 2.6 The report details the Subsidy arrangements issued by DCLG for 2009/10.
- 2.7 It is unlikely that the HRA budgets contained in this report will be revised prior the start of the financial year. However, as stated in the Housing Capital Budgets 2009/10 report, Members should note the proposed refurbishment of Marryat Road, commonly known as North Milton Estate. HRA reserves are sufficient to meet the refurbishment costs but clearly the proposal will impact upon the Major Repairs budget. Any changes will be reported in due course.

3. INCOME 2009/10

- 3.1 Estimated total income for 2009/10 is £137k greater than proposed for 2008/09. The income variations from the 2008/09 approved budget are set out below:

	£000	Paragraph
Rents and Service Charges	-966	3.2
Contributions Towards Expenditure	94	3.3
Housing Subsidy	672	3.4
Major Repairs Allowance (Subsidy)	-126	3.5
Interest Receivable	193	3.6
Other	-4	3.7
	<u>-137</u>	

- 3.2 **Rents and Service Charges (-£966k)**
The income budget reflects the proposed net rent increases set out in section 2 (-£1.108m), partly offset by a reduction from sheltered housing service charges received (£121k) and the implications of rent loss from the reduction in dwelling numbers as a result of 'Right to Buy' (£21k).
- 3.3 **Contributions Towards Expenditure (£94k)**
Historically costs for Community Alarms, being part of Central Control, were wholly within the HRA whilst income was received to the General Fund. A transfer was made to reflect the level of work undertaken for Community Alarms that were not in homes of NFDC tenants. Following the Housing restructure, costs are now coded directly to the HRA or General Fund accordingly. As a result, this transfer is no longer required resulting in an income reduction of £94k. It should be noted that this is compensated by the similar reduction in expenditure reported within paragraph 4.8.
- 3.4 **Housing Subsidy (£672k)**
Changes to Housing Subsidy are responsible for the income levels being less than last year, as shown in the table below. All major items contributing to this are explained separately in the notes below the table:

	£000
Guideline Rent	1,098
Capital Financing	-2
Maintenance and Management	-424
	<u>672</u>

- **Guideline Rent (£1.098m)**

The Government's rent restructuring policy involves increases in guideline rents. For 2009/10 the Government set increase of 6% will result in reduced subsidy of £1.098m. This withdrawal of subsidy will continue until the guideline rent and actual rents charged by the Council have converged with the formula rent level. The Government has again changed the detailed rent restructuring rules, which has seen the loss in subsidy accelerated further.

- **Capital Financing (-£2k)**

A number of factors influence the capital financing figure, including data supplied via the Subsidy determination and the figure is based on a prescribed interest rate. Included within the Subsidy is an increase to total HRA property values due to refurbishment of properties at Barfields, Lymington which has more than offset the reduction to interest rates, with the net result being the nominal change shown.

- **Maintenance and Management (-£424k)**

The following factors are responsible for the overall increase of £424k in funding:

	2008/09	2009/10	Change
Maintenance Allowance	£928.21	£983.49	+£55.28
Management Allowance	£423.68	£455.31	+£31.63
Number of Dwellings *	5,044	5,034	-10 no.

** 2009/10 dwellings are rounded. The actual stock number for comparative purposes is 5,034.25. The 0.25 is the HRA owned element of a single shared-ownership property.*

	Stock	Maintenance Allowance		Management Allowance	
		Dwelling	Total	Dwelling	Total
2008/09	5044	£928.21	-£4,681,890	£423.68	-£2,137,040
2009/10	5034	£983.49	-£4,951,140	£455.31	-£2,292,140
Increase in Allowances			-£269,250		-£155,100

The per unit subsidy increase in the Maintenance and Management Allowances are 5.96% and 7.47% respectively, equating to 6.43% combined. However as a result of the reduction in the number of dwellings the extra subsidy of £424k is a rise of 6.22%.

Included within the Management Allowance is a specific payment of £4 per dwelling towards energy performance certificate production, this is unchanged from 2008/09.

3.5 **Major Repairs Allowance (Subsidy) (-£126k)**

The subsidy per dwelling has been increased by £26.43 (4%) to £683.99. As with other allowances, the Major Repairs Allowance for 2009/10 is based on 5,034 units, resulting in a total subsidy of £3.443m.

- 3.6 **Interest Receivable (£193k)**
Despite an increase in the HRA reserve balance, the predicted interest earnings have reduced due to the global economic situation.
- 3.7 **Other (-£4k)**
The remaining variation is due to the Shared Amenities Contribution.

4. EXPENDITURE 2009/10

- 4.1 Budgeted expenditure for 2009/10 is £451k lower than the approved budget for 2008/09. The major variations are set out below:

	£000	Paragraph
HRA Saving Proposals	-14	4.3
Major Repairs	-619	4.4
Cyclical Maintenance	47	4.5
Other Repairs and Maintenance	100	4.6
Capital Financing Costs	-48	4.7
Other Costs Including Inflation	83	4.8
	<u>-451</u>	

- 4.2 Whilst the majority of costs are growing in line with inflation, there are a number of significant variations.

