

2011/2012 Budget and Medium Term Plan

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Council Tax 2011/12

	Total £000	Band D equivalent £
Huntingdonshire District Council		
Net expenditure	22,615	380.34
less Use of reserves	-3,589	-60.36
Special Government Grants	-1,016	-17.09
Budget requirement	18,010	
add Collection Fund surplus	-105	-1.77
	17,905	
Financed by		
less Government Revenue Support Grant	-2,484	-41.78
less Contribution from NNDR Pool	-8,038	-135.18
Council Tax for Huntingdonshire DC	7,383	124.17
Parishes	4,533	76.24
	11,916	200.41
add Cambridgeshire County Council	62,301	1,047.78
Police Authority	10,082	169.56
Fire Authority	3,441	57.87
Council Tax	87,740	1,475.62

Comparison with 2010/11	2010/11 £	2011/12 £	increase %
Huntingdonshire District Council	124.17	124.17	0.00%
Parishes	71.49	76.24	6.64%
	195.66	200.41	
Cambridgeshire County Council	1,047.78	1,047.78	0.00%
Police Authority	169.56	169.56	0.00%
Fire Authority	57.87	57.87	0.00%
Total	1,470.87	1,475.62	0.32%

How the money is spent

		£000	£000	£000	
Expenditure	Employees	Pay (including national insurance and pensions)	24,251		
		Other	2,562	26,813	
	Buildings	Maintenance, cleaning and security	808		
		Energy	808		
		Rates	937		
		Other	697	3,250	
	Supplies and services	Supplies	2,754		
		Services	3,362	6,116	
	Transport			2,131	
	Benefit payments	Housing	32,524		
		Council Tax	8,090	40,614	
	Grants			1,509	
	Drainage Precepts			361	
	Net interest received and cost of borrowing			589	
	Other expenditure			401	
				81,784	
Income	Sales, fees and charges		-15,522		
	Benefit grants		-40,612		
	Other grants		-1,668		
				-57,802	
Recharges	Internal recharges to non-revenue accounts			-1,367	
				22,615	
				NET EXPENDITURE	

Financial Plan, Medium term Plan, the 2011/12 Budget and Associated Matters

Report to Council 23 February 2011

Report by the Head of Financial Services

1. PURPOSE

- 1.1 The purpose of this report is to allow Council to consider and decide upon the recommendations made by Cabinet in relation to the MTP, the 2011/12 budget and associated matters.
- 1.2 It also seeks Council's formal determination of the Council Tax for 2011/12.

2. BACKGROUND

- 2.1 The actual Government formula grant (RSG) for 2011/12 and the provisional grant for 2012/13 were not available when the Cabinet report was prepared. Whilst the final figures result in a gain of £65k over the two year period the Government's decision on the New Homes Reward Grant, following public consultation, is not yet known. An update to reflect the total impact of all the grant adjustments will be circulated once the final figure for the New Homes Reward Grant is known.
- 2.2 On 17th February 2011 the Cabinet will discuss a report on the MTP and the 2011/12 budget (copy attached as Appendix A). They will take into account the comments from the consultation meeting with members of the local business community and the Overview and Scrutiny Panel (Economic Well-Being) meeting, held on 9th and 10th February respectively.
- 2.3 The Cabinet will also consider an associated report on the Council's Treasury Management Strategy for 2011/12 which is attached as Appendix B.
- 2.4 The Cabinet's recommendations on both reports will be circulated as soon as they are available.
- 2.5 The formal resolution for approving the Council Tax (Annex C) consists of two parts. The first provides specific figures relating to this Council's income and expenditure and may change as a result of the actual figure for the New Homes Reward Grant. Therefore this first part will not be circulated until the Grant figure is known.
- 2.6 The second part contains two tables. The first shows the Council Tax that each council or authority is setting for 2011/12 for each house valuation bands. The second table aggregates these for each parish or town in the District so that the total Council Tax can be identified.
- 2.7 These tables are based on the assumption that the Cabinet, and subsequently the Council, will support the proposals in the budget report for no increase in Huntingdonshire's Council Tax for 2011/12. They also assume that the tax levels for the other councils and authorities will all be formally confirmed. If any tax levels change, replacement tables will be prepared and circulated.

3. DECISIONS

- 3.1 In the light of the Cabinet's recommendations, the Council is invited to -
 - approve the proposed Budget, MTP and Financial Plan;
 - approve the Treasury Management Strategy and Prudential Indicators; and
 - approve the Band D Council Tax of £124.17 for 2011/12 and the formal resolutions shown in Appendix C (part TO FOLLOW).

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Report to Cabinet 17 FEBRUARY 2011

Report by the Head of Financial Services

1 PURPOSE

- 1.1 The purpose of this report is to allow the Cabinet to determine its recommendations to Council on 23 February in relation to the Council's Budget and Council Tax for 2011/12, Medium Term Plan for 2012/16 and associated matters.

2 BACKGROUND

- 2.1 Both the Financial Strategy in September and the Draft Budget in December were considered by Overview & Scrutiny and Cabinet before being approved by Council. Both reports highlighted a continuing high level of uncertainty on a number of issues, especially the impact on RSG of the new Comprehensive Spending Review.

3 OVERVIEW

Government funding reductions have now been confirmed. Our Revenue Support Grant will be reduced to £10.4m for 2011/12 (£0.7m less than predicted in December) and will be further reduced in subsequent years. An estimated £0.9m will be received for the New Homes Bonus

Since December, Executive Councillors, Overview & Scrutiny and officers have continued to investigate and refine the savings ideas that were set out in the draft budget. This has led to plans being amended to reduce the impact of the savings on our customers and the identification of some extra savings. Overall, the revised savings ideas incorporated into the budget are now more certain, particularly for next year, and result in a higher level of savings being achieved.

The budget is based on a zero increase in Council Tax for 2011/12. Total funding (net of savings) is £22.6m and is funded by £11.5M from various Government Grants, £7.4M from Council Tax and the deficit, of £3.6m, from revenue reserves.

Expenditure in future years is defined in total by the funds available to the Council. Whilst some figures are now clearer the overall position is dependent upon further government funding decisions, including a new allocation formula, and this Council's decision on future Council Tax increases.

Whilst the 2011/12 budget successfully balances the income available to the Council, including the use of reserves, with its spending plans this is not the case for future years. Planned expenditure will exceed forecast income and use of reserves by £0.8m in 2012/13. In addition, a number of the savings identified for future years remain the subject of consultation and debate. Should some of these savings proposals not be acceptable to the Council there will inevitably be a need to identify new and additional savings.

Overall Summary	Forecast	Budget	MTP			
	10/11 £M	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M
Net Spending before savings	23.5	25.6	26.4	27.4	28.7	29.5
Proposed Savings (Annex A)	-0.4	-3.0	-4.3	-5.5	-5.7	-6.6
Savings still required		0.0	-0.8	-1.0	-1.5	-2.0
Net Spending after Savings	23.1	22.6	21.3	21.0	21.5	20.9
Funded by:						
New Homes Grant		-0.9	-1.5	-2.1	-2.7	-3.4
Formula Grant (RSG)	-12.9	-10.4	-9.3	-9.2	-8.7	-8.9
Special Council Tax Grant		-0.2	-0.2	-0.2	-0.2	0.0
Council Tax	-7.2	-7.4	-7.6	-7.9	-8.1	-8.4
SHORTFALL Met from Reserves	3.0	3.6	2.7	1.6	1.7	0.3
Council Tax	£124.17	£124.17	£127.27	£130.46	£133.72	£137.06
Increase		£0.00	£3.10	£3.18	£3.26	£3.34
Remaining Reserves EOY	13.0	9.4	6.6	5.0	3.3	3.0

4 PROPOSED CHANGES TO THE DRAFT PLAN

- 4.1 The table below summarises the draft budget and MTP approved at the December meeting of the Council. It serves as the base to highlight the further adjustments that are now proposed in funding, savings and other items that have now emerged.

DRAFT REPORT December 2010	Forecast	Budget	MTP			
	10/11 £M	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M
Net Spending before savings	24.5	25.2	26.4	27.5	28.4	29.1
Proposed Savings (Annex A)	-0.4	-2.3	-3.9	-4.9	-5.9	-6.4
Savings still required		-0.5	-1.6	-2.6	-3.6	-4.3
Net Spending after Savings	24.1	22.4	20.9	20.0	19.0	18.3
Funded by:						
Government support	-12.9	-11.1	-10.5	-10.4	-9.7	-10.0
Special Grant		-0.2	-0.2	-0.2	-0.2	0.0
Council Tax	-7.2	-7.4	-7.6	-7.8	-8.1	-8.4
SHORTFALL Met from Reserves	3.9	3.7	2.7	1.6	1.0	0.0
Council Tax	£124.17	£124.17	£127.27	£130.46	£133.72	£137.06
Increase		£0.00	£3.10	£3.18	£3.26	£3.34
Remaining Reserves EOY	12.0	8.3	5.6	4.0	3.0	3.0

5 PROGRESS SINCE DECEMBER – SAVINGS

5.1 December Council highlighted that the proposed savings would be the subject of further discussions between officers and Executive Councillors to reflect the comments of Overview & Scrutiny and individual members.

5.2 As a result of these discussions and the refinement of certain calculations and assumptions a number of variations have been made at this stage. These are shown in the table below, and the Savings Table at Annex A incorporates them to give net figures. There are notes on some of the savings included as notes to the Controllable Budget at Annex D:

SAVINGS	BUDGET	MTP			
	2011/12	12/13	13/14	14/15	15/16
	£M	£M	£M	£M	£M
Savings Identified (December)	-2.280	-3.867	-4.906	-5.901	-6.442
Reduced pay award 2010	-0.156	-0.156	-0.156	-0.156	-0.156
Staff turnover savings – increased	-0.114	-0.114	-0.114	-0.114	-0.114
Homelessness Grant - increased	-0.085	-0.085			
Environmental Health Savings	-0.081	-0.008	-0.008	-0.008	-0.008
Community Grants Reductions	0.010		-0.060	0.015	0.015
Members Allowances	-0.030	-0.030	-0.030	-0.030	-0.030
Central Services savings	0.030	0.030	0.030	0.030	0.030
LGA Sub reduction	-0.002	-0.002	-0.002	-0.002	-0.002
Provincial Council Sub deletion	-0.012	-0.012	-0.012	-0.012	-0.012
Licensing efficiencies and income	-0.007	0.006	0.009	0.012	0.015
Document Centre savings	-0.033	-0.015		-0.010	
Countryside savings adjustment	0.012	0.064	0.064	0.064	0.064
Operations Division Reorganisation	-0.096				
Rephasing parking charges increase		-0.150	-0.300	0.200	
Extra Benefits Admin Grant	-0.011				
Rephase Call Centre Hours saving	0.020				
Rephase St Ives CSC savings	-0.028	0.007			
Rephase Ramsey CSC savings	-0.030	-0.042	0.003	0.008	0.008
Delete closure of St Neots CSC		0.055	0.055	0.055	0.055
Financial Services savings	-0.024	-0.030			
IMD Staff Savings	0.005	0.012	0.019	0.029	0.029
IMD Contract Savings	-0.035	0.005	-0.055	0.095	-0.020
IMD Desk Top Virtualisation	0.002	0.012	0.012	0.012	0.012
IMD Shared Services	-0.010	0.050	0.010		
IMD Infrastructure Savings		-0.015	-0.015	-0.015	-0.015
subtotal	-0.675	-0.418	-0.550	0.173	-0.129
Updated Identified Savings	-2.955	-4.285	-5.456	-5.728	-6.571

Negative figures represent more income or less expenditure

5.3 A number of the savings items are still being discussed and the following paragraphs comment on the latest position.

5.4 Senior Manager Reorganisation (£260k rising to £730k)

The voluntary redundancy has been agreed of the Chief Executive and two Heads of Service so the 2011/12 planned saving will be achieved. Further reductions will be required to achieve the saving proposed in subsequent years.

5.5 Pay and Allowances Review (£375k)

Proposals are not yet finalised but negotiations will need to progress promptly if the saving is to be achieved for next year.

5.6 CCTV (£300k)

The immediate savings for 2011/12 can be achieved whilst still maintaining a substantial CCTV service. Further investigation and discussion is taking place with the aim that savings can be made whilst still maintaining this service in future years.

5.7 Increase in Car Park Charges (rising to £500k)

It is felt that a large increase in 2014/15 would be too concentrated and so the proposal has been rephased to give smaller annual increases. There is no extra increase proposed in 2011/12 and 2014/15 because there is already an assumed inflationary increase built into the financial plan every three years. In total car park income is targeted to rise by:

2011/12	10%
2012/13	8%
2013/14	8%
2014/15	9%
2015/16	9%

5.8 Community Grants Reduction (rising to £294k)

The saving has been slightly rephased to reflect the contractual obligations on some grants. The bulk of grants are contracted until 2013 and these will be honoured. Whilst this saving provides for a substantial reduction of grants after this time, further discussion will take place before this approach is confirmed.

5.9 Customer Services and Call Centre (£173k rising to £314k)

There is some rephasing of the proposals (changes to the call centre will be delayed a year but staff savings in St Ives and Ramsey can be achieved in the budget year). The closure of the St Neots CSC is no longer proposed following further consideration of the volumes of use.

5.10 Special Reserve

The Special Reserve will be more than adequate to fund the level of voluntary redundancies that will be approved.

6. PROGRESS SINCE DECEMBER – FUNDING AND OTHER ITEMS

6.1 The table below shows the variations in funding and other items, whilst the paragraphs that follow explain the major changes:

FUNDING and OTHER CHANGES	Budget	MTP			
	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M
Proposed Variations					
New Homes Reward Grant	-0.940	-1.527	-2.129	-2.745	-3.377
RSG	0.680	1.165	1.154	1.084	1.112
Taxbase	-0.039	-0.038	-0.038	-0.037	-0.036
Homelessness increased bid	0.028				
Deferred Savings adjustment	0.335				
Total Variations	0.064	-0.400	-1.013	-1.698	-2.302

Negative figures represent more income or less expenditure

6.2 New Homes Reward Grant

The Government commenced a consultation on this new grant before Christmas. It is intended to reward Councils that support growth and does not replace S106 agreements or the Community Infrastructure Levy, which ensure that the costs of growth are generally met by developers.

It is based on giving grant equivalent to the national average Council Tax for 6 years for additional homes completed in the previous year. It will grow as each additional year is completed until year 7, when the 6 years of payment for year 1 will have been completed and it thus falls out of the calculation. It also gives an extra 25% supplement for social housing. In a growth area such as Huntingdonshire the sums will be significant as shown in the table above.

Part of the consultation revolves around how the grant will be allocated to the various local authorities. The Government have proposed that 80% goes to Districts and 20% to Counties. It is expected that Districts will propose that 100% goes to them as they make the relevant planning decisions, but that Counties will propose that they get a larger share. It is not yet clear when confirmation of the scheme will be received.

6.3 Government Formula Grant (RSG)

The table below compares the assumptions in the Draft budget with what was announced on 13 December.

Government Grant * - % change in CASH TERMS	Budget	MTP			
	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M
Draft Budget/MTP	-11%	-6%	-1%	-6%	+2.5%#
Proposed Grant Settlement	-14%	-11%	-1%	-6%	+2.5%#

* Grant includes Revenue Support Grant and NNDR which are in aggregate distributed in line with the grant formula. Adjusted for transfer of Concessionary Fares.

assumed that there will be an inflationary increase after this 4 year spending round.

Government Grant - Cash change	Forecast	Budget	MTP			
	10/11 £M	11/12 £M	12/13 £M	13/14 £M	14/15 £M	15/16 £M
Current Approved MTP (February)	-12.9	-12.4	-12.6	-12.6	-12.9	-13.3
Forecast (September)	-12.9	-11.7	-11.3	-10.7	-10.2	-9.7
Draft Budget/MTP (December)	-12.9	-11.1	-10.5	-10.4	-9.7	-10.0
This Report	-12.9	-10.4	-9.3	-9.2	-8.7	-8.9

minus signs represent income

The Government Grant Proposals have been even more front-ended than implied in the Comprehensive Spending Review (CSR). District Councils have fared badly as they have not had the protection that Counties have on some elements of social services and education.

The proposals have only been made for two years as the Government proposes to review the whole grant mechanism. This is not before time for two important reasons:

- the system is extremely opaque e.g. it is impossible to say what the impact of the grant changes relating to the transfer of Concessionary Fares has been.
- the over-reliance on complex protection arrangements for authorities that should gain or lose grant. e.g. the “true” loss of grant for Huntingdonshire after adjustment for the transfer of concessionary fares has been £3.3M (£12.6M down to £9.3M) which represents 27% in cash terms.

Officially the grant figures are only provisional at this stage but in previous years there have been only very minimal changes at the final stage. There are however, significant concerns being voiced by many authorities this year but this still may have little impact on the result.

6.4 Homelessness increased bid

A sum of £28k has been included to preserve the current levels of homelessness prevention given the continuing demand on this service.

6.5 Deferred Savings adjustment

The draft budget contained provision for some of the savings that will be achieved in the current year to be earmarked via a reserve to help meet an outstanding shortfall on the savings target in 2011/12. Assuming that the New Homes Reward Grant is allocated at least 80% to Districts this will not now be necessary and those savings will simply be added to general revenue reserves.

6.6 Employer’s Pension Contributions

The information from the independent actuary’s revaluation of the pension fund has been received and it estimates that the fund is 70% funded. The current contribution level exceeds the underlying cost for ongoing service but is insufficient to bring the fund up to 100% funding in a reasonable time scale.

Given the Government’s plans to review public sector pension schemes with a view to making them more affordable, the actuary is prepared to allow authorities to stabilise their current contribution levels for the next 3 years rather than insist they be increased.

Whilst this is a pragmatic approach, it is not a particularly prudent one and so it is proposed that the level of contribution contained in the draft budget be maintained pending the results and quantification of any changes to the pension scheme. However, the basis of this payment will be amended to 17.8% (which reflects the ongoing cost of the current scheme) on pay plus a lump sum towards covering the outstanding deficit. The table below illustrates the change:

Pension Contributions	Forecast	Budget	MTP			
	10/11	11/12	12/13	13/14	14/15	15/16
Draft Budget/MTP (December)						
% of pay	20.4%	21.9%	23.4%	24.9%	26.4%	26.4%
cost		£3.9M	£4.2M	£4.6M	£5.0M	£5.2M
This Report						
% of pay		17.8%	17.8%	17.8%	17.8%	17.8%
cost		£3,254k	£3,344k	£3,486k	£3,635k	£3,790k
PLUS lump sum payments of		+£660k	+£896k	+£1,139k	+£1,378k	+£1,418k
Total Cost		= £3.9M	= £4.2M	= £4.6M	= £5.0M	= £5.2M

This is still less than the actuary's estimate of 17.8% plus £1.9M per year for 20 years which is what would be required if there were to be no changes to the scheme as a result of the Hutton review.

6.7 Other Changes

The tax base has also been increased to reflect the latest Council Tax data, as reported to Corporate Governance Panel in December.

Interest rates have been adjusted to reflect latest information, though it is clear that uncertainty will remain for some time to come.

The calculation of interest and inflation are both affected by the phasing of expenditure and savings.

7 PROPOSED BUDGET AND MTP

7.1 The plan is based on a zero Council Tax increase for next year which will result in a reward grant from the Government equivalent to a 2.5% tax increase but this will only continue for four years. It is anticipated that many other Councils will also have zero increases and it is expected to be proposed for the County Council, the Police Authority, the Fire Authority and all of the Cambridgeshire District. It is therefore likely that the only increases will be from Town and Parish Councils.

7.2 Whilst the previous paragraphs cover most of the changes from the draft budget position there are inevitably resultant impacts on the inflation calculations and interest as the levels of reserves change in any particular year. These items are also taken account of in the table below which summarises the overall position. Further detail and additional years are shown in Annex B.

Overall Summary	Forecast	Budget	MTP			
	10/11	11/12	12/13	13/14	14/15	15/16
	£M	£M	£M	£M	£M	£M
Net Spending before savings	23.5	25.6	26.4	27.4	28.7	29.5
Proposed Savings (Annex A)	-0.4	-3.0	-4.3	-5.5	-5.7	-6.6
Savings still required		0.0	-0.8	-1.0	-1.5	-2.0
Net Spending after Savings	23.1	22.6	21.3	21.0	21.5	20.9
Funded by:						
New Homes Grant		-0.9	-1.5	-2.1	-2.7	-3.4
Formula Grant (RSG)	-12.9	-10.4	-9.3	-9.2	-8.7	-8.9
Special Council Tax Grant		-0.2	-0.2	-0.2	-0.2	0.0
Council Tax	-7.2	-7.4	-7.6	-7.9	-8.1	-8.4
SHORTFALL Met from Reserves	3.0	3.6	2.7	1.6	1.7	0.3
Council Tax	£124.17	£124.17	£127.27	£130.46	£133.72	£137.06
Increase		£0.00	£3.10	£3.18	£3.26	£3.34
Remaining Reserves EOY	13.0	9.4	6.6	5.0	3.3	3.0

7.3 Annex C gives fuller details of next years revenue budget, including all recharges, whilst Annex D shows the controllable budgets for Direct Services and Support Services with their MTP bids over the 5 year MTP. It also highlights those schemes where further approval is required before they can commence.

8 RISKS AND SENSITIVITY

8.1 The Financial Forecast, by its very nature, takes a long-term view and, within that time frame, many of its assumptions will turn out to be imprecise. At key stages of each year the plan will be updated. The current assumptions are shown in Annex E.

8.2 Financial Plan – Sensitivity and Risks

Annex F considers the sensitivity of the plan in the longer term to variations in inflation, pay awards and interest rates and highlights other significant risks to the Council's financial position. Some of these issues are clearly outside the Council's control and there is little alternative to simply keeping them under review and reacting appropriately if and when they occur. Others, particularly the identification of spending adjustments, are clearly within the Council's own control and so can be programmed and dealt with. The most significant risks relate to:

Most significant risks and unknowns	Timescale
Length and depth of recession – impact on interest rates, pay inflation, house building, Council income and expenditure.	Ongoing
Government grant totals for 2013/14 onwards	November 2012
Review of grant formula	November 2012
Pension changes from Hutton review	Possibly March or June 2011
Difficulty in delivering the savings already identified or the further spending targets inherent in this plan.	Ongoing

8.3 Reserves and the Robustness of the 2011/12 Budget

The Local Government Act 2003 requires the Director of Commerce and Technology (as the Council's Chief Financial Officer) to report to the Council on the robustness of the estimates and the adequacy of reserves when it considers its budget and the consequent Council Tax. His comments are contained in Annex G and confirm that the budget is adequately robust and that the level of revenue reserves is currently above the minimum level required.

9 TOWN AND PARISH COUNCILS

9.1 There is an opportunity for Town and Parish Councils to reduce the impact on their area of some of the savings proposals contained in this budget. The Council will work constructively with any who wish to do this. The main opportunities probably relate to:

- Contributions to monitoring of CCTV
- Maintaining Parks services
- Mitigating increases in car park charges
- Mitigating reductions in grounds maintenance standards
- Taking over Community Grants
- Subsidising provision of Customer Service Centres
- Supporting Town Centre partnerships

10. DELIVERY OF SAVINGS

- 10.1 Officers will continue to work closely with Executive Councillors to ensure that all of the existing savings proposals are effectively reviewed and any proposed changes are formally reported.
- 10.2 Work will also commence on identifying proposals to meet the savings targets for future years so that there is adequate time for member debate before final decisions need to be made.

11. CONSULTATION AND COMMENTS

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

12. PRUDENTIAL CODE

- 12.1 The Prudential Code sets various limits relating to the budget and this has been included as an annex to the Treasury Management Strategy elsewhere on the Cabinet's agenda.

13. CONCLUSIONS

- 13.1 The Council approved the draft Budget, MTP and Financial Strategy figures in December but the need for further discussion on various savings proposals was highlighted.
- 13.2 The December figures have been amended for the items highlighted in sections 5 and 6 of this report. These include some significant revisions to the savings proposals, though

other aspects, that affect subsequent years, are still being debated. A much worse grant settlement than expected was received but the estimated benefit from the New Homes Grant proposed by the Government is of significant benefit.