4.3 Additional Supervision and Management Proposals (-£14k)

- 4.3.1 A small number of expenditure and savings proposals are included within the HRA budgets. These are:

- Reduction in Computer Equipment requirements, mainly due to an Asset Management Software module having been purchased (-£35k) and the Server for Central Control no longer being required (-£6k).
- £10k additional funding towards the Hometalk magazine and provision of support to tenants via the Resident Involvement programme.
- £17k for the charges being incurred as a result of tenants paying their rent by using swipe cards.

4.4 Major Repairs (-£619k)

The ten year maintenance and improvement programme was presented to Members on 21 November 2007 (Housing Review Panel – Report C) and included provision to increase funding to ensure the Decent Homes Standard (DHS) was achieved by 2010. The effect of this plan in 2009/10 is a reduction of £619k to £4.976m. Members are referred to paragraph 2.8 for the implications to this budget of the North Milton Estate refurbishment.

4.5 Cyclical Maintenance (£47k)

These works were also included within the ten year programme mentioned in paragraph 4.4. The increase will predominantly fund gas servicing requirements and the continuing series of external decoration works.

- 4.6 **Other Repairs and Maintenance (£100k)**
The Environmental Enhancements programme has increased to £200k to develop the provision of suitable parking on estates. The budgets for reactive maintenance works and disabled facilities grants are unchanged.
- 4.7 **Capital Financing Costs (-£48k)**
Charges in respect of the Item 8 debit (generally this is the HRA's share of the capital charges incurred by NFDC, both debt financing and management costs and capital asset charges) have reduced by a net £48k.
- 4.8 **Other Costs Including Inflation (£83k)**
- 4.8.1 The total additional expenditure in other costs reflects largely the impact of inflation on supervision and management costs (£258k) less reductions in allocations from business units (-£22k). The allocations principally relate to a £56k reduction from Wardens as the final element of the restructure and a £31k increase from Housing Improvements as previously reported (Cabinet 4 June 2008, Report C).
- 4.8.2 The balance predominantly comprises expenditure reductions of £94k in respect of the correct allocation of Community Alarm monitoring costs as mentioned in paragraph 3.3 and £51k in rent rebate costs from the closing of the gap between actual and limit rents.

5. HRA BALANCES

- 5.1 HRA balances are currently expected to be approximately £6.3m at 31 March 2009. The projection for 2009/10 indicates an HRA surplus of £159k (subject to agreement of the expenditure/savings proposals in section 4.3) and is a swing of -£588k from the deficit balance (£429k) in 2008/09.
- 5.2 The movement is largely the result of the increase in the net subsidy payable to the Government (£672k); loss of interest earnings (£193k); and net other growth inclusive of expenditure and saving proposals (£210k), offset by net income from rents and service charges (-£966k); lower spend on repairs and maintenance, including the subsidy received and environmental enhancements (-£598k); and the reduction to rent rebates (-£51k) and capital financing costs (-£48k).
- 5.3 The projection for 2010/11 is for the HRA to be in deficit, mainly due to the refurbishment of the North Milton Estate. However as noted in paragraph 2.8, HRA reserves are sufficient to fully fund this project.

HOUSING REVENUE ACCOUNT - PROPOSED BUDGET

	2008/09 £'000	2009/10 £'000	Variation £'000	Paragraph
INCOME				
Dwelling Rents	-19,895	-20,943	-1,048	3.2
Non Dwelling Rents				
Garages	-702	-705	-3	3.2
Land & Buildings	-50	-51	-1	3.2
Charges for Services & Facilities	-1,128	-1,042	86	3.2
Contributions towards Expenditure	-157	-63	94	3.3
Government Subsidies				
Housing Subsidy	11,237	11,909	672	3.4
Major Repairs Allowance	-3,317	-3,443	-126	3.5
Interest Receivable				
Mortgage Interest	-2	-2	0	3.6
Balances Interest	-262	-69	193	3.6
Other				
Sales Administration Recharge	-15	-15	0	3.7
Shared Amenities Contribution	-133	-137	-4	3.7
TOTAL INCOME	-14,424	-14,561	-137	
EXPENDITURE				
Repairs & Maintenance				
Major Repairs Allowance	3,317	3,443	126	4.4
Additional Contribution to Major Repairs	2,278	1,533	-745	4.4
Environmental Enhancements	100	200	100	4.6
Cyclical	1,198	1,245	47	4.5
Disabled Facilities	459	459	0	4.6
Reactive	2,000	2,000	0	4.6
Supervision & Management				
General Management	2,953	3,086	133	4.3 / 4.8
Special Services	1,894	1,867	-27	4.8
Homeless Assistance	81	92	11	4.8
Sale of Council Houses	50	49	-1	4.8
Rents, Rates, Taxes and Other Charges	27	31	4	4.8
Rent Rebates	163	112	-51	4.8
Provision for Bad Debt	30	30	0	4.8
Capital Financing Costs	303	255	-48	4.7
TOTAL EXPENDITURE	14,853	14,402	-451	
HRA ANNUAL SURPLUS(-) / DEFICIT	429	-159	-588	

CABINET 4 FEBRUARY 2009

TREASURY MANAGEMENT STRATEGY REPORT 2009/10

1. INTRODUCTION

The Prudential Code for Capital Finance in Local Authorities (The Code) was introduced with effect from 1 April 2004. The Code gives the Council greater freedom for future capital investment plans.

Under the Code, the Council must approve, revise and monitor a minimum number of mandatory prudential indicators. The indicators cover the affordability and prudence of capital expenditure, external debt and the Council's treasury and investment strategies for each financial year. These can be supplemented with local indicators if required.

The purpose of the indicators is to provide a framework for capital expenditure decision making. It highlights the level of capital expenditure and the impact of that expenditure on borrowing and investment levels, which will affect the treasury management strategy for future years.

Each year's capital expenditure programme is financed by using a variety of sources of funding. One of these sources is debt. Each year the programme generates a borrowing requirement and this is the amount of loan that the council may have to raise to adequately fund the programme. This borrowing requirement can also be met by using cash reserves and therefore deferring the raising of loans until a later date. Loans can be raised in advance or in arrear of generating the borrowing requirement. The most beneficial time to raise loans will depend on prevailing interest rates and the Executive Director, under delegated powers, will determine the most beneficial form of borrowing at the most advantageous time. It is unlikely that loans will be raised in the immediate future as Members have expressed a wish to remain "debt free" currently.

The production of the treasury management strategy each year is a requirement of the CIPFA Code of Practice on Treasury Management. This strategy incorporates investment guidance issued by the ODPM in March 2004.

The indicators for 2009/10 must be agreed prior to 1 April 2009. In addition, the indicators for the following 2 years are also estimated. This informs Members of the treasury management requirements of the estimated capital expenditure and the implications of this expenditure in the medium term.

This report informs Members of the treasury strategy and recommends the prudential indicators for 2009/10.

2. PRUDENTIAL INDICATORS AND STRATEGIES FOR 2009/10

- # 2.1 The reporting of the main prudential indicators, in accordance with the requirements of The Code, is shown at Annex A to this appendix.
- # 2.2 The Treasury Strategy, including the specific treasury management prudential indicators and the investment strategy, is shown at Annex B to this appendix.

3. RECOMMENDATIONS

That Cabinet recommends Council to:-

- # 3.1 adopt the prudential indicators at Annex A, and
- # 3.2 approve the treasury management strategy and adopt the treasury prudential indicators at Annex B.

Further Information

Please contact Jan Hawker, Treasury
Management Accountant Ext. 5722
e-mail: jan.hawker@nfdc.gov.uk

Background Papers

The Prudential Code, CIPFA Guidance Notes and
ODPM Investment Guidance.
General Fund Revenue Budget and Capital
Programme 2009/10(on this agenda)

THE MAIN PRUDENTIAL INDICATORS

1. CAPITAL EXPENDITURE AND CAPITAL FINANCING REQUIREMENT

- 1.1 Each year the Council approves a programme of capital expenditure. Some of this expenditure will be supported by the Government; the remainder will need to be financed from the Council's own sources. Some of this expenditure that cannot be financed from resources such as capital receipts, capital grants and other sources will impact on the Council's underlying need to borrow.
- 1.2 This underlying need to borrow is called the Capital Financing Requirement (CFR).
- 1.3 Future capital expenditure and its financing may impact on the CFR. If any of the financing of the capital expenditure is met by loan, whether any loan is actually raised either immediately or in the future, the CFR will alter by the amount of the loan. Any provision that is made to repay loan in the future will reduce the CFR.

1.4 Capital Expenditure

The capital expenditure projections and the CFR are shown below. A more detailed schedule for these projections is included in the main budget report on this agenda.

Capital Expenditure	2007/08 Actual £000	2008/09 Forecast £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
Total expenditure	11,747	14,753	12,084	9,222	7,177
Capital receipts	1,065	1,634	1,705	720	300
Capital grants	1,272	2,509	993	1,179	927
Capital reserves	944	1,345	1,167	1,070	-377
Developers Contr.	1,010	863	92	0	0
Revenue	4,660	6,492	5,987	5,987	5,987
Net capital borrowing requirement	2,796	1,910	2,140	266	340

1.5 Capital Financing Requirement

Expenditure will impact directly on the overall CFR if a borrowing requirement arises as shown at 1.4 above. For the purposes of this report any assumed borrowing requirement is met by using cash held in reserves, rather than raising loans, as Members have expressed the wish that the Council should remain debt free currently. In reality consideration can be given to raising loans from external organisations rather than using the cash held in the Council's reserves depending on the forecast of interest rates over the medium term and the Council's internal cash flow.