- 13.3 There is no increase in the Council Tax in 2011/12 which will result in the Council receiving a grant to cover the impact of a 2.5% rise for 4 years.
- 13.4 The main challenge is to finalise the position on the identified savings proposals, deliver those savings and commence the process for the additional savings required for the future.
- 13.5 The combination of sound budget practices, the success so far in identifying savings and significant revenue reserves means that the proposed 2011/12 budget is robust and that the Council is well-placed, **in the short term**, to deal with any unforeseen expenditure.

14. RECOMMENDATION

The Cabinet is asked to recommend to February Council:

- Approval of the proposed MTP, budget and Financial Plan (Annexes B, C, and D)
- No increase in Council Tax for 2011/12 i.e. Band D charge remains at £124.17.

ACCESS TO INFORMATION ACT 1985

Grant Settlement Information – Files in Financial Services

Working Papers - Files in Financial Services

Project Appraisals

2010/11 Revenue Budget and the 2011/15 MTP

Forecast Report

Draft Budget and MTP Report.

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ANNEXS

- A Savings Financial Summary
- B Overall Financial Summary to 2024/25
- C Proposed Revenue Budget 2011/12– Full service costs basis
- D Proposed Budget and MTP – Controllable Budget basis showing Direct Services and Support Services with their MTP bids over the 5 year MTP period. Those schemes, where further approval is required before they can commence, are highlighted.
- E Financial Plan – Main assumptions
- F Financial Plan - Sensitivity and Risks
- G Reserves and the Robustness of the 2011/12 Budget

Annex A Savings Financial Summary

SAVINGS		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
Bid No.	Scheme																		
#	Reorganisation - Senior managers	-260	-400	-730	-730	-730	-730												
#	Pay & allowances Review	-375	-375	-300	-350	-350	-350												
	Reduced pay award 2010	-156	-156	-156	-156	-156	-156												
	Turnover savings	-114	-114	-114	-114	-114	-114												
#	Increased charges for bulky waste	-20	-20	-20	-20	-20	-20												
#	Reduce refuse collection by one round	0	-100	-100	-100	-100	-100												
969	Recycling Gate Fees	-194																	
965	Consultants (markets)	-5	-5	-5	-5	-5	-5												
966	CCTV Van - remove satellite system	-8	-8	-8	-8	-8	-8												
967	Reduction in CCTV Cameras	-15	-15	-15	-15	-15	-15												
#	Reduce CCTV to a basic service	-129	-172	-172	-172	-172	-172												
#	Mothball CCTV	0	-300	-300	-300	-300	-300												
#	Countryside - reduce staff and increase income	-101	-149	-199	-199	-199	-199												
#	Transfer Countryside to a trust	0	0	0	0	0	0												
#	Increase in car park charges	0	-150	-300	-300	-300	-300												
931	St Ives Guided Bus impact on car park income	-40																	
#	Reduced grounds maintenance standards	0	-150	-150	-150	-150	-150												
#	Operations Division Reorganisation	-196	-250	-250	-250	-250	-250												
879	Environment Strategy Funding	-20	-20	-20	-20	-20	-20												
#	Small scale environmental improvements staff saving	0	-25	-50	-50	-50	-50												
#	Rental of space in PFH	0	-75	-150	-150	-150	-150												
#	A14 improvements - assumed cancellation	-100	0	0	0	0	0												
#	Planning Enforcement - staff savings	-38	-77	-77	-77	-77	-77												
#	Planning efficiencies	-48	-48	-48	-48	-48	-48												
#	Transport efficiencies	0	-95	-95	-95	-95	-95												

SAVINGS (cont.)		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
Bid No.	Scheme																		
#	Community Grants reductions		-201	-201	-201	-201	-201												
#	Environmental Health staff savings		-51	-294	-294	-294	-294												
#	Environmental & Community Health savings		-75	-75	-75	-75	-75												
#	Housing staff efficiency savings	-45	-100	-100	-100	-100	-100												
	Homelessness Grant	-85																	
960	Transfer of some housing calls to call centre	-11	-11	-11	-11	-11	-11												
964	Internal Audit saving	-24	-24	-24	-24	-24	-24												
#	Internal Audit saving	-23	-23	-23	-23	-23	-23												
	Procurement Support to ECDC	-7	-5	-5	-5	-5	-5												
919	E-Marketplace	-20	-20	-20	-20	-20	-20												
#	Further Financial Services savings	-24	-48	-48	-48	-48	-48							5					
813	Reduction in Benefits Admin Grant	-56	-67	-56	-56	-56	-56												
#	Customer Services - Staff savings	-80	-90	-115	-115	-115	-115												
#	Reduce call centre hours	0	-20	-20	-20	-20	-20												
#	Reduce call centre system costs	-35	-35	-35	-35	-35	-35												
#	Reduce Yaxley Customer Service Centre costs	-28	-28	-43	-43	-43	-43												
#	Reduce St Ives Customer Service Centre costs	-30	-42	-42	-37	-37	-37												
#	Reduce Ramsey Customer Service Centre costs	0	0	-7	-14	-14	-14												
#	Reduce hours at Huntington Customer Service Centre																		
957	Leisure Reception Automation	-15	-15	-15	-15	-15	-15												
#	Leisure Savings	-90	-90	-280	-390	-490	-490												
#	Transfer Leisure Centres to a Trust	0	0	0	0	0	0												
959	Network Saving	-32	-53	-53	-53	-53	-53												
958	Help Desk Saving	-75	-75	-75	-75	-75	-75												

SAVINGS (cont.)		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
#	IMD Staff savings	-17	-23	-36	-36	-101													
#	IMD Contract Savings	-35	-35	-110	-35	-75													
#	IMD Shared Service Income	-10	-15	-20	-30	-30													
#	IMD Infrastructure Savings	-8	-15	-15	-15	-15													
#	Town Centre Partnerships - reduced funding	-40	-80	-100	-100	-100													
#	District wide - E version only	-50	-50	-50	-50	-50													
951	Hunts. Matters - cease production	-8	-10	-10	-10	-10													
968	Increased licensing income	-35	-35	-35	-35	-35													
#	Licensing - efficiency and higher charges	-7	-14	-21	-28	-35													
#	Document Centre - efficiency and external work	-33	-40	-50	-60	-75													
825	Members Allowances Review	-2	-6	-6	-6	4													
	Members Allowances	-30	-30	-30	-30	-30													
	Subscriptions	-14	-14	-14	-14	-14													
#	Central Services - Reorganisation	-170	-220	-220	-270	-270													
853	Huntingdon Town Hall	-10																	
923	Extra Car Parking, Huntingdon Town Centre	20	-18	21	19	-62													
976	ICT Replacements and Server Virtualisation	10	10	10	10	10													
380	Replacement Printing Equip.						-27	58	-60	-60	-60								
895	Multi-functional Devices						-92	70											
948	Provision for Bin Replacements						-2	2	3	1	2								
886	Vehicle fleet replacements.						-114	-101	-118	-157	-204	56							
973	Housing Capital Grant (non-earmarked)						197	-217	-442	64	-101								
625	Huntingdon Bus Station						-64	190	150				64						
864	Crime and Disorder - Lighting improvements						-890	2						-150	-150				
365	Huntingdon Marina Improvements						-20												
854	Play Equipment & Safety Surface Renewal						-62	-5	-48	-37	-33	-48							

SAVINGS (cont.)		REVENUE						NET CAPITAL						CAPITAL GRANTS & CONTRIBUTIONS					
		2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
863	Community Facilities Grants																		
864	Crime and Disorder - Lighting improvements																		
867	Repairs Assistance						-69	-25	-24	-25	-25	-25							
869	Social Housing Grant						-90	-90	-90	-90	-90	-90							
865	CCTV - Camera replacements						-500	-500	-500	-500	-500	-500							
870	Local Transport Plan						-81	-81	-75	-82	-82								
871	Safe Cycle Routes						-83	-83	-83	-83	-89	-95							
872	St Neots Transport Strategy Phase 2						-194	-93	-93	-93	-95	-95							
873	Accessibility Improvement /Signs in footpaths and car parks						-90	-90	-80	-80	-80	-30							
874	Huntingdon Transport Strategy						-35	-30	-30	-30	-90	-90							
362	St Ives Transport Strategy						-80	-80	-80	-80	-80	-80							
363	Ramsey Transport Strategy						-80	-41	-45	-45	-45	-45							
899	Bus Shelters - extra provision						-41	-42	-42	-42	-42	-42							
52	St Ives Town Centre 2 - Completion						-20	-425	-509	-509	-509	-509							
876	Small Scale - District Wide Partnership						-79	-79	-80	-80	-60	-60							
877	AJC Small scale improvements						-86	-86	-86	-86	-86	-90							
878	Village Residential Areas						-57	-60	-60	-60	-76	-76							
302	New Public Conveniences						-100												
total		-397	-2,955	-4,285	-5,456	-6,571	-1,107	-3,939	-2,242	-1,598	-836	0	54	-310	1,130	-20	-20	-20	0

Annex B Overall Financial Summary to 2024/25

FINANCIAL SUMMARY	FORECAST		BUDGET		MTP		FORECAST									
	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2009/10 BUDGET/MTP	24,848	23,660	23,127	22,278	21,342	21,811	22,408	23,021	23,651	24,099	24,765	25,449	26,153	26,875	27,818	
Variations:																
Interest	-105	-298	-421	-374	-411	-544	-676	-796	-926	-1,058	-1,188	-1,320	-1,454	-1,586	-1,718	
Provision for Loan Repayments	-61	158	365	506	656	782	830	866	998	1,098	1,153	1,183	1,186	1,121	1,065	
Inflation	0	22	33	165	401	222	240	132	174	361	402	574	640	784	839	
Unidentified Savings	0	1,000	1,849	3,239	4,595	4,688	5,166	4,938	4,847	4,867	4,934	4,799	4,870	4,899	4,818	
MTP schemes	-1,533	-1,927	-3,605	-4,815	-5,130	-6,010	-6,175	-6,133	-6,097	-6,083	-6,129	-6,075	-6,094	-6,082	-6,082	
total	-1,699	-1,045	-1,779	-1,280	111	-862	-615	-993	-1,003	-815	-827	-839	-852	-864	-1,078	
NEW FORECAST	23,149	22,615	21,348	20,998	21,453	20,949	21,793	22,028	22,648	23,284	23,938	24,610	25,301	26,011	26,740	
FUNDING																
Use of revenue reserves	-2,971	-3,606	-2,714	-1,604	-1,736	-300	0	0	0	0	0	0	0	0	0	0
Remaining revenue reserves EOY	12,960	9,354	6,640	5,036	3,300	3,000	3,000									
New Homes Grant	-940	-940	-1,527	-2,129	-2,745	-3,377	-4,025	-3,749	-3,843	-3,939	-4,037	-4,138	-4,241	-4,348	-4,456	
Special Council Tax Grant	-184	-184	-184	-184	-184	0	0	0	0	0	0	0	0	0	0	0
Formula Grant (RSG)	-12,939	-10,449	-9,296	-9,203	-8,651	-8,667	-9,089	-9,316	-9,549	-9,788	-10,032	-10,283	-10,540	-10,804	-11,074	
Collection Fund Deficit (- surplus)	35	-53	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax	-7,274	-7,383	-7,627	-7,878	-8,137	-8,404	-8,679	-8,963	-9,256	-9,557	-9,868	-10,189	-10,519	-10,860	-11,210	
COUNCIL TAX LEVEL	£124.17	£124.17	£127.27	£130.46	£133.72	£137.06	£140.49	£144.00	£147.60	£151.29	£155.07	£158.95	£162.92	£166.99	£171.17	
% increase		0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
£ increase		£0.00	£3.10	£3.18	£3.26	£3.34	£3.43	£3.51	£3.60	£3.69	£3.78	£3.88	£3.97	£4.07	£4.17	
Forecast Capital Spending	7,133	11,933	3,321	3,005	2,441	2,777	4,101	4,131	4,272	4,417	4,566	4,718	4,875	5,035	5,200	
Accumulated "Borrowing" EOY net of MRP	17,717	28,618	30,512	31,838	32,300	32,825	34,463	35,923	37,206	38,335	39,347	40,254	41,075	41,865	42,604	
Net Interest and Borrowing Costs	-61	589	1,316	1,893	2,454	2,790	3,059	3,344	3,730	4,087	4,407	4,710	4,995	5,226	5,480	
- as % of total net spending	0%	3%	6%	9%	11%	13%	14%	15%	16%	18%	18%	19%	20%	20%	20%	
Unidentified Spending Adjustments still required	0	0	-751	-961	-1,524	-1,975	-2,028	-2,632	-3,215	-3,759	-4,071	-4,535	-5,121	-5,381	-5,776	

Annex C

Proposed Revenue Budget 2011/12– Full service costs basis

BUDGET SUMMARY	2010/11		2011/12
	Original	Forecast	Budget
	£000	£000	£000
Environmental Services			
Refuse Collection	3,372	3,257	3,253
Recycling	282	183	533
Drainage & Sewers	572	560	600
Public Conveniences	18	67	53
Environmental Health	2,545	2,317	2,214
Closed Churchyards	11	8	9
Street Cleaning & Litter	1,368	1,386	1,474
	8,168	7,778	8,136
Planning			
Development Control	1,197	1,310	1,193
Building Control	164	194	195
Planning Policy & Conservation	1,532	1,264	1,332
Economic Development	-601	-216	-364
Planning Delivery Grant	35	0	9
	2,327	2,552	2,365
Community Services			
Countryside	631	607	575
Tourism	142	113	100
Community Initiatives	799	993	1,019
Parks	1,746	1,716	1,825
Leisure Policy	468	460	391
Leisure Centres	2,887	2,714	2,856
Community Facilities	141	65	25
	6,814	6,668	6,791
Community Safety			
Community Safety	1,031	983	908
	1,031	983	908
Housing Services			
Housing Services	959	869	884
Private Housing Support	2,300	2,396	1,664
Homelessness	538	621	587
Housing Benefits	1,191	1,241	1,381
	4,988	5,127	4,516
Highways & Transportation			
Transportation Strategy	1,234	1,092	368
Public Transport	964	867	229
Highways Services	96	143	129
Car Parks	-526	-519	-608
Environmental Improvements	421	508	344
	2,189	2,091	462
Corporate Services			
Local Taxation & Benefits	1,228	1,150	1,271
Corporate Management	1,739	1,607	1,490
Democratic Services	1,432	1,455	1,434
Central Services	549	608	612
Non Distributed Costs	250	242	252
	5,198	5,062	5,059
Other Expenditure			
Contingency	-484	53	-90
Other Expenditure	-5,415	-6,729	-5,361
Investment Interest and Borrowing Costs	108	-341	-93
Unallocated Grants	-76	-95	-78
	-5,867	-7,112	-5,622
Council Total	24,848	23,149	22,615

The Service Based Budget includes direct expenditure plus the recharge of all support costs (e.g. HR, finance, legal and offices) plus depreciation on assets.

Note
Due to the nature of and/or the late stage in the process of some changes there will be a need to make some minor reallocations between service budgets for 2011/12 after the budget is approved. These relate to the allocation of support costs and inflation adjustments. The items particularly subject to such changes are shown with a ##

SERVICE BUDGET		2010/11		2011/12	
		Budget	Forecast	Budget	
		£000	£000	£000	
Environmental Services					
Refuse Collection	Abandoned Vehicles	59	58	59	
	Domestic Refuse	3,295	3,205	3,209	
	Trade Refuse	18	-6	-15	
		3,372	3,257	3,253	
Recycling	Recycling	370	278	616	
	Recycling Sites	-88	-95	-83	
		282	183	533	
Drainage & Sewers	Internal Drainage Boards	358	374	367	
	Nightsoil Collection	10	10	11	
	Watercourses	204	176	222	
		572	560	600	
Public Conveniences	Public Conveniences ##	18	67	53	
		18	67	53	
Environmental Health	Air Quality	109	111	141	
	Animal Welfare	178	185	153	
	Contaminated Land	175	177	142	
	Health & Safety	243	239	239	
	Energy Efficiency	405	385	374	
	Environmental Health General	-4	-13	12	
	Food Safety	483	443	471	
	Health Promotion	48	25	31	
	Licences	156	60	43	
	Nuisances	335	301	254	
	Pest Control	135	127	144	
	Private Sector Housing	267	263	195	
	Travellers	15	14	15	
			2,545	2,317	2,214
	Closed Churchyards	Closed Churchyards	11	8	9
		11	8	9	
Street Cleaning & Litter	Littering	69	69	88	
	Street Cleaning	1,299	1,317	1,386	
		1,368	1,386	1,474	
	Environmental Services	8,168	7,778	8,136	
Planning					
Development Management	Advice	729	628	652	
	Application Processing	222	413	265	
	Enforcement	246	269	276	
		1,197	1,310	1,193	
Building Control	Promotion & Enforcement	235	207	216	
	Applications	-71	-13	-21	
		164	194	195	
Planning Policy & Conservation	A14 Inquiry	153	4	0	
	Conservation & Listed Buildings	136	151	156	
	Local Plan	740	631	718	
	Planning Projects/Implementation	305	268	250	
	Trees	198	210	208	
		1,532	1,264	1,332	

SERVICE BUDGET		2010/11		2011/12
		Budget	Forecast	Budget
		£000	£000	£000
Economic Development	Business & Enterprise Support	260	305	308
	Markets	-50	-5	-44
	NNDR Discretionary Relief	29	47	29
	Property Development and Management	-1,068	-849	-964
	Town Centre Management	228	286	307
		-601	-216	-364
Planning Delivery Grant	Planning Grant Unallocated	35	0	9
	Planning	2,327	2,552	2,365
Community Services				
Countryside	Barford Road Pocket Park			
	Countryside Management	260	245	189
	Hinchingbrooke Country Park	222	269	244
	Paxton Pits	106	59	112
	Miscellaneous Countryside sites	43	34	30
		631	607	575
Tourism	Tourism	142	113	100
		142	113	100
Community Initiatives	Community Projects	99	155	170
	Community Initiatives Mgt	221	273	266
	Equal Opportunities	38	66	75
	Sustainable Communities	69	71	75
	Miscellaneous Grants	372	428	433
		799	993	1,019
Parks	Parks & Open Spaces	1,690	1,671	1,755
	Pavilions	53	43	68
	Unallocated Land Survey	3	2	2
		1,746	1,716	1,825
Leisure Policy	Arts Development ##	157	120	60
	Leisure Development	311	340	331
		468	460	391
Leisure Centres	One Leisure Huntingdon	562	588	621
	One Leisure Ramsey	445	359	405
	One Leisure Sawtry	497	457	460
	One Leisure St Ives	708	629	726
	One Leisure St Neots	666	631	627
	Leisure Centres Overall	9	50	17
		2,887	2,714	2,856
Community Facilities	Leisure Grants ##	120	44	4
	Priory Centre	21	21	21
		141	65	25
	Community Services	6,814	6,668	6,791

SERVICE BUDGET		2010/11		2011/12
		Budget	Forecast	Budget
		£000	£000	£000
Community Safety				
Community Safety	C C T V ##	701	683	558
	Community Safety	330	300	350
		1,031	983	908
	Community Safety	1,031	983	908
Housing Services				
Housing Services	Choice Based Lettings	105	45	23
	Housing Advice	255	310	311
	Housing Strategy	327	186	193
	Waiting List	235	256	274
	Other housing services	37	72	83
		959	869	884
Private Housing Support	Home Improvement Agency	84	95	106
	Housing Associations	783	890	356
	Housing Surveys	26	18	27
	Renovation/Improvement Grants	1,407	1,393	1,150
	Safer homes scheme	0	0	25
		2,300	2,396	1,664
Homelessness	Accommodation For Homeless	70	37	23
	Homelessness Management	311	365	312
	Homeless Prevention	56	118	148
	Hostel Support	101	101	104
		538	621	587
Housing Benefits	Housing Benefits Admin	1,127	1,361	1,512
	Rent Allowance Local Scheme	18	13	14
	Rent Allowance National Scheme	-53	-285	-285
	Temporary Accommodation Support	99	152	140
		1,191	1,241	1,381
	Housing Services	4,988	5,127	4,516
Highways & Transportation				
Transportation Strategy	Cycling	29	24	26
	Transportation Management	160	122	195
	Transport Schemes ##	1,045	946	147
		1,234	1,092	368
Public Transport	Bus Shelters	96	109	123
	Bus Stations	72	115	78
	Concessionary Fares ##	796	643	28
		964	867	229
Highways Services	Street naming	96	143	129
		96	143	129
Car Parks	Car Park Assets	116	93	120
	Car Park Management	-753	-634	-752
	Car Park Policy	111	22	24
		-526	-519	-608
Environmental Improvements	Management Schemes	83	85	96
		338	423	248
		421	508	344
	Highways & Transportation	2,189	2,091	462

SERVICE BUDGET		2010/11		2011/12
		Budget	Forecast	Budget
		£000	£000	£000
Corporate Services				
Local Taxation & Benefits	Council Tax	891	950	995
	Council Tax Benefits	339	215	288
	N N D R Administration	-2	-15	-12
		1,228	1,150	1,271
Corporate Management	Chief Executive & Management Team	800	707	641
	External Audit	153	146	158
	Public Accountability	669	641	574
	Treasury Management	117	113	117
		1,739	1,607	1,490
Democratic Services	Corporate Committees	538	552	522
	Member Allowances & Support	894	903	912
		1,432	1,455	1,434
Central Services	Elections	514	518	531
	Emergency Planning	70	86	90
	Land Charges	-35	4	-9
		549	608	612
Non Distributed Costs	Pensions	250	239	218
	ICT services to other organisations	0	3	34
		250	242	252
	Corporate Services	5,198	5,062	5,059
Other Expenditure				
Contingency	Efficiency Savings Contingency	-255	0	0
	Other Contingencies	-229	53	-90
		-484	53	-90
Other Expenditure	Capital Charges Reversed	-6,787	-6,960	-5,497
	MRP (Provision for repaying borrowing)	0	247	682
	Pensions Liabilities Reversed	1,229	0	0
	V A T Partial Exemption	143	0	0
	Items still to be allocated or recharged to Services ##	0	-66	-586
	Other Expenditure	0	50	40
		-5,415	-6,729	-5,361
Investment Interest and borrowing costs	Interest Paid	927	399	523
	Interest Received	-819	-740	-616
		108	-341	-93
Unallocated grants		-76	-95	-78
		-76	-95	-78
	Other Expenditure	-5,867	-7,112	-5,622
COUNCIL TOTAL		24,848	23,149	22,615

BUDGET - Controllable							REVENUE					NET CAPITAL				
							Budget	F'Cast	Budget	MTP	Budget	F'Cast	Budget	MTP	Budget	F'Cast
	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2016			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
Document Centre ③	587	547	604	604	604	604	604	604	604	604						
MTP Variation																
380 Replacement Printing Equip.											70		208			
894 Replacement Equipment Document Centre											78	30	54			
895 Multi-functional Devices											45	21	45			
# Document Centre - efficiency and external work																
TOTAL	587	547	604	597	587	577	562	562	562	562	111	51	99			
Management Units ④	854	817	688	688	688	688	688	688	688	688						
MTP Variations																
# Central Services - Reorganisation																
TOTAL	854	817	688	688	688	688	688	688	688	688						
Head of Law, Property and Governance	-1,403	-1,412	-1,529	-1,529	-1,529	-1,529	-1,529	-1,529	-1,529	-1,529						
Economic Development ①																
MTP Variation																
239 New Industrial Units																
509 Industrial Estate Repairs																
657 Creative Industries Centre, St Neots																
Industrial Rents - shortfall																
TOTAL	-1,403	-1,412	-1,529	-1,557	-1,587	-1,563	-1,563	-1,563	-1,563	-1,563	16	16	16			
Corporate Management	2	4	2	2	2	2	2	2	2	2						
TOTAL	2	4	2	2	2	2	2	2	2	2						
Management Units ②	520	500	449	449	449	449	449	449	449	449						
MTP Variations																
# Central Services - Reorganisation																
TOTAL	520	500	449	449	449	449	449	449	449	449						
TOTAL	-881	-908	-1,078	-1,106	-1,136	-1,112	-1,112	-1,112	-1,112	-1,112	575	835	16			