The Capital Financing Requirement is reduced by the amount of any provision that is made to repay loan in the future.

The cumulative net projections for the CFR at each year-end are shown below:

Capital Financing Requirement (CFR)	2008/09 Revised £m	2009/10 Estimate £m	2010/11 Estimate £m	2011/12 Estimate £m
CFR–Non Housing	5.0	5.3	3.5	1.8
CFR - Housing	1.9	1.9	1.9	1.9
Total CFR at year end	6.9	7.2	5.4	3.7
Movement in CFR	0.7	0.3	-1.8	-1.7
The movement in CFR is represented by				
Net Financing need	1.9	2.1	0.3	0.3
MRP movement	-1.5	-1.8	-2.1	-2.0
Movement in CFR	0.4	0.3	-1.8	-1.7

1.6 External Debt and Investments

All of the indicators throughout this report assume that long-term debt is not raised as the borrowing requirement is incurred but that the council remains “debt free” for the time being. This is the preference expressed by members currently. Short-term debt can be raised for cash flow purposes without compromising the “debt free” status. The expected impact of the capital expenditure decisions on the Council’s debt and investment position are shown below:

	2007/08 Actual £m	2008/09 Revised £m	2009/10 Estimate £m	2010/11 Estimate £m	2011/12 Estimate £m
External Debt					
Total Debt at 31 March	0.0	0.0	0.0	0.0	0.0
Investments					
Investments at 31 March	20.0	14.8	10.4	9.1	9.6

The movement of the total investments of £5.2 million between the 2007/08 actual and the 2008/09 revised estimates reflects the estimated use of investments to finance capital expenditure during 2008/09 (-£5.7 million), offset by the anticipated receipt of new sums of developers’ contributions and capital receipts (£0.5 million).

The reduction in the investment balance between 2008/09 and 2009/10 reflects the use of loan, capital receipts, developers’ contributions, and capital reserves to finance capital purchases in 2009/10.

2. LIMITS TO BORROWING ACTIVITY

2.1 Net External Borrowing

The Council needs to make sure that net external borrowing in 2009/10 does not exceed the total of the CFR at the end of 2009/10 and the two subsequent years. This allows some flexibility for limited borrowing in advance of the need to spend. This is crucial to effective treasury management as it means that treasury decisions can be

made when interest rates are at the most beneficial to the Council. Members have expressed a wish that borrowing will not be undertaken currently but this Prudential Indicator still requires member approval.

Net External Borrowing	2008/09 Comparator £m	2009/10 Estimate £m	2010/11 Estimate £m	2011/12 Estimate £m
Gross Borrowing	0.0	0.0	0.0	0.0
Investments	14.8	10.4	9.1	9.6
Net Borrowing	-14.8	-10.4	-9.1	-9.6
CFR at year end	6.9	7.2	5.4	3.7

As net borrowing of -£10.4 million in 2009/10 does not exceed the CFR in any year up to 2011/12 this indicator is satisfied.

2.2 The Authorised Limit

This is the limit beyond which borrowing is prohibited and needs to be set by Members for each financial year. It reflects the level of borrowing that, while not desired or sustainable, could be required in the short-term. It is the maximum borrowing required with some headroom for unexpected cash flow movements and includes both temporary borrowing for cash flow purposes and long term borrowing to finance capital expenditure.

Authorised limit for external debt	2008/09 Revised £m	2009/10 Estimate £m	2010/11 Estimate £m	2011/12 Estimate £m
Total Borrowing	26	27	28	28

2.3 The Operational Boundary

This indicator is based on the probable external debt during the course of the year. It is not a limit and the borrowing of the Council could vary around this boundary for short times during the year. It is a warning indicator to flag up total borrowing and to help ensure that the Authorised Limit is not breached.

Although the Council is “debt free” currently and there is no immediate plan to raise loans for capital expenditure this indicator must still be set and monitored according to the code as there may be borrowing of a temporary nature from time to time.

Operational boundary for external debt	2008/09 Revised £m	2009/10 Estimate £m	2010/11 Estimate £m	2011/12 Estimate £m
Total Borrowing	2.0	2.0	2.0	2.0

3. AFFORDABILITY INDICATORS

The previous sections cover the prudential indicators for capital and borrowing. This section assesses the affordability of the capital investment plans. These provide an indication of the impact of the capital programme on the Council's finances.

3.1 Financing Costs

This section shows the cost of financing the Council's capital programme. If the Council finances some of the capital expenditure programme from borrowing, a charge must be made to revenue to repay that borrowing in the future even if no loans have actually been raised. This is called the MRP. This Council's MRP is to repay the internal borrowing that is being used to finance the purchase of vehicles, plant and equipment. The MRP is equal to the depreciation charge on that equipment.

MRP costs incurred are offset by savings made by the Council no longer leasing assets.

The following table shows the estimated financing costs for the period from 2007/08 to 2011/12.

Financing Costs	2007/08 Actual £000	2008/09 Revised £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
Loss of interest on cash usage	651	326	77	31	5
Additional RCCO	0	-38	0	0	0
Revenue Savings-no longer leasing or using R&R Fund	-359	-201	-113	-84	-40
Replacement for MRP	976	559	245	331	-99
Total Financing Costs	1,269	646	208	278	-134

3.2 Ratio of financing costs to net revenue stream

3.2.1 The net revenue stream is the amount of revenue expenditure met from government grant and local tax.

3.2.2 The following table shows the effect of the estimated financing cost, against the estimated net revenue stream. This assesses the cost of borrowing to the revenue account.

	2007/08 Actual	2008/09 Revised	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Non - HRA	5.8%	2.9%	0.9%	1.2%	-0.6%
HRA	0.0%	0.0%	0.0%	0.0%	0.0%

3.3 Estimates of the incremental impact of capital investment decisions on the Band D Council Tax

3.3.1 This table shows how the capital programme recommended in the budget report will affect the Band D Council Tax.

3.3.2 This will not be the total estimated increase/reduction in the Council Tax as there will be savings/additional expenditure in other areas to offset the change in the revenue charge for capital. This indicator shows the impact on the Council Tax of the revenue implications of the capital programme in isolation

from any other expenditure that may generate a revenue charge.

	Proposed Budget 2009/10	Forward Projection 2010/11	Forward Projection 2011/12
Change to Council Tax-Band D	2.01%	2.63%	-1.23%
Change to Council Tax cost year on year	£2.89	£3.85	-£1.85

3.4 Estimates of the incremental impact of capital investment decisions on housing rent levels

3.4.1 The Council has adopted the Government's rent restructuring policy. As such, the unsupported element of the capital programme has no impact on rent levels. Any revenue financial implications of the programme are covered from balances or through adjustments to other revenue budgets.

3.4.2 The indicator below shows the cost of proposed changes in the housing capital programme, as recommended in this budget report, expressed as a change in weekly rent levels if the Government's rent restructuring policy had not been adopted.

	Proposed Budget 2009/10	Forward Projection 2010/11	Forward Projection 2011/12
Change to the Weekly Housing Rent levels	-£2.46	-£0.25	-£0.25

TREASURY MANAGEMENT STRATEGY 2009/10 – 2011/12

1. INTRODUCTION

The importance of the treasury management service has increased as a result of the freedoms provided by the Prudential Code.

This Treasury Management Strategy covers the Council's borrowing and investment activities and the effective management of associated risks.

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 and the Treasury Management Policy Statement on 25 February 2002.

The Treasury Management Policy requires an annual strategy to be reported to Cabinet outlining the expected treasury activity for the forthcoming 3 years. A further report is produced after the year-end to report on actual activity for the year.

A key requirement of this strategy report is to explain both the risks, and the management of the risks, associated with the treasury service. These risks are shown at paragraphs 2 and 3 below.

Whilst the prudential indicators in appendix 1 consider the affordability and impact of capital expenditure decisions, the treasury service covers the effective funding of these decisions. There are specific treasury prudential indicators included in this strategy that need approval.

2. TREASURY MANAGEMENT PRACTICE – credit and counterparty risk

- 2.1 The Office of the Deputy Prime Minister issued investment guidance on 12 March 2004. Together with the relaxation of borrowing controls under the Prudential Code, this guidance replaces the previous regulations.
- 2.2 The key intention of the investment guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield.
- 2.3 The prudential code requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and includes the statement of Treasury Management Practices.
- 2.4 This Council adopted this code of practice on 25 February 2002 and will apply its principles to all investment activity. In accordance with the Prudential Code this part of the approved treasury management practices must be agreed prior to each financial year and amended if necessary.

2.5 Annual Investment Strategy

2.5.1 The key requirements of both the Code and the ODPM guidance are to set an annual investment strategy covering the identification and approval of the Investment Policy as follows:

- The strategy guidelines for decision making on investment decisions. See paragraph 2.6.1.
- Specified investments that the Council will use. - These are highly credit rated and highly liquid investments in sterling and with a maturity of no more than a year. See paragraph 3.4.2 below.
- Non-specified investments that the Council will use. - This identifies the greater risk implications of investments that are not so highly credit rated. It specifies the limits for which investments may be made with each counterparty at any time. See paragraph 3.4.3 below.

2.5.2 It should be noted that specified and non-specified investments are both approved under the new guidance and both should normally form part of a council's policy.