BUDGET - Controllable							REVENUE					NET CAPITAL				
							Budget	F'Cast	Budget	MTP	Budget	F'Cast	Budget	MTP	Budget	F'Cast
	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2016			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
Head of PPP	146	144	108	108	108	108	108	108	108	108						
Economic Development ①																
MTP Variation																
# Town Centre Partnerships - reduced funding																
TOTAL	146	144	108	68	48	48	48	48	48	48						
Tourism	43	45	45	45	45	45	45	45	45	45						
TOTAL	43	45	45	45	45	45	45	45	45	45						
Community initiatives	-2	20	36	36	36	36	36	36	36	36						
TOTAL	-2	20	36	36	36	36	36	36	36	36						
Corporate Management ②	120	109	59	59	59	59	59	59	59	59						
MTP Variations																
# Hunts. Matters - cease production District wide - E version only																
TOTAL	120	109	59	59	59	59	59	59	59	59						
Non-Distributed Costs (pensions)	250	238	218	218	218	218	218	218	218	218						
MTP Variations																
# Pensions Increase - Savings																
TOTAL	250	238	218	218	218	218	218	218	218	218						
Management Units ③	1,186	1,161	1,212	1,212	1,212	1,212	1,212	1,212	1,212	1,212						
MTP Variations																
# Central Services - Reorganisation																
TOTAL	1,186	1,161	1,212	1,162	1,162	1,112	1,112	1,112	1,112	1,112						
Human Resources	200	200	202	202	202	202	202	202	202	202						
TOTAL	200	200	202	202	202	202	202	202	202	202						
TOTAL	1,943	1,917	1,880	1,790	1,770	1,720	1,720	1,720	1,720	1,720						

	REVENUE						NET CAPITAL					
	Budget		F'Cast		MTP		Budget		F'Cast		MTP	
	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
BUDGET - Controllable												
DIRECTORATE OF ENVIRONMENTAL AND COMMUNITY SERVICES												
Director of Environmental & Community Services												
Management Units	172	172	178	178	178	178	178	178	178	178	178	178
TOTAL	172	172	178	178	178	178	178	178	178	178	178	178
Head of Housing Services												
Housing Services	30	-4	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5
MTP Variations												
702 Mobile Home Park, Eynesbury			-10	-10	-10	-10	-10	-10	-10	-10	-10	-10
TOTAL	30	-4	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5
Private housing support 1 2 3												
MTP Variation	-11	29	29	29	29	29	29	29	29	29	29	29
70 Housing Needs Survey			-5	-5	-5	-5	-5	-5	-5	-5	-5	-5
730 Housing Need Study			8	8	8	8	8	8	8	8	8	8
866 Disabled Facilities Grants												
867 Repairs Assistance												
869 Social Housing Grant			25	25	25	25	25	25	25	25	25	25
910 Safer Homes Scheme												
932 Decent Homes - Thermal Efficiency/H&S												
973 Housing Capital Grant (non-earmarked)												
974 Decent Homes - Thermal Efficiency Imps. Mortgage Fall-out			1	2	3	3	3	3	3	3	3	3
TOTAL	-11	29	30	31	32	22	22	22	22	22	22	22
Homelessness 4												
MTP Variations	220	241	173	173	173	173	173	173	173	173	173	173
Homelessness Grant			-85	-85	-85	-85	-85	-85	-85	-85	-85	-85
Priority Needs Scheme-end of temp. savings			28	29	30	31	21	21	21	21	21	21
TOTAL	220	241	173	173	173	173	173	173	173	173	173	173
NET CAPITAL												
Budget	1,000	1,000	800	800	800	800	800	800	800	800	800	800
F'Cast	190	160	100	100	100	100	100	100	100	100	100	100
MTP	500	547										
TOTAL	1,690	1,643	900	964	900	964	900	900	900	900	900	900

	REVENUE						NET CAPITAL					
	Budget		F'Cast		MTP		Budget		F'Cast		MTP	
	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000
BUDGET - Controllable												
Management Units 5												
MTP Variations	1,120	1,078	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095
960 Transfer of some housing calls to call centre			-11	-11	-11	-11	-11	-11	-11	-11	-11	-11
# Housing staff efficiency savings			-45	-100	-100	-100	-100	-100	-100	-100	-100	-100
TOTAL	1,120	1,078	1,095	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040
NET CAPITAL												
Budget	1,370	1,304	1,292	1,269	1,357	1,348	1,522	1,643	900	964	900	1,050
F'Cast												
MTP												
TOTAL	1,370	1,304	1,292	1,269	1,357	1,348	1,522	1,643	900	964	900	1,050
Head of Environmental & Community Health Services												
Environmental Health	265	233	176	176	176	176	176	176	176	176	176	176
MTP Variations												
911 House Condition Survey			-50	-50	-50	-50	5	5	5	5	5	5
927 Air Quality Monitoring Equipment			20	-10	20	20	20	20	20	20	20	20
TOTAL	265	233	176	146	176	176	231	231	231	231	231	231
Community initiatives 1 2 3												
MTP Variation	405	416	409	409	409	409	409	409	409	409	409	409
423 Community Information Project												
863 Community Facilities Grants			-14	-65	-308	-308	-308	-308	-308	-308	-308	-308
952 Loves Farm Community Centre			10	10	10	10	10	10	10	10	10	10
954 Ramsey Community Information Centre												
Ramsey Library Development			-4	-55	-298	-298	-298	-298	-298	-298	-298	-298
TOTAL	405	416	409	358	115	115	115	115	115	115	115	115
Leisure policy												
MTP Variation	316	292	213	213	213	213	213	213	213	213	213	213
845 Physical Activity Initiatives for Adults			-23	-23	-30	-32	-32	-32	-32	-32	-32	-32
Arts Development Service			-93	-93	-93	-93	-93	-93	-93	-93	-93	-93
TOTAL	316	292	213	213	206	204	204	204	204	204	204	204
NET CAPITAL												
Budget	38	150	56	56	56	56	56	56	56	56	56	56
F'Cast												
MTP												
TOTAL	38	150	56	56	56	56	56	56	56	56	56	56

BUDGET - Controllable										REVENUE					NET CAPITAL					
										Budget	F'Cast	Budget	MTP	MTP	Budget	F'Cast	Budget	MTP	MTP	Budget
	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2016	2010	2011	2012	2013	2014	2015	2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Community Safety 4	116	88	114	114	114	114	114	114	114	114	114	114	114							
MTP Variations																				
Lighting improvements														24	4					
TOTAL	116	88	114	114	114	114	114	114	114	114	114	114	114	24	4					
Management Units 5	1,603	1,537	1,517	1,517	1,517	1,517	1,517	1,517	1,517	1,517	1,517	1,517	1,517							
MTP Variation																				
Environmental Health staff savings														-201						
Environmental & Community Health savings														-75						
														-201						
TOTAL	1,603	1,537	1,517	1,517	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	82	179	56	-15			
2,705	2,566	2,429	2,348	2,053	2,051	2,106														
Head of Operations	1,991	1,832	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	144	30	31	33	38	48	340
MTP Variations																				
Recycling Credits														-17						
Provision for Bin Replacements														175	175	175	175	175	175	175
Recycling Gate Fees														15	33	33	33	33	33	33
Reduction in glass sales														34	40	40	40	40	40	40
Increased charges for bulky waste														-20	-20	-20	-20	-20	-20	-20
Reduce refuse collection by one round														-100	-100	-100	-100	-100	-100	-100
Wheeled Bins for New Properties														187	111	111	111	111	111	111
TOTAL	1,991	1,832	2,188	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	144	155	157	176	181	187	419
Drainage and sewers	10	10	11	11	11	11	11	11	11	11	11	11	11							
TOTAL	10	10	11	11	11	11	11	11	11	11	11	11	11							
Street cleaning and litter 2	982	945	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002							
TOTAL	982	945	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002							

BUDGET - Controllable										REVENUE					NET CAPITAL					
										Budget	F'Cast	Budget	MTP	MTP	Budget	F'Cast	Budget	MTP	MTP	Budget
	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2016	2010	2011	2012	2013	2014	2015	2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Markets 5	-161	-138	-165	-165	-165	-165	-165	-165	-165	-165	-165	-165	-165							
MTP Variations																				
Consultants														-5	-5	-5	-5	-5	-5	-5
														-5	-5	-5	-5	-5	-5	-5
TOTAL	-161	-138	-165	-165	-165	-165	-165	-165	-165	-165	-165	-165	-165							
CCTV 4	502	458	365	365	365	365	365	365	365	365	365	365	365							
MTP Variations																				
CCTV - Camera replacements														81	159					
CCTV Van - remove satellite system														-8	-8	-8	-8	-8	-8	-8
Reduction in CCTV Cameras														-15	-15	-15	-15	-15	-15	-15
Reduce CCTV to a basic service														-129	-172	-172	-172	-172	-172	-172
Mothball CCTV														-300	-300	-300	-300	-300	-300	-300
														-152	-495	-495	-495	-495	-495	-495
TOTAL	502	458	365	365	365	365	365	365	365	365	365	365	365	81	159					
Countryside 5	496	416	384	384	384	384	384	384	384	384	384	384	384							
MTP Variations																				
Hinchbrook Park - Café extension														-17	-17	-17	-17	-17	-17	-17
St Neots Green Corridor (HGF)														-101	-149	-199	-199	-199	-199	-199
Reduce staff and increase income														-100	-100	-100	-100	-100	-100	-100
Transfer Countryside to a trust														-118	-166	-216	-316	-316	-316	-316
TOTAL	496	416	384	384	384	384	384	384	384	384	384	384	384	102	102					
Parks 6	4	-17	11	11	11	11	11	11	11	11	11	11	11							
MTP Variations																				
Huntingdon Marina Improvements														62	41					
Huntingdon Riverside														69	155	50	20	20	20	20
Play Equipment & Safety Surface Renewal														8	8	8	8	8	8	8
Pavilion Repairs and Renewals														8	8	8	8	8	8	8
TOTAL	4	-17	11	11	11	11	11	11	11	11	11	11	11	131	196	50	20	20	20	20

BUDGET - Controllable		REVENUE						NET CAPITAL						
		F'Cast		Budget		MTP		Budget		F'Cast		MTP		
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Car parks 7		-1,206	-1,085	-1,220	-1,220	-1,220	-1,220	-1,220	-1,220	-1,220	-1,220	-1,220		
MTP Variations														
480	Implementation of car park strategy			-10	-20	-44	-68	-102						
924	Additional Car Park Charges (net)			10	10	10	10	10	31	31	31	31		
	Loss of Income due to VAT change			30	30	30	30	30						
	TOTAL	-1,206	-1,085	-1,220	-1,220	-1,220	-1,278	-1,312	31	31	31	31		
Central services (emergency planning)		29	29	30	30	30	30	30						
	TOTAL	29	29	30	30	30	30	30						
Management Units 8		1,594	1,469	1,423	1,423	1,423	1,423	1,423						
MTP Variations														
#	Operations Division Reorganisation			-196	-250	-250	-250	-250						
	TOTAL	1,594	1,469	1,423	1,369	1,369	1,369	1,369						
Grounds Maintenance 9		871	828	917	917	917	917	917						
MTP Variations														
#	Reduced grounds maintenance standards			-150	-150	-150	-150	-150						
	TOTAL	871	828	917	767	767	767	767						
Other internal services 10														
MTP Variations														
886	Vehicle fleet replacements.			5	-30	-30	-30	-30	218	415	551	807	921	1,059
	TOTAL			5	-30	-30	-30	-30	218	415	551	807	921	1,059
Head of Planning Services		5,112	4,747	4,946	4,265	4,191	4,067	4,033	605	1,058	758	1,003	1,122	1,498
Development Management 11		-996	-770	-948	-948	-948	-948	-948						
MTP Variations														
904	CIL Preparations			5	-30	-30	-30	-30						
	TOTAL	-996	-770	-948	-983	-983	-983	-983						

BUDGET - Controllable		REVENUE						NET CAPITAL						
		F'Cast		Budget		MTP		Budget		F'Cast		MTP		
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Planning Policy and Conservation 2		655	396	418	418	418	418	418						
MTP Variations														
358	Ramsey Rural Renewal			-15	-15	-15	-15	-15	43	63				
852	Corporate Commercial Property Advice			-10	-10	-10	-10	-10						
853	Huntingdon Town Hall			-149	-149	-149	-149	-149						
875	A14 Inquiry			-25	-25	-25	-25	-25						
903	LDF examinations			7	7	7	7	7						
907	St Neots Extension - Suppl. Plan			-222	-224	-427	-447	-454						
908	H'don Town Centre - Retail Strategy			-30	-30	-30	-30	-30						
909	Great Fen Project - Governance													
	Parish Planning													
	TOTAL	655	396	418	416	213	193	186	43	63				
Economic Development 3		86	86	2	2	2	2	2						
MTP Variations														
224	Town Centre Developments			-86	-86	-86	-86	-86						
401	Huntingdon Town Centre Development													
703	Heart of Oxmoor													
850	Huntingdon West Development (HGF)			-86	-86	-86	-86	-86						
	TOTAL	86	86	2	2	2	2	2	-1,829	-1,351	4,945	-1,368	-430	-1,800
Planning delivery grant		35	9	9	9	9	9	9						
	TOTAL	35	9	9	9	9	9	9						
Transportation Strategy 4		93	81	95	95	95	95	95						
MTP Variation														
351	St Neots Pedestrian Bridges								537	530				
362	St Ives Transport Strategy								140	126				
363	Ramsey Transport Strategy								45	6				
870	Local Transport Plan								83	73				
871	Safe Cycle Routes								286	100				
872	St Neots Transport Strategy Phase 2								90	94				

		REVENUE						NET CAPITAL												
		Budget		F'Cast		MTP		Budget		F'Cast		MTP								
		2010	2011	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2016				
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000					
873	Accessibility Improvement - Signs																			
874	Huntingdon Transport Strategy																			
	TOTAL	93	81	95	95	95	95	95	95	1,296	1,001									
	Public transport incl. concessionary fares 5																			
	MTP Variations																			
818	Railway Stations - Improvements																			
912	Concessionary Fares									26	20		26							
	TOTAL	747	610	10	10	10	10	10	10	26	20	26	26							
	Car parks (policy)																			
	MTP Variation																			
923	Extra Car Parking, H'don Town Centre									20	150	57	-129							
#	Increase in car park charges									-150	-300	-500		900	2,450					
	TOTAL	89								-20	-170	-263	-649	380	900	2,450				
	Management units 6																			
	MTP Variations																			
655	Electronic Document Imaging									17	21	21	21	21	21					
656	Planning Enforcement Monitoring Officer									23	27	27	27	27	27					
739	Proposed use of Planning Delivery Grant									-34	-107	-107	-107	-107	-107					
#	Planning efficiencies									-48	-48	-48	-48	-48	-48					
#	Transport efficiencies									-95	-95	-95	-95	-95	-95					
	Enforcement - staff savings									-77	-77	-77	-77	-77	-77					
	TOTAL	2,386	2,203	2,251	2,091	2,091	2,091	2,091	2,091	1,620	1,267	1,154	761	-84	113	5,871	1,082	-430	-750	-1,800
	Head of Environmental Management																			
	Drainage and sewers																			
	TOTAL	415	416	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425	425

		REVENUE						NET CAPITAL											
		Budget		F'Cast		MTP		Budget		F'Cast		MTP							
		2010	2011	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2016			
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
	Public conveniences 1																		
	MTP Variations																		
302	New Public Conveniences																		
	Transfer to other Councils									20	20	20	20	20	20				
	TOTAL	25	20	20	20	20	20	20	20	20	20	20	20	20	20				
	Environmental Health (energy efficiency)																		
	MTP Variations																		
879	Environment Strategy Funding																		
880	Sustainable Homes Retrofit									-20	-20	-20	-20	-20	-20				
881	Climate Change Adaptation Study									-5	-15	-15	-15	-15	-15				
882	Energy and Water Efficiency									-15	-15	-15	-15	-15	-15				
915	St Neots ESCO Study									-50	-50	-50	-50	-50	-50				
918	Building Efficiency Imps. (Salix Grant)									-25	-58	-77	-103	-129	-129				
918	Building Effic. Imps (Potential LC proportion)									25	46	38	51	65	65				
	TOTAL	149	121	83	61	14	1	-11	-112	-90	-159	-172	-184	45	55	58	77	78	62
	Closed Churchyards																		
	TOTAL	5	5	5	5	5	5	5	5	5	5	5	5	5	5				
	Building Control																		
	TOTAL	-526	-489	-530	-530	-530	-530	-530	-530	-530	-530	-530	-530	-530	-530				
	Community initiatives																		
	TOTAL	6	6	6	6	6	6	6	6	6	6	6	6	6	6				
	Public transport																		
	MTP Variations																		
625	Huntingdon Bus Station																		
899	Bus Shelters - extra provision									3	3	3	3	3	3				
	TOTAL	87	131	101	101	101	101	101	101	3	3	3	3	3	3				
	TOTAL	87	131	101	101	101	101	101	101	931	43	43	40	931	43	40			

BUDGET - Controllable		REVENUE						NET CAPITAL						
		F'Cast			Budget			F'Cast			Budget			
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Highways Services (street naming)														
MTP Variations														
844	Street naming and numbering			10	10	10	10	10	10	10	10	10	10	10
	TOTAL	34	38	45	45	45	45	45	45	45	45	45	45	45
Car parks (assets)														
MTP Variations														
166	St Neots - Cambridge Street Car Park													
461	Car Park Repairs									80	9	80	86	60
	TOTAL	44	44	45	45	45	45	45	45	80	9	166	60	31
Environmental Improvements 2														
MTP Variations														
52	St Ives Town Centre 2 - Completion													12
876	Small Scale - District Wide Partnership													78
877	AJC Small scale improvements													86
878	Village Residential Areas													74
	TOTAL	41	129	42	42	42	42	42	42	232	250			
Management units 3														
MTP Variations														
831	Technical Services Restructuring			-42	-81	-81	-81	-81	-81	-81	-81	-81	-81	-81
#	Small scale env. Imps. staff saving			-42	-25	-50	-50	-50	-50	-50	-50	-50	-50	-50
	TOTAL	1,618	1,670	1,698	1,698	1,698	1,698	1,698	1,698	1,609	1,609	1,609	1,698	1,698
Offices 4														
MTP Variations														
890	Headquarters			70	70	70	70	70	70	70	70	70	70	70
#	Rental of space in PFH			70	-75	-150	-150	-150	-150	-150	-150	-150	-150	-150
	TOTAL	1,120	713	1,012	937	862	862	862	862	-115	9	2	-1,810	-1,810

BUDGET - Controllable		REVENUE						NET CAPITAL						
		F'Cast			Budget			F'Cast			Budget			
		2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Pool Cars														
TOTAL														
		19	19	19	19	19	19	19	19	19	19	19	19	19
	TOTAL	3,012	2,828	2,971	2,810	2,663	2,650	2,638	2,638	1,318	659	-167	-1,637	164
DIRECTORATE OF COMMERCE AND TECHNOLOGY														
Director of Commerce & Technology														
Management units														
TOTAL														
		129	125	131	131	131	131	131	131	131	131	131	131	131
	TOTAL	29	47	29	29	29	29	29	29	29	29	29	29	29
Head of Customer Services														
Economic Development (NDR relief)														
TOTAL														
		-632	-727	-592	-592	-592	-592	-592	-592	-592	-592	-592	-592	-592
813	Housing benefits													
MTP Variations														
	Reduction in Benefits Admin Grant			-21	36	36	36	36	36	36	36	36	36	36
	TOTAL	-632	-727	-592	-535	-535	-535	-535	-535	-535	-535	-535	-535	-535
Local Taxation & Benefits														
TOTAL														
		-825	-988	-942	-942	-942	-942	-942	-942	-942	-942	-942	-942	-942
	TOTAL	114	112	44	44	44	44	44	44	44	44	44	44	44
Community initiatives 1														
MTP Variations														
916	Replacement. Scanning Ept. - Customer Services													
#	Reduce Yaxley Customer Service Centre costs			-35	-35	-55	-55	-55	-55	-55	-55	-55	-55	-55
#	Reduce Ramsey Customer Service Centre costs			-30	-42	-42	-37	-37	-37	-37	-37	-37	-37	-37
	TOTAL	114	112	44	32	12	17	17	17	33	33	33	33	33

		REVENUE						NET CAPITAL						
		Budget			F'Cast			Budget			F'Cast			
		2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
BUDGET - Controllable														
	Call Centre 2	626	594	641	641	641	641	641	641	641	641	641	641	641
	MTP Variations													
#	Reduce call centre hours													
#	Reduce call centre system costs													
	TOTAL	626	594	641	611	591	591	591	591	591	591	591	591	591
	Customer Service Centres 5	626	567	578	578	578	578	578	578	578	578	578	578	578
	MTP Variations													
#	Reduce St lives costs													
#	Reduce hours at Huntingdon													
	TOTAL	626	567	578	578	578	556	549	549	549	549	549	549	549
	Management Units 4	2,234	2,262	2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204
	MTP Variations													
626	Wireless Working (Revs & Bens)													
#	Customer Services - Staff savings													
	TOTAL	2,234	2,262	2,204	2,194	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169	2,169
	Head of Financial Services	2,172	1,967	1,962	1,967	1,880	1,878	1,878	1,878	1,878	1,878	1,878	1,878	1,878
	Environmental Improvements	5	5											
	MTP Variations													
920	East of Sapley - Preliminary Costs													
	TOTAL	5	5											
	Corporate Management	207	195	209	209	209	209	209	209	209	209	209	209	209
	TOTAL	207	195	209	209	209	209	209	209	209	209	209	209	209

		REVENUE						NET CAPITAL						
		Budget			F'Cast			Budget			F'Cast			
		2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
BUDGET - Controllable														
	Contingency	-486	53	-90	-90	-90	-90	-90	-90	-90	-90	-90	-90	-90
	MTP Variations													
	Provision for extra specific grants deleted													
	Temp. non-achievement of T/O allowance													
	TOTAL	-486	53	-90	-90	-90	-90	-90	-90	-90	-90	-90	-90	-90
	Interest and borrowing costs	93	-341	-93	-93	-93	-93	-93	-93	-93	-93	-93	-93	-93
	MTP Variations													
	Interest													
	TOTAL	93	-341	-93	-93	-93	-93	-93	-93	-93	-93	-93	-93	-93
	Other expenditure	209	360	251	251	251	251	251	251	251	251	251	251	251
	MTP Variations													
950	Doubtful Debts Provision													
	VAT Partial Exemption													
	Variation in MRP													
	TOTAL	209	360	251	251	251	251	251	251	251	251	251	251	251
	Area based grant	-76	-95	-78	-78	-78	-78	-78	-78	-78	-78	-78	-78	-78
	TOTAL	-76	-95	-78	-78	-78	-78	-78	-78	-78	-78	-78	-78	-78
	Management units 1	1,230	1,188	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189
	MTP Variations													
964	Internal Audit saving													
#	Internal Audit saving													
#	Further Financial Services savings													
	Procurement Support to ECDC													
	TOTAL	1,230	1,188	1,189	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167
	Insurance	390	380	395	395	395	395	395	395	395	395	395	395	395
	TOTAL	390	380	395	395	395	395	395	395	395	395	395	395	395

	REVENUE										NET CAPITAL								
	Budget					F'Cast					Budget			F'Cast					
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2010	2011	2012			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
BUDGET - Controllable																			
Financial services	94	52	90	90	90	90	90	90	90	90	90	90	90	377	344	182	19	53	34
TOTAL	94	52	90	90	90	90	90	90	90	90	90	90	90	377	344	182	19	53	34
Head of IMD																			
Helpdesk 1	436	395	379	379	379	379	379	379	379	379	379	379	379	147	147	122	122	122	117
MTP Variations																			
Corporate EDM			-36	-36	-36	-36	-36	-36	-36	-36	-36	-36	-36	25	25				
Network and ICT Services			-38	-59	-59	-59	-59	-59	-59	-59	-59	-59	-59						
Help Desk Saving			-75	-75	-6	-6	-92	-17	-16										
IMD Staff and Contract savings (part)																			
ICT Replacements (part)			-149	-176	-112	-112	-187	-111						122	122	122	122	122	117
TOTAL	436	395	379	352	341	341	341	416	417	417	417	417	147	147	122	122	122	117	
Network Services 1																			
MTP Variations	624	591	634	634	634	634	634	634	634	634	634	634	634						
Business Systems			79	45	21	21	44	44	44	44	44	44	44	270	198	225	230	190	200
Government Connect			33	44	44	44	44	44	44	44	44	44	44	20	104	12			100
Telephony and ICT Network Renewal																			
IMD Infrastructure savings			21	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15						
IMD Staff and Contract savings (part)			10	21	20	20	20	20	-86	-86	-86	-86	-86						
ICT Replacements (part)			10	10	10	10	10	10	10	10	10	10	10	185	158	188	70	70	70
TOTAL	624	591	634	596	571	571	595	571	445	445	445	445	475	460	425	300	260	265	
Web & Business Systems 1																			
MTP Variations	232	305	254	254	254	254	254	254	254	254	254	254	254						
Web Advertising income shortfall			3	-10	-20	-20	-30	-30	-30	-30	-30	-30	-30						
IMD Shared Service Income			-7	-15	-20	-20	-30	-30	-30	-30	-30	-30	-30						
TOTAL	232	305	254	246	241	241	241	231	231	231	231	231							

	REVENUE										NET CAPITAL								
	Budget					F'Cast					Budget			F'Cast					
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2010	2011	2012			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
BUDGET - Controllable																			
Corporate Systems 1	261	257	242	242	242	242	242	242	242	242	242	242	242						
MTP Variations																			
IMD Staff and Contract Savings (part)			-23	-23	-24	-24	-24	-24	-24	-24	-24	-24	-24						
TOTAL	261	257	242	242	241	241	241	241	241	241	241	241							
Business Analysis & Project Management 1																			
MTP Variations	409	387	402	402	402	402	402	402	402	402	402	402	402						
Voice and data infrastructure			-34	-34	-34	-34	-34	-34	-34	-34	-34	-34	-34						
Customer First																			
Resourcelink – Recruitment Module																			
VoIP Telephony for Leisure Centres			-20	-41	-41	-41	-41	-41	-41	-41	-41	-41	-41						
Working Smarter			-54	-75	-75	-75	-75	-75	-75	-75	-75	-75	-75						
TOTAL	409	387	402	381	381	381	381	381	381	381	381	381	191	181	40				
Management units 1																			
TOTAL	201	189	192	192	192	192	192	192	192	192	192	192	192						
TOTAL	2,163	2,124	2,103	2,009	1,991	2,032	1,907	1,907	1,907	1,907	1,907	1,907	813	788	587	422	382	387	
General Manager, Leisure																			
Leisure Centres 1	974	782	820	820	820	820	820	820	820	820	820	820	820						
MTP Variations																			
CCTV Improvements			-110	-15	-26	-26	-26	-26	-26	-26	-26	-26	-26	10	5	10			
St Neots LC Development			-21	-16	-16	-16	-16	-16	-16	-16	-16	-16	-16	1,233	1,754	60			316
Huntingdon LC Development			12	12	12	12	12	12	12	12	12	12	12	52	940	676	382	382	522
Future maintenance																			
St Ivo LC – Football Improvements																			
St Ivo – Outdoor energy generation																			
St Ivo LC Redevelopment			-397	-392	-407	-422	-422	-422	-422	-422	-422	-422	-422	2,700	2,500	400	275	275	275
Replacement Fitness Equipment			-59	-114	-114	-114	-114	-114	-114	-114	-114	-114	-114	190	200	400			
Reception Automation			-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15						
Leisure Savings			-90	-280	-390	-490	-490	-490	-490	-490	-490	-490	-490						
Transfer Leisure Centres to a Trust																			-400

BUDGET - Controllable	REVENUE						NET CAPITAL							
	Budget			F'Cast			Budget			F'Cast				
	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000		
Leisure Savings Target not yet identified			27	1	54	31	17							
			-287	-713	-1,024	-1,172	-1,701							
TOTAL	974	782	820	394	83	-65	-594	4,312	2,813	3,706	382	657	382	838
Management units ①														
TOTAL	212	196	210	210	210	210	210	210	210	210	210	210	210	210
1,186	978	1,030	604	293	145	-384	838	4,312	2,813	3,706	382	657	382	838
Non-Allocated Items														
Recharges to non-revenue accounts														
MTP Variations														
Revenue staff charged to capital			50	50	50	50	50	100	100	50	50	50	50	50
Rule change re Capital Overheads			50	50	50	50	50	-117	-117	-117	-117	-117	-117	-117
TOTAL	-1,299	-1,057	-848	-848	-848	-848	-848	-17	-17	-67	-67	-67	-67	50
Other items ① ②														
MTP Variations														
Reorganisation - Senior managers			-260	-400	-730	-730	-730							
Pay & allowances Review			-375	-375	-300	-350	-350							
Capital Inflation			725	1,495	2,636	3,477	4,165							
Revenue Inflation			-114	-114	-114	-114	-114							
Recruitment at lower pay levels				-750	-961	-1,525	-1,976							
Spending Adjustments still to be identified														
Schemes brought forward														
Schemes carried forward			3	3	3	3	3	700	1,200	1,500	500	500	500	500
Temporary Spending Adjustment (Recharges)			-44	-69	-72	-72	-72	-700	-1,444	-1,256	-500	-500	-500	-500
E-Marketplace														
Roundings			-65	-213	460	688	924							
TOTAL	-1	1	-2	-148	525	752	989	-1	-1,439	-56	1,057	145	177	247
1,300	-1,056	-850	-996	-323	-96	141	297	-17	-1,456	-123	990	78	110	297
24,848	23,149	22,615	21,348	20,998	21,453	20,949	2,777	9,810	7,133	11,933	3,321	3,005	2,441	2,777

NOTES TO ANNEX D

Head of Central & Democratic Services

① Licences income	Increased charges for certain licenses and efficiency savings are targeted to save £35k.
② Corporate Committees & Subscriptions, Member Allowances & Support, Elections	A member working group will be established to review a number of options in these budget areas.
③ Document Centre	Additional income from undertaking work/collaboration with other organisations and/or reduction in costs of design, printing and despatch are targeted to save £75k.
④ Management Units	Staff reductions and other savings are targeted to amount to £70k over the 4 year plan period

Head of Law, Property & Governance

① Property income	Review strategy and Portfolio to maintain income levels.
② Management Unit	Staff reductions and other savings are targeted to amount to £80k over the 4 year plan period

People, Performance & Partnership

① Economic Development	Halving, then stopping grant to Town Centre Partnerships, with subsequent reductions in employee time is targeted to save £100k. The council will be less able to support the vibrancy of town centres.
② Communications and Marketing	Moving District Wide to electronic only is targeted to save £50k and Hunts Matters will cease at a saving of £10k.
③ Management Units	Staff reductions and other savings are targeted to amount to £120k over the 4 year plan period

Head of Housing Services

① Disabled Facilities Grants (DFGs)	These grants are a statutory obligation and thus depend upon the level of demand.
② Housing Repairs assistance	The previous annual budget of £190k pa has been cut to £100k pa. This will reduce the number of unoccupied dwellings that can be brought back into use.
③ Social housing grants	The annual budget of £500k has been deleted from the plan.
④ Homelessness	No service level changes are proposed.
⑤ Management Units	Staff savings of £100k are targeted. A slower response time will result for some enquiries and specialist advice.

Head of Environmental and Community Health Services

① Arts Development	Proposals included in last year's budget, which have now been implemented, will reduce this budget to nil for the coming year, although two community schemes will be maintained.
② Leisure Development	This matched funding will be reviewed when external grants come to an end in 2013.
③ Community Grants	Cuts in revenue grant funding will be phased in from 2012/13 which will leave around £75k pa after 2013/14. The previous capital budget of £60k to £70k pa has been deleted from the plan in favour of requesting towns and parishes to fund this work.
④ Community safety	The loss of external grants will see this service reduced by £50k.
⑤ Management Units	Savings of £276k pa are targeted. This will result in less health and safety advice being given and reduced capacity to investigate nuisance, noise, pollution and drainage incidents.

Head of Operations

① Refuse/Recycling	Except for increased charges for the collection of bulky waste, generating £20k p.a., no service level changes are proposed in this area. Efficiency savings are targeted. A reduction of one collection round would save £100k. A procurement exercise is underway for the purchase of round scheduling software (an example of shared working with Cambridge City and East Cambridgeshire DC). It is also planned to absorb growth in housing numbers anticipated at 500 p.a.
② Street Cleansing	No service level changes are proposed in this area.
③ Markets	A £5k saving on consultant fees is proposed.
④ CCTV	The budget is based on reducing CCTV staffing from April 2011 and providing a basic service during 2011/2. Options will be provided to Members for a decision to be made on whether the service should be "mothballed" from April 2012 which would give a saving of a further £300k per year. The CCTV van will be disposed of. The previous capital budget for lighting of £23k pa has been deleted from the plan. The previous capital budget for CCTV camera replacements of £80k pa has been deleted from the plan. This deletion is based upon the mothballing of all CCTV operations.
⑤ Countryside	Savings of £199k p.a. are proposed by reducing staff, ending the educational / events programme, reducing our commitment to maintenance and the Rights of Way programme and concentrating of income generating activities. Some of these responsibilities may be taken up by volunteer groups. Further savings of £100k p.a. are targeted from 2014. This is subject to identifying further responsibilities that can be taken up by volunteer groups and trusts.

⑥ Parks	The previously planned capital project relating to Huntingdon Marina has been deleted from the plan. The previous capital budget of £60k to 70k p.a. for play equipment has been reduced to £50k for 2011/2 and £20k pa thereafter. This budget will be used on play areas which are deemed to be of significance for the district generally rather than the immediate locality. Towns and Parish Councils will be requested to fund the maintenance and development of smaller parks unless s106 funding is obtained.
⑦ Car Parks	Car park fees are currently only budgeted to rise with inflation. A larger rise could be considered if off-street parking opportunities were managed in a manner consistent with any proposed rise. For this reason the plan assumes above inflation increases producing an additional £500k of income per year by 2015/16.
⑧ Management Unit	Efficiencies of £250k are targeted in this area.
⑨ Grounds Maintenance	A reduction of £150k is proposed. This is linked to restructuring and moving to a more integrated workforce throughout Operations. However, there will also be some reductions in service (i.e. reducing the number of grass cuts).
⑩ Vehicle fleet	The timing of the capital purchase of replacement refuse and grounds maintenance vehicles has been reviewed. Rephasing these purchases has led to a reduction of £750k in capital expenditure over four years.

Head of Planning Services

① Development Management	The budget assumes the same level of income but this is dependent upon economic activity. Charges for planning advice, currently free, may generate £40k p.a. additional income.
② Planning Policy & Conservation	A one off addition to the budget to fund work on the A14 has now been deleted from the budget.
③ Economic Development	A strategic capital project aimed at improving retailing and car parking in Huntingdon has recently been endorsed by the Cabinet.
④ Transportation Strategy	Previous capital budgets totalling £300k for the local transport plans, safe cycling routes, St Neots and Ramsey transport strategies, accessibility improvements and signs have all been deleted from the plan.
⑤ Public Transport	Concessionary Fares will transfer to the County Council in April 2011. Previous capital budgets for bus shelters and redevelopment of the Huntingdon Bus Station have all been deleted from the plan.
⑥ Management Units	Reductions in planning policy and development management posts will immediately save £125k pa, whilst further reductions in support staff and transport schemes will save a further £95k pa from April 2012.

Head of Environmental Management Services

❶ Public conveniences	A small revenue budget is maintained pending discussions with Huntingdon Town Council. No capital expenditure is planned
❷ Environmental improvements	The capital project relating to St Ives Town Centre (phase II) has been deleted from the plan. Previous capital budgets totalling £220k for small scale, village residential and AJC related projects have all been deleted from the plan.
❸ Management Units	Staff reductions will be introduced in line with the reduction in the capital programme. We will continue to pursue opportunities for sharing building control services. Revenue savings of £50k pa are targeted relating to environmental improvements.
❹ Offices	Staff reductions across the Council, and the introduction of hot desking following the promotion of home working and flexible working should release office space for letting. This may generate an income of £150k p.a.

Head of Customer Services

❶ Community Initiatives	Savings at Yaxley and Ramsey are targeted at £92k p.a.
❷ Call Centre	Reduce opening hours at the Call Centre by 2 hours each day (Open from 9am – 5pm) will save £20k pa Following the renegotiation of system support contracts, savings of £30k are expected.
❸ Customer Service Centres	Savings of £57k are targeted which include £43k pa from St Ives and £14k pa. from reducing opening hours at Huntingdon CSC by 30 minutes each day (Open from 9am – 4.30pm).
❹ Management Units	Efficiency savings of £115k are targeted some of which result from increasing benefits claims work over the internet.

Head of Financial Services

❶ Management Units	Efficiency savings of £120,000 are identified of which £20k is shown as a “non-allocated” item below at this stage. Some is due to sharing our staff with other authorities.
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Head of IMD

❶ IMD Services	Staff reductions and other efficiency savings are targeted to rise to £180k within the plan period. This includes shared initiatives with other authorities. A further net saving will result from the virtualisation of desktop machines and a detailed business case will be completed by the end of March. Additional staff reductions will result from a reduction in the capital programme.
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Head of Leisure

❶ Leisure Services	Staffing efficiencies of around £300k are targeted. This will involve reducing opening hours in some centres at some times. A redevelopment of the St Ives indoor centre along the lines of the improvements in Huntingdon and St Neots is being designed with a view to generating £400k additional income net of costs. Once the above changes have been introduced investigations will commence to transfer responsibility for running, maintaining and developing the leisure business to a trust. Substantial capital investment is required in St Ives if this centre is to improve its profitability. Investment is subject to a business plan demonstrating that the investment is entirely self funding.
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Non-Allocated Items

❶ Other items	Savings resulting from reductions in the number of senior staff and consequent reorganisations are expected to save £300k in the first 12 months. Over the course of the 4 year saving plan, further reductions in senior staffing are expected to bring this total to more than £700k per year. These savings are dependent upon further reorganisations and the development of more shared working.
❷ Other items	Over the period it is planned to negotiate a series of changes to pay, pay systems and allowances which are targeted to save £350k per year.

Annex E

Financial Plan Main Budget/MTP Assumptions

Employer's Pension Contributions

Pension Contributions	Forecast	Budget	MTP			
	10/11	11/12	12/13	13/14	14/15	15/16
% of pay	20.4%	17.8%	17.8%	17.8%	17.8%	17.8%
PLUS lump sum payments of		+£660k	+£896k	+£1,139k	+£1,378k	+£1,418k

This is less than the actuary's estimate of 17.8% plus £1.9M per year for 20 years which is what would be required if there were to be no changes to the scheme as a result of the Hutton review.

Concessionary Fares

Concessionary Fares will be transferred to the County Council from April 2011.

New Homes Reward Grant

New Homes Reward Grant	Budget	MTP			
	2011/12 £000	12/13 £000	13/14 £000	14/15 £000	15/16 £000
New Homes Reward Grant	940	1,527	2,129	2,745	3,377

Government General Grant

General Grant *	Budget	Budget	MTP			
	10/11	11/12	12/13	13/14	14/15	15/16
Variation		-14%	-11%	-1%	-6%	+2.5%#
	£M	£M	£M	£M	£M	£M
Grant	12.9	10.4	9.3	9.2	8.7	8.9

* Grant includes Revenue Support Grant and NNDR which are in aggregate distributed in line with the grant formula. Adjusted for transfer of Concessionary Fares to County Council from April 2011.

assumes that there will be an inflationary increase after this 4 year spending round.

Tax Base

General Grant *	Budget	Budget	MTP			
	10/11	11/12	12/13	13/14	14/15	15/16
Base	58,580	59,460	59,924	60,388	60,852	61,316
Increase %		1.5%	0.8%	0.8%	0.8%	0.8%

Inflation

The biggest item will always be pay inflation and this has been included at 1% for April 2011 and 2012 with 2.5% thereafter. This should not be taken as an assumption that the actual award will be at or even around these levels but simply a current estimation that general pay rises may be at these sorts of level. This has a significant impact on spending levels.

	From To	010/11	11/12	12/13	13/14	14/15
		011/12	12/13	13/14	14/15	15/16
prices						
expenditure		2.5%	2.5%	2.5%	2.5%	2.5%
fees & charges		2.5%	2.5%	2.5%	2.5%	2.5%
electricity		-0.9%	3.7%	13.2%	6.0%	13.2%
gas		0.0%	0.0%	1.8%	3.4%	6.5%
fuel		2.9%	7.5%	7.5%	7.5%	7.5%

The electricity and gas inflation assumptions reflect the longer term contracts the Council has entered into.

Inflation on Capital Schemes

2.5% per year has been included in total within the plan.

Interest Rates

It has been assumed for the purpose of the forecast that in the short to mid term financing of capital expenditure will be on a temporary basis from internal reserves and short term borrowing given the much lower short term rates.

Interest Rates	Budget	MTP			
	11/12	12/13	13/14	14/15	15/16
Investments					
Already Fixed	4.45%	4.45%	4.85%		
Temporary	1.00%	2.75%	3.50%	4.25%	4.50%
Borrowing					
Already Fixed	3.91%	3.91%	3.91%	3.91%	3.91%
PWLB 40 year Maturity	5.33%	5.33%	5.33%	5.33%	5.33%
Mix of short and long	1.00%	2.75%	3.75%	4.79%	4.92%

Council Tax Level

No increase in April 2011 and 2.5% increase per year thereafter. As a result a reward grant will be received from the Government for 4 years equivalent to a 2.5% increase.

Use of Revenue Reserves

£10M is estimated to be available to allow phasing of savings over the next few years. This will leave £3M reserves to cover ongoing fluctuations in spending.

Annex F

Financial Plan - Sensitivity and Risks

The financial forecast model has been used to demonstrate the impact that variations in investment rates, borrowing rates and increases in pay will have in specific years.

UNIDENTIFIED SAVINGS REQUIRED IN YEAR **	2011/12	2015/16	2024/25
	£000	£000	£000
	£M	£M	
Already required by MTP/Financial Plan		2.0	5.8
Increase in savings required: (- numbers mean reduced savings)			
Extra 1% pay award in 2011/12 and 2% in 2012/13	0.2	0.7	1.1
0.5% extra pay award per year from 2013/14 onwards		0.3	2.0
Extra 1% inflation per year 2011/12 onwards		0.2	0.5
1% higher interest rates 2011/12 onwards		0.1	0.2
1% extra employers pension contributions from 2014/15 .		0.1	0.2
1% cash decrease in Government Grant each year from 2013/14 onwards		0.3	1.2
5% (2.5% extra) Council Tax increase each year from 2013/14 onwards		-0.6	-3.8

** *The examples give the impact in the designated year, but funding the impact of any increased costs before those points would increase the accumulated spending adjustments required.*

Inflation, other than pay, is fairly neutral as long as fees and charges are increased in line with it. If pay awards increase by more than forecast then further efficiency improvements would be needed to meet the impact.

The impact of investment rates is significantly diminished until borrowing begins to grow over the Medium Term. In the short term any spare funds will be used to temporarily delay the need to borrow externally.

Risks

Risks and Unknowns	Timescale
Impact of St Ives Guided Bus	Spring 2011
Length and depth of recession – impact on interest rates, pay inflation, house building, Council income and expenditure.	Ongoing
Government grant totals for 2013/14 onwards	November 2012
Review of grant formula	November 2012
Pension changes from Hutton review	Possibly March or June 2011

Other risks include:

- assumption that any costs of demographic growth will be met from further efficiencies
- difficulty in delivering the savings already identified or the spending targets inherent in this plan.
- further high priority service developments or unavoidable spending requirements emerging.
- the possibility of further VAT refunds and receiving compound rather than simple interest on these and the refunds already agreed.
- the potential for costs relating to “orphan” contaminated land sites.
- the potential for the statutory Disabled Facilities Grants budget to be exceeded if occupational therapists reduce the backlog.
- recycling gate fees changing as a result of movement in economic indices.
- additional costs if Civil Parking Enforcement introduced
- turnover of staff remaining low and hence the turnover allowance in the staffing budget not being achieved (some provision has been made for 2 years).
- national and local recycling levels are currently at a lower level than previously. If this were to continue the Council would see a reduction in its income from recycling credits.
- potential for significant costs to be awarded against the Council if any planning appeals are lost.
- contingent liability relating to MMI (£488k).
- increased leisure centre competition with the private sector (income is around £5M per year).

Annex G

Reserves and the Robustness of the 2011/12 Budget

The Local Government Act 2003 requires me, as the Council's Chief Financial Officer, to report on the robustness of the 2011/12 budget and the adequacy of reserves when you consider it and the consequent Council Tax.

Robustness

The Council has tended in recent years to underspend its budget. This demonstrates that it has budgeted prudently and that managers have taken a mature approach to budgetary control rather than simply spending any spare sums on low priority items. This is expected to continue but the scale may fall due to the requirement for budget savings and the uncertain size and duration of the current recession.

The Internal Audit and Risk Manager considers that our internal financial controls are working adequately. There is also a sound system of financial monitoring and identification of any necessary budget variations that feeds into the budget/MTP process.

The 2011/12 budget has been prepared using the budget for 2010/11 as a base, and amending it for known changes, particularly:

- Inflation but only a 1% provision for pay awards – the most significant element. Also a saving of £375k on pay and allowances which reduces the net impact.
- The impact of MTP schemes
- Future interest rates.

There will always be some items that emerge after the budget has been prepared. These are normally met by compensating savings elsewhere in the budget, or, if necessary, the use of revenue reserves.

The most significant potential risks to the budget are:

- Higher inflation or pay awards
- Further reductions in income due to the recession
- non-achievement of planned savings
- failure of a borrower
- an emergency (e.g. flooding)
- increased demands on housing services due to increased homelessness and/or applications for DFGs.

Reduced Income

A 1% loss of income from fees, rents and charges would amount to around £150k. The Council is budgeting to receive income of:

- Car Parks £1.8M
- Leisure Centres £6.1M
- Property £1.9M
- Planning and Building Control Fees £1.5M

Planned Savings

Many of the planned savings for 2011/12 have been confirmed as practical by the relevant manager.

Treasury Management

The maximum permitted with one counterparty is £8M but this is only possible where £3M of the sum is held in a liquidity account with that body. Liquidity Accounts allow recovery of investments on the same working day which substantially reduces the risk. Thus the practical limit is probably £5M which is limited to bodies with the highest credit rating or Building Societies with more than £2 billion in assets.

Emergencies

Certain types of eventuality are mitigated in other ways. Many significant risks are insured against, so losses are limited to the excesses payable. The Government's Bellwin Scheme meets a large proportion, over a threshold, of the costs of any significant peacetime emergencies (e.g. severe flooding).

Inflation

A ½% increase in general and pay inflation, assuming no compensating increase in fees and charges was possible, would result in a net cost of approximately £200k.

Interest Rates

A change in interest rates is not material.

Revenue Reserves

These are estimated to be £13m at April 2011 and reduce to £9.4m by March 2012 in order to support revenue spending. This is still significantly above what would be considered a safe minimum level when considering the 2011/12 budget in isolation but clearly not excessive given their planned use over the next few years.

Therefore, even if a number of unexpected additional costs emerged there would still be sufficient funding to cover the deficit for 2011/12.

Conclusion

Considering all these factors, I believe that the combination of a robust budget process and our current level of reserves should give Members no concerns over the Council's financial position for 2011/12.

However it remains critical that time is invested in planning the spending adjustments for future years to avoid the Council being rushed into sub-optimal decisions as its reserves are run down.