2.6. Investment Policy

The investment policy summarises the main aims and objectives of the investment function of the treasury management service. The policy proposed for the Council is:

2.6.1 Strategy Guidelines

The main principle governing the Council's investment criteria is the security and liquidity of its investments before yield. However, the yield or return on the investment will be a consideration subject to adequate security and liquidity. After this main principle the Council will ensure:

- It has sufficient liquidity in its investments. For this purpose it will set out the maximum periods for which funds may prudently be invested. See paragraph 3.6.3.
- 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 at section 3.4 below.
- The Executive Director will maintain a counterparty list in compliance with these criteria and will revise the list as necessary for practical use. The current proposed criteria are shown in section 3.4 below for approval.

3. THE TREASURY MANAGEMENT STRATEGY

This strategy covers:

- The current treasury position
- The expected movement in interest rates
- The borrowing and debt strategy
- The investment strategy (in compliance with the ODPM guidance)
- The monitoring of investment counterparties
- Prudential indicators and limits on treasury activities
- The use of external fund managers
- The use of money brokers
- The use of Money Market Funds
- Performance indicators
- Local prudential indicators

3.1 The Current Treasury Position

The Council's treasury position is highlighted in the following table. This includes estimated levels of temporary borrowing and investments as well as long-term requirements.

	2007/08 Actual £m	2008/09 Forecast £m	2009/10 Estimate £m	2010/11 Estimate £m	2011/12 Estimate £m
External Debt					
Total Debt at 31 March	0.0	0.0	0.0	0.0	0.0
Annual Change in Debt	0.0	0.0	0.0	0.0	0.0
Investments					
Investments at 31 March	-20.0	-14.8	-10.4	-9.1	-9.6
Annual change in investm'ts		5.2	4.4	1.3	-0.5
Net Borrowing	-20.0	-14.8	-10.4	-9.1	-9.6

3.2 The Expected Movement in Interest Rates

Short Term Interest Rates –

- 3.2.1 The UK economy has entered a period of recession combining negative growth with a global banking crisis. This has continued to undermine confidence in the financial markets and liquidity is still a problem despite attempts by the UK and European central banks to rectify the situation.
- 3.2.2 The situation in the economy is considered critical and the worsening financial environment, the sharp reduction in house prices and continuing tight credit conditions could cause a further deterioration in consumer confidence.
- 3.2.3 The Chancellor's Pre-Budget Report suggests that the economy will begin to recover by late 2009; mainly because of an easing of fiscal and monetary policy, and the reduction of sterling's value on the foreign exchanges.

- 3.2.4 Economists are pessimistic and forecast that the recession will prove more protracted because of the global nature of the economic slow down which also affects the UK's main trading partners. The demand for UK exports and the inexpensiveness of the UK as a tourist destination is unlikely to improve substantially in the short-term.
- 3.2.5 Personal sector confidence will take some time to recover because of the threat of rising unemployment and the effect of house price weakness.
- 3.2.6 Economists predict that fiscal easing will make little difference to the economy and that more can be achieved via monetary policy and the Bank of England.
- 3.2.7 The Bank will continue to ease monetary policy and the need to reduce commercial interest rates, currently kept artificially high by the illiquidity of the money market, to much lower levels suggests that the Bank Base Rate may be reduced more than may have been anticipated originally.
- 3.2.8 A Bank Base Rate of less than 1% is now a possibility and short-term money market rates of below 2% may result.

Longer Term Interest Rates –

- 3.2.9 Concerns about the health of the economy and the financial sector will continue for some time and this will keep interest rates low in the short-term.
- 3.2.10 As the recession and the financial crisis ease money market rates will increase slightly. However it is likely to be some years before interest rates return to more normal levels.

Medium-Term Rate Forecasts – Annual Averages %

Year	Base Rate %	1 Year Money Market Rate %	5-year Gilt %	20-year Gilt %	50-year Gilt %
2008/09	3.9	5.3	4.2	4.8	4.5
2009/10	1.0	1.8	2.4	3.9	3.8
2010/11	1.7	2.8	3.2	4.1	4.0
2011/12	2.4	3.6	4.0	4.3	4.1

3.3 Borrowing and Debt Strategy 2009/10 – 2011/12

- 3.3.1 Long-term fixed interest rates are expected to fall further and then rise in the medium term. Base rates are expected to reduce to a historically low level and also to rise again in the medium term. It is likely that the most advantageous time to raise low coupon long-term loans is during the 2009/10 financial year.

3.3.2 The Executive Director, 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. This will include borrowing in advance for future years requirements.