Terry Parker

Director of Commerce and Technology

Capital Programme

Bid No.	Scheme	FMS Code	NET CAPITAL EXPENDITURE										CAPITAL GRANTS & CONTRIBUTIONS													
			Revised Budget					MTP					Budget					MTP								
			2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
Refuse and Recycling																										
948	Provision for Bin Replacements	E304	30	31	33	38	48	340																		
	Wheeled Bins for New Properties	E304	125	126	143	143	139	79																		
Drainage & Sewers																										
	Alconbury Householder Flood Mitigation	E007							428																	
Environmental Health																										
927	Air Quality Monitoring Equipment	D004	25	30					7																	
Economic Development																										
401	Huntingdon Town Centre Development	Q301	1	12																						
224	Town Centre Developments	P004	5	210	80																					
239	New Industrial Units	Q102	825																							
358	Ramsey Rural Renewal	P006	63																							
509	Industrial Estate Repairs	Q104	10	16																						
850	Huntingdon West Development (HGF)	Q418	9	4,723	-1,279	-430	-750	-1,800	1,791	2,027	2,500	430	750	1,800												
Community Initiatives																										
423	Community Information Project	K502	0	11																						
	Ramsey Library Development	K503	110																							
952	Loves Farm Community Centre	K504		45	-45				345																	

Bid No.	Scheme	FMS Code	NET CAPITAL EXPENDITURE										CAPITAL GRANTS & CONTRIBUTIONS													
			Revised Budget					MTP					Budget					MTP								
			2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000			
Parks and Open Spaces																										
808	Huntingdon Riverside	L519	41																							
854	Play Equipment & Safety Surface Renewal	L501	155	50	20	20	20	20	45																	
855	St Neots Green Corridor (HGF)	L008	102						130																	
Leisure Centres																										
857	St Neots LC Development	L221	1,754	60				316	240																	
896	St Ivo LC - Football Improvements	L122	-86						1,500																	
922	St Ivo LC Redevelopment	L143	0	2,500																						
861	Future maintenance	L350	940	676	382	382	382	522	422																	
22	CCTV Improvements	L354	5	10																						
957	Reception Automation	L269/ L312	0	60																						
956	Replacement Fitness Equipment	L266/ L304	200	400				275																		
Community Facilities																										
863	Community Facilities Grants	L451	40																							
Community Safety																										
864	Crime and Disorder - Lighting improvements	K005	4																							
865	CCTV - Camera replacements	K010	159																							
Private Housing Support																										
866	Disabled Facilities Grants	H504	1,000	800	800	800	800	950	452	600	400	400	400	350												
867	Repairs Assistance	H502	160	100	100	100	100	100																		
932	Decent Homes - Thermal Efficiency and Category 1 H&S	H507							92	101																

Bid No.	Scheme	FMS Code	NET CAPITAL EXPENDITURE						CAPITAL GRANTS & CONTRIBUTIONS					
			Revised		Budget		MTP		Revised		Budget		MTP	
			2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
970	Telephony and ICT Network Renewal													
892	Government Connect	M195	104	12										100
	ICT Replacements	M302	280	310	192	192	192	187						
495	Corporate EDM	M135	25											
891	Business Systems	M163	198	225	230	190	195	200						
842	Resourcelink - Recruitment Module	M101	10											
900	Working Smarter	M136	80	40										
634	Customer First	M136	22											
	Other													
380	Replacement Printing Equip.	M003	138	70				208						
894	Replacement Equipment Document Centre	M025	6	78		30	54							
895	Multi-functional Devices	M024	13	45	41	21	45	41						
919	E-Marketplace	M303	5											
	Technical													
	Capital Inflation				57	145	177	247						
	Revenue staff charged to capital		100	50	50	50	50	50						
	Rule change re Capital Overheads		-117	-117	-117	-117	-117							
	Schemes brought forward			1,444	1,500	500	500	500						
	Schemes carried forward		-1,444	-1,500	-500	-500	-500	-500						
	VAT Partial Exemption		344	182	34	53	34	96						
	TOTAL		7,133		3,321	3,005	2,441	2,777	6,853	3,433	6,914	970	1,290	2,150

Formal 2011/12 Council Tax Resolutions

a) That the following amounts be calculated by the Council for 2011/12 in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992 (the Act):-

	£
(i) the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act Gross revenue expenditure including benefits and Town/Parish Precepts	86,989,423
(ii) the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act Gross revenue income including reimbursement of benefits, special grants and use of reserves	64,446,217
(iii) the amount by which the aggregate at (a) (i) above exceeds the aggregate at (a) (ii) above in accordance with Section 32 (4) of the Act Budget requirement plus Parish/Town Precepts (item i minus item ii)	22,543,206
(iv) the aggregate of the amounts payable into the General Fund for the items set out in Section 33 (1) of the Act. Government support	10,522,100
(v) the aggregate of the amounts payable from the General Fund for the items set out in Section 33 (3) of the Act Collection Fund surplus	104,903
(vi) the basic amount of Council Tax for 2011/12 in accordance with Section 33 (1) District plus average Town/Parish Council Tax	200.41
(vii) the aggregate of special items referred to in Section 34 (1) Total Town and Parish Council precepts	4,533,055
(viii) the basic amount of Council Tax for 2011/12 for those parts of the District to which no special item relates District Council Tax	124.17 per band D property
(ix) the basic amounts of Council Tax for 2011/12 for those parts of the District to which one or more special items relate in accordance with Section 34 (3) of the Act are shown by adding the Huntingdonshire District Council amount to the appropriate Parish Council amount in column "band D" set out in table 1 attached.	
(x) the amounts to be taken into account for 2011/12 in respect of categories of dwellings listed in the different valuation bands in accordance with Section 36 (1) of the Act are shown by adding the Huntingdonshire District Council amount to the appropriate Parish Council amount for each of the valuation bands in the columns "bands A to H" set out in table 1 attached.	

- (b) That the amounts of precept issued to the Council by Cambridgeshire County Council, Cambridgeshire Police Authority and Cambridgeshire & Peterborough Fire Authority for each of the categories of dwellings listed in different valuation bands in accordance with Section 40 of the Act shown in table 1 attached be noted.
- (c) That, having regard to the calculations above, the Council, in accordance with Section 30 (2) of the Local Government and Finance Act 1992, hereby sets the figures shown in table 2 as the amounts of Council Tax for 2011/12 for each of the categories of dwelling shown.

TABLE 1	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Cambridgeshire County Council	698.52	814.94	931.36	1047.78	1280.62	1513.46	1746.30	2095.56
Cambridgeshire Police Authority	113.04	131.88	150.72	169.56	207.24	244.92	282.60	339.12
Huntingdonshire District Council	82.78	96.58	110.37	124.17	151.76	179.36	206.95	248.34
Cambridgeshire Fire Authority	38.58	45.01	51.44	57.87	70.73	83.59	96.45	115.74
PARISH COUNCILS :-								
Abbotsley	36.46	42.54	48.61	54.69	66.84	79.00	91.15	109.38
Abbots Ripton	48.72	56.84	64.96	73.08	89.32	105.56	121.80	146.16
Alconbury	36.30	42.35	48.40	54.45	66.55	78.65	90.75	108.90
Alconbury Weston	24.15	28.18	32.20	36.23	44.28	52.33	60.38	72.46
Alwalton	13.33	15.56	17.78	20.00	24.44	28.89	33.33	40.00
Barham & Woolley	13.33	15.56	17.78	20.00	24.44	28.89	33.33	40.00
Bluntisham	76.70	89.48	102.27	115.05	140.62	166.18	191.75	230.10
Brampton	63.32	73.87	84.43	94.98	116.09	137.19	158.30	189.96
Brington & Molesworth	17.86	20.84	23.81	26.79	32.74	38.70	44.65	53.58
Broughton	21.96	25.62	29.28	32.94	40.26	47.58	54.90	65.88
Buckden	43.03	50.21	57.38	64.55	78.89	93.24	107.58	129.10
Buckworth	34.17	39.87	45.56	51.26	62.65	74.04	85.43	102.52
Bury	30.20	35.23	40.27	45.30	55.37	65.43	75.50	90.60
Bythorn & Keyston	2.82	3.29	3.76	4.23	5.17	6.11	7.05	8.46
Catworth	35.93	41.92	47.91	53.90	65.88	77.86	89.83	107.80
Chesterton	5.75	6.70	7.66	8.62	10.54	12.45	14.37	17.24
Colne	38.09	44.44	50.79	57.14	69.84	82.54	95.23	114.28
Conington	12.79	14.92	17.05	19.18	23.44	27.70	31.97	38.36
Covington	22.77	26.56	30.36	34.15	41.74	49.33	56.92	68.30
Denton & Caldecote	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Diddington	23.81	27.77	31.74	35.71	43.65	51.58	59.52	71.42
Earith	42.53	49.61	56.70	63.79	77.97	92.14	106.32	127.58
Easton	29.33	34.22	39.11	44.00	53.78	63.56	73.33	88.00
Ellington	25.86	30.17	34.48	38.79	47.41	56.03	64.65	77.58
Elton	24.94	29.10	33.25	37.41	45.72	54.04	62.35	74.82
Farcet	68.91	80.39	91.88	103.36	126.33	149.30	172.27	206.72
Fenstanton	30.83	35.96	41.10	46.24	56.52	66.79	77.07	92.48
Folksworth & Washingley	45.99	53.66	61.32	68.99	84.32	99.65	114.98	137.98

TABLE 1	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Glatton	12.44	14.51	16.59	18.66	22.81	26.95	31.10	37.32
Godmanchester	38.06	44.40	50.75	57.09	69.78	82.46	95.15	114.18
Grafham	30.94	36.10	41.25	46.41	56.72	67.04	77.35	92.82
Great & Little Gidding	57.56	67.15	76.75	86.34	105.53	124.71	143.90	172.68
Great Gransden	26.37	30.77	35.16	39.56	48.35	57.14	65.93	79.12
Great Paxton	26.13	30.48	34.84	39.19	47.90	56.61	65.32	78.38
Great Staughton	24.61	28.72	32.82	36.92	45.12	53.33	61.53	73.84
Haddon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hail Weston	43.40	50.63	57.87	65.10	79.57	94.03	108.50	130.20
Hamerton & Steeple Gidding	6.41	7.48	8.55	9.62	11.76	13.90	16.03	19.24
Hemingford Abbots	31.31	36.53	41.75	46.97	57.41	67.85	78.28	93.94
Hemingford Grey	28.09	32.77	37.45	42.13	51.49	60.85	70.22	84.26
Hilton	30.37	35.44	40.50	45.56	55.68	65.81	75.93	91.12
Holme	22.41	26.14	29.88	33.61	41.08	48.55	56.02	67.22
Holywell-cum-Needingworth	68.71	80.16	91.61	103.06	125.96	148.86	171.77	206.12
Houghton & Wyton	46.91	54.73	62.55	70.37	86.01	101.65	117.28	140.74
Huntingdon	72.65	84.75	96.86	108.97	133.19	157.40	181.62	217.94
Kimbolton & Stonely	55.63	64.91	74.18	83.45	101.99	120.54	139.08	166.90
Kings Ripton	32.13	37.48	42.84	48.19	58.90	69.61	80.32	96.38
Leighton Bromswold	32.10	37.45	42.80	48.15	58.85	69.55	80.25	96.30
Little Paxton	38.37	44.76	51.16	57.55	70.34	83.13	95.92	115.10
Morborne	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Offord Cluny & Offord D'Arcy	47.53	55.45	63.37	71.29	87.13	102.97	118.82	142.58
Old Hurst	29.51	34.43	39.35	44.27	54.11	63.95	73.78	88.54
Old Weston	15.69	18.30	20.92	23.53	28.76	33.99	39.22	47.06
Perry	25.45	29.69	33.93	38.17	46.65	55.13	63.62	76.34
Pidley-cum-Fenton	20.00	23.33	26.67	30.00	36.67	43.33	50.00	60.00
Ramsey	36.78	42.91	49.04	55.17	67.43	79.69	91.95	110.34
St.Ives	70.17	81.87	93.56	105.26	128.65	152.04	175.43	210.52
St.Neots	56.15	65.51	74.87	84.23	102.95	121.67	140.38	168.46
Sawtry	49.13	57.31	65.50	73.69	90.07	106.44	122.82	147.38
Sibson-cum-Stibbington	34.92	40.74	46.56	52.38	64.02	75.66	87.30	104.76
Somersham	58.82	68.62	78.43	88.23	107.84	127.44	147.05	176.46
Southoe & Midloe	50.00	58.33	66.67	75.00	91.67	108.33	125.00	150.00
Spaldwick	28.69	33.48	38.26	43.04	52.60	62.17	71.73	86.08
Stilton	42.46	49.54	56.61	63.69	77.84	92.00	106.15	127.38
Stow Longa	30.77	35.89	41.02	46.15	56.41	66.66	76.92	92.30
The Stukeleys	23.93	27.91	31.90	35.89	43.87	51.84	59.82	71.78
Tilbrook	18.18	21.21	24.24	27.27	33.33	39.39	45.45	54.54
Toseland	13.51	15.77	18.02	20.27	24.77	29.28	33.78	40.54
Upton & Coppingford	19.61	22.87	26.14	29.41	35.95	42.48	49.02	58.82

TABLE 1	BAND	BAND	BAND	BAND	BAND	BAND	BAND	BAND
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Upwood & the Raveleys	26.13	30.48	34.84	39.19	47.90	56.61	65.32	78.38
Warboys	39.41	45.98	52.55	59.12	72.26	85.40	98.53	118.24
Waresley-cum-Tetworth	13.70	15.98	18.27	20.55	25.12	29.68	34.25	41.10
Water Newton	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Winwick	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wistow	31.01	36.17	41.34	46.51	56.85	67.18	77.52	93.02
Woodhurst	21.27	24.82	28.36	31.91	39.00	46.09	53.18	63.82
Woodwalton	29.41	34.32	39.22	44.12	53.92	63.73	73.53	88.24
Wyton-On-The-Hill	31.33	36.55	41.77	46.99	57.43	67.87	78.32	93.98
Yaxley	54.29	63.34	72.39	81.44	99.54	117.64	135.73	162.88
Yelling	9.39	10.95	12.52	14.08	17.21	20.34	23.47	28.16

TABLE 2	TOTAL CHARGES							
	BAND	BAND	BAND	BAND	BAND	BAND	BAND	BAND
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Abbotsley	969.38	1130.95	1292.50	1454.07	1777.19	2100.33	2423.45	2908.14
Abbots Ripton	981.64	1145.25	1308.85	1472.46	1799.67	2126.89	2454.10	2944.92
Alconbury	969.22	1130.76	1292.29	1453.83	1776.90	2099.98	2423.05	2907.66
Alconbury Weston	957.07	1116.59	1276.09	1435.61	1754.63	2073.66	2392.68	2871.22
Alwalton	946.25	1103.97	1261.67	1419.38	1734.79	2050.22	2365.63	2838.76
Barham & Woolley	946.25	1103.97	1261.67	1419.38	1734.79	2050.22	2365.63	2838.76
Bluntisham	1009.62	1177.89	1346.16	1514.43	1850.97	2187.51	2524.05	3028.86
Brampton	996.24	1162.28	1328.32	1494.36	1826.44	2158.52	2490.60	2988.72
Brington & Molesworth	950.78	1109.25	1267.70	1426.17	1743.09	2060.03	2376.95	2852.34
Broughton	954.88	1114.03	1273.17	1432.32	1750.61	2068.91	2387.20	2864.64
Buckden	975.95	1138.62	1301.27	1463.93	1789.24	2114.57	2439.88	2927.86
Buckworth	967.09	1128.28	1289.45	1450.64	1773.00	2095.37	2417.73	2901.28
Bury	963.12	1123.64	1284.16	1444.68	1765.72	2086.76	2407.80	2889.36
Bythorn & Keyston	935.74	1091.70	1247.65	1403.61	1715.52	2027.44	2339.35	2807.22
Catworth	968.85	1130.33	1291.80	1453.28	1776.23	2099.19	2422.13	2906.56
Chesterton	938.67	1095.11	1251.55	1408.00	1720.89	2033.78	2346.67	2816.00
Colne	971.01	1132.85	1294.68	1456.52	1780.19	2103.87	2427.53	2913.04
Conington	945.71	1103.33	1260.94	1418.56	1733.79	2049.03	2364.27	2837.12
Covington	955.69	1114.97	1274.25	1433.53	1752.09	2070.66	2389.22	2867.06
Denton & Caldecote	932.92	1088.41	1243.89	1399.38	1710.35	2021.33	2332.30	2798.76

TABLE 2	TOTAL CHARGES							
	BAND	BAND	BAND	BAND	BAND	BAND	BAND	BAND
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Diddington	956.73	1116.18	1275.63	1435.09	1754.00	2072.91	2391.82	2870.18
Earith	975.45	1138.02	1300.59	1463.17	1788.32	2113.47	2438.62	2926.34
Easton	962.25	1122.63	1283.00	1443.38	1764.13	2084.89	2405.63	2886.76
Ellington	958.78	1118.58	1278.37	1438.17	1757.76	2077.36	2396.95	2876.34
Elton	957.86	1117.51	1277.14	1436.79	1756.07	2075.37	2394.65	2873.58
Farcet	1001.83	1168.80	1335.77	1502.74	1836.68	2170.63	2504.57	3005.48
Fenstanton	963.75	1124.37	1284.99	1445.62	1766.87	2088.12	2409.37	2891.24
Folksworth & Washingley	978.91	1142.07	1305.21	1468.37	1794.67	2120.98	2447.28	2936.74
Glatton	945.36	1102.92	1260.48	1418.04	1733.16	2048.28	2363.40	2836.08
Godmanchester	970.98	1132.81	1294.64	1456.47	1780.13	2103.79	2427.45	2912.94
Grafham	963.86	1124.51	1285.14	1445.79	1767.07	2088.37	2409.65	2891.58
Great & Little Gidding	990.48	1155.56	1320.64	1485.72	1815.88	2146.04	2476.20	2971.44
Great Gransden	959.29	1119.18	1279.05	1438.94	1758.70	2078.47	2398.23	2877.88
Great Paxton	959.05	1118.89	1278.73	1438.57	1758.25	2077.94	2397.62	2877.14
Great Staughton	957.53	1117.13	1276.71	1436.30	1755.47	2074.66	2393.83	2872.60
Haddon	932.92	1088.41	1243.89	1399.38	1710.35	2021.33	2332.30	2798.76
Hail Weston	976.32	1139.04	1301.76	1464.48	1789.92	2115.36	2440.80	2928.96
Hamerton & Steeple Gidding	939.33	1095.89	1252.44	1409.00	1722.11	2035.23	2348.33	2818.00
Hemingford Abbots	964.23	1124.94	1285.64	1446.35	1767.76	2089.18	2410.58	2892.70
Hemingford Grey	961.01	1121.18	1281.34	1441.51	1761.84	2082.18	2402.52	2883.02
Hilton	963.29	1123.85	1284.39	1444.94	1766.03	2087.14	2408.23	2889.88
Holme	955.33	1114.55	1273.77	1432.99	1751.43	2069.88	2388.32	2865.98
Holywell-cum-Needingworth	1001.63	1168.57	1335.50	1502.44	1836.31	2170.19	2504.07	3004.88
Houghton & Wyton	979.83	1143.14	1306.44	1469.75	1796.36	2122.98	2449.58	2939.50
Huntingdon	1005.57	1173.16	1340.75	1508.35	1843.54	2178.73	2513.92	3016.70
Kimbolton & Stonely	988.55	1153.32	1318.07	1482.83	1812.34	2141.87	2471.38	2965.66
Kings Ripton	965.05	1125.89	1286.73	1447.57	1769.25	2090.94	2412.62	2895.14
Leighton Bromswold	965.02	1125.86	1286.69	1447.53	1769.20	2090.88	2412.55	2895.06
Little Paxton	971.29	1133.17	1295.05	1456.93	1780.69	2104.46	2428.22	2913.86
Morborne	932.92	1088.41	1243.89	1399.38	1710.35	2021.33	2332.30	2798.76
Offord Cluny & Offord D'Arcy	980.45	1143.86	1307.26	1470.67	1797.48	2124.30	2451.12	2941.34
Old Hurst	962.43	1122.84	1283.24	1443.65	1764.46	2085.28	2406.08	2887.30
Old Weston	948.61	1106.71	1264.81	1422.91	1739.11	2055.32	2371.52	2845.82
Perry	958.37	1118.10	1277.82	1437.55	1757.00	2076.46	2395.92	2875.10
Pidley-cum-Fenton	952.92	1111.74	1270.56	1429.38	1747.02	2064.66	2382.30	2858.76
Ramsey	969.70	1131.32	1292.93	1454.55	1777.78	2101.02	2424.25	2909.10
St.Ives	1003.09	1170.28	1337.45	1504.64	1839.00	2173.37	2507.73	3009.28
St.Neots	989.07	1153.92	1318.76	1483.61	1813.30	2143.00	2472.68	2967.22
Sawtry	982.05	1145.72	1309.39	1473.07	1800.42	2127.77	2455.12	2946.14
Sibson-cum-Stibbington	967.84	1129.15	1290.45	1451.76	1774.37	2096.99	2419.60	2903.52

TABLE 2	TOTAL CHARGES							
	BAND	BAND	BAND	BAND	BAND	BAND	BAND	BAND
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Somersham	991.74	1157.03	1322.32	1487.61	1818.19	2148.77	2479.35	2975.22
Southoe & Midloe	982.92	1146.74	1310.56	1474.38	1802.02	2129.66	2457.30	2948.76
Spaldwick	961.61	1121.89	1282.15	1442.42	1762.95	2083.50	2404.03	2884.84
Stilton	975.38	1137.95	1300.50	1463.07	1788.19	2113.33	2438.45	2926.14
Stow Longa	963.69	1124.30	1284.91	1445.53	1766.76	2087.99	2409.22	2891.06
The Stukeleys	956.85	1116.32	1275.79	1435.27	1754.22	2073.17	2392.12	2870.54
Tilbrook	951.10	1109.62	1268.13	1426.65	1743.68	2060.72	2377.75	2853.30
Toseland	946.43	1104.18	1261.91	1419.65	1735.12	2050.61	2366.08	2839.30
Upton & Coppingford	952.53	1111.28	1270.03	1428.79	1746.30	2063.81	2381.32	2857.58
Upwood & the Raveleys	959.05	1118.89	1278.73	1438.57	1758.25	2077.94	2397.62	2877.14
Warboys	972.33	1134.39	1296.44	1458.50	1782.61	2106.73	2430.83	2917.00
Waresley-cum-Tetworth	946.62	1104.39	1262.16	1419.93	1735.47	2051.01	2366.55	2839.86
Water Newton	932.92	1088.41	1243.89	1399.38	1710.35	2021.33	2332.30	2798.76
Winwick	932.92	1088.41	1243.89	1399.38	1710.35	2021.33	2332.30	2798.76
Wistow	963.93	1124.58	1285.23	1445.89	1767.20	2088.51	2409.82	2891.78
Woodhurst	954.19	1113.23	1272.25	1431.29	1749.35	2067.42	2385.48	2862.58
Woodwalton	962.33	1122.73	1283.11	1443.50	1764.27	2085.06	2405.83	2887.00
Wyton-On-The-Hill	964.25	1124.96	1285.66	1446.37	1767.78	2089.20	2410.62	2892.74
Yaxley	987.21	1151.75	1316.28	1480.82	1809.89	2138.97	2468.03	2961.64
Yelling	942.31	1099.36	1256.41	1413.46	1727.56	2041.67	2355.77	2826.92

Treasury Management Strategy 2010/11

Treasury Management is:

- Ensuring the Council has sufficient cash to meet its day-to-day obligations
- Borrowing when necessary to fund capital expenditure, including borrowing in anticipation when rates are considered to be low
- Investing any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

This Strategy explains how Treasury Management will be carried out in Huntingdonshire. It meets the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice (2009), as required by the Council's Code of Financial Management, and the Government's Guidance on Local Government Investments (2004) and draft guidance (2009)

Background

The bank base rate fell to 0.5% in March 2009 and has remained at that level ever since; economists generally agree that it will inevitably rise but significantly disagree on by how much and how soon!

Against the background of low interest and reducing revenue and capital balances the Council has sought to maximise the returns from its investments whilst minimising the risks of investing with a borrower that is, or may become, unable to repay. It therefore adopted a strategy for 2010/11 that did not concentrate its investments with the Government's Debt Management Office which are effectively risk-free, as they are backed by the Government, but with a significantly below base interest rate, and instead concentrated on highly rated institutions and the larger Building Societies. At the same time investments in "liquidity accounts" which offer repayment the same day were maximised to further reduce risk.

The 2010/11 Strategy allowed for borrowing in anticipation of need to fund capital expenditure although that option has not so far been used this year.

Current Position

The Council's position as at 31 December 2010 was:

INVESTMENTS	Principal Amount £m	Average Interest Rate %
Investments - maturing 2010/11	21	1.3
Investments - maturing later	10	4.4
Total	31	2.3
Short term Debt	0	
Long term Debt	10	3.9
Total	10	3.9
Net Investments	21	1.6

THE COUNCIL'S FINANCIAL STRATEGY

The table below, from the Council's Budget/MTP report, shows:

- how revenue reserves will fall to the basic level needed as a contingency against unexpected events,
- that capital reserves have effectively been used to fund capital expenditure,
- how borrowing will be required to meet planned capital expenditure. When this is carried out will depend on how low interest rates are perceived at any point in time. Hence "must" borrow levels reflect using other funds to delay until the last moment whilst "may" borrow levels show maximum borrowing in anticipation.

FORECAST	2010/11 ⁵	2011/12	2012/13	2013/14	2014/15	2015/16
	£M	£M	£M	£M	£M	£M
Revenue Reserves	13.0	9.4	6.6	5.0	3.3	3.0
Provision for repaying loans	0.2	0.9	2.0	3.3	5.0	6.9
Earmarked Reserves ¹	5.4	4.4	3.5	3.5	3.5	3.5
Total Reserves (EOY)	18.6	14.7	12.1	11.8	11.8	13.4
Planned Capital Expenditure	7.1	11.9	3.3	3.0	2.4	2.8
Funded from:						
new capital receipts	0.3	0.3	0.3	0.3	0.3	0.3
borrowing	6.8	11.6	3.0	2.7	2.1	2.4
Borrowing (accumulated)	18.0	29.6	32.6	35.3	37.4	39.8
To be funded from borrowing ⁶						
Already borrowed	10.0	10.0	10.0	10.0	10.0	10.0
"Must" borrow ²	0.0	14.9	15.5	13.5	15.6	16.4
"May" borrow ³	35.1	29.8	33.9	38.0	42.3	46.7
Budget ⁴						
Net Interest	-0.3	-0.1	0.2	0.6	0.8	0.9
Borrowing repayments	0.2	0.7	1.1	1.3	1.6	1.9

Notes

- ¹ includes specific earmarked reserves (e.g. S106 and R&R Funds)
- ² takes account of fact that the £5m of the 10M borrowed in anticipation is invested until December 2012 and £5M to December 2013.
- ³ 2010/11 based on 2010/11 budget and MTP. Remaining figures assume approval of 2011/12 budget and MTP. All exclude the £10M already borrowed.
- ⁴ Based on no further borrowing in anticipation
- ⁵ Forecast
- ⁶ Includes £11.2M funded from borrowing pre 2010/11.

Borrowing - Cash Flow

In addition to the fundamental movements described above there are day-to-day impacts due to the flow of funds into and out of the Council. For instance, the dates on which the County Council is paid its portion of the council tax will be different to the days the money is physically received from Council Tax payers. These cash flows will sometimes leave the Council with several million pounds to borrow or to invest overnight or for a few weeks pending the next payroll or precept date.

Authorities are permitted to borrow short term for this purpose and funds are obtained from whoever is quoting the lowest rate for the period required. If rates are particularly high on a particular day then the sum may be borrowed overnight to see if rates are lower the following day for the remainder of the period required.

Borrowing - Capital

The amount and period of capital borrowing up until March 2012 will be dependent upon the actual levels of interest rates and how high or low they are perceived to be in a long term sense.

Borrowing – In Anticipation

Although further borrowing is not required until part way through 2011/12 to fund the Capital Programme, effective treasury management requires a view to be taken on whether long term rates are judged to be low, even if the funds have then to be invested until the money is required, as this could be the lowest overall cost for the Council. For example, if long term rates fell to 4% we would be likely to move towards our "may" borrow limits as soon as possible whilst if long term rates were 5.5% and it were perceived that future rates would be lower, only the "must" borrow limits would be followed and, even then, the sums would be borrowed for a short period rather than locked into a long term arrangement.

Such early borrowing is permitted if it is for planned capital expenditure. The definition of planned expenditure is not precise and has therefore been discussed with our external auditor who is comfortable with the interpretation of it being amounts included in our approved MTP. Hence, the current figure is £35.1M but this will reduce to £29.8M for next year once the new MTP is approved in February.

However since such amounts will need to be invested temporarily until spent, the Council faces the risks of loss of the invested sum if the wrong counterparty is chosen and that borrowing rates may fall in the intervening period. The counterparty risk is considered within the investment section below and a range of interest rate possibilities would be considered before borrowing to minimise the chance of adverse movements removing the anticipated benefit.

Rates for long term PWLB money have been relatively high for many months and the Government also increased them in the Comprehensive Spending Review by 0.65%. It is therefore unlikely that there will be any early borrowing particularly as the revenue budget would have to 'take the hit' of the borrowing rates being higher than the temporary investment rate in the short to medium term. However history has shown that violent fluctuations can happen and so there needs to be the freedom to act if circumstances significantly change.

As far as possible the Council's revenue reserves will be used to temporarily fund capital spending and thus delay long-term capital borrowing unless there is a significant change in the interest rate structure.

Borrowing - Profile

It is best practice to pool all funds and model future cash flow before determining the amounts that should be borrowed or invested and for how long. In doing this account will be taken of the provision that the Council is required to build up each to fund the repayment of debt.

The Council will be balancing two different aspects when deciding on the period it will borrow for.

- **Stability.** Avoid the risk of market movements affecting the borrowing cost adversely. To do this the logical option is to borrow the money for as long as needed.
- **Lowest Cost.** Minimise the overall cost of borrowing which, at the present time, might result in very short borrowing because of the very low interest rates available. However, future rates may rise significantly meaning that it was better to have paid more initially and borrowed longer.

The logical result is to spread the risk by borrowing for a range of periods. However, given the Council's current financial position it may be that, until interest rates have returned to normal relativities or there is sufficient certainty that they will do so, the Council should borrow from its own revenue reserves and or borrow short term for rates that are currently under 1%.

Much of our borrowing will tend to be from the Public Works Loans Board (PWLB) which is a Government Agency providing funds to local authorities at interest rates linked to the cost of central government borrowing. Commercial bodies have become more involved in lending to local authorities though their products are generally for shorter periods and often include embedded options. The most common is a LOBO, where the lender retains an option to increase the interest rate after a number of years and the borrower has the right to repay if the new rate is not acceptable.

Investments - Categories

The guidance on Local Authority Investments categorises investments as 'specified' and 'non-specified'.

Specified investments are expected to offer relatively high security and/or liquidity.

They must be:

- in sterling (avoiding exchange rate fluctuations) and,
- due to be repaid within 12 months (minimising capital value fluctuations on gilts and CDs and minimising the period within which a counterparty might get into difficulty) and,
- not defined as capital expenditure in the capital finance regulations 2003 (e.g. corporate bonds and equities) and,
- with a body that is of high credit quality or it is made with the UK Government, or a local authority. (minimising the counterparty risk)

These include time-deposits for up to 1 year with building societies and banks which the Council deems to have a high credit quality (see below), but it should be noted that early repayment, before the due date is rarely possible and may require a release fee.

Non-specified investments include longer deposits and other types of investment e.g. corporate bonds and equities.

The Council may use:

- Time Deposits of longer than 12 months with banks and building societies
- Corporate Bonds, if returns are clearly better than time deposits, but such investments will only be made following a risk assessment and consultation on the proposed limits, procedures and credit ratings with the Treasury Management Advisory Group. Use would be limited to Bonds that could be held to maturity thus avoiding fluctuations in capital value.
- Money market funds – these diversify investors' cash over a wide range of highly rated organisations and maturity dates, while allowing the investor to retain instant access to their cash.

Investments – High Credit Quality

The term 'high credit quality' is used in the CLG guidance to encourage local authorities to monitor other measures of an institution's creditworthiness rather than just relying on credit ratings

CIPFA has issued guidance on possible sources of additional information in order to assess the credit worthiness of counterparties which are referred to below.

Whilst the Council will take some account of such additional information the main criteria for judging credit quality will be:

- Short term credit ratings (Definitions in Appendix A)
- Long-term credit ratings for any investment over 1 year.
- The top 25 Building Societies irrespective of any credit rating they may hold. Building societies have a much higher proportion of their funds covered by retail savings so are less at the risk of market volatility and their regulatory framework and insolvency regime means that the Council's deposits would be paid out before retail depositors. Experience in recent years includes a number of examples of the Government negotiating takeovers of weak societies by strong ones. A number do not bother with credit ratings because they all have an eligibility certificate under the UK Government Credit Guarantee Scheme
- Reacting immediately to same day notifications from our treasury management advisors (Sterling Consultancy Services) of changes to credit ratings or "rating" watch" warnings. This will often result in the counterparty being immediately removed from our list unless the content of the rating agency report shows this would be inappropriate.
- Reacting immediately to any informal comments from our advisors in relation to market concerns.
- Credit Default Swap prices obtained from our advisors.
- The credit rating of the country of the institution. For example the Council does not currently include banks in Ireland, Portugal and Greece on its counterparty list.

Financial statements and the financial press will not be systematically reviewed because the resources required are not available and it is expected that our advisors will make informal comments if they become aware of any significant items that affect our counterparty list. They also review our counterparty list every month.

Investments – Spreading The Risk

Credit quality can never be absolutely guaranteed so to further mitigate risks there is a need to spread investments in a number of ways:

- By counterparty where this includes any institutions that are linked in the same group
- By Country

These limits need to be a practical balance between safety and administrative efficiency and need to cope with the uncertainty of the amount of borrowing in anticipation. A table is therefore included in Appendix B which shows the limits for different levels of forward borrowing.

Investments – Periods

Once a time deposit is made there is no requirement for the borrower to repay until the end of the agreed period. Thus a borrower who has a high credit rating on the investment day could be in serious financial difficulties in the future. As a result significant use is made of liquidity accounts which currently give an attractive interest rate but also allow repayment of our investment the same day.

Investments In-House Management

All funds managed by external fund managers have been returned and so all future investments will be managed in-house.

Taking account of the Credit Quality and Spreading the Risk sections above Appendix B outlines the criteria for making investments.

There may be limited occasions, based on detailed cash flow forecasts, where some investments of more than a year might be made that do not relate to borrowing in anticipation.

Risk of counterparty failure can also be minimised by shortening the period of any time deposit. At the current time, partly reflecting the current interest rate structure, time deposits are generally kept below one month. The criteria also differentiates the duration of investments based on credit rating – the maximum duration of investments with building societies with a rating of BBB+ or lower and with no credit rating, will be 6 months.

Advantage is also being taken of liquidity accounts which are offering competitive rates for money on call i.e. it can be called back the same or next day if there was any concern about the institution.

The Council will need to approve a prudential indicator for the 'authorised limit for external debt'; which combines:

- temporary borrowing for cash flow purposes (£20M)
- long-term borrowing to fund capital expenditure of £40M (up to the £30M "may borrow" limit plus the £10M already borrowed)
- an allowance for other long-term liabilities, such as finance leases (£5M).

A maximum of **£65M** is therefore recommended.

Advisors

The Council appointed Sterling Consultancy Services as Treasury Management Advisors in January 2008, however responsibility for final decision making remains with the Council and its officers

The Advisor carries out the following role:

- advice on investment decisions,
- notification of credit ratings and changes,
- general information on credit quality and informal comment on particular institutions,
- advice on borrowing and opportunities to borrow early
- economic data and interest rate forecasts
- advice and guidance on relevant policies, strategies and reports,
- accounting advice,
- reports on treasury performance,
- training courses.

The quality of the service is controlled by regular contact between the Advisors and officers. A retendering exercise will be undertaken to appoint Advisors from July 2011.

Management

The Head of Financial Services and his staff will manage and monitor investments and borrowing.

The Treasury Management Advisory Group (TMAG) consists of three members of the Cabinet. They are kept informed of relevant issues and consulted on any significant issues.

Reporting and Scrutiny

The CIPFA Code requires that the body responsible for approving the budget also receives at least two reports during the year on treasury management. Therefore the Council will receive a six month report on the performance of the funds and an annual report on the performance for the year.

The Code also requires the Council to identify the body that will be responsible for the scrutiny of treasury management to ensure that it receives the appropriate focus. This is the Economic Well-being Overview & Scrutiny Panel.

Training

The needs of the Council's treasury management staff for training are assessed every 6 months as part of the staff appraisal process and additionally when the responsibilities of individual staff change.

The Code requires that Members charged with the governance of Treasury Management and those responsible for scrutiny have the necessary skills relevant to their responsibilities. A Member training event will be arranged during the year.

Changes to the Strategy

The strategy is not intended to be a strait-jacket but a definition of the upper limit of the level of risk that it is prudent for the Council to take in maximising the return on its net investments. Any changes that are broadly consistent with this Strategy and either reduce or only minimally increase the level of risk, are delegated to the Head of Financial Services, after consultation with the Treasury Management Advisory Group, where of any significance. All other changes to the strategy must be approved by the full Council.

Treasury Management and Prudential Indicators

The Council's Treasury Management and Prudential Indicators are attached at Appendix C. They are based on data included in the budget report and this Strategy. They set various limits that allow officers to monitor its achievement. These indicators must be approved by the Council and can only be amended by the Council.

Appendix A

Definition of Credit Ratings

	Rating	Definition	Examples of counterparties
Short term (Fitch)	F1	Shares rated in this category have the most solid solvency levels and the highest stock liquidity and enterprise value in the market.	Royal Bank of Scotland/ NatWest (F1+) Coventry Building Society
	F2	Shares rated in this category have very good solvency levels and stock liquidity and enterprise value in the market.	Co-operative Bank Skipton Building Society
	F3	Shares rated in this category have a combination of good or adequate solvency levels and stock liquidity and enterprise value in the market.	Newcastle Building Society
Long-term (Fitch)	AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	United Kingdom
	AA	Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	HSBC Bank
	AA-	The institution is at the lower end of very high credit quality	RBS/NatWest Nationwide
	A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.	Coventry Building Society
	A-	The institution is at the lower end of high credit quality	Skipton Building Society

Appendix B

In-House Fund Management

(If No Further Borrowing in Anticipation)

Duration of investments	No investment shall be longer than 5 years. Maximum duration for a Building Society with a rating of BBB+ or lower, or no credit rating, is 6 months		
Types of investments	Fixed term Deposits Deposits at call, two or seven day notice Corporate bonds Money market funds		
Credit Ratings	Excluding Building Societies Short term rating F1 by Fitch or equivalent) Long-term rating of AA- by Fitch or equivalent if the investment is longer than 1 year.		
Maximum limits per counterparty (group), country or non-specified category	F1+ or have a legal position that guarantees repayment for the period of the investment	£5M	
	F1	£4M	
	Building Society with assets over £2bn in top 25 (Currently 10)	£5M	
	Building Society with assets over £1bn if in top 25 (Currently 3)	£4M	
	Building Society with assets under £1bn in top 25	£3M	
	Liquidity (Call) Account with a credit rating of F1+ or with a legal position that guarantees repayment or a Building Society.	£5M	
	BUT total invest with counterparty/group shall not exceed	£8M	
	Money market fund AAA Credit rating	£4m	
	Limit for Non-specified investments		
	<ul style="list-style-type: none"> - £10M in time deposits more than one year - £5M in corporate bonds - £10M in total 		
Country limits			
<ul style="list-style-type: none"> - UK - unlimited - £5M in a country outside the EU - £10M in a country within the EU (excluding UK) - £20M in EU countries combined (excluding UK) 			
These limits will be applied when considering any new investment from 23 February 2011. Lower limits may be set during the course of the year or for later years to avoid too high a proportion of the Council's funds being with any one counterparty.			
Benchmark	LGC 7 day rate		

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

Appendix C

CIPFA Prudential Code for Capital Finance in Local Authorities Prudential Indicators and Treasury Management Indicators for 2011/12

CAPITAL EXPENDITURE

1. Actual and Estimated Capital Expenditure

	2009/10 Actual £000	2010/11 Forecast £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000
Gross	14.6	15.0	15.4	10.2	4.0
Net	11.6	7.1	11.9	3.3	3.0

2. The proportion of the budget financed from government grants and council tax that is spent on interest and the provision for debt repayment.
The negative figures until 2010/11 reflect that the Authority was a net investor and that the net interest earned exceeded the small provision for the repayment of debt.

	2009/10 Actual	2010/11 Forecast	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
	-10%	-0.3%	3.1%	7.1%	9.8%

3. The impact of schemes with capital expenditure on the level of council tax
**This calculation highlights the hypothetical impact on the level of Council Tax from changes to capital schemes (including their associated revenue implications) that are included in the budget/MTP.
The actual planned change in Council Tax is different because of the impact of significant non-capital variations, spending adjustments and the use of revenue reserves.**

	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
Increase	£1.72	-£6.88	-£0.62
Cumulative	£1.72	-£5.16	-£5.78

4. The capital financing requirement.
This represents the need for the Authority to borrow to finance capital expenditure. Whilst the Authority has revenue reserves it will not have to borrow for capital purposes but may do so:

31/3/10 Actual £M	2010/11 Forecast £M	2011/12 Estimate £M	2012/13 Estimate £M	2013/14 Estimate £M	2014/15 Estimate £M	2015/16 Estimate £M
11.2	18.0	29.6	32.6	35.3	37.4	39.8

5. Net borrowing and the capital financing requirement
 'In order to ensure that over the medium term, net borrowing will only be for a capital purpose, the Authority should make sure that net external borrowing (borrowing less investments) does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.'

As long as the Council's reserves are sufficient to cover any shortfall that might occur on the revenue budget there will be no borrowing for revenue purposes, other than in the short term. Revenue reserves are forecast at the end of the year to be:

2011/12	£9.4M
2012/13	£6.6M
2013/14	£5.0M

This should be more than adequate to cover any potential problems as long as unidentified spending adjustments are found by targeted dates.

EXTERNAL DEBT

6. The actual external borrowing at 31 March 2010

£10m

7. The authorised limit for external debt.

This is the maximum limit for borrowing and is based on a worst-case scenario. It reflects the Treasury Management Strategy which allows the Authority to borrow up to £35.1m in 2010/11 (based on the 2010/11 Treasury Management Strategy) and up to an aggregate of £40m in 2011/12 to finance capital expenditure shown to be financed from borrowing in the Medium Term Plan period if it appears that long term rates are attractive. There is a provision for financing capital from leases. The remainder of the limit relates to temporary debt for Cash Flow Purposes.

	2010/11 Limit £M	2011/12 Limit £M	2012/13 Estimate £M	2013/14 Estimate £M
Short term	20.0	20	20	20
Long Term	35.1	40	44	48
Other long-term liabilities (leases)	5.0	5	5	5
Total	60.1	65	69	73

8. The operational boundary for external debt.

This reflects a less extreme position. Although the figure can be exceeded without further approval it represents an early warning monitoring device to ensure that the authorised limit (above) is not exceeded; it allows the management of the Council's day to day cashflow. The short term and long term elements of the operational boundary will be monitored separately.

	2011/12 Limit £M	2012/13 Estimate £M	2013/14 Estimate £M
Short term	15	15	15
Long term	40	44	48
Other long-term liabilities (leases)	5	5	5
Total	60	64	68

9. Adoption of the CIPFA Code

The Council adopted the 2001 edition of the CIPFA Treasury Management Code of Practice. Council will now adopt the 2009 edition of the Code

TREASURY MANAGEMENT INDICATORS

10. Exposure to investments with fixed interest and variable interest as a percentage of total investments. This indicator is set to control the Council's exposure to interest rate risk. Investments of less than 12 months count as variable rate.

	2011/12 Limit	2012/13 Estimate	2013/14 Estimate
Upper limit on fixed rate exposure	100%	100%	100%
Upper limit on variable rate exposure	100%	100%	100%

11. Borrowing Repayment Profile

The proportion of 2011/12 borrowing that will mature in successive periods. This indicator is set to control the Council's exposure to refinancing risk

The first table refers to temporary borrowing for cash flow purposes; 100% will mature in less than 12 months.

Whilst long-term borrowing will often be for more than 10 years there are interest rate scenarios that might require shorter term borrowing on a temporary basis. This is particularly relevant in the coming year if short term rates remain so low.

Cash flow borrowing	Upper limit	Lower limit
Under 12 months	100%	100%
Over 12 months	0%	0%

Funding capital schemes	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	60%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	60%	0%
10 years and above	100%	0%

12. Investment Repayment Profile

Limit on the value of investments that cannot be redeemed within 364 days i.e. by the end of each financial year. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

	2011/12 Estimate £M	2012/13 Estimate £M	2013/14 Estimate £M
Limit on investments over 364 days as at 31 March each year.	18.7	13.1	10.1

Code of Financial Management

The draft code (subject to approval by Council) includes some minor changes to tidy up the wording as well as some more significant changes outlined below:

General (section 1.1)

Extends the requirement for an agreed written report to bodies making recommendations.

Chief Officer and Heads of Service Responsibilities (section 1.11)

The list of options that must be considered when an employee leaves have been brought forward from annex B to give them a higher profile and the consideration of opportunities for joint working has been added.

Extra requirement added - to seek improvements in the efficiency of their services.

Treasury Management (sections 4.3 and 1.5)

Changes to formalise the responsibility of Overview and Scrutiny, which reports must be considered by Council and other changes to reflect the new CIPFA code and government guidance.

Payments (section 4.4)

Extended to reflect the increased use of corporate and procurement cards and importance of obtaining VAT receipts.

1. **FINANCIAL RESPONSIBILITIES**

1.1 **General**

Before any proposal that affects the Council's financial position is made the body or person(s) responsible for making that decision, or any body making a recommendation to that body or person, shall consider a written report, approved by the Director of Commerce and Technology, detailing the financial implications.

1.2 **The Council**

Will determine the Council's Financial Strategy and Medium Term Financial Plan (MTP), approve the annual budget and Prudential Indicators and set the level of the council tax.

Will approve the Council's Treasury Management Strategy.

1.3 **The Corporate Governance Panel**

Will ensure that the financial management of the Council is adequate and effective.

Will ensure that the Council has a sound system of internal control including arrangements for the management of risk.

Will consider the Council's Code of Corporate Governance and approve the annual statement.

Will approve the terms of reference and strategy for internal audit and comment on the annual internal and external audit plans.

Will consider the external auditor's annual management letter.

Will approve the Council's tax base and final accounts.

1.4 **The Cabinet**

Will propose to the Council:

- the Financial Strategy
- the MTP
- the annual budget and council tax level
- the a combined annual Treasury Management Strategy, Treasury Management Policy and Prudential Indicators, after appropriate consultation, which will include the appropriate Overview and Scrutiny Panel and representatives of the business community.

Will set financial priorities, allocate and re-allocate resources in accordance with the limits in this Code, monitor and review financial performance.

1.5 **Overview and Scrutiny Panels**

Will contribute to the development of, and review the effectiveness of, the Council's Financial Strategy, MTP, Treasury Management and annual budget.

1.6 **Panels, Working Groups or Committees**

Will ensure that all decisions within their remit are made within the resources allocated within relevant budgets and are consistent with achieving the Council's objectives. If they wish to make proposals that will require additional resources these will need to be subject to the Cabinet or Council making these available.

1.7 **Members and Employees**

Will contribute to the general stewardship, integrity and confidence in the Council's financial affairs and comply with this Code and any systems, procedures, or policies relating to the financial management of the Council.

Specifically, they shall bring to the attention of the Director of Commerce and Technology any act or omission that is contrary to the provisions of this Code or the maintenance of high standards of financial probity, and provide information or explanation on matters within their responsibility to him/her, the Monitoring Officer, Internal Audit Service or the Council's external auditors.

Any member or employee who is involved in a transaction with the Council, or who has an interest in a transaction between a third party and the Council, shall declare the nature and amount, if material, as required by the Accounting Standards Body's Financial Reporting Standard on related party payments.

Any employee who becomes involved in a transaction between the Council and a third party in which he/she has an interest shall obtain advice from the Monitoring Officer as to whether decisions on this transaction shall be taken by another employee.

1.8 **The Head of Law, Property and Governance, as Monitoring Officer**

or, in his/her absence, the Deputy Monitoring Officer

Will report to the Council on any proposal, decision or omission that in his/her view is likely to result in the contravention of the law or any code of practice enacted under it, fails to comply with a legal duty, represents maladministration or is unjust, in accordance with section 5 of the Local Government and Housing Act 1989.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.9 **The Director of Commerce and Technology, as Chief Finance Officer**

or, in his/her absence, the Head of Financial Services

Will be responsible for the proper administration of the Council's financial affairs, prescribe appropriate financial systems, protocols, procedures and policies, maintain an internal audit service and report to the Council in the event of a decision or action leading to unlawful expenditure, a loss or deficiency or an unlawful accounting entry (in accordance with section 151 of the Local Government Act 1972, section 114 of the Local Government Act 1988 and the Accounts and Audit Regulations).