3.3.3 The expected borrowing requirement is:

	2008/09 revised £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
To fund Capital expenditure	1,910	2,140	266	340
Prior years expenditure not yet funded	8,675	10,585	12,725	12,991
Less MRP	-3,672	-5,452	-7,564	-9,576
Total Borrowing Requirement at year end	6,913	7,273	5,427	3,755

3.3.4 This table reflects the estimated loan financing shown at table 1.4 in appendix 1.

3.3.5 Although the borrowing requirement is detailed by year it is not certain that any loans will be raised as the Members wish to maintain “debt free” status currently.

3.4 Investment Strategy 2009/10 – 2011/12

3.4.1 The Investment Strategy for the period that is covered by this report will be as stipulated in the investment policy at 2.6.1 above.

3.4.2 Specified Investments

These investments are made in sterling and have duration of 1 year or less. They can be for a longer period but the council will have the right to be repaid within 12 months if it wishes.

These are low risk investments where the possibility of loss of principal or investment income is very low. Specified investments include:

- UK Government - (including gilts and the Debt Management Office)
- Local Authorities, Parish Councils etc
- Supranational Bonds
- Banks and Building Societies – which have at least the following short – term credit ratings

Credit Rating Agency	Short – Term Credit Rating
Fitch	F1 or F1+
Moody's	P – 1
Standard & Poors	A – 1 or A – 1+

- Money Market Funds – highly rated by a credit rating agency

3.4.3 Non-Specified Investments

Non – Specified investments are any other type of permissible investment not defined as specified above and include:

- UK Government Gilts with a maturity of greater than 1 year.
- Local Authorities, Parish Council etc with a maturity of greater than 1 year.
- Supranational bonds – with a maturity date beyond 1 year.
- Institutions not meeting the credit rating at 3.4.2 above and where other restrictions have been applied.

Counterparty Criteria	Investment Restrictions
Unrated fully owned subsidiaries of highly credit rated institutions	£3m for up to 6 months
Unrated Building Societies with total assets greater than £500 million.	£5 million for up to 6 months
Unrated Building Societies with total assets greater than £250 million but less than £500 million	£3m for up to 3 months
Local Authorities	£5m for up to 4 years
Organisations wholly owned by UK Government, e.g. Royal Mail Holdings PLC	£3m for up to 6 months

- Banks and Building Societies – with a high credit rating but with a maturity of more than 1 year as follows:

Long-Term Credit Rating	Maximum Period of Investment
A (+/-)	Up to 2 years
AA (+/-)	Up to 4 years
AAA (+/-)	Up to 5 years

3.4.4 The longer-term investments will also need to fit in with the principles of the treasury prudential indicator for total sums invested for periods longer than 364 days as shown at 3.6.3 below.

3.4.5 The Council will ensure that no more than 20% of the current total sum invested may be deposited with any one organisation at any one time at the time of investment. But if the total sum invested is less than £2.5m, then the maximum investment may be £500,000.

3.4.6 In the normal course of the Council's cash flow operations it is expected that both specified and non-specified investments will be used as both categories allow for short-term investments.

3.4.7 The use of longer-term investments will be within the non-specified investment category. These investments will only be used according to the parameters shown at 3.6.3 below and will depend on the council's need for liquidity.

3.4.8 Investment Strategy 2009/10

Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 1.50% Bank Base Rate reducing further during 2009. The Council's investment decisions are based on comparisons between the market rates and the Council's and advisers own forecasts. It is likely that some investment decisions will be made for longer periods with fixed investments rates to lock in good value and security of return if opportunities arise, subject to over riding credit counterparty security. A proportion of investments will also be kept in the three month maturity range so that investments in a rising yield market can be obtained when available. The Executive Director, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast at 3.2.9 above.

3.4.9 Sensitivity to Interest Rate Movements

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 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.

Revenue Budgets	2009/10 Estimated £000	2009/10 Estimated + 1% £000	2009/10 Estimated -1% £000
Interest on Borrowing	35	76	0
Investment income	680	1,008	354

3.5 The Monitoring of Investment Counterparties

- 3.5.1 The credit rating of counterparties will be monitored regularly, as a policy at least monthly. However the Council receives credit rating advice from its advisers, on a daily basis as and when ratings change, and counterparties are checked promptly.
- 3.5.2 There will be a minor time delay between rating changes and the Council receiving notification, and on occasion ratings may be downgraded when an investment has already been made.
- 3.5.3 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. And if required new counterparties which meet the criteria will be added to the list.

3.6 Treasury Management Prudential Indicators and Limits on Activity.

3.6.1 There are 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 the limits are set at a level that are too restrictive they will actually limit opportunities to reduce costs.

3.6.2 The indicators for borrowing are:

- Upper limits on fixed rate exposure –
This indicator identifies a maximum limit for fixed interest rates based upon the debt position net of investments.
- Upper limits on variable rate exposure –
Similar to the previous indicator this covers a maximum limit on variable interest rates. The variable limit is 50% of the total net borrowing to ensure that volatility is contained within the portfolio.