Will be responsible for ensuring the final accounts are completed and published by the statutory dates and reporting the details of any material amendments specified by the external auditor to the Corporate Governance Panel.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.10 **The Head of Financial Services**

Will be responsible for detailed and operational aspects of the administration of the Council's financial affairs on behalf of the Director of Commerce and Technology, approving new financial systems and undertaking such duties as are set out in this Code.

1.11 **Chief Officers and Heads of Service**

Whilst Chief Officers will take ultimate responsibility for their employees' actions, the Council's management structure is based on Heads of Service or, in a few cases, Chief Officers taking prime responsibility for a service and its related budget.

The Manager responsible for a budget:

- may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in budgets that have been released subject to Annex B. In particular they may make purchases of goods and services, subject to the requirements of the Code of Procurement, and employ staff, in accordance with the Officer Employment Procedure Rules. They will normally delegate appropriate elements of this responsibility to members of their staff. Annex B deals with the implications of the turnover contingency and includes the requirement that, when an employee leaves, the Head of Service to determine whether:
 - o the post is kept vacant for a period before a decision is made,
 - o the post can be deleted,

- o a restructuring should be proposed,
- o joint working with another body should be considered
- o the post should be filled at the end of a defined period,
- o it should be filled as soon as possible,
- o it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.
- will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.
- will be responsible for proper financial and resource management and the prevention of fraud and corruption within the services and functions under their control.
- will determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service, and ensure that relevant employees or Members are familiar with such systems.
- will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.
- will be responsible for annually reviewing their services to identify any aspects where surplus capacity could be utilised to reduce the net cost of the Council's services. All identified opportunities shall be introduced unless Cabinet or both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- will be responsible for seeking improvements in the efficiency of their services.
- will be responsible for identifying opportunities and then bidding for grants or contributions from other bodies to support the achievement of the Council and Community objectives through their services.
- will be responsible for maximising the income from fees and charges relating to their service in accordance with Annex C.

1.12 Internal Audit

Will be responsible for providing an independent and objective opinion on internal control, risk management and governance systems. In accordance with its terms of reference it shall undertake audit reviews that focus on areas of greatest risk to the Council's control environment in accordance with a programme agreed annually by the Director of Commerce and Technology after consultation with Heads of Service.

For these purposes internal audit shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

2. FINANCIAL AND SERVICE PLANNING

2.1 In the Summer - Overall Review

The Cabinet shall review the financial performance of the Council in the previous year, compared with the annual budget, on the basis of a report prepared by the Head of Financial Services in conjunction with Heads of Service.

2.2 In the Autumn - Financial Strategy

The Cabinet, after consultation with the relevant Overview and Scrutiny Panel and any appropriate organisations or bodies, shall recommend to the Council a Financial Strategy which will be used to determine the overall financial limits within which the annual budget and MTP will be prepared.

2.3 In the Winter - Annual Budget and MTP

The Cabinet shall, after consultation with the relevant Overview and Scrutiny Panel, recommend to the Council an annual budget for the next financial year and a MTP for the succeeding four years, incorporating both capital and revenue expenditure, which is consistent with corporate and service strategies and the Financial Strategy. This budget will include the allocation of resources to individual services and capital projects.

2.4 In the Spring - Service Financial Plans

Following approval of the annual budget each Head of Service shall update their Service Plan(s) to reflect the approved budget and how the resources allocated will be used to meet service objectives in the forthcoming year.

3. CONTROLLING FINANCIAL PLANS

3.1 Financial Monitoring

Heads of Service will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.

The financial performance of each service and capital project will be reviewed by Chief Officers quarterly on the basis of monitoring statements prepared by Heads of Service in conjunction with the Head of Financial Services.

The financial performance of the Council will be reviewed by Cabinet quarterly on the basis of monitoring statements prepared by the Head of Financial Services in conjunction with Heads of Service.

Heads of Service will ensure that relevant Executive Councillors are regularly informed of the progress in delivering approved MTP schemes.

3.2 Commitments to Expenditure in Future Years

No new commitment to expenditure beyond the current budget year may be made unless it;

- is consistent with the achievement of the Council's objectives and other relevant Strategies, **and**
- is compatible with the Council's MTP and Financial Strategy, **and, either**
- can be met from within currently approved and released resources. If it is to be funded from savings, these must be defined, permanent and not already earmarked for the achievement of the Council's savings targets, or
- is funded from a budget transfer in accordance with section 3.5 below.

If the Head of Service has any concerns about their proposal meeting these requirements they must consult the Head of Financial Services.

3.3 Grants, Cost Sharing and S106 agreements

Where a Head of Service proposes to take advantage of grants from other organisations, or some other form of cost sharing, whereby they will be able to deliver additional or improved services, consistent with their Service Plan, without creating any current or future commitment to additional net expenditure they may do so subject to:

- the funds being dependent upon a particular project or service being provided but, in the case of S106 agreements, the location or some other aspect is at the Council's discretion.
- informing the Head of Financial Services of the details
- consulting the relevant Executive Councillor(s) if the proposal exceeds £30,000 revenue or £50,000 capital in any one year or on any discretionary element of a S106 sum.

A Head of Service may utilise sums of money received under S106, or equivalent, agreements where there is no discretion. The Head of Financial Services should be informed of the details.

3.4 Approvals for additional spending with a net impact

Proposals for increases to the total allocated to a budget in the current year (Supplementary Estimates) and their impact in future years may be approved by the Cabinet subject to the revenue impact not exceeding £300,000 in aggregate in any financial year. The impact of such approvals will be included in appropriate financial reports within the budget/MTP process and, once Council have noted these items, the Cabinet's limit will be re-set.

A transfer of a sum from capital to revenue will have a revenue impact and so will count as a request for additional spending.

In all other cases the approval of the Council will be required.

3.5 Approvals for additional spending with compensating savings

Proposals that require initial funding but will then result in net surpluses or savings that are at least sufficient to produce a break-even position will be supported in principle if they are:

- consistent with increasing the achievement of the Council's objectives and compatible with relevant Strategies.
- achievable within the Council's Financial Strategy.
- supported by a robust business case which includes a risk assessment.
- supported by the Chief Officers' Management Team.

The Director of Commerce and Technology may approve such a scheme following consultation with the relevant Executive Councillor for the service and the Executive Councillor for finance. The relevant budget(s) and MTP will be appropriately adjusted.

3.6 Budget Transfers

The Council has five main types of budgets:

- **Service Revenue Budgets**
Service budgets relate to the provision of services directly to the public and are defined as the lowest level included in the report to Council when the budget is approved. They include depreciation relating to capital assets and recharges from Management Units and Overhead Budgets.
- **Capital Scheme Budgets**
These provide the funding to complete a defined capital project and are likely to include some recharges from Management Units and Overhead Budgets. When the project is completed a charge for depreciation is made to the appropriate Service Revenue Budget.
- **Management Unit Budgets**
Management Unit budgets collect together the costs of employees, and their ancillary costs that relate to supporting services, before they are recharged to service budgets or overhead budgets based on the degree of benefit that is being received.
- **Overhead Budgets**
Overhead budgets collect together a relevant portion of management unit costs together with other related costs before they are recharged based on the degree of benefit that is being received. Examples include the costs of office provision or of the Printing Service.
- **Technical Budgets**
These include items such as interest on investments, the reversal of depreciation charges and the Minimum Revenue Provision and will not be available for transfer to other budgets except in meeting the specific purpose for which they were established.

Whilst most budgets will reflect a net cost, some will identify an expected surplus.

The transfer of resources within, or between, any of the types of budgets is supported in principle when it will make it more likely that the Council will achieve its service objectives and targets or enhance value for money. There do, however, need to be some limitations for effective financial management and to ensure that Executive Councillors, Cabinet and Council are aware of, and involved in, the more significant changes or where there is a financial implication.

The limitations fall into three categories. The first relates to Technical Budgets and recharges and Annex A details the budget transfers that will not be permitted in relation to them. The second relates to budgets for pay, national insurance and pension contributions and Annex B explains why and how budget transfers relating to these items are limited. Finally, the required involvement of Members is defined below.

The Council's management structure is based on Heads of Service or, in a few cases, Chief Officers taking responsibility for these budgets.

The **Manager responsible for a budget** may approve a budget transfer within and between the budgets they are responsible for providing it is:

- Consistent with increasing, or at least maintaining the achievement of service objectives and compatible with the Council's Financial and other relevant Strategies.
- Not to or from a Technical Budget or a recharge or from a pay, NI or pension contributions budget unless permitted by Annexes A or B.
- Not from capital to revenue
- Supported by their Chief Officer
- Notified to the Head of Financial Services
- Within the following limits if between budgets (there shall be no financial limits within a budget):
 - Revenue to revenue £60k
 - Revenue to capital £60k
 - Capital to capital £60k

Similarly, a **Chief Officer** may, subject to the same criteria, approve budget transfers between any budgets that are their responsibility or the responsibility of their staff.

The **Chief Officers' Management Team** may, subject to the same criteria except for the enhanced limits shown below, approve budget transfers between any budgets:

- Revenue to revenue £120k
- Revenue to capital £120k
- Capital to capital £120k

Cabinet may approve budget transfers of up to:

- Revenue to revenue £300k
- Revenue to capital £300k
- Capital to capital £300k

In all cases, any previous transfers in the same financial year relating to those budgets shall be aggregated for determining whether the limit has been exceeded, however once the impact of any approval has been included in a relevant financial report to Council, the Cabinet's limit will be re-set.

In all other cases the approval of the Council will be required.

3.7 Re-phasing of Expenditure

The re-phasing of expenditure and consequent transfer of budget between years may be made by the relevant Head of Service, following consultation with the Head of Financial

Services, providing that it is consistent with service objectives and compatible with the Council's Financial and other relevant Strategies. Revenue expenditure will only, normally, be rephased to later years if it relates to a specific project with identified funding in the current year, that has been delayed for reasons outside of the control of the relevant Head of Service. The amount is further limited by the net underspending on that Head of Service's relevant budget(s) in the current year.

3.8 Price Changes

Allocation to individual Budgets of any provision for inflation or other purposes will be determined by the Head of Financial Services.

3.9 Project Appraisals

All proposals for changes to the MTP will require an explanatory appraisal, unless the Head of Financial Services considers that the item is of a technical nature. Appraisals for new and modified schemes will be made available to Members, via the Council's intranet, by the date on which the related reports are circulated.

4. CASH AND CREDIT MANAGEMENT

4.1 Banking

The Director of Commerce and Technology is responsible for all Council banking arrangements and shall maintain (an) account(s) with (an) appropriate bank(s) with a credit rating equivalent to 'Long Term AA-' or better in the data published by Fitch IBCA. All transactions involving income or expenditure shall be dealt with through the Council's bank account(s).

4.2 Income

All employees receiving money (including cash, cheques, credit card payments etc.) must comply with the relevant procedures issued by the Head of Customer Services to ensure that the sums are properly recorded, receipted and banked.

The Head of Financial Services shall manage a debt collection service on behalf of the Council and all sums due must be registered by raising an invoice on the Council's Financial Management System or some other system or procedure approved by the Head of Financial Services.

4.3 Treasury Management

All Treasury Management activities will be undertaken in accordance with the Council's annual Treasury Management Strategy, which includes its policies, objectives, approach to risk management and its prudential indicators. The Strategy will comply with the Code of Practice for Treasury Management and the Prudential Code for Capital Finance,, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and reflect any published Government advice..

The Council shall have overall responsibility for Treasury Management and will formally approve the annual Treasury Management Strategy and receive an annual and mid-year report on treasury management activities.

The Cabinet will be responsible for the implementation and regular monitoring of treasury management activity and the Treasury Management Advisory Group (previously CRAG), which consists of three Cabinet members will act as an informal liaison group with the officers responsible for treasury management.

The Overview and Scrutiny (Economic Well-being) Panel will be responsible for the scrutiny of treasury management.

The execution and administration of treasury management is delegated to the Head of Financial Services who will establish treasury management practices for the operation of the function which will ensure compliance with the Strategy and create appropriate systems of monitoring and control.

4.4 **Payments**

Payments due to external suppliers of goods and services must be made either:

- through the Council's purchase ledger system with payments being made direct to the supplier's bank account wherever this is practicable.
- by corporate card or procurement card
- by direct debits or standing orders

In each case complying fully with the relevant procedures for that system, particularly the requirement to obtain official VAT receipts, as determined by the Head of Financial Services.

5. **ACCOUNTING PROCEDURES**

5.1 The Council will follow the best practice guidance contained in the Accounting Code of Practice and other relevant publications produced by CIPFA in the preparation and maintenance of its accounts.

5.2 **Statement of Accounts**

The annual Statement of Accounts shall be presented to the Corporate Governance Panel for approval within the prescribed statutory timescale.

5.3 **Records**

Each Head of Service is responsible for maintaining records of financial transactions and commitments and employee time, in forms agreed with the Head of Financial Services, and for ensuring that all financial transactions are properly recorded in the appropriate financial period and to an appropriate account within the Council's Financial Management System.

5.4 **Retention of Documents**

Documents required for the verification of accounts, including invoices, shall be retained in a retrievable format for any statutory period, or otherwise for six years or such other time that is specified by the Head of Financial Services.

5.5 **Contingent Assets and Liabilities**

Any Officer who is aware of a material and outstanding contingent asset or liability shall notify the Head of Financial Services, who shall include details in the Council's accounts or in a Letter of Representation to be presented to the Council's external auditors in respect of those accounts.

5.6 **Stock**

The Head of Financial Services shall determine, after consultation with the relevant Head of Service, when Stock accounts shall be maintained. This will normally be where the value of the items are significant or the items are considered to be vulnerable to loss or theft.

In such cases the relevant Head of Service shall ensure that a certified stock-take is carried out in the last week of March each year, and that records of receipt and issue of all stock are maintained throughout the year in a manner agreed with the Head of Financial Services.

5.7 **Insurance**

The Head of Financial Services shall obtain insurance to protect the Council or minimise its potential losses from risks including those to employees, property, equipment and cash. Any decision not to insure significant risks must be based on a detailed risk assessment.

5.8 **Write-off of Irrecoverable Debts**

The Head of Customer Services, or in his/her absence the Head of Financial Services, is authorised to write-off debts with an individual value of up to £5,000, or of a greater amount after consultation with the Executive Councillor responsible for finance, having taken appropriate steps to satisfy himself/herself that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs.

A summary report of debts written-off shall be submitted to the Cabinet quarterly.

6. **ASSETS**

6.1 **Definition**

An asset is an item of land, building, road or other infrastructure, vehicle or plant, equipment, furniture and fittings or information and communications technology, (hardware and software) with a life exceeding one year.

6.2 **Control of Assets**

Each Head of Service is responsible for ensuring that the assets relating to their services are

properly safeguarded, managed and maintained, and used only to achieve the Council's objectives. This will include establishing and maintaining appropriate security, control systems and records. They will need to consult relevant officers in relation to specialist items and, where vehicles are concerned, the officer holding the Council's Operating Certificate who has specific statutory responsibilities.

6.3 Ongoing Review

The Head of Law, Property and Governance will lead a working group of officers that will maintain an ongoing review of the management, control and recording of assets.

6.4 Acquisition

The purchase of assets must be in accordance with the procedures specified in the Council's Code of Procurement, having regard to the value of the asset, and follow taking advice from relevant specialist colleagues in appropriate cases e.g. IT, vehicle management, legal, procurement.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of the acquisition of an asset which meets the definition for capital expenditure.

6.5 Disposal

The sale of assets must be in accordance with the procedures specified in the Council's Code of Procurement, having regard to the current value of the asset, and follow taking advice from relevant specialist colleagues in appropriate cases e.g. IT, vehicle management, legal, procurement.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of any disposal of an asset included in the Asset Register.

6.6 Capital Expenditure

The purchase or improvement of any asset will normally be treated as capital expenditure. However, expenditure of less than £10,000, or £5,000 in the case of vehicles, plant and equipment, will not normally be treated as capital expenditure unless the Head of Financial Services considers it is in the Council's interests to do so.

6.7 Leases

Finance and operating leases are to be used only if they are in the Council's financial interest and with the specific formal approval of the Head of Financial Services.

6.8 Valuations

In order to comply with accounting requirements assets will be re-valued at five yearly intervals by an appropriately qualified person according to the type of asset. Interim valuations or updating by reference to a suitable index will be necessary in the intervening years.

Annex A Technical Budgets

The following budgets cannot be reduced by officers in order to permit extra expenditure on another budget except where this is part of the specific purpose for which they were established.

- Any contingency, unless it complies with the approved rules for the use of the general contingency or is an adjustment to reflect the technical application of the contingency (e.g. allocation of inflation from an inflation contingency)
- Capital charges
- Commutation Transfer
- Minimum Revenue Provision
- Pension Liabilities (as opposed to pension contributions)
- Interest paid
- Interest received
- Any recharge or allocation from a management unit or overhead account.

Annex B Budgets For Pay

(Pay is deemed to include, NI and Pension Contributions for the purpose of this annex)

1. The Council does not provide for a 100% of the costs of its employees. This is because experience shows that it is generally impossible to avoid gaps when people leave and are replaced. It is also common for the new employees to be on a lower point in the grade than the person who left.
2. Obviously it is unlikely that each pay budget will be equally affected in any particular year and therefore, to simplify budget monitoring, each pay budget includes 100% of employee costs but there is a negative, centrally held, contingency that represents the saving that the Council's overall budget is based on.
3. Therefore no use of savings, virement or rephasing relating to a pay budget, whether temporary or permanent, will be permitted unless this annex is complied with.

Employees Leaving

4. In order to maximise the likelihood of achieving this saving a Head of Service must, whenever an employee gives their notice, determine whether:
 - a. the post is kept vacant for a period before a decision is made,
 - b. the post can be deleted,
 - c. a restructuring should be proposed,

- d. joint working with another body should be considered
 - e. the post should be filled at the end of a defined period,
 - f. it should be filled as soon as possible,
 - g. it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.
5. In deciding on which option to take the Head of Service should take appropriate HR and financial advice. The decision must include consideration of any need for temporary or permanent regradings, acting up allowances, honoraria, employees or consultants. Allowance must also be made for an appropriate saving, to help achieve the contingency budget, as determined by the Head of Financial Services.
 6. Heads of Service will also need to liaise with HR to arrange recruitment advertising and ensure that the recruitment arrangements comply with the process agreed by Employment Panel.

Other Adjustments and Virement

7. If any other proposal is made to transfer (in accordance with paragraph 3.6) or rephase (in accordance with paragraph 3.7) a pay budget, a budget reduction, as determined by the Head of Financial Services, shall be made in order to allow the contingency budget to be reduced.

Exceptions

8. If the Head of Service can demonstrate to their Director the critical nature of maintaining immediate service cover in certain key work areas then the requirements of paragraph 4 above will not apply and the saving/budget reduction may be reduced or nil. Examples where this might apply would be if vacancies would result in insufficient employees with the necessary abilities or skills to run refuse rounds or to safely open swimming pools. Agency, or equivalent employees, must be available with the necessary skills and/or abilities.
9. If the Head of Service can demonstrate that a critical backlog of work has resulted from continuing vacancies such that the service to the public is seriously compromised or net additional costs would become unavoidable the saving/budget reduction may be reduced. Examples where this might apply would be dealing with benefit applications or collecting council tax income. Agency, or equivalent employees, must be available with the necessary skills and/or abilities.

Annex C

Maximising Income from Fees and Charges

The Manager responsible for a budget is:

- responsible for annually reviewing their services to identify any aspects that are not currently, but could be charged for. Charges for such aspects shall be introduced unless Cabinet or both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- responsible for reviewing and varying fees and charges at least annually for services under their control, after consultation with the relevant Executive Councillor(s) and the Chairman of any relevant Panel. In doing so, they:
 - o shall ensure that relevant legislation that specifies the charges to be made or constrains them in any way is complied with.
 - o shall, after having regard to the charges of any alternative service providers with whom the Council is competing, seek to maximise income, net of applicable costs, unless it will have a clearly detrimental impact on the achievement of the Council or Community objectives.
 - o may introduce differential pricing to particular client groups where these are expected to stimulate demand and generate additional net income which would otherwise not be obtained.
 - o may set prices lower than could be reasonably achieved if this is demonstrably the most cost effective way of achieving Council or Community objectives and the necessary funding is available. Use of this option requires approval of Cabinet or both the Executive Councillor for Finance and of the relevant service.
 - o may set fees and charges that allow an element of discretion if it can be demonstrated that this will lead to an overall benefit to the Council. It is important that any use of discretion is recorded so that it can be clearly shown that decisions have been made fairly and consistently.
 - o shall keep appropriate records to demonstrate that the required actions have been undertaken and how the decisions were reached

Code of Procurement

1. INTRODUCTION

- 1.1 The Code of Procurement defines the regulatory and legal framework for procurement. It has been adopted in accordance with the requirements of Section 135 (2) of the Local Government Act 1972.
- 1.2 This Code applies to the procurement, commissioning, hire, rental or lease of -
- land and buildings, roads or other infrastructure;
 - vehicles or plant;
 - equipment, furniture and fittings;
 - construction and engineering works;
 - information and communication technology - hardware and software;
 - goods, materials and services;
 - repairs and maintenance; and
 - consultants, agents and professional services.
- 1.3 This Code does not apply to purchases made from internal management units.
- 1.4 The Code applies also to the sale of assets and goods by the Council where the appropriate Head of Service estimates that the assets, goods or services to be sold exceed £1000. Where the value is estimated to be less than £1000 then the 'Sale of Equipment' procedures contained within the Inventory procedures shall be followed.
- 1.5 The Council includes the Cabinet, panels, committees or other body or person(s) acting in accordance with delegated authority on behalf of the Council.
- 1.6 All procurements or sales made by or on behalf of the Council shall comply with this Code, subject to any overriding requirements of the Council's Rules of Procedure and Code of Financial Management and British or European Union law or regulation.
- 1.7 Throughout the Code, reference to contractor(s) or sub-contractor(s) shall mean any person, company or supplier who has -
- requested to be on an approved or ad-hoc approved list of tenderers;
 - been approached to provide a quotation or tender;
 - provided a quotation or tender; or
 - been awarded a contract in accordance with the provisions of this Code.
- 1.8 The Head of Financial Services shall annually review all the financial values contained in the Code to take account of the impact of inflation. The Head of Financial Services shall inform all Heads of Service of any amendments to the values prior to the 1st April from which they shall be operative.

2. Reporting Procedures and EU Compliance

- 2.1 EU Procurement Directives require the Council, to report procurements likely to exceed EU thresholds, both at the start of the year and on an ad-hoc basis as new or changed requirements arise. The EU thresholds are:

Threshold	Supplies	Services	Works
£	£ 156,442	£ 156,442	£ 3,927,260
(Euros)	(€193,000)	(€193,000)	(€4,845,000)

(Thresholds as at 1 Jan 10)

2.2 Financial Year Start Reporting

At the start of each financial year (1 April) Heads of Service shall:

- provide the following information to the Procurement Manager -
 - o Details of each contract expected to be advertised in the following year;
 - o An estimate of the total value for each discrete procurement area where the spend is likely to exceed £100,000;
- advertise very brief details of each contract expected to be advertised in the following year. The advertisement shall take the form of a Prior Indicative Notice (PIN). The publishing of a PIN does not commit the Council, but can reduce timescales if the requirement is subsequently advertised through Official Journal of the European Union (OJEU).

A PIN is also required if the estimate of the aggregated value of the contracts for a given coding class exceeds the published PIN thresholds:

Threshold	Supplies	Services	Works
£	£ 607,935	£ 607,935	£ 3,927,260
(Euros)	(€750,000)	(€750,000)	(€4,845,000)

(Thresholds as at 1 Jan 10)

Contract values are the Council's aggregated spend and not individual Directorates or Services. Therefore, the Procurement Manager shall advise the Head of Service if their aggregated spend is to be advertised as a PIN.

Aggregated values can be calculated by one of the following methods -

- the total value purchased over the last financial year; or
- the estimated value of all contracts expected to be placed in the next financial year or the term of the contract if that is longer; or
- where the contract is open-ended or of uncertain duration, such as those for the hire of goods or for the delivery of a particular service, the value is based on the estimated average monthly expenditure multiplied by 48 (4 years).

2.3 Through Year Reporting

Heads of Service shall report, using a PIN where time permits, new or additional requirements likely to meet or exceed EU thresholds as they arise.

2.4 End of Year Reporting

The Department of Communities and Local Government seeks a report each year from all Councils regarding contracts awarded through OJEU during the previous year. By the 30

Apr each year, Heads of Service shall provide the Procurement Manager with the following details for contracts placed through OJEU procedures -

- Common Procurement Vocabulary (CPV) code. The CPV is a standardised single classification system for public procurement to identify the subject of a contract and is detailed on the OJEU notice;
- Service Provider (contractor) Nationality;
- Award Procedure (from the OJEU notice); and
- Justifications if Negotiated procedure;
- Value.

3. **CONTRACTS REGISTER**

3.1 Heads of Service shall keep a record, using the Contracts register, of -

- all tenders and quotes (greater than £ 5,000);
- the reasons (if appropriate) for not advertising on the Council's Latest Opportunities Internet site;
- all those contractors that were requested to quote or tender;
- the reasons why those particular contractors were selected to quote or tender;
- if applicable, the reasons why less than three contractors were selected to quote or tender;
- contract renewal date (if appropriate); and
- file or other reference to the contract and location of the hard copy.

4. **METHODS OF ORDERING**

4.1 All orders shall be placed through one of the following recognised methods -

- An order raised on the e-marketplace.
- A Procurement Card Order.
- A Manual Purchase Order.

4.2 Where there is an exception requirement and the relevant Director or Head of Service considers that the work is of an emergency nature necessary to enable the service to continue and none of the ordering methods are suitable, the relevant Director or Head of Service shall record the details of the exceptional requirement and the action taken for future Audit.

5. **'BEST VALUE' AND SOURCING POLICY**

5.1 The Council seeks 'Best Value' in all procurement activity. 'Best Value' being:

- The opportunity to obtain leverage (better prices and service) for volume.
- Regulatory compliance.
- Transparent and efficient procurement processes.
- Appropriate social, environmental and equality outcomes.

- Minimum procurement overhead.

5.2 Sourcing policy is determined by the needs of 'Best Value' and in order of preference is:

(a) Adopted catalogues or framework contracts. An adopted catalogue or framework is the preferred contract for the Council's business within a defined category (a type or group of goods or services). The Procurement Manager shall make available adopted catalogues or framework contracts on the e-marketplace or publish details of the contract or framework in Procurement Protocols & Guidelines. Heads of Service shall ensure that orders for such categories are placed through the e-marketplace using appropriate 'adopted' catalogue or framework contract. The Procurement Manager shall keep under review the continued suitability of any such catalogues, contracts or framework agreements.

(b) Collaborative procurements with other public bodies or authorities.

(c) Council let corporate contracts.

5.3 Some categories are managed corporately by specialist areas. The Procurement Manager shall provide a list of specialist categories and Heads of Services shall ensure all requirements for such categories are referred to the relevant specialist.

5.4 Tenders. Nothing in this Code shall require tenders to be sought: -

(a) for purchases made from a Purchasing Agent (ESPO, OGC Buying Solutions)

- where there is a single supplier 'call-off contract' or catalogue created with fixed prices, or
- where the contract is created to our requirements, or
- where there is a multi-supplier framework and further competition has been undertaken through competitive quotes.

(b) for purchases through local authority, government body or agency, police, health or other similar public authority, where the procurement rules of that organisation have been approved by the Procurement Manager and the contract is created in co-operation, agreed joint requirements or partnership.

(c) for purchases made at public auction;

(d) where the relevant Director or Head of Service -

- considers that the work is of an emergency nature or is necessary to enable the service to continue; or
- with the Head of Financial Services' agreement, considers that it is in the Council's best interest in negotiating a further contract for works, supplies or services of a similar nature with a contractor who is currently undertaking such work. The relevant Director or Head of Service shall report details of all work awarded to the Director of Central Services who shall make a record in a register kept for that purpose; and to the next meeting of the Cabinet.

5.5 Any procurement estimated to exceed £50,000, which is not covered by the exceptions in paragraph 5.4 above, must be referred to the Procurement Manager before the procurement process is commenced. If a Head of Service does not wish to accept the Procurement Manager's advice on any significant aspect the matter will be determined by the relevant Director. The discussion will cover:

- Scope and objectives of the procurement;
- Budget and costing;

- Tender methods;
- Product and market information;
- Timescales; and
- Deliverables.

5.6 Where there is no adopted contract or framework, Heads of Service shall, wherever practicable, seek to maximise contract values with other Heads of Service to secure lower costs. The Council nevertheless wishes to balance the effort of going to the market with the effort and efficiency of the procurement process. Heads of Service after determining the proposed contract's total value shall then follow one of the procurement procedures detailed below. These procedures shall be used in all procurements or sales bar those exceptions at paragraph 5.4.

Estimated Total Value of Procurement	Requirement
Up to £5,000	At least one written estimate or offer shall be obtained and recorded. Heads of Service will obtain competitive quotations (e-marketplace, email, web or paper) wherever there is a reasonable possibility that this could result in a saving to the council.
£5,001 to £50,000	At least 3 quotations or offers shall be invited, unless the Head of Service has complied in full with paragraph 6.1e of this Code. The Head of Service will consider whether the nature of the procurement is such that a full competitive tendering would be likely to be beneficial to the Council by reducing cost (by more than the cost of tendering) or risk.
£50,001 to European Union Procurement Threshold	Competitive tenders shall be obtained using one of the tendering options in this Code, and a formal written contract prepared in accordance with paragraph 11.2.
Above the EU Threshold specified below	The appropriate EU procurement directive shall be complied with.

5.7 Total value is the cost of all elements of the procurement (eg: installation, testing, training, maintenance, etc). The Head of Service shall ensure that a procurement is not split or otherwise disaggregated and may choose to competitively tender requirements less than £50,000.

5.8 Achieving 'Best Value' needs valid competition and valid competition is dependant on the existence of an 'open' market with the selected Contractors having the interest, capability and capacity for the work or business being offered. Wherever possible a minimum of three competitive tenders or quotations shall be sought. In selecting contractors to provide a tender or quotation Heads of Service shall ensure that wherever possible -

- the selection process they are using is fair and equitable, and that no favouritism is shown to any one contractor (eg the requirement is not an extract of a contractor's product specification).
- checks are made to ensure that contractors are interested in this type of business.
- repeat or 'automatic' invitations to the 'same' contractor or group of contractors are avoided, particularly where previously invited to bid and had failed to do so.
- 'new' contractors are sought and invited to tender or quote.
- the geographic area of the search for potential contractors is widened.
- 'no-bids' are checked for the reasons for a contractor's failure to bid.

6. TENDER AND FORMAL QUOTATION PROCEDURES

6.1 Tendering and Formal Quotation Options

Heads of Service shall select one of the following procedures. If any alternative procedure is proposed then approval of the Cabinet is required before the proposed procedure is followed. In selecting contractors to invite to tender Heads of Service shall comply with paragraph 5.8.

Option	Requirement
(a) Framework	All contractors on the framework (or lot if split into lots) shall be invited to tender/quote. No public notice is required and general Terms & Conditions are set in the original framework contract but additional Terms & Conditions specific to the requirement may be permitted. Vetting (paragraph 6.3) is not normally required as the contractor was vetted as part of the original framework competition.
(b) List of Approved Tenderers	Tenders shall be invited from at least three contractors selected from an approved list established in accordance with paragraph 7 of this Code. Vetting (paragraph 6.3) is not normally required as the contractor was vetted to join the list.
(c) Open Tenders and Quotations	Public notice shall be given in one or more newspapers and/or in an appropriate trade journal. The notice shall state the nature and purpose of the contract, where further information and documentation can be obtained, and state the closing date for the process. Where the Head of Service is satisfied that Expressions of Interest received from a Contracts Register Notice represent contractors with genuine interest and capacity, then no further public notice is required. An Invitation to Tender (ITT) or Request to Quote (RFQ) is sent to all contractors expressing an interest. All ITTs and RFQs shall include shall include an appropriate questionnaire to permit vetting of contractors in accordance with paragraph 6.3 of this Code.
(d) Restricted Tenders & Quotations	The requirement to advertise is the same as paragraph 6.1 (c) above. ITTs or RFQs are restricted to a shortlist of contractors selected after vetting in accordance with paragraph 6.3 of this Code
(e) Single Tenders / Quotations	A Head of Service after consulting the Director of Central Services may obtain a single tender (or quotation – see paragraph 6.1 above) when: <ul style="list-style-type: none"> • Prices are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available. • Work to be executed or goods, services or materials to be supplied consist of repairs to or the supply of parts of existing proprietary machinery, equipment, hardware or plant and the repairs or the supply of parts cannot be carried out practicably by alternative contractors. • Specialist consultants, agents or professional advisers are required and • there is no satisfactory alternative; or • evidence indicates that there is likely to be no genuine competition; or • it is in the Council's best interest to engage a particular consultant, agent or adviser. • Products are sold at a fixed price, and market conditions make genuine competition impossible. • The proposed contract shall form part of a serial programme. The contract terms shall be negotiated with a contractor, using as a basis for negotiation the rates and prices contained in an initial contract that was awarded following a competitive tendering process that complied with this Code. No more than two serial contracts shall be negotiated from an initial contract • No satisfactory alternative is available. If the Single Tender option is used, the Head of Service shall: <ul style="list-style-type: none"> • seek approval of the Director of Central Services who shall make a record in a register kept for that purpose; • retain records that demonstrate that the best price or value for money has been obtained from the negotiations with the contractor.

6.2 Invitations To Tenders and Requests for Quotations

Heads of Service shall ensure that all ITTs and RFQs include;

- (a) approved contract terms in accordance with paragraph 11.2 of this Code;
- (b) a statement regarding Freedom of Information Act 2000 (FOIA) compliance:

“All information supplied to the Authority will be subject to the provisions of the Freedom of Information Act 2000 and as such may be disclosed by the Authority when required to do so under the Act. When such disclosure is necessary the Authority shall use reasonable endeavours to consult with the provider of the information prior to disclosure”.

6.3 Selection Criteria

- (a) The Head of Service shall undertake sufficient vetting to ensure that all contractors -
 - comply with minimum standards of Insurance;
 - have the necessary Health & Safety policy and performance and (where applicable) membership of the Contractor's Health and Safety Scheme or equivalent health and safety standard;
 - are financial viable based on a risk based assessment;
 - have an appropriate environmental policy;
 - comply with equalities legislation and policy; and
 - possess the experience and capacity required.
- (b) The Procurement Manager shall provide an appropriate questionnaire for the purpose of vetting contractors.

6.4 Evaluation Criteria

Except to the extent that the Cabinet in a particular case or specified categories of contract otherwise decides, all formal quotations or tenders that are being sought shall:

- (a) be based on a definite written specification, which shall include environmental performance (where relevant to the requirement) including:
 - low energy and water consumption.
 - elimination of substances hazardous to health and the environment.
- (b) include award criteria, which if it is not to be the lowest price, shall be agreed by the appropriate Director;
- (c) include specific weightings applied to individual award criteria.
- (d) if appropriate, include a requirement for a performance bond and liquidated damages.

6.5 Non-Traditional Procurement

If a Head of Service believes that by following one of the procurement procedures detailed in paragraph 5.6 above, that the procurement process will not provide him with the most appropriate method of service delivery, the most competitive prices, allow for continuous improvements in service delivery, or stifle procurement innovation, then he may suggest alternative procurement strategies.

The Head of Service shall produce, in accordance with guidance issued by the Director of Central Services and prior to proceeding with the procurement, a written procurement strategy that shall be approved by the Director of Central Services and the Cabinet.

7. LISTS OF APPROVED TENDERERS

7.1 The Council uses 2 types of list of approved contractors:

- (a) Third party vetted lists of contractors that are compiled and maintained by an external organisation. Only external organisations approved by the Director of Central Services, after consultation with the Head of Financial Service and the other relevant Heads of Service shall be adopted. The Procurement Manager shall ensure that the external organisation and approved list of contractors is detailed in Procurement Protocols & Guidelines.
- (b) Ad-hoc list of approved tenderers. If a Head of Service believes that the approved list of tenders does not allow him to obtain sufficient competition for 'Best Value', the Head of Service shall write to the Director of Central Services and copied to the Head of Financial Services seeking approval to source additional contractors or create an ad-hoc list of approved tenderers.

7.2 Subject to approval as required in paragraph 7.1(b) the Head of Service shall:

- issue a public notice inviting applications for inclusion on a specific approved list for the supply of goods, services or materials.
- vet (as detailed at paragraph 6.3) all contractors replying to the public notice or who have requested within the previous 12 months to be considered for work of a similar nature;
- only include contractors satisfactorily completing the checks;
- ensure the ad-hoc list shall only be used for seeking tenders for the supply of goods, services or materials specifically detailed within the original public notice;

7.3 The Director of Central Services in conjunction with the Head of Financial Services and relevant Heads of Service shall review the continued suitability of any List of Approved Tenderers periodically and at least prior to the third anniversary of its initial or further adoption.

8. SUB-CONTRACTS AND NOMINATED SUPPLIERS

- 8.1 Quotations or tenders for sub-contracts to be performed or for goods, services or materials to be supplied by nominated sub-contractors shall be invited in accordance with this Code.
- 8.2 The relevant Head of Service is authorised to nominate to a main contractor a sub-contractor whose quotation or tender has been obtained in full accordance with this Code.

9. RECEIPT AND OPENING OF TENDERS AND QUOTATIONS

9.1 Where tenders or quotations are invited in accordance with this Code no tender or quotation will be considered unless -

- contained in a plain envelope which shall be securely sealed and shall bear the word "Tender" or "Quotation", the Unique Reference Number (URN) from the Contracts Register followed by the subject to which it relates; or
- the tender or quotation has been received via the e-marketplace 'sealed quote' facility; or

- it has been sent electronically to a specific e-mail address, which the appropriate Head of Service shall obtain from the Head of Information Management.

9.2 Further to paragraph 9.1 above -

- the envelope shall not bear any distinguishing matter or mark intended to indicate the identity of the sender. Contractors shall be notified accordingly. Such envelope shall be addressed impersonally to the Head of Democratic and Central Services if it contains a "Tender" or the appropriate Head of Service if it contains a "Quotation"; and
- the Head of Information Technology shall ensure that the e-mail address is secure and can only be accessed by the Director of Central Services or officers specifically appointed by him.

9.3 All envelopes or e-mails received shall be kept securely and shall not be opened or accessed until the time appointed for their opening.

9.4 All tenders or quotations invited in accordance with this Code shall be opened at one time only and by at least two officers -

- tenders shall be opened by officers nominated by the Director of Central Services and by the appropriate Head of Service. The Head of Financial Services shall be notified of the time and place appointed for the opening; and
- quotations shall be opened by the appropriate Head of Service and/or his nominee(s).

9.5 All tenders or quotations upon opening shall be recorded in writing on either a tender or quotation opening record, as is appropriate. The format of the opening record shall have been previously agreed with the Director of Central Services and Head of Financial Services. The Form of Tender or Quotation and any accompanying documentation shall be marked with the date of opening, and signed by all officers present at the opening. The tender or quotation opening record shall be signed by at least two officers present at the opening.

9.6 The original opening record shall be retained by the Head of Democratic and Central Services in respect of tenders, and the relevant Head of Service in respect of quotations.

9.7 Any tenders or quotations received after the specified time shall be returned promptly to the contractor by the Head of Democratic and Central Services or his nominated officer in respect of tenders, or by the appropriate Head of Service or his nominated officer in respect of a quotation. The tender or quotation may be opened to ascertain the name of the contractor but no details of the tender or quotation shall be disclosed.

10. ACCEPTANCE OF TENDERS AND QUOTATIONS

10.1 The appropriate Head of Service shall evaluate all the tenders or quotations received in accordance with the award criteria set out in the bid documentation and shall accept, subject to the provisos set out in this paragraph, either -

- the lowest priced tender or quotation; or
- the most economically advantageous tender or quotation, as evaluated against the award criteria.

10.2 Tenders or quotations exceeding the approved estimate may only be accepted once approval to further expenditure is obtained.

10.3 If the lowest priced, or most economically advantageous exceeds £50,000 -

- but is within 15% of the original estimate, the appropriate Head of Service may accept

the quotation without seeking further competition; and

- is in excess of 15% of the original estimate then a competitive tender exercise in accordance with paragraph 6.3 above shall be carried out, unless the appropriate Head of Service has consulted and obtained the approval of the Director of Central Services and relevant executive councillor that the quotation can be accepted.

10.4 A tender or quotation shall not be accepted -

(a) where payment is to be made by the Council and -

- it is not the lowest priced tender or quotation, or
- the most economically advantageous tender or quotation in accordance with the award criteria set out in the tender or quotation documentation; or

(b) if payment is to be received by the Council and the tender or quotation is not the highest price or value;

(c) unless -

- the Cabinet have considered a written report from the appropriate Head of Service, or
- in cases of urgency, the Director of Central Services has consulted and obtained the approval of the relevant executive councillor. Tenders or quotations accepted in this way shall be reported by the appropriate Head of Service to the next meeting of the Cabinet.

10.5 Where post-tender negotiations have been undertaken in accordance with paragraph 10.6 below, the appropriate Head of Service shall only accept the lowest priced tender received. A tender other than the lowest shall not be accepted until the Cabinet have considered a written report from the appropriate Head of Service, and recommended acceptance of a tender other than the lowest.

10.6. Arithmetical Errors and Post-Tender Negotiations

Contractors can alter their tenders or quotations after the date specified for their receipt but before the acceptance of the tender or quotation, where examination of the tender or quotation documents reveals arithmetical errors or discrepancies which affect the tender or quotation figure. The contractor shall be given details of all such errors or discrepancies and afforded an opportunity of confirming, amending or withdrawing his offer.

In evaluating tenders, the appropriate Head of Service may invite one or more contractors who have submitted a tender to submit a revised offer following post-tender negotiations.

All post-tender negotiations shall -

- only be undertaken where permitted by law and where the appropriate Head of Service, Head of Legal and Estates and Head of Financial Services consider additional financial or other benefits may be obtained which over the period of the contract shall exceed the cost of the post-tender negotiation process;
- be conducted by a team of officers approved in writing by the appropriate Head of Service, Director of Central Services and Head of Financial Services;
- be conducted in accordance with guidance issued by the Director of Central Services; and

- not disclose commercially sensitive information supplied by other bidders for the contract.

Post-tender negotiations shall not be used to degrade the original specification unless the capital or revenue budget is exceeded, or the appropriate Director or Head of Service considers other special circumstances exist, in which case all those contractors who originally submitted a tender shall be given the opportunity to re-tender.

The appropriate Head of Service shall ensure that all post-tender negotiation meetings are properly minuted with all savings and benefits offered clearly costed. Following negotiations but before the letting of the contract, amendments to the original tender submitted shall be put in writing by the contractor(s) and shall be signed by him.

11. TERMS OF BUSINESS AND THE FORM OF CONTRACTS

11.1 All orders placed by the Council shall be on the Council's Terms and Conditions (T&Cs). Heads of Service shall not use Contractor's documentation to order, acknowledge, instruct to proceed or make any other commitment where the documentation makes any reference to the Contractor's T&Cs. Where a contractor formally insists on trading on T&Cs other than the Council's T&Cs, the Procurement Manager shall be informed, except for -

- Any contract where the estimated total value is likely to exceed £50,000, paragraph 11.2 shall apply.
- Any framework or contract formally adopted by the Council.
- Purchasing Agency (eg ESPO, OGC BuyingSolutions) arranged contracts and orders.
- Orders of a total value of less than £ 5,000 where the goods or service are purchased on a 'retail' basis on terms available to the general public.
- Orders for software where the licence is for 'standard' product but not where customisation, development or on-site service is required for the 'standard' product.

11.2 Every contract that exceeds £50,000 in value shall be in writing in a form approved by the Head of Legal and Estates who shall also determine the format of any contract for a lesser value. Heads of Section shall ensure that advice of the Head of Legal and Estates is sought at a stage as early as practicable (normally before the issue of an Invitation to Tender).

11.3 In the case of any contract for the execution of works or for the supply of goods, services or materials, the Head of Service after consulting with the Head of Financial Services and the Head of Legal and Estates shall consider whether the Council should require security for its due performance and shall either certify that no such security is necessary or shall specify in the specification of tender the nature and amount of the security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract.

11.4 Heads of Service shall produce the final version of all contracts in 2 copies and present both to the Authorised Officer for signature. Once signed by the contractor, the signed contract, all original documents, including specifications, drawings, tender documents and correspondence relating to a contract exceeding a total value of £50,000 shall be forwarded by the Head of Legal and Estates. Where the total value of the contract is less than £50,000 the relevant Head of Services shall make arrangements for the retention of all the original documentation.

11.5 Heads of Service shall maintain a record (in the form detailed in the Procurement Protocols & Guidance) for their area of each contract or agreement (both written and verbal agreements).

11.6 Heads of Service shall include the specific T&Cs listed in the Procurement Protocols & Guidance in all contracts. Where a Head of Service considers a term or condition inappropriate they shall seek advice of the Head of Legal and Estates on the modification or deletion of the term or condition.

12. LETTERS OF INTENT

12.1 Letters of intent provide a contractor with the authority to proceed prior to the award of a contract. However, letters of intent have two main disadvantages:-

- (a) if the contract is not awarded the contractor is entitled to payment regardless as to whether the work was actually needed;
- (b) the Council's negotiating position is weakened as the contractor may believe actual award of contract is a formality and therefore, the contractor may refuse to accept conditions that are seen as disadvantageous.

12.2 Heads of Service shall ensure that:-

- (a) all letters of intent are in a form approved by Head of Legal and Estates;
- (b) all letters of intent are signed by an Authorised Officer with sufficient authority for either the value of the intended contract or the estimated value of any 'extension' period defined in the letter of intent.

13. RETENTION OF DOCUMENTS

13.1 Heads of Service shall ensure that every contract or quotation is assigned the Unique Reference Number (URN) from the Contract Register, which is to be used in all correspondence. Any Division or Service reference may be included in addition to the URN shall comprise abbreviation for the Division and year. Formal amendments to a contract or order should also be given unique numbers showing the order in which the amendments were made.

13.2 Documentation retention periods are dictated by the Statute of Limitations and (where applicable) EU requirements. The following rules apply:-

- (a) retention for 12 years from the date of completion of the contract for contracts made under deed;
- (b) retention for 6 years from the date of completion of the contract: -
 - Contract Documents
 - Hire/Rental Agreements
 - Successful Tenders
 - Summary of Tender Opening
 - Disposal Board papers
 - Evaluation reports
 - Goods Received Notes

- HM Customs and Excise Import documentation
- Invitations to Tender/Quotation Requests
- Maintenance/Software licence agreements
- Specifications
- Successful Quotations
- Suppliers' Advice Notes;

(c) retention for 3 years after the last entry -

- Stock and Purchase Record Cards or Registers;

(d) retention for 2 years after the financial year to which the document relates -

- Unsuccessful Quotations.
- Unsuccessful Tenders.

14. **FREEDOM OF INFORMATION ACT 2000 (FOIA)**

14.1 Heads of Sections shall ensure that the handling of requests for procurement information complies with the detailed guidance published as Procurement Protocols & Procedures and the general FOIA guidance published by the Council's Freedom of Information Officer.

15. **CONSULTANTS**

15.1 It shall be a condition of the engagement of any consultant, agent or professional adviser who is to be responsible to the Council for the management or supervision of a contract on its behalf, that in relation to that contract he shall -

- comply with this Code as though he were an employee of the Council;
- at any time during the carrying out of the contract produce to the appropriate Head of Service, on request, all the records maintained by him in relation to the contract; and
- on completion of the contract transmit all records that he has produced or received that relate to the contract to the appropriate Head of Service.

16. **PROCUREMENT TRAINING**

16.1 The Procurement Manger shall create, maintain and arrange the delivery of training for Officers undertaking procurement duties.

16.2 Heads of Service shall ensure that all Officers routinely undertaking purchasing or procurement duties have undertaken appropriate training.

16.3 Head of HR and Payroll Services shall arrange to record the details of staff that have completed suitable procurement training.