The following table shows the estimated limits for the net debt position: -

Net Debt Limits	2009/10 Upper	2010/11 Upper	2011/12 Upper
Limit for fixed interest rates based on net debt	100%	100%	100%
Limit for variable interest rates based on net debt	50%	50%	50%

- Maturity structure of borrowing –
These limits are set to heighten the awareness of borrowing fixed interest rate loans for varying periods and to reduce the council's exposure to the refinancing of the loans when maturity is reached. Each limit for fixed interest rates is set at 100% because only limited borrowing is envisaged at this time. If a loan is raised for any purpose it would, by its very nature, fall into just one period and not be spread over a range of periods. The limits are required for both upper and lower thresholds.

A variable interest rate limit has been introduced to help identify the risks associated with fixed/variable interest rate borrowing. This is set at a maximum of 50% to ensure that the volatility of the portfolio is limited.

These limits are shown in the following table:

Borrowing	2009/10 Upper		2010/11 Upper		2011/12 Upper	
Limits - fixed interest rates	100%		100%		100%	
Limits - variable interest rates	50%		50%		50%	
Maturity Structure of fixed interest rate borrowing						
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	100%	0%	100%	0%	100%
12 months to 2 years	0%	100%	0%	100%	0%	100%
2 years to 5 years	0%	100%	0%	100%	0%	100%
5 years to 10 years	0%	100%	0%	100%	0%	100%
10 years and above	0%	100%	0%	100%	0%	100%

3.6.3 The limits for investment are:

- Estimated interest receivable on net investments-
The limits on fixed and variable interest rates give an indication of the potential volatility of the interest earnings.
- Maximum principal funds invested –
These limits are set to help identify the total sums available for investment over the year.
- Total principal funds invested for more than 364 days –
These limits are set to reduce the need for early sale of an investment, and are based on the availability of investments after each year-end. This is the amount of funds that are not needed immediately for revenue or capital purposes and therefore can be invested for longer periods.
- Fixed and variable interest rate investments –
Limits are included for fixed and variable interest rate investments to contain the volatility of the investments
- Maturity structure of investments –
These limits are set to indicate the maturity structure of investments and to ensure that should the Council have funds that are not immediately required for expenditure purposes, and therefore could be invested for periods longer than 364 days, are invested in a cautious manner. The lower limit is set at 25% for less than 12 months, as a greater proportion of this Council's funds will not be available for longer-term investment. The upper limit for investments with periods of less than 12 months is set at 100% because most of the funds will fall into this category. The upper limit for investments of more than 12 months is set at 75% because only a limited value of funds will fall into this category.

These limits are shown in the following table: -

Investments	2009/10 Upper	2010/11 Upper	2011/12 Upper			
Estimated interest on net investments	£0.65m	£0.68m	£0.90m			
Estimated Maximum sums invested	£46.50m	£43.10m	£42.80m			
Estimated Maximum sums invested for more than 364 days	£5.0m	£5.0m	£5.0m			
Limits - fixed interest rates	100%	100%	100%			
Limits - variable interest rates	50%	50%	50%			
Maturity Structure of investments						
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	25%	100%	25%	100%	25%	100%
12 months to 2 years	0%	75%	0%	75%	0%	75%
2 years to 5 years	0%	75%	0%	75%	0%	75%

3.7 USE OF EXTERNAL FUND MANAGERS

- 3.7.1 The Council withdrew all funds from fund managers in April 2006 following four years of disappointing returns.
- 3.7.2 Prudential Indicators for fund managers are no longer required to be set for this Council.
- 3.7.3 Prudential Indicators will be reintroduced if it is deemed beneficial to the Council to use fund managers again in the future.

3.8 USE OF MONEY BROKERS

- 3.8.1 Generally the Council will use money brokers to place investments with counterparties. The broker has access to the money markets and will be able to determine the best rate of investment for the Council given the counterparties that the Council can invest with and type of investment required.
- 3.8.2 Several highly rated organisations now conduct their own treasury transactions and no longer use money brokers. If beneficial to the Council, investments may be made by dealing directly with these counterparties.

3.9 USE OF MONEY MARKET FUNDS

- 3.9.1 Money Market Funds are managed by external banking organisations.
- 3.9.2 Funds are invested in a basket of approved investment products and across a variety of counterparties.

3.9.3 These funds are highly credit rated and under particular market conditions can produce a return in excess of the benchmark used by the Council.

3.9.4 Although the Council has not used money market funds as an investment vehicle in the past it may be beneficial to do so in the future.

3.10 PERFORMANCE INDICATORS

3.10.1 The Code of Practice for 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. An example of performance indicators often used for the treasury function are:

- Investments – In-house fund returns should be above the average 7 day LIBID rate

3.10.2 The result of this indicator will be reported in the Annual Treasury Report at each year-end.

3.11 LOCAL PRUDENTIAL INDICATORS

There are no local prudential indicators other than those currently included in the body of this report.